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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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China
WindPower 中国风电
中国风电集团有限公司*
China WindPower Group Limited
(incorporated in Bermuda with limited liability)
(Stock code: 182)

**DISCLOSABLE TRANSACTIONS
REGARDING
FORMATION OF JOINT VENTURES**

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DEFINITIONS

In this circular, unless the context requires otherwise, the following terms have the meanings as set out below:

“Board”	the board of Directors
“Company”	China WindPower Group Limited, a company incorporated in Bermuda with limited liability, and the Shares of which are listed on the main board of the Stock Exchange
“connected person(s)”	has the same meaning as ascribed to it under the Listing Rules
“CWP HOLDINGS”	CWP HOLDINGS Holdings Limited (中國風電控股有限公司), a company incorporated in Hong Kong with limited liability and it is a wholly owned subsidiary of the Company
“CWP HOLDINGS JV”	Tongliao Taihe Wind Power Limited” (“通遼泰合風力發電有限公司”), a sino-foreign equity joint venture with limited liability to be established by CWP HOLDINGS and Tianjin DH at Zhalutegi, Tongliao Shi, Inner Mongolia of the PRC
“CWP HOLDINGS JV Contract”	the agreement dated 24 December 2007 entered into between CWP HOLDINGS and Tianjin DH relating to the proposed establishment of the CWP HOLDINGS JV
“Directors”	director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Latest Practicable Date”	16 January 2008 being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MW”	Megawatt, measurement unit of electrical power

DEFINITIONS

“PRC”	the People’s Republic of China
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tianjin DH”	Tianjin DH Power Investment Limited (天津德恒風電投資有限公司), a company incorporated in the PRC
“TOP WELL”	Top Well Holdings Limited (托普威爾再生能源控股有限公司), a company incorporated in the British Virgin Islands with limited liability and it is a wholly owned subsidiary of the Company
“TOP WELL JV”	Jilin Taihe Wind Power Limited (“吉林泰合風力發電有限公司”), a sino-foreign equity joint venture with limited liability to be established by TOP WELL and Tianjin DH at Zhenlai, Jilin, the PRC
“TOP WELL JV Contract”	the agreement dated 28 November 2007 entered into between TOP WELL and Tianjin DH relating to the proposed establishment of the TOP WELL JV

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. Ko Chun Shun, Johnson (*Chairman*)

Mr. Liu Shunxing (*Chief Executive Officer*)

Mr. Wang Xun

Mr. Yang Zhifeng

Ms. Liu Jian Hong

Mr. Chan Kam Kwan, Jason

Registered office:

Clarendon House

2 Church Street

Hamilton HM11

Bermuda

Non-executive Director:

Mr. Tsoi Tong Hoo, Tony

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

Unit 3901

Far East Finance Center

16 Harcourt Road

Admiralty

Hong Kong

Independent non-executive Directors:

Mr. Ho Tak Man, Billy

Mr. Yap Fat Suan

Dr. Wong Yau Kar, David

17 January 2008

To the Shareholders

Dear Sir or Madam,

DISCLOSABLE TRANSACTIONS REGARDING FORMATION OF JOINT VENTURES

INTRODUCTION

Certain subsidiaries of the Company have entered into agreements to establish the following joint venture companies to develop the wind power businesses:

1. On 28 November 2007, TOP WELL has entered into an agreement with Tianjin DH to establish a joint venture company in Zhenlai, Jilin of the PRC (中國吉林省鎮賚縣) to develop a wind farm project in the area;

* for identification purposes only

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2. On 24 December 2007, CWP HOLDINGS has entered into an agreement with Tianjin DH to establish a joint venture company in Zhaluteqi, Tongliao Shi, Inner Mongolia of the PRC (中國內蒙古自治區通遼市扎魯特旗) to develop a wind farm project in the area.

The above two transactions with Tianjin DH, when aggregated, constitute disclosable transactions of the Company according to the Listing Rules.

THE TOP WELL JV

On 28 November 2007, TOP WELL and Tianjin DH entered into the TOP WELL JV Contract to jointly establish the TOP WELL JV at Zhenlai, Jilin, the PRC to develop wind farm projects in the area.

Pursuant to the TOP WELL JV Contract, both parties will jointly establish a sino-foreign equity joint venture with limited liability at Zhenlai, Jilin, the PRC under the name of “Jilin Taihe Wind Power Limited (‘吉林泰合風力發電有限公司’) to develop wind farm projects in the area.

Name

Jilin Taihe Wind Power Limited (‘吉林泰合風力電有限公司’)

The joint venture parties

- (a) TOP WELL; and
- (b) Tianjin DH

To the best of the Directors’ knowledge, information and belief after having made all reasonable enquiry, Tianjin DH is a company incorporated in the PRC and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

Registered capital and total investment of the TOP WELL JV

Registered capital: RMB150 million (approximately HK\$160.5 million)

Total investment: RMB450 million (approximately HK\$481.5 million)

Each of Tianjin DH and TOP WELL will hold respectively 51% and 49% equity interest in the TOP WELL JV and contribute RMB76.5 million (approximately HK\$81.9 million) and RMB73.5 million (approximately HK\$78.6 million) respectively to the registered capital of the TOP WELL JV in cash.

