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)

RESULTS ANNOUNCEMENT FOR THE NINE MONTHS ENDED 31 DECEMBER 2009

The board of directors (the "Board") of China WindPower Group Limited (the "Company") announces the consolidated results of the Company and its subsidiaries (the "Group") for the nine months ended 31 December 2009, together with the comparative figures for the year ended 31 March 2009. The consolidated results have been reviewed by the Company's audit committee.

* *for identification purposes only*

CONSOLIDATED INCOME STATEMENT

For the nine months ended 31 December 2009

	Note	**For the nine months ended 31 December 2009** **HK$'000**	For the year ended 31 March 2009 HK$'000
Continuing operations			
Revenue	*4*	**562,597**	379,389
Other income	*4*	**3,912**	15,673
Other gains, net	*5*	**17,552**	28,098
Expenses			
Cost of construction and inventories sold		**(323,899)**	(244,173)
Employee benefit expense		**(57,895)**	(33,168)
Depreciation and amortisation		**(4,749)**	(4,463)
Operating lease payments in respect of land and buildings		**(3,775)**	(3,189)
Other expenses		**(33,338)**	(25,874)
Finance costs	*6*	**(1,729)**	(5,507)
Share of results			
— associates		**4,020**	4,779
— jointly controlled entities		**31,700**	10,461
Profit before income tax		**194,396**	122,026
Income tax expense	*7*	**(12,654)**	(3,973)
Profit for the period/year from continuing operations		**181,742**	118,053
Discontinued operation			
Loss from discontinued operations	*13*	**(506)**	(1,983)
Profit for the period/year		**181,236**	116,070
Attributable to:			
Equity holders of the Company		**181,236**	116,766
Minority interests		**—**	(696)
		181,236	116,070

	Note	**For the nine months ended 31 December 2009** *HK$'000*	For the year ended 31 March 2009 *HK$'000*
Earnings/(loss) per share from continuing and discontinued operations attributable to the equity holders of the Company during the period/year			
Basic earnings/(loss) per share	*9(a)*		
From continuing operations		**2.66 HK cents**	2.06 HK cents
From discontinued operations		**(0.01) HK cents**	(0.03) HK cents
		2.65 HK cents	2.03 HK cents
Diluted earnings/(loss) per share	*9(b)*		
From continuing operations		**2.59 HK cents**	1.81 HK cents
From discontinued operations		**(0.01) HK cents**	(0.03) HK cents
		2.58 HK cents	1.78 HK cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the nine months ended 31 December 2009

	For the nine months ended 31 December 2009	For the year ended 31 March 2009
	HK$'000	*HK$'000*
Profit for the period/year	**181,236**	116,070
Other comprehensive income:		
Currency translation differences	**4,017**	80,472
Total comprehensive income for the period/year	**185,253**	196,542
Attributable to:		
— Equity holders of the Company	**185,253**	196,951
— Minority interests	**—**	(409)
	185,253	196,542

CONSOLIDATED BALANCE SHEET

As at 31 December 2009

	Note	**As at 31 December 2009** *HK$'000*	As at 31 March 2009 *HK$'000*
Assets			
Non-current assets			
Property, plant and equipment		**123,215**	47,838
Land use right		**209**	642
Intangible assets		**1,220,735**	1,218,469
Interests in associates		**93,421**	99,921
Interests in jointly controlled entities		**742,001**	321,048
Deferred tax asset		**16,590**	6,008
		2,196,171	1,693,926
Current assets			
Inventories		**52,221**	51,391
Trade receivables, net	*10*	**48,947**	38,802
Prepayments, deposits and other receivables		**39,276**	31,666
Amounts due from associates		**22,229**	19,704
Amounts due from jointly controlled entities		**37,400**	13,686
Cash and cash equivalents		**1,109,561**	745,061
		1,309,634	900,310
Assets of disposal group classified as held for sale and discontinued operations	*13*	**—**	50,493
		1,309,634	950,803
Liabilities			
Current liabilities			
Trade payables	*11*	**96,415**	65,687
Other payables and accruals		**61,565**	40,733
Amounts due to jointly controlled entities		**34,875**	9,791
Borrowings		**34,072**	14
Tax payable		**11,035**	1,399
		237,962	117,624
Liabilities of disposal group classified as held for sale and discontinued operations	*13*	**—**	19,299
		237,962	136,923
Net current assets		**1,071,672**	813,880
Total assets less current liabilities		**3,267,843**	2,507,806

	Note	As at 31 December 2009 HK$'000	As at 31 March 2009 HK$'000
Non-current liabilities			
Convertible notes		—	23,205
Borrowings		—	31
		—	23,236
Net assets		**3,267,843**	2,484,570
Equity			
Equity attributable to the owners of the Company			
Share capital	*12*	**72,787**	62,545
Reserves		**3,195,056**	2,408,420
		3,267,843	2,470,965
Minority interests		—	13,605
		3,267,843	2,484,570

NOTES

1. Change of financial year end date

The financial year end date of the Company and the Group has been changed from 31 March to 31 December so as to be coterminous to the statutory financial year end date of our principal operating subsidiaries, which are mainly situated in the People's Republic of China. Accordingly, the comparative figures for the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated cash flow statement and related notes thereto are not comparable, as the current financial period covered a nine-month period from 1 April 2009 to 31 December 2009 and the comparatives covered a twelve-month period from 1 April 2008 to 31 March 2009.

2. Summary of significant accounting policies

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations ("Int") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange"). They have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss.

Application of new and revised Hong Kong Financial Reporting Standards

In the current period, the Group has applied, for the first time, the following amendments and interpretations ("new HKFRSs") issued by the HKICPA, which are effective for the Group's accounting period beginning on or after 1 April 2009.

