

The background of the cover features a stylized, semi-transparent illustration of a wind turbine on the left and a solar panel array on the right, both rendered in various shades of blue. The overall design is clean and modern, with a light blue gradient background.

# 2012 INTERIM REPORT

CHINA WINDPOWER GROUP LIMITED  
[www.cwpgroup.com.hk](http://www.cwpgroup.com.hk)

STOCK CODE: 182

## MANAGEMENT DISCUSSION AND ANALYSIS

### I. Operating Environment

In the first half of 2012, the recovery of global economy slowed, the European debt crisis posed a potential threat to the world economy, macro economic outlook continues to be gloomy. Economic growth in China has slowed down. Renewable energy in China and the US remains supportive, but investment in Europe has decreased.

Due to the slowdown of economic growth in China, we have seen the following changes to the operating environment of renewable energy:

**(I). *Slowdown in the growth of electricity demand and severe grid curtailment in the northern regions of China***

From January to June 2012, the overall power consumption in China amounted to 2,374.4 billion KWh, up 5.5% compared to the same period in 2011, and the growth rate decreased by 6.7% compared to 12.2% in the first half of 2011. The growth rate of power consumption in some northern provinces such as Gansu and Liaoning is even lower than 3%. Owing to the rapid growth of total installed power capacity, the weighted average utilization hours of thermal and wind power plants dropped; particularly wind power plants in the northern regions where grid curtailment is severe.

**(II). *Increased difficulties in attaining wind power project approvals and prolonged project development cycle***

According to the "Interim Measures for the Development and Construction of Wind Power Projects" issued by the National Energy Administration (NEA), every provincial Development and Reform Commission (PDRC) should submit the proposed project approval to the NEA; the PDRC can only approve such project after getting approval from the NEA, which then allows such wind power plant to enjoy the tariff subsidy from the national renewable energy fund. The introduction of such measures heightened the hurdle for project approval, extended the project approval procedures and prolonged the project development cycle.

In March 2012, the NEA issued the "Notice of the Schedule for the Second Batch of Wind Farm Project Approvals under the 12th Five-Year Plan" with 16.76GW of wind power projects listed in the schedule. Grid companies and PDRCs must review the project and grant final approval according to such schedule and the required approval procedures. Majority of these projects are expected to be approved in the second half of this year. In addition, some local governments have raised the requirements for renewable energy development, which further increased the costs and difficulties of project development.

**MANAGEMENT DISCUSSION AND ANALYSIS** *(Continued)*

**(III). Great importance is attached to grid connection problem, but grid construction is still lagging**

In April 2012, NEA published the “Notice of Strengthening the Requirements of Wind Power Consumption and Grid Connection”, with the intention to assure the safe operation of wind power plants and to solve the conflicts between wind power planning and grid power consumption. From January to June 2012, China invested RMB139.3 billion in grid construction. Hami-Zhengzhou ±800KV ultra-high voltage DC transmission line project and Xinjiang-Northwest main grid transmission line phrase II project commenced construction, which will have a significant impact to the power transmission of the wind farm base in the northwest regions. However, in the northeastern part of China, where wind power development is abundant; the cross-province grid construction and development remain slow, coupled with the slowdown in power consumption growth; the grid curtailment and connection problems are not expected to look too promising in the immediate future.

**(IV). Meaningful technical progress in renewable energy**

During the reporting period, quality of wind turbines improved further. Larger blades turbine have been developed successfully and major turbine manufacturers has started to launch wind turbines that are tailored specifically for lower wind speed, which helped to enhance investment returns in lower wind speed areas and increased the developable wind resource reserves.

During the reporting period, the price of PV modules continued to fall substantially. Ministry of Industry and Information Technology issued a forecast of “Development Program of Solar PV Industry during the 12th Five-Year”, expecting the price of PV modules to continue to drop. Investment returns on solar power plants will become more attractive at the fixed feed-in tariff.

**(V). Looser financing environment and interest rate declining cycle began**

During the reporting period, People’s Bank of China lowered reserve requirement ratio and cut loan and deposit rates, which signal a declining cycle for the interest rate and looser financing environment. However, due to the lag of interest rate adjustment on the operational projects, the financing costs of the Group’s power plants have not yet been reduced during the reporting period.

**(VI). Renewable energy became one of the national strategic new industries**

In May 2012, the State Council issued “Development Program of National Strategic New Industries during the 12th Five-Year”, renewable energy was listed as one of the seven strategic new industries. The program should be beneficial to the renewable energy industry, more favorable and supportive policies around renewable energies are expected to be announced by different government departments or ministries to help implementing the program.