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The remaining part of the total investment for the TOP WELL JV of RMB300 million will be in the form of external debts raised by the TOP WELL JV and/or shareholders' loans from the joint venture partners. TOP WELL, when required by the relevant lenders, may pledge its shares in TOP WELL JV as security for such borrowings. Apart from the capital contribution mentioned above, TOP WELL does not have any further capital commitment to the TOP WELL JV (either in form of equity or loan).

Each of Tianjin DH and TOP WELL shall contribute to the registered capital of the TOP WELL JV in accordance with the following schedule:

- (i) Within 90 days from the issue of the business license of the TOP WELL JV, each of Tianjin DH and TOP WELL shall contribute RMB11.475 million (approximately HK\$12.3 million) and RMB 11.025 million (approximately HK\$11.80 million) respectively; and
- (ii) within 180 days from the issue of the business license of the TOP WELL JV, each of Tianjin DH and TOP WELL shall contribute RMB65.025 million (approximately HK\$69.6 million) and RMB 62.475 million (approximately HK\$66.8 million) respectively.

The total capital commitment of TOP WELL to the TOP WELL JV will not exceed RMB73.5 million (approximately HK\$78.6 million). The Company will comply with the Listing Rules and make necessary announcement shall further investment is made to the TOP WELL JV.

Scope of business

Pursuant to the TOP WELL JV Contract, the scope of business of the TOP WELL JV will cover the development, construction, and operation of wind power facilities, as well as providing consultancy services, training, technical support, research and development and engineering services in respect of the wind power projects.

It is intended that the TOP WELL JV will develop a wind farm at Zhenlai, Jilin, the PRC with an installed capacity of 50MW.

Term of the TOP WELL JV

The TOP WELL JV shall have an initial term of 30 years.

Board Composition of TOP WELL JV

Each of Tianjin DH and TOP WELL shall nominate two (2) directors to the board of the TOP WELL JV. As no party can have absolute control over the board of the TOP WELL JV, it will be classified as a jointly controlled entity. The Group will recognise its interests in the TOP

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WELL JV using the equity method. That is, the investment will be initially recognised at cost and adjusted therefore for the subsequent change in the Group's share of net assets of the TOP WELL JV. The consolidated income statement will include the Group's share of the profit or loss of the TOP WELL JV.

THE CWP HOLDINGS JV

On 24 December 2007, CWP HOLDINGS and Tianjin DH entered into the CWP HOLDINGS JV Contract to jointly establish the CWP HOLDINGS JV at Zhaluteqi, Tongliao Shi, Inner Mongolia of the PRC to develop wind farm projects in the area.

Pursuant to the CWP HOLDINGS JV Contract, both parties will jointly establish a sino-foreign equity joint venture with limited liability at Zhaluteqi, Tongliao Shi, Inner Mongolia of the PRC under the name of "Tongliao Taihe Wind Power Limited" ("通遼泰合風力發電有限公司") to develop wind farm projects in the area.

Name

Tongliao Taihe Wind Power Limited" ("通遼泰合風力發電有限公司")

The joint venture parties

- (a) CWP HOLDINGS; and
- (b) Tianjin DH

Registered capital and total investment of the CWP HOLDINGS JV

Registered capital: RMB150 million (approximately HK\$160.5 million)

Total investment: RMB450 million (approximately HK\$481.5 million)

Each of Tianjin DH and CWP HOLDINGS will hold respectively 51% and 49% equity interest in the CWP HOLDINGS JV and contribute RMB76.5 million (approximately HK\$81.9 million) and RMB73.5 million (approximately HK\$78.6 million) respectively to the registered capital of the CWP HOLDINGS JV in cash.

The remaining part of the total investment of the CWP HOLDINGS JV of RMB300 million will be in the form of external debts raised by the CWP HOLDINGS JV and/or shareholders' loans from the joint venture partners. Apart from the capital contribution mentioned above, CWP HOLDINGS does not have any further capital commitment to the CWP HOLDINGS JV (either in form of equity or loan).

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Each of Tianjin DH and CWP HOLDINGS shall contribute to the registered capital of the CWP HOLDINGS JV in accordance with the following schedule:

- (i) Within 90 days from the issue of the business license of the CWP HOLDINGS JV, each of Tianjin DH and CWP HOLDINGS shall contribute RMB11.475 million (approximately HK\$12.3 million) and RMB11.025 million (approximately HK\$11.80 million) respectively; and
- (ii) within 180 days from the issue of the business license of the CWP HOLDINGS JV, each of Tianjin DH and CWP HOLDINGS shall contribute RMB65.025 million (approximately HK\$69.6 million) and RMB62.475 million (approximately HK\$66.8 million) respectively.

The total capital commitment of CWP HOLDINGS to the CWP HOLDINGS JV will not exceed RMB73.5 million (approximately HK\$78.6 million). The Company will comply with the Listing Rules and make necessary announcement shall further investment is made to the CWP HOLDINGS JV.