HKAS 1 (Revised)	Presentation of financial statements
HKFRS 2 (Amendment)	Share-based payment
HKFRS 7 (Amendment)	Finance Instrument: Disclosures
HKAS 23 (Revised)	Borrowing costs
HKFRS 8 (Amendment)	Operating segments
HKAS 27 (Revised)	Consolidated and Separate Financial Statements

The adoption of new HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollars ("HK$").

In prior years, the directors regarded HK$ as the functional currency of the Company. During the period, the Group disposed of NPH Group *(Note 13)*, and the directors reassessed the Company's functional currency and considered that the functional currency of the Company should be changed from HK$ to Renminbi ("RMB") starting from 1 April 2009 as RMB has become the currency that mainly influences the operation of the Group's significant entities. The change in functional currency of the Company was applied prospectively from date of change in accordance with HKAS 21 "The Effect of Changes in Foreign Exchange Rates". As the Company is listed on the Main Board of The Stock Exchange of Hong Kong Limited, the directors consider that it will be more appropriate to continue to adopt HK$ as the Group's and the Company's presentation currency.

On the date of the change of functional currency all assets, liabilities, issued capital and other components of equity and income statement items were translated into HK$ at the exchange rate on that date. As a result the cumulative currency translation differences which had arisen up to the date of the change of functional currency were reallocated to other components within equity.

Certain comparative figures have been reclassified to conform to the current period's presentation.

3. Segment information

HKFRS 8 "Operating Segments" became effective on 1 January 2009. Adoption of this standard did not have any effect on the Group's financial or operating results. In line with the new standards, management has determined the operating segments based on the internal reports reviewed and used by executive directors for strategic decision making. The Group has redefined its classification of business and operating segments so as to better align its segment information disclosure to the current structure and future development of the operations of the Group based on these internal reports.

Discontinued operations

On 5 March 2009, The Company entered into a sale and purchase agreement to dispose of the entire equity interests in China Windpower Group Limited (a wholly-owned subsidiary of the Company), which in turn, directly and indirectly, holds the entire issued share capital of the NPH Group (Please refer to *Note 13* for details). As a result, the NPH Group represents a discontinued operation.

The executive directors consider the business from a product and service perspective. Summary of details of the business segments is as follows:

Continuing operations

— Consultancy and design — providing technical and consultancy services and securing wind power resources in the renewable energy industry;

— Engineering and construction — undertaking electrical engineering and construction of wind power plant projects;

— Manufacture of tower tube equipments — manufacturing of tower tube and gear box equipments for wind power business;

— Operation and maintenance of wind power plants — providing operation and maintenance services to wind power plants; and

— Investment in wind power plant — investing in wind power plants.

Intersegment sales and transfers are transacted at cost or with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

Business segments

For the nine months ended 31 December 2009	Consultancy and design *HK$'000*	Engineering and construction *HK$'000*	Tower tube equipment manufacturing *HK$'000*	Wind power plant operation and maintenance *HK$'000*	Investment in wind power plant *HK$'000*	Total *HK$'000*
Segment revenue						
Inter-segment sales	34,218	(15,435)	—	—	(18,783)	—
Sales to external customers	49,561	227,968	270,071	14,997	—	562,597
Segment results	24,476	53,046	81,576	5,610	—	164,708
Share of profit of associates	—	—	281	—	3,739	4,020
Share of profit of JCEs	—	—	—	—	31,700	31,700
Finance income	3,021	241	185	14	80	3,541
Other gains, net						17,552
Unallocated income						371
Unallocated expenses						(25,767)
Finance costs	(693)	(88)	(948)	—	—	(1,729)
Profit before income tax						194,396
Income tax expense	—	(12,407)	(247)	—	—	(12,654)
Profit for the period from continuing operations						181,742
Loss from discontinued operations						(506)
Profit for the period						181,236
Segment assets	521,055	199,095	273,867	70,372	88,102	1,152,491
Goodwill	15,058	41,722	30,053	69,521	1,062,357	1,218,711
Interests in associates	225	—	6,416	—	86,780	93,421
Interests in JCEs						742,001
Unallocated assets						299,181
Total assets						3,505,805
Segment liabilities	(11,024)	(137,854)	(77,668)	(5,054)	(940)	(232,540)
Unallocated liabilities						(5,422)
Total liabilities						(237,962)
Other segment information						Unallocated
Additions to non-current assets (other than financial instruments and deferred tax assets)	1,382	5,933	753	25,708	50,079	11
Depreciation	341	2,674	1,330	95	289	324
Amortisation of intangible asset and land use right	—	—	469	—	—	75
Loss on disposal of fixed assets	—	—	98	—	—	—
Share-based compensation	1,575	1,760	252	205	—	3,802

