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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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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 together with the accompanying form of proxy 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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**MAJOR AND CONNECTED TRANSACTION  
DISPOSAL OF NPH GROUP**

**Independent Financial Adviser to  
the Independent Board Committee and the Independent Shareholders**



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A notice convening the special general meeting (the “SGM”) of the Company to be held at 10:00 a.m. on 27 April 2009, Monday at Unit 3901, Fast East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong is set out on pages 32 to 33 of this circular.

A form of proxy for use by the Shareholders at the SGM is enclosed. Whether or not you intend to attend and vote at the SGM in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon and return it to the branch share registrar and transfer office of the Company in Hong Kong, Tricor Tengis Limited, at 26/F, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong as soon as practicable but in any event not later than 48 hours before the time appointed for holding the SGM or any adjournment thereof. Such form of proxy for use at the SGM is also published on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)). Completion and return of the form of proxy will not preclude you from attending and voting at the SGM or any adjourned meeting thereof should you so wish.

\* for identification purpose only

27 March 2009

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## DEFINITIONS

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*In this circular, the following expressions shall have the following meanings unless the context indicates otherwise:*

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“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
“Directors”	the directors of the Company
“Disposal”	the disposal of the NPH Group by the Company to Mr. Ko pursuant to the S&P Agreement
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Shareholders”	Shareholders other than Mr. Ko and his associates
“Latest Practicable Date”	24 March 2009, being the latest practicable date before the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Ko”	Ko Chun Shun, Johnson, the controlling Shareholder and the Chairman of the Company
“NPH Group”	China Windpower Group Limited, Nam Pei Hong Sum Yung Drugs Company Limited, N P H Sino-Meditech Limited, Poo Yuk Loong Limited and 保玉龍食品 (深圳) 有限公司 (Poo Yuk Loong (Shenzhen) Limited*) (all of which are wholly-owned subsidiaries of the Company)

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## DEFINITIONS

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“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“S&P Agreement”	the sale and purchase agreement dated 5 March 2009 entered into between the Company and Mr. Ko in respect of the Disposal
“SFO”	Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong
“SGM”	the special general meeting of the Company to be convened and held at Unit 3901, Far East Finance Center, 16 Harcourt Road, Admiralty, Hong Kong on 27 April 2009, Monday, at 10:00 a.m. for the Independent Shareholders to consider and approve, if thought fit, the Disposal pursuant to the terms and conditions of the S&P Agreement, or any adjournment thereof (as the case may be)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of any Share
“Somerley”	Somerley Limited, being the independent financial adviser to advise the independent board committee and the Independent Shareholders in respect of the Disposal, a licensed corporation for type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

\* *for identification purpose only*

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## LETTER FROM THE BOARD

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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)**

*Executive Directors:*

Mr. Ko Chun Shun, Johnson (*Chairman*)

Mr. Liu Shunxing (*Chief Executive Officer*)

Mr. Wang Xun

Mr. Yang Zhifeng

Ms. Liu Jianhong

Mr. Chan Kam Kwan, Jason

*Non-executive Director:*

Mr. Tsoi Tong Hoo, Tony

*Independent non-executive Directors:*

Mr. Ho Tak Man, Billy

Mr. Yap Fat Suan, Henry

Dr. Wong Yau Kar, David

*Registered office:*

Clarendon House

2 Church Street

Hamilton HM11

Bermuda

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

Unit 3901

Far East Finance Center

16 Harcourt Road

Admiralty

Hong Kong

27 March 2009

*To the Shareholders*

Dear Sir or Madam,

## **MAJOR AND CONNECTED TRANSACTION DISPOSAL OF NPH GROUP**

### **INTRODUCTION**

The Company has announced that on 5 March 2009, the Company entered into the S&P Agreement with Mr. Ko, the controlling Shareholder and the Chairman of the Company, pursuant to which the Company has agreed to dispose of its 100% equity interests in the NPH Group to Mr. Ko.

\* for identification purpose only

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## LETTER FROM THE BOARD

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### S&P AGREEMENT

#### Date

5 March 2009

#### Parties

Vendor: the Company

Purchaser: Mr. Ko Chun Shun, Johnson, the controlling Shareholder and the Chairman of the Company

#### Assets to be disposed of

The entire issued share capital of China Windpower Group Limited, which is a wholly-owned subsidiary of the Company and, directly and indirectly, holds the entire issued share capital of each of Nam Pei Hong Sum Yung Drugs Company Limited, N P H Sino-Meditech Limited, Poo Yuk Loong Limited and 保玉龍食品(深圳)有限公司 (Poo Yuk Loong (Shenzhen) Limited\*) (together, being the NPH Group as defined in this circular).

#### Consideration

The total consideration for the Disposal is HK\$34,000,000, of which cash payment of HK\$17,000,000 shall be made by Mr. Ko to the Company upon completion of the Disposal and the remaining balance of HK\$17,000,000 shall be paid by Mr. Ko to the Company in cash within 3 months from the date of completion of the Disposal.

The consideration was arrived at after arm's-length negotiation between the parties, having regard to the assets and liabilities of the NPH Group, the recent financial performance of the NPH Group and market environment.

The entire issued share capital of China Windpower Group Limited shall be sold with full title guarantee and shall be free from any lien, option, charge, encumbrance, equity, rights of pre-emption or any other third party rights and together with all rights attached to them at the date of S&P Agreement or subsequently becoming attached to them.

Upon completion of the Disposal, Mr. Ko shall deliver to the Company a duly executed share pledge agreement (in a form to the satisfaction of the Company) to pledge the entire issued share capital of China Windpower Group Limited to the Company until full payment of the consideration.

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## LETTER FROM THE BOARD

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Mr. Ko has undertaken to the Company under the S&P Agreement that until the full payment of the total consideration, (i) other than the pledge of the entire issued shares of China Windpower Group Limited to the Company as mentioned above, he shall keep the entire issued shares of all the companies within the NPH Group free and clear of any lien, charge, option, right of pre-emption or other encumbrance or third party right whatsoever, and (ii) he will not sell any share in China Windpower Group Limited and shall procure that the share capital of each of Nam Pei Hong Sum Yung Drugs Company Limited, N P H Sino-Meditech Limited, Poo Yuk Loong Limited and 保玉龍食品(深圳)有限公司 (Poo Yuk Loong (Shenzhen) Limited\*) is 100% beneficially owned by China Windpower Group Limited.

### Completion

Completion of the Disposal is conditional on the Company obtaining approval from the Shareholders in accordance with the Listing Rules or such approval from the regulatory authority where applicable, and shall take place on or before 31 May 2009 (or such later date as agreed between the parties in writing), after the Company has obtained all relevant approvals from the Shareholders.

After the Disposal, the Company will cease to hold any equity interest in the NPH Group and the members of the NPH Group will cease to be subsidiaries of the Company.

