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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in China WindPower Group Limited, you should at once hand this circular to the purchaser(s) or the transferee(s) or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s).

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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)

DISCLOSEABLE AND CONNECTED TRANSACTION DISPOSAL OF INTERESTS IN FUXIN TAIHE AND CHAOYANG CENTURY

**Independent financial adviser to the
Independent Board Committee and the Independent Shareholders**

 **SOMERLEY LIMITED**

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DEFINITIONS

In this circular, the following expressions shall have the following meanings unless the context indicates otherwise:

“associates”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Century Concord”	Century Concord Wind Power Investment Co., Ltd. (協合風電投資有限公司), a wholly-owned subsidiary of the Company
“Chaoyang Century”	Chaoyang Century Concord Wanjia Wind Power Co., Ltd. (朝陽協合萬家風力發電有限公司)
“Chaoyang Disposal”	the disposal of 13% and 12% equity interests in Chaoyang Century respectively by Century Concord and Tianjin Century to Liaoning Energy pursuant to the Chaoyang Disposal Agreements
“Chaoyang Disposal Agreements”	(i) the agreement dated 25 June 2012 entered into between Century Concord and Liaoning Energy pursuant to which Century Concord has disposed of a 13% equity interest in Chaoyang Century to Liaoning Energy and (ii) the agreement dated 25 June 2012 entered into between Tianjin Century and Liaoning Energy pursuant to which Tianjin Century has disposed of a 12% equity interest in Chaoyang Century to Liaoning Energy
“Chaoyang Effective Date”	the date when all the conditions precedent to the Chaoyang Disposal Agreements are fulfilled and the Chaoyang Disposal Agreements take effect
“Chaoyang Wind Farm Project”	design, construction, fabrication, equipping, delivery, installation, commissioning and placing into operation of a wind power plant located in Chaoyang, Liaoning Province, the PRC, with a capacity of 49.5 Megawatt

DEFINITIONS

“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
“Disposals”	the Fuxin Disposal and the Chaoyang Disposal
“Fuxin Disposal”	the disposal of a 21% equity interest in Fuxin Taihe by Century Concord pursuant to the Fuxin Disposal Agreement
“Fuxin Disposal Agreement”	the agreement dated 25 June 2012 entered into between Century Concord and Liaoning Energy in relation to the Fuxin Disposal
“Fuxin Effective Date”	the date when all the conditions precedent to the Fuxin Disposal Agreement are fulfilled and the Fuxin Disposal Agreement takes effect
“Fuxin Taihe”	Fuxin Taihe Wind Power Co., Ltd. (阜新泰合風力發電有限公司)
“Fuxin Wind Farm Project”	design, construction, fabrication, equipping, delivery, installation, commissioning and placing into operation of two wind power plants located in Fuxin, Liaoning Province, the PRC, each with a capacity of 49.5 Megawatt
“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
“Independent Board Committee”	the independent committee of the Board, comprising all independent non-executive Directors, established for the purposes of advising the Independent Shareholders of the Company on the Disposals

DEFINITIONS

“Independent Shareholders”	independent shareholders of the Company for the purposes of the Disposals
“Latest Practicable Date”	11 September 2012, the latest practicable date before the printing of this circular for ascertaining certain information contained herein
“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
“Shares(s)”	the ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	shareholder(s) of the Company
“SFO”	Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong
“Somerley”	Somerley Limited, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders of the Company in respect of the Disposals, a licensed corporation for type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tianjin Century”	Tianjin Century Concord Wind Power Investment Co., Ltd. (天津協合風電投資有限公司), a wholly-owned subsidiary of the Company

DEFINITIONS

“Vigers”	Vigers Appraisal & Consulting Limited, the independent appraiser engaged by the Company to appraise the value of Chaoyang Century
“Written Shareholders’ Approval”	the written shareholders’ approval provided by Gain Alpha Finance Limited and China Wind Power Investment Limited to approve the Fuxin Disposal Agreement, the Chaoyang Disposal Agreements and the transactions contemplated thereunder
“%”	per cent

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

LETTER FROM THE BOARD



中国风电集团有限公司*

China WindPower Group Limited

(Incorporated in Bermuda with limited liability)
(Stock Code: 182)

Executive Directors:

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
Mr. Chan Kam Kwan, Jason

Non-executive Director:

Mr. Tsoi Tong Hoo, Tony

Independent non-executive Directors:

Dr. Zhou Dadi
Dr. Wong Yau Kar, David, *JP*
Mr. Yap Fat Suan, Henry

Registered office:

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

*Head office and principal place
of business in Hong Kong:*

Unit 3901
Far East Finance Center
16 Harcourt Road
Admiralty
Hong Kong

14 September 2012

To the Shareholders

Dear Sir or Madam,

DISCLOSEABLE AND CONNECTED TRANSACTION DISPOSAL OF INTERESTS IN FUXIN TAIHE AND CHAOYANG CENTURY

INTRODUCTION

The Company announced that on 25 June 2012, Century Concord, a wholly-owned subsidiary of the Company, entered into the Fuxin Disposal Agreement to dispose of a 21% equity interest in Fuxin Taihe to Liaoning Energy. On the even date, Century Concord

* for identification purpose only

LETTER FROM THE BOARD

and Tianjin Century, both wholly-owned subsidiaries of the Company, respectively entered into the Chaoyang Disposal Agreements to dispose of their respective 13% and 12% equity interests in Chaoyang Century to Liaoning Energy.

Liaoning Energy is a substantial shareholder of certain subsidiaries of the Company (for the purposes of the Listing Rules) and therefore is a connected person of the Company under the Listing Rules. The Fuxin Disposal and the Chaoyang Disposal when aggregated constitute a discloseable transaction and a connected transaction for the Company subject to the reporting, announcement and independent shareholders' approval requirements under the Listing Rules.

The Company has obtained a written shareholders' approval from Gain Alpha Finance Limited and China Wind Power Investment Limited approving the Fuxin Disposal Agreement and the Chaoyang Disposal Agreements and the transactions contemplated thereunder. Pursuant to Rule 14A.43 of the Listing Rules, the Company has applied for and received a waiver from the Stock Exchange accepting the written shareholders' approval by Gain Alpha Finance Limited and China Wind Power Investment Limited to approve the Fuxin Disposal Agreement and the Chaoyang Disposal Agreements and the transactions contemplated thereunder in lieu of convening a general meeting. Accordingly, no general meeting will be convened in this regard.

For information purposes, this circular contains, among other matters, details on (i) the Fuxin Disposal Agreement and the Chaoyang Disposal Agreements and the transactions contemplated thereunder; (ii) a letter from the Independent Board Committee to the Independent Shareholders; (iii) a letter from Somerley to the Independent Board Committee and the Independent Shareholders; (iv) a valuation report prepared by Vigers on Chaoyang Century; and (v) a report from PricewaterhouseCoopers and a letter from REORIENT Financial Markets Limited in relation to the valuation of Chaoyang Century.

THE FUXIN DISPOSAL AGREEMENT

Date

25 June 2012

Parties

Vendor: Century Concord

Purchaser: Liaoning Energy

LETTER FROM THE BOARD

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

Assets involved

Pursuant to the Fuxin Disposal Agreement, Century Concord has sold and transferred a 21% equity interest in Fuxin Taihe to Liaoning Energy.

Fuxin Taihe was established on 10 September 2009. It is principally engaged in the investment, development and operation of the Fuxin Wind Farm Project in Fuxin, Liaoning Province of the PRC. The Fuxin Wind Farm Project has commenced operation since earlier this year.

As at 30 June 2012, based on its unaudited management accounts, Fuxin Taihe had net assets of approximately RMB323.5 million (equivalent to approximately HK\$388.2 million).

For the year ended 31 December 2010, the audited loss of Fuxin Taihe (both before and after taxation) amounted to approximately RMB30,000 (equivalent to approximately HK\$36,000). For the year ended 31 December 2011, according to the PRC audited financial statements, the audited loss of Fuxin Taihe (both before and after taxation) amounted to approximately RMB0.31 million (equivalent to approximately HK\$0.37 million).

Before completion of the Fuxin Disposal, Fuxin Taihe was a jointly controlled entity of the Company owned as to 51% by Century Concord and 49% by Liaoning Energy. The Fuxin Disposal has been completed and Fuxin Taihe is now owned as to 30% by Century Concord and 70% by Liaoning Energy, and Fuxin Taihe is accounted for as an associated company of the Company in the consolidated financial statements of the Company.

LETTER FROM THE BOARD

Consideration

According to the Fuxin Disposal Agreement, the consideration for the Fuxin Disposal is RMB79,711,100 (equivalent to approximately HK\$95.65 million) which is payable by Liaoning Energy to Century Concord as follows:

- (i) 50% of the consideration within three business days after the Fuxin Effective Date; and
- (ii) the remaining 50% of the total consideration within three business days after completion of the change of shareholders of Fuxin Taihe in Administration for Industry and Commerce pursuant to the Fuxin Disposal.

The consideration for the Fuxin Disposal was determined after arm's length negotiations between the parties. In agreeing with the terms, the Group has considered, among other factors, the capital and future development plan of Fuxin Taihe. Century Concord has received the entire consideration. The proceeds from the Fuxin Disposal will be used as general working capital of the Group.

Based on unaudited management accounts which are subject to final audit and subject to possible audit adjustments, a gain on the Fuxin Disposal attributable to the Group of approximately RMB19.99 million (equivalent to approximately HK\$23.99 million) is recorded, being the sum of (i) the difference between the consideration for the Fuxin Disposal and the net asset value of Fuxin Taihe as at 30 June 2012 attributable to the 21% equity interest in Fuxin Taihe being sold by the Group of approximately RMB11.8 million (equivalent to approximately HK\$14.2 million); and (ii) as a result of the Fuxin Disposal, recognition of previously not realised profits on the transactions between the Group and Fuxin Taihe that were attributable to the disposed interests under the Fuxin Disposal of approximately RMB8.2 million (equivalent to approximately HK\$9.8 million).

Conditions precedent and completion

The Fuxin Disposal Agreement shall take full effect upon the approval of any relevant authorities of the respective parties (including the approval by the Independent Shareholders of the Company) and the signing of the agreement with the company chops by the authorised persons of the respective parties.

All the conditions precedent to the Fuxin Disposal Agreement have been fulfilled. The Fuxin Disposal Agreement has taken effect and the Fuxin Disposal has been completed.

LETTER FROM THE BOARD

THE CHAOYANG DISPOSAL AGREEMENTS

Date

25 June 2012

Parties

Vendors: Century Concord and Tianjin Century (both wholly-owned subsidiaries of the Company)

Purchaser: Liaoning Energy

Assets involved

Pursuant to the Chaoyang Disposal Agreements, Century Concord and Tianjin Century have sold and transferred their respective 13% and 12% equity interests in Chaoyang Century to Liaoning Energy.

Chaoyang Century was established on 27 June 2011. It has a registered capital of RMB162 million contributed by Tianjin Century, Century Concord and Liaoning Energy according to their respective interests in Chaoyang Century upon its establishment. Chaoyang Century is principally engaged in wind power plant investment and operation of the Chaoyang Wind Farm Project located in Chaoyang, Liaoning Province of the PRC. The Chaoyang Wind Farm Project is in the process of construction and development.

