China WindPower Group Limited

(Incorporated in Bermuda with limited liability)

(Stock code: 182)

RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2011

The board of directors (the "Directors") of China WindPower Group Limited (the "Company") announces the consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2011, together with the comparative figures for the year ended 31 December 2010. The consolidated results have been reviewed by the Company's audit committee.

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2011

	Note	2011 HK$'000	2010 HK$'000
Revenue	*3*	**959,046**	1,236,020
Other income	*3*	**18,093**	7,329
Other gains, net	*4*	**283,865**	1,888
Expenses			
Cost of construction and inventories sold		**(568,542)**	(713,719)
Employee benefit expense		**(190,236)**	(101,276)
Depreciation and amortisation		**(14,729)**	(9,633)
Operating lease payments in respect of land and buildings		**(7,956)**	(8,955)
Other expenses		**(81,389)**	(55,129)
Finance costs	*5*	**(64,899)**	(4,465)
Share of results			
- associates		**1,391**	4,483
- jointly controlled entities		**169,646**	192,464
Profit before income tax		**504,290**	549,007
Income tax expense	*6*	**(132,081)**	(121,784)
Profit for the year		**372,209**	427,223
Profit attributable to equity holders of the Company		**372,209**	427,223
Earnings per share attributable to equity holders of the Company during the year	*7*		
Basic earnings per share		**5.03 HK cents**	5.85 HK cents
Diluted earnings per share		**5.00 HK cents**	5.78 HK cents
Dividend	*8*	**73,936**	-

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2011

	2011 HK$'000	2010 HK$'000
Profit for the year	**372,209**	427,223
Other comprehensive income:		
Currency translation differences		
- Group	**101,959**	67,504
- Associates	**6,750**	4,316
- Jointly controlled entities	**59,890**	32,409
- Loss of control over subsidiaries	**(33,008)**	-
Total other comprehensive income for the year	**135,591**	104,229
Total comprehensive income for the year	**507,800**	531,452
Total comprehensive income attributable to equity holders of the Company	**507,800**	531,452

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2011

	Note	2011 HK$'000	2010 HK$'000
Assets			
Non-current assets			
Property, plant and equipment		**1,286,961**	1,585,434
Leasehold lands and land use rights		**154,710**	121,645
Intangible assets		**1,324,891**	1,262,995
Interests in associates		**142,924**	135,919
Interests in jointly controlled entities		**1,880,630**	916,556
Deferred tax assets		**26,825**	23,182
		4,816,941	4,045,731
Current assets			
Inventories		**308,448**	44,425
Trade receivables	*9*	**499,761**	108,936
Prepayments, deposits and other receivables		**228,856**	139,258
Amounts due from associates		**6,199**	14,368
Amounts due from jointly controlled entities		**577,747**	339,982
Cash and cash equivalents		**1,063,541**	732,544
		2,684,552	1,379,513
Total assets		**7,501,493**	5,425,244
Liabilities			
Non-current liabilities			
Borrowings		**974,146**	802,057
Deferred tax liabilities		**2,511**	2,072
Deferred government grant		**17,921**	-
		994,578	804,129
Current liabilities			
Trade and bill payables	*10*	**843,588**	203,250
Other payables and accruals		**696,223**	158,338
Amounts due to associates		**24,385**	-
Amounts due to jointly controlled entities		**276,696**	31,690
Borrowings		**156,890**	247,275
Current income tax liabilities		**34,751**	67,067
		2,032,533	707,620
Total liabilities		**3,027,111**	1,511,749
Net current assets		**652,019**	671,893
Total assets less current liabilities		**5,468,960**	4,717,624
Net assets		**4,474,382**	3,913,495

CONSOLIDATED BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2011

	Note	**2011 HK$'000**	2010 HK$'000
Equity			
Equity attributable to equity holders of the Company			
Share capital	*11*	**73,936**	73,915
Reserves			
Proposed final dividend		**73,936**	-
Others		**4,326,510**	3,839,580
Total equity		**4,474,382**	3,913,495

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2011

	Attributable to equity holders of the Company							
	Share capital HK$'000	**Share premium HK$'000**	**Contributed surplus HK$'000**	**Premium arising on acquisition of non-controlling interests HK$'000**	**Exchange reserve HK$'000**	**Other reserves HK$'000**	**Retained earnings HK$'000**	**Total equity HK$'000**
Balance at 1 January 2010	**72,787**	**2,895,213**	**78,810**	**(35,481)**	**125,762**	**13,230**	**117,522**	**3,267,843**
Comprehensive income								
Profit for the year	-	-	-	-	-	-	427,223	427,223
Other comprehensive income								
Currency translation differences								
- Group	-	-	-	-	67,504	-	-	67,504
- Associates	-	-	-	-	4,316	-	-	4,316
- Jointly controlled entities	-	-	-	-	32,409	-	-	32,409
Total other comprehensive income	-	-	-	-	104,229	-	-	104,229
Total comprehensive income	-	-	-	-	104,229	-	427,223	531,452
Transactions with owners								
Subscription of new ordinary shares	1,011	76,689	-	-	-	-	-	77,700
Exercise of share options	117	5,852	-	-	-	(1,474)	-	4,495
Share-based compensation	-	-	-	-	-	32,005	-	32,005
Total transactions with owners	1,128	82,541	-	-	-	30,531	-	114,200
Balance at 31 December 2010	**73,915**	**2,977,754**	**78,810**	**(35,481)**	**229,991**	**43,761**	**544,745**	**3,913,495**
Comprehensive income								
Profit for the year	-	-	-	-	-	-	372,209	372,209
Other comprehensive income								
Currency translation differences								
- Group	-	-	-	-	101,959	-	-	101,959
- Associates	-	-	-	-	6,750	-	-	6,750
- Jointly controlled entities	-	-	-	-	59,890	-	-	59,890
- Loss of control over subsidiaries	-	-	-	-	(33,008)	-	-	(33,008)
Total other comprehensive income	-	-	-	-	135,591	-	-	135,591
Total comprehensive income	-	-	-	-	135,591	-	372,209	507,800
Transactions with owners								
Repurchase and cancellation of ordinary shares	(70)	(2,263)	-	-	-	-	-	(2,333)
Cancellation of share premium	-	(2,977,754)	2,596,978	-	-	-	380,776	-
Exercise of share options	91	4,604	-	-	-	(1,385)	-	3,310
Share-based compensation	-	-	-	-	-	52,110	-	52,110
Total transactions with owners	21	(2,975,413)	2,596,978	-	-	50,725	380,776	53,087
Balance at 31 December 2011	**73,936**	**2,341**	**2,675,788**	**(35,481)**	**365,582**	**94,486**	**1,297,730**	**4,474,382**

