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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 —
DISCLOSEABLE AND CONNECTED TRANSACTIONS
POSSIBLE GRANT OF GUARANTEES BY LIAONING ENERGY —
CONNECTED TRANSACTION
POSSIBLE GRANT OF COUNTER INDEMNITIES BY THE GROUP —
MAJOR AND CONNECTED TRANSACTION
PROVISION OF SERVICES BY THE GROUP —
CONTINUING CONNECTED TRANSACTIONS
AND
DELAY IN DESPATCH OF CIRCULAR**

THE FRAMEWORK AGREEMENT

On 5 May 2009, the Company and Liaoning Energy entered into the Framework Agreement regarding, among other things, the proposed formation of the New Joint Ventures, the possible grant of the Guarantees by Liaoning Energy to the Joint Ventures, the possible grant of the Counter Indemnities by the Group to Liaoning Energy with the pledge of the Group's equity interests in the Joint Ventures as security, and the prospective provision of the Services by the Group to Liaoning Energy and its associates (including the Joint Ventures).

The Group entered into the JV Contract 1, the JV Contract 2 and the Framework Agreement within a 12-month period. The formation of the Joint Ventures in aggregate constitutes a discloseable transaction for the Company.

Liaoning Energy is a substantial shareholder of JV1, a non wholly-owned subsidiary of the Company, and thus is a connected person of the Company. 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.

* *for identification purposes only*

The possible grant of 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 Guarantees with the pledge of the Group's equity interests in the Joint Ventures to Liaoning Energy as security for the Counter Indemnities will 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 Counter Indemnities with the pledge of the Group's equity interests in the Joint Ventures as security will also constitute a major transaction for the Company under the Listing Rules.

As the Joint Ventures are associates of Liaoning Energy under the Listing Rules and are connected persons of the Company, the provision of Services by the Group to Liaoning Energy and its associates (including the Joint Ventures) will constitute non-exempt continuing connected transactions for the Company under the Listing Rules and are subject to the reporting, announcement and independent shareholders' approval requirements under the Listing Rules.

DELAY IN DESPATCH OF CIRCULAR TO THE SHAREHOLDERS

The Company refers to the announcement of the Company dated 14 April 2009. The formation of JV2 is a connected transaction and subject to approval from the independent shareholders' of the Company. Pursuant to Rule 14A.49 of the Listing Rules, the Company is required to despatch to its shareholders a circular setting out details of the proposed formation of JV2 as required under the Listing Rules within 21 days after the publication of the announcement, i.e. on or before 5 May 2009.

Additional time is required to prepare and finalise the circular to include all relevant information in relation to formation of JV2 and the Framework Agreement, as well as the recommendation of the independent board committee and the opinion of the independent financial adviser. The Company will not be able to despatch the circular by 5 May 2009. The Company has applied to the Stock Exchange for an extension of the deadline for the despatch of the circular from 5 May 2009 to 29 May 2009.

BACKGROUND

Reference is made to the announcement of the Company dated 14 April 2009, that Century Concord WP, an indirect wholly-owned subsidiary of the Company, and Liaoning Energy entered into the JV Contract 1 and the JV Contract 2 on 6 February 2009 and 10 April 2009 respectively to establish JV1 and JV2 in Zhangwu, Fuxin, Liaoning province, the PRC. Both JV1 and JV2 are proposed to undertake wind farm projects in the PRC. JV1 was established on 9 February 2009. Century Concord WP holds/shall hold a 60% equity interest in each of JV1 and JV2, with the remaining 40% equity interest in each of JV1 and JV2 be held by Liaoning Energy.

Liaoning Energy is a substantial shareholder of JV1 and a connected person of the Company. The formation of JV2 constitutes a connected transaction for the Company and is subject to approval from the independent shareholders of the Company.

On 5 May 2009, the Company and Liaoning Energy entered into the Framework Agreement regarding, among other things, the proposed formation of the New Joint Ventures, the possible grant of the Guarantees by Liaoning Energy to the Joint Ventures, the possible grant of the Counter Indemnities by the Group to Liaoning Energy with the pledge of the Group's equity interests in the Joint Ventures as security, and the prospective provision of the Services by the Group to Liaoning Energy and its associates (including the Joint Ventures).