As at 30 June 2012, based on its unaudited management accounts, Chaoyang Century had net assets of approximately RMB162 million (equivalent to approximately HK\$194.4 million). It has not yet reported any full financial year results.

The Company has engaged Vigers, an independent appraisal company, to prepare a valuation report on Chaoyang Century. Based on the valuation report, Chaoyang Century is valued at approximately RMB174.35 million (equivalent to approximately HK\$209.22 million) as at 30 June 2012, 25% (being the percentage equity interest in Chaoyang Century disposed of by the Group pursuant to the Chaoyang Disposal) of the value of Chaoyang Century amounts to approximately RMB43.59 million (equivalent to approximately HK\$52.31 million). The consideration of the Chaoyang Disposal represents a premium of 8.1% over 25% of the valuation amount. The valuation report prepared by Vigers is set out in Appendix I to this circular.

LETTER FROM THE BOARD

Before completion of the Chaoyang Century Disposal, Chaoyang Century was a jointly controlled entity of the Company owned as to 42% by Tianjin Century, 13% by Century Concord and 45% by Liaoning Energy. The Chaoyang Disposal has been completed and Chaoyang Century is now owned as to 30% by Tianjin Century and 70% by Liaoning Energy, and Chaoyang Century is accounted for as an associated company of the Company in the consolidated financial statements of the Company.

Consideration

According to the Chaoyang Disposal Agreement, the total consideration of the Chaoyang Disposal is RMB47,137,875 (equivalent to approximately HK\$56.57 million) of which RMB24,511,695 (equivalent to approximately HK\$29.41 million) is payable to Century Concord and RMB22,626,180 (equivalent to approximately HK\$27.15 million) is payable to Tianjin Century as follows:

- (i) 50% of the consideration within three business days after the Chaoyang Effective Date; and
- (ii) the remaining 50% of the total consideration within three business days after completion of the change of shareholders of Chaoyang Century in Administration for Industry and Commerce pursuant to the Chaoyang Disposal.

The consideration for the Chaoyang Disposal was determined after arm's length negotiations between the parties. In agreeing with the terms, the Group has considered, among other factors, the capital and future development plan of Chaoyang Century. Century Concord and Tianjin Century have received the entire consideration. The proceeds from the Chaoyang Disposal will be used as general working capital of the Group.

Based on unaudited management accounts which are subject to final audit and subject to possible audit adjustments, a gain on the Chaoyang Disposal attributable to the Group of approximately RMB16.45 million (equivalent to approximately HK\$19.74 million) is recorded, being the sum of (i) the difference between the consideration for the Chaoyang Disposal and the net asset value of Chaoyang Century as at 30 June 2012 attributable to the 25% equity interests in Chaoyang Century being sold by the Group of approximately RMB6.6 million (equivalent to approximately HK\$7.92 million); and (ii) as a result of the Chaoyang Disposal, the recognition of previously not realised profits on transactions between the Group and Chaoyang Century that were attributable to the disposed interests under the Chaoyang Disposal of approximately RMB9.8 million (equivalent to approximately HK\$11.8 million).

LETTER FROM THE BOARD

Conditions precedent and completion

Each of the Chaoyang Disposal Agreements shall take effect upon obtaining (i) the approval by 朝陽市對外貿易經濟合作局 (Chaoyang City Bureau of Foreign Trade & Economic Cooperation*); (ii) the approval by any relevant authorities of the respective parties (including the approval by the Independent Shareholders of the Company) and (iii) the signing of the agreements with the company chops by the authorised persons of the respective parties.

All the conditions precedent to the Chaoyang Disposal Agreement have been fulfilled. The Chaoyang Disposal Agreements have taken effect and the Chaoyang Disposal has been completed.

REASON FOR AND BENEFITS OF THE DISPOSALS

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. Fuxin Taihe is principally engaged in the investment, development and operation of the Fuxin Wind Farm Project in Fuxin, Liaoning Province of the PRC. The Fuxin Wind Farm Project has commenced operation this year. Chaoyang Century is principally engaged in wind power plant investment and operation of the Chaoyang Wind Farm Project located in Chaoyang, Liaoning Province of the PRC. The Chaoyang Wind Farm Project is in the process of construction and development.

It is a business strategy of the Group to cooperate jointly with partners in the PRC in respect of its wind farm investments. In December 2011, the Group disposed of a 49% equity interest in Fuxin Taihe to Liaoning Energy. Liaoning Energy is a stated-owned enterprise in the PRC affiliated with the State-owned Assets Supervision and Administration Commission of the Liaoning Provincial Government and is principally engaged in the development of power projects in the PRC. Liaoning Energy is a joint venture partner of a number of the Group's joint ventures.

Before completion of the Fuxin Disposal, Fuxin Taihe was owned as to 51% by Century Concord and 49% by Liaoning Energy. Pursuant to the Fuxin Disposal, Century Concord disposed of a 21% interest in Fuxin Taihe to Liaoning Energy and Fuxin Taihe is now owned as to 30% by Century Concord and 70% by Liaoning Energy.

Before completion of the Chaoyang Disposal, Chaoyang Century was owned as to 42% by Tianjin Century, 13% by Century Concord and 45% by Liaoning Energy. Pursuant to the Chaoyang Disposal, Century Concord and Tianjin Century respectively disposed of 13% and 12% interests in Chaoyang Century to Liaoning Energy and Chaoyang Century is now owned as to 30% by Tianjin Century and 70% by Liaoning Energy.

LETTER FROM THE BOARD

The Directors consider that the Disposals represent good opportunities for the Group to realise part of its investments in the Fuxin Wind Farm Project and the Chaoyang Wind Farm Project whilst the Group will continue to enjoy the development of these projects as a substantial shareholder leveraging on the experience, expertise and resources of Liaoning Energy. The Directors consider that the terms of the Disposals are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES AND WRITTEN SHAREHOLDERS' APPROVAL

Liaoning Energy is a substantial shareholder of certain subsidiaries of the Company (for the purposes of the Listing Rules) and therefore is a connected person of the Company under the Listing Rules. The Fuxin Disposal and the Chaoyang Disposal when aggregated constitute a discloseable transaction and a connected transaction for the Company subject to the reporting, announcement and independent shareholders' approval requirements under the Listing Rules.

Gain Alpha Finance Limited is wholly owned by Mr. Ko Chun Shun, Johnson, the Vice Chairman of the Company and an executive Director. China Wind Power Investment Limited is wholly owned by New Energy International Limited which is wholly owned by Concord International Investment Limited. Concord International Investment Limited is owned as to approximately 88.02% by Mr. Liu Shunxing, Mr. Wang Xun, Mr. Yang Zhifeng and Ms. Liu Jianhong, all being executive Directors. Mr. Liu Shunxing is also the Chairman and Chief Executive Officer of the Company. Gain Alpha Finance Limited which holds 2,000,000,000 Shares and China Wind Power Investment Limited which holds 2,023,469,387 Shares are a closely allied group of Shareholders who, in aggregate, hold 4,023,469,387 Shares, representing approximately 54.4% of the existing issued share capital of the Company as at the Latest Practicable Date.

To the best knowledge of the Directors, no Shareholder (including Gain Alpha Finance Limited, China Wind Power Investment Limited and their respective associates) has a material interest in the Fuxin Disposal Agreement and the Chaoyang Disposal Agreements and the transactions contemplated thereunder which is different from other Shareholders and no Shareholder is required to abstain from voting if the Company were to convene a general meeting in respect of the Fuxin Disposal Agreement and the Chaoyang Disposal Agreements and the transactions contemplated thereunder. The Company has obtained a written shareholders' approval from Gain Alpha Finance Limited and China Wind Power Investment Limited approving the Fuxin Disposal Agreement and the Chaoyang Disposal Agreements and the transactions contemplated thereunder. Pursuant to Rule 14A.43 of the Listing Rules, the Company has applied for and received a waiver from the Stock

LETTER FROM THE BOARD

Exchange accepting the written shareholders' approval by Gain Alpha Finance Limited and China Wind Power Investment Limited to approve the Fuxin Disposal Agreement and the Chaoyang Disposal Agreements and the transactions contemplated thereunder in lieu of convening a general meeting. Accordingly, no general meeting will be convened in this regard.

RECOMMENDATION

The entering into of the Fuxin Disposal Agreement and the Chaoyang Disposal Agreements were approved by the Board. As no Director has a conflict of interest in respect of the Disposals, no Director abstained from voting in respect of board resolutions approving the Fuxin Disposal Agreement, the Chaoyang Disposal Agreements and the transactions contemplated thereunder.

The Independent Board Committee has been established to advise the Independent Shareholders on the terms of the Fuxin Disposal Agreement, the Chaoyang Disposal Agreements and the transactions contemplated thereunder. Having considered Somerley's opinion that the terms of the Disposals are fair and reasonable and are in the interests of the Company and the Shareholders as a whole, were a special general meeting convened for the Disposals, the Independent Board Committee would recommend the Independent Shareholders to vote in favour of the resolutions to approve the Disposals.

ADDITIONAL INFORMATION

Your attention is drawn to the information set out elsewhere in this circular and in the appendices to it.

This circular is issued for Shareholders' information purposes.

Yours faithfully,
For and on behalf of
China WindPower Group Limited
Liu Shunxing
Chairman and Chief Executive Officer



中国风电集团有限公司*

China WindPower Group Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 182)

14 September 2012

To the Independent Shareholders

Dear Sir or Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTION
DISPOSAL OF INTERESTS IN FUXIN TAIHE AND
CHAOYANG CENTURY**

We refer to the circular of the Company dated 14 September 2012 (the “**Circular**”) to the Shareholders, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

We have been appointed by the Board as members of the Independent Board Committee to advise you on the terms of the Disposals.

Somerley has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard. Details of its advice, together with the principal factors taken into consideration in arriving at such advice, are set out on pages 16 to 32 of the Circular.

Your attention is also drawn to the letter from the Board set out on pages 5 to 13 of the Circular and the additional information set out in the appendices of the Circular.

* for identification purpose only

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having considered the terms of the Fuxin Disposal Agreement and the Chaoyang Disposal Agreements and the advice of Somerley, we are of the opinion that the terms of the Fuxin Disposal Agreement and the Chaoyang Disposal Agreements are fair and reasonable and the Disposals are in the interests of the Company and the Shareholders as a whole. Accordingly, were a special general meeting convened for the Disposals, we would recommend the Independent Shareholders to vote in favour of the resolutions to approve the Disposals.

Yours faithfully,
Independent Board Committee of
China WindPower Group Limited

Dr. Zhou Dadi
Independent
non-executive Director

Dr. Wong Yau Kar, David, JP
Independent
non-executive Director

Mr. Yap Fat Suan, Henry
Independent
non-executive Director

LETTER FROM INDEPENDENT FINANCIAL ADVISER

The following is the letter of advice from the independent financial adviser, Somerley Limited, to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of inclusion in this circular.