**MANAGEMENT DISCUSSION AND ANALYSIS** *(Continued)***II. Business Review**

During the reporting period, the Group's consolidated revenue amounted to HK\$401,842,000 (1H 2011: HK\$258,290,000), increased by 55.6% compared to the same period of last year; profit attributable to equity holders of the Company totaled to HK\$24,842,000 (1H 2011: HK\$236,988,000), decreased by 89.5% compared to the same period of last year. The Group's basic earnings per share were 0.34 HK cents (1H 2011: 3.21 HK cents); fully diluted earnings per share were 0.34 HK cents (1H 2011: 3.18 HK cents).

At the end of the report period, the Group's net asset value totaled to HK\$4,413,194,000 (31 December, 2011: HK\$4,474,382,000) and its cash and cash equivalents were HK\$771,202,000 (31 December, 2011: HK\$1,063,541,000).

During the report period, the revenue increased due to the growth of equipment procurement business, and profit fell significantly because: 1) substantial dropped in profit from power generation owing to lower wind speed and heavy grid curtailment in the northern regions of China; 2) lesser EPC projects as the Group decided to postpone investment in ten approved projects in areas with heavy curtailment problem, thus revenue from EPC decreased; 3) gain from disposal of equity interest of power plants is less than the same period in 2011; and 4) costs remain high relative to current scale of business.

**(I) Power Plant Investments and Operations****1. Power Plant Generations**

During the reporting period, the Group's power plants generated electricity output of 951.46 million kWh in total, down 7.7% compared to the same period of 2011, of which wind power generation was 922.35 million kWh and solar power generation was 29.11 million kWh. The output attributable to the Group was 470.59 million kWh, representing a decrease of 12.6% compared to 2011. Attributable electricity output generated by wind power plants and solar power plants was 443.89 million kWh and 26.70 million kWh, respectively.

During this reporting period, the profit from wholly owned power plants was HK\$16,477,000 (1H 2011: 0). The Group recorded share of results in associates and jointly controlled entities of HK\$35,607,000 (1H 2011: HK\$132,472,000).

In the first half of 2012, the availability rate of wind turbines achieved 97.37%, increased by 0.81% compared to the same period in 2011. However, due to the reduction in wind speed and heavy grid curtailment in the northern regions, the weighted average utilization hours of the Group's wind power plants decreased significantly to 787 hours, a 30.2% drop compared to the same period in 2011; the average grid curtailment rate increased to 35.9%. The availability rate of the Group's solar power plants is 98.69%, and the weighted average utilization hours were 772 hours (1H 2011: Nil).

**MANAGEMENT DISCUSSION AND ANALYSIS** *(Continued)*

During the reporting period, the weighted average tariff rate of the Group's wind farms was RMB 0.5692/kWh (including VAT) (1H 2011: 0.586/kWh), lower than the same period in 2011, because greater portion of the Group's wind power plants in Inner Mongolia and northwest regions commenced operation in 2012. The weighted average tariff rate of the Group's solar farms was RMB1.354/kWh (including VAT) (1H 2011: Nil).

2. *Disposal of Equity Interests in Power Plants*

During the reporting period, the Group continued to implement the "build and sell" business strategy. The Group has been striving to replace the power plant with severe curtailment problem and lower economic returns in the northern regions with power plants that have no curtailment problem and good economic returns in the southern regions, so as to improve its asset quality.

During the reporting period, the Group achieved gain of HK\$44,837,000 (1H 2011: HK\$195,275,000) from the disposal of three wind power plants.

3. *Newly Added Installed Capacity*

During the reporting period, there were 4 continued wind power projects under construction, with installed capacity totaling 197MW. 3 wind power plants commenced operation with capacity of 147MW, attributable capacity of 72MW. At the end of this reporting period, the Group has 29 grid-connected wind and solar power plants, with a total installed capacity of 1,457MW, attributable installed capacity of 705MW.

Because the grid companies and PDRCs are required to approve wind power projects based on the "Notice of the Schedule for the Second Batch of Wind Farm Project Approvals under the 12th Five-Year Plan" issued by the NEA; therefore, the approval process has become more cumbersome, which affected the project construction process. In addition, the Group decided to postpone the construction of ten approved projects with severe curtailment problem in the northern regions. In the first half of 2012, there is no new project under construction.

4. *Project Development and Resource Reserves*

In the "Schedule for the Second Batch of Wind Farm Project Approvals under the 12th Five-Year Plan", the Group attained 13 wind power projects (650MW) in the approval schedule, ranked sixth among all the wind power developers in China. 11 of the 13 wind power projects are in southern regions with good construction and grid connection conditions. During the reporting period, the Group obtained approvals for 192MW of wind power projects and 50MW of solar power projects. In addition, initiation approvals for wind power projects of 600MW and solar power projects of 580MW were granted at the provincial level, meaning that the respective projects will be submitted onward to NEA for their endorsement.

