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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)

**FORMATION OF JOINT VENTURES —
MAJOR AND CONNECTED TRANSACTIONS
POSSIBLE GRANT OF LIAONING ENERGY GUARANTEES —
CONNECTED TRANSACTION
POSSIBLE GRANT OF GROUP GUARANTEES AND
COUNTER INDEMNITIES BY THE GROUP —
MAJOR AND CONNECTED TRANSACTIONS**

On 18 May 2010, the Company and Liaoning Energy entered into the 2010 Framework Agreement regarding, among other things, (i) the proposed formation of the New Joint Ventures, (ii) the possible grant of the Group Guarantees 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 and (iii) the possible grant of the Liaoning Energy Guarantees by Liaoning Energy to the New Joint Ventures and the grant of the Counter Indemnities by the Group to Liaoning Energy with the pledge of the Group's equity interests in the New Joint Ventures as security.

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 Listing Rules. Liaoning Energy is a connected person of the Company as it is a substantial shareholder of certain of the Company's subsidiary undertakings. The proposed formation of the New Joint Ventures constitutes a connected transaction for the Company as defined under Rule 14A.13 of the Listing Rules and is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As a relevant percentage ratio exceeds 25%, the proposed formation of New Joint Ventures in aggregate constitutes a major transaction for the Company under the Listing Rules.

* *for identification purposes only*

Each of (i) the possible grant of Group Guarantees 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 (being associates of Liaoning Energy and therefore connected persons of the Company), (ii) the possible grant of Liaoning Energy Guarantees by Liaoning Energy (a connected person of the Company) to the Group, in conjunction with the possible grant of Counter Indemnities by the Group to Liaoning Energy in respect of the Liaoning Energy Guarantees with the pledge of the Group's equity interests in the New Joint Ventures to Liaoning Energy as security for the Counter Indemnities, shall constitute non-exempt connected transactions for the Company under Rule 14A of the Listing Rules and are subject to the reporting, announcement and independent shareholders' approval requirements under the Listing Rules.

Based on the maximum amount of (i) the Group Guarantees and (ii) the Counter Indemnities with the pledge of the Group's equity interests in the New Joint Ventures as security that may be provided by the Group to Liaoning Energy under the 2010 Framework Agreement, as certain relevant percentage ratios exceed 25%, the provision of the Group Guarantees and Counter Indemnity will also constitute a major transaction for the Company under the Listing Rules.

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. 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, further information in respect of the proposed formation of the New Joint Ventures, the Group Guarantees, the Liaoning Energy Guarantees, the Counter Indemnities, a letter from the independent board committee to the independent shareholders and a letter from the independent financial adviser to the independent board committee and the independent shareholders, together with a notice to convene a special general meeting to seek approval from the independent shareholders will be despatched to the shareholders of the Company as soon as practicable.

BACKGROUND

Reference is made to 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 ventures contracts entered into between the Group and Liaoning Energy on 6 February 2009 and 10 April 2009 and the 2009 Framework Agreement on 5 May 2009 to jointly establish the Existing Joint Ventures (i.e. joint ventures established/ to be established between the Group and Liaoning Energy under the 2009 Framework Agreement and the contracts dated 6 February 2009 and 10 April 2009) 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 Listing Rules. Liaoning Energy is a connected person of the Company as it is a substantial shareholder of certain of the Company's subsidiary undertakings.

On 18 May 2010, the Company and Liaoning Energy entered into the 2010 Framework Agreement regarding, among other things, (i) the proposed formation of the New Joint Ventures, (ii) the possible grant of the Group Guarantees 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 and (iii) the possible grant of the Liaoning Energy Guarantees by Liaoning Energy to the New Joint Ventures and the grant of the Counter Indemnities by the Group to Liaoning Energy with the pledge of the Group's equity interests in the New Joint Ventures as security.

THE 2010 FRAMEWORK AGREEMENT

1. Formation of the New Joint Ventures

The Company and Liaoning Energy have agreed to jointly establish 18 joint ventures (the "New Joint Ventures") in Chaoyang (朝陽), Liaoning province, the PRC to undertake wind farm projects in the PRC.