SOMERLEY LIMITED

20th Floor

Aon China Building

29 Queen's Road Central

Hong Kong

14 September 2012

*To: the Independent Board Committee and
the Independent Shareholders*

Dear Sirs,

DISCLOSEABLE AND CONNECTED TRANSACTION DISPOSAL OF INTERESTS IN FUXIN TAIHE AND CHAOYANG CENTURY

We refer to our appointment as independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in connection with the disposal by the Company of (i) a 21% equity interest in Fuxin Taihe to Liaoning Energy pursuant to the Fuxin Disposal Agreement; and (ii) a total 25% equity interest in Chaoyang Century to Liaoning Energy pursuant to the Chaoyang Disposal Agreements. Completion of the Disposals has already taken place, and Fuxin Taihe and Chaoyang Century are now both owned as to 30% by the Group. Details of the Disposals are set out in the letter from the Board contained in the circular of the Company to the Shareholders dated 14 September 2012 (the "Circular"), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular.

Liaoning Energy is a substantial shareholder of certain subsidiaries of the Company (for the purposes of the Listing Rules), and therefore Liaoning Energy is a connected person of the Company under the Listing Rules. The Fuxin Disposal and the Chaoyang Disposal when aggregated constitute a discloseable and a connected transaction for the Company under the Listing Rules, which is subject to the reporting, announcement and the Independent Shareholders' approval requirements under the Listing Rules. We are informed by the Company that the Company has obtained written Shareholders' approval from Gain Alpha Finance Limited and China Wind Power Investment Limited (a closely allied group of Shareholders who in aggregate hold 4,023,469,387 Shares representing approximately

LETTER FROM INDEPENDENT FINANCIAL ADVISER

54.4% of the issued share capital of the Company as at the date of the announcement of 25 June 2012 and as at the Latest Practicable Date), to approve the Fuxin Disposal Agreement and the Chaoyang Disposal Agreements, and the transactions contemplated thereunder respectively. Pursuant to Rule 14A.43 of the Listing Rules, the Company has applied for and received a waiver from the Stock Exchange accepting such written Shareholders' approval and therefore no Shareholders' meeting will be held in this regard.

The Independent Board Committee, comprising all of the three independent non-executive Directors, namely Dr. Zhou Dadi, Dr. Wong Yau Kar, David, JP and Mr. Yap Fat Suan, Henry, has been established to consider and give an opinion to the Independent Shareholders on whether (1) the terms of the Disposals are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; and (2) the Disposals are in the interests of the Company and the Shareholders as a whole. We, Somerley Limited, have been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

In formulating our opinion, we have relied on the information and facts supplied, and the opinions expressed, by the executive Directors and management of the Company and have assumed that the information and facts provided and opinions expressed to us were true, accurate and complete in all material aspects at the time and remain so up to the date of this letter. We have also sought and received confirmation from the executive Directors that no material facts have been omitted from the information supplied and opinions expressed to us. We have relied on such information and consider that the information we have received is sufficient for us to reach the opinion set out in this letter and to justify our reliance on such information. We have no reason to believe that any material information has been withheld, nor doubt the truth or accuracy of the information provided. We have, however, not conducted any independent investigation into the business and affairs of the Group and Liaoning Energy, nor have we carried out any independent verification of the information supplied.

LETTER FROM INDEPENDENT FINANCIAL ADVISER

PRINCIPAL FACTORS AND REASONS CONSIDERED

In considering whether (a) the terms of the Disposals are on normal commercial terms, and fair and reasonable so far as the Independent Shareholders are concerned; and (b) the Disposals are in the interests of the Company and the Shareholders as a whole, we have taken into account the principal factors and reasons set out below:

1. **Background to and reasons for the Fuxin Disposal Agreement and the Chaoyang Disposal Agreements**

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 Group's wind power businesses primarily involve (a) wind power investments and operations including, among other things, investment in wind power plants and power generation; and (b) engineering, procurement and construction which involve providing fully integrated turn-key solutions to wind farm project owners for construction of wind power projects, operation and maintenance services.

It was disclosed in the 2011 annual report that the Group effectively implemented a “build and sell” strategy, that is, to build and develop power plants and sell down a partial stake upon completion or operation when opportunity arises for an investment return. The Group is experienced in building and constructing wind power plants. Upon completion of construction or operation of wind power plants, the Group can negotiate the disposal of a partial stake in the plants. Accordingly, the executive Directors consider that the “build and sell” strategy allows the Group to fully leverage on its strengths of wind power development and wind power plant construction, so as to attain an attractive premium. During 2011, the Group sold down partial stakes in various projects, including the disposal of a 49% equity interest in Fuxin Taihe to Liaoning Energy as detailed in the Company's circular dated 15 December 2011. It was stated in the 2011 annual report that the Group would maintain the “build and sell” strategy to maximise returns.

Fuxin Taihe is principally engaged in the investment, development and operation of the Fuxin Wind Farm Project in Fuxin, Liaoning Province. The Fuxin Wind Farm Project commenced operations earlier this year. Chaoyang Century is principally engaged in wind power plant investment and operation of the Chaoyang Wind Farm Project in Chaoyang, Liaoning Province. The Chaoyang Wind Farm Project is in the process of construction and development, and is expected to be completed by the end of 2012.

LETTER FROM INDEPENDENT FINANCIAL ADVISER

Liaoning Energy is a state-owned enterprise in the PRC affiliated with the State-owned Assets Supervision and Administration Commission of Liaoning Provincial Government. Liaoning Energy was established in 1985 and is principally engaged in the development of power projects in the PRC and is authorised by the provincial government to invest in and manage provincial electric power assets. As advised by the executive Directors, Liaoning Energy is one of the leading power companies in Liaoning Province. Liaoning Energy is one of joint venture partners of the Group for undertaking wind farm projects, and the Group maintains a good and stable relationship with Liaoning Energy for development of the Group's wind power business. On this basis, the executive Directors regard Liaoning Energy as a strategic partner of the Group.

The Group entered into the Fuxin Disposal Agreement and the Chaoyang Disposal Agreements with Liaoning Energy to dispose of a 21% equity interest of Fuxin Taihe and a 25% equity interest of Chaoyang Century respectively. The Disposals represent a good opportunity for the Group to realise part of its investment in the Fuxin Wind Farm Project and the Chaoyang Wind Farm Project, while the Group can continue to leverage on the expertise and resources of Liaoning Energy to develop and operate the Fuxin Wind Farm Project and Chaoyang Wind Farm Project.

The executive Directors believe that the Disposals will further foster the Group's relationship with Liaoning Energy. Being a leading power company in Liaoning Province and a state-owned enterprise, the executive Directors are of the view that the Group can leverage on Liaoning Energy's established business relationship with PRC banks to help fund the wind farm business of Fuxin Taihe and Chaoyang Century if external bank borrowing is required in the future.

Based on the unaudited net assets of Fuxin Taihe attributable to its shareholders of approximately RMB323.5 million (equivalent to approximately HK\$388.2 million) as at 30 June 2012, and the consideration for the Fuxin Disposal of approximately RMB79.7 million (equivalent to approximately HK\$95.65 million) pursuant to the Fuxin Disposal Agreement, the executive Directors estimate that, based on unaudited management accounts which are subject to final audit and possible audit adjustments, the Group would record a gain attributable to the Group of approximately RMB19.99 million (equivalent to approximately HK\$23.99 million) as a result of the Fuxin Disposal, being the sum of (i) the difference between the consideration and the net asset value of Fuxin Taihe as at 30 June 2012 attributable to the 21% equity interest in Fuxin Taihe sold by the Group of approximately RMB11.8 million (equivalent to approximately HK\$14.2 million); and (ii) as a result of the Fuxin Disposal, recognition of previously not realised profits on the transactions between the Group

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and Fuxin Taihe that were attributable to the disposed interest under the Fuxin Disposal of approximately RMB8.2 million (equivalent to approximately HK\$9.8 million). The actual amount of gain or loss on the Fuxin Disposal will depend on final audit and possible audit adjustments. According to the unaudited net assets of Chaoyang Century attributable to its shareholders of approximately RMB162 million (equivalent to approximately HK\$194.4 million) as at 30 June 2012, and the total consideration for the Chaoyang Disposal of approximately RMB47.1 million (equivalent to approximately HK\$56.57 million), the executive Directors estimate that, based on unaudited management accounts which are subject to final audit and possible audit adjustments, the Group would record a gain attributable to the Group of approximately RMB16.45 million (equivalent to approximately HK\$19.74 million) resulting from the Chaoyang Disposal, being the sum of (i) the difference between the consideration and the net asset value of Chaoyang Century as at 30 June 2012 attributable to the 25% equity interest in Chaoyang Century sold by the Group of approximately RMB6.6 million (equivalent to approximately HK\$7.92 million); and (ii) as a result of the Chaoyang Disposal, the recognition of previously not realised profits on transactions between the Group and Chaoyang Century that were attributable to the disposed interests under the Chaoyang Disposal of approximately RMB9.8 million (equivalent to approximately HK\$11.8 million). The actual amount of gain or loss on the Chaoyang Disposal will depend on final audit and possible audit adjustments.

On this basis, we concur with the executive Directors' view that the Disposals represent a good opportunity for the Group to realise part of its investment in the Fuxin Wind Farm Project and the Chaoyang Wind Farm Project at a profit whilst the Group will continue to enjoy the development of these projects as a shareholder. Moreover, we are of the view that the Disposals are in line with the "build and sell" strategy adopted by the Group.

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2. Principal terms of the Fuxin Disposal Agreement and the Chaoyang Disposal Agreements

(a) *The Fuxin Disposal Agreement*

On 25 June 2012, Century Concord, a wholly-owned subsidiary of the Company (as the Vendor), entered into the Fuxin Disposal Agreement with Liaoning Energy (as the Purchaser), pursuant to which the Vendor has disposed of its 21% equity interest in Fuxin Taihe to Liaoning Energy. Principal terms of the Fuxin Disposal Agreement are as follows:

- (i) The consideration for the Fuxin Disposal amounts to RMB79,711,100 (equivalent to approximately HK\$95.7 million). Pursuant to the Fuxin Disposal Agreement, 50% of the consideration shall be payable by the Purchaser to the Vendor within three business days after the Fuxin Effective Date. The remaining 50% of the consideration shall be paid by the Purchaser to the Vendor within three business days after completion of the change of shareholders of Fuxin Taihe in Administration for Industry and Commerce pursuant to the Fuxin Disposal. The Purchaser has paid and the Vendor has received the entire consideration; and
- (ii) The Fuxin Disposal Agreement shall take full effect upon the approval of any relevant authorities of the respective parties (including the approval by the Independent Shareholders of the Company) and the signing of the Fuxin Disposal Agreement with the company chops by the authorised persons of the respective parties. As set out under the sub-paragraph headed “Conditions precedent and completion” under the paragraph headed “The Fuxin Disposal Agreement” in the “Letter from the Board” of this Circular, all the conditions precedent to the Fuxin Disposal Agreement have been fulfilled. The Fuxin Disposal Agreement has taken effect and the Fuxin Disposal has been completed.

After completion of the Fuxin Disposal, Fuxin Taihe is now owned as to 30% by Century Concord (a wholly-owned subsidiary of the Company) and 70% by Liaoning Energy, and, according to the Company’s accounting policies, Fuxin Taihe is accounted for as an associated company of the Company in the consolidated financial statements of the Company.