For the year ended 31 March 2009	Consultancy and design *HK$'000*	Engineering and construction *HK$'000*	Tower tube equipment manufacturing *HK$'000*	Wind power plant operation and maintenance *HK$'000*	Investment in wind power plant *HK$'000*	Total *HK$'000*	Discontinued operations Nam Pei Hong *HK$'000*
Segment revenue							
Inter-segment sales	5,974	(5,441)	—	—	(533)	—	
Sales to external customers	17,353	125,447	227,273	9,316	—	379,389	
Segment results	6,421	33,215	50,427	2,065	—	92,128	
Share of profit of associates	—	—	575	—	4,204	4,779	
Share of profit of JCEs	—	—	—	—	10,461	10,461	
Finance income	8,753	57	4,960	6	30	13,806	
Other gains, net						28,098	
Unallocated expenses						(21,739)	
Finance costs	(4,656)	(851)	—	—	—	(5,507)	
Profit before income tax						122,026	
Income tax expense	—	(3,973)	—	—	—	(3,973)	
Profit for the year from continuing operations						118,053	
Loss from discontinued operations						(1,983)	
Profit for the year						116,070	
Segment assets	344,410	6,673	145,719	242,192	54,057	793,051	
Goodwill	15,031	41,649	30,001	69,398	1,060,490	1,216,569	
Interests in associates	—	—	6,124	—	93,797	99,921	
Interests in JCEs	—	—	—	—	321,048	321,048	
Unallocated assets						163,647	
Discontinued operations Nam Pei Hong						50,493	
Total assets						2,644,729	
Segment liabilities	(6,743)	(204)	(54,853)	(54,033)	(5)	(115,838)	
Unallocated liabilities						(25,022)	
Discontinued operations Nam Pei Hong						(19,299)	
Total liabilities						(160,159)	
Other segment information						Unallocated	
Additions to non-current assets (other than financial instruments and deferred tax assets)	1,230	11,316	24,604	357	3,557	9	870
Depreciation	52	2,899	668	75	—	434	1,566
Amortisation of intangible asset and land use right	—	—	235	—	—	100	—
Loss on disposal of fixed assets	—	—	—	—	—	—	202
Share-based compensation	974	1,360	169	94	—	3,086	—

4. Revenue and other income

Revenue represents consultancy and construction income; the net invoiced value of goods sold and other services rendered during the nine months ended 31 December 2009.

An analysis of revenue is as follows:

	Group	
	For the nine months ended 31 December 2009	For the year ended 31 March 2009
	HK$'000	*HK$'000*
Revenue	**562,597**	379,389
Other income		
Interest income	**3,541**	13,806
Others	**371**	1,867
	3,912	15,673

5. Other gains, net

An analysis of other gains, net is as follows:

	Group	
	For the nine months ended 31 December 2009	For the year ended 31 March 2009
	HK$'000	*HK$'000*
Gain on disposal of subsidiaries *(Note 13)*	**3,312**	28,098
Gain on disposal of an associate	**4,460**	—
Gain on acquisition of a joint controlled entity ("JCEs")	**8,169**	—
Net realised gains on disposal of financial assets at fair value through profit or loss	**1,611**	—
	17,552	28,098

6. Finance costs

	Group	
	For the nine months ended 31 December 2009	For the year ended 31 March 2009
	HK$'000	*HK$'000*
Interest on convertible notes	**689**	3,925
Interest on amounts due to associates	**—**	1,115
Interest on bank borrowing, wholly repayable within five years	**1,036**	461
Interest on finance lease	**4**	6
	1,729	5,507

7. Income tax expense

	Group	
	For the nine months ended 31 December 2009	For the year ended 31 March 2009
	HK$'000	*HK$'000*
Current tax		
— PRC Corporate income tax	**23,218**	9,981
Deferred tax	**(10,564)**	(6,008)
	12,654	3,973

8. Dividend

No dividend was paid or proposed during the nine months ended 31 December 2009, nor has any dividend been proposed since balance sheet date (31 March 2009: Nil).

9. Earnings/(loss) per share

(a) Basic

Basic earnings/(loss) per share is calculated by dividing the profit/(loss) attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period/year.

	For the nine months ended 31 December 2009	For the year ended 31 March 2009
Weighted average number of shares in issue (thousands)	**6,842,202**	5,770,087
Profit from continuing operations attributable to equity holders of the Company (HK$'000)	**181,742**	118,749
Basic earnings per share from continuing operations attributable to equity holders of the Company (HK cents per share)	**2.66**	2.06
Loss from discontinued operation attributable to equity holders of the Company (HK$'000)	**(506)**	(1,983)
Basic loss per share from discontinued operation attributable to equity holders of the Company (HK cents per share)	**(0.01)**	(0.03)
Profit attributable to equity holders of the Company (HK$'000)	**181,236**	116,766
Basic earnings per share attributable to equity holders of the Company	**2.65 HK cents**	2.03 HK cents

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has two categories of dilutive potential ordinary shares: convertible notes and share options. The convertible notes are assumed to have been converted into ordinary shares, and the net profit is adjusted to eliminate the interest expenses. For the share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to the outstanding share options. The weighted average number of ordinary shares calculated is compared to the number of shares that would have been issued assuming the exercise of the share options.

	For the nine months ended 31 December 2009	For the year ended 31 March 2009
Profit attributable to equity holders of the Company (HK$'000)	**181,236**	116,766
Interest expenses on convertible notes (HK$'000)	**689**	3,925
Profit used to determine diluted earnings per share (HK$'000)	**181,925**	120,691
Weighted average number of ordinary shares in issue (thousands)	**6,842,202**	5,770,087
Adjustment for:		
— assumed conversion of convertible notes — issued (thousands)	**145,855**	1,001,071
— effect of dilutive potential shares issuable under the Company's share option schemes (thousands)	**69,038**	—
Weighted average number of ordinary shares for diluted earnings per share (thousands)	**7,057,095**	6,771,158
Diluted earnings per share attributable to the equity holders of the Company		
From continuing operations	**2.59 HK cents**	1.81 HK cents
From discontinued operations	**(0.01) HK cents**	(0.03) HK cents
	2.58 HK cents	1.78 HK cents

10. Trade receivables, net

	Group	
	As at 31 December 2009	As at 31 March 2009
	HK$'000	*HK$'000*
Trade receivables	**48,947**	38,802

An aged analysis of the trade receivables, based on invoice date, as at the balance sheet date, net of provision, is as follows:

	Group	
	As at 31 December 2009	As at 31 March 2009
	HK$'000	*HK$'000*
Within 3 months	**14,090**	24,652
3 to 6 months	**6,629**	14,150
7 to 12 months	**14,052**	—
Over 12 months	**14,176**	—
	48,947	38,802

The Group's credit terms granted to customers of range between 30 and 180 days. The carrying amounts of trade receivables approximate their fair values and are denominated in RMB.

