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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)

**ANNOUNCEMENT OF INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2009**

The board of directors (the “Directors”) of China WindPower Group Limited (the “Company”) announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (the “Group”) for the six months ended 30 September 2009 together with comparative figures for the corresponding period in 2008. The unaudited condensed consolidated interim results have been reviewed by the Company’s audit committee.

* *for identification purpose only*

CONDENSED CONSOLIDATED INCOME STATEMENT

		For the six months ended 30 September	
		2009	2008
		(Unaudited)	(Unaudited)
		HK\$'000	HK\$'000
	Notes		
Continuing operations			
Revenue	2, 3	344,772	227,401
Other income	3	2,571	4,983
Other gain, net	4	15,636	—
Expenses			
Cost of construction and inventories sold		(212,941)	(143,959)
Employee benefit expense		(29,598)	(14,921)
Depreciation and amortisation		(2,943)	(1,608)
Operating lease payments in respect of land and buildings		(1,927)	(2,025)
Other expenses		(12,049)	(9,886)
Finance costs	5	(821)	(3,095)
Share of results			
— associates		2,592	1,896
— jointly controlled entities		9,733	(1,225)
Profit before income tax		115,025	57,561
Income tax expense	6	(7,573)	(3,699)
Profit for the period from continuing operations		107,452	53,862
Discontinued operations			
Loss from discontinued operations	13	(506)	(699)
Profit for the period		106,946	53,163
Attributable to:			
Equity holders of the Company		106,946	53,858
Minority interests		—	(695)
		106,946	53,163
Earnings/(loss) per share from profit/(loss) attributable to the equity holders of the Company during the period	8		
Basic earnings/(loss) per share			
From continuing operations		1.62 HK cents (0.01) HK cents	1.03 HK cents (0.01) HK cents
From discontinued operations		1.61 HK cents	1.02 HK cents
Diluted earnings/(loss) per share			
From continuing operations		1.57 HK cents (0.01) HK cents	0.91 HK cents (0.01) HK cents
From discontinued operations		1.56 HK cents	0.90 HK cents

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the six months ended	
	30 September	
	2009	2008
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Profit for the period	106,946	53,163
Other comprehensive income:		
Currency translation differences	<u>1,798</u>	<u>26,244</u>
Total comprehensive income for the period	<u>108,744</u>	<u>79,407</u>
Total comprehensive income attributable to:		
— equity holders of the Company	108,744	80,102
— minority interests	<u>—</u>	<u>(695)</u>
	<u><u>108,744</u></u>	<u><u>79,407</u></u>

CONDENSED CONSOLIDATED BALANCE SHEET

		30 September 2009 (Unaudited) HK\$'000	31 March 2009 (Audited) HK\$'000
	Notes		
Non-current assets			
Property, plant and equipment		89,036	47,838
Land use right		365	642
Intangible assets		1,219,845	1,218,469
Interests in associates		55,076	99,921
Interests in jointly controlled entities		623,293	321,048
Deferred tax assets		11,249	6,008
		<u>1,998,864</u>	<u>1,693,926</u>
Current assets			
Inventories		80,704	63,594
Trade receivables, net	9	160,134	38,802
Prepayments, deposits and other receivables		164,096	31,666
Amounts due from associates		40,341	19,704
Amounts due from jointly controlled entities		54,418	1,483
Cash and cash equivalents		923,661	745,061
		<u>1,423,354</u>	<u>900,310</u>
Assets of disposal group classified as held for sale and discontinued operations		<u>—</u>	<u>50,493</u>
		<u>1,423,354</u>	<u>950,803</u>
Current liabilities			
Trade payables	10	78,043	65,687
Other payables and accruals		48,476	40,733
Amounts due to jointly controlled entities		38,375	9,791
Borrowings		56,758	14
Tax payable		11,936	1,399
		<u>233,588</u>	<u>117,624</u>
Liabilities of disposal group classified as held for sale and discontinued operations		<u>—</u>	<u>19,299</u>
		<u>233,588</u>	<u>136,923</u>
Net current assets		<u>1,189,766</u>	<u>813,880</u>
Total assets less current liabilities		<u>3,188,630</u>	<u>2,507,806</u>