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(b) *The Chaoyang Disposal Agreements*

On 25 June 2012, Century Concord and Tianjin Century, both wholly-owned subsidiaries of the Company (as the Vendors), entered into the Chaoyang Disposal Agreements with Liaoning Energy (as the Purchaser), pursuant to which Century Concord and Tianjin Century have disposed of its 13% and 12% respective equity interest in Chaoyang Century to Liaoning Energy. Principal terms of the Chaoyang Disposal Agreements are as follows:

- (i) The total consideration for the Chaoyang Disposals amounts to RMB47,137,875 (equivalent to approximately HK\$56.57 million), of which RMB24,511,695 (equivalent to approximately HK\$29.41 million) is payable to Century Concord and RMB22,626,180 (equivalent to approximately HK\$27.15 million) is payable to Tianjin Century. Pursuant to the Chaoyang Disposal Agreements, 50% of the consideration shall be payable by the Purchaser to the Vendors within three business days after the Chaoyang Effective Date. The remaining 50% of the consideration shall be paid by the Purchaser to the Vendors within three business days after completion of the change of shareholders of Chaoyang Century in Administration for Industry and Commerce pursuant to the Chaoyang Disposal. The Purchaser has paid and the Vendors have received the entire consideration; and
- (ii) Each of the Chaoyang Disposal Agreements shall take effect upon obtaining (i) the approval by 朝陽市對外貿易經濟合作局 (Chaoyang City Bureau of Foreign Trade & Economic Cooperation*); (ii) the approval of any relevant authorities of the respective parties (including the approval by the Independent Shareholders of the Company); and (iii) the signing of the Chaoyang Disposal Agreements with the company chops by the authorised persons of the respective parties. As set out under the subparagraph headed “Conditions precedent and completion” under the paragraph headed “The Chaoyang Disposal Agreements” in the “Letter from the Board” of this Circular, all the conditions precedent to the Chaoyang Disposal Agreements have been fulfilled. The Chaoyang Disposal Agreements have taken effect and the Chaoyang Disposal has been completed.

After completion of the Chaoyang Disposal, Chaoyang Century is now owned as to 30% by Tianjin Century (a wholly-owned subsidiary of the Company) and 70% by Liaoning Energy, and, according to the Company’s accounting policies, Chaoyang Century is accounted for as an associated company of the Company in the consolidated financial statements of the Company.

3. Information on Fuxin Taihe and Chaoyang Century

As set out in the paragraph headed “Background to and reasons for the Fuxin Disposal Agreement and the Chaoyang Disposal Agreements” of this letter, Fuxin Taihe is principally engaged in the investment, development and operation of the Fuxin Wind Farm Project. This project involves the design, construction, fabrication, equipping, delivery, installation, commissioning and placing into operation of two wind power plants located in Fuxin, Liaoning Province of the PRC. Each wind power plant has a capacity of 49.5 Megawatt. The Fuxin Wind Farm Project has commenced operations since earlier in 2012.

As at 30 June 2012, Fuxin Taihe had unaudited net assets attributable to its shareholders of approximately RMB323.5 million (equivalent to approximately HK\$388.2 million). For the year ended 31 December 2010, the audited loss of Fuxin Taihe (both before and after taxation) amounted to approximately RMB30,000 (equivalent to approximately HK\$36,000). For the year ended 31 December 2011, according to the PRC audited financial statements, the audited loss of Fuxin Taihe (both before and after taxation) amounted to approximately RMB0.31 million (equivalent to approximately HK\$0.37 million). As the Fuxin Wind Farm Project has only commenced operations in 2012, Fuxin Taihe did not generate any revenue but just recorded operating expenses, and therefore resulted in losses for the two years ended 31 December 2010 and 2011.

As set out in the paragraph headed “Background to and reasons for the Fuxin Disposal Agreement and the Chaoyang Disposal Agreements” of this letter, Chaoyang Century is principally engaged in wind power plant investment and operation of the Chaoyang Wind Farm Project in Chaoyang in the Liaoning Province. This project involves the design, construction, fabrication, equipping, delivery, installation, commissioning and placing into operation of a wind power plant located in Chaoyang, Liaoning Province of the PRC. The wind power plant has a capacity of 49.5 Megawatt. The Chaoyang Wind Farm Project is in the process of construction and development, and is expected to be completed by the end of 2012.

As at 30 June 2012, Chaoyang Century had unaudited net assets attributable to its shareholders of approximately RMB162 million (equivalent to approximately HK\$194.4 million), and no full financial year results have been reported yet.

4. Evaluation of the consideration

(a) Historical price to book multiples (“PBR”) analysis

As advised by the executive Directors, the consideration for the Fuxin Disposal of RMB79,711,100 (equivalent to approximately HK\$95.65 million) and consideration for the Chaoyang Disposal of RMB47,137,875 (equivalent to approximately HK\$56.57 million) have been determined after arm’s length negotiations between the parties based on, among other things, the capital and future development plan of Fuxin Taihe and Chaoyang Century respectively. As Fuxin Taihe incurred losses for the two years ended 31 December 2010 and 2011 and Chaoyang Century has not yet reported any full financial year results, historical price to earnings multiples for the Fuxin Disposal and the Chaoyang Disposal cannot be calculated. Due to the past performance of Fuxin Taihe and Chaoyang Century as set out in the paragraph headed “Information on Fuxin Taihe and Chaoyang Century” of this letter, and bearing in mind that (i) the Fuxin Wind Farm Project has only commenced operation in 2012 and Fuxin Taihe recorded losses for the two years ended 31 December 2010 and 2011; and (ii) the Chaoyang Wind Farm Project is still in the process of construction and development and Chaoyang Century has not yet reported any full financial year results, we consider that it is appropriate to assess the fairness and reasonableness of the consideration for both the Fuxin Disposal and the Chaoyang Disposal by reference to their respective PBR. Fuxin Taihe and Chaoyang Century had unaudited net asset values attributable to their respective shareholders of approximately RMB323.5 million (equivalent to approximately HK\$388.2 million) and RMB162 million (equivalent to approximately HK\$194.4 million) respectively as at 30 June 2012. Based on (a) consideration for the Fuxin Disposal of RMB79,711,100 for the 21% equity interest in Fuxin Taihe and (b) consideration for the Chaoyang Disposal of RMB47,137,875 for the 25% equity interest in Chaoyang Century, the entire equity interests of Fuxin Taihe and Chaoyang Century are valued at approximately RMB379.58 million and RMB188.55 million respectively. On this basis, the historical PBR for the Fuxin Disposal and Chaoyang Disposal are approximately 1.17 times and 1.16 times respectively.

(i) Comparable transactions

In our evaluation of the fairness and reasonableness of the consideration for the Disposals, we have, based on information available from the website of the Stock Exchange, searched and reviewed other acquisitions of interests in companies engaging or to be engaged in PRC wind farm

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operations, which were announced from 1 January 2011 up to the day before the Latest Practicable Date (the “Comparable Transactions”). The following table summarises our complete findings (on a best efforts basis) as regards the historical PBR represented by the consideration and net asset value of the subject matters of the Comparable Transactions:

Company name	Date of announcement	Consideration (approximate)	Net asset value of the subject matters attributable to the extent of interests being acquired (approximate)	Historical PBR (approximate times)
China Ruifeng Galaxy Renewable Energy Holdings Limited (“China Ruifeng”) (stock code: 527)	12 January 2011	RMB50.8 million (Note 1)	RMB29.3 million (5.77% of RMB507.2 million)	1.73
	25 January 2011	RMB31.5 million	RMB22.8 million (70% of RMB32.5 million)	1.38
China Suntien Green Energy Corporation Limited (stock code: 956)	28 March 2011	RMB46.7 million	RMB45.1 million (25% of RMB180.3 million)	1.04
China Longyuan Power Group Corporation Limited (“China Longyuan Power”) (stock code: 916)	7 November 2011	RMB1,432.0 million (Note 2)	RMB1,126.8 million (Note 2)	1.27
China Datang Corporation Renewable Power Co., Limited (stock code: 1798)	28 December 2011	RMB204.0 million	RMB70.0 million	2.91
Mean				1.67
The Fuxin Disposal				1.17
The Chaoyang Disposal				1.16

Source: Published announcements and circulars relating to the above transactions.

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Notes:

- (1) As set out in China Ruifeng's circular dated 14 February 2011, the acquisition agreement contained a term for profit guarantee. Should the actual audited net profit after tax of the target for the financial year ended 31 December 2010 be less than the guaranteed profit, the vendors and the guarantor shall pay a sum to China Ruifeng. As set out in China Ruifeng's announcement dated 8 April 2011, the independent non-executive directors have reviewed the net profit after tax of the target and are of the opinion that the vendors and the guarantor have fulfilled their obligations under the aforesaid profit guarantee.
- (2) China Longyuan Power announced the acquisition of wind power business and biomass power business on 7 November 2011. We have calculated (i) the total consideration for acquisition of interests related to wind farms and (ii) net assets value attributable to the extent of interests of wind farms being acquired with reference to the considerations and net assets values related to those wind farms only. For one particular wind farm, the total asset figure was used in the calculation as the transaction involved acquisition of the wind farm assets and businesses only.

The historical PBR of the Comparable Transactions ranged from approximately 1.04 times to 2.91 times, with a mean of approximately 1.67 times. The historical PBR of Fuxin Taihe of approximately 1.17 times represented by the Fuxin Disposal consideration and the historical PBR of Chaoyang Century of approximately 1.16 times represented by the Chaoyang Disposal consideration are both lower than the mean but within the range of the historical PBR of the Comparable Transactions.

(ii) Comparable companies

In evaluating the consideration for the Disposals, we have also searched all comparable companies listed on the Main Board of the Stock Exchange which are principally engaged in wind farm business by reference to their latest published interim results announcements or interim reports. Based on such criteria, we have identified the following

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complete list of comparable companies (the “Comparable Companies”) on a best efforts basis:

Company name	Market capitalisation as at the Latest Practicable Date (Note 1) HK\$ million	Unaudited consolidated net assets attributable to its shareholders (Note 2) HK\$ million	Historical PBR (Note 3) Approximate times
China Renewable Energy Investment Limited (stock code: 987)	443.0	1,798.92	0.246
China Datang Corporation Renewable Power Co., Limited (stock code: 1798)	5,392.2	10,553.28	0.511
Huaneng Renewables Corporation Limited (stock code: 958)	8,039.9	13,838.65	0.581
Mean			0.446
Fuxin Taihe			1.17
Chaoyang Century			1.16

Notes:

1. Source: Bloomberg
2. The figures are extracted from the latest published interim results announcements or interim reports of the Comparable Companies, and, where applicable, the amounts in Renminbi are translated into HK\$ at the exchange rate of RMB1 to HK\$1.2.
3. The historical PBR of the Comparable Companies is calculated based on its unaudited consolidated net assets attributable to its shareholders as at 30 June 2012 and its closing market capitalisation as at the Latest Practicable Date.

As indicated in the table above, the historical PBR of the Comparable Companies ranged from approximately 0.246 times to 0.581 times, with a mean of approximately 0.446 times. The historical PBR of Fuxin Taihe of approximately 1.17 times represented by the Fuxin Disposal consideration and the historical PBR of Chaoyang Century of approximately 1.16 times represented by the Chaoyang Disposal consideration are substantially higher than all the historical PBRs of the Comparable Companies.

