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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)

**PROVISION OF SERVICES BY THE GROUP
— CONTINUING CONNECTED TRANSACTIONS
REVISION OF ANNUAL CAPS
WAIVER FROM STRICT COMPLIANCE
WITH RULE 14A.35(1) OF THE LISTING RULES**

Pursuant to the 2010 Framework Agreement, the Group will be establishing more New Joint Ventures with Liaoning Energy subject to the independent Shareholders' approval at the SGM. As more Services may potentially be provided by the Group to the Existing Joint Ventures and the New Joint Ventures, the Company considers that the existing annual caps as set out in the 2009 Framework Agreement may not be sufficient to cover the amount of Services which may be provided by the Group to the Existing Joint Ventures and the New Joint Ventures. As such, the Company proposes to revise the existing annual caps to cover the expected amount of Services which may be provided by the Group to Liaoning Energy and its associates, including the Existing Joint Ventures and the New Joint Ventures.

Liaoning Energy is a substantial shareholder of certain Existing Joint Ventures that the Company owns more than 50% which are considered to be subsidiary undertakings of the Company for the purposes of the Listing Rules. Liaoning Energy is therefore a connected person of the Company as it is a substantial shareholder of certain of the Company's subsidiary undertakings.

The Company has applied to the Stock Exchange for a waiver from strict compliance with Rule 14A.35(1) of the Listing Rules regarding the entering into of a master agreement which governs the provision of the Services, being continuing connected transactions between the Group and Liaoning Energy and its associates. On 28 May 2010, the Stock Exchange granted the Waiver.

* *for identification purposes only*

The Existing Joint Ventures and the New Joint Ventures are associates of Liaoning Energy under the Listing Rules and are thus connected persons of the Company. The prospective provision of the Services by the Group to Liaoning Energy and its associates (including the Existing Joint Ventures and the New Joint Ventures) shall constitute non-exempt continuing connected transactions of the Company under the Listing Rules. Accordingly, the Services, the Waiver and the relevant proposed revised annual caps are subject to the reporting, announcement and independent shareholders' approval requirements under the Listing Rules.

BACKGROUND

Reference is made to (i) the announcements of the Company dated 14 April 2009, 5 May 2009 and the circular of the Company dated 26 May 2009, in relation to, among other things, the two joint venture contracts entered into between the Group and Liaoning Energy on 6 February 2009 and 10 April 2009, and the 2009 Framework Agreement entered into between the Company and Liaoning Energy on 5 May 2009 to jointly establish the Existing Joint Ventures to undertake wind farm projects in the PRC; and (ii) the announcement of the Company dated 18 May 2010, in relation to, among other things, the proposed formation of 18 New Joint Ventures between the Group and Liaoning Energy to undertake wind farm projects in the PRC.

Liaoning Energy is a substantial shareholder of certain Existing Joint Ventures that the Company owns more than 50% which are considered to be subsidiary undertakings of the Company for the purposes of the Listing Rules. Liaoning Energy is therefore a connected person of the Company as it is a substantial shareholder of certain of the Company's subsidiary undertakings.

THE SERVICES

The Company has applied to the Stock Exchange for a waiver from strict compliance with Rule 14A.35(1) of the Listing Rules regarding the entering into of a master agreement which governs the provision of the Services, being continuing connected transactions between the Group and Liaoning Energy and its associates. On 28 May 2010, the Stock Exchange granted the Waiver.

As set out in the 2009 Framework Agreement, certain subsidiaries of the Company provide the Services. The Existing Joint Ventures will choose suppliers for the Services for their wind farm constructions through public tenders in accordance with the applicable laws and requirements in the PRC. Pursuant to the 2009 Framework Agreement, the Group may participate in public tenders organised by such Existing Joint Ventures for selecting suppliers for the Services, including wind power engineering, procurement and construction, manufacturing of wind tower tubes, wind power facilities design and maintenance.

The Group determines the terms of the tenders for the Services with reference to, among other things, the specifications of each wind farm construction plan (e.g. the estimated costs, expected margins and perceived market competition), the prevailing market prices of the wind farm equipment and facilities and quotations made by the Group to independent third parties in respect of similar projects.

The historical transactions for the Services provided by the Group to Liaoning Energy and its associates amounted to RMB60,368,000 for the nine months ended 31 December 2009.