11. Trade payables

An aged analysis of the trade payables as at the balance sheet date, based on invoice date, is as follows:

	Group	
	As at 31 December 2009	As at 31 March 2009
	HK$'000	*HK$'000*
Within 3 months	**60,945**	39,047
3 to 6 months	**12,301**	11,156
6 to 12 months	**17,681**	11,990
Over 12 months	**5,488**	3,494
	96,415	65,687

The carrying amounts of trade payables approximate their fair values and are denominated in RMB.

12. Share capital

	As at 31 December 2009 *HK$'000*	As at 31 March 2009 *HK$'000*
Authorised:		
10,000,000,000 (31 March 2009: 10,000,000,000) ordinary shares of HK$0.01 each	**100,000**	100,000
Issued and fully paid:		
At 31 December 2009: 7,278,704,965 (31 March 2009: 6,254,470,578) ordinary shares of HK$0.01 each	**72,787**	62,545

A summary of the transactions during the period with reference to the movements of the Company's ordinary share capital is as follows:

	No. of shares *'000*	**Nominal value** *HK$'000*
Authorised:		
As at 31 December 2009 and 31 March 2009: 10,000,000,000 ordinary shares of HK$0.01 each	10,000,000	100,000
Issued and fully paid:		
At 31 March 2008: 4,554,470,578 ordinary shares of HK$0.01 each	4,554,471	45,545
Issues of ordinary shares of HK$0.01 each on conversion of convertible notes *(Note (i))*	1,700,000	17,000
At 31 March 2009: 6,254,470,578 ordinary shares of HK$0.01 each	6,254,471	62,545
Subscription of new ordinary shares of HK$0.01 each *(Note (ii))*	700,000	7,000
Issues of ordinary shares of HK$0.01 each on conversion of convertible notes *(Note (iii))*	323,469	3,235
Issues of ordinary shares of HK$0.01 each on exercise of share options	765	7
At 31 December 2009: 7,278,704,965 ordinary shares of HK$0.01 each	7,278,705	72,787

Note:

(i) On 14 July 2008, 1,700,000,000 ordinary shares of HK$0.01 each of the Company were issued as a result of the conversion of convertible notes with a principal amount of HK$168,300,000.

(ii) Pursuant to a placing and subscription agreement executed by the Company on 16 July 2009, a total of 700 million ordinary shares par value HK$0.01 each were issued at an issue price of HK$0.85 per share, raising net proceeds of approximately HK$580 million. Details of the transaction were disclosed in the Company's announcement dated 16 July 2009.

(iii) On 3 August 2009, 323,469,387 ordinary shares par value HK$0.01 each of the Company were issued as a result of the conversion of convertible notes with a principal amount of HK$31,700,000.

13. Disposal of subsidiaries

On 25 September 2008, the Company entered into a sale and purchase agreement to dispose the entire equity interest in Great Grand Limited for a consideration of HK$25,600,000. The disposal was completed on the same day and Great Grand Limited ceased to be a subsidiary thereon.

On 16 March 2009, the Group entered into a sale and purchase agreement ("JV-S&P Agreement") with CLP Power China (Northeast) Limited, pursuant to which the Group disposed of a 50% equity interest in the CLP-CWP Wind Power Investment Limited, for a consideration of HK$101,300,504, CLP-CWP Wind Power Investment Limited in turn holds the entire issued share capital of CWP Development Limited ("CWPD") at completion of the JV-S&P Agreement. Upon disposal of the subsidiary, exchange differences of HK$3,102,000 that were previously recorded in equity were recognised in the consolidated income statement as part of the gain on disposal. The disposal was completed on 31 March 2009. CWPD ceased to be a subsidiary and was accounted for as a jointly controlled entity.

On 5 March 2009, the Company entered into a sale and purchase agreement to dispose of the entire equity interests in China Windpower Group Limited (a wholly-owned subsidiary of the Company), which in turn, directly and indirectly, holds the entire issued share capital of each of Nam Pei Hong Sum Yung Drugs Company Limited, NPH Sino-Meditech Limited, Poo Yuk Loong Limited and (Poo Yuk Loong (Shenzhen) Limited) (collectively, "NPH Group"). Details of the disposal were disclosed in the Company's circular dated 27 March 2009. As a result, the NPH Group represents a discontinued operation and the assets and liabilities related to the NPH Group were classified as held for sale as of last year's balance sheet date of 31 March 2009. The disposal was completed on 19 May 2009 and the Group ceased to hold any interest in NPH Group thereon.

The result of discontinued operations for the period up to the date of disposal were as follows:

	Period from 1 April 2009 to 19 May 2009	Year ended 31 March 2009
	HK$'000	*HK$'000*
Revenue	**8,803**	89,034
Other income	**10**	2,247
Cost of revenue	**(5,857)**	(60,814)
Expenses	**(3,462)**	(32,450)
Loss before tax	**(506)**	(1,983)
Income tax expense	**—**	—
	(506)	(1,983)

	As at 31 December 2009	As at 31 March 2009
	HK$'000	*HK$'000*
Carrying value of net assets/(liabilities) disposed of:		
Long-term investments	**—**	74,215
Fixed assets	**2,327**	—
Inventory	**11,723**	—
Prepayment, accounts receivable and other receivables	**7,285**	39
Financial assets at fair value through profit at loss	**—**	24,830
Cash and cash equivalents	**23,206**	—
Accounts payable and other payables and accruals	**(9,577)**	(281)
Bank loan	**(4,896)**	—
Incidental disposal costs	**620**	—
	30,688	98,803
Gain on disposal of subsidiaries *(Note 5)*	**3,312**	28,098
Satisfied by cash	**34,000**	126,901

MANAGEMENT DISCUSSION AND ANALYSIS

Operating Environment

In 2009, the global economy gradually stabilized and China's economy strongly recovered. The wind power industry continues to grow rapidly and the Group achieved remarkable results during the year. The Group agilely combat different challenges and aggressively developed its wind power business. All lines of business demonstrated sustainable and rapid growth, particularly in power generation, installed capacity, service capabilities, profitability and asset scale. The Group's vertical integrated wind power business capabilities are fully established and are widely recognized by the industry.