(b) *Independent business valuation of Chaoyang Century*

The Company has engaged Vigers, an independent appraisal company, to conduct a business valuation of Chaoyang Century as the wind farm in the Chaoyang Wind Farm Project is still in the process of construction and development, and therefore constitutes an infrastructure project under the Listing Rules. In assessing the fairness and reasonableness of the consideration for the Chaoyang Disposal, we have also made reference to this independent business valuation. As stated in Vigers' valuation report dated 14 September 2012, the market value of 100% of the equity interest in Chaoyang Century is valued at approximately RMB174.35 million (equivalent to approximately HK\$209.22 million) as at 30 June 2012. Accordingly, the market value of 25% of the equity interest in Chaoyang Century (being the percentage of equity interest in Chaoyang Century disposed of by the Group under the Chaoyang Disposal) would be approximately RMB43.59 million (equivalent to approximately HK\$52.31 million) on an attributable basis. The full text of Vigers' valuation report is set out in Appendix I of the Circular. The total consideration of the Chaoyang Disposal of RMB47,137,875 (equivalent to approximately HK\$56.57 million) represented a premium of approximately 8.1% over the attributable market value of 25% of Chaoyang Century as at 30 June 2012.

As at the Latest Practicable Date, the Chaoyang Wind Farm Project is in the process of construction and development, and is expected to be completed by the end of 2012 and will commence operation from year 2013.

As set out in Vigers' valuation report and also based on our discussions with Vigers, in arriving at their opinion of value, Vigers made reference to three generally accepted approaches to value, namely the market approach, the cost approach and the income approach. The income approach has been adopted by Vigers in the valuation. The income approach is the conversion of expected periodic benefits of ownership into an indication of value, based on the principle that an informed buyer would pay no more for asset than an amount equal to the present worth of anticipated future benefits (income) from the same or equivalent asset with similar risk. As stated in Vigers' valuation report, and we concur, the income approach is appropriate to be adopted in the valuation. The market approach may be difficult to apply since (i) companies in similar business may not be directly comparable in terms of the uniqueness on locations, forms of operation and financial structure; and (ii) Chaoyang Century runs only one project with a definite operating life and its wind farm is under construction stage, while comparable companies usually operate a number of projects and are considered to have indefinite operating lives, and their projects may not be at similar stage as the one of Chaoyang Century. The cost approach assesses the value of assets on a cost basis and has not been considered in the valuation as Chaoyang Century has an on-going operation.

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As set out in Vigers' valuation report, the income approach generally provides a better analysis on the value but is subject to estimation risk. However, the estimation risk in the valuation is relatively low since (a) the production capacity of the wind farm is based on the project application report for the regulatory approval for the wind farm project engaged by Chaoyang Century; (b) maintenance costs form a major component of the production costs and operation costs of the wind farm which can be reasonably estimated from the signed maintenance contract; and (c) no material change in operation is expected in future. Therefore Vigers considers that the financial projections for the wind farm can be reasonably made and form the basis of the valuation.

We have reviewed and discussed with Vigers the methodology of, and key basis and assumptions adopted for, the valuation including but not limited to the term of operation life of the wind farm and the forecast provided by the Group on the amount of sales, maintenance costs, operating expenses and capital expenditure. We understand that Vigers had considered all relevant factors affecting the operation of the business and its ability to generate future investment returns. A list of information reviewed and major assumptions made by Vigers are set out in Vigers' valuation report.

We understand from Vigers that the Free Cash Flow to Firm ("FCFF") in Discounted Cash Flow Method ("DCF") was used in the valuation. The use of FCFF in DCF method is considered appropriate because (a) Chaoyang Century is a going-concern; (b) FCFF is a measure of operating cash flow after the deduction of operating expenses, possible capital expenditure and additional working capital. Therefore the FCFF reflects the net cash flow being received by Chaoyang Century in future; and (c) the value of the interest being considered is determined by the future benefit attributed to Chaoyang Century, less any outstanding loan as of the valuation date, that is, the net present value of FCFF. In estimating the discount rate to be applied, Vigers has made reference to factors including (a) the yield of PRC government bonds; (b) the market return in the stock market and the return on equity of listed companies which engaged in wind power generation or similar line of business; and (c) the firm specific risk of Chaoyang Century.

Based on our discussions with Vigers and our understanding of the work conducted by Vigers, we consider that, the assumptions, the basis and the methodology adopted for the business valuation of Chaoyang Century are fair and reasonable.

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On the basis that (1) although the historical PBR of Fuxin Taihe and Chaoyang Century represented by the consideration are both lower than the mean of the historical PBR of the Comparable Transactions, they are still within the range of the historical PBR of the Comparable Transactions; (2) the historical PBR of Fuxin Taihe and Chaoyang Century represented by the consideration are substantially higher than all the historical PBRs of the Comparable Companies; (3) gains are expected by executive Directors to be recorded by the Group as a result of the Disposals; and (4) the consideration of the Chaoyang Disposal represented a premium of approximately 8.1% over the attributable market value of 25% of Chaoyang Century as at 30 June 2012, we are of the view that both the Fuxin Disposal consideration and the Chaoyang Disposal consideration are fair and reasonable.

5. Financial effects of the Disposals on the Group

Following completion of the Fuxin Disposal and the Chaoyang Disposal, Fuxin Taihe and Chaoyang Century are both owned as to 30% by the Group, and both Fuxin Taihe and Chaoyang Century are now accounted for as an associated company of the Company in the consolidated financial statements of the Company.

(a) Earnings

Based on the unaudited consolidated net asset value of Fuxin Taihe as at 30 June 2012 attributable to the 21% equity interest in Fuxin Taihe sold by the Group, the executive Directors expect that, based on unaudited management accounts which are subject to final audit and possible audit adjustments, the Group would record a gain attributable to the Group of approximately HK\$23.99 million as a result of the Fuxin Disposal. Also, based on the unaudited consolidated net asset value of Chaoyang Century as at 30 June 2012 attributable to the 25% equity interest in Chaoyang Century sold by the Group, the executive Directors expect that, based on unaudited management accounts which are subject to final audit and possible audit adjustments, the Group would record a gain attributable to the Group of approximately HK\$19.74 million as a result of the Chaoyang Disposal. Both the gain will be reflected in the profit and loss account of the Group for the year ending 31 December 2012. The actual amount of gain or loss on the Disposals to be recognised by the Group, which will depend on final audit and possible audit adjustments, may be different from the above figures, but is not expected to be materially different as advised by the executive Directors.

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After completion of the Disposals, Fuxin Taihe and Chaoyang Century are accounted for as an associated company of the Company in the consolidated financial statements of the Company. According to the accounting policies of the Company, investments in associated companies are accounted for using the equity method of accounting. Accordingly, the results of Fuxin Taihe and Chaoyang Century are not consolidated into the consolidated financial statements of the Company and the Company records the Group's share of profits or losses in Fuxin Taihe and Chaoyang Century respectively in the consolidated income statement.

(b) *Net asset value*

As discussed in the sub-paragraph headed "Earnings" above under this paragraph headed "Financial effects of the Disposals on the Group", gains are expected to be recorded by the Group in an aggregate amount of approximately HK\$43.73 million (i.e. HK\$23.99 million + HK\$19.74 million). On this basis, the executive Directors estimate that the consolidated net asset value of the Group attributable to the Shareholders will increase by approximately HK\$43.73 million, which represents the estimated gains on the Disposals. We consider the increase in consolidated net assets of the Group of approximately HK\$43.73 million as a result of the Disposals is beneficial to the Group and the Shareholders as a whole.

As stated above, after completion of the Disposals, Fuxin Taihe and Chaoyang Century will continue to be accounted for using the equity method of accounting in the consolidated financial statements of the Company. Assets and liabilities of Fuxin Taihe and Chaoyang Century are not consolidated into the consolidated balance sheet of the Company.

(c) *Cashflow*

As advised by the executive Directors, the Company intends to use the proceeds from the Disposals as general working capital of the Group. In view of the proceeds available to the Group after the Disposals, we are of the view that the cashflow position of the Group would be enhanced. Shareholders of Fuxin Taihe and Chaoyang Century are required to provide financial support to Fuxin Taihe and Chaoyang Century if they request their respective shareholders to do so. After completion of the Disposals, the Group's interest in Fuxin Taihe and Chaoyang Century has been reduced. Accordingly, the Disposals can alleviate the future working capital requirement of the Group if Fuxin Taihe and/or Chaoyang Century request further shareholders' funding to support their respective business in the future.

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Taking into account the improvement in earnings, net assets and cashflow of the Group after the Disposals, we consider that both the Fuxin Disposal and Chaoyang Disposal are, from a financial perspective, in the interests of the Company and the Shareholders as a whole.

OPINION

Having taken into account the above principal factors and reasons, although the Disposals are not in the ordinary and usual course of business of the Company, we consider that (1) the terms of the Disposals are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; and (2) the Disposals are in the interests of the Company and the Shareholders as a whole.

Yours faithfully,
for and on behalf of
SOMERLEY LIMITED
M. N. Sabine
Chairman

**Vigers Appraisal & Consulting Limited**

International Assets Appraisal Consultants

10th Floor, The Grande Building
398 Kwun Tong Road
Kowloon
Hong Kong

Date: 14 September 2012

The Directors
China WindPower Group Limited
Unit 3901, 39/F.,
Far East Finance Centre,
16 Harcourt Road,
Admiralty, Hong Kong

Dear Sirs/Madams,

BUSINESS VALUATION OF CHAOYANG CENTURY CONCORD WANJIA WIND POWER CO., LTD.

In accordance with the instruction from China WindPower Group Limited (the “Group”), we have carried out business valuation of Chaoyang Century Concord Wanjia Wind Power Co., Ltd. (the “Chaoyang Century”) as at 30 June 2012 (the “Valuation Date”). The purpose of this report is to provide an independent opinion on the market value of the equity interest in Chaoyang Century as of the Valuation Date. We understand this valuation is required for possible transfer.

SCOPE OF VALUATION**Chaoyang Century Concord Wanjia Wind Power Co., Ltd.**

This appraisal is to provide an independent opinion of value on 100% of the equity interest in Chaoyang Century Concord Wanjia Wind Power Co., Ltd..

BACKGROUND OF THE COMPANY**Chaoyang Century Concord Wanjia Wind Power Co., Ltd. (the “Chaoyang Century”)**

Chaoyang Century Concord Wanjia Wind Power Co., Ltd. was established on 27 June 2011 with registered capital of RMB162 million (Business License number: 211300400006322). Chaoyang Century operates a wind farm at Chaoyang City, in the west of Liaoning Province of the People’s Republic of China. The wind farm is located at longitude 119° 36’ to 119° 43’ east and latitude 42° 05’ to 42° 10’ north, in altitude between 620~960m. The wind farm has a designed production capacity of 49.5 MW, which comprises 33 single wind turbines, each with capacity of 1,500kW, supported with box-type substations.