		30 September 2009 (Unaudited) HK\$'000	31 March 2009 (Audited) HK\$'000
	<i>Notes</i>		
Non-current liabilities			
Convertible notes	<i>11</i>	—	23,205
Borrowings		<u>25</u>	<u>31</u>
		<u>25</u>	<u>23,236</u>
Net assets		<u>3,188,605</u>	<u>2,484,570</u>
Capital and reserves attributable to the equity holders of the Company			
Share capital	<i>12</i>	72,784	62,545
Reserves		<u>3,115,821</u>	<u>2,408,420</u>
		3,188,605	2,470,965
Minority interests		<u>—</u>	<u>13,605</u>
		<u>3,188,605</u>	<u>2,484,570</u>

NOTES:

1. Basis of Preparation and Principal Accounting Policies

The condensed consolidated interim financial statements for the six months ended 30 September 2009 have been prepared in accordance with the disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (“Listing Rules”) and Hong Kong Accounting Standard (“HKAS”) 34 “Interim financial reporting” issued by the Hong Kong Institute of Certified Public Accountants.

The condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 March 2009.

The accounting policies and basis of preparation adopted in the preparation of these condensed consolidated interim financial statements are consistent with those used in the Group’s audited financial statements for the year ended 31 March 2009, except for the change of functional currency of the Company effective from 1 April 2009.

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 (“HKD”).

In prior years, the directors regarded HKD as the functional currency of the Company. During the period ended 30 September 2009, the directors reassessed the Company’s functional currency and considered that the functional currency of the Company should be changed from HKD 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 of functional currency of the Company was applied prospectively from the 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 continuing to adopt HKD as the Group’s and the Company’s presentation currency.

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

2. 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 standard, 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.

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments.

Business segments

The following table presents the revenue, profit for the Group’s business segments for the six months ended 30 September 2009. The comparative figures have been reclassified to conform with the current period’s presentation.

2009

	Wind power consultancy and design (Unaudited) HK\$'000	Wind power engineering and construction (Unaudited) HK\$'000	Wind power tower tube equipment manufacturing (Unaudited) HK\$'000	Wind power plant operation and maintenance (Unaudited) HK\$'000	Investment in wind power plant (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
Segment revenue						
Sales to external customers	26,026	157,853	153,351	7,542	—	344,772
Segment results	10,508	34,265	48,270	2,632	—	95,675
Share of profit of associates			216		2,376	2,592
Share of profit of jointly controlled entities					9,733	9,733
Finance income						1,696
Other gain, net						15,636
Unallocated income						875
Unallocated expenses						(10,361)
Finance costs						(821)
Profit before income tax						115,025
Income tax expense						(7,573)
Profit for the period from continuing operations						107,452
Loss from discontinued operations (Note 13)						(506)
Profit for the period						106,946

2008

	Wind power consultancy and design (Unaudited) HK\$'000	Wind power engineering and construction (Unaudited) HK\$'000	Wind power tower tube equipment manufacturing (Unaudited) HK\$'000	Wind power plant operation and maintenance (Unaudited) HK\$'000	Investment in wind power plant (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
Segment revenue						
Sales to external customers	16,058	69,653	137,928	3,762	—	227,401
Segment results	7,430	23,963	30,442	664	—	62,499
Share of profit of associates			306		1,590	1,896
Share of loss of jointly controlled entities					(1,225)	(1,225)
Finance Income						4,218
Unallocated income						765
Unallocated expenses						(7,497)
Finance costs						(3,095)
Profit before income tax						57,561
Income tax expense						(3,699)
Profit for the period from continuing operations						53,862
Loss from discontinued operations (Note 13)						(699)
Profit for the period						53,163

3. Revenue and other income

Revenue represents consultancy and construction income; the net invoiced value of goods sold, after allowances for returns and trade discounts; the value of services rendered during the period.