### INFORMATION REGARDING THE NPH GROUP

The NPH Group is principally engaged in the trading and retail sale of Chinese medicine, dried seafood and health products, and provision of Chinese clinical services in Hong Kong. Set out below are the consolidated profit/loss before and after tax of the NPH Group for the two years ended 31 March 2008 and for the six months ended 30 September 2008:

	<b>For the six months ended 30 September 2008</b>	<b>For the year ended 31 March 2008</b>	<b>2007</b>
	(Unaudited)	(Audited)	(Audited)
	HK\$'000	HK\$'000	HK\$'000
Profit/(loss) before tax	(664)	2,687	(2,304)
Profit/(loss) after tax	(664)	2,687	(2,304)

The NPH Group had unaudited consolidated net assets attributable to the Group of approximately HK\$31.7 million as at 30 September 2008. The above financial information has been prepared based on the Group's accounting policies in accordance with the Hong Kong Financial Reporting Standards.

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## LETTER FROM THE BOARD

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### REASONS FOR AND BENEFIT OF THE DISPOSAL

The Group is at present, and will after the Disposal continue to be, 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 business of the NPH Group only represents a minor portion of the Group's business and is neither in line with nor complements the Group's major business focus. For the year ended 31 March 2008, the net profit of the NPH Group only represented approximately 2.5% of the Group's total profit after tax. The NPH Group recorded a loss for the six months ended 30 September 2008. The Company believes that the Disposal will allow the Group to focus its management, financial and other resources on wind power business. The Company intends to use the net proceeds from the Disposal as working capital for the development of the Group's wind power business. Given the current difficult trading and retail conditions in the market, streamlining the business of the Group by selling the trading and retail business of the NPH Group may possibly help the Company to achieve an overall better market valuation.

### FINANCIAL EFFECT OF THE DISPOSAL

For illustrative purposes only, based on the difference between (i) the consideration of HK\$34 million of the Disposal and (ii) the unaudited consolidated net assets of the NPH Group attributable to the Group of HK\$31.7 million as at 30 September 2008, the Group would record a gain of approximately HK\$2.3 million as a result of the Disposal. The amount of the actual gain or loss as a result of the Disposal will be determined upon after the Disposal has been duly completed depending on the fair value of the assets and liabilities of the NPH Group upon completion and related expenses incurred.

After the Disposal, the Company will cease to hold any equity interest in the NPH Group and the members of the NPH Group will cease to be subsidiaries of the Company. Accordingly, the assets, liabilities and results of the NPH Group will cease to be reflected in the consolidated financial statements of the Group.

After the Disposal, the total assets of the Group will increase or decrease by an amount representing the difference between net proceeds from the Disposal and the total assets of the NPH Group and the total liabilities of the Group will be reduced by the total liabilities of the NPH Group. As at 30 September 2008, the unaudited total assets of the NPH Group amounted to approximately HK\$50.38 million and the unaudited total liabilities of the NPH Group amounted to approximately HK\$18.69 million.

As stated above, the Directors believe that the Disposal will benefit the Group and will help enhance the earnings prospects of the Group in the long run.



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## LETTER FROM THE BOARD

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### FINANCIAL AND TRADING PROSPECTS OF THE GROUP

Upon completion of the Disposal, the Group will no longer be engaged in the trading and retail sale of Chinese medicine, dried seafood and health products, as well as the provision of Chinese clinical services but will be able to be more focus on its wind farm business development.

With global energy supply and environmental issues taking centre stage, renewable energy alternatives are drawing growing attention of governments worldwide. The PRC government has introduced various policies which are favourable to the development of alternative energy, including wind power, in the PRC. The Directors are optimistic about the prospects of the wind power business in the PRC and thus the Group's.

In November 2008, the PRC government announced a fiscal stimulus package of RMB4 trillion in aggregate, which is to be implemented up to 2010. Strengthening environmental-related investment was highlighted as one of the ten key areas covered in the stimulus package, which consists of projects supporting energy saving and emission reduction. Despite the recent global financial crisis, the Directors are of the view that wind power will be an important renewable energy source in the PRC for the foreseeable future, and consider that the wind power business will continue to create value and benefit the shareholders of the Company.

Therefore, the Company will continue its focus and effort to develop the Group's wind power business and continue to explore potential investment and cooperation opportunities in the PRC.

### IMPLICATIONS OF THE LISTING RULES

As the result of the revenue test under Rule 14.07 of the Listing Rules exceeding 25%, the Disposal constitutes a major transaction for the Company under the Listing Rules. Mr. Ko is the controlling Shareholder and the Chairman of the Company and thus is a connected person of the Company. The Disposal accordingly constitutes a connected transaction for the Company. The Disposal is subject to the relevant announcement and independent shareholders' approval requirements under Chapters 14 and 14A of the Listing Rules. The SGM will be convened and held with a view to seeking approval from the Independent Shareholders voting by way of poll. Mr. Ko and his associates, who together are interested in 2,000,000,000 Shares (representing approximately 31.98% of the issued share capital of the Company) will abstain from voting at the SGM.

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## LETTER FROM THE BOARD

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An independent board committee, consisting of all the independent non-executive directors of the Company, namely Mr. Ho Tak Man, Billy, Mr. Yap Fat Suan, Henry and Dr. Wong Yau Kar, David, has been established to consider the terms of the S&P Agreement and the Disposal and to provide recommendations to the Independent Shareholders in this regard.

### SPECIAL GENERAL MEETING

Set out on pages 32 to 33 of this circular is a notice convening the SGM to be held at 10:00 a.m. on 27 April 2009, Monday at Unit 3901, Fast East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong. The SGM will be held for the purpose of considering and, if thought fit, approving the Disposal pursuant to the terms and conditions of the S&P Agreement. A form of proxy for use at the SGM is enclosed herewith. Whether or not you are able to attend the SGM, you are requested to complete and return the form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not later than 48 hours before the time appointed for the holding of the SGM. Completion and return of the form of proxy will not preclude you from attending and voting at the SGM or any adjourned meeting should you so desire.

### RECOMMENDATION

The Directors consider the terms of the Disposal are fair and reasonable, and the Disposal is in the interests of the Company and its Shareholders as a whole. Accordingly, the Directors recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the SGM.

Your attention is drawn to the letter from the independent board committee set out on page 9 and the letter from Somerley set out on pages 10 to 20.

### ADDITIONAL INFORMATION

Your attention is drawn to the information set out elsewhere in this circular and in the appendices to it.

Yours faithfully,  
For and on behalf of  
**China WindPower Group Limited**  
**Liu Shunxing**  
*Chief Executive Officer*



**中国风电集团有限公司\***

**China WindPower Group Limited**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 182)**

27 March 2009

*To the Independent Shareholders*

Dear Sir or Madam,

**MAJOR AND CONNECTED TRANSACTION  
DISPOSAL OF NPH GROUP**

We refer to the circular of the Company dated 27 March 2009 (the “**Circular**”) to the Shareholders, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

We have been appointed by the Board as members of the independent board committee to advise you (i) whether the terms of the Disposal under the S&P Agreement are on normal commercial terms, and fair and reasonable so far as the Independent Shareholders are concerned and whether the Disposal is in the interests of the Company and the Shareholders as a whole, and (ii) to recommend you whether to vote for or against the resolution regarding the Disposal at the SGM.