**MANAGEMENT DISCUSSION AND ANALYSIS** *(Continued)*

In the first half of 2012, the Group put its emphasis on the management and conservation of wind and solar resources and the development of priority projects. Also strived hard to ensure more projects will be listed in the wind farm approval schedule under the 12th Five-Year Plan, while controlling the project development costs. During the reporting period, the Group's "southward development" strategy was effective, and more projects in southern China have been approved.

The Group has accumulated wind resources amounted to 28GW, and has signed a total of 5GW of exclusive solar power development right agreements. The abundant resources will help to support the sustainable development of the Group.

5. *Clean Develop Mechanism (CDM) Development*

During the reporting period, 2 CDM projects were registered successfully with the United Nations' Executive Board (EB), with a total installed capacity of 99MW.

At the end of the reporting period, the Group has signed CER sales contracts for 38 wind power plants, of which 31 projects have been approved by China's NDRC and 17 projects have been registered with the United Nations.

**(II) Renewable Energy Service Business (EPC&M)**

During the reporting period, investment in new wind power projects dropped substantially due to the more cumbersome approval process and lagging grid construction. The Group also reduced its investment in new projects. Being impacted by lower installed capacity, the profit from EPC and equipment manufacturing businesses declined.

1. *Engineering, Procurement and Construction (EPC)*

During the reporting period, the Group's EPC company undertook 5 EPC projects; completed equipment procurement for 5 projects; and finished 149 feasibility studies and various design consultancy services to internal and external customers; including some large power companies, such as Datang, Longyuan and China Power Investment. During the reporting period, the Group won the bidding of an EPC contract of a 2MW ground solar power project in Ghana developed by Ghana government's electricity company — Volta River Authority. This is Ghana's first large scale ground solar power project, which is expected to be completed and commence operation at the end of this year.

During the reporting period, the Group's EPC segment generated revenue of HK\$271,101,000 (1H 2011: HK\$57,708,000) and net loss of HK\$17,191,000 (1H 2011: net profit of HK\$11,542,000). The sharp increased in revenue is mainly resulted from the rise of equipment procurement business which generally has high turnover, but low profit margin.

**MANAGEMENT DISCUSSION AND ANALYSIS** (Continued)

2. *Power Plant Operation and Maintenance (O&M)*

During this reporting period, the Group's power plant O&M company focused on strengthening its capability, and made more effort in external marketing; providing full O&M services to external power plant owners, carrying out warranty period inspection and maintenance services contracted by turbine manufacturers, and providing equipment preventive tests for external power plants. As a result, the revenue and profit of Group's power plant O&M company increased steadily in the first half of 2012.

During the reporting period, the Group's O&M unit had provided services to 39 wind and solar power plants, 10 of which were to external wind power plants. In addition, 15 scheduled inspection service contracts were signed with turbine manufacturers, and 4 preventive tests service contracts were signed with external wind power plants. This business segment contributed revenue of HK\$60,911,000 (1H 2011: HK\$50,698,000) to the Group and net profit of HK\$26,076,000 (1H 2011: HK\$24,372,000).

**(III) Renewable Energy Equipment Manufacturing**

During the reporting period, influenced by the reduced investment in wind power plants in the northern regions, the operating performance of Group's renewable energy equipment manufacturing company – Tianhe – declined significantly. In light of this, Tianhe develops new business and products actively, and extends its business to other renewable energy related fields, such as solar PV brackets manufacturing. During the reporting period, Tianhe undertook manufacturing of 2MW solar panel mounting brackets in Ghana. In addition, Tianhe proactively looks for OEM partners in the south, aiming to expand its business southward by taking advantage of its sound technology and management.

During the reporting period, Tianhe manufactured 18 units of tower tubes (1H 2011: 143), generated revenue of HK\$43,682,000 (1H 2011: HK\$149,884,000), and profit of HK\$6,455,000 (1H 2011: HK\$41,439,000).

**III. Liquidity and Financial Resources**

As at 30 June 2012, the Group had cash and cash equivalents of approximately HK\$771,202,000 (31 December 2011: HK\$1,063,541,000). As at that date, the current ratio was 1.26 times (31 December 2011: 1.32 times), gearing ratio (long term liabilities divided by owner's equity and long term liabilities) was 0.18 (31 December 2011: 0.18). At the end of the reporting period, the Group's borrowings amounted to HK\$1,100,664,000 (31 December 2011: HK\$1,131,036,000), and the consolidated net assets of the Group stood at approximately HK\$4,413,194,000 (31 December 2011: HK\$4,474,382,000).

**MANAGEMENT DISCUSSION AND ANALYSIS** *(Continued)****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 dominated in Renminbi. The Group did not engage in the use of any financial instruments for hedging purpose.