An analysis of revenue and other income is as follows:

	Group	
	For the six months ended	
	30 September	
Continuing operations	2009	2008
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Revenue	344,772	227,401
Other income		
Finance income	1,696	4,218
Net realised gains on disposal of financial assets at fair value through profit or loss	847	—
Others	28	765
	2,571	4,983

4. Other gain, net

	Group	
	For the six months ended	
	30 September	
	2009	2008
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Gain on disposal of subsidiaries (note 13)	3,312	—
Gain on disposal of an associate	4,156	—
Gain on acquisition of a jointly controlled entity ("JCEs") (note 14)	8,168	—
	15,636	—

5. Finance costs

	Group	
	For the six months ended	
	30 September	
	2009	2008
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interest on convertible notes	689	3,092
Interest on bank loan, wholly repayable within one years	129	—
Interest on finance lease	3	3
	821	3,095

6. Income tax expense

	Group For the six months ended 30 September	
	2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000
Current tax		
— Overseas taxation — The PRC	12,807	8,534
Deferred tax	(5,234)	(4,835)
	7,573	3,699

7. Interim dividend

The Directors do not recommend the payment of any interim dividend for the six months ended 30 September 2009 (2008: Nil).

8. Earnings per share

(a) Basic

The calculation of earnings per share is based on the profit attributable to the equity holders of the Company of HK\$106,946,000 (2008: HK\$53,858,000) and the weighted average number of 6,622,838,960 shares (2008: 5,288,350,359 shares) in issue during the period.

(b) Diluted

The diluted earnings per share is calculated based on the profit attributable to the equity holders of the Company adjusted to eliminate the interest expense less the tax effect, of HK\$107,635,000 (2008: HK\$56,441,000) and the weighted average number of 6,902,641,836 shares (2008: 6,261,208,191) after adjusting for the effects of all potential dilutive ordinary shares.

	For the six months ended	
	30 September	
	2009	2008
	'000	'000
Weighted average number of ordinary shares in issue	6,622,839	5,288,350
Adjustment for		
— assumed conversion of convertible notes		
— issued	219,182	972,858
— effect of dilutive potential shares issuable under the Company's share option scheme	<u>60,621</u>	<u>—</u>
Weighted average number of ordinary shares for diluted earnings per share	<u>6,902,642</u>	<u>6,261,208</u>

9. Trade receivables, net

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

	Group	
	30 September	31 March
	2009	2009
	(Unaudited)	(Audited)
	HK\$'000	HK\$'000
Within 3 months	128,070	24,652
3 to 6 months	32,064	14,150
6 to 12 months	<u>—</u>	<u>—</u>
	<u>160,134</u>	<u>38,802</u>

The credit terms granted to customers range between 30 and 180 days.

10. Trade payables

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

	Group	
	30 September	31 March
	2009	2009
	(Unaudited)	(Audited)
	HK\$'000	HK\$'000
Within 3 months	47,952	39,047
3 to 6 months	9,816	11,156
6 to 12 months	20,275	11,990
Over 12 months	—	3,494
	<u>78,043</u>	<u>65,687</u>

11. Convertible notes

	Group and Company	
	30 September	31 March
	2009	2009
	(Unaudited)	(Audited)
	HK\$'000	HK\$'000
Convertible notes — issued	<u>—</u>	<u>23,205</u>

The movement of the liability component of the convertible notes for the period is set out below:

	Group and Company	
	30 September	31 March
	2009	2009
	(Unaudited)	(Audited)
	HK\$'000	HK\$'000
Liability component	23,205	133,930
Conversions during the period	(23,781)	(114,067)
Interest expense	689	3,925
Interest paid	<u>(113)</u>	<u>(583)</u>
Carrying amount at the end of the period	<u>—</u>	<u>23,205</u>

12. Share capital

During the period, the Company has the following major movements in the share capital:

Subscription of new shares

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.