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2011

	2011 HK$'000	2010 HK$'000
Cash flows from operating activities		
Cash generated from operations	**505,786**	330,835
Income tax paid	**(176,020)**	(70,079)
Net cash generated from operating activities	**329,766**	260,756
Cash flows from investing activities		
Purchases of property, plant and equipment	**(1,870,595)**	(1,467,316)
Purchases of leasehold lands and land use rights	**(39,647)**	(121,871)
Capital injection to associates	**-**	(42,265)
Capital injection to jointly controlled entities	**(294,530)**	(182,724)
Net proceeds received from joint venture partners	**716,212**	51,691
Net proceeds from disposal of property, plant and equipment	**344**	1,678
Net proceeds from disposal of financial assets at fair value through profit or loss	**762**	1,527
Dividends received from associates	**-**	5,334
Dividends received from jointly controlled entities	**18,805**	15,849
Receipt of government grants	**21,165**	-
Interest received	**5,680**	3,384
Net cash used in investing activities	**(1,441,804)**	(1,734,713)
Cash flows from financing activities		
Net proceeds from issuance of new ordinary shares	**-**	77,700
Repurchase of ordinary shares	**(2,333)**	-
Net proceeds from exercise of share options	**3,310**	4,495
Proceeds from borrowings	**1,791,112**	1,402,240
Repayment of borrowings	**(293,489)**	(388,163)
Interest paid	**(64,899)**	(4,465)
Net cash generated from financing activities	**1,433,701**	1,091,807
Net increase/(decrease) in cash and cash equivalents	**321,663**	(382,150)
Cash and cash equivalents at beginning of the year	**732,544**	1,109,561
Exchange gain on cash and cash equivalents	**9,334**	5,133
Cash and cash equivalents at end of the year	**1,063,541**	732,544
Analysis of balances of cash and cash equivalents		
Cash and bank balances	**1,063,541**	732,544

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

1 Basis of preparation

The consolidated financial information of the Company has been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations ("Int") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The consolidated financial information has been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss.

Impact of new, amended and revised HKFRSs

The following amended and revised HKFRSs are mandatory for the Group's accounting period beginning on 1 January 2011 and are relevant to the Group's operations:

HKAS 1 (Amendment)	Presentation of Financial Statements
HKFRS 3 (Revised)	Business Combinations

The impacts of the adoption of these amended and revised HKFRSs on these consolidated financial information are as follows:

(a) HKAS 1 (Amendment) "Presentation of Financial Statements". This amendment confirms that entities may present an analysis of the components of other comprehensive income by item either in the statement of changes in equity or within the notes. The adoption of this amendment does not have any impact on the presentation of the Group's consolidated financial information.

(b) HKFRS 3 (Revised) "Business Combinations". This amendment clarifies that only when the acquiree has present ownership instruments that entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation, the acquirer can choose to measure the non-controlling interest at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. This revision does not have any material financial impact on the Group.

The following new, amended and revised HKFRSs are mandatory for the Group's accounting period beginning on 1 January 2011, but are not currently relevant to the Group's operations:

HKAS 24 (Revised)	Related Party Disclosures
HKAS 27 (Amendment)	Consolidated and Separate Financial Statements
HKAS 32 (Amendment)	Classification of Rights Issues
HKAS 34 (Amendment)	Interim Financial Reporting
HKFRS 7 (Amendment)	Financial instruments: Disclosures
HK(IFRC) - Int 13 (Amendment)	Customer Loyalty Programmes
HK(IFRC) - Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement
HK(IFRC) - Int 19	Extinguishing Financial Liabilities with Equity Instruments

The following new, amended and revised HKFRSs have been issued, but are not effective for the Group's accounting period beginning on 1 January 2011 and have not been early adopted:

HKAS 1 (Revised) (Amendment)	Presentation Financial Statements - Presentation of Items of Other Comprehensive Income
HKAS 12 (Amendment)	Deferred Tax: Recovery of Underlying Assets
HKAS 19 (2011)	Employee Benefits
HKAS 27 (2011)	Separate Financial Statements
HKAS 28 (2011)	Investment in Associates and Joint Ventures
HKAS 32 (Amendment)	Financial Instruments: Presentation - Offsetting Financial Assets and Financial liabilities
HKFRS 7 (Amendment)	Financial Instruments: Disclosure - Transfers of Financial Assets
HKFRS 7 (Amendment)	Financial Instruments: Disclosure - Offsetting Financial Assets and Financial Liabilities
HKFRS 7 (Revised)	Financial Instruments: Disclosure
HKFRS 9	Financial Instruments
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HK(IFRIC) - Int 20	Stripping Costs in the Production Phase of a Surface Mine

The Group has commenced an assessment of the impact of these new, amended and revised HKFRSs but is not yet in a position to state whether they would have a significant impact of its results of operations and financial position.