Subject to the independent Shareholders' approval at the SGM, the Group will establish more New Joint Ventures with Liaoning Energy pursuant to the 2010 Framework Agreement and such New Joint Ventures shall also choose suppliers for the Services for their wind farm constructions through public tenders in accordance with the applicable laws and requirements in the PRC. The Existing Joint Ventures and the New Joint Ventures are/shall be associates of Liaoning Energy and are/will, upon establishment, become connected persons of the Company. Under the 2009 Framework Agreement, for each of the financial years ending 31 March 2010, 31 March 2011 and 31 March 2012, the aggregate amounts of the Services (in terms of aggregate value of contracts being entered into within the same financial year) which may be provided by the Group to Liaoning Energy and its associates, including the Existing Joint Ventures shall not exceed RMB431,800,000, RMB328,500,000 and RMB112,000,000 respectively.

The Group in its ordinary and usual course of business may tender for the provision of Services to the Existing Joint Ventures and the New Joint Ventures. Subject to the tender results, more Services may potentially be provided by the Group to the Existing Joint Ventures and the New Joint Ventures. Accordingly, the Company considers that the existing annual caps as set out in the 2009 Framework Agreement, which were determined based on, among other things, the target installed capacity of the wind farm projects to be carried out by the Existing Joint Ventures, may not be sufficient to cover the amount of Services which may be provided by the Group to the Existing Joint Ventures and the New Joint Ventures. In addition, as announced by the Company on 16 November 2009, the financial year end date of the Company has been changed from 31 March to 31 December in order to coincide with the statutory financial year end date of the Company's principal operating subsidiaries which are mainly situated in the PRC. As such, the Company proposes to revise the existing annual caps to cover the possible amount of Services which may be provided by the Group to Liaoning Energy and its associates, including the Existing Joint Ventures and the New Joint Ventures, in respect of the next three financial years ending 31 December 2012.

The Waiver

Pursuant to the requirements under Chapter 14A of the Listing Rules, including compliance with Rule 14A.35(1) of the Listing Rules that requires the Company to enter into a written agreement with Liaoning Energy. Liaoning Energy considers that suppliers for the Services should be selected by way of public tenders in accordance with the relevant laws and regulations in the PRC. No written framework agreement will be entered into between the Group and Liaoning Energy in relation to the proposed revision of the existing annual caps.

The Company believes that strict compliance with the written agreement requirement under Rule 14A.35(1) of the Listing Rules in respect of the Services will be unduly burdensome and it is not practicable for the Group to comply with the relevant requirements under Chapter 14A of the Listing Rules each time before the Group tenders for the Services to Liaoning Energy and its associates (including the Existing Joint Ventures and the New Joint Ventures). If the Company has to comply with the relevant requirements of the Listing Rules for each individual engagement which may be subject to the reporting, announcement and/ or independent shareholders' approval requirements, substantial time and compliance cost will be incurred, which will be significantly detrimental to the commercial bargaining position of the Company. As such, the Company had applied for, and the Stock Exchange had granted, the Waiver.

The Company will ensure that the provision of the Services by the Group to Liaoning Energy and its associates (including the Existing Joint Ventures and the New Joint Ventures) shall be subject to the conditions set out below:

- (i) the Group shall enter into a separate contract to set out the detailed terms of each individual engagement for the provision of Services to Liaoning Energy and its associates (including the Existing Joint Ventures and the New Joint Ventures);
- (ii) each individual engagement for the provision of Services will be entered into on normal commercial terms and in the ordinary course of business of the Group, and will be fair and reasonable and in the interests of the Shareholders taken as a whole;
- (iii) that the Waiver will only cover those engagements where Liaoning Energy and its associates (including the Existing Joint Ventures and the New Joint Ventures) choose suppliers for the Services for their wind farm constructions through public tenders in accordance with the applicable laws and requirements in the PRC and where the Group has tendered for such engagements;
- (iv) the Group shall determine the terms of the tenders for the Services with reference to, among other things, the specifications of each wind farm construction plan (e.g. the estimated costs, expected margins and perceived market competition), the prevailing market prices of the wind farm equipment and facilities and quotations made by the Group to independent third parties in respect of similar projects; and

- (v) the annual transaction amounts for the Services will not exceed the revised annual caps for the three financial years ending 31 December 2010, 2011 and 2012 (as detailed below).