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.

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

	Group and Company	
	No. of shares	Nominal value
	'000	HK\$'000
<i>Authorised:</i>		
As at 30 September 2009 and 31 March 2009: 10,000,000,000 ordinary shares of HK\$0.01 each	10,000,000	100,000
<i>Issued and fully paid:</i>		
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 at HK\$0.01 each	700,000	7,000
Issues of ordinary shares at HK\$0.01 each on conversion of convertible notes	323,469	3,235
Issues of ordinary shares at HK\$0.01 each on exercise of share options	420	4
At 30 September 2009: 7,278,359,965 ordinary shares of HK\$0.01 each	7,278,360	72,784

13. Disposal of subsidiaries — discontinued operations

On 5 March 2009, The Company entered into the 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 保玉龍食品 (深圳) 有限公司 (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. The disposal was completed on 19 May 2009. The Group ceased to hold any interest in NPH Group upon completion of the disposal.

(a) 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 (Unaudited) HK\$'000	Period ended 30 September 2008 (Unaudited) HK\$'000
Revenue	8,803	36,002
Other income	10	1,934
Cost of revenue	(5,857)	(23,557)
Expenses	(3,462)	(15,078)
	<hr/>	<hr/>
Loss before tax	(506)	(699)
Income tax expense	—	—
	<hr/>	<hr/>
Loss after tax	(506)	(699)
	<hr/> <hr/>	<hr/> <hr/>

(b) *Disposal of subsidiaries*

	As at 19 May 2009 (Unaudited) HK\$'000
Carrying value of net assets/(liabilities) disposed of:	
Fixed assets	2,327
Inventory	11,723
Prepayment and account receivable and other receivables	7,285
Cash and cash equivalents	23,206
Account payable and other payables and accruals	(9,577)
Bank loan	(4,896)
Incidental disposal cost	620
	<hr/>
	30,688
Gain on disposal of subsidiaries (Note 4)	3,312
	<hr/>
Cash Consideration	34,000
	<hr/> <hr/>

14. **Acquisition of a jointly controlled entity**

On 21 April 2009, the Group entered into a sale and purchase agreement with Golden Base Holdings Limited, pursuant to which the Group acquired a further 50% equity interest of Century Concord Energy Investment Limited (“Century Concord”), for a consideration of HK\$39,904,000. Century Concord holds 49% of the issued share capital of Taipusiqi Century Concord-Shenhua Wind Power Investment Limited (“Taipusiqi”). As a result, Century Concord became a wholly owned subsidiary of the Group and Taipusiqi became a jointly controlled entity of the Group. The Group has recognised a gain of approximately HK\$8,168,000 on such acquisition representing the difference between the fair value attributable of the equity interest acquired in Taipusiqi and the consideration paid.

15. Pledge of assets

As at 30 September 2009, the Group has pledged its equity interests in the joint ventures namely “Tongliao Taihe Wind Power Co., Ltd.” (通遼泰合風力發電有限公司), “Jilin CWP-milestone Wind Power Co., Ltd.” (吉林里程協合風力發電有限公司), “Jilin Taihe Wind Power Co., Ltd.” (吉林泰合風力發電有限公司), “The Erlianhaote Changfeng Century Concord Wind Power Exploiture Co., Ltd.” (二連浩特長風協合風能開發有限公司), as securities for the bank loans of each of the respective joint ventures. The Group’s aggregate equity interests in these joint ventures pledged amounted to approximately HK\$ 292,507,400.

16. Contingent liabilities

Save as disclosed above, the Group did not have any significant contingent liabilities as at 30 September 2009.

17. Commitments

Operating lease commitments

As lessee

The Group leases certain of its office and retail properties under operating lease arrangements.