2 Segment information

Management has determined the operating segments based on the internal reports reviewed and used by executive directors for strategic decision making.

The executive directors consider the business from a product and service perspective. During the year, the executive directors resolved to realign the management structure of the two previous operating segments consultancy and design, and engineering and construction. The two operating segments were then merged to form the new segment engineering, procurement and construction. In the new structure, the Group has therefore reported on four operating segments as follows:

- Engineering, procurement and construction - providing technical and consultancy services, securing power resources in renewable energy industry, undertaking electrical engineering and construction of power plant projects;

- Manufacture of equipment - manufacturing of tower tube and gear box equipments for power business;

- Operation and maintenance of power plants - providing operation and maintenance services to power plants; and

- Investment in power plants - investing in power plants.

To ensure a consistent comparison to the new structure, the comparatives have been restated accordingly.

The executive directors assess the performance of the operating segments based on a measure of adjusted earnings before interest and income tax. This measurement basis excludes the effects of non-recurring expenditure from the operating segments such as equity-settled share-based compensation and unrealised gains or losses on financial instruments.

Segment assets comprise goodwill, interests in associates, interests in jointly controlled entities, property, plant and equipment, leasehold lands and land use rights, other intangible asset, inventories, receivables and cash and cash equivalents which are related to the segments.

Segment liabilities comprise payables, borrowings and current income tax liabilities which are related to the segments.

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

The Company is domiciled in Bermuda. None of its revenue was generated from external customers in Bermuda, and all of its revenue was generated from external customers in the People's Republic of China. No non-current assets are located in Bermuda, and most of these non-current assets are located in the People's Republic of China.

Three (2010: one) single external customers contribute more than 10% revenue of the Group. Revenues of approximately HK$167,646,000 (2010: Nil), HK$158,994,000 (2010: Nil) and HK$139,581,000 (2010: HK$212,641,000) are derived from customer A, customer B and customer C, respectively. These revenues are attributable to the engineering, procurement and construction and equipment manufacturing segments.

Business segments
For the year ended 31 December 2011

	Engineering, procurement and construction HK$'000	Equipment manufacturing HK$'000	Power plant operation and maintenance HK$'000	Investment in power plants HK$'000	Total HK$'000
Segment revenue					
Inter-segment sales	810,162	22,805	40,274	(873,241)	**-**
Sales to external customers	440,151	417,781	101,114	-	**959,046**
Segment results	53,014	106,521	32,041	121,785	**313,361**
Finance income	2,490	708	35	1,047	**4,280**
Other gains, net	-	36	-	283,829	**283,865**
Unallocated income					**13,813**
Unallocated expenses					**(94,301)**
Finance costs	(9,940)	(6,788)	-	-	**(16,728)**
Profit before income tax					**504,290**
Income tax expense	(41,019)	(55,146)	(605)	(35,311)	**(132,081)**
Profit for the year					**372,209**
Segment assets	1,794,413	694,302	199,750	4,712,214	**7,400,679**
Unallocated assets					**100,814**
Total assets					**7,501,493**
Segment liabilities	(1,427,061)	(172,181)	(11,707)	(487,098)	**(2,098,047)**
Unallocated liabilities					**(929,064)**
Total liabilities					**(3,027,111)**
Other segment information					Unallocated
Additions to non-current assets (other than financial instruments and deferred tax assets)	67,299	120,878	4,629	2,144,783	57
Depreciation of property, plant and equipment	14,979	6,282	2,466	3,786	551
Amortisation of other intangible asset and prepaid operating lease payment	3,573	435	-	154	117
Loss on disposal of property, plant and equipment	-	(144)	(2)	-	-
Share-based compensation	16,120	1,632	1,804	9,112	23,442

Business segments
For the year ended 31 December 2010

	Engineering, procurement and construction HK$'000 (restated)	Equipment manufacturing HK$'000	Power plant operation and maintenance HK$'000	Investment in power plants HK$'000	Total HK$'000
Segment revenue					
Inter-segment sales	200,030	(21,631)	10,362	(188,761)	-
Sales to external customers	590,482	591,428	54,110	-	1,236,020
Segment results	172,228	179,974	19,020	201,079	572,301
Finance income	1,515	753	48	1,068	3,384
Other gains, net	547	241	388	712	1,888
Unallocated income					3,945
Unallocated expenses					(28,046)
Finance costs	(588)	(3,857)	-	(20)	(4,465)
Profit before income tax					549,007
Income tax expense	(90,398)	(23,689)	(2,368)	(5,329)	(121,784)
Profit for the year					427,223
Segment assets	874,346	365,011	176,426	3,936,825	5,352,608
Unallocated assets					72,636
Total assets					5,425,244
Segment liabilities	(470,788)	(236,085)	(13,609)	(782,256)	(1,502,738)
Unallocated liabilities					(9,011)
Total liabilities					(1,511,749)
Other segment information					Unallocated
Additions to non-current assets (other than financial instruments and deferred tax assets)	56,693	14,141	39,456	1,355,991	1,035
Depreciation of property, plant and equipment	5,105	2,352	1,321	1,197	545
Amortisation of other intangible asset and prepaid operating lease payment	98	285	-	49	129
Loss on disposal of property, plant and equipment	(46)	143	-	-	-
Share-based compensation	29,291	1,078	1,636	-	-

3 Revenue and other income

Revenue represents consultancy and construction income, the net invoiced value of goods sold and other services rendered during the year.