Registered capital and total investment of each of the New Joint Ventures

For each of the 18 New Joint Ventures:

Total investment: up to RMB500,000,000 (equivalent to approximately HK\$568 million), subject to the approval from the State-owned Assets Supervision and Administration Commission of the Liaoning Provincial Government

Registered capital: the Group and Liaoning Energy shall respectively hold (i) 55% and 45% of the equity capital in each of the 9 of the New Joint Ventures and (ii) 45% and 55% of the equity capital in each of the another 9 New Joint Ventures. The Group will enter into a separate agreement for the formation of each New Joint Venture in accordance with the relevant terms set out in the 2010 Framework Agreement. Subject to the terms of such agreement, each of the New Joint Ventures shall have a registered capital of RMB100 million or RMB150 million

The remaining part of the total investment of each New Joint Venture is proposed to be raised by each New Joint Venture in the form of external debts.

As mentioned above, the Group will enter into a separate agreement for the formation of each New Joint Venture in accordance with the relevant terms set out in the 2010 Framework Agreement. If there is any material change in the terms of the formation of the New Joint Ventures under the 2010 Framework Agreement, the Company will comply with the reporting, announcement and independent shareholders' approval requirements under the Listing Rules. Formation of the New Joint Ventures is subject to the Company obtaining approval from its independent shareholders as required by the Listing Rules and approval from the State-owned Assets Supervision and Administration Commission of the Liaoning Provincial Government.

Scope of business of the New Joint Ventures

Each New Joint Venture will be responsible for one wind farm project. It is intended that each of the New Joint Ventures will undertake wind farm projects in the PRC with an initial target installed capacity of 49.5 MW.

Board composition of the New Joint Ventures

For those New Joint Ventures in which the Group shall hold a 55% interest, there shall be five directors of which three will be nominated by the Company and two will be nominated by Liaoning Energy. For those New Joint Ventures in which the Group shall hold a 45% interest, there shall be five directors of which two will be nominated by the Company and three will be nominated by Liaoning Energy.

It is the intention of the parties to the 2010 Framework Agreement that each of the New Joint Ventures shall be a jointly controlled entity of the Company upon its establishment for accounting purpose.

2. Group Guarantees, Liaoning Energy Guarantees and Counter Indemnities of the Group

Under the 2010 Framework Agreement, for each of the New Joint Ventures, the total investment is up to RMB500,000,000. Apart from the registered capital of the New Joint Ventures, the remaining amount of the total investment in each of the New Joint Ventures is expected to be raised by the New Joint Ventures in the form of external borrowings. Pursuant to the 2010 Framework Agreement, the Company and Liaoning Energy may provide guarantees in respect of the borrowings of the New Joint Ventures in favour of the financiers in proportion to their respective equity interests in the relative New Joint Venture as mentioned in the section headed “registered capital and total investment of each of the New Joint Ventures” above without any charge. Based on the experience of the Company, financiers in the PRC may prefer Liaoning Energy, as the local joint venture partner, to guarantee the entire amount of any borrowing made to the New Joint Ventures.

If financiers in the PRC require Liaoning Energy, as the local joint venture partner, to guarantee the entire amount of any borrowing made to the New Joint Ventures, Liaoning Energy has agreed under the 2010 Framework Agreement that it may provide the Liaoning Energy Guarantees in respect of any external borrowings of the New Joint Ventures up to a maximum amount of RMB400,000,000 for each New Joint Venture without any charge. The Company has

agreed to provide Counter Indemnities to Liaoning Energy in respect of any claim made against Liaoning Energy under the Liaoning Energy Guarantees (the “Claim”). The indemnified amount under the Counter Indemnities shall equal the Claim times the percentage equity interest of the Group in the relevant New Joint Venture(s). Based on the maximum amount of Liaoning Energy Guarantees that may be provided by Liaoning Energy and the Group’s equity interests in the New Joint Ventures, it is expected that the maximum amount of aggregate Group Guarantees and Counter Indemnities that may be provided by the Group is RMB3,600 million.

The Group will also pledge its equity interests in the relative New Joint Ventures as security in favour of Liaoning Energy in respect of any Counter Indemnity provided to Liaoning Energy.

Apart from the capital contribution, guarantees and indemnities mentioned above, the Company does not have any further commitment under the 2010 Framework Agreement to make any further capital contribution or provide funding to each of the New Joint Ventures.

Term of the 2010 Framework Agreement

Subject to the approval from the independent shareholders of the Company, the 2010 Framework Agreement shall have a term up to 31 December 2012.

REASONS FOR THE ENTERING INTO OF THE 2010 FRAMEWORK AGREEMENT

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 sees great potential in the wind power business in the PRC in light of the favourable government policy on clean energy and the growing demand for electricity in the PRC. The Group has been setting up joint ventures with local partners, including entities owned by the relevant municipal governments, and other seasoned business partners, to develop wind power projects. The establishment of the New Joint Ventures is in the Group’s usual and ordinary course of business and represents a further step by the Group to expand its wind power business in the PRC. The Company intends to finance its investment in the registered capital of the New Joint Ventures by the Group’s internal resources.