THE FRAMEWORK AGREEMENT

1. Formation of New Joint Ventures

Under the Framework Agreement, the Company and Liaoning Energy have agreed to jointly establish five more joint ventures (i.e., JV3, JV4, JV5, JV6 and JV7, the "New Joint Ventures") in Fuxin, Liaoning province, the PRC to undertake more wind farm projects in the PRC.

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

For each of the New Joint Ventures:

Total investment: up to RMB500,000,000 (approximately HK\$565 million), subject to the approval from the State-owned Assets Supervision and Administration Commission of Liaoning Provincial Government.

Registered capital: RMB100,000,000 (approximately HK\$113 million), subject to the approval from the State-owned Assets Supervision and Administration Commission of Liaoning Provincial Government.

The Group and Liaoning Energy shall respectively hold as to 60% and 40% of the equity capital in each of JV3 and JV4 by contributing RMB60 million (approximately HK\$67.8 million) and RMB40 million (approximately HK\$45.2 million) respectively to the registered capital of each of JV3 and JV4 in cash.

The Group and Liaoning Energy shall respectively hold as to 25% and 75% of the equity capital in each of JV5, JV6 and JV7 by contributing RMB25 million (approximately HK\$28.25 million) and RMB75 million (approximately HK\$84.75 million) respectively to the registered capital of each of JV5, JV6 and JV7 in cash.

The remaining part of the total investment of each of the New Joint Ventures of RMB400,000,000 are proposed to be raised by each of the New Joint Ventures in the form of external debts.

Apart from the capital contribution mentioned above, the Company does not have any further commitment to make any further capital contribution or provide funding to each of the Joint Ventures.

Based on the principal terms in the Framework Agreement in respect of the formation of the 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 Framework Agreement. If there is any material change in the terms under the Framework Agreement in respect of the formation of the New Joint Ventures, 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 Liaoning Provincial Government.

Each of JV3 and JV4 shall be a non wholly-owned subsidiary of the Company after their formation. Each of JV5, JV6 and JV7 shall be an associate of the Company for accounting purpose after their formation.

Scope of business 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 a wind farm project in the PRC with an initial target installed capacity of 50MW.

JV5, JV6 and JV7 will undertake wind farm projects which Liaoning Energy owns the rights granted by the Fuxin City Government in the development of wind farm projects in certain regions in Fuxin, Liaoning province, the PRC. JV3 and JV4 will undertake wind farm projects which the Group owns the rights granted by the Zhangwu County Government and Fuxin City Government in the development of wind farm projects in certain regions in Fuxin, Liaoning province, the PRC.

Board composition of the New Joint Ventures

Each of JV3 and JV4 shall have five directors of which three will be nominated by the Company and two will be nominated by Liaoning Energy.

Each of JV5, JV6 and JV7 shall have five directors of which two will be nominated by the Company and three will be nominated by Liaoning Energy.

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

As mentioned in the announcement of the Company dated 14 April 2009, for each of JV1 and JV2, the total investment is RMB498,836,000. Under the Framework Agreement, for each of the New Joint Ventures, the total investment is up to RMB500,000,000. Apart from the registered capital of RMB100,000,000, the remaining amount of the total investment in each of the Joint Ventures is expected to be raised by the Joint Ventures in the form of external borrowings. According to the experience of the Company, financiers in the PRC may likely require Liaoning Energy, as the local joint venture partner, to guarantee the entire amount of any borrowing made to the Joint Ventures.

Liaoning Energy has agreed under the Framework Agreement that it may provide Guarantees in respect of any external borrowings of the Joint Ventures up to a maximum amount of RMB400,000,000 for each 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 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 Joint Venture(s). Based on the maximum amount of Guarantees that may be provided by Liaoning Energy, the maximum amount of Counter Indemnities that may be provided by the Group to Liaoning Energy is RMB1,260 million.