An analysis of revenue and other income is as follows:

	2011 **HK$'000**	2010 HK$'000
Revenue	**959,046**	1,236,020
Other income		
Interest income	**5,680**	3,384
Subletting income	**8,245**	3,368
Government grants	**3,617**	-
Others	**551**	577
	18,093	7,329

4 Other gains, net

An analysis of other gains, net is as follows:

	2011 **HK$'000**	2010 HK$'000
Gain on businesses or assets contribution to jointly controlled entities	**296,693**	361
Other professional fees	**(13,551)**	-
Loss on disposal of a subsidiary	**(39)**	-
Net realised gains on disposal of financial assets at fair value through profit or loss	**762**	1,527
	283,865	1,888

5 Finance costs

	2011 **HK$'000**	2010 HK$'000
Interest expenses:		
- Bank borrowings, wholly repayable within five years	**16,728**	12,334
- Guaranteed bond, wholly repayable within five years	**48,171**	-
- Other loans, not wholly repayable within five years	**28,612**	1,555
Others	**-**	20
	93,511	13,909
Less: Interest capitalised	**(28,612)**	(9,444)
	64,899	4,465

6 Income tax expense

	2011 HK$'000	2010 HK$'000
Current tax		
- PRC corporate income tax	**94,778**	104,371
- Withholding tax	**44,640**	19,204
- Under-provision of tax in prior years	**958**	2,073
	140,376	125,648
Deferred tax	**(8,295)**	(3,864)
	132,081	121,784

7 Earnings per share

(a) Basic

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

	2011	2010
Profit attributable to equity holders of the Company (HK$'000)	**372,209**	427,223
Weighted average number of ordinary shares in issue (thousands)	**7,394,195**	7,308,492
Basic earnings per share attributable to equity holders of the Company (HK cents per share)	**5.03**	5.85

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

The Company has one category of dilutive potential ordinary shares: share options. A calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The weighted average number of ordinary shares calculated is compared with the number of shares that would have been issued assuming the exercise of the share options.

	2011	2010
Profit used to determine diluted earnings per share (HK$'000)	**372,209**	427,223
Weighted average number of ordinary shares in issue (thousands)	**7,394,195**	7,308,492
Adjustment for : - effect of dilutive potential shares issuable under the Company's share option scheme (thousands)	**50,069**	78,745
Weighted average number of ordinary shares used to determine diluted earnings per share (thousands)	**7,444,264**	7,387,237
Diluted earnings per share attributable to equity holders of the Company (HK cents per share)	**5.00**	5.78

8 Dividend

The board of directors recommends to declare a final dividend of HK1.0 cent per ordinary share in respect of the year ended 31 December 2011 (2010: Nil), subject to the approval of the shareholders of the Company at the forthcoming annual general meeting. Based on the number of issued ordinary shares as of the date of approving this consolidated financial information, the proposed final dividend amounting to HK$73,936,000. This consolidated financial information does not reflect this dividend payable as at 31 December 2011.

9 Trade receivables

As at 31 December 2011, the ageing analysis of the trade receivables, based on invoice date, was as follows:

	2011 **HK$'000**	2010 HK$'000
Within 3 months	**430,387**	71,224
3 to 6 months	**27,676**	-
6 to 12 months	**7,244**	37,712
Over 12 months	**34,454**	-
	499,761	108,936

The Group's credit terms granted to customers range from 30 to 180 days. The carrying amounts of trade receivables approximate their fair values and are denominated in RMB. Included in trade receivables as at 31 December 2011, there were HK$18,356,000 (2010: HK$11,635,000) and HK$52,470,000 (2010: HK$42,148,000) retention money held in respect of construction revenue and equipment sales, respectively, in which retention money of HK$23,650,000 (2010: Nil) were aged over 12 months but not impaired.

10 Trade and bill payables

	2011	2010
	HK$'000	HK$'000
Trade payables	**839,887**	190,605
Bill payables	**3,701**	12,645
	843,588	203,250

As at 31 December 2011, the ageing analysis of the trade payables, based on invoice date, was as follows:

	2011	2010
	HK$'000	HK$'000
Within 3 months	**745,378**	140,085
3 to 6 months	**26,690**	31,342
6 to 12 months	**17,909**	18,864
Over 12 months	**49,910**	314
	839,887	190,605

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

11 Share capital

	2011	2010
	HK$'000	HK$'000
Authorised:		
10,000,000,000 (2010: 10,000,000,000) ordinary shares of HK$0.01 each	**100,000**	100,000
Issued and fully paid:		
7,393,594,965 (2010: 7,391,509,965) ordinary shares of HK$0.01 each	**73,936**	73,915

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

	No. of shares 000's	Nominal value HK$'000
Authorised:		
As at 31 December 2011 and 2010: 10,000,000,000 ordinary shares of HK$0.01 each	10,000,000	100,000
Issued and fully paid:		
As at 1 January 2010: 7,278,704,965 ordinary shares of HK$0.01 each	7,278,705	72,787
Subscription of new ordinary shares of HK$0.01 each (Note (i))	101,140	1,011
Issues of ordinary shares of HK$0.01 each on exercise of share options	11,665	117
As at 31 December 2010: 7,391,509,965 ordinary shares of HK$0.01 each	7,391,510	73,915
Repurchase and cancellation of ordinary shares of HK$0.01 each (Note (ii))	(6,960)	(70)
Issues of ordinary shares of HK$0.01 each on exercise of share options	9,045	91
As at 31 December 2011: 7,393,594,965 ordinary shares of HK$0.01 each	**7,393,595**	**73,936**

Notes:

(i) Pursuant to a subscription agreement executed by the Company on 30 June 2010, a total of 101,140,000 ordinary shares with a par value HK$0.01 each were issued at an issue price of HK$0.77 per share, raising net proceeds of HK$77,700,000.