At the balance sheet date, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	Group	
	30 September	31 March
	2009	2009
	(Unaudited)	(Audited)
	HK\$'000	HK\$'000
No later than 1 year	2,396	4,453
Later than 1 year and no later than 5 years	4,415	4,034
	6,811	8,487

Capital commitments

	Group	
	30 September	31 March
	2009	2009
	(Unaudited)	(Audited)
	HK\$'000	HK\$'000
(a) Plant, property and equipment		
Contracted but not provided for	387,843	—

- (b) The Group has entered into a number of joint venture arrangements to develop wind power projects in the PRC. Equity contributions required and made by the Group under each project are summarised below:

Project name	Total equity contribution required <i>HK\$'000</i>	Amount contributed as at 30 September 2009 <i>HK\$'000</i>	Remaining balance to be contributed <i>HK\$'000</i>	Expected year for last contribution
Fuxin Gangneng Wind Power Co.,Ltd 阜新港能風力發電有限公司	170,234	83,415	86,819	2011
Fuxin Xieli Wind Power Co.,Ltd 阜新協力風力發電有限公司	170,234	83,415	86,819	2011
Fuxin Taihe Wind Power Co.,Ltd 阜新泰合風力發電有限公司	170,234	83,415	86,819	2011
Fuxin Xiehe Wind Power Manufacture & Technology Service Co., Ltd 阜新協合風電設備製造及技術服務有限公司	100,000	30,000	70,000	2009

18. Related party transactions

The following transactions were carried out with related parties, except for disclosed elsewhere in these consolidated financial statements:

	For the six months ended 30 September	
	2009	2008
	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Sales of goods and services to JCEs and associates	155,594	168,633
Loan interest income received from JCEs	—	1,873
	<u>155,594</u>	<u>170,506</u>

19. Events after the balance sheet date

On 6 February 2009, Century Concord Wind Power Investment Ltd (“Century Concord WP”), a wholly-owned subsidiary of the Company, entered into a joint venture agreement with 遼寧能源投資(集團)有限公司 (“Liaoning Energy”) to establish a joint venture company named Fuxin Julonghu Wind Power Co., Ltd. (阜新巨龍湖風力發電有限公司) (“Julonghu”) to undertake wind farm projects in the PRC. Century Concord WP and Liaoning Energy respectively hold 60% and 40% of the equity capital in Julonghu and Julonghu is treated as a jointly controlled entity in the Group. The total investment of Julonghu is RMB498,836,000 while the registered capital is RMB100 million. It was intended that the remaining part of the total investment to be raised in the form of external debts. Pursuant to a framework agreement entered into between Century Concord WP and Liaoning Energy on 5 May 2009, Liaoning Energy has agreed that it would provide guarantee in respect of any external borrowings of Julonghu and at the same time, Century Concord WP was required to provide counter indemnity to Liaoning Energy in respect of any claim made against Liaoning Energy under such guarantee. The indemnified amount under the counter indemnity shall equal to the claim times the percentage equity interest of Century Concord WP in Julonghu. For such purpose and on 12 October 2009, Century Concord WP has pledged its equity interest in Julonghu as security in favour of Liaoning Energy in respect of any counter indemnity provided to Liaoning Energy. The aggregate interest of Century Concord WP in Julonghu pledged amounted to approximately HK\$68,093,600. For the detail of this transaction, please refer to the circular of the Company dated 26 May 2009.

20. Change of financial year end date

To coincide with the statutory financial year end date of our principal operating subsidiaries which are mainly situated in the PRC, the Board of the Company has decided to change the financial year end date of the Company from 31 March to 31 December.