Global attention to climate change intensified in 2009. Low carbon economy and development of clean and renewable energy have become an important agenda for the future economic growth globally. China announced its emission reduction target for year 2020. China's renewable energy development plan has widespread support within the country. During the year, the National Development and Reform Commission ("NDRC") introduced a regional fixed wind tariff standard and National People's Congress approved the enhancement of the Renewable Energy Law. The clear wind power policy and plan offer a favorable environment for wind power development in China.

The financing environment in 2009 had also been positive. China's vigorous RMB4 trillion economic stimulus package, ready availability of bank financing and low interest rates had helped China overcome the global finance crisis.

In 2009, the efficiency and availability of the domestically manufactured turbines demonstrated significant improvements. The problem of shortage in wind turbine supply in 2008 no longer exists. With supply driven equipment price deflation, shortened equipment supply cycles and improved turbine functionality, wind power investment and development are encouraged.

In terms of grid development, the government authorities and the grid companies are fully aware of the existing problems of grid connection and congestion, and are urgently putting together a grid development plan — detailing the strengthening of the grid infrastructure and the development of a smart grid and super high voltage transmission lines — which will support the further development of renewable energy.

Overall speaking, the supportive policy and favorable investment environment in 2009 had strongly driven forward the Group's wind power business development.

Business Review

The Group has changed its financial year end from March 31 to December 31 in order to coincide with the accounting year end of our subsidiaries in China. This change of accounting year end can improve the efficiency of our audit, internal control; and can allow shareholders and investors to appraise the development of the Group on a more consistent basis. Thus this report is for the 9-month results from 1 April 2009 to 31 December 2009 (the "Reporting Period").

Given the favourable operating environment in 2009, the Group expedite the development of and investment in wind power projects and expanded the scale and scope of its wind power services. During the Reporting Period, eight wind farms with a total capacity of 396MW commenced operation and at the end of the Reporting Period, four wind farms with a total capacity of 349MW were under construction. The Group provided professional wind power services to its own wind farms and wind farms invested by independent third parties. During the Reporting Period, the Group recorded consolidated revenue of HK$562,597,000 from its wind power businesses (1 April 08 to 31 March 09: HK$379,389,000), representing an annualized growth of 98% from the previous reported year. As at 31 December 2009, the Group's net asset value amounted to HK$3,267,843,000 (31 March 2009: HK$2,484,570,000), and cash and cash equivalent totalled HK$1,109,561,000 (31 March 2009: HK$745,061,000). Profit attributable to equity holders of the Company was HK$181,236,000 (1 April 08 to 31 March 09: HK$116,766,000), representing an annualized increase of 107%. Basic earnings per share from continuing operations were 2.66 HK cents (1 April 08 to 31 March 09: 2.06 HK cents) and its fully diluted earnings per share from continuing operations were 2.59 HK cents (1 April 08 to 31 March 09: 1.81 HK cents).

During the Reporting Period, the Group raised approximately HK$580,000,000 through a placement of 700,000,000 new ordinary shares to help finance our accelerating development. And because of the financial crisis, the Group felt it was prudent to strengthen its equity capital base.

Wind Power Business

The Group disposed the Nam Pei Hong business in the Reporting Period and focused purely on wind power business.

The Group achieved rapid growth and imposing results in wind resources reserve, wind power plant investments, project consultancy & design, engineering & construction of wind power projects, tower tube equipment manufacturing and, last but not least, operation & maintenance of wind power plants.

1. *Wind Power Plant Investments and Operations*

i. *Investment in Wind Power Plants*

In 2009, the Group sped up the investment in wind power plants, and initiated the construction of the 200MW NDRC concession project in Guazhou, Gansu Province. During the Reporting Period, the Group started construction of eight wind power projects (total capacity of 547MW), completed construction and commenced operation of eight wind power plants (total capacity of 396MW). At the end of the Reporting Period, the Group had invested in and constructed 16 wind power plants with a total 914MW installed capacity, of which 561MW was attributable to the Group. 12 out of the 16 wind power plants (total capacity of 566MW) are in operation. The remaining four are still under construction (total capacity of 349MW). During the Reporting Period, the Group accomplished shorter construction period, lower costs and good safety record.

The Group operates a centralized equipment procurement system to enable it to capture the negotiate volume discounts on its equipment purchases. During the period, the Group also benefited from the significant drop in wind turbine prices and shorter equipment supply lead time.

ii. *Power Generation*

During the Reporting Period, the Group generated total on-grid electricity of 296,060,000kWh, representing an annualized increase of 75% from the year ended 31 March 2009. (This generation was mainly from wind farms that commenced operation in the previous financial year as the majority of the wind farms that were completed during the Reporting Period commenced operation towards end of 2009). The Group's wind power plants achieved or exceeded the planned capacity factors. Our Inner Mongolia Taipusiqi Shenhua Xiehe wind farm and Erlianhaote Changfeng Xiehe wind farm generated power well above our expectation, with capacity factors of 2,466 hours and 2,596 hours, respectively.

iii. *Wind Resources and Project Development*

Although the competition for wind resources is increasing and they are becoming more difficult to secure, with the Group's agile approach, strong track record and capabilities, the Group continued to procure quality wind resources. During the Reporting Period, the Group secured exclusive wind power development rights totalling 2,250MW, comprising 750MW in Liaoning Province and 1,500MW in Jilin Province. These new additional wind reserves are of high quality with good wind, grid and tariff conditions. In aggregate, the Group has accumulated wind resources of 9,510MW, which provide a solid sustainable foundation for years of wind power development and investment.