(ii) On 26 and 27 September 2011, the Company acquired 2,450,000 and 4,510,000 of its own ordinary shares with a par value of HK$0.01 each through purchases on the Hong Kong Stock Exchange at a market price of HK$0.3394 and HK$0.3314 per share, respectively. The total amount paid to acquire these shares was HK$2,333,000 and the excess consideration has been deducted from 'share premium' in equity. These repurchased ordinary shares had then been cancelled.

12 Events after the balance sheet date

On 27 February 2012, the Group entered into a capital injection agreement with Shanghai Electric Power Co., Ltd. ("Shanghai Electric"), pursuant to which the registered share capital of Suqian Century Concord New Energy Co., Ltd. ("Suqian") was increased from RMB30,000,000 to RMB61,230,000 by the way of Shanghai Electric making a cash contribution of RMB31,230,000 into the registered share capital of Suqian. Upon the completion of the transaction on 27 February 2012, Suqian ceased to be a subsidiary of the Group and then become a jointly controlled entity of the Group and Shanghai Electric. As at 31 December 2011, the carrying amount of Suqian of RMB30,000,000 (equivalent to HK$37,005,000) was included in the operating segment of 'Investment in power plants'.

Save as disclosed above, there were no significant subsequent events after the balance sheet date up to the date of approval of the consolidated financial information.

Management Discussion and Analysis

I Operating Environment

In 2011, despite the depressing global economy, China’s economy continued to demonstrate steady and robust growth. The wind power sector in China entered into a period with stable growth after witnessing 5 years of swift development. On the other hand, with the introduction of solar photovoltaic (PV) feed-in tariff and decreased in the costs of PV modules, the solar power sector has begun to pick up. The operating environment for renewable energy in China has experienced the following changes in 2011:

(ⅰ) Centralised wind power project approvals. In July 2011, the National Energy Administration (NEA) issued “Notice of the Schedule for the First Batch of Wind Farm Project Approvals under the 12th Five-Year Plan”. In August 2011, “Interim Measures for the Development and Construction of Wind Farm Projects” was promulgated, requiring all wind power projects to be endorsed by the NEA in order to be eligible for grid connection priority and subsidies from the Renewable Energy Fund. These measures increased the difficulties in attaining wind power project approvals and slowed down the approval rate by the grid companies and the Provincial Development and Reform Commission (PDRC).

(ⅱ) Refined technical specifications. The implementation of 18 technical standards including *“Technical Requirements for Large On-grid Wind Farm Design”* and the announcement of *“Interim Measures on Wind Power Forecasting Management” signified the refinement of technical standards* for the China’s wind power market, raising the quality standard of equipment manufacturing and wind power plants. Although operating wind power plants incurred additional costs for the technical upgrade, it helps to improve the long term reliability of the power plants’ operation.

(ⅲ) Introduction of solar PV feed-in tariff. In July 2011, the National Development and Reform Commission (NDRC) issued the "Notice for Solar PV Feed-in Tariff ", introducing the standard on-grid tariff which prompted a rapid growth in China’s solar power market. The Group has also increased its investment in solar power projects.

(ⅳ) Higher financing costs. Following the upward trend of interest rate in 2010, the People's Bank of China (PBOC) raised the lending rate three times in 2011, a total of 65bps. Over the same period, the PBOC increased the banks’ reserve ratio six times. Both adjustments resulted in higher financing costs for the Group’s power plants, thus lower returns on the power projects.

(ⅴ) Lagging power grid constructions. The State Grid Corporation of China (SGCC) invested RMB 301.9 billion in grid constructions in 2011, a year-on-year increase of 13.7%. However, in some regions the pace of grid constructions lagged behind wind power plant constructions, grid connection and grid congestion problems persisted for certain approved wind power projects. The geographical structural mismatch between wind resource locations and electricity load centers caused severe grid curtailment in the northern China.

(ⅵ) Lower wind speed in North China. In 2011, especially in the second half of the year, the average wind speed dropped sharply, and hence adversely affected the wind power plants’ generation output and return. According to the monitoring statistics from the Group's wind power plants, the average wind speed in Liaoning decreased by 7% compared to last year, Jilin decreased by 4% and Inner Mongolia decreased by 5%; thus lowered the utilization hours by about 8-14%.

II Business Review

In 2011,the Group's consolidated revenue amounted to HK$959,046,000 (2010: HK$1,236,020,000), decreased by 22.4% compared to last year. The Group achieved profit attributable to equity holders of the Company of HK$372,209,000 (2010: HK$427,223,000), representing a drop of 12.9%; basic earnings per share were 5.03 HK cents (2010: 5.85 HK cents); diluted earnings per share were 5.00 HK cents (2010: 5.78 HK cents).

At the end of the year, the Group's net asset value was HK$4,474,382,000 (2010: HK$3,913,495,000) and its cash and cash equivalents were HK$1,063,541,000 (2010: HK$732,544,000).

Due to severe weather condition and delay in project approvals, some of the new project constructions were postponed, thus reduced the revenue recognition during the year. Moreover, the Group's share of results from wind power investments were adversely affected by lower wind speed and heavy grid curtailment in the northern regions, coupled with increased financing costs. At the same time, the Group has been expanding southwards;new branches and representative offices were established, thus preliminary expenses were incurred and affected the Group's results.

(ｉ) Power Plant Investments and Operations

1 Power Plant Generations

During the year, the Group's wind power plants generated electricity output of 1,746.38 million kWh in total, increased 55.1% compared to 2010. The output attributable to the Group was 881.19 million kWh, representing an increase of 72.5% compared to last year. The Group recorded share of results in associates and jointly controlled entities of HK$171,037,000 (2010: HK$196,947,000), of which share of results from wind power investments was HK$ 141,515,000(2010: HK$124,183,000); disposal gain from wind farm sale was HK$0 (2010: HK$28,303,000); and deferred tax credit was HK$28,956,000(2010: HK$43,930,000).