Wind power business in China

China’s economy has been growing fast in recent years. During the 11th Five-year Plan, GDP of China has grown at an average of about 11% per year. The government also planned and expected to maintain an average annual GDP growth of about 8% during the 12th Five-year Plan. The high growth generates huge demand for energy. While fossil fuels form a major energy source, the Chinese government has greatly supported the development of clean and renewable energy, aiming to reduce greenhouse emission, to lower pollution and to reduce its reliance on fossil fuels. Among which wind power has a significant contribution, which represented about 3% of the total power generation capacity in 2010, according to the statistics from National Energy Administration. It is planned and expected that non-fossil fuel energy production will contribute over 11% of total energy production by the end of the 12th Five-year Plan, which shows a large room for the development of renewable energy, including wind power. In 2011, new wind turbines of total 17.6 gigawatts have been installed, and the total installed capacity reached 62 gigawatts. The Chinese government aims to have 100 gigawatts of on-grid wind power generating capacity by the end of 2015. The Chinese government has introduced several measures, for example, tax benefits, higher tariff rates, etc., to companies engaging in production and development of clean and renewable energy. With the government’s support on a planned increase in the contribution from of renewable energy, development of wind power industry is expected to continue.

In forming our view on the prospect of the wind power business in China, we have taken into account of the future development of wind power industry, general economic outlook, as well as government policy.

BASIS AND METHODOLOGY OF VALUATION

We have made reference to the international valuation standards. Our appraisal has been carried out on a market value basis. *Market Value* is defined as the estimated amount for which an asset should be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties have each acted knowledgeably, prudently and without compulsion.

In arriving at our opinion of value, we make reference to three generally accepted approaches to value, namely: the *Market Approach*, the *Cost Approach* and the *Income Approach*.

Market Approach considers prices recently paid for similar assets, with adjustments made to indicate market prices to reflect condition and utility of the appraised assets relative to the comparable market transactions.

Cost Approach considers the cost to reproduce or replace in new condition the assets appraised in accordance with current market prices for similar assets, with allowance for accrued depreciation as condition or obsolescence present, whether arising from physical, functional or economic causes.

Income Approach is the conversion of expected periodic benefits of ownership into an indication of value. It is based on the principle that an informed buyer would pay no more for asset than an amount equal to the present worth of anticipated future benefits (income) from the same or equivalent asset with similar risk.

Determination of the Valuation Approach

Income approach is considered in this valuation. Market approach may be difficult to apply since (i) companies in similar business may not be directly comparable in terms of the uniqueness on locations, forms of operation, financial structure, (ii) the nature that Chaoyang Century runs only one project with definite operating life, and that Chaoyang Century is at its construction stage, while the comparable companies usually operate a number of projects and are considered as with indefinite operating lives, and their projects may not be at similar stage as Chaoyang Century is, but Market approach can still serve as a reconciliation to the valuation with some adjustments. Cost approach assesses the value of assets in cost basis and will not be considered in this valuation, since Chaoyang Century is having on-going operation for a long period of time. Income approach generally provides better analysis on the value but is subject to estimation risk. The estimation risk

in this valuation is, however, relatively low since: (i) the production capacity of the wind farm is based on the project application report for the regulatory approval for the wind farm project engaged by Chaoyang Century; (ii) a major component of the production costs and operation costs of the wind farm is the maintenance costs, which can be reasonably estimated from the signed maintenance contract; and (iii) no material change in operation is expected in future. Therefore it is considered that the financial projection of the wind farm can be reasonably made and forms the basis of this valuation. Therefore Income Approach is adopted in this valuation.

Information Reviewed

Our valuation requires consideration of all relevant factors affecting the operation of the business and its ability to generate future investment returns. The factors considered in the valuation included, but were not limited to, the followings:

- The business nature of Chaoyang Century, business and tax licenses and related documents;
- The financial statements of Chaoyang Century provided by the Group as at the Valuation Date;
- Financial projection of Chaoyang Century from July 2012 to June 2041 provided by the Group in relation to its business;
- The project application report for the regulatory approval for the wind farm project engaged by Chaoyang Century provided by the Group (the “Application Report”);
- Document issued by the Liaoning Provincial Development and Reform Commission dated 30 December 2011 with document no. 遼發改能源[2011]1964號 (Liao Fa Gai Neng Yuan [2011] No. 1964) in relation to the approval for the wind farm project engaged by Chaoyang Century;
- Document issued by the National Development and Reform Commission of the PRC dated 20 July 2009 with document no. 發改價格[2009]1906號 (Fa Gai Jia Ge [2009] No. 1906) in relation to the management of wind power tariff in the PRC (the “Document A”);
- Document issued by the Liaoning Provincial Price Bureau with document no. 遼價函[2011] 12號 (Liao Jia Han [2011] No. 12) in relation to the tariff of electricity to be generated and sold by Chaoyang Century (the “Document B”);

- Document issued by the China Clean Development Mechanism Fund with document no. 財清潔發[2010] 261 號 (Caiqingjiefafa [2010] No. 261), provided by the Group as the reference for CDM income withholding tax (the “Document C”);
- Document issued by the Ministry of Finance and the State Administration of Taxation of the PRC dated 23 March 2009 with document no. 財稅[2009] 30 號 (Caishui [2009] No. 30) in relation to the taxation policy under the Clean Development Mechanism in the PRC (the “Document D”);
- Document issued by the Ministry of Finance and the State Administration of Taxation of the PRC with document no. 財稅[2001] 198 號 (Caishui [2001] No. 198) in relation to the applicable VAT policy (the “Document E”);
- Document issued by the State Administration of Taxation of the PRC with document no. 財稅[2008] 46 號 (Caishui [2008] No. 46) in relation to preferential profits tax treatment (the “Document F”);
- Document issued by the Ministry of Finance, the State Administration of Taxation and the National Development and Reform Commission of the PRC with document no. 財稅[2008] 116 號 (Caishui [2008] No. 116) in relation to preferential profits tax treatment (the “Document G”);
- The maintenance service contract entered into between Chaoyang Century and Beijing Century Concord Operation and Maintenance Company Limited dated 1 August 2011;
- The equipment purchase contract entered into between Chaoyang Century and Tianjin Century Concord Huaxing WindPower Equipment Limited;
- Discussion with management in relation to the treatments of value-added tax (the “VAT”), profits tax and other applicable taxes of Chaoyang Century;
- Discussion with management in relation to the current status and the future business development of Chaoyang Century;
- Discussion with the management in relation to the CDM policy and the related income of Chaoyang Century;

- The economic outlook in general and the specific industry outlook where Chaoyang Century is engaged in, the competitors in the industry, and competitive advantages and disadvantages of Chaoyang Century.

We have reviewed the information required, which is considered sufficient for the issue of the valuation report of the type in question and we believe no material factor has been intentionally omitted or withheld from the given information in order to reach an informed view.

Assumptions

Assumptions considered to have significant sensitivity effects in this valuation were evaluated and validated in order to provide a more accurate and reasonable basis for arriving at our assessed value. Based on our experience in valuing business of similar nature, we consider the assumptions made in this valuation report to be reasonable.

Our major assumptions are listed as follows:

- There will be no material adverse change in the political, legal, fiscal or economic condition in the PRC and other regions in which Chaoyang Century carries on its business;
- Chaoyang Century will retain its key management, competent personnel and technical staff to support its ongoing operation;
- Market trend and conditions in the areas where Chaoyang Century operates will not deviate significantly from the economic forecast in general;
- As discussed with the management, the wind farm is now in construction stage. As advised by the management, it is assumed that the construction of the wind farm will be completed by the end of year 2012. The wind farm will commence its operation from year 2013. With reference to the business license of Chaoyang Century and after discussion with the management, it is further assumed that the operation of the wind farm will end on 22 June 2041. Our valuation is based on such information;
- Revenues of Chaoyang Century have taken into account the regular income from the sales of wind power and CERs (Certified Emission Reduction) only. We have not made any estimates on imponderables;

- We have been given by the Group the forecast on the amount of sales and direct costs, and related expenses such as direct costs, management costs, capital spending, etc. We have based on such information to form our opinion of value;
- We have only considered a collection of operating incomes and related expenses such as direct costs, management costs, taxes, capital spending, etc. We have not made provision for non-operating cash flow items such as exchange rate gain/loss, compensations on accidents, etc. in the valuation model;
- Electricity tariff: As advised by the management, Chaoyang Century has not entered into any power sales contract as at the Valuation Date. Based on the experience in operation of other wind farms under the Group, it is assumed that all the power generated can be sold. With reference to the Document A and the Document B, and as advised by the management, the electricity tariff is assumed to be RMB0.61 per KWh (including VAT). After discussion with the management and with reference to government policy, it is further assumed that the electricity tariff will maintain at this rate throughout the projection period. And according to the Application Report and advised by the management, it is estimated that the effective operating capacity of the wind farm is about 1,998 hours per year. The valuation is based on the estimated operating capacity as set out in the Application Report and information provided by the management;
- Income from sales of CERs: As advised by the management, this project is now applying for the registration of CER under relevant regulatory authorities. Based on similar experience from other wind farms under the Group, it is assumed that the project can be successfully registered. As advised by the management and with reference to the Document C and Document D, 2% of the generated CERs is required to be submitted to the Adaptation Fund of Clean Development Mechanism under United Nations, and 2% of the revenue from the sales of CERs is required to be submitted to the PRC government. Further advised by the management, it is assumed that about 95,287 units of CER can be produced per year. As advised by the management and with reference to the price history of CER, it is further assumed that all the generated CERs can be sold at the price of about EUR 3 per unit. The valuation is based on management experience on the above said mechanism. As advised by the management and with reference to the current available information of the Clean Development Mechanism, it is further assumed that no income will be generated from the sales of CERs from 2021 onwards. The valuation is based on the above information provided by the management;

- VAT: As advised by the management and with reference to the Document E, the revenue of Chaoyang Century from electricity tariff is subject to preferential treatment of 50% reduction in the VAT rate. The applicable VAT rate is assumed to be at 8.5%. As advised by the management, according to the current government policy, the VAT payable is allowed to be offset by the VAT rebate generated from the purchases of some fixed assets. Our valuation is based on such information and we observe no reason to be doubtful on the reasonableness of the assumption;
- Maintenance expenses: According to the Maintenance service contract entered into between Chaoyang Century and Beijing Century Concord Operation and Maintenance Company Limited dated 1 August 2011, the maintenance cost of the wind farm is assumed to be about RMB4.45 million per year till 1 August 2014. As advised by the management, it is further assumed that the contract will be renewed every three years, and the maintenance expenses will be increased by about 9% for each renewal;
- Operating expenses: As advised by the management, based on their experience in the operation of other wind farm projects, it is assumed that the total operating expenses of Chaoyang Century are assumed to be about RMB 0.5 million per year in 2012, and are further assumed to grow at a rate of 3% per annum;
- Taxation: As advised by the management and with reference to the Document F and Document G, it is assumed that Chaoyang Century is eligible for preferential tax treatment. It is assumed that the applicable profits tax rate is 0% for the period from 2013 to 2015, 12.5% for the period from 2016 to 2018, and 25% from 2019 onwards;
- Working capital: As advised by the management and based on their experience, the receivable period of the electricity tariff is assumed to be 30 days, and the receivable period for the income from sales of CERs is assumed to be 30 days. It is further assumed to have no accounts payable period.
- Capital expenditure: As advised by the management, and based on their experience in the other wind farm projects as at the Valuation Date, it is estimated that additional capital expenditure of about RMB247 million is required in 2012 for the construction of the wind farm. As advised by the management and based on their experience in the other wind farm projects, it is further assumed that maintenance CAPEX of about RMB131 million is required in 2032.

