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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in China WindPower Group Limited, you should at once hand this circular to the purchaser(s) or the transferee(s) or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s).

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(Incorporated in Bermuda with limited liability)

(Stock Code: 182)

MAJOR TRANSACTION DISPOSAL OF INTEREST IN GUAZHOU COMPANY

29 July 2011

* *for identification purpose only*

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DEFINITIONS

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

“associates”	has the meaning ascribed to it under the Listing Rules
“Baiyinhua”	內蒙古錫林郭勒白音華煤電有限責任公司 (Inner Mongolia Xilingguole Baiyinhua Coal-power Co., Ltd*), a limited liability company incorporated in the PRC and a subsidiary of Jilin Power’s indirect largest shareholder
“Board”	the board of Directors
“Company”	China WindPower Group Limited, a company incorporated in Bermuda with limited liability, the ordinary shares of which are listed on the main board of the Stock Exchange
“Completion”	completion of the Disposal pursuant to the Disposal Agreement
“connected person(s)”	has the meaning ascribed to such term in the Listing Rules
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of a 51% equity interest in Guazhou Company by the Vendor pursuant to the Disposal Agreement
“Disposal Agreement”	the agreement dated 20 May 2011 entered into between the Vendor and the Purchasers in relation to the Disposal and the transactions contemplated thereunder
“Group”	the Company and its subsidiaries
“Guarantee”	the provision of guarantee by the Company in favour of IFC in respect of the obligations of Guazhou Company under the IFC Loan Agreement pursuant to a deed of guarantee entered into between the Company and IFC on 2 July 2010
“Guazhou Company”	甘肅瓜州協合風力發電有限公司 (Gansu Guazhou Century Concord Wind Power Co., Limited), which is a jointly controlled entity of the Company as at the date of this circular and was an indirectly wholly-owned subsidiary of the Company before the Disposal

* for identification purpose only

DEFINITIONS

“Guazhou Wind Farm Project”	design, construction, fabrication, equipping, delivery, installation, commissioning and placing into operation of a 201 Megawatt wind power plant located in the Gobi desert, 56.5 km northwest of Guazhou County, Jiuquan City, Gansu Province, the PRC, which is known as “Ganhekou No.8 Wind Power Farm Project in Jiuquan Wind Power Base (酒泉風電基地干河口第八風電廠項目)”
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“IFC”	International Finance Corporation, an international organization established by the Articles of Agreement among its member countries
“IFC Loan Agreement”	the loan agreement dated 30 June 2010 entered into between Guazhou Company and IFC pursuant to which IFC has agreed, subject to the terms and conditions contained in the IFC Loan Agreement, to provide a loan to Guazhou Company in an aggregate principal amount of up to US\$152 million (equivalent to approximately HK\$1,185.6 million) and the maximum loan amount under the IFC Loan Agreement has been subsequently amended to up to US\$140 million (equivalent to approximately HK\$1,092 million) pursuant to a supplemental agreement dated 3 November 2010
“Independent Third Parties”	to the best of the Directors’ knowledge, information and belief after making all reasonable enquiry, third parties who, together with its ultimate beneficial owner, are not connected person of the Company and are independent of the Company and connected persons (as defined in the Listing Rules) of the Company
“Jilin Power”	Jilin Power Share Co., Ltd. (吉林電力股份有限公司), a company established in the PRC, the shares of which are listed on the Shenzhen Stock Exchange

DEFINITIONS

“Jilin Xiehe”	Jilin CPI Gether New Energy Co., Ltd. (吉林吉電協合新能源有限公司), a company established in the PRC, the equity interest of which is held as to 51% by Jilin Power and 49% by the Group and is a jointly controlled entity of the Company
“Latest Practicable Date”	26 July 2011, the latest practicable date before the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Purchaser(s)”	Jilin Power and Jilin Xiehe
“RMB”	Renminbi Yuan, the lawful currency of the PRC
“SFO”	Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transformer Station”	a 330KV transformer station located at West Ganhekou, Gansu Province, the PRC, No. 4, No. 7 and No. 8 wind farms, jointly owned by Guazhou Company and other co-owners
“US\$”	the lawful currency of United States of America
“Vendor” or “Century Concord”	Century Concord Wind Power Investment Co., Ltd. (協合風電投資有限公司), a limited liability company established in the PRC and a wholly-owned subsidiary of the Company
“Vigers”	Vigers Appraisal & Consulting Limited, the independent appraiser engaged by the Company to appraise the value of Guazhou Company
“%”	per cent.

For the purpose of this circular, the translation of RMB into HK\$ is based on the approximate exchange rate of RMB1.00 = HK\$1.2.

For the purpose of this circular, the translation of US\$ into HK\$ is based on the approximate exchange rate of US\$1.00 = HK\$7.8.

LETTER FROM THE BOARD

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

Executive Directors:

Mr. Liu Shunxing
(Chairman and Chief Executive Officer)
Mr. Ko Chun Shun, Johnson (Vice Chairman)
Mr. Wang Xun
Mr. Yang Zhifeng
Ms. Liu Jianhong
Mr. Yu Weizhou
Mr. Zhou Zhizhong
Ms. Ko Wing Yan, Samantha
Mr. Chan Kam Kwan, Jason

Registered office:

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

*Head office and principal place
of business in Hong Kong:*
Unit 3901
Far East Finance Center
16 Harcourt Road
Admiralty
Hong Kong

Non-executive Directors:

Mr. Tsoi Tong Hoo, Tony

29 July 2011

Independent non-executive Directors:

Dr. Zhou Dadi
Dr. Wong Yau Kar, David, JP
Mr. Yap Fat Suan, Henry

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION DISPOSAL OF INTEREST IN GUAZHOU COMPANY

INTRODUCTION

On 20 May 2011, the Vendor, a wholly-owned subsidiary of the Company, entered into the Disposal Agreement with Jilin Power and Jilin Xiehe pursuant to which the Vendor has disposed of its entire 51% equity interest in Guazhou Company to (i) Jilin Power as to 46% at a consideration of RMB446,303,040 (equivalent to approximately HK\$535.6 million) and (ii) Jilin Xiehe as to 5% at a consideration of RMB48,511,200 (equivalent to approximately HK\$58.2 million).

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LETTER FROM THE BOARD

THE DISPOSAL AGREEMENT DATED 20 MAY 2011

Parties:

Vendor: Century Concord Wind Power Investment Co., Ltd., a wholly-owned subsidiary of the Company.

Purchasers: Jilin Power, as one of the Purchasers which has acquired a 46% equity interest in Guazhou Company; and Jilin Xiehe, as one of the Purchasers which has acquired a 5% equity interest in Guazhou Company.

Jilin Power is a company listed on the Shenzhen Stock Exchange and is principally engaged in the development, investment, construction, production and sale of thermal power and hydropower, heat, industrial gas and other new energy resources, maintenance of and provision of services to power stations, provision of technical consultancy services to electrical power projects, purchase and sale of coal, etc.

Jilin Xiehe is a company established in the PRC and is held as to 51% by Jilin Power and 49% by the Group pursuant to a joint venture agreement entered into between the Group and Jilin Power on 11 June 2010. Jilin Xiehe is principally engaged in the investment and development of wind farm projects in the PRC and is a jointly controlled entity of the Company.

On 13 June 2009, the Vendor and Baiyinhua entered into a joint venture agreement to establish a joint venture, Mengdong Century New Energy Co., Ltd (蒙東協合新能源有限公司), at Shenyang, Liaoning province, the PRC to undertake wind farm projects in the PRC. The Vendor and Baiyinhua respectively hold a 49% and a 51% equity interest in the joint venture, which is accounted for as a jointly controlled entity of the Company. Baiyinhua is a limited liability company incorporated in the PRC and it is a subsidiary of Jilin Power's indirect largest shareholder. The transaction constitutes a discloseable transaction for the Company under the Listing Rules. Please refer to the announcement of the Company dated 15 June 2009 for details.

To the best of the knowledge, information and belief of the Directors after having made all reasonable enquiry, save as disclosed above, Jilin Power, Jilin Xiehe and their respective ultimate beneficial owners are Independent Third Parties.

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Assets involved:

The Vendor has sold and transferred to:

- (a) Jilin Power, a 46% equity interest in Guazhou Company; and
- (b) Jilin Xiehe, a 5% equity interest in Guazhou Company.

Guazhou Company is principally engaged in the investment and development of wind farm projects in Guazhou, Jiuquan, Gansu province of the PRC, including the Guazhou Wind Farm Project and the Transformer Station. Its wind farm is targeted to commence commercial operation in August 2011.