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

3. The Services

Provision of the Services by the Group to the Joint Ventures

Certain subsidiaries of the Company provide the Services. The 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 Framework Agreement, the Group may participate in the public tenders organized by the 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 will determine the terms of the tenders for the Services with reference to, among other things, the specifications of each wind farm construction plan, 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.

Annual caps

The Joint Ventures are associates of Liaoning Energy and are connected persons of the Company. Under the 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 Joint Ventures shall not exceed RMB431,800,000, RMB328,500,000 and RMB112,000,000 respectively.

The above annual caps for the Services have been determined after arm's length negotiations between the Company and Liaoning Energy with reference to the target installed capacity of the wind farm projects to be carried out by the Joint Ventures for the three years ending 31 March 2012, the prevailing service charges for the Services, the expected costs which may be incurred by the Group on power engineering, procurement and construction, the expected manufacturing and design costs on the wind tower tubes and facilities, the expected margin, maintenance costs and the labour costs. It is expected that the constructions of the Joint Ventures' wind farms will mainly take place during the years ending 31 March 2010 and 31 March 2011 and hence larger annual caps are required for these two years.

Term of the Framework Agreement

Subject to the approval from the independent shareholders of the Company and the State-owned Assets Supervision and Administration Commission of Liaoning Provincial Government, the Framework Agreement shall have a term up to 31 March 2012.

REASONS FOR THE ESTABLISHMENT OF THE NEW JOINT VENTURES AND THE ENTERING INTO OF THE FRAMEWORK AGREEMENT

The Group is principally engaged in the wind power business and industry, 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 due to the more 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 of the Group to expand its wind power business in the PRC. The Company intends to finance its investment in 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 likely require Liaoning Energy to guarantee the entire amount of any borrowing made to the Joint Ventures. The arrangement of the 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 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 joint venture partners will effectively be responsible for guaranteeing borrowings pro rata to their shareholdings in the Joint Ventures.

The Joint Ventures shall develop wind farm business in the PRC and 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 Joint Ventures to benefit from the expertise and experience of the Group.

The terms of the 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 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 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.

Before the proposed establishment of the Joint Ventures, the Group acquired an indirect interest in Changtu Liaoneng Xiexin Wind Power Co., Ltd. (昌圖遼能協鑫風力發電有限公司) in which Liaoning Energy and the Group hold a 75% and a 25% equity interest respectively. Changtu Liaoneng Xiexin Wind Power Co., Ltd. (昌圖遼能協鑫風力發電有限公司) is an associate of the Group for accounting purposes.

GENERAL

The formation of the Joint Ventures

The Group entered into the JV Contract 1, the JV Contract 2 and the Framework Agreement within a 12-month period. The formation of the Joint Ventures in aggregate, constitute a discloseable transaction for the Company as certain relevant percentage ratios in respect of the transactions exceed 5% but are less than 25%.

Liaoning Energy is a substantial shareholder of JV1, a non wholly-owned subsidiary of the Company, and thus is a connected person of the Company. 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.

Guarantees and Counter Indemnities

The possible grant of Guarantees by Liaoning Energy (a connected person of the Company) to the Group (including JV1, JV2, JV3, JV4), in conjunction with the possible grant of Counter Indemnities by the Group to Liaoning Energy in respect of the Guarantees with the pledge of the Group's equity interests in the Joint Ventures to Liaoning Energy as security for the Counter Indemnities will 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 the Counter Indemnities with the pledge of the Group's equity interests in the Joint Ventures as security that may be provided by the Group to Liaoning Energy under the Framework Agreement, as certain relevant percentage ratios exceed 25%, the Counter Indemnities with the pledge of the Group's equity interests in the Joint Ventures as security will also constitute a major transaction for the Company under the Listing Rules.

The Services

The Joint Ventures are associates of Liaoning Energy under the Listing Rules and are connected persons of the Company. As the annual caps for the Services for each of the financial years ending 31 March 2012 exceed HK\$10 million and the relevant percentage ratios are greater than 2.5%, the provision of the Services by the Group to Liaoning Energy and its associates (including the Joint Ventures) shall constitute non-exempt continuing connected transactions for the Company under the Listing Rules and are subject to the reporting, announcement and independent shareholders' approval requirements under the Listing Rules.