In 2011, due to the reduction in wind speed, grid curtailment, transmission accident and rising financial costs, the share of results from wind power investment was adversely affected.

During the year, the Group strengthened the operation and maintenance of wind power plants, the availability rate of wind turbines reached 96.5%. However, the heavy grid curtailment and lower wind speed in northern China caused the capacity factors of wind power plants in Inner Mongolia and Jilin to drop significantly. In 2011, the weighted average utilization hours of the Group's wind power plants were 1,773 hours, a 15.9% decrease compared to 2010. The weighted average tariff rate of the Group's wind power plants was RMB 0.57 per kWh (including VAT), lower than RMB 0.59 per kWh of last year because greater portion of the Group's wind power plants in Inner Mongolia and northwest regions commenced operation in 2011.

2 Power Plant Investments

In 2011, there were 18 wind and solar power projects under constructions, with installed capacity totaling 988MW, of which 547MW were on-going projects and 441MW were newly constructed. This year, 4 wind power plants (198MW) and 3 solar power plants (48MW) commenced operation, totaling 246MW of newly installed capacity. At the end of the year, the Group has 26 grid-connected wind and solar power plants, with a total installed capacity of 1,310MW, attributable installed capacity of 659MW.

The newly installed capacity at the end of the year was behind schedule as some projects were affected by the delay of project approvals. Moreover, in order to avoid investment losses, the Group had slowed down constructions of the power projects that were faced with lagging grid conditions.

The Group carried out the “build and sell” business strategy this year and attained favorable results. During the year, the Group achieved other gain of HK$296,693,000 from the disposal of Gansu Guazhou Century Concord, Liaoning Fuxin Taihe and other power projects upon completion or in the midst of construction.

3 Financing

During the year, the Group issued RMB750 million offshore CNY bond, the first offshore CNH issue in the renewable sector; was enlisted by Industrial and Commercial Bank of China enlisted the Group as one of the key clients in the wind power industry and granted a 15-year non-guarantee project financing loan of RMB600 million for two wind power projects; and implemented lease finance to secure funding for a wind power project, successfully expanded its project financing channels.

4 Project Development and Resource Reserves

In 2011, the Group obtained approvals for 588MW of wind power projects and 48MW of solar power projects. In addition, initiation approvals for wind power projects of 1,050MW and solar power projects of 130MW were granted at the provincial level, meaning the respective projects will be submitted onward to NEA for their endorsement. The Group has accumulated exclusive wind resources amounted to 28GW, a substantial increase particularly in the southern part of China where the grid connection and power transmission capability are strong. The Group has also signed a total of 5GW of exclusive solar power development right agreements, mainly in the northwestern part of China with rich solar irradiance. The abundant resources will help to support the sustainable development of the Group.

5 Clean Develop Mechanism (CDM) Development

During the year, 8 CDM projects were successfully registered with the United Nations’ Executive Board (EB), with a total installed capacity of 548MW. At the end of the year, the Group has signed CER sales contracts for 38 wind power plants, of which 23 projects have been approved by China’s NDRC and 15 projects have been registered with the United Nations.

(ⅱ)Renewable Energy Service Business (EPC&M）

In 2011, the Group extended its EPC&M services into the solar power regime and strengthened its capabilities in engineering consultancy, design, construction, power plant operation and maintenance. As such, external servicing capabilities were enhanced. However, being impacted by the construction delay and lower installed capacity, revenue and profit from EPC business declined.

1 Engineering, Procurement and Construction (EPC)

During the year, the Group’s engineering consultancy and design company (E), equipment procurement company (P) and construction company (C) worked together to provide fully integrated turn-key solutions to project owners. While strengthening its internal management and completing the construction of the Group’s wind power projects, the Group’s also successfully extended its EPC services into the solar power sector. It contracted 4 solar power projects, including a 30MW project for an external customer. The design unit attained a class-B electrical engineering design (substation engineering) qualification; the engineering unit has consecutively awarded the title of “China’s Top 500 Construction Enterprises”; gradually forming a safe and state-of-the-art construction and management standards.

During the year, the Group's EPC unit undertook 19 EPC projects, 8 sub-contracted projects and 241 feasibility studies and various design consultancy services (including 9 solar power feasibility and technical reports and 3 solar power construction designs). This business segment generated revenue of HK$440,150,000 (2010: HK$590,482,000).

2 Power Plant Operation and Maintenance (O&M)

In 2011, the Group's power plant operation and maintenance company obtained power facilities installation (repair & test) permit from North China Electricity Regulatory Bureau and successfully passed three standards system certification. The O&M business segment increased external marketing efforts, providing full operation and maintenance services to external power plant owners and carrying out warranty period inspection and maintenance services contracted by turbine manufacturers.

During the year, the Group's O&M unit had provided services to 33 wind power plants and 2 solar power plants, 7 of which were to external wind power plants. In addition, 9 scheduled inspection service contracts were signed with turbine manufacturers. This business segment contributed HK$101,114,000 in revenue (2010: HK$54,110,000) to the Group.

(iii) Renewable Energy Equipment Manufacturing

In 2011, the Group's renewable energy equipment manufacturing company – Tianhe – actively extended into the solar power regime. Tianhe undertook 2 inclined uni-axial brackets and fixed mounting bracket equipment manufacturing and supplying contracts. It has signed a co-operation agreement on solar thermal demonstration project with the Chinese Academy of Sciences and has initiated co-operation with several international solar companies to study and research solar PV related generation technology, equipment manufacturing and construction technique.

Early this year, the Group planned to spin off Tianhe for the separate listing on the main board of Stock Exchange of Hong Kong Limited. Due to changes in operating environment and market volatility, the Group has decided to postpone the spin off and listing plan of Tianhe.