Based on the audited financial statements of Guazhou Company (which were prepared in accordance with the Hong Kong Financial Reporting Standards), the net asset value of Guazhou Company as at 31 December 2010 was approximately RMB668.6 million (equivalent to approximately HK\$802.3 million). As at 31 December 2010, the liabilities of Guazhou Company include a loan from IFC with a principal amount of US\$99.6 million (equivalent to approximately HK\$776.9 million).

For the period ended 31 December 2009 (since its establishment on 9 April 2009), the unaudited loss of Guazhou Company (both before and after taxation) were approximately RMB301,000 (equivalent to approximately HK\$361,200). For the year ended 31 December 2010, the audited loss of Guazhou Company (both before and after taxation) were approximately RMB257,000 (equivalent to approximately HK\$308,400).

The Company has engaged Vigers, an independent appraisal company, to prepare a valuation report on Guazhou Company. Based on the valuation report, Guazhou Company is valued at RMB685 million (approximately HK\$822 million) as at 30 June 2011. The valuation report prepared by Vigers is set out in Appendix II to this circular.

Consideration:

Under the Disposal Agreement, the consideration is to be paid by the Purchasers in three installments as follows:

First installment: RMB200 million (equivalent to approximately HK\$240 million), payable by Jilin Power within 3 business days after the entering into of the Disposal Agreement;

Second installment: RMB150 million (equivalent to approximately HK\$180 million), payable by Jilin Power within 5 business days after obtaining approval by the shareholders of Jilin Power at a general meeting on its acquisition under the Disposal Agreement;

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Third installment: RMB96,303,040 (equivalent to approximately HK\$115.6 million) payable by Jilin Power and RMB48,511,200 (equivalent to approximately HK\$58.2 million) payable by Jilin Xiehe within 3 business days after completion of the share transfer registration of Guazhou Company in the relevant PRC authority.

If the Purchasers fail to pay the Vendor the consideration within the prescribed time as set out above, the Purchasers are liable to a penalty charge of 0.05% on the consideration payable by the Purchasers per day.

The aggregate consideration of RMB494,814,240 (equivalent to approximately HK\$593.8 million) was determined after arm's length negotiations between the Group and the Purchasers. In agreeing with the terms, the Group has considered, among other factors, the net assets value of Guazhou Company, its capital and development plan.

The first and second installments of RMB350,000,000 in total have been paid by Jilin Power. The third installment payable by Jilin Power as to RMB96,303,040 and payable by Jilin Xiehe as to RMB48,511,200 is expected to be paid in August 2011. As the third installment has become due, Jilin Power and Jilin Xiehe shall pay the penalty charge as described above.

Conditions and completion

Completion of the Disposal Agreement is subject to the following conditions:

- (i) the Vendor having obtained IFC's letter consenting to the Disposal before Jilin Power holding its general meeting to obtain shareholders' approval for its acquisition under the Disposal Agreement;
- (ii) the approval of the Disposal by the board of directors and shareholder(s) (if necessary) of each of the parties to the Disposal Agreement;
- (iii) obtaining the approval from the relevant PRC authority for the transfer of the equity interest in Guazhou Company as contemplated under the Disposal Agreement, and Guazhou Company having obtained foreign-funded enterprise approval certificate (外商投資企業批准證書).

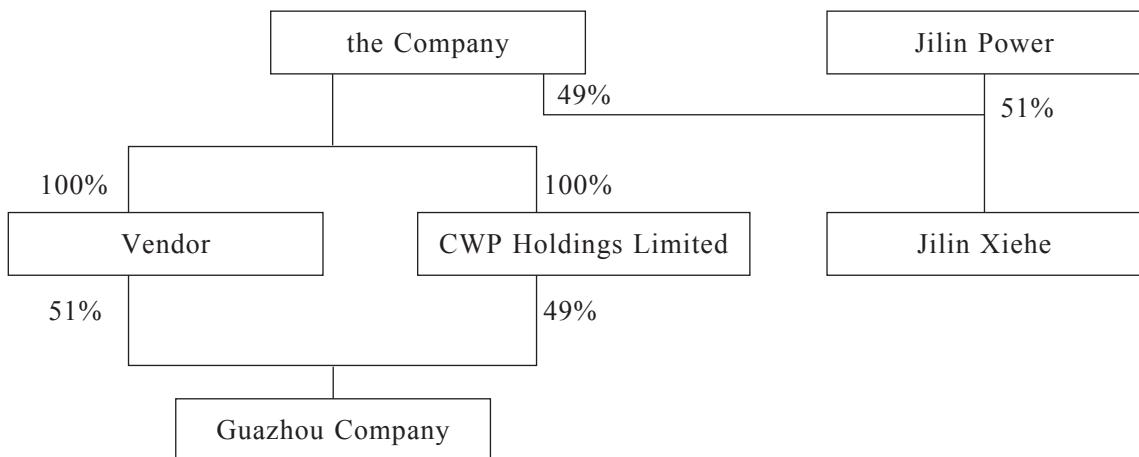
All the above conditions have been satisfied. The Disposal has been completed.

LETTER FROM THE BOARD

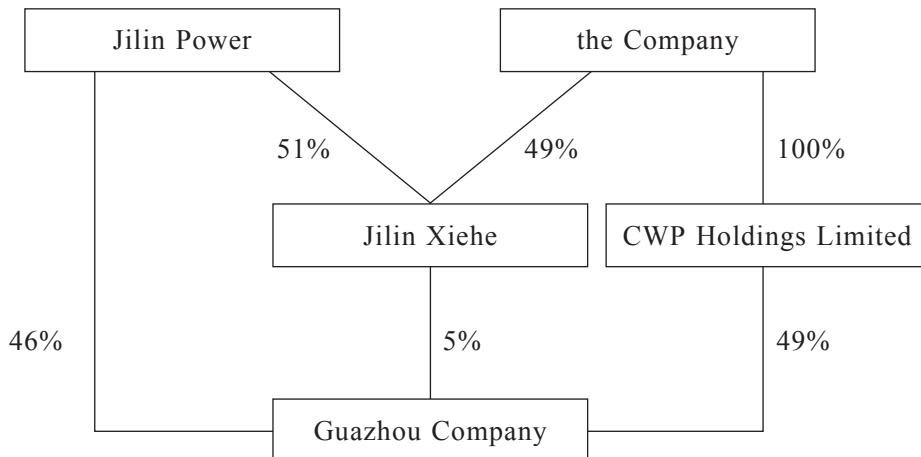
Board composition of Guazhou Company

Since completion of the Disposal, Guazhou Company comprises five directors of which 2 directors are nominated by Jilin Power, 2 directors are nominated by the Group and 1 director is nominated by Jilin Xiehe. The chairman is nominated by Jilin Power.

The chart below shows the shareholding structure of Guazhou Company and Jilin Xiehe before the Disposal:



The chart below shows the shareholding structure of Guazhou Company and Jilin Xiehe after the Disposal:



Financial guarantee provided by the Company to Guazhou Company

On 30 June 2010, Guazhou Company entered into the IFC Loan Agreement with IFC (as amended by a supplemental agreement dated 3 November 2010) in respect of the provision of a loan from IFC to Guazhou Company in a principal amount of up to US\$140 million (equivalent to approximately HK\$1,092 million) to finance the Guazhou Wind Farm Project and the Transformer Station. As at 31 December 2010, a loan from IFC with a principal amount of US\$99.6 million (equivalent to approximately HK\$776.9 million) was lent to

LETTER FROM THE BOARD

Guazhou Company out of the maximum loan amount under the IFC Loan Agreement of US\$140 million (equivalent to approximately HK\$1,092 million). Pursuant to a deed of guarantee entered into between the Company and IFC on 2 July 2010, the Company has provided the guarantee in favour of IFC in respect of the loan above. Despite changes in the ownership in Guazhou Company as a result of the Disposal, the Guarantee continues in accordance with the terms of the relevant deed.

The Group has, as at the Latest Practicable Date, pledged and will continue to pledge after the Disposal its 49% equity interest in Guazhou Company in favour of IFC. Under the Disposal Agreement, each of the Purchasers has agreed to pledge their respective equity interest in Guazhou Company in favour of IFC in respect of the obligations of Guazhou Company under the IFC Loan Agreement.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Group is principally engaged in the wind power sector, investing in various wind farm projects and providing wind power engineering and construction services in the PRC.

Guazhou Company is principally engaged in the investment and development of wind farm projects in Guazhou, Jiuquan, Gansu province of the PRC, including the Guazhou Wind Farm Project and the Transformer Station. It is a business strategy of the Group to jointly cooperate with partners in the PRC in respect of its wind farm investments. Jilin Power is a power company and the shares of which are listed on the Shenzhen Stock Exchange. The Directors (including the non-executive Directors) consider that the Disposal represents a good opportunity for the Group to realise part of its investment in the Guazhou Wind Farm Project and the Transformer Station at a reasonable price whilst the Group will continue to enjoy the development of these projects as a significant shareholder leveraging on the experience, expertise and resources of the Purchasers. The Directors (including the independent non-executive Directors) consider that the terms of the Disposal are fair and reasonable and the Disposal is in the interests of the Company and its shareholders as a whole.

