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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 TRANSACTION
FORMATION OF JOINT VENTURE
BY WAY OF
DISPOSAL OF 50% EQUITY INTEREST IN CWPD TO CLP**

On 16 March 2009, the Group entered into the JV-SP Agreement with CLP pursuant to which the Group shall dispose of a 50% equity interest in the JV, which will in turn hold the entire issued share capital of CWPD at completion of the JV-SP Agreement, to CLP, subject to the terms and conditions of the JV-SP Agreement. On the same day, CWPH and CLP also entered into the Shareholders Agreement to set out the understanding reached between CWPH and CLP in respect of certain management and governance matters of the JV and the respective rights and obligations of the two parties in the JV. The terms of the Shareholders Agreement (save for certain terms, such as confidentiality, becoming effective upon signing) shall become effective upon completion of the JV-SP Agreement. As at the date of this announcement, the JV and CWPD are wholly-owned subsidiaries of the Company. Upon completion of the JV-SP Agreement, the JV will become a 50-50 joint venture between CWPH (a wholly-owned subsidiary of the Company) and CLP.

As certain percentage ratios exceed 5% but are below 25%, the Transaction constitutes a discloseable transaction for the Company. The Transaction is subject to the relevant announcement requirements under Chapter 14 of the Listing Rules.

On 16 March 2009, the Group entered into the JV-SP Agreement with CLP pursuant to which the Group shall dispose of a 50% equity interest in the JV, which will in turn hold the entire issued share capital of CWPD at completion of the JV-SP Agreement, to CLP, subject to the terms and conditions of the JV-SP Agreement. On the same day, CWPH and CLP also entered into the Shareholders Agreement to set out the understanding reached between CWPH and CLP in respect of certain management and governance matters of the JV and the respective rights and obligations of the two parties in the JV. The terms of the Shareholders Agreement (save for certain terms, such

* For identification purpose only

as confidentiality, becoming effective upon signing) shall become effective upon completion of the JV-SP Agreement. As at the date of this announcement, the JV and CWPD are wholly-owned subsidiaries of the Company. Upon completion of the JV-SP Agreement, the JV will become a 50-50 joint venture between CWPH (a wholly-owned subsidiary of the Company) and CLP.

JV-SP AGREEMENT

Date

16 March 2009

Parties

Vendor: CWPH, a wholly-owned subsidiary of the Company

Purchaser: CLP. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, CLP and its ultimate beneficial owner are third parties independent of the Company and the connected persons of the Company

Guarantor: The Company, which gives certain warranties and undertakings, in respect of, among other things, the vendor's obligations under the JV-SP Agreement

CWPH shall dispose of a 50% interest in the issued share capital of the JV to CLP. Upon completion of the JV-SP Agreement, the JV shall hold 100% of the entire issued share capital of CWPD and the JV shall be owned as to 50% by CWPH and 50% by CLP.

Conditions precedent

Completion of the JV-SP Agreement is subject to the fulfillment of (among other conditions) the following conditions prior to or simultaneously with completion (any one or more of the conditions may be waived by CLP):

- (i) obtaining of all consents, approvals and permits required for the transactions contemplated under the JV-SP Agreement and the Shareholders Agreement;
- (ii) the completion of the CWPD-SP Agreement, pursuant to which CWPD shall become a wholly-owned subsidiary of the JV and the Shareholder's Loan shall be assigned by CWPH to the JV;
- (iii) CLP having received a PRC legal opinion from CWPH's PRC counsel in relation to the due establishment and valid existence of Fuxin Shenhua and Fuxin Lianhe, dated as of the completion of the JV-SP Agreement; and
- (iv) CLP having received a Hong Kong legal opinion from CWPH's Hong Kong counsel in relation to the due establishment and valid existence of CWPD, dated as of the completion of the JV-SP Agreement.

Completion

Completion of the JV-SP Agreement shall take place on 31 March 2009 (or such other date as may be agreed between the parties), subject to the terms and conditions of the JV-SP Agreement.