Somerley Limited has been appointed as the independent financial adviser to advise the independent board committee and the Independent Shareholders in this regard. Details of its advice, together with the principal factors taken into consideration in arriving at such advice, is set out on pages 10 to 20 of the Circular.

Your attention is also drawn to the letter from the Board set out on pages 3 to 8 of the Circular and the additional information set out in the appendices of the Circular.

Having considered the terms of the Disposal and the advice of Somerley Limited, we are of the opinion that the terms of the Disposal are on normal commercial terms, and fair and reasonable so far as the Independent Shareholders are concerned and the Disposal is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the SGM to approve the Disposal.

Yours faithfully,  
Independent Board Committee of  
**China WindPower Group Limited**

**Mr. Ho Tak Man, Billy**  
*Independent*  
*non-executive Director*

**Mr. Yap Fat Suan, Henry**  
*Independent*  
*non-executive Director*

**Dr. Wong Yau Kar, David**  
*Independent*  
*non-executive Director*

\* *for identification purpose only*

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## LETTER FROM INDEPENDENT FINANCIAL ADVISER

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*The following is the letter of advice from the independent financial adviser, Somerley Limited, to the independent board committee and the Independent Shareholders, which has been prepared for the purpose of inclusion in this circular.*



**SOMERLEY LIMITED**

10th Floor  
The Hong Kong Club Building  
3A Chater Road  
Central  
Hong Kong

27 March 2009

*To: the independent board committee  
and the Independent Shareholders*

Dear Sirs,

### **MAJOR AND CONNECTED TRANSACTION DISPOSAL OF NPH GROUP**

We refer to our appointment as independent financial adviser to advise the independent board committee and the Independent Shareholders in connection with the transaction involving the proposed disposal of the Company of its 100% equity interests in the NPH Group to Mr. Ko pursuant to the S&P Agreement. Details of the Disposal are set out in the letter from the Board contained in the circular of the Company to the Shareholders dated 27 March 2009 (the “Circular”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular.

We are informed by the Company that Mr. Ko, the chairman of the Company, through his associate, was interested in approximately 31.98% of the issued share capital of the Company as at the Latest Practicable Date. Accordingly, Mr. Ko is a connected person of the Company under the Listing Rules. As the revenue ratio computed under Rule 14.07 of the Listing Rules exceeds 25%, the Disposal constitutes a major and connected transaction for the Company under the Listing Rules, and is subject to the Independent Shareholders’ approval requirements in addition to the reporting and announcement requirements as stipulated under the Listing Rules. In this connection, the Company will seek the Independent Shareholders’ approval for the Disposal and transactions contemplated under the S&P Agreement at the SGM.

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## LETTER FROM INDEPENDENT FINANCIAL ADVISER

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The independent board committee, comprising all of the three independent non-executive Directors, namely Mr. Ho Tak Man, Billy, Mr. Yap Fat Suan, Henry and Dr. Wong Yau Kar, David, has been established to consider and make a recommendation to the Independent Shareholders on whether (1) the terms of the Disposal are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; and (2) the Disposal is in the interests of the Company and the Shareholders as a whole. We, Somerley Limited, have been appointed to advise the independent board committee and the Independent Shareholders in this regard.

In formulating our opinion, we have relied on the information and facts supplied, and the opinions expressed, by the executive Directors and management of the Company and have assumed that the information and facts provided and opinions expressed to us are true, accurate and complete in all material aspects at the time they were made and will remain so up to the time of the SGM. We have also sought and received confirmation from the executive Directors that no material facts have been omitted from the information supplied and opinions expressed to us. We have relied on such information and consider that the information we have received is sufficient for us to reach our advice and recommendation as set out in this letter and to justify our reliance on such information. We have no reason to believe that any material information has been withheld, nor doubt the truth or accuracy of the information provided. We have, however, not conducted any independent investigation into the business and affairs of the Group, nor have we carried out any independent verification of the information supplied.

### PRINCIPAL FACTORS AND REASONS CONSIDERED

In considering whether (a) the terms of the Disposal are on normal commercial terms, and fair and reasonable in so far as the Independent Shareholders are concerned; and (b) the Disposal is in the interests of the Company and the Shareholders as a whole, we have taken into account the principal factors and reasons set out below:

#### 1. Principal terms of the S&P Agreement

On 5 March 2009, the Company (as the vendor) entered into the S&P Agreement with Mr. Ko (as the purchaser), pursuant to which the vendor agreed to dispose of the entire issued share capital of China Windpower Group Limited (a wholly-owned subsidiary of the vendor) which, directly and indirectly, holds the entire issued share capital of each of Nam Pei Hong Sum Yung Drugs Company Limited, N P H Sino-Meditech Limited, Poo Yuk Loong Limited and 保玉龍食品(深圳)有限公司 (Poo Yuk Loong (Shenzhen)

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## LETTER FROM INDEPENDENT FINANCIAL ADVISER

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Limited (for identification only)) (together, being the NPH Group as defined in the Circular). Principal terms of the S&P Agreement are as follows:

- (i) The total consideration for the Disposal amounts to HK\$34,000,000, of which HK\$17,000,000 shall be settled by cash payment from the purchaser to the Company upon completion of the Disposal, and the remaining balance of HK\$17,000,000 shall be paid by the purchaser to the Company in cash within 3 months from the date of completion of the Disposal;
- (ii) The entire issued share capital of China Windpower Group Limited shall be sold with full title guarantee and shall be free from any lien, option, charge, encumbrance, equity, rights of pre-emption or any third party rights and together with all rights attached thereto at the date of the S&P Agreement or subsequently becoming attached to them;
- (iii) Upon completion of the Disposal, the purchaser shall deliver to the Company a duly executed share pledge agreement (in a form to the satisfaction of the Company) to pledge the entire issued shares of China Windpower Group Limited to the Company until full payment of the consideration;
- (iv) The purchaser undertakes to the Company that until the full payment of the total consideration, other than the pledge as mentioned in paragraph (iii) above, he (a) shall keep the entire issued shares of all the companies in the NPH Group free and clear of any lien, charge, option, right of pre-emption or other encumbrance or third party right; (b) will not sell any share in China Windpower Group Limited and shall procure that the share capital of each of the companies comprising the NPH Group is 100% beneficially owned by China Windpower Group Limited; and (c) shall do all such acts and things and execute all such documents as may be reasonable and necessary to facilitate the Company to conduct financial auditing on the NPH Group for the period from 1 April 2008 till completion of the Disposal; and
- (v) Completion of the Disposal is conditional on the Company obtaining approval from the Shareholders in accordance with the Listing Rules or from the regulatory authorities where applicable, and shall take place on or before 31 May 2009 (or such later date as agreed between the parties in writing), after the Company has obtained all the relevant approvals from the Shareholders.