FINANCIAL EFFECT OF THE TRANSACTIONS ON THE GROUP

Since Completion, the Group through its wholly-owned subsidiary of CWP Holdings Limited holds 49% of the issued capital of Guazhou Company and Jilin Xiehe (a jointly controlled entity of the Company which is held as to 49% by the Group) holds a 5% equity interest in Guazhou Company. Guazhou Company has ceased to be a subsidiary of the Company and is accounted for as a jointly controlled entity of the Company after the Disposal. The Company does not at present intend to dispose of its 49% equity interest in Guazhou Company held by its wholly-owned subsidiary CWP Holdings Limited.

LETTER FROM THE BOARD

Based on the audited financial statements of Guazhou Company (which were prepared in accordance with the Hong Kong Financial Reporting Standards), the net asset value of Guazhou Company as at 31 December 2010 was approximately RMB668.6 million (equivalent to approximately HK\$802.3 million). As at 31 December 2010, the liabilities of Guazhou Company include a loan from IFC with a principal amount of US\$99.6 million (equivalent to approximately HK\$776.9 million). It reported a loss before and after tax of approximately RMB257,000 (equivalent to approximately HK\$308,400) for the year ended 31 December 2010. The wind farm of Guazhou Company is targeted to commence commercial operation in August 2011.

As Guazhou Company has ceased to be a subsidiary of the Company since completion of the Disposal, the financial results of Guazhou Company are no longer consolidated into the financial statements of the Company. The assets and liabilities of Guazhou Company are no longer consolidated on a line-by-line basis into the consolidated balance sheet of the Company. The net assets of Guazhou Company attributable to the Group's remaining interest in Guazhou Company are recorded in the Group's consolidated balance sheet as interests in jointly-controlled entities.

The Group estimates an unaudited gain of approximately HK\$198,550,000 as a result of the Disposal, being the excess of the consideration for the Disposal over the carrying value of the 48.55% net assets of Guazhou Company attributable to the Group, which is being disposed of, based on the unaudited financial information of Guazhou Company as at 31 March 2011. The actual amount of gain or loss on the Disposal shall be subject to actual financial information of Guazhou Company at the date of Completion. The proceeds from the Disposal will be used as general working capital of the Group.

GENERAL

As one of the applicable percentage ratios in respect of the Disposal calculated under chapter 14 of the Listing Rules exceeds 25% and all of the other applicable percentage ratios are below 75%, the Disposal constitutes a major transaction for the Company under the Listing Rules. The Disposal Agreement and the transactions contemplated thereunder are subject to the reporting, announcement and shareholders' approval requirements under the Listing Rules.

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Gain Alpha Finance Limited is wholly owned by Mr. Ko Chun Shun, Johnson, the Vice Chairman of the Company and an executive Director. China Wind Power Investment Limited is wholly owned by New Energy International Limited which is wholly owned by Concord International Investment Limited. Concord International Investment Limited is owned as to approximately 64.64% by Mr. Liu Shunxing, Mr. Wang Xun, Mr. Yang Zhifeng and Ms. Liu Jianhong, all being executive Directors. Mr. Liu Shunxing is also the Chairman and Chief Executive Officer of the Company.

Gain Alpha Finance Limited which held 2,000,000,000 Shares and China Wind Power Investment Limited which held 2,023,469,387 Shares are a closely allied group of Shareholders who, in aggregate, held 4,023,469,387 Shares, representing approximately 54.4% of the existing issued share capital of the Company as at the Latest Practicable Date.

To the best knowledge of the Directors, as no Shareholder (including Gain Alpha Finance Limited, China Wind Power Investment Limited and their respective associates) has a material interest in the Disposal Agreement and the transaction contemplated thereunder which is different from other Shareholders, and no Shareholder is required to abstain from voting if the Company were to convene a general meeting in respect of the Disposal Agreement, the transactions contemplated thereunder and any transactions incidental thereto, including the continual provision of the Guarantee. Gain Alpha Finance Limited and China Wind Power Investment Limited, which together held approximately 54.4% of the issued share capital of the Company as at the Latest Practicable Date, have approved the resolution relating to the Disposal Agreement and the transactions contemplated thereunder (including the provision of the Guarantee). A written shareholders' approval has been obtained for the Disposal Agreement and the transactions contemplated thereunder. Accordingly, for the purpose of Listing Rule 14.44, no general meeting will be convened in this regard.

RECOMMENDATION

The entering into of the Disposal Agreement was approved by the Board. As no Director has a conflict of interest in respect of the Disposal, no Director abstained from voting in respect of board resolution approving the Disposal Agreement and the transactions contemplated thereunder.

The Directors (including the independent non-executive Directors) consider that the terms of the Disposal and the transactions contemplated thereunder (including the provision of Guarantee) are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. As stated in the paragraph above, the Disposal

LETTER FROM THE BOARD

and the Disposal Agreement have been approved by way of a written shareholders' resolution by Gain Alpha Finance Limited and China Wind Power Investment Limited. No general meeting will be convened to seek a separate approval from the Shareholders for the Disposal. If a special general meeting were convened for approving the above transactions, the Directors would recommend the Shareholders to vote in favour of the resolution for approving the Disposal.

ADDITIONAL INFORMATION

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

This circular is issued for Shareholders' information.

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

INDEBTEDNESS**Borrowings**

As at the close of business on 30 June 2011, being the latest practicable date for the purpose of this statement of indebtedness, the Group had the following outstanding borrowings:

1. Renminbi denominated guaranteed bonds (the “Bonds”) with the Company as issuer and certain of the Company’s subsidiaries as guarantors (being subsidiaries of the Company which provide a guarantee for the payment of the Bonds provided that such subsidiaries will not include any subsidiaries of the Company established under the laws of the PRC) in a principal amount of RMB750,000,000 with a term of three years, which are listed on the Singapore Exchange Securities Trading Limited, with a fixed rate of 6.375% per annum. The Bonds will mature on 4 April 2014.
2. Certain subsidiaries of the Group have arranged for credit facilities with Hang Seng Bank (China), Agricultural Bank of China and China Merchants Bank in relation to the Group’s working capital requirements. A total amount of approximately RMB142.8 million was drawn down by certain subsidiaries of the Group as at the close of business on 30 June 2011. The Company has provided corporate guarantees with respect to these credit facilities.
3. As at the close of business on 30 June 2011, there was bank loan from Hang Seng Bank (China) of RMB61.2 million for the mortgage of office building of the Group.
4. As at the close of business on 30 June 2011, there was bank loan from China Everbright Bank of RMB5.0 million for the mortgage of equipment of the Group.
5. As at the close of business 30 June 2011, 阜新泰合風力發電有限公司 (Fuxin Taihe Wind Power Co., Ltd.*), a wholly-owned subsidiary of the Company, obtained a bank loan amounting to RMB300,000,000 from Industrial and Commercial Bank of China.
6. As at the close of business on 30 June 2011, Guazhou Company had entered into the IFC Loan Agreement with IFC on 30 June 2010 (as amended by a supplemental agreement dated 3 November 2010) in respect of the provision of a loan from IFC to Guazhou Company in a principal amount of up to US\$140 million. As at 30 June 2011, a loan from IFC with a principal amount of approximately US\$99.6 million was lent to Guazhou Company. Upon the completion of Disposal on 28 June 2011, Guazhou Company has become a jointly-controlled entity of the Company and therefore the above bank loan has not consolidated on a line-by-line basis into the consolidated financial statements of the Company as at 30 June 2011.