Scope of business

Pursuant to the CWP HOLDINGS JV Contract, the scope of business of the CWP HOLDINGS JV will cover the development, construction, and operation of wind power facilities, as well as providing consultancy services, training, technical support, research and development and engineering services in respect of the wind power projects.

It is intended that the CWP HOLDINGS JV will develop a wind farm at Zhalutegi, Tongliao Shi, Inner Mongolia of the PRC with an installed capacity of 50MW.

Term of the CWP HOLDINGS JV

The CWP HOLDINGS JV shall have an initial term of 30 years.

Board Composition of CWP HOLDINGS JV

Each of Tianjin DH and CWP HOLDINGS shall nominate two (2) directors to the board of the CWP HOLDINGS JV. As no party can have absolute control over the board of the CWP HOLDINGS JV, it will be classified as a jointly controlled entity. The Group will recognise its interests in the CWP HOLDINGS JV using the equity method. That is, the investment will be initially recognised at cost and adjusted therefore for the subsequent change in the Group's share of net assets of the CWP HOLDINGS JV. The consolidated income statement will include the Group's share of the profit or loss of the CWP HOLDINGS JV.

LETTER FROM THE BOARD

INFORMATION ON TIANJIN DH

Tianjin DH is a company incorporated in the PRC engaged in the wind power investment business. It is a wholly-owned subsidiary of Tongtai New Energy Investment Limited (通泰新能源有限公司) (“Tongtai”). Tongtai is a company established by certain venture capitals and funds and is a company focus on the investments in the renewable energy sector, including wind power.

The Company has no prior relationship or transaction with Tianjin DH and its beneficial owners which required to be aggregated with the formation of the two abovementioned joint venture companies under the Listing Rules.

The TOP WELL JV Contract and the CWP HOLDINGS JV Contract are independent to each other.

REASONS FOR THE ESTABLISHMENT OF THE TOP WELL JV AND THE CWP HOLDINGS JV

The principal businesses of the Group include the provision of wind power and related services and the retail and wholesale of traditional Chinese medicine, healthcare products and dried seafood and the provision of medical clinic services under the brand name of “Nam Pei Hong”. The Group sees a great potential in the wind power business in the PRC due to the more favourable government policy on clean energy and the growing demand for electricity in the PRC. The establishment of the abovementioned joint venture companies will allow the Group to further expand its wind power business in the PRC. The Company expects the TOP WELL JV and the CWP HOLDINGS JV can generate long-term returns for the Group from the generation of electricity. The Company intends to finance the investment of the abovementioned joint venture companies by internal resources. The Directors are of the view that the terms of the TOP WELL JV Contract and the CWP HOLDINGS JV Contract are fair and reasonable and in the best interests of the shareholders of the Company as a whole.

GENERAL

The above two transactions with Tianjin DH, when aggregated, constitute disclosable transactions for the Company pursuant to the Listing Rules subject to the notification and publication requirements of the Listing Rules.

By order of the Board
China WindPower Group Limited
Ko Chun Shun, Johnson
Chairman

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

2. DISCLOSURE OF INTERESTS

(i) Directors’ interests in the Shares

As at the Latest Practicable Date, save as disclosed below, none of the Directors had the interests and short positions 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 Companies in the Listing Rules, to be notified to the Company and the Stock Exchange:

Long positions in the Shares

Name of director	Number of Shares held			Total
	Personal interests	Family interests	Corporate interests	
Mr Ko Chun Shun, Johnson	—	—	2,000,000,000	2,000,000,000

Note:

Mr Ko Chun Shun, Johnson is 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.

(ii) Directors’ other interests

(a) As at the Latest Practicable Date, none of the Directors 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 March 2007, the date to which the latest published audited financial statements of the Group were made up.

- (b) As at the Latest Practicable Date, none of the Directors 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.
- (c) 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, save as disclosed below, so far as is known to, or can be ascertained after reasonable enquiry by the Directors or chief executive of the Company, there was no other 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, or who are, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

Long positions in underlying Shares

	Number of underlying Shares interested
China WindPower Investment Limited	1,010,101,010

Note:

China WindPower Investment Limited held HK\$100,000,000 convertible notes as at the Latest Practicable Date which were convertible into 1,010,101,010 new Shares based on their prevailing conversion price of HK\$0.099, subject to adjustment. Mr. Yang Ji is the beneficial owner of China WindPower Investment Limited.

3. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance had known to the Directors to be pending or threatened by or against any member of the Group.

4. 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)).

5. SECRETARY AND QUALIFIED ACCOUNTANT OF THE COMPANY

The secretary of the Company is Mr. Chan Kam Kwan, Jason. Mr. Chan graduated from the University of British Columbia with a Bachelor of Commerce degree. Mr. Chan is a member of the American Institute of Certified Public Accountants.

The qualified accountant of the Company is Jim Pak Keung, Patrick. Mr. Jim is a fellow member of the Association of Chartered Certified Accountants in the U.K. and the Hong Kong Institute of Certified Public Accountants.

6. MISCELLANEOUS

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