Consideration

Pursuant to the JV-SP Agreement, CWPH shall dispose of a 50% equity interest in the JV to CLP at a consideration of HK\$101,300,504 to be paid by CLP to CWPH in cash upon completion, or failing which, to be paid with accrued interest at 9% per annum on or before 30 April 2009.

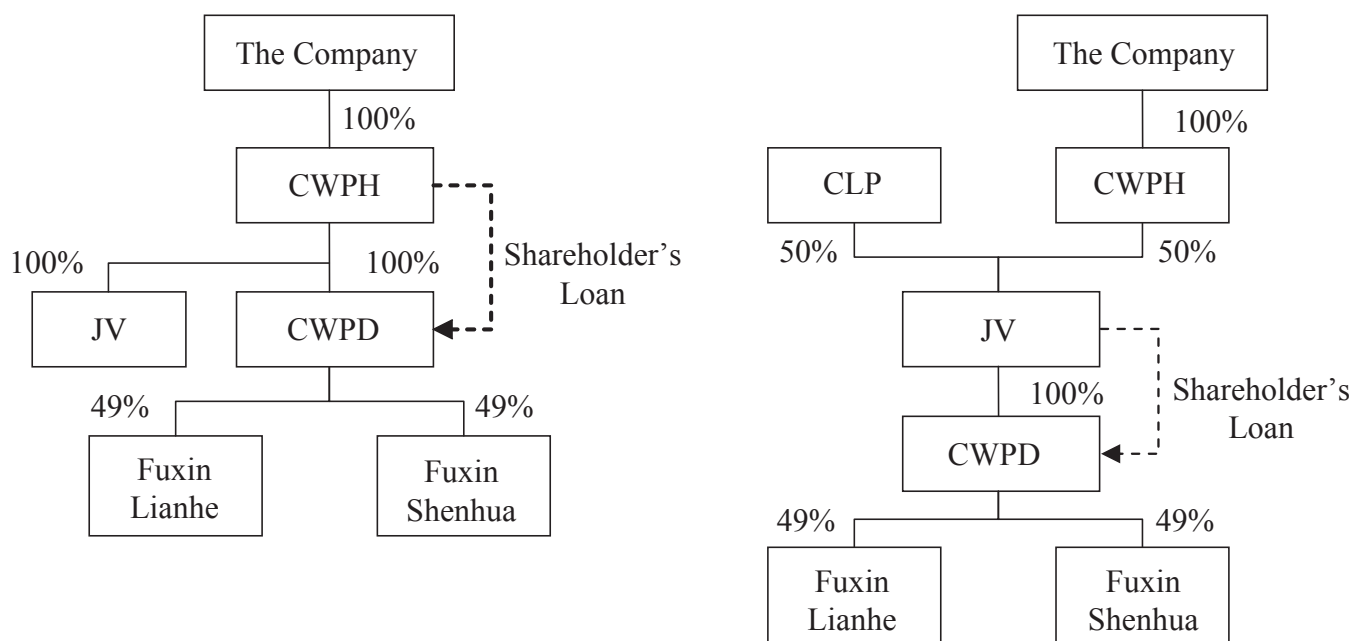
The consideration was arrived at after arm's-length negotiation between the parties, having regard to the amount that CWPH has invested in CWPD.

The consideration is subject to possible post-completion adjustment. If the net asset value of CWPD as at 31 March 2009 (for which purposes the Shareholder's Loan will be treated as equity of CWPD), is less than RMB157,000,000, CWPH shall pay to CLP an amount equal to 50% of such shortfall.

It is intended that the net proceeds from the Transaction will be used as working capital for the development of the Group's wind power business.

GROUP STRUCTURE RELATING TO CWPD

Set out below are the group structures in relation to CWPD as at the date of this announcement and upon completion of the JV-SP Agreement:



Upon completion of the JV-SP Agreement, the JV and CWPD will cease to be subsidiaries of the Company and will be accounted for as jointly-controlled entities in the consolidated financial statements of the Company.