* for identification purpose only

Contingent liabilities and pledge of assets

1. As at the close of the business on 30 June 2011, the Group had entered into a joint venture agreement with a joint venture partner in the PRC pursuant to which the Group holds a 49% equity interest in a sino-foreign equity joint venture with limited liability in the PRC, under the name of 二連浩特長風協合風能開發有限公司 (Erlianhaote Changfeng Century Concord Wind Power Exploiture Co., Ltd.*). As at 30 June 2011, pursuant to a loan agreement dated 11 May 2009, Erlianhaote Changfeng Century Concord Wind Power Exploiture Co., Ltd. obtained a bank loan amounting to RMB130,000,000 from China Construction Bank. As at the close of the business on 30 June 2011, the Group had pledged its share of the equity interest in Erlianhaote Changfeng Century Concord Wind Power Exploiture Co., Ltd. with a total value of its share of registered capital held by the Group of RMB37.24 million as security for the bank loan.
2. As at the close of the business on 30 June 2011, the Group had entered into a joint venture agreement with a joint venture partner in the PRC pursuant to which the Group holds a 60% equity interest in a sino-foreign equity joint venture with limited liability in the PRC, under the name of 阜新巨龍湖風力發電有限公司 (Fuxin Julonghu Wind Power Co., Ltd.*). As at 30 June 2011, pursuant to a loan agreement dated 16 September 2009, Fuxin Julonghu Wind Power Co., Ltd. obtained a bank loan of RMB310,000,000 and the available unutilised banking facility of RMB50,000,000 from China Construction Bank. As at the close of the business on 30 June 2011, the Group had pledged its share of the equity interest in Fuxin Julonghu Wind Power Co., Ltd. with a total value of its share of registered capital held by the Group of RMB60 million as security for the bank loan and the unutilised banking facility.
3. As at the close of the business on 30 June 2011, the Group had entered into a joint venture agreement with a joint venture partner in the PRC pursuant to which the Group holds a 60% equity interest in a sino-foreign equity joint venture with limited liability in the PRC, under the name of 阜新聚合風力發電有限公司 (Fuxin Juhe Wind Power Co., Ltd.*). As at 30 June 2011, pursuant to a loan agreement dated 2 March 2010, Fuxin Juhe Wind Power Co., Ltd. obtained a bank loan amounting to RMB300,000,000 from Industrial and Commercial Bank of China. As at the close of the business on 30 June 2011, the Group had pledged its share of the equity interest in Fuxin Juhe Wind Power Co., Ltd. with a total value of its share of registered capital held by the Group of RMB60 million as security for the bank loan.

* for identification purpose only

4. As at the close of the business on 30 June 2011, the Group had entered into a joint venture agreement with a joint venture partner in the PRC pursuant to which the Group holds a 60% equity interest in a sino-foreign equity joint venture with limited liability in the PRC, under the name of 阜新聚緣風力發電有限公司 (Fuxin Juyuan Wind Power Co., Ltd.*). As at 30 June 2011, pursuant to a loan agreement dated 29 June 2010, Fuxin Juyuan Wind Power Co., Ltd. obtained a bank loan amounting to RMB340,000,000 from China Construction Bank. As at the close of the business on 30 June 2011, the Group had pledged its share of the equity interest in Fuxin Juyuan Wind Power Co., Ltd. with a total value of its share of registered capital held by the Group of RMB60 million as security for the bank loan.
5. As at the close of the business on 30 June 2011, the Group had entered into a joint venture agreement with a joint venture partner in the PRC pursuant to which the Group holds a 60% equity interest in a sino-foreign equity joint venture with limited liability in the PRC, under the name of 阜新千佛山風力發電有限公司 (Fuxin Qianfoshan Wind Power Co., Ltd.*). As at 30 June 2011, pursuant to a loan agreement dated 7 December 2009, Fuxin Qianfoshan Wind Power Co., Ltd. obtained a bank loan amounting to RMB300,000,000 from Industrial and Commercial Bank of China. As at the close of the business on 30 June 2011, the Group had pledged its share of the equity interest in Fuxin Qianfoshan Wind Power Co.,Ltd. with a total value of its share of registered capital held by the Group of RMB60 million as security for the bank loan.
6. As at the close of the business on 30 June 2011, 吉林協合電力工程有限公司 (Jilin CWP Power Engineering Co., Ltd.*), a wholly-owned subsidiary of the Company, obtained a bank loan amounting to RMB61,200,000 from Heng Seng Bank (China) pursuant to a loan agreement dated 30 June 2010. As at the close of the business on 30 June 2011, Jilin CWP Power Engineering Co., Ltd. has pledged land and building with a net carrying value of approximately RMB147.8 million as security for the bank loan.
7. As at the close of the business on 30 June 2011, 吉林省天合風電設備有限公司 (Jilin Tianhe Wind Power Equipment Co., Ltd.*), a wholly-owned subsidiary of the Company, obtained a bank loan amounting to RMB7,000,000 from China Everbright Bank. As at the close of the business on 30 June 2011, Jilin Tianhe Wind Power Equipment Co., Ltd. had pledged equipment with a net carrying value of approximately RMB8.6 million as security for the bank loan.

* for identification purpose only

8. As at the close of business on 30 June 2011, Guazhou Company had entered into the IFC Loan Agreement with IFC on 30 June 2010 (as amended by a supplemental agreement dated 3 November 2010) in respect of the provision of a loan from IFC to Guazhou Company in a principal amount of up to US\$140 million. As at 30 June 2011, a loan from IFC with a principal amount of approximately US\$99.6 million was lent to Guazhou Company.

Pursuant to a deed of guarantee entered into between the Company and IFC on 2 July 2010, the Company has provided the guarantee in favour of IFC in respect of the loan above pursuant to which the Company has agreed to corporate guarantee the payment of principal amounts and interest accrued from the loan under the IFC Loan Agreement, as well as to provide certain indemnities to IFC. As collateral, the Company provided IFC with a pledge on 49% of equity interest in Guazhou Company held by its subsidiary, CWP Holdings Limited, upon the date of Completion. In addition, the Company is also subject to certain general covenants that are similar to those that Guazhou Company are subject to. The Company has agreed, among other things, not to change the nature or scope of the Guazhou wind farm and to take certain corporate actions, such as changing the Company's financial year, without first obtaining the prior written consent of IFC.

Disclaimers

Save as aforesaid, and apart from intra-group liabilities, the Group did not have any other debt securities issued and outstanding, outstanding loan capital issued or agreed to be issued, loans or other indebtedness, bank overdrafts, liabilities under acceptances (other than normal trade bills), debentures, mortgages, charges, acceptance credits, hire purchase commitments, guarantees or other material contingent liabilities as at the close of business on 30 June 2011.

FINANCIAL AND TRADING PROSPECTS OF THE GROUP

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

The Directors are of the view that wind power will be an important renewable energy source in the PRC for the foreseeable future, and consider that the wind power business will continue to create value and benefit the Shareholders.

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

WORKING CAPITAL

The Directors are of the opinion that taking into account the completion of the Disposal and the present internal financial resources available to the Group including the internally generated funds and the available banking facilities, the Group has sufficient working capital for its present requirements for at least the next twelve months from the date of this circular.



Vigers Appraisal & Consulting Limited
International Assets Appraisal Consultants

10th Floor, The Grande Building
398 Kwun Tong Road
Kowloon
Hong Kong

Date: 29 July 2011

The Directors
China WindPower Group Limited
Unit 3901, 39/F.,
Far East Finance Centre,
16 Harcourt Road,
Admiralty, Hong Kong

Dear Sirs/Madams,

BUSINESS VALUATION OF GANSU GUAZHOU CENTURY CONCORD WIND POWER COMPANY LIMITED

In accordance with the instruction from China WindPower Group Limited (the "Group"), we have carried out business valuation of Gansu Guazhou Century Concord Wind Power Company Limited (the "Company") as at 30 June 2011 (the "Valuation Date"). The purpose of this report is to provide an independent opinion on the market value of the Company as of the Valuation Date. We understand this valuation is required for possible transfer.

SCOPE OF VALUATION

Gansu Guazhou Century Concord Wind Power Company Limited

This appraisal is to provide an independent opinion of value on 100% equity interest of Gansu Guazhou Century Concord Wind Power Company Limited.

BACKGROUND OF THE COMPANY

Gansu Guazhou Century Concord Wind Power Company Limited (the “Company”)

Gansu Guazhou Century Concord Wind Power Company Limited was established on 9 April 2009. The Company operates a wind farm at Ganhekou, which is located at about 280 km northwest from Jiuquan City, Gansu Province of the People’s Republic of China. Designed production capacity of the wind farm is 201 MW.

Wind power business in China

China’s economy has been growing fast in recent years. During the 11th Five-year Plan, GDP of China has grown at an average of about 11% per year. The government also planned and expected to maintain an average annual GDP growth of about 8% during the 12th Five-year Plan. The high growth generates huge demand for energy. While fossil fuels form a major part of the energy source, the Chinese government has greatly supported the development of clean and renewable energy, aiming to reduce greenhouse emission, to lower pollution and to reduce its reliance on fossil fuels. Among which wind power has a significant contribution in renewable energy, which represented about 3% of the total power generation capacity in 2010, according to the statistics from National Energy Administration. It is planned and expected that non-fossil fuel energy production will contribute to over 15% of total energy production by the end of the 12th Five-year Plan, which shows a large room for the development of renewable energy, including wind power. The Chinese government has introduced several measures, for example, tax benefits, higher tariff rates, etc., to the companies engaging in production and development of clean and renewable energy. With support from the government and higher demand for renewable energy, wind power industry is expected to be developed in the future.

In forming our view on the prospect of the wind power business in China, we have taken into account of the future development of wind power industry, general economic outlook, as well as government policy.