After completion of the Disposal, the Company will cease to be interested in members of the NPH Group and members of the NPH Group will cease to be subsidiaries of the Company.

Pursuant to the terms of the S&P Agreement as set out above, only 50% of the consideration will be paid to the Company upon completion, and the remaining balance of HK\$17,000,000 will be paid to the Company within 3 months from the date of completion of the Disposal. Should Mr. Ko fail to settle the second payment in

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## LETTER FROM INDEPENDENT FINANCIAL ADVISER

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accordance with the S&P Agreement, the Company is entitled to exercise the security charge. The pledge of shares of China Windpower Group Limited by Mr. Ko to the Company as security for the second payment as detailed in paragraph (iii) above and the undertakings given to the Company as more detailed in paragraph (iv) above help to safeguard the interests of the Independent Shareholders.

### 2. Business of the Group

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. At present, the Group also has operations in the trading and retail of traditional “Sum Yung”, dried seafood, Chinese medicine and health products under the brand of “Nam Pei Hong” and provision of Chinese clinical services in Hong Kong.

The Group’s wind power businesses primarily involve (a) investment in wind power plants; (b) wind power engineering, construction and technical consultancy services and provision of power plant maintenance services; and (c) manufacturing of wind power equipment.

As advised by the executive Directors, the PRC government is placing more emphasis on renewable energy alternatives in view of environmental issues and global energy supply. According to the “Mid-and Long-term Development Plans for Renewable Energy” implemented by the PRC government, it is targeted that the non-hydropower renewable energy capacity of power companies should reach 3% and 8% of their total installed capacity in 2010 and 2020 respectively (compared to only approximately 0.7% in 2007). Wind power is one of the key alternatives and will become one of the major sources of non-hydropower renewable energy in the PRC for the foreseeable future. The PRC government is planning to put more emphasis on the construction of three wind power bases each with capacity of thousands of megawatts in the Corridor West of the Yellow River in Gansu, in the northern coast along Jiangsu and in Inner Mongolia, building up three “gigawatt wind power hubs”. The executive Directors are of the view that such development plans are beneficial to the Group because the Group owns wind resources in two of the above-mentioned locations. The PRC government has recently introduced and implemented a RMB4 trillion economic stimulus plan which involves, among other things, investments in infrastructure and strengthening environmental-related investment (including energy saving and emission reduction projects). The executive Directors anticipate that this may lead to more business for the Group. On this basis, the executive Directors have advised that the Group will continue to focus its management, financial and other resources on the development of its wind power business in the PRC.

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## LETTER FROM INDEPENDENT FINANCIAL ADVISER

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The Group reported audited consolidated revenue of approximately HK\$59.5 million and HK\$324.9 million for the year ended 31 March 2007 and 2008 respectively, and unaudited consolidated revenue of approximately HK\$270.3 million for the six months ended 30 September 2008. The Group recorded profit attributable to the Shareholders of approximately HK\$33.6 million and HK\$100.1 million (both audited) for the year ended 31 March 2007 and 2008 respectively, and approximately HK\$53.9 million (unaudited) for the six months ended 30 September 2008. The Group devoted resources to establish and develop the windpower business in early 2007 and there was no revenue contribution or segment results for the windpower business for the year ended 31 March 2007. The Group's net assets attributable to the Shareholders amounted to approximately HK\$1,937.3 million (audited) as at 31 March 2008 and HK\$2,099.8 million (unaudited) as at 30 September 2008.

The following table sets out the revenue and results of the Group by business segment for the year ended 31 March 2008 and the six months ended 30 September 2008 as extracted from the Company's annual report for the year ended 31 March 2008 and interim report for the six months ended 30 September 2008 respectively:

	<b>(Audited)</b>		<b>(Unaudited)</b>	
	<b>For the year ended</b>		<b>For the six months ended</b>	
	<b>31 March</b>		<b>30 September</b>	
	<b>2008</b>		<b>2008</b>	
	<i>HK\$'000</i>	<i>%</i>	<i>HK\$'000</i>	<i>%</i>
Segment total revenue				
— Windpower business	216,375	72.1	227,401	85.7
— Nam Pei Hong business	83,781	27.9	37,802	14.3
<b>Total</b>	<b>300,156</b>	<b>100.0</b>	<b>265,203</b>	<b>100.0</b>
Segment results				
— Windpower business	98,900	99.0	54,967	100.8
— Nam Pei Hong business	1,012	1.0	(454)	(0.8)
<b>Total</b>	<b>99,912</b>	<b>100.0</b>	<b>54,513</b>	<b>100.0</b>

Although the windpower business was established by the Group in 2007, and no revenue or result was derived from the windpower business for the year ended 31 March 2007, it has significantly contributed to the Group's revenue and results during the financial year ended 31 March 2008 and the six months period ended 30 September 2008. As illustrated above, the NPH Group's contribution to the Group's revenue and



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## LETTER FROM INDEPENDENT FINANCIAL ADVISER

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operating results slumped to approximately 27.9% and 1% respectively for the year ended 31 March 2008. This phenomenon remained the same during the six months period ended 30 September 2008. Given the insignificant contribution of the NPH Group to the Group's operating results, and that the business carried out by the NPH Group is no longer in line with the Group's business focus, the business of the NPH Group has been considered as non-core to the Group by the executive Directors.

### 3. Past performance and future prospects of the NPH Group

The NPH Group is principally engaged in the trading and retail of traditional "Sum Yung", dried seafood, Chinese medicine and health products through its retail outlets in Hong Kong, as well as the provision of Chinese medical clinical service in its clinic located in Wanchai, Hong Kong. The business of the NPH Group is conducted under the "Nam Pei Hong" brand which has a long history in Hong Kong. The sales of "Sum Yung" and dried seafood products represent a significant source of income for the NPH Group, while the NPH Group also sells other healthcare food products including bottled bird's nest. The NPH Group derives over 90% of its revenue from retail sales through outlets operating under the name of "Nam Pei Hong" in Hong Kong. In addition to the clinic in Wanchai mentioned above, the NPH Group had 13 retail outlets located in various areas in Hong Kong as at 28 February 2009.

The following table summarises the audited consolidated financial results of the NPH Group for the 3 years ended 31 March 2008 and the unaudited financial results for the 6 months ended 30 September 2008:

	<b>(Audited)</b>			<b>(Unaudited)</b>
	<b>For the year ended 31 March</b>			<b>For the 6 months ended 30 September</b>
	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2008</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	49,200	58,369	81,468	36,002
Gross profit	18,867	21,017	28,795	12,397
Other revenue	54	250	4,365	1,934
(Loss)/profit from operating activities	(105)	(2,134)	2,706	(522)
Finance costs	(232)	(195)	(19)	(142)
(Loss)/profit after taxation	(337)	(2,304)	2,687	(664)

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## LETTER FROM INDEPENDENT FINANCIAL ADVISER

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As set out above, the NPH Group recorded audited net loss after taxation of approximately HK\$0.3 million and HK\$2.3 million for the year ended 31 March 2006 and 2007 respectively. This was generally due to increasing operating costs including product and rental costs, and fierce price competition in the market which made it difficult for the NPH Group to pass on additional costs entirely to consumers.