As mentioned above, according to the experience of the Company, financiers in the PRC may prefer Liaoning Energy to guarantee the entire amount of any borrowing made to the New Joint Ventures. The arrangement of the Group Guarantees, the guarantees which may be provided by Liaoning Energy in respect of the borrowings of the New Joint Ventures in favour of the financiers in proportion to its respective equity interest in the relative New Joint Venture, the Liaoning Energy Guarantees and the Counter Indemnities with the pledge to be provided by the Group is agreed between the parties with a view to facilitating the New Joint Ventures to borrow moneys to meet their working capital requirements, as well as to provide funds for their start-up and operations, so that the joint venture partners will effectively be responsible for guaranteeing borrowings pro rata to their shareholdings in the New Joint Ventures.

The terms of the 2010 Framework Agreement were 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 2010 Framework Agreement 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 stated 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 formation of 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 Listing Rules. Liaoning Energy is a connected person of the Company as it is a substantial shareholder of certain of the Company's subsidiary undertakings. The proposed formation of the New Joint Ventures constitutes a connected transaction for the Company as defined under Rule 14A.13 of the Listing Rules. As certain percentage ratios in respect of the formation of the New Joint Ventures exceed 2.5% and the total relevant commitment of the Group is more than HK\$10,000,000, the formation of the New Joint Ventures is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As a relevant percentage ratio exceeds 25%, the proposed formation of New Joint Ventures in aggregate constitutes a major transaction for the Company under the Listing Rules.

Group Guarantees, Liaoning Energy Guarantees and Counter Indemnities

Each of (i) the possible grant of Group Guarantees 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 (being associates of Liaoning Energy and therefore connected persons of the Company), (ii) the possible grant of Liaoning Energy Guarantees by Liaoning Energy (a connected person of the Company) to the Group, in conjunction with the possible grant of Counter Indemnities by the Group to Liaoning Energy in respect of the Liaoning Energy Guarantees with the pledge of the Group's equity interests in the New Joint Ventures to Liaoning Energy as security for the Counter Indemnities, shall constitute non-exempt connected transactions for the Company under Rule 14A of the Listing Rules and are subject to the reporting, announcement and independent shareholders' approval requirements under the Listing Rules.

The possible grant of guarantees by Liaoning Energy, in respect of the borrowings of those New Joint Ventures owned as to more than 50% by the Group in favour of the financiers in proportion to Liaoning Energy's equity interests in the New Joint Ventures also constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. The above guarantees to be provided by Liaoning Energy is for the benefit of the Company on normal commercial terms and no security over the assets of the Group shall be granted in this regard. Such guarantees are exempted from the reporting, announcement and independent shareholders' approval requirements pursuant to Rule 14A.65(4) of the Listing Rules.

Based on the maximum amount of (i) the Group Guarantees and (ii) the Counter Indemnities with the pledge of the Group's equity interests in the New Joint Ventures as security that may be provided by the Group to Liaoning Energy under the 2010 Framework Agreement, as certain relevant percentage ratios exceed 25%, the provision of the Group Guarantees and Counter Indemnity will also constitute a major transaction for the Company under the Listing Rules.

Liaoning Energy and its associates do not hold any shares of the Company. No shareholders of the Company are required to abstain from voting at the special general meeting of the Company to consider approving the proposed formation of the New Joint Ventures, the Group Guarantees, the Liaoning Energy Guarantees and the Counter Indemnities.

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. 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, further information in respect of the proposed formation of the New Joint Ventures, the Group Guarantees, the Liaoning Energy Guarantees, the Counter Indemnities, a letter from the independent board committee to the independent shareholders and a letter from the independent financial adviser to the independent board committee and the independent shareholders, together with a notice to convene a special general meeting to seek approval from the independent shareholders will be despatched to the shareholders of the Company 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 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 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
“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 New Joint Ventures, the Group Guarantees, the Liaoning Energy Guarantees and the Counter Indemnities
“associates “	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of the 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 contracts dated 6 February 2009 and 10 April 2009
“Group”	the Company and its subsidiaries
“Group Guarantee(s)”	the possible grant of the 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
“MW”	Megawatt (1,000,000 watts), the commonly used unit of power in quantifying the electricity generation
“New Joint Ventures”	the 18 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
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

By order of the Board
CHINA WINDPOWER GROUP LIMITED
Liu Shunxing
Chairman and Chief Executive Officer

18 May 2010, Hong Kong