BASIS AND METHODOLOGY OF VALUATION

We have made reference to the international valuation standards. Our appraisal has been carried out on a market value basis. Market Value is defined as the estimated amount for which an asset should be exchanged on the date of valuation between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing wherein the parties have each acted knowledgeably, prudently and without compulsion.

In arriving at our opinion of value, we make reference to three generally accepted approaches to value, namely: the *Market Approach*, the *Cost Approach* and the *Income Approach*.

Market Approach considers prices recently paid for similar assets, with adjustments made to indicate market prices to reflect condition and utility of the appraised assets relative to the comparable market transactions.

Cost Approach considers the cost to reproduce or replace in new condition the assets appraised in accordance with current market prices for similar assets, with allowance for accrued depreciation as condition or obsolescence present, whether arising from physical, functional or economic causes.

Income Approach is the conversion of expected periodic benefits of ownership into an indication of value. It is based on the principle that an informed buyer would pay no more for asset than an amount equal to the present worth of anticipated future benefits (income) from the same or equivalent asset with similar risk.

Determination of the Valuation Approach

Income approach is considered in this valuation. Market approach may be difficult to apply since companies in similar business may not be directly comparable in terms of the uniqueness on locations, forms of operation, financial structure, and the nature that the Company runs only one project with definite operating life while the comparable companies usually operate a number of projects and are viewed with indefinite operating life, but this approach can still serve as a reconciliation to the valuation with some adjustments. Income approach generally provides better analysis on the value but is subject to estimation risk. The estimation risk in this valuation is, however, relatively low since: (i) the production capacity of the wind farm is based on feasibility study report prepared by Sgurr Energy; (ii) major part of the production costs and operation costs of the wind farm is from the maintenance costs, which can be reasonably estimated from the signed maintenance contract; (iii) no material change in operation is expected in future. Therefore it is considered that the financial projection of the wind farm can be reasonably made and forms the basis of valuation. Cost approach assesses the value of assets in cost basis and will not be considered in this valuation, since the Company is having on-going operation for a long period of time. Therefore Income Approach is adopted in the valuation.

Information Reviewed

Our valuation requires consideration of all relevant factors affecting the operation of the business and its ability to generate future investment returns. The factors considered in the valuation included, but were not limited to, the followings:

- The business nature of the enterprise, business licenses and related documents;
- The financial statements of the Company provided by the Group as at the Valuation Date;
- Financial projection of the Company from 2011 to 2039 provided by the Group in relation to the business;
- Feasibility study report of the wind farm dated 4 June 2010 prepared by Sgurr Energy provided by the Group;
- Document issued by the National Development and Reform Commission of the PRC with document no. 發改能源[2009] 1005號 (Fagainengyuan [2009] No.1005) (the “Document A”);
- Document issued by the China Clean Development Mechanism Fund with document no. 財清潔發[2010] 261號 (Caiqingjiefu [2010] No.261), provided by the Group for the reference of CDM income withholding tax (the “Document B”);
- Document issued by the Ministry of Finance, the State Administration of Taxation and the National Development and Reform Commission of the PRC on 20 August 2008 with document no. 財稅[2008] 117號 (Caishui [2008] No.117) (the “Document C”);
- Document issued by the Ministry of Finance and the State Administration of Taxation of the PRC with document no. 財稅[2001] 198號 (Caishui [2001] No. 198) (the “Document D”);
- Document dated 12 April 2011 regarding the application of profits tax preferential treatment of the Company and approved by the State Administration of Taxation, Gansu Province (the “Document E”);
- Maintenance service contract signed between the Company and 北京世紀聚合風電技術有限公司 (Beijing Shijiuhu Wind Power Technology Co., Ltd.) dated 20 July 2010;

- CDM Emission Reductions Purchase Agreement entered into by the Company and United Carbon Credits Limited dated 8 January 2010;
- Loan agreement entered into by the Company and International Finance Corporation on 30 June 2010;
- Discussion with management in relation to the treatments of value-added tax (the “VAT”) and profits tax of the Company;
- Discussion with management in relation to the future business development of the Company;
- The economic outlook in general and the specific industry outlook where the Company is engaged in, the competitors in the industry, and competitive advantages and disadvantages of the Company.

We have reviewed the information required, which is considered sufficient for the issue of the valuation report of the type in question and we believe no material factor has been intentionally omitted or withheld from the given information in order to reach an informed view.

Assumptions

Assumptions considered to have significant sensitivity effects in this valuation were evaluated and validated in order to provide a more accurate and reasonable basis for arriving at our assessed value. Based on our experience in valuing business of similar nature, we consider the assumptions made in this valuation report to be reasonable.

Our major assumptions are listed as follows:

- There will be no material adverse change in the political, legal, fiscal or economic condition in the PRC and other regions in which the enterprise carries on its business;
- The enterprise will retain its key management, competent personnel and technical staff to support its ongoing operation;
- Market trend and conditions for the Company in related areas will not deviate significantly from the economic forecasts in general;

- With reference to the business license of the Company and after discussion with the management, it is assumed that the operation period of the wind farm is from 1 July 2011 to 8 April 2039;
- Revenues of the Company have taken into account the regular income from the sales of wind power and CERs (Certified Emission Reduction) only. We have not made any estimates on imponderables;
- We have been given by the Group the forecast on the amount of sales and direct costs, and related expenses such as direct costs, management costs, capital spending, etc. Our valuation is based on such information and we observe no reason to be doubtful on the reasonableness of the assumption;
- We have only considered a collection of operating incomes and related expenses such as direct costs, management costs, taxes, capital spending, etc. We have not made provision for non-operating cash flow items such as exchange rate gain/loss, compensations on accidents, etc. in the valuation model;
- Electricity tariff: With reference to the Document A and advised by the management, the electricity tariff is at RMB 0.5206 per KWh (including VAT). After discussion with the management and with reference to government policy, it is further assumed that the electricity tariff will maintain at this rate throughout the projection period. And according to the feasibility study report prepared by Sgurr Energy and advised by the management, it is estimated that the effective operating capacity of the wind farm is about 2,273 hours per year. The valuation is based on the estimated operating capacity as set out in the feasibility study and information provided by the management;
- Income from sales of CERs: According to the CDM Emission Reductions Purchase Agreement, the revenue from each unit of CER is EURO 11, and advised by the management the revenue is subject to CDM income withholding tax of 4%. Further advised by the management and based on their experience in similar project, it is assumed that 1 unit of CER can be produced from 1 MWh of electricity being generated. The valuation is based on management experience on the above said conversion rate of CER. As advised by the management, as there is uncertainty in the current mechanism on CER under the Kyoto Protocol, which will expire on 31 December 2012, it is further assumed that no income will be generated from the sales of CERs from 2013 onwards;
- VAT: Advised by the management and with reference to the Document D, the revenue of the Company from electricity tariff is subject to preferential treatment of 50% reduction in the VAT rate. The applicable VAT rate is assumed to be at 8.5%.

And advised by the management, according to the current government policy, the VAT payable is allowed to be offset by the VAT rebate generated from the purchases of some fixed assets. Our valuation is based on such information and we observe no reason to be doubtful on the reasonableness of the assumption;

- Maintenance expenses: According to the Maintenance service contract signed between the Company and 北京世紀聚合風電技術有限公司 (Beijing Shijijuhe Wind Power Technology Co., Ltd.) dated 20 July 2010, the maintenance cost of the wind farm is assumed to be RMB0.045 per KWh in 2011, RMB0.055 per KWh in the period from 2012 to 2015, and RMB0.063 per KWh from 2016 to 2019. And advised by the management, it is further assumed that the maintenance expenses will be increased by 15% in every four years from 2020 onwards;
- Operating expenses: Advised by the management, it is assumed that the total operating expenses of the Company are assumed to be about RMB3 million per year in 2011, and are further assumed to grow at a rate of 5% per annum;
- Taxation: Advised by the management and with reference to the Document E, the Company is enjoying preferential tax treatment. It is assumed that the applicable profits tax rate is 0% for the period from 2011 to 2013, 12.5% for the period from 2014 to 2016, and 25% from 2017 onwards;
- Working capital: Advised by the management and based on their experience, the receivable period of the electricity tariff is assumed to be 30 days, and the receivable period for the income from sales of CERs is assumed to be 180 days. The accounts payable turnover days is assumed to be 90 days.
- Capital expenditure: Advised by the management, it is assumed that maintenance CAPEX of about RMB746 million is required in 2029.

We have assumed the reasonableness of information provided and relied to a considerable extent on such information in arriving at our opinion of value.

Valuation Method

In this appraisal, the market value of the equity interest of the Company was determined by the Income Approach with the use of the Free Cash Flows to Firm (FCFF) in Discounted Cash Flow Method (DCF).