During the year, Tianhe manufactured 283 unit of tower tubes (2010: 498 units) and 38.7MW (2010: Nil) capacity of PV mounting bracket, generated revenue of HK$417,781,000 (2010: HK$591,428,000).

III. Liquidity and Financial Resources

As at 31 December 2011, the Group had cash and cash equivalents of approximately HK$1,063,541,000 (31 December 2010: HK$732,544,000). As at that date, the current ratio was 1.32 times (2010: 1.95 times), gearing ratio (long term liabilities divided by owner's equity and long term liabilities) was 0.18 (31 December 2010: 0.17). At the end of the year, the Group's borrowings amounted to HK$1,131,036,000 (2010: HK$1,049,332,000). Loans added during this period were mainly for the purpose of construction of wholly owned wind power projects. The consolidated net assets of the Group stood at approximately HK$4,474,382,000 (2010: HK$3,913,495,000).

Foreign Exchange Risk

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

Charge of Asset

As at 31 December 2011, office building with its land use rights and equipment of the Group were pledged as security for outstanding loan of RMB 78,500,000 and RMB 3,858,000, respectively.

Contingent Liabilities
The Group, via its wholly-owned subsidiaries, had entered into joint venture ("JV") agreements with JV partners in the PRC. Pursuant to the JV agreements, the Group was required to pledge its share of equity interests in these jointly controlled entities as security for the bank borrowings of each of the respective jointly controlled entities.

As at 31 December 2011, the Group has pledged its share of equity interests of five (2010: five) jointly controlled entities, with total value of its share of registered capital held by the Group amounted to HK$341,976,000 (2010: HK$325,808,000) for bank borrowings by the Group's jointly controlled entities.

One of the Group's jointly controlled entities, Gansu Guazhou Century Concord Wind Power Co., Ltd., had entered into an agreement to borrow a loan with principal amount up to US$140,000,000. As at 31 December 2011, the loan of approximately US$99,556,000 was drawn down by the jointly controlled entity. Pursuant to the Limited Guarantee Agreement and the Equity Pledge Agreement signed between the Group and the borrower, the Group has provided the corporate guarantee with a pledge of 49% equity interest in the jointly controlled entity amounted to HK$404,427,000.

Save as mentioned above, the Group did not have any significant contingent liabilities as at 31 December 2011.

Commitments
As of 31 December 2011, the Group had capital commitments of HK$534,443,000 (2010: HK$ 1,562,570,000) which were not accounted for in the financial statements. The amount was mainly the capital committed for investment in power plants of HK$515,905,000 (2010: HK$ 950,538,000) and capital committed for the payment for equipment purchased by subordinate project companies of HK$18,538,000 (2010: HK$612,032,000).

IV. Staff and Remunerations

As of 31 December 2011, the Group had 2,012 (2010: 1,338) full-time employees - 201 for the Group's headquarter, 499 for project development and project management, 276 for EPC, 520 for O&M and 516 for equipment manufacturing. The growing number of employees is mainly due to the Group establishing more branches and representative offices to develop and manage southern projects. Also more operation and maintenance personnel were required to support the increasing installed capacity.

During the year, the Group granted 200 million share options to 173 key employees.

As a result of the rising number of employees, staff remunerations, including salaries, health and pension insurance, benefits and costs of issuance of share options, increased to HK$190,236,000 in 2011 (2010: HK$101,276,000), 88% jump compared to 2010.

V. Corporate Governance

During the year, the Group focused on the organisation of work flow procedures and implementation of authorisation system. The Group reorganised the key business decision and management processes, including project approval, site selection, equipment procurement, investment decisions, budgeting, document processing, etc.. Such reorganisation further standardised and optimised the working procedures. The Group also restructure the composition of its investment decision committee and strengthened its efficiency and risk assessment abilities; in order to ensure decisions made are rational and effective.

In 2011, the Group continued to promote its corporate culture by encouraging employees to have a stronger sense of responsibility and promoting the core value of “people-oriented; harmonious development; value creation and serving the community” around the working environment; so as to establish a sense of cohesiveness and integrity among the Group.

VI. Social Responsibility and Environmental Protection

The Group attaches great importance to social responsibility and environmental protection. With respect to environmental protection, the Group conscientiously implemented China’s environmental protection laws and regulations by including environmental protection work into the Group’s standardised policies. In 2011, the Group conducted a study on the impact to birds and natural environment from the construction of power projects in the northwestern part of China, so as to protect environmental ecology and bio-diversity. In the 2011 Clean Development International Financing Forum, the Group was honored with “The Top 10 Enterprise in Leading Green Innovations”.

The Group put great emphasis on staff’s occupational health and safety, environmental protection and public welfare. In 2011, the Group edited and published an “Administrative Manual on Environment, Health, Safety and Social Management System of China WindPower”.

In terms of social responsibility, the Group emerged fully into the local communities, paid close attention to people’s livelihood, and actively participated in community services. In 2011, the Group made several monetary, food and clothing donations to dilapidated schools and helped them to construct and repair their classrooms and dormitories in order to improve the living and learning conditions of the students.

The Group has made eminent achievements in emission reduction through its investments in wind power projects. During the year, the Group’s wind power plants reduced carbon dioxide emission by 1.81 million tons, sulphur dioxide emission by 17,873 tons, and nitrogen oxide emission by 1,585 tons. Moreover, in contrast to coal-fired thermal plants, the Group’s wind power plants saved 609,200 tons of standard coal and 5,059,700 tons of water. At the end of the report period, the Group’s wind power plants had cumulatively reduced carbon dioxide emission by 3,610,000 tons, sulfur dioxide emission by 36,138 tons, and nitrogen oxide emission by 3,190 tons. They had saved 1,229,200 equivalent tons of standard coal and 10,179,700 tons of water.