During the financial year ended 31 March 2008, the NPH Group recorded bank interest income of approximately HK\$1.7 million which was primarily generated from cash deposited in its bank account by the Company during the year of 2007. This bank interest income contributed significantly to the NPH Group's audited profit after taxation of approximately HK\$2.7 million for the year ended 31 March 2008. After the year ended 31 March 2008, substantial bank deposits were transferred to other member(s) of the Group for development of the Group's windpower business. As a result of significant decrease in bank interest income and general increase in operating costs, results of the NPH Group deteriorated and the NPH Group recorded an unaudited net loss after taxation of approximately HK\$0.7 million for the six months ended 30 September 2008. As at 30 September 2008, the unaudited net assets of the NPH Group attributable to its shareholder amounted to approximately HK\$31.7 million.

The recent economic downturn has led to a deteriorating trading and retail market in Hong Kong. The executive Directors consider that the Group's traditional "Sum Yung", dried seafood, Chinese medicine and healthcare business has been operating in a challenging environment where it is difficult for the Group to pass on additional costs entirely to consumers due to increasing and continuing price competition in the market. Consumer demand and spending power have been weakened, further eroding margin and profitability of the Group's retail and trading business carried out under the NPH Group. Moreover, the executive Directors are of the view that although some of the overhead costs for the NPH Group may decrease due to the economic downturn, the extent of such decreases may not be able to offset the impact low market sentiment will bring to the profitability of the NPH Group's business. In view of this, the executive Directors consider that it is difficult to turn around the loss making situation of the NPH Group in the short to medium term even if great effort is devoted by management of the Group.

#### **4. Evaluation of the consideration**

The executive Directors advised us that the total consideration for the Disposal of HK\$34,000,000 is determined primarily based on the net assets of the NPH Group attributable to its shareholder of approximately HK\$31.7 million as at 30 September 2008. On the basis of the net asset value of the NPH Group of approximately HK\$31.7 million, the consideration of HK\$34 million represents a historical price to book multiple ("PBR") of approximately 1.1 times. Moreover, the consideration for the Disposal indicates a historical price to earnings multiple ("PER") of approximately

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## LETTER FROM INDEPENDENT FINANCIAL ADVISER

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12.6 times on the basis of the NPH Group’s net profit attributable to its shareholders of approximately HK\$2.7 million for the year ended 31 March 2008.

In our evaluation of the fairness and reasonableness of the consideration for the Disposal, we have looked for companies listed in Hong Kong which are engaged in a similar business to the NPH Group. However, we are not able to identify listed companies with sole focus on trading and retail of traditional “Sum Yung” and dried seafood business through their retail outlets in Hong Kong. During our research, we identify Wai Yuen Tong Medicine Holdings Limited (“Wai Yuen Tong”), a main board listed company, which is principally engaged in production and sale of Chinese pharmaceutical, health food, western pharmaceutical, bottled bird’s nest drinks and herbal essence products with majority of its revenue derived in Hong Kong. Wai Yuen Tong operates a number of retail outlets in Hong Kong under its own company name and sells certain “Sum Yung” and other similar products as the NPH Group. Accordingly, we have selected Wai Yuen Tong as the comparable company. The table below sets out the historical PBR and PER represented by the market capitalisation, net asset value and profit of Wai Yuen Tong:

Company name	Market	Unaudited	Audited	Historical	Historical
	capitalisation	consolidated	annual		
	as at Latest	net assets	consolidated		
	Practicable	attributable	profit		
	Date	to its	to its		
	(Note 1)	shareholders	shareholders	PBR	PER
	HK\$ million	(Note 2)	(Note 2)	(Note 3)	(Note 4)
		HK\$ million	HK\$ million	Times	Times
Wai Yuen Tong (stock code: 897)	259.3	764.4	83.8	0.3	3.1
<b>The NPH Group</b>				<b>1.1</b>	<b>12.6</b>

*Notes:*

1. Source: Bloomberg
2. The figures are extracted from the latest published interim report or annual report of Wai Yuen Tong.
3. The historical PBR of Wai Yuen Tong is calculated based on its unaudited consolidated net assets attributable to its shareholders as at 30 September 2008 and its closing market capitalisation as at the Latest Practicable Date.
4. The historical PER of Wai Yuen Tong is calculated based on its audited consolidated profit attributable to its shareholders for the year ended 31 March 2008 and its closing market capitalisation as at the Latest Practicable Date.

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## LETTER FROM INDEPENDENT FINANCIAL ADVISER

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As illustrated above, the historical PBR of the NPH Group of approximately 1.1 times represented by the Disposal consideration is substantially higher than the historical PBR of Wai Yuen Tong of approximately 0.3 times. In addition, the historical PER of the NPH Group of approximately 12.6 times represented by the Disposal consideration is more favourable than that of Wai Yuen Tong.

### 5. Financial effects of the Disposal on the Group

Following completion of the Disposal, the Group will cease to be interested in the NPH Group. Accordingly, the financial results, assets and liabilities of the NPH Group will not be consolidated into accounts of the Group after completion of the Disposal.

#### (a) *Earnings*

Based on the unaudited consolidated net assets of the NPH Group attributable to its shareholder of approximately HK\$31.7 million as at 30 September 2008, and the consideration for the Disposal of HK\$34 million pursuant to the S&P Agreement, the executive Directors expect that the Group would record a gain of approximately HK\$2.3 million as a result of the Disposal. Such gain is non-recurring in nature and will be reflected in the profit and loss account of the Group for the year ending 31 March 2010 assuming completion of the Disposal takes place in that financial year. The actual gain on the Disposal to be recognised by the Group, which will be calculated by reference to the financial position of the NPH Group at the time of completion of the Disposal and related expenses incurred by the Company, may be different from the above figure, but is not expected to be materially different as advised by the executive Directors.

#### (b) *Net asset value*

Based on the unaudited consolidated net assets of the NPH Group attributable to its shareholder of approximately HK\$31.7 million as at 30 September 2008, and the consideration for the Disposal of HK\$34 million pursuant to the S&P Agreement, it is expected by the executive Directors that the consolidated net asset value of the Group attributable to the Shareholders will increase by approximately HK\$2.3 million, which represents the gain on the Disposal as a result of the sale of the NPH Group at a price above its underlying net asset value recorded by the Group. We consider the increase in consolidated net assets of the Group of approximately HK\$2.3 million as a result of the Disposal is beneficial to the Group and the Shareholders as a whole.

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## LETTER FROM INDEPENDENT FINANCIAL ADVISER

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### *(c) Cashflow*

We understand from the executive Directors that the Company intends to use the net proceeds from the Disposal as working capital for the development of the Group's wind power business. In view of the net proceeds to be available to the Group after the Disposal, we are of the view that the cashflow position of the Group would be strengthened as a result of the Disposal.