MANAGEMENT DISCUSSION AND ANALYSIS

I. Business Review

In 2009, with countries around the world implementing measures to stimulate their economies and boost liquidity, the global economy is gradually improving. Meanwhile, global concerns about climate change have been deepening and are prompting governments to promote renewable energy. In China, the economy is recovering swiftly with the support of the RMB4 trillion economic stimulus package. Favourable government policies, supply-driven equipment price deflation, shortened equipment supply cycles, improved functionality and low-interest-rate investment environment are contributing to the continuously rapid growth of the wind power industry in China. Taking advantage of the Group’s abundant wind resources and project development capability, its vertically-integrated business model – comprising wind farm construction and operation, equipment manufacturing and wind power plant investment – and its agile business strategies, the Group has strengthened its efforts in the wind power project development and investment. During the period under review, the Group had 3 wind power plants (total capacity of 148.5MW) commenced operation and 9 plants (total capacity of 596MW) under construction. The Group recorded consolidated revenue of HK\$344,772,000 (corresponding period in 2008: HK\$227,401,000), all of which was generated from its wind power business. The revenue represents growth of 52% from the corresponding period of the previous year.

As at the end of the period under review, the Group had net assets of HK\$3,188,605,000, compared with HK\$2,484,570,000 as on 31 March 2009. Profit attributable to equity holders of the Company was HK\$106,946,000 (corresponding period in 2008: HK\$53,858,000), representing an increase of 99%. Basic earnings per share were 1.61 HK cents (corresponding period in 2008: 1.02 HK cents). Fully diluted earnings per share were 1.56 HK cents (corresponding period in 2008: 0.90 HK cent).

II. Wind Power Business

After disposing of the Nam Pei Hong business in the period under review, wind power business becomes the core business of the Group. Stepping up its efforts to develop the business during the period, the Group achieved outstanding results and fast growth in the areas of wind resource reserve, wind power plant investments, project design and consultancy, engineering and construction of wind power projects, equipment manufacturing and, last but not least, operation and maintenance of wind power plants.

1. Wind Resources and Project Development

The Group continued to actively procure quality wind resources. During the period under review, the Group signed new agreements with local governments for the exclusive development right of 2,000MW, comprising 500MW in Fuxin, Liaoning Province and 1,500MW in Baicheng, Jilin Province. In aggregate the Group had accumulated wind resources of 9,260MW as at the end of the period under review. The newly added wind resources are situated in prime locations for electricity tariff rates, grid connectivity and wind quality. Reflecting its first-mover advantages and agile strategies, the Group has built up its reserve of quality wind resources for the sustainable growth of its wind power business.

The Group has strengthened its development effort in Fuxin district of Liaoning Province, as well as started the construction of a 200MW project in Guazhou, Gansu Province, which was awarded by the National Development and Reform Commission (“NDRC”) after our successful tender. In addition, during the period, the Group secured approvals for wind power projects totaling 398MW and has made good progress towards getting approvals for other projects.

2. Investment in Wind Power Plants

As at the end of the period, the Group had invested in the construction of 16 wind power plants with a total installed capacity of 914MW, of which 531MW was attributable to the Group. Seven of those 16 wind power plants, which had a total installed capacity of 318MW, were on-grid, and the other 9 with a total capacity 596MW were under construction. Apart from those 16 plants, another 4 with a total capacity of 198MW were in preparation for construction. Evidently, the Group has expedited the construction of wind power plants.

As a result of additional plants commencing operation last year, the Group generated on-grid electricity of 141,586,000kWh, representing growth of 118% from the corresponding period last year.

The Group had selected buyers through open tenders and signed with them Certified Emission Reduction (“CER”) sales agreements for 12 wind power projects. Applications for Clean Development Mechanism (“CDM”) registration for the plants are in progress. Among the projects, the Changtu Wind Power Project reported an aggregate CDM revenue of RMB15,362,000. The Erlianhaote Wind Power Project secured registration with the United Nations. Five other projects obtained approval from NDRC, passed independent audits and are currently being reviewed by the United Nations CDM Executive Board.