SHAREHOLDERS AGREEMENT

On 16 March 2009, CWPH, CLP and the JV also entered into the Shareholders Agreement setting out, among other things, the terms agreed between CWPH and CLP in respect of the management and operation of the JV and the respective rights and obligations of CWPH and CLP as shareholders of the JV. The terms of the Shareholders Agreement (save for certain terms, such as confidentiality, becoming effective upon signing) shall become effective upon completion of the JV-SP Agreement. The major terms of the Shareholders Agreement are summarised below:

Composition of the board and management of the JV

The JV Board shall comprise four directors and each of CWPH and CLP shall be entitled to appoint two directors of the JV.

The first Chief Executive Officer and the first Vice-Chairman of the JV shall be appointed by CWPH while the first Chairman and the first Deputy Chief Executive Officer of the JV shall be appointed by CLP. The right to make such appointments shall be effective for three years after which the right to appoint the Chairman and Vice Chairman of the JV and the right to nominate the appointment of Chief Executive Officer and Deputy Chief Executive Officer of the JV shall alternate between CWPH and CLP for the successive three year periods.

No change of control

There should be no change of control in respect of the shareholders of the JV (ie, change of any person who is entitled to control (1) over more than 50% of the voting rights of that company or (2) of the composition of majority of the board of directors of the company) within three years from the completion date of the JV-SP Agreement.

Restriction on transfer of shares in the JV

A shareholder of the JV shall not have the right to transfer or otherwise dispose of any of its shares in the JV, except for (i) transfer of its shares in the JV to its affiliates in accordance with the terms of the Shareholders Agreement; (ii) transfer of its shares in the JV after the third anniversary of the completion of the JV-SP Agreement in accordance with the following paragraph headed “Pre-emption Right”; and (iii) transfer of its shares in the JV with prior written consent of the other shareholder of the JV.

Pre-emption Right

After the third anniversary of the completion of the JV-SP Agreement, if a shareholder of the JV (the selling shareholder) proposes to transfer any of its shares in the JV to a party other than its affiliates,

the other shareholder of the JV (the buying shareholder) shall be allowed to acquire such shares in the JV at the price offered by the selling shareholder to the third party. If the buying shareholder fails to respond to acquire such shares in the JV offered by the selling shareholder to the third party, the selling shareholder may transfer such shares at the terms no more favorable than those originally offered to the third party.

Resolution of deadlock

If the JV Board cannot within 60 days resolve any matter tabled at the meeting of the JV Board, the JV Board shall refer such matter to the respective chairman of the ultimate holding company of each of the shareholders of the JV. If subsequently the respective representatives of the shareholders of the JV cannot resolve such matter within seven business days and if any shareholder of the JV (the initiating shareholder) considers such matter to be material, the initiating shareholder may offer to sell its equity interests in the JV to the other shareholder of the JV (the responding shareholder) at a price determined by the initiating shareholder. If the responding shareholder does not accept such offer by the initiating shareholder, the initiating shareholder has the right (but not the obligation) to purchase the responding shareholder's equity interest in the JV at the price originally offered by the initiating shareholder. In case of deadlock where no shareholder initiates the said sale procedure, the Shareholders Agreement provides a mechanism whereby the JV may be wound-up.

Right of First Refusal

Pursuant to the Shareholders Agreement, the JV shall have the conditional Right of First Refusal to participate in the Targeted Projects to the exclusion of CWPH or any of its affiliates. Before developing any Targeted Projects by itself or in conjunction with any other person, CWPH shall provide the JV with the opportunity to exercise its Right of First Refusal, and if the JV exercises its Right of First Refusal, CWPH shall, conditional upon the satisfaction of the following conditions in respect of any exercise of the Right of First Refusal: (i) the Company obtaining any consent(s) and approval(s) required to be obtained by it pursuant to the Listing Rules; and (ii) any necessary governmental regulatory and/or legal approvals and/or consents being obtained and all applicable governmental, regulatory and/or legal requirements being complied with including but not limited to any restrictions on application for Certificate of Emission Reduction being complied with, do all things as are reasonably necessary to assist the JV in obtaining the right to participate in such Targeted Project(s).