We have assumed the reasonableness and correctness of information provided and relied to a considerable extent on such information in arriving at our opinion of value.

Valuation Method

In this appraisal, the market value of the equity interest in Chaoyang Century was determined by the Income Approach with the use of the Free Cash Flow to Firm (FCFF) in Discounted Cash Flow Method (DCF).

We consider that the use of the Free Cash Flow to Firm (FCFF) in Discounted Cash Flow Method is an appropriate measure because of the following considerations:

- Chaoyang Century, of which the interest to be considered, has going-concern;
- The Free Cash Flow to Firm (FCFF) is a measure of operating cash flow after the deduction of operating expenses, possible capital expenditure and additional working capital. Thus the FCFF fully reflects the net cash flow being received by Chaoyang Century in future;
- The value of the interest being considered is determined by the future benefit attributed to Chaoyang Century and less any outstanding loan as of the valuation date, that is, the net present value of the FCFF.

The Free Cash Flow to Firm (FCFF) is given by:

Free cash flow to firm = Earnings before interest and tax x (1 – tax rate) + depreciation – capital spending – additional working capital.

The valuation is derived from applying appropriate discount rate on the FCFF. The discount rate being applied in the DCF, also known as the required rate of Weighted Average Cost of Capital (WACC) is given by:

Equity/(Equity+Debt) x Required rate of return on Equity + Debt/(Equity+Debt) x After Tax Cost of Debt

and the required rate of return on equity is derived by the Capital Asset Pricing Model (“CAPM”):

Required rate of return on equity = Risk Free Rate + Estimated Beta x Market Risk Premium

In applying the CAPM to estimate the discount rate, we have made reference, but not limited, to the followings in our estimation:

- i. The yield of the China Government Bond;
- ii. The market return in the stock market and the return on equity of listed companies which engaged in wind power generation or similar line of business;
- iii. The firm specific risk of Chaoyang Century.

Since the required rate of return on equity estimated by CAPM explains a portion of the total risk, the systematic risk, of an equity investment. We have considered appropriate adjustments to be made on the unsystematic risk, that is, the firm specific risk, which might affect the value of the assets being evaluated.

The discount rate applied to the valuation of Chaoyang Century can be summarized as below:

	Chaoyang Century
Discount rate	10.00%

OPINION OF VALUE

Based on the aforesaid investigation, analysis and appraisal method employed, it is our opinion that, as of 30 June 2012, the market value of 100% of the equity interest in Chaoyang Century can be reasonably and approximately stated as RMB174.35 Million (RMB174,350,000).

The opinion of value was based on generally accepted appraisal procedures and practices that rely extensively on the use of numerous assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained. Although it is reasonable for the assumptions and the consideration of the uncertainties, the opinion of value may be affected by any major uncertainties on business or operation, economy, competition, and contingencies which are outside control of Chaoyang Century.

The opinion was based on the management discussion, assumptions and representations, in oral or writing. The projection or estimates set out in the valuation formed part of the assumptions. We were furnished with limited financial information and other documents germane to the valuation. These data had been utilized without further verification as correctly representing the results and future prospects of the operation and the financial condition of the subject. No responsibility is assumed for the accuracy of the provided information. The opinion of value is subject to change if any of the assumptions provided by the management is not reasonably or properly made, and we reserve the right to change or withdraw our opinion without any liabilities.

This report is restricted to the client for the specific purpose to which it refers, and should not be the only factor to be referred by the client. We have not been engaged to make specific sales or purchase recommendation. The use of the report will not supplant other due diligence which the company or the concerned parties should conduct in reaching business decision regarding the subject of valuation.

The valuation procedure did not require us to conduct legal due diligence on the legality and formality of the subject and its related legal documents, and it should be the responsibility of the legal advisor to the management of the company. Thus, no responsibility or liability is assumed from our report to the origin and continuity of the subject. We have not inspected the original documents filed in the relevant authorities to verify ownership of the subject. We need to state that we are not legal professional and are not qualified to ascertain the titles and to report any encumbrances that may be registered against the subject. No responsibility or liability is assumed in relation to those opinions or copies of document provided (if any).

In accordance with our standard practice, this report is for the use of the party to whom it is addressed and no responsibility is accepted to any third party for the whole or any part of the contents of this report.

We hereby certify that we have neither present nor prospective interests in the assets or the value reported.

Yours faithfully,

For and on behalf of
VIGERS APPRAISAL & CONSULTING LTD.

Raymond Ho Kai Kwong
Registered Professional Surveyor
Registered PRC Real Estate Appraiser
MRICS, MHKIS, MSc (e-com)
Managing Director

Favian Kam Man Yin
Chartered Financial Analyst
CFA, MBA
Executive Director

Note: Raymond K. K. Ho, Registered Professional Surveyor, Registered PRC Real Estate Appraiser, MRICS, MHKIS, RPS, MSc (e-com), has over twenty five years experience in undertaking valuation of properties, intangible and business in Hong Kong, Macau and the PRC and has extensive experience in business valuation in the Greater China region since 1993. Favian M. Y. Kam, CFA, has over 14 years’ experience in business valuation.

Appendix: Sensitivity analysis on change in discount rate

Change in discount rate	Discount rate	Total equity value of subject (in RMB'000)
-1%	9.00%	203,135.41
no change	10.00%	174,354.44
+1%	11.00%	149,205.96

LIMITING CONDITIONS

1. Vigers Appraisal & Consulting Limited shall not be required to give testimony or attendance in court or to any government agency by reason of this assessment, with reference to the project described herein, unless prior arrangements have been made.
2. No opinion is intended to express for matters that require legal or other specialized expertise or knowledge, beyond that customarily employed by valuers.
3. As part of our analysis, we have reviewed financial and business information from public sources together with such financial information, project documentation and other pertinent data concerning the project as has been made available to us. Such information was provided by the client and related parties acting in concert. We assumed such information reliable and legitimate. We have relied to a considerable extent on such information provided in arriving at our opinion of value.
4. Our conclusions assume a continuation of prudent management policies over whatever period of time which is believed reasonable and is necessary to maintain the character and integrity of the assets valued.
5. We assume that there are no hidden or unexpected conditions associated with the assets valued that might adversely affect the reported value. Further, we assume no responsibility for changes in market conditions which may require an adjustment in the assessment.
6. Neither the whole nor any part of this report and assessment, nor any reference thereto, may be included in any document, circular or statement without our written approval of the form and content in which it will appear.
7. This report is confidential to the client for the specific purpose to which it refers. In accordance with our standard practice, we must state that this report and assessment is for the use only of the party to whom it is addressed and no responsibility is accepted to any third party for the whole or any part of its contents.

GENERAL SERVICE CONDITIONS

The service(s) provided by Vigers Appraisal & Consulting Limited will be performed in accordance with professional appraisal standard. Our compensation is not contingent in any way upon our conclusions of value. We assume, without independent verification, the accuracy of all data provided to us. We will act as an independent contractor and reserve the right to use subcontractors. All files, working papers or documents developed by us during the course of the engagement will be our property. We will retain this data for as long as we wish.

Our report is to be used only for the specific purpose stated herein and any other use is invalid. No reliance may be made by any third party without our prior written consent. You may show our report in its entirety to those third parties who need to review the information contained herein. No one should rely on our report as a substitute for their own due diligence. No reference to our name or our report, in whole or in part, in any document you prepare and/or distribute to third parties may be made without our written consent.

You agree to indemnify and hold us harmless against and from any and all losses, claims, actions, damages, expenses, or liabilities, including reasonable attorneys' fees, to which we may become subjects in connection with this engagement. You will not be liable for our negligence. Your obligation for indemnification and reimbursement shall extend to any controlling person of Vigers Appraisal & Consulting Limited, including any director, officer, employee, subcontractor, affiliate or agent. In the event we are subject to any liability in connection with this engagement, regardless of legal theory advanced, such liability will be limited to the amount of fees we received for this engagement.

We reserve the right to include your company/firm name in our client list, but we will maintain the confidentiality of all conversations, documents provided to us, and the contents of our reports, subject to legal or administrative process or proceedings. These conditions can only be modified by written.

As the business valuation is based on discounted cash flow method, it is deemed to be a profit forecast under the Listing Rules. The Company received from its reporting accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong and its financial adviser, REORIENT Financial Markets Limited, the following report/letter prepared for inclusion in this circular in respect of the business valuation of Chaoyang Century.

A. Report from PricewaterhouseCoopers



羅兵咸永道

**REPORT FROM REPORTING ACCOUNTANT ON DISCOUNTED FUTURE
ESTIMATED CASH FLOWS IN CONNECTION WITH THE BUSINESS
VALUATION OF CHAOYANG CENTURY CONCORD WANJIA WIND
POWER CO., LTD.**

**TO THE BOARD OF DIRECTORS OF CHINA WINDPOWER GROUP
LIMITED**

We have been engaged to report on the calculations of the discounted future estimated cash flows on which the business valuation (the “Valuation”) set out in the valuation report dated 14 September 2012 prepared by Vigers Appraisal & Consulting Limited in respect of the appraisal of the fair value of the 100% equity interests in Chaoyang Century Concord Wanjia Wind Power Co., Ltd. (“Chaoyang Century”) is based. The Valuation is set out in Appendix I of the circular of China WindPower Group Limited (the “Company”) dated 14 September 2012 (the “Circular”) in connection with the disposal of a 25% equity interest in Chaoyang Century by the Company. The Valuation based on the discounted future estimated cash flows is regarded as a profit forecast under Rule 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

Directors’ Responsibility for the Discounted Future Estimated Cash Flows

The directors of the Company are responsible for the preparation of the discounted future estimated cash flows in accordance with the bases and assumptions determined by the directors and as set on pages 35 to 40 of the Circular. This responsibility includes carrying out appropriate procedures relevant to the preparation of the discounted future estimated cash flows for the Valuation and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

Reporting Accountant's Responsibility

It is our responsibility to report, as required by paragraph 14.62(2) of the Listing Rules, on the calculations of the discounted future estimated cash flows on which the Valuation is based. We are not reporting on the appropriateness and validity of the bases and assumptions on which the discounted future estimated cash flows are based and our work does not constitute any valuation of Chaoyang Century.

We conducted our work in accordance with the Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information". This standard requires that we comply with ethical requirements and plan and perform the assurance engagement to obtain reasonable assurance on whether the discounted future estimated cash flows, so far as the calculations are concerned, has been properly compiled in accordance with the bases and assumptions as set out on pages 35 to 40 of the Circular. We reviewed the arithmetical calculations and the compilation of the discounted future estimated cash flows in accordance with the bases and assumptions.

The discounted cash flows do not involve the adoption of accounting policies. The discounted cash flows depend on future events and on a number of assumptions which cannot be confirmed and verified in the same way as past results and not all of which may remain valid throughout the period. Our work has been undertaken for the purpose of reporting solely to you under paragraph 14.62(2) of the Listing Rules and for no other purpose. We accept no responsibility to any other person in respect of our work, or arising out of or in connection with our work.