3. *Wind Power Consultancy and Design*

During the period, the Group's Consultancy & Design Unit obtained the professional qualification for providing engineering and consultancy services in the new energy industry. A fully-fledged professional wind power consultancy and design unit has been built. The unit was entrusted with 26 wind resource assessment reports and 12 feasibility study reports. It also provided engineering design service to 9 wind power projects, and offered a large number of optimization solutions and micro site selection solutions to wind power plants, some of which belong to third parties and the others were plants invested by the Group. These services have helped enhance overall efficiency of the projects.

4. *Wind Power Engineering and Construction Service*

Wind power engineering and construction service is one of the core businesses of the Group. Since it obtained Class 2 Electrical Engineering and Construction Contractor Qualification, the Engineering Construction Unit under the Group has been actively securing more wind power plant construction projects. During the period, it offered professional engineering and construction services to both third party wind power projects and projects invested by the Group. Moreover, the manpower of this unit was enhanced, enabling the unit to take on construction service contracts for 12 wind power projects simultaneously. For the period, the unit generated revenue of HK\$157,853,000 (corresponding period in 2008: HK\$69,653,000).

5. *Wind Power Tower Tube Equipment Manufacturing*

The Group runs the largest wind power tower tube manufacturing unit in Northeast China. During the period, the Tower Tube Equipment Manufacturing Unit supplied 158 wind tower tubes and had revenue of HK\$153,351,000 (corresponding period in 2008: HK\$137,928,000).

6. *Wind Power Plant Operation and Maintenance Service*

Through internal training programs, the Group enhanced the professional expertise of operational and maintenance staff. As at the end of the period under review, the Operation and Maintenance Unit had taken on service contracts for 10 wind power plants. The unit made revenue of HK\$7,542,000 during the period (corresponding period in 2008: HK\$3,762,000).

7. *Others*

Taking advantage of the continuous decline in the prices of wind turbines, the Group shortened the order cycle of wind turbine equipment so that it could optimize costing, leading to substantial reduction of investment cost.

The Group started setting up a repair and maintenance base in Fuxin, aiming to provide various services such as swift replacement of parts, timely examination and repair services to a myriad of wind power plants in Liaoning and eastern Inner Mongolia. The base will also provide ancillary facilities for major domestic wind turbine equipment manufacturers and support their wind turbines assembling in those regions. The base is expected to commence operation in early 2010.

III. Employees and Remuneration

To keep pace with the ever-changing market condition and the demand of its growing business, the Group enriched its human resources by improving the incentive schemes and the control systems and fostering unison and corporate values. The Group reinforced human resources management principals of selection, nurture, deployment, motivation and retention. As a result, the cohesiveness and sense of belonging of the Group's staff was the strongest ever. Also, more quality and well-educated talents were attracted to the Group.

Staff remuneration packages comprise salaries and discretionary bonuses, which included share options. Salaries and other staff benefits (including award of share options) are decided and reviewed by the management with the aims to reward good performance and keep the Group's remuneration packages at competitive levels in the market.

As at the end of the period, the Group had a total of 696 employees, including 97 headquarter-based management support employees, 59 project development and project management employees, 48 wind power consultancy and design employees, 132 engineering construction employees, 209 equipment manufacturing employees and 151 operation and maintenance employees. The Group also saw notable improvement in staff quality. It had 45 employees holding senior technological and professional qualifications and 98 with intermediate professional and technological qualifications. Among all its employees, 50 held master's degrees or higher qualifications and about 37% of the total employees held university degrees.

The training programs conducted by the Group improved the employees' occupational proficiency, professional expertise and management skills. The training courses had a total attendance of more than 300.

IV. Corporate Governance

During the review period, the Group started building a corporate governance system and a human resources management system. It established a corporate control mechanism which defined the roles and responsibilities of the headquarters and different departments and units, and complements the appraisal systems in place.

The Group also enlisted a well-known human resources consultancy to advise on the design of relevant remuneration and performance appraisal systems. Integrating these systems 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.