Taking into account the improvement in earnings, net assets and cashflow position of the Group after the Disposal, we consider that the Disposal is, from a financial standpoint, in the interests of the Company and the Shareholders as a whole.

### DISCUSSION AND ANALYSIS

The Group has engaged in the trading and retail sales of traditional "Sum Yung", dried seafood, Chinese medicine and health products, and the provision of Chinese clinical services in Hong Kong for many years. As set out in the section headed "Past performance and future prospects of the NPH Group", the NPH Group recorded unsatisfactory results for past few years primarily due to keen market competition and escalating costs. In response to this, the Group diversified its business into the PRC wind power business in 2007.

As shown in the section headed "Business of the Group", the Group's wind power business enjoyed promising growth and contributed to approximately 72.1% and 85.7% of the Group's revenue for the year ended 31 March 2008 and for the six months ended 30 September 2008 respectively. The Group's wind power business also supported nearly the entire segment results of the Group during these financial periods. On the other hand, the business of the NPH Group dropped substantially and became a non-core business of the Group.

As disclosed in sections headed "Business of the Group" and "Past performance and future prospects of the NPH Group", the executive Directors consider that the prospect of the wind power business in the PRC remains promising but not the business of the NPH Group. The executive Directors are of the view that the business environment of the NPH Group will remain challenging and competitive and it is difficult to predict any turnaround in the short term. Accordingly, the executive Directors regard the Disposal as a good opportunity for the Company to dispose of the NPH Group and to apply net proceeds from the Disposal to develop its wind power business further. Moreover, the executive Directors consider that the Disposal may result in an overall better market valuation for the Company.

We consider that the business of the NPH Group is significantly different from the Group's wind power business and the Disposal represents a reasonable strategic move to streamline and rationalise the Group's business. We also consider that it is in the interests of the Company to focus its resources on the wind power business which the executive Directors believe to be more promising and profitable.

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## LETTER FROM INDEPENDENT FINANCIAL ADVISER

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The consideration for the Disposal was determined mainly by reference to the net asset value of the NPH Group as at 30 September 2008. In view of the past unsatisfactory results and the gloomy prospect of the NPH Group as considered by the executive Directors, we are of the view that such consideration basis is appropriate. The historical PBR and PER as represented by the Disposal are more favourable than the comparable company we have identified. The pledge of shares of China Windpower Group Limited by Mr. Ko to the Company as security for the second payment of the consideration of the Disposal and the undertakings given to the Company as detailed in the section headed “Principal terms of the S&P Agreement” help to safeguard the interests of the Independent Shareholders.

The Disposal is expected to result in an improvement of the earnings, net assets and cash flow position of the Group.

### OPINION

The disposal of entire issued share capital of China Windpower Group Limited is not in the ordinary and usual course of business of the Company. Having taken into account the above principal factors and reasons, we consider that (1) the terms of the Disposal are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; and (2) the Disposal is in the interests of the Company and the Shareholders as a whole.

Accordingly, we advise the independent board committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM.

Yours faithfully,  
for and on behalf of  
**SOMERLEY LIMITED**  
**M. N. Sabine**  
*Chairman*

**INDEBTEDNESS****Borrowings**

As at the close of business on 28 February 2009, being the latest practicable date for the purpose of this statement of indebtedness, the Group had (i) an outstanding bank loan of approximately HK\$7 million, which was secured by a corporate guarantee of HK\$18 million, (ii) finance lease payables for the Group's office equipment of approximately HK\$126,000, (iii) loan from a jointly controlled entity of the Group of approximately HK\$12.4 million, and (iv) convertible notes of 1% coupon rate with an outstanding principal value of HK\$31,700,000.

**Contingent liabilities**

As at the close of business on 28 February 2009, the Group had, via its wholly own subsidiary, CWP Development Limited ("CWPD"), entered into joint venture agreements with a joint venture partner in the PRC ("JV partner").

CWPD holds a 49% equity interest in a sino-foreign equity joint venture with limited liability in Zhangwu, Liaoning of the PRC under the name of "Fuxin Shenhua Xiehe Wind Power Ltd" (阜新申華協合風力發電有限公司) ("Fuxin Shenhua JV"). On 22 January 2009, Fuxin Shenhua JV obtained a loan amounting to RMB315 million from China Construction Bank. Pursuant to the joint venture agreement entered into between CWPD and the JV partner, CWPD was required to pledge its share of the equity interests in Fuxin Shenhua JV as security for the bank loan.

CWPD holds a 49% equity interest in another sino-foreign equity joint venture with limited liability in Zhangwu, Liaoning of the PRC under the name of "FuXin Union Wind Power Co., Ltd." (阜新聯合風力發電有限公司) ("FuXin Union JV").

On 20 January 2009, FuXin Union JV obtained a loan amounting to RMB310 million from China Construction Bank. Pursuant to the joint venture agreement entered into between CWPD and the JV partner, CWPD was required to pledge its share of the equity interests in FuXin Union JV as security for the bank loan.

As at the close of business on 28 February 2009, the Group had not pledged any share of the equity interests in Fuxin Shenhua JV and FuXin Union JV as security for the bank loans.

**Disclaimers**

Save as aforesaid, and apart from intra-group liabilities, the Group did not have any other debt securities, outstanding loan capital issued or agreed to be issued, loans or other indebtedness, bank overdrafts, liabilities under acceptances (other than normal trade bills), debentures, mortgages, charges, acceptance credits, hire purchase commitments, guarantees or other material contingent liabilities as at the close of business on 28 February 2009.

**WORKING CAPITAL**

The Directors, after due and careful consideration, are of the opinion that upon the completion of the Disposal and after taking into account the internal resources available to the Group and the expected proceeds to be received from the Disposal, the Group has sufficient working capital for its requirements for at least the next twelve months from the date of this circular in the absence of unforeseeable circumstances.

**NO MATERIAL ADVERSE CHANGE**

As at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 March 2008, the date to which the latest published audited financial statements of the Group were made up.



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’ and chief executives’ interests and/or short positions in the Shares, underlying Shares and debentures of the Company or any associated corporation

As at the Latest Practicable Date, the following Directors had interests 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:

(a) Long positions in the Shares:

Name of Director	Number of Shares held				Approximate percentage of the total issued shares capital (%)
	Personal interests	Family interests	Corporate interests	Total	
Mr. Ko Chun Shun, Johnson (note)	—	—	2,000,000,000	2,000,000,000	31.98%

Note:

Mr. Ko Chun Shun, Johnson (“Mr. Ko”) is deemed to be interested in the 2,000,000,000 Shares held by Gain Alpha Finance Limited (“Gain Alpha”). Gain Alpha is wholly-owned by Mr. Ko, who is the director of Gain Alpha.