In relation to any Targeted Project to which the JV has exercised its Right of First Refusal, the JV shall, in consideration of CWPH assigning all its equity interests associated with the Targeted Project to the JV subject to the above-mentioned conditions in relation to the exercise of the Right of First Refusal, pay to CWPH: (i) in respect of a Targeted Project which is not yet in commercial operation (i.e. before the stage of passing 250 hours of trial operational test in respect of 80% of the turbines), an amount equal to all capital injected by the Group into the project company (as set out in a capital verification report) plus an interest charged at 9% per annum from the time that such capital is contributed to the project company to the date that the equity interests of the Group in the

project company is transferred to the JV; and (ii) in respect of a Targeted Project which is already in commercial operation (as above defined), an amount equal to the fair value of the equity interests of the Group in the project company which fair value will be jointly determined by CWPH and CLP, or an agent to be jointly appointed by CWPH and CLP. The Company will comply with the Listing Rules as and when appropriate if the JV exercises the Right of First Refusal.

Carbon Credit

The JV and CWPH agree to use their reasonable efforts to procure that, in respect of any carbon credit generated by the JV or any of its operating companies, where there is no competitive bidding, CLP or its affiliates will be entitled to a right of first refusal to purchase the carbon credit on such market terms and conditions as may be prevailing from time to time; and where there is a competitive bidding for the carbon credit, CLP will be entitled to participate in such bidding.

INFORMATION REGARDING THE JV AND CWPD

The JV is an investment holding company newly incorporated in February 2009 and wholly-owned by the Company as at the date of this announcement. Its net assets amount to US\$1.0 representing its issued share capital. Save for the entering into of the CWPD-SP Agreement and the Shareholders Agreement, it has not carried on any activities.

CWPD is an investment holding company incorporated in June 2007. CWPD is currently wholly owned by CWPH and will become wholly owned by the JV upon completion of the CWPD-SP Agreement. CWPD holds 49% interests in each of the registered capital of Fuxin Lianhe and Fuxin Shenhua. The remaining 51% interests in the registered capital of Fuxin Lianhe and Fuxin Shenhua are held by an independent third party. CWPD does not hold any other investments as at the date of this announcement. CWPD, together with its associates, Fuxin Lianhe and Fuxin Shenhua, are principally engaged in the development, construction and operation of wind power electricity generating facilities in the PRC. Fuxin Lianhe and Fuxin Shenhua respectively own and develop wind farms located in Fuxin City of Liaoning Province, the PRC, which wind farm facilities are expected to have a combined designed installed capacity of 99 MW and to be completed in 2009.

As at the date of this announcement, CWPH and its affiliates also have the development rights in respect of four wind farm projects in Liaoning Province and Heilongjing Province with a total designed installed capacity of 999.5 MW.

Set out below are the consolidated profit/(loss) before and after tax of CWPD for the year ended 31 March 2008 (since the incorporation of CWPD on 22 June 2007) and for the 11 months ended 28 February 2009:

	For the 11 months ended 28 February 2009		Since incorporation on 22 June 2007 to 31 March 2008	
	(Unaudited)		(Unaudited)	
	<i>RMB'million</i>	<i>HK\$million</i>	<i>RMB'million</i>	<i>HK\$million</i>
Profit/(Loss) before tax	(2.81)	(3.18)	4.01	4.53
Profit/(Loss) after tax	(2.81)	(3.18)	4.01	4.53

CWPD had unaudited consolidated net assets of approximately HK\$181 million as at 28 February 2009 (excluding the shareholder's loan owed by CWPD to CWPB amounted to approximately HK\$180 million as at 28 February 2009). The above financial information has been prepared based on the Group's accounting policies in accordance with the Hong Kong Financial Reporting Standards.