The wind power project development and approval process have also become more difficult particularly with respect to grid connection. To address this challenge, the Group has strengthened its project development capabilities by expanding the project development teams. During the Reporting Period, the Group obtained six project approvals, nine grid connection approvals, seven grid connection proposal approvals and five tariff approvals. The strengthened project development capabilities helped to ensure project development progress in 2009 and makes us well positioned for further progress in the year ahead.

iv. CDM

During the Reporting Period, the Group signed Certified Emission Reduction ("CER") sales agreements for an additional seven wind power projects, bringing the total signed CER sales agreements for 14 wind power projects (total capacity of 815MW). Applications for Clean Development Mechanism ("CDM") registration are proceeding well. Two wind power projects have secured registration with the United Nations. Five other projects obtained approval from the NDRC, passed independent audits and are currently being reviewed by the United Nations CDM Executive Board.

2. Wind Power Services Business

During the Reporting Period, all wind power business segments made great progress.

i. Wind Power Consultancy & Design

The Group's consultancy & design unit obtained the engineering consulting qualification from NDRC and professional engineering design certificate for wind power generation and power transmission from Ministry of Housing and Urban-Rural Development of People's Republic of China and Beijing Municipal Commission of Urban Planning.

Currently, the consultancy & design unit has 50 employees with expertise covering all aspects related to wind power consultancy & design, such as wind resources assessment, electrical, civil, budget estimate, economic valuation, environment assessment, soil and water conservation, geology, planning, and water supply and drainage. The Group's consultancy & design unit is one of the leading professional wind power design consultancy teams in China, providing services — including initial planning of wind farm development, wind resource assessment, wind power project feasibility study, wind farm construction design, micro-site selection solution, CDM technical service and post-project evaluation of wind power projects.

A total of 81 reports are provided to wind power projects invested by the Group and also to independent third parties over the Reporting Period.

During the Reporting Period, the Group's consultancy & design unit (including project development business) recorded revenue of HK$49,561,000 (1 April 08 to 31 March 09: HK$17,353,000).

ii. *Wind Power Engineering & Construction Services*

The Group's wind power engineering & construction services unit continued to expand its scale during this Reporting Period, taking on construction contracts for 13 wind power projects (total capacity of around 845MW), including the construction of turbine foundation for Longyuan's Liaoning Faku wind farm. Leveraging from the vertical integrated wind power resources of the Group, the engineering & construction services unit is able to provide a professional integrated wind power contractor service. In addition, the service unit facilitated good safety record, efficient project management and strict costs control, thus enhances overall efficiency.

The engineering & construction services unit generated revenue of HK$227,968,000 (1 April 08 to 31 March 09: HK$125,447,000).

iii. *Wind Power Tower Tube Equipment Manufacturing*

During the Reporting Period, the Group's wind power tower tube equipment manufacturing unit received the ISO9001 qualification and supplied 244 wind tower tubes (including OEM) through its Jinlin Tianhe Wind Power Equipment Ltd.. Profitability had improved as the unit centralized material procurement, aggressively pursued orders and strictly controlled quality and costs.

The wind power tower tube equipment manufacturing unit recorded revenue of HK$270,071,000 (1 April 08 to 31 March 09: HK$227,273,000).

iv. *Wind Power Plant Operation & Maintenance Service*

The Group's wind power plant operation & maintenance service unit experienced a fast expansion and development during the Reporting Period. This unit now employs 141 staff, providing professional wind farm operation maintenance and equipment monitoring and repair services to 12 wind farms in Liaoning, Jilin and Inner Mongolia Provinces.

The Group successfully developed a centralized standard operation & maintenance system, which can cope with all major turbine models — the SCADA system. The system has been tested successfully and is now in full implementation.

The Group is working with internationally reputable counterparties, including General Electric in the US and SgurrEnergy in the UK, to strengthen its capabilities in operation & maintenance of wind farms.

The Group has set up an express repair and maintenance service center in Fuxin, Liaoning Province, to provide speedy services — including component replacement, equipment repair, operation maintenance, etc. — to many wind farms in Liaoning Province and eastern Inner Mongolia Province, and regional technical support for major domestic equipment manufacturers. The express service center has started operation and is currently gathering up the necessary equipments and components. The Group believes the establishment of the repair and maintenance center will help to increase the competiveness and service capabilities of the Group's wind power plant operation & maintenance service unit.

During the Reporting Period, the Group's operation and maintenance unit recorded revenue of HK$14,997,000 (1 April 08 to 31 March 09: HK$9,316,000).

Liquidity and Financial Resources

As at 31 December 2009, the Group had cash or cash equivalents of approximately HK$1,109,561,000 (31 March 2009: HK$745,061,000). As at that date, the current ratio was 5.50 times. (31 March 2009: 6.94 times). The consolidated net assets of the Group stood at approximately HK$3,267,843,000 (31 March 2009: HK$2,484,570,000).

Foreign Exchange Risk

The financial statements of the Group are presented in Hong Kong dollars and its income and expenditure (including capital expenditure) of its principal businesses are denominated in Renminbi. The Group did not engage in the use of any financial instruments for hedging purposes.

Capital Structure

On 24 July 2009, the Company placed 700,000,000 ordinary shares of the Company of HK$0.01 each at the issue price of HK$0.85 per share. The net proceeds amounted to approximately HK$580,000,000, are intended for use for the development of the Group's wind power business. Details of the transaction were disclosed in the announcement of the Company dated 16 July 2009.