Opinion

Based on the foregoing, in our opinion, the discounted future estimated cash flows, so far as the calculations are concerned, has been properly compiled in all material respects in accordance with the bases and assumptions made by directors of the Company as set out on pages 35 to 40 of the Circular.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 14 September 2012

B. Letter from REORIENT Financial Markets Limited

Suites 1102-03
Far East Finance Centre
16 Harcourt Road, Admiralty
Hong Kong

14 September 2012

The Board of Directors
China WindPower Group Limited
Suite 3901, Far East Finance Centre
16 Harcourt Road
Admiralty
Hong Kong

Dear Sirs,

We refer to the valuation (the “Valuation”) prepared by Vigers Appraisal & Consulting Limited (“Vigers”) in relation to the market value of Chaoyang Century Concord Wanjia Wind Power Co., Ltd. as at 30 June 2012. The report of Vigers is included in Appendix I to the Company’s circular dated 14 September 2012 (the “Circular”) of which this letter forms part. Capitalised terms used in this letter have the same meanings as defined in the Circular.

We understand that the Valuation, which has been developed through the application of the income approach, known as the discounted cash flow method, is regarded as a profit forecast under Chapter 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited. We understand that Vigers has prepared its Valuation on the basis of the financial projection for the period up to June 2041 (the “Financial Projection”) prepared by the management of the Company.

We have discussed with the management of the Company and Vigers regarding the bases and assumptions upon which the Financial Projection underlying the Valuation has been made. We understand that the Financial Projection is based on a number of bases and assumptions including feasibility study on the wind farm project of Chaoyang Century and the applicable PRC government policy, rules and regulation. We understand that as such bases and assumptions in relation to the environment under which the wind farm of Chaoyang Century operates such as wind speed and the applicable government policy, rules and regulation are subject to change, there is no guarantee that Chaoyang Century may perform as forecast in the Financial Projection.

APPENDIX II

REPORT FROM PRICEWATERHOUSECOOPERS AND
LETTER FROM REORIENT FINANCIAL MARKETS LIMITED
IN RELATION TO THE VALUATION OF CHAOYANG CENTURY

On the bases of the foregoing, we are of the opinion that the Financial Projection, for which the Directors of the Company are solely responsible, has been made after due and careful enquiry.

Yours faithfully,
For and on behalf of
REORIENT Financial Markets Limited
Allen Tze
Managing Director

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(i) Directors’ and chief executives’ interests and/or short positions in the Shares, underlying Shares and debentures of the Company or any associated corporation

As at the Latest Practicable Date, the following Directors had interests in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which are required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers in the Listing Rules, to be notified to the Company and the Stock Exchange:

(a) Long positions in the Shares:

Name of the Director	Number of Shares held and nature of interest				Approximate percentage of the total issued share capital (%)
	Personal	Family	Corporate	Total	
Liu Shunxing	—	—	2,023,469,387 ¹	2,023,469,387	27.37
Ko Chun Shun, Johnson	—	—	2,000,000,000 ²	2,000,000,000	27.05

Name of the Director	Number of Shares held and nature of interest				Approximate percentage of the total issued share capital (%)
	Personal	Family	Corporate	Total	
Wang Xun	—	—	2,023,469,387 ¹	2,023,469,387	27.37
Yang Zhifeng	—	—	2,023,469,387 ¹	2,023,469,387	27.37
Liu Jianhong	1,210,000	—	2,023,469,387 ¹	2,024,679,387	27.38
Ko Wing Yan, Samantha	—	—	20,000,000 ³	20,000,000	0.27
Dr. Wong Yau Kar, David, JP	400,000	—	—	400,000	0.005
Yap Fat Suan, Henry	200,000	—	—	200,000	0.003

- Notes:*
- The Shares were held by China Wind Power Investment Limited, 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 International”). Four executive Directors, namely Mr. Liu Shunxing, Mr. Wang Xun, Mr. Yang Zhifeng and Ms. Liu Jianhong held as to 88.02% of the issued shares of Concord International, and the aforesaid four Directors are also the directors of Concord International, New Energy International Limited and China Wind Power Investment Limited.
 - Mr. Ko Chun Shun, Johnson, the Vice Chairman and an executive Director, was deemed to be interested in 2,000,000,000 Shares held by Gain Alpha Finance Limited (“Gain Alpha”). Gain Alpha is wholly owned by Mr. Ko Chun Shun, Johnson.
 - Ms. Ko Wing Yan, Samantha, an executive Director, was deemed to be interested in 20,000,000 Shares held by Pine Coral Limited (“Pine Coral”). Pine Coral is wholly owned by Ms. Ko Wing Yan, Samantha.

(b) Long positions in underlying Shares of shares options of the Company:

Name of Directors	Date of grant of share options	Exercise price per share <i>HK\$</i>	Number of share options outstanding
Liu Shunxing	1 April 2008	0.45	5,000,000
	6 April 2009	0.302	6,000,000
	4 January 2010	0.89	10,000,000
	3 January 2011	0.80	15,000,000
Ko Chun Shun, Johnson	6 April 2009	0.302	6,000,000
Wang Xun	1 April 2008	0.45	3,600,000
	6 April 2009	0.302	4,500,000
	4 January 2010	0.89	6,600,000
	3 January 2011	0.80	10,000,000
Yang Zhifeng	1 April 2008	0.45	900,000
	6 April 2009	0.302	2,250,000
	4 January 2010	0.89	6,600,000
	3 January 2011	0.80	10,000,000
Liu Jianhong	1 April 2008	0.45	900,000
	6 April 2009	0.302	2,250,000
	4 January 2010	0.89	6,600,000
	3 January 2011	0.80	10,000,000
Yu Weizhou	6 April 2009	0.302	2,000,000
	4 January 2010	0.89	6,600,000
	3 January 2011	0.80	10,000,000
Zhou Zhizhong	4 January 2010	0.89	6,600,000
	3 January 2011	0.80	10,000,000
Ko Wing Yan, Samantha	4 January 2010	0.89	3,000,000
	3 January 2011	0.80	4,000,000

Name of Directors	Date of grant of share options	Exercise price per share <i>HK\$</i>	Number of share options outstanding
Chan Kam Kwan, Jason	1 April 2008	0.45	1,000,000
	6 April 2009	0.302	1,200,000
	4 January 2010	0.89	1,000,000
	3 January 2011	0.80	1,000,000
Tsoi Tong Hoo, Tony	1 April 2008	0.45	1,200,000
	6 April 2009	0.302	3,000,000
	4 January 2010	0.89	800,000
	3 January 2011	0.80	800,000
Dr. Zhou Dadi	4 January 2010	0.89	1,000,000
	3 January 2011	0.80	1,000,000
Dr. Wong Yau Kar, David, <i>JP</i>	1 April 2008	0.45	400,000
	6 April 2009	0.302	600,000
	4 January 2010	0.89	800,000
	3 January 2011	0.80	800,000
Yap Fat Suan, Henry	1 April 2008	0.45	600,000
	6 April 2009	0.302	800,000
	4 January 2010	0.89	800,000
	3 January 2011	0.80	800,000

These options were granted subject to the following vesting requirement:

On 1st anniversary of the date of grant	25%
On 2nd anniversary of the date of grant	25%
On 3rd anniversary of the date of grant	25%
On 4th anniversary of the date of grant	25%

The exercise period of these options shall be expired on the day before of 5th anniversary of the date of grant.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or the chief executive of the Company had or was deemed to have any interest or short position in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have such provisions of the SFO); or (ii) were required to be entered in the register maintained by the Company pursuant to section 352 of the SFO; or (iii) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as contained in the Listing Rules.

(ii) Directors' other interests

- (a) As at the Latest Practicable Date, none of the Directors (1) had any direct or indirect interest in any assets which have been acquired, disposed of by or leased to, or which are proposed to be acquired, disposed of by or leased to, the Company or any of its subsidiaries since 31 December 2011, the date to which the latest published audited financial statements of the Group were made up and (2) was materially interested in any contract or arrangement entered into by any member of the Company subsisting at the Latest Practicable Date which is significant in relation to the business of the Group.
- (b) As at the Latest Practicable Date, none of the Directors or their respective associates had any interest in any company or business which competes or may compete, directly or indirectly, with the businesses of the Group.

(iii) Substantial Shareholders

As at the Latest Practicable Date, so far as is known to, or can be ascertained after reasonable enquiry by the Directors or chief executive of the Company, the following persons, not being a Director or chief executive of the Company, had interests and/or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

(a) Long positions in the Shares:

Name of shareholder	Number of Shares held	Approximate percentage of the total issued share capital (%)
China Wind Power Investment Limited (<i>Note</i>)	2,023,469,387	27.37

Note:

The Shares were held by China Wind Power Investment Limited, 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 International”). Four executive Directors, namely Mr. Liu Shunxing, Mr. Wang Xun, Mr. Yang Zhifeng and Ms. Liu Jianhong held as to 88.02% of the issued shares of Concord International, and the aforesaid four Directors are also the directors of Concord International, New Energy International Limited and China Wind Power Investment Limited.

Save as disclosed herein, as at the Latest Practicable Date, no person had any interests and/or short positions in the Shares or underlying Shares which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO.

3. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with the Company or any member of the Group (excluding contracts expiring or determinable by the Group within one year without payment of compensation (other than statutory compensation)).

4. EXPERTS AND CONSENTS

The following are the qualifications of the experts who have given opinions or advice in this circular:

Name	Qualification
PricewaterhouseCoopers	Certified Public Accountants
REORIENT Financial Markets Limited	A corporation licensed to carry on type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance), type 7 (providing automated trading services) and type 9 (asset management) regulated activities under the SFO
Somerley Limited	A licensed corporation for type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO
Vigers Appraisal & Consulting Limited	Independent valuer

As at the Latest Practicable Date, each of the aforesaid experts did not have any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

Each of the aforesaid experts has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter/report and references to its name in the form and context in which they appear.

As at the Latest Practicable Date, each of the aforesaid experts did not have any direct or indirect interest in any assets which have been acquired or disposed of by or leased to any member of the Group or are proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2011, being the date to which the latest published audited financial statements of the Group were made up.

5. NO MATERIAL ADVERSE CHANGE

As stated in the profit warning announcement of the Company dated 9 July 2012, due to the decrease in the gain on disposal of interests in the Group's investments in its wind farm projects and the decrease in the electricity output generated by certain jointly controlled entities, the Group expected to record a significant drop in net profits for the six months ended 30 June 2012 as compared with the last corresponding period. The Company on 24 August 2012 announced its consolidated interim results for the six months ended 30 June 2012. Save as aforesaid, as at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2011, the date to which the latest published audited financial statements of the Group were made up.

6. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the Fuxin Disposal Agreement and the Chaoyang Disposal Agreements are available for inspection during normal business hours at the Company's principal place of business in Hong Kong from the date of this circular up to 28 September 2012.

7. MISCELLANEOUS

- The correspondence address of the Directors is at Unit 3901, 39/F, Far East Finance Center, 16 Harcourt Road, Admiralty, Hong Kong;
- The principal place of business in Hong Kong and correspondence address of the Company is at Unit 3901, 39/F, Far East Finance Center, 16 Harcourt Road, Admiralty, Hong Kong;
- The registered office of the Company is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda;
- The Hong Kong branch share registrar and transfer office of the Company is Tricor Tengis Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong; and
- The English texts of this circular shall prevail over the Chinese texts.