For illustrative purpose and based on the respective unaudited consolidated assets and liabilities of the JV and CWPD as at 28 February 2009, the Group would record a gain of approximately HK\$8 million arising from the Transaction. The Group would also realize a gain of approximately HK\$19.9 million, representing the difference between the cost and carrying value of the investment in CWPD. Such difference arose from certain transactions between the Group and its associated companies, the profits of which were eliminated previously in the Group's consolidated financial statements.

REASONS FOR AND BENEFIT OF THE TRANSACTION

The Group is principally engaged in the wind power industry, investing in various wind farm projects and providing wind power engineering and construction services in the PRC.

The Company considers that the Transaction would provide an opportunity for the Group and CLP to jointly develop certain wind power projects in the PRC. The Company considers that the expertise and experience of CLP Holdings Limited in the electricity industry would further strengthen and broaden the Company's business development in the wind power industry in the PRC.

The Company considers that the Transaction would also help accelerate the pace at which the Group can commercialise its substantial wind resources in the PRC.

The Directors consider that the terms of the Transaction are fair and reasonable, and the Transaction is in the interests of the Company and its Shareholders as a whole.

GENERAL

As certain percentage ratios exceed 5% but are below 25%, the Transaction constitutes a discloseable transaction for the Company. The Transaction is subject to the relevant announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“CLP”	CLP Power China (Northeast) Limited, a company incorporated in the British Virgin Islands and an indirect wholly-owned subsidiary of CLP Holdings Limited, a company incorporated in Hong Kong with its shares listed on the main board of the Stock Exchange and is one of the largest investor-owned power businesses in Asia
“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 it under the Listing Rules
“CWPD”	CWP Development Limited, a company incorporated in Hong Kong, which currently is a wholly-owned subsidiary of CWPH and upon completion of the CWPD-SP Agreement, shall become a wholly-owned subsidiary of the JV
“CWPD-SP Agreement”	the share purchase agreement dated 16 March 2009 entered into among CWPH, the JV and the Company in respect of the sale and purchase of the 100% equity interest in CWPD
“CWPH”	China Wind Power Holdings Limited, a company incorporated in the British Virgin Islands and which is a wholly-owned subsidiary of the Company
“Directors”	the directors of the Company
“Fuxin Lianhe”	Fuxin Lianhe Wind Power Ltd. (阜新聯合風力發電有限公司), a company established in the PRC
“Fuxin Shenhua”	Fuxin Shenhua Xiehe Wind Power Ltd. (阜新申華協合風力發電有限公司), a company established in the PRC
“Group”	the Company and/or its subsidiaries (as the case may be)
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“JV”	CLP-CWP Wind Power Investment Limited, a company incorporated in the British Virgin Islands and which currently is an indirect wholly-owned subsidiary of the Company and upon completion of the JV-SP Agreement, shall become a jointly-controlled entity of the Company
“JV Board”	the board of the JV
“JV-SP Agreement”	the share purchase agreement dated 16 March 2009 entered into among CWPH, CLP and the Company in respect of the sale and purchase of the 50% equity interest in the JV
“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 electricity generation
“percentage ratio(s)”	the percentage ratio(s) calculated based on the requirements of the Listing Rules
“PRC”	the People’s Republic of China
“Right of First Refusal”	the right of first refusal to be granted to the JV in respect of the Targeted Projects pursuant to the Shareholders Agreement
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of any Share
“Shareholders Agreement”	the shareholders agreement dated 16 March 2009 entered into among CWPH, CLP and the JV to set out among others the terms in respect of the management and operation of the JV
“Shareholder’s Loan”	the amount of HK\$180,423,758.23 currently owed by CWPD to CWPH and to be assigned by CWPD to the JV under the CWPD-SP Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Targeted Projects”	all existing and future wind farm projects located in Liaoning and Heilongjiang Provinces in the PRC in which CWPH or its affiliates have development rights which are subject to the Right of First Refusal pursuant to the Shareholders Agreement
“Transaction”	the transaction contemplated under the JV-SP Agreement
“%”	per cent.

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

Hong Kong, 16 March 2009

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

For illustrate purposes in this announcement, RMB is converted into HK\$ at an exchange rate of RMB1 = HK\$1.13.