V. Sustainable Development and Social Responsibility

The Group is devoted to developing clean and renewable energy to help the world tackle global warming. Obviously wind power is able to reduce emission significantly. During the period, the seven operating wind power plants of the Group reduced emission of carbon dioxide by 144,000 tonnes, sulphur dioxide by 1,800 tonnes and nitrogen dioxide by 137.8 tonnes. Furthermore, the plants together saved the country 53,000 tonnes of standard coal and 432,300 tonnes of water, which would otherwise be consumed in coal-firepower generation.

The Group also contributed to education aggressively. The Group donated RMB2 million for the construction of three schools, namely Zhang Wu Hou Xin Qiu School (彰武后新秋學校), Da Si Jia Zi School(大四家子學校) and Ma Zong Shan School (馬鬃山學校), in poverty-stricken areas in China, and continued to sponsor scholarships, bursaries and teacher awards for students and teachers in the wind power discipline at North China Electric Power University.

VI. Prospects

On 23 September 2009, at the United Nations Summit on Climate Change, President of the PRC, Mr Hu Jintao, solemnly promised the world that China would exert its best efforts to help tackle global climate changes by promoting energy conservation and reducing carbon emissions. Hence, we expect the government to strongly support the development of wind power – the most economically viable among all clean and renewable energy sources. 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 0.5% of the total electricity output by wind power. These figures clearly present enormous potential for the wind power industry to develop in the country.

We believe the technologies for wind power industry are still advancing, and thanks to the participation of various countries and large corporations, the technologies will move forward at an even faster pace. 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 reduced costs and higher returns on wind power project investment.

NDRC has recently published a guideline for the pricing of wind power electricity. With pricing clearly confined, we expect the electricity tariff to remain relatively stable for a certain period of time. This would create strong confidence and support among investors in wind power industry.

Some wind power developers might have come across hiccups on 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 period under review, the Central Government raised the development target of the wind power industry and clearly commanded national power grid operators to improve facilitating infrastructure required for the development of wind power. Those moves will effectively solve the problem and give wind power enterprises a firm foundation for attaining continuing development.

The Copenhagen Conference, scheduled for the end of 2009, will decide the post-2012 CDM system. We believe the proven provisions on carbon emission reduction in the Kyoto Protocol will be continued. Otherwise, the international community will come up with alternative ways to effectively promote clean and renewable energies.

In conclusion, we believe the wind power industry is a “sunrise” industry at its best stages of development. In China, the steady, yet rapid, development period of this industry is right in front of us. Newly installed capacity in China will stay at no less than 10GW each year, in order to achieve the new industry targets set for 2020. Taking that into account, the Group had set up a

five-year plan and according to the plan, the Group will strengthen development of its wind power project investment and wind power service business, expand the installed capacity of its plants and enhance its EPC and professional operation and maintenance services. Its goal is to expand the scale of its business, improve its profitability within the next five years and put itself amongst the world's top-ranked renewable energy companies.

Liquidity and financial resources

As at 30 September 2009, the Group had cash or cash equivalents of approximately HK\$923,661,000 (31 March 2009: HK\$745,061,000). As at that date the current ratio was 6.09 times (31 March 2009: 6.94 times) and gearing ratio (long term debts over equity and long term debts) was 0.001 (31 March 2009: 0.01). The consolidated net assets of the Group stood at approximately HK\$3,188,605,000 (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 business 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, which were intended to be used 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, upon such conversion and as at 30 September 2009, all convertible notes of the Company had been converted.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed shares of the Company.

CORPORATE GOVERNANCE

Throughout the six months ended 30 September 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.

All other information on the Corporate Governance Practices of the Company have been disclosed in the corporate governance report contained in the 2009 Annual Report of the Company issued in June 2009.

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 six months ended 30 September 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 unaudited condensed interim financial information for the six months ended 30 September 2009 have been reviewed by the Audit Committee.

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

Hong Kong, 16 November 2009

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 and Mr. Yap Fat Suan, David (who are independent non-executive directors).