(b) Long positions in underlying Shares of shares options of the Company:

Name of Directors	Date of grant of share options	Exercise price per share <i>HK\$</i>	Number of share options outstanding	Approximate percentage of the total issued share capital (%)
Liu Shunxing	1 April 2008	0.45	5,000,000	0.08
Wang Xun	1 April 2008	0.45	3,600,000	0.06
Yang Zhifeng	1 April 2008	0.45	3,600,000	0.06
Liu Jianhong	1 April 2008	0.45	3,600,000	0.06
Chan Kam Kwan, Jason	1 April 2008	0.45	1,000,000	0.02
Tsoi Tong Hoo, Tony	1 April 2008	0.45	1,200,000	0.02
Ho Tak Man, Billy	1 April 2008	0.45	800,000	0.01
Yap Fat Suan, Henry	1 April 2008	0.45	800,000	0.01
Dr. Wong Yau Kar, David	1 April 2008	0.45	800,000	0.01

These options were granted subject to the following vesting requirement:

On 1st anniversary of the date of grant	25%
On 2nd anniversary of the date of grant	25%
On 3rd anniversary of the date of grant	25%
On 4th anniversary of the date of grant	25%

The exercise period of these options shall be expired on the day before of 5th anniversary of the date of grant.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or the chief executive of the Company had or was deemed to have any interest or short position in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have such provisions of the SFO); or (ii) were required to be entered in the register maintained by the Company pursuant to section 352 of the SFO; or (iii) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as contained in the Listing Rules.

**(ii) Directors' other interests**

- (a) As at the Latest Practicable Date, save for the S&P Agreement or otherwise stated in this circular, none of the Directors (1) 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 2008, the date to which the latest published audited financial statements of the Group were made up and (2) 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.
- (b) 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, so far as is known to, or can be ascertained after reasonable enquiry by the Directors or chief executive of the Company, the following 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:

(a) Long positions in the Shares:

Name of Shareholder	Number of the shares of the Company held	Approximate percentage of the total issued share capital (%)
China Wind Power Investment Limited <i>(Note)</i>	1,700,000,000	27.18%

(b) Long positions in the underlying Shares of the convertible notes of the Company:

Name of the holder of the convertible notes	Amount of the convertible notes HK\$	Number of the total underlying shares
China Wind Power Investment Limited <i>(Note)</i>	31,700,000	320,202,020

*Note:*

China Wind Power Investment Limited is an indirect wholly owned subsidiary of Concord International Investment Limited.

As at the Latest Practicable Date, China Wind Power Investment Limited held (i) 1,700,000,000 Shares and (ii) HK\$31,700,000 convertible notes which are convertible into 320,202,020 new Shares based on the prevailing conversion price of HK\$0.099, subject to adjustment.

China Wind Power Investment Limited is wholly-owned by New Energy International Limited, which in turn is a wholly-owned subsidiary of Concord International Investment Limited (“Concord International”). Four executive Directors, namely Mr. Liu Shunxing, Mr. Wang Xun, Mr. Yang Zhifeng and Ms. Liu Jianhong held as to 65.135% of the issued shares of Concord International, and the above four Directors are directors of Concord International, New Energy International Limited and China Wind Power Investment Limited.

Save as disclosed herein, as at the Latest Practicable Date, no person had any interests and/or short positions in the Shares or underlying Shares which would fall to be disclosed 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.

### 3. MATERIAL CONTRACTS

The following contracts, including contracts not in the ordinary course of business, were entered into by the Group within the two years preceding the date of this circular and are or may be material:

- (a) On 29 April 2007, the Company and China Wind Power Investment Limited entered into a sale and purchase agreement pursuant to which, the Company has acquired and China Wind Power Investment Limited has sold the entire issued share capital of China Wind Power Holdings Limited. The consideration has been settled by the issue of convertible notes by the Company with an aggregate principal amount of HK\$200,000,000.
- (b) The subscription agreement dated 22 May 2007 entered into between the Company and Gain Alpha Finance Limited (“Gain Alpha”) under which Gain Alpha subscribed for and the Company issued 800,000,000 Shares at HK\$0.5 each. The net proceeds of such subscription were approximately HK\$387 million.
- (c) On 6 June 2007, Century Concord Energy Investment Limited (a jointly controlled entity of the Company as at the Latest Practicable Date) and Shanghai Shenhua Holdings Co., Ltd (“Shanghai Shenhua”) entered into (i) a framework agreement to establish joint venture companies to develop wind farm projects in the PRC and (ii) a joint venture contract to jointly establish a joint venture at 太仆寺旗 in Inner Mongolia Autonomous Region, the PRC to undertake one of the wind farm projects under the framework agreement. The total investments in the joint venture shall be RMB397 million. The registered capital of the joint venture shall be RMB136 million, of which RMB68 million shall be contributed by Century Concord Energy Investment Limited.

- (d) On 6 July 2007, CWP Development Limited and 深圳市經華馳科技投資有限公司 entered into a joint venture contract to jointly establish a joint venture at Fuxin, Liaoning province, the PRC to undertake wind farm projects in the PRC. The total investments in the joint venture shall be RMB450 million. The registered capital of the joint venture shall be RMB150 million, of which RMB75 million shall be contributed by CWP Development Limited.
- (e) On 6 July 2007, Top Well Holdings Limited (a wholly-owned subsidiary of the Company as at the Latest Practicable Date) and 北京磐谷創業投資有限責任公司 entered into a joint venture contract to jointly establish a joint venture at Baicheng City, Jilin province, the PRC to undertake wind farm projects in the PRC. The total investments in the joint venture shall be RMB450 million. The registered capital of the joint venture shall be RMB150 million, of which RMB75 million shall be contributed by Top Well Holdings Limited.
- (f) The subscription agreement dated 30 July 2007 entered into between the Company and Gain Alpha under which Gain Alpha subscribed for and the Company issued 460,000,000 Shares at HK\$1.20 each. The net proceeds of such subscription amounted to approximately HK\$536 million.
- (g) On 31 July 2007, CWP Investment Limited (a wholly-owned subsidiary of the Company as at the Latest Practicable Date) and Beijing Mainstreets Investment Group Corporation entered into a joint venture contract to jointly establish a joint venture at Inner Mongolia Autonomous Region, the PRC to undertake wind farm projects in the PRC. The total investments in the joint venture shall be RMB230 million. The registered capital of the joint venture shall be RMB76 million, of which RMB37.24 million shall be contributed by CWP Investment Limited.
- (h) On 28 November 2007, Top Well Holdings Limited (a wholly-owned subsidiary of the Company as at the Latest Practicable Date) and Tianjin DH Power Investment Limited entered into a joint venture contract to jointly establish a joint venture at Zhenlai, Jilin, the PRC to undertake wind farm projects in the area. The total investments in the joint venture shall be RMB450 million. The registered capital of the joint venture shall be RMB150 million, of which RMB73.5 million shall be contributed by Top Well Holdings Limited.
- (i) On 19 December 2007, Century Concord Energy Investment Limited and Shanghai Shenhua entered into a supplemental agreement to the agreement entered into by the parties on 6 June 2007, pursuant to which Century Concord Energy Investment Limited and Shanghai Shenhua shall hold 49% and 51% of the equity interests in The Inner Mongolia Centuryconcord-Shenhua Wind Power Investment Limited (the “JV”), and the capital contribution to the JV by Century Concord Energy Investment Limited is reduced to RMB 66.64 million.