We consider that the use of the Free Cash Flow to Firm (FCFF) in Discounted Cash Flow Method is an appropriate measure because of the following considerations:

- The Company, of which the interest to be considered, has going-concerns;
- The Free Cash Flow to Firm (FCFF) is a measure of operating cash flow after the deduction of operating expenses, possible capital expenditure and working capital needs. Thus the FCFF fully reflect the cash flow being received by the Company in future;
- The value of the interest being considered is determined by the future benefit attributed to the Company and less the outstanding loan as of the valuation date, that is, the net present value of the FCFF.

The Free Cash Flow to Firm (FCFF) is given by:

Free cash flow to firm = Earnings before interest and tax x (1 – tax rate) + depreciation – capital spending – working capital needs.

The valuation is derived from applying appropriate discount rate on the FCFF. The discount rate being applied in the DCF, also known as the required rate of Weighted Average Cost of Capital (WACC) is given by:

Equity/(Equity+Debt) x Cost of Equity + Debt/(Equity+Debt) x After Tax Cost of Debt

and the cost of equity is derived by the Capital Asset Pricing Model (“CAPM”):

Required rate of return on equity = Risk Free Rate + Estimated Beta x Market Risk Premium

In applying the CAPM to estimate the discount rate, we have made reference, but not limited to, the following in our estimation:

- i. The yield of the China Government Bond;
- ii. The market return in the stock market and the return on equity of listed companies which engaged in wind power generation or similar line of business;
- iii. The firm specific risk of the Company.

Since the required rate of return on equity estimated by CAPM explains a portion of the total risk, the systematic risk, of an equity investment. We have considered appropriate adjustments to be made on the unsystematic risk, that is, the firm specific risk, which might affect the value of the assets being evaluated.

The discount rate applied to the valuation of the company can be summarized as below:

	Company
Discount rate	9.64%

OPINION OF VALUE

Based on the aforesaid investigation, analysis and appraisal method employed, it is our opinion that, as of 30 June 2011, the market value of the equity interest of the Company can be reasonably and approximately stated as Renminbi Six Hundred Eighty Five Million (RMB685,000,000).

The opinion of value was based on generally accepted appraisal procedures and practices that rely extensively on the use of numerous assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained. Although it is reasonable for the assumptions and the consideration of the uncertainties, the opinion of value may be affected by any major uncertainties on business or operation, economy, competition, and contingencies which are outside control of the Company.

The opinion was based on the management discussion, assumptions and representations, in oral or writing. The projection or estimates set out in the valuation formed part of the assumptions. We were furnished with limited financial information and other documents germane to the valuation. These data had been utilized without further verification as correctly representing the results and future prospects of the operation and the financial condition of the subject. No responsibility is assumed for the accuracy of the provided information. The opinion of value is subject to change if any of the assumptions provided by the management is not reasonable or properly made, and we reserve the right to change or withdraw our opinion without any liabilities.

This report is restricted to the client for the specific purpose to which it refers, and should not be the only factor to be reference by the client. We have not been engaged to make specific sales or purchase recommendation. The use of the report will not supplant other due diligence which the company or the concerned parties should conduct in reaching business decision regarding the subject of valuation.

The valuation procedure did not require us to conduct legal due diligence on the legality and formality of the subject and its related legal documents, and it should be the responsibility of the legal advisor to the management of the company. Thus, no responsibility or liability is assumed from our report to the origin and continuity of the subject. We have not inspected the original documents filed in the relevant authorities to verify ownership of the subject. We need to state that we are not legal professional and are

not qualified to ascertain the titles and to report any encumbrances that may be registered against the subject. No responsibility or liability is assumed in relation to those opinions or copies of document provided (if any).

In accordance with our standard practice, this report is for the use of the party to whom it is addressed and no responsibility is accepted to any third party for the whole or any part of the contents of this report.

We hereby certify that we have neither present nor prospective interests in the assets or the value reported.

Yours faithfully,

Raymond Ho Kai Kwong

*Registered Professional Surveyor
MRICS, MHKIS, MSc (e-com)
Managing Director*

Favian Kam Man Yin

*Chartered Financial Analyst
CFA, MBA
Executive Director*

Note: Raymond K. K. Ho, Chartered Surveyor, MRICS, MHKIS has over 25 years' experience in undertaking valuation of properties in Hong Kong, Macau and the PRC and has extensive experience in business valuation in the Greater China region since 1993. Favian M. Y. Kam, CFA, has over 14 years' experience in business valuation. Mr. Ho and Mr. Kam are both Registered Business Valuer registered with the Hong Kong Business Valuation Forum.

Sensitivity analysis on change in discount rate

Change in discount rate	Discount rate	Total equity value of subject (in RMB '000)
– 1%	8.64%	787,731.45
no change	9.64%	685,116.84
+ 1%	10.64%	594,265.70

LIMITING CONDITIONS

1. Vigers Appraisal & Consulting Limited shall not be required to give testimony or attendance in court or to any government agency by reason of this assessment, with reference to the project described herein, unless prior arrangements have been made.
2. No opinion is intended to express for matters that require legal or other specialized expertise or knowledge, beyond that customarily employed by valuers.
3. As part of our analysis, we have reviewed financial and business information from public sources together with such financial information, project documentation and other pertinent data concerning the project as has been made available to us. Such information was provided by the Company and related parties acting in concert. We assumed such information reliable and legitimate. We have relied to a considerable extent on such information provided in arriving at our opinion of value.
4. Our conclusions assume a continuation of prudent management policies over whatever period of time which is believed reasonable and is necessary to maintain the character and integrity of the assets valued.
5. We assume that there are no hidden or unexpected conditions associated with the assets valued that might adversely affect the reported value. Further, we assume no responsibility for changes in market conditions which may require an adjustment in the assessment.
6. Neither the whole nor any part of this report and assessment, nor any reference thereto, may be included in any document, circular or statement without our written approval of the form and content in which it will appear.
7. This report is confidential to the client for the specific purpose to which it refers. In accordance with our standard practice, we must state that this report and assessment is for the use only of the party to whom it is addressed and no responsibility is accepted to any third party for the whole or any part of its contents.

GENERAL SERVICE CONDITIONS

The service(s) provided by Vigers Appraisal & Consulting Limited will be performed in accordance with professional appraisal standard. Our compensation is not contingent in any way upon our conclusions of value. We assume, without independent verification, the accuracy of all data provided to us. We will act as an independent contractor and reserve the right to use subcontractors. All files, working papers or documents developed by us during the course of the engagement will be our property. We will retain this data for as long as we wish.

Our report is to be used only for the specific purpose stated herein and any other use is invalid. No reliance may be made by any third party without our prior written consent. You may show our report in its entirety to those third parties who need to review the information contained herein. No one should rely on our report as a substitute for their own due diligence. No reference to our name or our report, in whole or in part, in any document you prepare and/or distribute to third parties may be made without our written consent.

You agree to indemnify and hold us harmless against and from any and all losses, claims, actions, damages, expenses, or liabilities, including reasonable attorneys' fees, to which we may become subjects in connection with this engagement. You will not be liable for our negligence. Your obligation for indemnification and reimbursement shall extend to any controlling person of Vigers Appraisal & Consulting Limited, including any director, officer, employee, subcontractor, affiliate or agent. In the event we are subject to any liability in connection with this engagement, regardless of legal theory advanced, such liability will be limited to the amount of fees we received for this engagement.

We reserve the right to include your company/firm name in our client list, but we will maintain the confidentiality of all conversations, documents provided to us, and the contents of our reports, subject to legal or administrative process or proceedings. These conditions can only be modified by written.

As the business valuation is based on discounted cash flow method, it is deemed to be a profit forecast under the Listing Rules. The Company received from its reporting accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong and its financial adviser, OSK Capital Hong Kong Limited, the following report/letter prepared for inclusion in this circular in respect of the business valuation of Guazhou Company.

A. Report from PricewaterhouseCoopers

羅兵咸永道會計師事務所

PricewaterhouseCoopers
22/F, Prince's Building
Central, Hong Kong

**REPORT FROM REPORTING ACCOUNTANT ON DISCOUNTED FUTURE
ESTIMATED CASH FLOWS IN CONNECTION WITH THE BUSINESS
VALUATION OF GANSU GUAZHOU CENTURY CONCORD WIND POWER
CO., LIMITED****TO THE BOARD OF DIRECTORS OF CHINA WINDPOWER GROUP
LIMITED**

We have been engaged to report on the calculations of the discounted future estimated cash flows on which the business valuation (the “Valuation”) dated 29 July 2011 prepared by Vigers Appraisal & Consulting Limited in respect of the appraisal of the fair value of the 100% equity interests in Gansu Guazhou Century Concord Wind Power Co., Limited (“Guazhou Company”) is based. The Valuation is set out in Appendix II of the circular of China WindPower Group Limited (the “Company”) dated 29 July 2011 (the “Circular”) in connection with the disposal of 51% equity interest in Guazhou Company by the Company. The Valuation based on the discounted future estimated cash flows is regarded as a profit forecast under Rule 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

Directors' Responsibility for the Discounted Future Estimated Cash Flows

The directors of the Company are responsible for the preparation of the discounted future estimated cash flows in accordance with the bases and assumptions determined by the directors and as set out on pages 22 to 24 of the Circular. This responsibility includes carrying out appropriate procedures relevant to the preparation of the discounted future estimated cash flows for the Valuation and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

Reporting Accountant's Responsibility

It is our responsibility to report, as required by paragraph 29(2) of Appendix 1B of the Listing Rules, on the calculations of the discounted future estimated cash flows on which the Valuation is based. We are not reporting on the appropriateness and validity of the bases and assumptions on which the discounted future estimated cash flows are based and our work does not constitute any valuation of Guazhou Company.