No Shareholder is required to abstain from voting at the special general meeting of the Company for approving the proposed formation of the New Joint Ventures, the Guarantees, the Counter Indemnities and the Services.

DELAY IN DESPATCH OF CIRCULAR TO THE SHAREHOLDERS

The Company refers to the announcement of the Company dated 14 April 2009. The formation of JV2 is a connected transaction and subject to approval from the independent shareholders of the Company. Pursuant to Rule 14A.49 of the Listing Rules, the Company is required to despatch to its shareholders a circular setting out details of the proposed formation of JV2 as required under the Listing Rules within 21 days after the publication of the announcement, i.e. on or before 5 May 2009.

As set out above, the proposed formation of the New Joint Ventures, the possible grant of Guarantees, Counter Indemnities with the pledge of the Group's interests in the Joint Ventures as security and the prospective provision of the Services under the Framework Agreement are also subject to independent shareholders' approval. The Company considers it more efficient for the independent shareholders to consider the above transactions in one single general meeting and it would be more meaningful and comprehensive to the independent shareholders of the Company to set out details of the formation of JV2 and the various transactions under the Framework Agreement in one single circular.

Additional time is required to prepare and finalise the circular to include all relevant information in relation to formation of JV2 and the Framework Agreement, as well as the recommendation of the independent board committee and the opinion of the independent financial adviser. The Company will not be able to despatch the circular by 5 May 2009. The Company has applied to the Stock Exchange for an extension of the deadline for the despatch of the circular from 5 May 2009 to 29 May 2009.

BOARD OF DIRECTORS

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).

DEFINITIONS

In this announcement, capitalized terms have the meanings as defined in the Announcement or the following meanings:

“associates”	has the meaning ascribed thereto under the Listing Rules
“Century Concord WP”	協合風電投資有限公司 (Century Concord Wind Power Investment Ltd.), a company incorporated in the PRC with limited liability and it is an indirect wholly-owned subsidiary of the Company
“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 Joint Venture(s) to Liaoning Energy as security pursuant to the Framework Agreement
“Director(s)”	the director(s) of the Company
“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 New Joint Ventures, the Guarantees, the Counter Indemnities and the Services
“Group”	the Company and its subsidiaries
“Guarantee(s)”	guarantee(s) which may be provided by Liaoning Energy in respect of any external borrowings of each Joint Venture up to a maximum amount of RMB400,000,000 pursuant to the Framework Agreement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Joint Ventures”	JV1, JV2, JV3, JV4, JV5, JV6 and JV7
“JV1”	阜新巨龍湖風力發電有限公司, a sino-foreign equity joint venture with limited liability established by Century Concord WP and Liaoning Energy at Zhangwu, Fuxin, Liaoning province, the PRC
“JV2”	阜新千佛山風力發電有限責任公司, a sino-foreign equity joint venture with limited liability to be established by Century Concord WP and Liaoning Energy at Zhangwu, Fuxin, Liaoning province, the PRC
“JV3” and “JV4”	the joint ventures to be established by the Group and Liaoning Energy at Fuxin, Liaoning province, the PRC pursuant to the Framework Agreement, the equity interest of which shall be held as to 60% by the Group and 40% by Liaoning Energy
“JV5”, “JV6” and “JV7”	the joint ventures to be established by the Group and Liaoning Energy at Fuxin, Liaoning province, the PRC pursuant to the Framework Agreement, the equity interest of which shall be held as to 25% by the Group and 75% by Liaoning Energy

“JV Contract 1”	the agreement dated 6 February 2009 entered into between Century Concord WP and Liaoning Energy relating to the establishment of JV1
“JV Contract 2”	the agreement dated 10 April 2009 entered into between Century Concord WP and Liaoning Energy relating to the proposed establishment of JV2
“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
“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”	JV3, JV4, JV5, JV6 and JV7
“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
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

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

5 May 2009, Hong Kong