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**中国风电集团有限公司\***

**China WindPower Group Limited**

*(incorporated in Bermuda with limited liability)*

**(Stock Code: 182)**

**MAJOR TRANSACTION  
DISPOSAL OF INTEREST IN A WHOLLY OWNED SUBSIDIARY —  
GUAZHOU COMPANY**

The Company announces that 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 agreed to dispose 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\$533.3 million) and (ii) Jilin Xiehe as to 5% at a consideration of RMB48,511,200 (equivalent to approximately HK\$58.0 million).

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 applicable percentage ratios are below 75%, the Disposal constitutes a major transaction for the Company under the Listing Rules. The Disposal and the transactions contemplated thereunder are subject to the reporting, announcement and shareholders' approval requirements under the Listing Rules.

Gain Alpha Finance Limited and China Wind Power Investment Limited 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.

A circular containing, among other matters, further details of the Disposal and the transactions contemplated thereunder, will be despatched to the Shareholders in compliance with the Listing Rules as soon as practicable on or before 13 June 2011.

\* for identification purpose only

## INTRODUCTION

The Company announces that 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 agreed to dispose 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\$533.3 million) and (ii) Jilin Xiehe as to 5% at a consideration of RMB48,511,200 (equivalent to approximately HK\$58.0 million).

## 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 agreed to acquire a 46% equity interest in Guazhou Company; and Jilin Xiehe, as one of the Purchasers which has agreed to acquire a 5% equity interest in Guazhou Company.

Jilin Xiehe is a company established in the PRC and pursuant to a joint venture agreement entered into between the Group and Jilin Power on 11 June 2010 that the equity interest of Jilin Xiehe is held as to 51% by Jilin Power and 49% by the Group. 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.

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.

On 13 June 2009, the Vendor and Baiyinhua (“內蒙古錫林郭勒白音華煤電有限責任公司”) entered into a joint venture agreement to jointly establish to a joint venture, Mengdong Century Concord New Energy Co., Ltd (蒙東協合新能源有限公司), at Shenyang, Liaoning, 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 respectively, 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 and its ultimate beneficial owners are Independent Third Parties.

**Assets involved:**

The Vendor conditionally agreed to sell and transfer to:

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

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\$799.0 million), including a loan from IFC with a principal amount of RMB659.3 million (equivalent to approximately HK\$787.9 million).

An independent appraisal company in the PRC has been engaged by Jilin Power to prepare a valuation report on Guazhou Company. Based on the valuation report, the net assets of Guazhou Company amounted to approximately RMB\$985 million (approximately HK\$1,177 million) as at 28 February 2011.

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\$360,000). 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\$307,000).

After the Completion, the Group will effectively hold a 51.45% interest in Guazhou Company through its interests in CWP Holdings Limited (a wholly owned subsidiary of the Company) and Jilin Xiehe (a jointly controlled entity of the Company which is held as to 49% by the Group) which in turn own a 49% interest and a 5% interest in Guazhou Company respectively. Guazhou Company will cease to be a subsidiary of the Company and will be accounted for as a jointly controlled entity of the Company after the Disposal.

**Consideration:**

The consideration will be paid by the Purchasers in three installments as follows:

First installment: RMB200 million (equivalent to approximately HK\$239 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\$179.3 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;

Third installment: Jilin Power shall pay RMB96,303,040 (equivalent to approximately HK\$115.1 million) and Jilin Xiehe shall pay RMB48,511,200 (equivalent to approximately HK\$58.0 million) 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 payable by Jilin Power and Jilin Xiehe under the Disposal Agreement of RMB494,814,240 (equivalent to approximately HK\$591.3 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.

For illustrative purpose only, the Group would record an unaudited gain of approximately HK\$198,550,000 as a result of the Disposal, being the difference between the consideration for the Disposal and the net assets value of the Group's 48.55% equity interest in Guazhou Company as at 31 March 2011. The actual amount of gain or loss on the Disposal shall depend on the fair value of the net assets of Guazhou Company as at the date when the Disposal completes. The proceeds from the Disposal will be used as general working capital of the Group.

### **Conditions and completion**

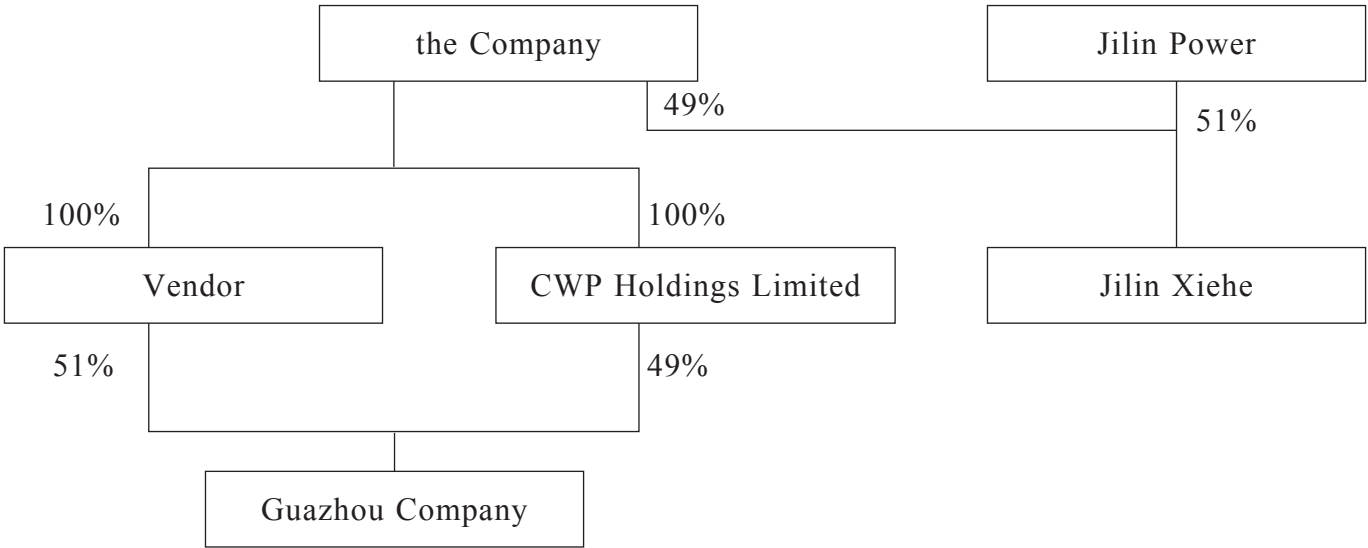
Completion of the Disposal Agreement shall be subject to the following conditions:

- (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).

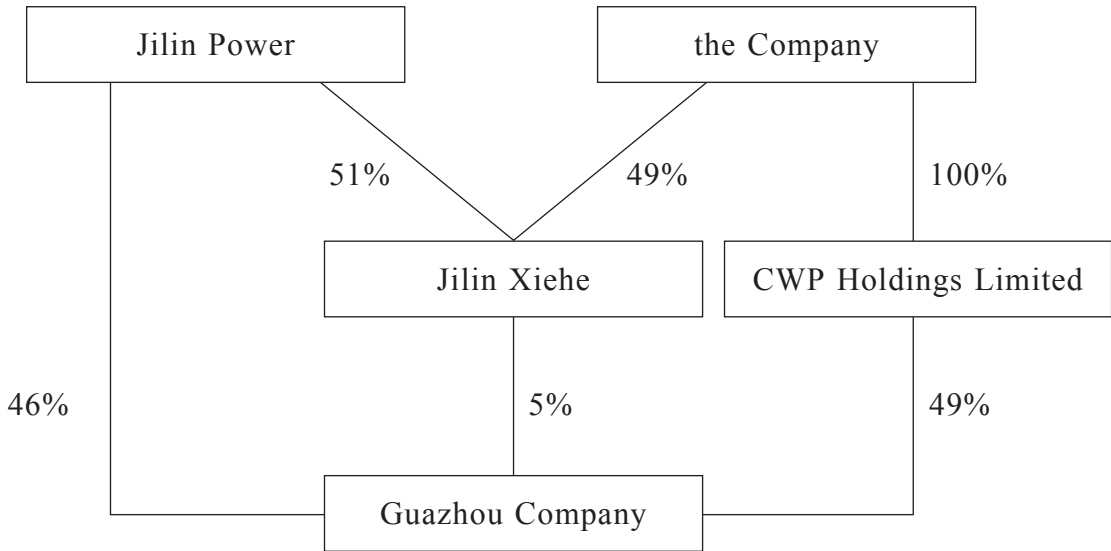
Board composition of Guazhou Company

After completion of the Disposal, Guazhou Company shall comprise five directors of which Jilin Power shall nominate 2 directors, the Group shall nominate 2 directors and Jilin Xiehe shall nominate 1 director. The chairman shall be nominated by Jilin Power.

The chart below shows the shareholding structure of Guazhou Company and Jilin Xiehe as at the date of this announcement:



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 set out in the section headed “The Disposal Agreement dated 20 May 2011” above, as at 31 December 2010, a loan from IFC with a principal amount of RMB659.3 million (equivalent to approximately HK\$787.9 million) was lent to 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 will continue in accordance with the terms of the relevant deed.

The Group has, as at the date of this announcement, 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.

## **REASON 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 this 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.

## **WRITTEN SHAREHOLDERS' APPROVAL**

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 holds 2,000,000,000 Shares and China Wind Power Investment Limited which holds 2,023,469,387 Shares are a closely allied group of Shareholders who, in aggregate, hold 4,023,469,387 Shares, representing approximately 54.4% of the existing issued share capital of the Company as at the date of this announcement.

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 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.

## **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.

A circular containing, among other matters, further details of the Disposal and the transactions contemplated thereunder will be despatched to the Shareholders in compliance with the Listing Rules as soon as practicable on or before 13 June 2011.

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.



## DEFINITIONS

The following expressions in this announcement have the meanings set out below unless the context requires otherwise:

|                             |   |
|-----------------------------|---|
| “Baiyinhua”                 | 內蒙古錫林郭勒白音華煤電有限責任公司, 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), an indirectly wholly-owned subsidiary of the Company before the Disposal  |
| “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” | third parties who, to the best of the Directors’ knowledge, information and belief after making all reasonable enquiry, 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 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  |
| “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   |
| “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   |
| “Shareholder(s)”            | shareholder(s) of the Company   |

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| “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          |
| “%”                           | per cent.  |

By order of the Board  
**CHINA WINDPOWER GROUP LIMITED**  
**Liu Shunxing**  
*Chairman and Chief Executive Officer*

Hong Kong, 20 May 2011

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

*For the purpose of this announcement, the translation of RMB into HK\$ is based on the approximate exchange rate of RMB1.00 = HK\$1.195.*

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