We conducted our work in accordance with the Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information". This standard requires that we comply with ethical requirements and plan and perform the assurance engagement to obtain reasonable assurance on whether the discounted future estimated cash flows, so far as the calculations are concerned, has been properly compiled in accordance with the bases and assumptions as set out on pages 22 to 24 of the Circular. We reviewed the arithmetical calculations and the compilation of the discounted future estimated cash flows in accordance with the bases and assumptions.

The discounted cash flows do not involve the adoption of accounting policies. The discounted cash flows depend on future events and on a number of assumptions which cannot be confirmed and verified in the same way as past results and not all of which may remain valid throughout the period. Our work has been undertaken for the purpose of reporting solely to you under paragraph 29(2) of Appendix 1B of the Listing Rules and for no other purpose. We accept no responsibility to any other person in respect of our work, or arising out of or in connection with our work.

Opinion

Based on the foregoing, in our opinion, the discounted future estimated cash flows, so far as the calculations are concerned, has been properly compiled in all material respects in accordance with the bases and assumptions made by directors of the Company as set out on pages 22 to 24 of the Circular.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 29 July 2011

B. Letter from OSK Capital Hong Kong Limited**OSK Capital Hong Kong Limited****僑豐融資有限公司**

Subsidiary of OSK Investment Bank Berhad, Malaysia

12/F World-Wide House

19 Des Voeux Road Central, Hong Kong

29 July 2011

The Board of Directors
China WindPower Group Limited
Suite 3901, Far East Finance Centre
16 Harcourt Road
Admiralty
Hong Kong

Dear Sirs,

We refer to the valuation (the “Valuation”) prepared by Vigers Appraisal & Consulting Limited (“Vigers”) in relation to the market value of Gansu Guazhou Century Concord Wind Power Co., Limited as at 30 June 2011. The report of Vigers is included in Appendix II to the circular dated 29 July 2011 (the “Circular”) issued by the Company of which this letter forms part. Capitalised terms used in this letter have the same meanings as defined in the Circular.

We understand that the Valuation, which has been developed through the application of the income approach, known as the discounted cash flow method, is regarded as a profit forecast under Chapter 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited. We understand that Vigers has prepared its Valuation on the basis of the financial projection for the period up to March 2039 (the “Financial Projection”) prepared by the management of the Company.

We have discussed with the management of the Company and Vigers regarding the bases and assumptions upon which the Financial Projection underlying the Valuation has been made. We understand that the Financial Projection is based on a number of bases and assumptions including a feasibility study conducted in connection with the wind farm project of Guazhou Company and the applicable PRC government policy, rules and regulation. We understand that as such bases and assumptions in relation to the environment under which the wind farm of Guazhou Company operates such as wind speed and the applicable government policy, rules and regulation are subject to change, there is no guarantee that Guazhou Company may perform as forecast in the Financial Projection.

On the bases of the foregoing, we are of the opinion that the Financial Projection, for which the Directors of the Company are solely responsible, and the Valuation, for which Vigers is solely responsible, have been made after due and careful enquiry.

Yours faithfully,
For and on behalf of
OSK Capital Hong Kong Limited
Allen Tze
Executive Director

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS**(i) Directors' and chief executives' interests and/or short positions in the Shares, underlying Shares and debentures of the Company or any associated corporation**

As at the Latest Practicable Date, the following Directors had interests in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which are required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Companies in the Listing Rules, to be notified to the Company and the Stock Exchange:

(a) Long positions in the Shares:

Name of the Director	Number of shares held and nature of interest					Approximate percentage of the total issued (%)
	Personal	Family	Corporate	Total	share capital	
Liu Shunxing	—	—	2,023,469,387 ¹	2,023,469,387		27.34
Ko Chun Shun, Johnson	—	—	2,000,000,000 ²	2,000,000,000		27.03

Name of the Director	Number of shares held and nature of interest					Approximate percentage of the total issued (%)
	Personal	Family	Corporate	Total	share capital	
Wang Xun	—	—	2,023,469,387 ¹	2,023,469,387		27.34
Yang Zhifeng	—	—	2,023,469,387 ¹	2,023,469,387		27.34
Liu Jianhong	1,210,000	—	2,023,469,387 ¹	2,024,679,387		27.36
Ko Wing Yan, Samantha	—	—	20,000,000 ³	20,000,000		0.27
Dr. Wong Yau Kar, David, JP	400,000	—	—	400,000		0.005
Yap Fat Suan, Henry	200,000	—	—	200,000		0.003

Notes:

1. The Shares are held by China Wind Power Investment Limited, China Wind Power Investment Limited is wholly owned by New Energy International Limited, which in turn is a wholly-owned subsidiary of Concord International Investment Limited (“Concord International”). Four executive Directors, namely Mr. Liu Shunxing, Mr. Wang Xun, Mr. Yang Zhifeng and Ms. Liu Jianhong held as to 64.64% of the issued shares of Concord International, and the above four Directors are also the directors of Concord International, New Energy International Limited and China Wind Power Investment Limited.
2. Mr. Ko Chun Shun, Johnson, the Vice Chairman and an executive Director, is deemed to be interested in 2,000,000,000 Shares held by Gain Alpha Finance Limited (“Gain Alpha”). Gain Alpha is wholly owned by Mr. Ko Chun Shun, Johnson.
3. Ms. Ko Wing Yan, Samantha, an executive Director, is deemed to be interested in 20,000,000 Shares held by Pine Coral Limited (“Pine Coral”). Pine Coral is wholly owned by Ms. Ko Wing Yan, Samantha.

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

Name of Directors	Date of grant of share options	Exercise price per share	Number of share options outstanding HK\$
Liu Shunxing	1 April 2008	0.45	5,000,000
	6 April 2009	0.302	6,000,000
	4 January 2010	0.89	10,000,000
	3 January 2011	0.80	15,000,000
Ko Chun Shun, Johnson	6 April 2009	0.302	6,000,000
Wang Xun	1 April 2008	0.45	3,600,000
	6 April 2009	0.302	4,500,000
	4 January 2010	0.89	6,600,000
	3 January 2011	0.80	10,000,000
Yang Zhifeng	1 April 2008	0.45	900,000
	6 April 2009	0.302	2,250,000
	4 January 2010	0.89	6,600,000
	3 January 2011	0.80	10,000,000
Liu Jianhong	1 April 2008	0.45	900,000
	6 April 2009	0.302	2,250,000
	4 January 2010	0.89	6,600,000
	3 January 2011	0.80	10,000,000
Yu Weizhou	6 April 2009	0.302	2,000,000
	4 January 2010	0.89	6,600,000
	3 January 2011	0.80	10,000,000
Zhou Zhizhong	4 January 2010	0.89	6,600,000
	3 January 2011	0.80	10,000,000
Ko Wing Yan, Samantha	4 January 2010	0.89	3,000,000
	3 January 2011	0.80	4,000,000

Name of Directors	Date of grant of share options	Exercise price per share	Number of share options outstanding HK\$
Chan Kam Kwan, Jason	1 April 2008	0.45	1,000,000
	6 April 2009	0.302	1,200,000
	4 January 2010	0.89	1,000,000
	3 January 2011	0.80	1,000,000
Tsoi Tong Hoo, Tony	1 April 2008	0.45	1,200,000
	6 April 2009	0.302	3,000,000
	4 January 2010	0.89	800,000
	3 January 2011	0.80	800,000
Dr. Zhou Dadi	4 January 2010	0.89	1,000,000
	3 January 2011	0.80	1,000,000
Dr. Wong Yau Kar, David, <i>JP</i>	1 April 2008	0.45	400,000
	6 April 2009	0.302	600,000
	4 January 2010	0.89	800,000
	3 January 2011	0.80	800,000
Yap Fat Suan, Henry	1 April 2008	0.45	600,000
	6 April 2009	0.302	800,000
	4 January 2010	0.89	800,000
	3 January 2011	0.80	800,000

These options were granted subject to the following vesting requirement:

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

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

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

(ii) Directors' other interests

- (a) As at the Latest Practicable Date, none of the Directors (1) had any direct or indirect interest in any assets which have been acquired, disposed of by or leased to, or which are proposed to be acquired, disposed of by or leased to, the Company or any of its subsidiaries since 31 December 2010, the date to which the latest published audited financial statements of the Group were made up and (2) was materially interested in any contract or arrangement entered into by any member of the Company subsisting at the Latest Practicable Date which is significant in relation to the business of the Group.
- (b) As at the Latest Practicable Date, none of the Directors or their respective associates had any interest in any company or business which competes or may compete, directly or indirectly, with the businesses of the Group.