- (j) On 24 December 2007, CWP Holdings Limited and Tianjin DH Power Investment Limited entered into a joint venture contract to jointly establish a joint venture at Zhaluteqi, Tongliao Shi, Inner Mongolia of the PRC to undertake wind farm projects in the area. The total investments in the joint venture shall be RMB450 million. The registered capital of the joint venture shall be RMB150 million, of which RMB73.5 million shall be contributed by CWP Holdings Limited.
- (k) On 9 January 2008, CWP Development Limited and Shanghai Shenhua entered into a joint venture contract to jointly establish a joint venture at Zhangwu, Liaoning of the PRC to undertake wind farm projects in the area. The total investments in the joint venture shall be HK\$500 million. The registered capital of the joint venture shall be HK\$168 million, of which HK\$82.32 million shall be contributed by CWP Development Limited.
- (l) On 16 March 2009, the Company and China Wind Power Holdings Limited (“CWPH”, a wholly-owned subsidiary of the Company) entered into a sale and purchase agreement with CLP Power China (Northeast) Limited (“CLP”, an indirect wholly-owned subsidiary of CLP Holdings Limited) (and the Company being the guarantor to such sale and purchase agreement), pursuant to which CWPH shall dispose of its 50% equity interest in a company (the “CLP JV”) which indirectly owned a 49% interest in each of the two wind farm projects company in the PRC to CLP at a consideration of HK\$101,300,504 (subject to possible adjustment).
- (m) On 16 March 2009, CWPH, CLP and the CLP JV entered into a shareholders agreement to set out the understanding reached between CWPH and CLP in respect of certain management and governance matters of the CLP JV and the respective rights and obligations of the two parties in the CLP JV.
- (n) the S&P Agreement.

#### **4. LITIGATION**

As at the Latest Practicable Date, neither the Company nor any 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.

5. EXPERT AND CONSENT

The following is the qualification of the expert who has been named in this circular or has given opinion or advice which is contained in this circular:

Name	Qualifications
Somerley Limited	a licensed corporation to carry out type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO

Somerley has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter or references to its name in the form and context in which they respectively appear.

As at the Latest Practicable Date, Somerley did not have any shareholding, directly or indirectly, in any member of the Group or any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, Somerley did not have any direct or indirect interests in any assets which have been, since 31 March 2008 (being the date to which the latest published audited accounts of the Company were made up), acquired or disposed of by or leased to any member of the Group, or which are proposed to be acquired or disposed of by or leased to any member of the Group.

6. 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)).

7. SECRETARY OF THE COMPANY

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



**8. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection during normal business hours at the Company's principal place of business in Hong Kong from the date of this circular up to and including the date of the SGM:

- (a) this circular;
- (b) the S&P Agreement;
- (c) the Company's memorandum and bye-laws;
- (d) the material contracts referred to in the section headed "Material Contracts" in this appendix;
- (e) the letter from the independent board committee, the text of which is set out on page 9 of this circular;
- (f) the letter from Somerley, the text of which is set out on pages 10 to 20 of this circular;
- (g) the written consent of Somerley referred to in this appendix; and
- (h) the annual reports of the Company for the three years ended 31 March 2008 and the interim report of the Company for the six months ended 30 September 2008.

**9. MISCELLANEOUS**

- The correspondence address of the Directors is at Unit 3901, 39/F, Far East Finance Center, 16 Harcourt Road, Admiralty, Hong Kong;
- The principal place of business in Hong Kong and correspondence address of the Company is at Unit 3901, 39/F, Far East Finance Center, 16 Harcourt Road, Admiralty, Hong Kong;
- The registered office of the Company is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda;
- The Hong Kong branch share registrar and transfer office of the Company is Tricor Tengis Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong; and
- The English texts of this circular and the accompanying form of proxy shall prevail over the Chinese texts.

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## NOTICE OF SPECIAL GENERAL MEETING

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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)**

### NOTICE OF SPECIAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that a special general meeting of China WindPower Group Limited (the “**Company**”) will be held at 10:00 a.m. on 27 April 2009, Monday at Unit 3901, Fast East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong for the purpose of considering and, if thought fit, passing, with or without modifications, the following resolution as ordinary resolution of the Company:

#### ORDINARY RESOLUTION

“**THAT:**

- (a) the sale and purchase agreement dated 5 March 2009 (the “**Sale and Purchase Agreement**”), entered into by the Company and Mr. Ko Chun Shun, Johnson (“**Mr. Ko**”), pursuant to which the Company has agreed to sell and Mr. Ko has agreed to acquire the entire issued share capital of China Windpower Group Limited, for an aggregate consideration of HK\$34,000,000, details of the Sale and Purchase Agreement are set out in the circular of the Company dated 27 March 2009 (the “**Circular**”) (copies of the Sale and Purchase Agreement and the Circular having been produced to the meeting marked “**A**” and “**B**” respectively and initiated for the purposes of identification by the chairman of the meeting) and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified; and
- (b) any one director of the Company be and is hereby generally and unconditionally authorised to do all such acts and things, to sign and execute all such further documents for and on behalf of the Company by hand, or in case of execution of documents under seal, to do so jointly with any of a second director, a duly authorised representative of the director or the secretary of the Company and to take such steps as he may in his absolute discretion consider necessary, appropriate, desirable or expedient to give effect to or in connection with the transactions under the Sale and Purchase Agreement.”

By order of the Board  
**Chan Kam Kwan, Jason**  
*Company Secretary*

Hong Kong, 27 March 2009

\* for identification purpose only

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## NOTICE OF SPECIAL GENERAL MEETING

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

Unit 3901  
Far East Finance Center  
16 Harcourt Road  
Admiralty  
Hong Kong

*As at the date of this notice, the Board comprises the following Directors:*

*Executive Directors:*

Mr. Ko Chun Shun, Johnson (*Chairman*)  
Mr. Liu Shunxing (*Chief Executive Officer*)  
Mr. Wang Xun  
Mr. Yang Zhifeng  
Ms. Liu Jianhong  
Mr. Chan Kam Kwan, Jason

*Non-executive Director:*

Mr. Tsoi Tong Hoo, Tony

*Independent non-executive Directors:*

Mr. Ho Tak Man, Billy  
Mr. Yap Fat Suan, Henry  
Dr. Wong Yau Kar, David

*Notes:*

1. Any shareholder entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of that member. A proxy need not be a shareholder of the Company.
2. In order to be valid, the form of proxy in the prescribed form together with a power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of that power of attorney or authority, must be deposited with the branch share registrar and transfer office of the Company in Hong Kong, Tricor Tengis Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding of the meeting or any adjournment thereof. Such prescribed form of proxy for use at the special general meeting is also published on the website of The Stock Exchange of Hong Kong Limited at [www.hkexnews.hk](http://www.hkexnews.hk).