VII. Prospect

In 2012,the global economy will remain uncertain. However, China’s economy will continue its stable growth , thus electricity power demand will continue to rise. Wind and solar power, being the more commercially viable renewable energies, will have a huge potential for further development.

Technology of renewable energies continues to improve. The development of amorphous silicon thin film solar cell, innovation in the technology of PV cells, as well as solutions to the critical technical issues of high performing grid connection of PV systems; will prompt an explosive growth of the solar power industry. With the technological advancement, conversion efficiency of wind and solar power will increase further, the equipment operation will be more stable, and the power generation costs will be cheaper; all of which will increase the competitiveness of wind and solar power against the traditional fossil fuel energy.

Currently, China’s renewable energy industry is facing with a few challenges, but these problems are being improved gradually:

First of all, the banks' required reserve ratio set by the PBOC has begun to come down, monetary policy is loosen up, financing difficulties should start to ease. We anticipate the PBOC lending rate to drop as it has reached its peak for the period.

Secondly, China has put high priority on the power grid constructions. In 2012, the SGCC will focus on the preliminary work of ultra-high voltage (UHV) grid constructions, ensuring "Four AC Three DC" project to be approved and commence construction. The project includes four UHV AC transmission lines which run from Ximeng to Nanjing, Huainan to Shanghai, west Inner Mongolia to Changsha, and Yaan to south Anhui; three UHV DC transmission lines which run from south Hami to Zhengzhou, Xiluodu to west Zhejiang, west Hami to Chongqing. The North Zhejiang to Fuzhou UHV AC and two Zhundong to Sichuan and Ximeng to Taizhou UHV DC transmission projects will be approved in 2012. Considering the time required for power grid constructions, grid curtailment in the northern part of China will persist for another one to two years. However, after the completion of power grid constructions, we expect another breakthrough in the wind and solar power development in Inner Mongolia and the northwestern regions of China.

In addition, NDRC's Energy Research Institute is working on "Administrative Measures for Renewable Energy Quota System", expecting to be launched within 2012. On the provincial and city level, the system will set renewable energy quotas for total electricity consumption,electricity amount acquired by grid enterprises and the number of renewable energy power plants. The quota system is part of the national renewable energy development goal to encourage active tapping of local renewable energies.

In 2012, with the cumulated experience and lessons, the Group will continue to strengthen its capabilities. Given the abundant resources gathered in the southern part of China, the Group will increase its investments in wind power projects in the South. The Group will also intensify its development in solar power sector; continue to deepen its capabilities in consultancy, design, EPC and O&M for solar power projects, as well as manufacturing of solar power equipments. The Group will put more effort in developing solar power projects with the aim to increase returns from solar power plants.

In 2012, the Group will effectively control its investments, choosing only to invest in projects that display promising profitability and have good grid conditions. We aim to add at least 400MW installed capacity of wind and solar power plants. Moreover, the Group will continue to strengthen its EPC&M competency and extend its services more aggressively to external customers. We will maintain the "build and sell" strategy to maximize returns. At the same time, the Group will intensify its internal management, costs control and safety generation, so as to improve the availability rate of turbines and capacity factors of the power plants, effectively increase the returns from power generation.

The Group will actively tackle any upcoming challenges and difficulties, strive to be the world's top-ranked clean and renewable energy companies!

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

During the year ended 31 December 2011, the Company had repurchased 6,960,000 shares of the listed securities of the Company with the aggregate consideration of HK$2,332,897 on the Stock Exchange of Hong Kong Limited, all of the purchased share were subsequently cancelled by the Company upon repurchase and the issued share capital of the Company was reduced thereon.

DIVIDENDS

The board of directors recommends to declare a final dividend of HK1.0 cent per ordinary share in respect of the year ended 31 December 2011 (2010: Nil), subject to the approval of the shareholders of the Company at the forthcoming annual general meeting. Based on the number of issued ordinary shares as of the date of approving this consolidated financial information, the proposed final dividend amounting to HK$73,936,000. This consolidated financial information does not reflect this dividend payable as at 31 December 2011. Further announcement will be made for the date of closure of register of members.

CORPORATE GOVERNANCE

Throughout the year ended 31 December 2011, the Board has reviewed the Group's corporate governance practices and is satisfied that the Company has complied with the code provisions of the Code on Corporate Governance Practices (the "CGP Code") set out in Appendix 14 to the Listing Rules, except for the following deviation:

CODE PROVISION A.2.1

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

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") set out in Appendix 10 to the Listing Rules. Upon enquiry by the Company, all directors of the Company have confirmed that they have complied with the required standards set out in the Model Code throughout the year ended 31 December 2011.

AUDIT COMMITTEE

The Audit Committee comprises two independent non-executive Directors, Dr. Wong Yau Kar, David JP and Mr. Yap Fat Suan, Henry, and one non-executive Director, Mr. Tsoi Tong Hoo, Tony. Mr. Yap Fat Suan, Henry is the chairman of the Audit Committee. The Audit Committee has adopted the terms of reference which are in line with the CGP Code. The Group's consolidated financial statements for the year ended 31 December 2011 have been reviewed by the Audit Committee. The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2011 have been agreed by the Group's auditor, PricewaterhouseCoopers.

APPRECIATION

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

For and on behalf of
China WindPower Group Limited
Liu Shunxing
Chairman and Chief Executive Officer
Hong Kong, 23 March 2012

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, Mr. Zhou Zhizhong, Ms. Ko Wing Yan, Samantha and Mr. Chan Kam Kwan, Jason (who are executive Directors), Mr. Tsoi Tong Hoo, Tony (who is non-executive Director), and Dr. Zhou Dadi, Dr. Wong Yau Kar, David JP and Mr. Yap Fat Suan, Henry (who are independent non-executive Directors).