(iii) Substantial Shareholders

As at the Latest Practicable Date, so far as is known to, or can be ascertained after reasonable enquiry by the Directors or chief executive of the Company, the following persons, not being a Director or chief executive of the Company, had interests and/or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who are, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

(a) Long positions in the Shares:

Name of shareholder	Number of Shares held	Approximate percentage of the total issued share capital (%)
China Wind Power Investment Limited (<i>Note</i>)	2,023,469,387	27.34

Note:

The Shares are held by China Wind Power Investment Limited, China Wind Power Investment Limited is wholly-owned by New Energy International Limited, which in turn is a wholly-owned subsidiary of Concord International Investment Limited (“Concord International”). Four executive Directors, namely Mr. Liu Shunxing, Mr. Wang Xun, Mr. Yang Zhifeng and Ms. Liu Jianhong held as to 64.64% of the issued shares of Concord International, and the above four Directors are also the directors of Concord International, New Energy International Limited and China Wind Power Investment Limited.

(b) As at the Latest Practicable Date, the following corporation (not being a member of the Group, a Director or the chief executive of the Company) was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at the general meetings of the following member of the Group:

Name of the jointly controlled entities	Name of shareholder	Percentage of interest in the jointly equity controlled entities
阜新巨龍湖風力發電有限公司 (Fuxin Julonghu Wind Power Co., Ltd.*)	遼寧能源投資(集團) 有限公司 ("Liaoning Energy")	40%
阜新千佛山風力發電有限公司 (Fuxin Qianfoshan Wind Power Co., Ltd.*)	Liaoning Energy	40%
阜新聚緣風力發電有限公司 (Fuxin Juyuan Wind Power Co., Ltd.*)	Liaoning Energy	40%
阜新聚合風力發電有限公司 (Fuxin Juhe Wind Power Co., Ltd.*)	Liaoning Energy	40%
朝陽協合聚泉風力發電有限公司 (Chaoyang Century Concord Juquan Wind Power Co., Ltd.*)	Liaoning Energy	45%
康保協合風力發電有限公司 (Kangbao Century Concord Wind Power Co., Ltd.*)	天津德恒風電投資有限公司 (Tianjin DH Power Investment Limited*)	49%
朝陽協合萬家風力發電有限公司 (Chaoyang Century Concord Wanjia Wind Power Co., Ltd*)	Liaoning Energy	45%

* for identification purpose only

Name of the jointly controlled entities	Name of shareholder	Percentage of interest in the jointly equity controlled entities
太僕寺旗聯合風力發電有限公司 (Taipusiqi Union Wind Power Co., Ltd*)	上海申華風電新能源有限公司 (Shanghai Shenhua Wind Power New Energy Co., Ltd.*)	49%

Save as disclosed herein, as at the Latest Practicable Date, no person had any interests and/or short positions in the Shares or underlying Shares which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who are, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

3. MATERIAL CONTRACTS

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

- (a) On 9 April 2010, Century Concord entered into a joint venture agreement with 上海申華風電新能源有限公司 (Shanghai Shenhua Wind Power New Energy Co., Ltd.*) to establish a joint venture at Zhangwu (彰武) County, Fuxin, Liaoning province, the PRC with a registered capital of RMB96 million, of which RMB48.96 million shall be contributed by Century Concord. Each of Century Concord and Shanghai Shenhua Wind Power New Energy Co., Ltd. holds a 51% and 49% equity interest in the joint venture.
- (b) The agreement entered into between the Company and Liaoning Energy on 18 May 2010, in relation to, among other things, (i) formation of 18 joint ventures (the “New Joint Ventures”) between the parties pursuant to which the Group shall hold a 55% equity interest in each of the 9 New Joint Ventures and a 45% equity interest in each of the other 9 New Joint Ventures and each of New Joint Ventures shall have a registered capital of RMB100 million or RMB150 million, (ii) the possible grant of the guarantees by the Group in respect of the borrowings of the New Joint Ventures in favour of the financiers

* for identification purpose only

in proportion to the Group's equity interests in the New Joint Ventures and (iii) the guarantees which may be provided by Liaoning Energy in respect of the external borrowings of the New Joint Ventures and the counter indemnities which may be provided by the Group to Liaoning Energy with the pledge of the Group's equity interests in the New Joint Ventures to Liaoning Energy.

- (c) On 30 June 2010, the Company and IFC entered into a subscription agreement pursuant to which the Company has agreed to issue and allot to IFC and IFC has agreed to subscribe for 101,140,000 Shares at the subscription price of HK\$0.77 per Share.
- (d) The IFC Loan Agreement.
- (e) On 2 July 2010, the Company and IFC entered into a deed of guarantee pursuant to which the Company has guaranteed the obligations of Guazhou Company under the IFC Loan Agreement and the relevant transaction documents. The Group has charged certain assets in favour of IFC in respect of the loan to be made by IFC to Guazhou Company pursuant to the IFC Loan Agreement.
- (f) On 28 January 2011, subsidiaries of the Company, Tianjin Century Concord Windpower Investment Ltd. and Century Concord (collectively, the "ADB Borrowers"), entered into a facility agreement with Asian Development Bank ("ADB") for a loan facility of up to US\$120 million (the "ADB Facility Agreement"). The proceeds will be used for financing wind power projects of these subsidiaries and for general corporate purposes. On the same date, the Company entered into a guarantee agreement to act as guarantor for the ADB Borrowers in connection with the ADB Facility Agreement.
- (g) On 29 March 2011, the Company and certain subsidiaries of the Company entered into a subscription agreement with Hongkong and Shanghai Banking Corporation Limited (as sole lead manager and sole bookrunner) in connection with the issue of RMB750,000,000 6.375% guaranteed bonds due 2014.
- (h) The Disposal Agreement.

4. LITIGATION

As at the Latest Practicable Date, neither the Company nor any member of the Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance had been known to the Directors to be pending or threatened by or against any member of the Group.

5. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with the Company or any member of the Group (excluding contracts expiring or determinable by the Group within one year without payment of compensation (other than statutory compensation)).

6. EXPERTS AND CONSENTS

The following are the qualifications of the experts who have given opinion, letter or report which is contained in this circular:

Name	Qualification
PricewaterhouseCoopers	Certified Public Accountants
Vigers Appraisal & Consulting Limited	Qualified property valuer, chartered surveyor
OSK Capital Hong Kong Limited	a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

As at the Latest Practicable Date, each of PricewaterhouseCoopers, Vigers Appraisal & Consulting Limited and OSK Capital Hong Kong Limited did not have any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

Each of PricewaterhouseCoopers, Vigers Appraisal & Consulting Limited and OSK Capital Hong Kong Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its opinion, letter or report and references to its name in the form and context in which they appear.

As at the Latest Practicable Date, each of PricewaterhouseCoopers, Vigers Appraisal & Consulting Limited and OSK Capital Hong Kong Limited did not have any direct or indirect interest in any assets which have been acquired or disposed of by or

leased to any member of the Group or are proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2010, being the date to which the latest published audited financial statements of the Group were made up.

7. SECRETARY OF THE COMPANY

The secretary of the Company is Mr. Chan Kam Kwan, Jason. Mr. Chan is also an executive Director. Mr. Chan graduated from the University of British Columbia with a Bachelor of Commerce degree and is a member of the American Institute of Certified Public Accountants and has extensive experience acting as company secretary for listed companies.

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the Company's principal place of business in Hong Kong from the date of this circular up to 12 August 2011:

- (a) this circular;
- (b) the Disposal Agreement;
- (c) the Company's memorandum of association and bye-laws;
- (d) the valuation report prepared by Vigers on Guazhou Company set out in Appendix II to this circular;
- (e) the report from PricewaterhouseCoopers and the letter from OSK Capital Hong Kong Limited in relation to the projection contained in the valuation report by Vigers.
- (f) the material contracts referred to in the section headed "Material Contracts" to in this appendix; and
- (g) the respective annual reports of the Company for the year ended 31 December 2010, for the nine months ended 31 December 2009 and for the year ended 31 March 2009.

9. MISCELLANEOUS

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