On 3 August 2009, 323,469,387 ordinary shares at par value HK$0.01 each of the Company were issued as a result of the conversion of convertible notes with a principal amount of HK$31,700,000. As at 31 December 2009, all convertible notes issued by the Company have been converted.

Contingent Liabilities

As at 31 December 2009, the Group, via its wholly-owned subsidiary, had entered into joint venture agreements with joint venture partners in the PRC. Pursuant to the joint venture agreements, the Group was required to pledge its share of the equity interests in these jointly controlled entities as security for the bank loans of each of the respective jointly controlled entities. The Group had pledged its share of equity interests in five jointly controlled entities, with total value of HK$360,871,000. As at 14 January 2010, pledges of interests in three of the jointly controlled entities were replaced by pledges of the assets held by those jointly controlled entities. The Group's interests in these three jointly controlled entities amounted to HK$250,432,000.

Save from the above, the Group did not have any significant contingent liabilities as at 31 December 2009 and 31 March 2009.

Commitments

As at 31 December 2009, the Group had capital commitments of HK$787,175,000 (31 March 2009: HK$67,873,000) which were not accounted for in the financial statements. The amount was mainly capital committed for investment in wind power plants.

As at 31 December 2009, rental payments under non-cancellable operating leases amounted to HK$5,671,000 (31 March 2009: HK$8,487,000).

Staff and Remuneration

The Group regards employees as its most valuable asset. To keep pace with the ever-changing market environment and the rapid business development, the Group has strengthened its human resources assets through proactive recruitment and on-the-job training programs. Recruitments of high calibre talent have enhanced the Group's capabilities in project development, finance and construction. The Group has aligned the interests of employees and itself by refining and establishing incentive scheme and monitoring system, benefitting from its status as a listed company. The alignment of interests has strengthened employees' sense of cohesion towards the Group.

Staff remuneration packages comprise salaries and discretionary bonuses, which included share options. The management will determine employees' salaries and bonuses (including share options) after discussions about the employees' performance, so that their salaries and bonuses are in line with their performance, and that the Group's remuneration policy can be competitive in the market. During the Reporting Period, the Group distributed share options for the subscription of 100 million shares to 200 core employees. Under the share option schemes, employees are better incentivised and the Group is better placed to attract and retain talented staff.

As at 31 December 2009, the Group had a total of 816 full-time employees (31 March 2009: 516), comprising 99 headquarter-based management employees, 137 project development and project management employees, 50 wind power consultancy & design employees, 145 engineering & construction employees, 244 equipment manufacturing employees, and 141 operation & maintenance employees. The Group also saw notable improvement in staff quality. It had 47 employees holding senior technological and professional qualifications, 113 employees with intermediate professional and technological qualifications. Among its employees, 59 held master's degrees or higher qualifications.

Training programs were conducted by the Group to improve employees' occupational proficiency, professional expertise and management skills.

Corporate Governance

During the Reporting Period, the Group enhanced the corporate governance mechanism and strengthened the management system. The internal control department has conducted regular audits on the company and its subsidiaries. As advised by a professional human resources consultancy, the Group laid out a performance appraisal and remuneration system across divisions. Integrating this system with the corporate control mechanism, the Group has now established a reward mechanism that offers short-term, mid-term and long-term performance incentives to the staff. To strengthen its staff appraising and planning management capability, the Group set up its planning management department devoted to the supervision of Group's business planning and establishment of operational performance benchmark.

During the Reporting Period, the Group also established an online authorization system to improve the efficiency of internal approval process and save paper. The company's website is now more informational. Annual page visits to the Group's website reached 580,000 from over 125,000 visitors, record daily visitor count neared 1,000. The website has become one of the important information sources for investors.

After thorough study and discussion among the management, the Group published internally a "Five-Year Development Plan" — a document that analyzed the Group's advantages and disadvantages, stated development targets, strategic directions and future development strategies. This Plan has been officially adopted and is being implemented across all business units.

Emission Reduction, Conservation and Social Responsibility

The Group is committed in developing clean energies to aid the reduction of environmental pollution and the combat of climate change. Regarding social responsibility, the Group is concerned about reducing green-house emission and improving economic and educational standards in under-developed regions.

Obviously wind power is able to reduce emission significantly. The Group, through its wind power plants, reduced emission of carbon dioxide by 300,000 tonnes, sulphur dioxide by 3,010 tonnes and nitrogen oxides by 267 tonnes. Furthermore, the plants together saved the country 100,000 tonnes of standard coals and 850,000 tonnes of water, which would otherwise be consumed in coal-fired power generation. As at the end of the Reporting Period, the Group's wind power plants had reduced emissions of 650,000 tonnes of carbon dioxide, 6,820 tonnes of sulphur dioxide, 590 tonnes of nitrogen oxides in aggregate. Moreover, the Group had saved 230,000 tonnes of stardard coal and 1,880,000 tonnes of water for China.

The Group has invested heavily in the construction of wind power projects in under-developed areas. The Group expects the investments to increase employment opportunities and taxation revenues, and improve economic development in these under-developed areas. As mentioned above, the Group has established a repair and maintenance center in Fuxin, Liaoning Province. In order to support the development of wind power equipment manufacturing industry, the Group has also introduced China's leading turbine manufacturer Xinjiang GoldWind Science & Technology Co. Ltd. to the Fuxin site to manufacture wind turbines, so that all three parties — the local government, the wind power developer and the equipment manufacturer — have mutually benefited. As a reflection to our sense of social responsibility, the Group contributed to education by donating RMB2,000,000 for the construction of three schools, namely Zhang Wu Hou Xin Qiu School, Da Si Jia Zi School and Ma Zong Shan School, in poverty-stricken areas in China. We also continued to sponsor scholarships, bursaries and teacher awards for students and teachers in the wind power discipline at North China Electric Power University.