If a tender is assigned to the Group, the Group shall enter into a separate contract to set out the detailed terms of each individual engagement for the provision of Services to Liaoning Energy and its associates (including the Existing Joint Ventures and the New Joint Ventures). To the extent that the terms of the individual engagement for the provision of Services are different from the principles as stated above, the Company will treat such engagement as a separate transaction and will comply with the reporting, announcement and/or independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Details of the Services will be disclosed in the Company's next published annual report and accounts in accordance with Rule 14A.46 of the Listing Rules. Other than Rule 14A.35(1) of the Listing Rules, the Company will fully comply with the disclosure and/or independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The Company proposes to revise the annual caps for the Services to be provided to Liaoning Energy and its associates (including the Existing Joint Ventures and the New Joint Ventures) for the 3 years ending 31 December 2012 and comply with the reporting, announcement and/or independent shareholders' approval requirements. Please refer to the section headed "Proposed revision of annual caps" below for details.

Apart from the confirmation to be given by the independent non-executive Directors in the annual reports of the Company in accordance with Rule 14A.37 of the Listing Rules, the audit committee of the Company will also review the continuing connected transactions between the Group and Liaoning Energy and its associates (including the Existing Joint Ventures and the New Joint Ventures) on a regular basis and issue similar confirmation in the annual reports of the Company. The legal department and the internal control department of the Company shall ensure the Services will be provided in accordance with the conditions as set out above.

The Waiver, the provision of the Services to Liaoning Energy and its associates (including the Existing Joint Ventures and the New Joint Ventures) and the revised annual caps for the next three financial years ending 31 December 2012 will be subject to the approval of the independent Shareholders. As none of the Shareholders is expected to have any material interest in the provision of Services and the Waiver, no Shareholder will be required to abstain from voting on the proposed resolutions in relation to the Services (including the revised annual caps) and the Waiver. Should the Company change the applicable pricing principles of the Services from those as set out above, the Company will make an announcement and will re-comply with the applicable requirements under the Listing Rules.

Proposed revision of annual caps

The existing annual caps shall be revised as follows: for each of the three financial years ending 31 December 2010, 2011 and 2012, the aggregate amounts of the Services (in terms of aggregate value of contracts being entered into within the same financial year) which may be provided by the Group to Liaoning Energy and its associates, including the Existing Joint Ventures and the New Joint Ventures, shall not exceed RMB364,000,000, RMB766,000,000 and RMB665,000,000 respectively.

The above revised annual caps for the Services have been determined with reference to, among others, the target installed capacity of the wind farm projects to be carried out by the Existing Joint Ventures and the New Joint Ventures for the three financial years ending 31 December 2012, the prevailing service charges for the Services, the expected costs which may be incurred by the Group on wind power engineering, procurement and construction, the expected manufacturing and design costs of wind tower tubes and facilities, the expected margins, maintenance costs and labour costs.

REASONS FOR THE SERVICES AND THE REVISION OF ANNUAL CAPS

It is intended that the New Joint Ventures will undertake wind farm projects in the PRC and as such shall require the Services to facilitate the start up and the operation of the wind farm projects. As mentioned above, it is part of the principal business of the Group to provide wind power engineering, construction and maintenance services. The prospective provision of the Services will be in the ordinary and usual course of business of the Group and enhance the revenue base of the Group. On the other hand, it will also enable the Existing Joint Ventures and the New Joint Ventures to benefit from the expertise and experience of the Group. The Company considers that the existing annual caps as set out in the 2009 Framework Agreement, which were determined based on, among other things, the target installed capacity of the wind farm projects carried/to be carried out by the Existing Joint Ventures, may not be sufficient to cover the amount of Services which may be provided to the Existing Joint Ventures and the New Joint Ventures. In addition, as stated above, the Company had, on 16 November 2009 announced that the financial year end date of the Company was changed from 31 March to 31 December in order to coincide with the statutory financial year end date of the Company's principal operating subsidiaries which are mainly situated in the PRC. As such, the Company proposes to revise the existing annual caps to cover the expected amount of Services which may be provided to Liaoning Energy and its associates, including the Existing Joint Ventures and the New Joint Ventures in respect of the next three financial years ending 31 December 2012.

The Company will ensure that the separate contracts to be entered into for each individual engagement will be negotiated on an arm's length basis. The Directors (excluding the independent non-executive Directors whose views will be given after taking into account the opinion of the independent financial adviser to be appointed by the independent board committee) consider that the terms of the Services and the Waiver are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION ON LIAONING ENERGY

Liaoning Energy is a state owned enterprise in the PRC owned by the State-owned Assets Supervision and Administration Commission of the Liaoning Provincial Government and is principally engaged in the development of power, high technology and energy saving projects, manufacturing and sale of related equipment and facilities in the PRC.