Prospect

Major developed countries and developing countries of the world have reached a consensus that the world should keenly promote clean and renewable energies, gradually reduce its dependence on traditional fossil fuels and proactively respond to climate changes. We expect governments will strongly support the development of wind power — the most economically viable among all clean and renewable energy sources.

The technologies for wind power industry are still advancing. As technologies for producing wind power generation equipment continue to mature and competition among their suppliers intensifies, we expect the efficiency and reliability of wind power electricity generation to continuously improve and the prices of wind power generation equipment to fall. These factors will translate to reduce costs and higher returns on wind power project investments.

In 2009, NDRC published a regional fixed wind power tariff standard. With pricing clearly set, we expect the electricity tariff to remain stable for a certain period of time. This would create strong confidence and support among investors in China's wind power industry.

Some wind power developers have experienced restriction for power output and difficulties in connecting their projects to the grid. We believe this connection problem for those affected will be temporary, partial and solvable by technical assistance. In the long run, the development of wind power will have to go hand-in-hand with the development of the grid. The State Grid Corporation of China has established a plan for the development of a smart grid. The development of smart grid will significantly increase the capacity of the grid to receive renewable power, forming a solid foundation for the continuous development of the wind power industry.

Although the Copenhagen Conference which was held in late 2009 failed to reach any agreement with regard to the post-2012 CDM system, and it is unclear whether the CDM will continue after 2012, we believe the proven provisions on carbon emission reduction in the Kyoto Protocol will continue to promote the development of clean energy industry. The outlook of carbon emission trading market remains bright. It is estimated that half of the 5 billion tonnes of greenhouse gas mission reduction by 2012 promised by developed countries will be achieved through the CDM system. Demand for carbon trading should be large in the future.

China has abundant wind resources of more than 1,000GW, but the country has, to date, deployed less than 2% of those resources and generating less than 0.8% of the total electricity output from wind power. These figures clearly present enormous potential for the wind power industry to develop in the country.

China's wind power market is large and its development is fast. The Group has objectively analyzed the market trends, the Group's project development capability, its wind resource reserves and its financial position. Based on its analysis, the Group believes that there are great opportunities for the Group to expedite wind power development in 2010. In the near future, the Group will focus on capturing opportunities in the fast growing wind power market in China. Thus, the Group will step up its strength of wind power investment in 2010.

In 2010, the Group will continue to focus on the development of our two main business segments: (1) wind power plant investments and (2) wind power services. The Group will further strengthen management, demanding efficiency and return. The Group will significantly increase its installed wind power capacity. In 2010, the Group plans to start the construction of wind power projects with a total installed capacity of 700MW, and it expects a total new installed capacity of 500MW or more wind power projects to commence operation within 2010. Depending on the development progress, the Group may raise the aforesaid targets. In 2010, the Group is also evaluating opportunities in the off-shore wind power sector and the wind-solar hybrid power generation. The Group could further accelerate its development or widened its business scope by means of acquisitions and co-operative ventures should opportunities arise. In due course, the Group will improve its overall operational yield, expand its scale and increase profitability in order to become one of the world's top-ranked clean and renewable energy companies.

PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY

During the nine months ended 31 December 2009, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company.

CORPORATE GOVERNANCE

Throughout the nine months ended 31 December 2009, the Board has reviewed the Group's corporate governance practices and is satisfied that the Company has complied with the code provisions of the Code on Corporate Governance Practices (the "CGP Code") set out in Appendix 14 to the Listing Rules, except for the following deviation:

Code Provision A.2.1

There was no separation of the role of chairman (the "Chairman") and chief executive officer (the "CEO"). Mr. Liu Shunxing, the CEO of the Group, has become of the Chairman of the Group since 10 June 2009, and has assumed the role of both the Chairman and the CEO of the Group. The Board considered that this structure could enhance efficiency in the formulation and implementation of the Company's strategies in this fast development stage. The Board will review the need of appointing suitable candidate to assume the role of the CEO when necessary.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") set out in Appendix 10 to the Listing Rules. Upon enquiry by the Company, all directors of the Company have confirmed that they have complied with the required standards set out in the Model Code throughout the nine months ended 31 December 2009.

AUDIT COMMITTEE

The Audit Committee comprises two independent non-executive Directors, Dr. Wong Yau Kar, David and Mr. Yap Fat Suan, Henry, and one non-executive Director, Mr. Tsoi Tong Hoo, Tony. Mr. Yap Fat Suan, Henry is the chairman of the Audit Committee. The Audit Committee has adopted the terms of reference which are in line with the CGP Code. The Group's consolidated financial statements for the nine months ended 31 December 2009 have been reviewed by the Audit Committee.

APPRECIATION

The Board wishes to take this opportunity to express gratitude to our employees for their contribution and dedication to the Group. We also thank our shareholders, customers and business partners for their continuous support.

For and on behalf of
China WindPower Group Limited
Liu Shunxing
Chairman and Chief Executive Officer

Hong Kong, 8 March 2010

As at the date of this announcement, the Board comprises Mr. Liu Shunxing, Mr. Ko Chun Shun, Johnson, Mr. Wang Xun, Mr. Yang Zhifeng, Ms. Liu Jianhong, Mr. Yu Weizhou, Ms. Ko Wing Yan, Samantha and Mr. Chan Kam Kwan, Jason (who are executive directors), Mr. Tsoi Tong Hoo, Tony (who is non-executive director), and Dr. Zhou Dadi, Dr. Wong Yau Kar, David and Mr. Yap Fat Suan, Henry (who are independent non-executive directors).