GENERAL

The Existing Joint Ventures and the New Joint Ventures are associates of Liaoning Energy under the Listing Rules and are thus connected persons of the Company. The prospective provision of the Services by the Group to Liaoning Energy and its associates (including the Existing Joint Ventures and the New Joint Ventures) shall constitute non-exempt continuing connected transactions of the Company under the Listing Rules. Accordingly, the Services, the Waiver and the relevant proposed revised annual caps are subject to the reporting, announcement and independent shareholders' approval requirements under the Listing Rules.

Liaoning Energy and its associates do not hold any Shares. No Shareholder is required to abstain from voting at the SGM.

An independent board committee will be established to advise the independent Shareholders regarding the proposed formation of the New Joint Ventures, the Group Guarantees, the Liaoning Energy Guarantees, the Counter Indemnities, the Services, the proposed revised annual caps and the Waiver. An independent financial adviser will be appointed to advise the independent board committee and the independent Shareholders regarding the fairness and reasonableness of the above transactions. A circular containing, among other things, (i) further information in respect of the proposed formation of the New Joint Ventures, the Group Guarantees, the Liaoning Energy Guarantees, the Counter Indemnities, the Services, the proposed revised annual caps and the Waiver; (ii) a letter from the independent board committee to the independent Shareholders; and (iii) a letter from the independent financial adviser to the independent board committee and the independent Shareholders, together with a notice to convene the SGM to seek approval from the independent Shareholders will be despatched to the Shareholders as soon as practicable.

BOARD OF DIRECTORS

As at the date of this announcement, the Board comprises Mr. Liu Shunxing, Mr. Ko Chun Shun, Johnson, Mr. Wang Xun, Mr. Yang Zhifeng, Ms. Liu Jianhong, Mr. Yu Weizhou, Ms. Ko Wing Yan, Samantha and Mr. Chan Kam Kwan, Jason (who are executive Directors), Mr. Tsoi Tong Hoo, Tony (who is a non-executive Director), and Dr. Zhou Dadi, Dr. Wong Yau Kar, David and Mr. Yap Fat Suan, Henry (who are independent non-executive Directors).

DEFINITIONS

“2009 Framework Agreement”	the agreement entered into between Company and Liaoning Energy on 5 May 2009, in relation to, among other things, the proposed formation of the joint ventures between the parties, guarantees which may be provided by Liaoning Energy in respect of any external borrowings of the Existing Joint Ventures, counter indemnities which may be provided by the Group to Liaoning Energy with the pledge of the Group’s equity interests in the Existing Joint Ventures to Liaoning Energy and the Services
“2010 Framework Agreement”	the agreement entered into between Company and Liaoning Energy on 18 May 2010, in relation to, among other things, the proposed formation of the New Joint Ventures, the Group Guarantees, the Liaoning Energy Guarantees and the Counter Indemnities
“associates”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“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
“Counter Indemnity(ies)”	counter indemnity(ies) which may be provided by the Group to Liaoning Energy with the pledge of the Group’s equity interest(s) in the New Joint Ventures to Liaoning Energy as security pursuant to the 2010 Framework Agreement
“Director(s)”	the director(s) of the Company
“Existing Joint Ventures”	the joint ventures established/to be established pursuant to the 2009 Framework Agreement and the joint venture contracts dated 6 February 2009 and 10 April 2009
“Group”	the Company and its subsidiaries
“Group Guarantee(s)”	the possible grant of guarantee(s) by the Group in respect of the borrowings of the New Joint Ventures in favour of the financiers in proportion to the Group’s equity interests in the New Joint Ventures
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Liaoning Energy”	遼寧能源投資 (集團) 有限責任公司, a company incorporated in the PRC with limited liability
“Liaoning Energy Guarantee(s)”	guarantee(s) which may be provided by Liaoning Energy in respect of any external borrowings of each New Joint Venture up to a maximum amount of RMB400,000,000 pursuant to the 2010 Framework Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Joint Ventures”	the 18 new joint ventures to be established by the Group and Liaoning Energy pursuant to the 2010 Framework Agreement
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Services”	the services including wind power engineering, procurement and construction, manufacturing of wind tower tubes, wind power facilities design and maintenance
“SGM”	the special general meeting of the Company to be held for approving the proposed formation of the New Joint Ventures, the Group Guarantees, the Liaoning Energy Guarantees, the Counter Indemnities, the Services, the proposed revised annual caps and the Waiver
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of any Share
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Waiver”	waiver from strict compliance with Rule 14A.35(1) of the Listing Rules granted by the Stock Exchange on 28 May 2010 regarding the entering into of a master agreement which governs the provision of the Services

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

2 June 2010, Hong Kong