***Charge of Asset***

As of 30 June 2012, equipment of the Group and office building with its land use rights were pledged as security for outstanding loan of RMB 2,688,000 and RMB 54,400,000, respectively.

***Commitments***

As at 30 June 2012, the Group had capital commitments of HK\$370,411,000 (31 December 2011: HK\$534,443,000) which were not accounted for in the financial statements. The amount was mainly the capital committed for investment in power plants of HK\$362,901,000 (31 December 2011: HK\$515,905,000) and capital committed for the payment for equipment purchased by subordinate project companies of HK\$7,510,000 (31 December 2011: HK\$18,538,000).

**IV. Staff and Remunerations**

As of 30 June 2012, the Group had 1,880 (31 December 2011: 2,012) full-time employees — 174 for the Group's headquarter, 475 for project development and project management, 256 for EPC, 507 for O&M and 468 for equipment manufacturing.

During the reporting period, the staff cost is HK\$63,724,000 (1H 2011: HK\$74,902,000), representing a 14.9% drop compared to the same period in 2011.

**V. Corporate Governance**

During this reporting period, for the purpose of controlling costs and enhancing operational efficiency, the Group optimized and adjusted its organization structure of different departments and branches by cutting number of departments, shutting down branches with limited business development prospect, and laying off redundant staffs, in order to better fit the Group's organization structure and staff scale to its development.

In the first half of 2012, the Group emphasized on the organizing, regulating and streamlining the work process and mechanism of professional committees, especially the bidding and procurement committee; so as to enhance the rationality and effectiveness of business decision and management.

The Group has always focused on financial management. The Group strengthened its capital efficiency and internal capital allocation capability through a vertical financial management framework and implemented comprehensive budgeting management, in order to control costs and increase efficiency.



## MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

During the report period, the Group continued to promote and strengthen its corporate culture. The core value of “people-oriented; value creation; pursuit of excellence and harmonious development” is deeply embedded, and the Group’s cohesiveness has been enhanced further.

### VI. Social Responsibility and Environmental Protection

The Group attaches great importance to social responsibility and environmental protection and put great emphasis on staff’s occupational health and safety, environmental protection and public welfare. During the reporting period, the Group revised the “Administrative Manual on Environment, Health, Safety and Social Management System of China WindPower” according to new business and polices, and strengthened the Group’s spirit of social responsibility, safety, health and environment protection. In the first half of 2012, Gansu Guazhou Century Concord Wind Power Limited passed the external audit on the continuous effectiveness of “OHSAS18001 Occupational Health And Safety Management Certification Certificate”.

In terms of social responsibility, the Group donated money for education development in the remote and poor areas near its power plant sites, and sponsored scholarships in North China Electric Power University. The staffs also voluntarily support Hope School and under privileged students.

The Group has made eminent achievements in emission reduction through its investments in wind and solar power projects. During this reporting period, the Group’s wind power plants reduced carbon dioxide emission by 880,000 tons, sulfur dioxide emission by 8,252 tons, and nitrogen oxide emission by 732 tons. Moreover, in contrast to coal-fired thermal plants, the Group’s wind and solar power plants saved 281,300 tons of standard coal and 2,336,000 tons of water. At the end of the reporting period, the Group’s wind and solar power plants had cumulatively reduced carbon dioxide emission by 4,490,000 tons, sulfur dioxide emission by 44,390 tons, and nitrogen oxide emission by 3,922 tons. They had saved 1,510,500 equivalent tons of standard coal and 12,515,700 tons of water.

### VII. Prospect

In 2012, despite China’s economic growth is expected to slow down continuously due to the global macro economic impact, it will still maintain a growing trend. China’s renewable energy policies in promoting the development of wind, solar and other clean energies are more prominent. According to China’s renewable energy development plan, wind power installed capacity will achieve 100GW and the solar power installed capacity will achieve 21GW by 2015. The proportion of renewable energy in total energy consumption will increase to 4.5%, and the reduction of carbon dioxide emission will be over 400 million tons. As one of the seven strategic new industries, renewable energy has a bright prospect for further growth.

With the technology advancement, renewable energy industry will have a broader prospect. In recent years, because of the launch of large blades low wind speed wind turbine and the drop in the price of solar modules, more potential renewable energy power plants can be developed.

**MANAGEMENT DISCUSSION AND ANALYSIS** *(Continued)*

At present, the main problem affecting the development of renewable energy industry is still the grid connection and power consumption. In northwest China, Hami-Zhengzhou  $\pm 800$ KV ultra-high voltage DC transmission line project, Xinjiang-Northwest main grid 750KV transmission line phrase II project, and Yushu-Qinghai main grid 330KV transmission line project commenced construction successively. In addition, Shanxi-Gansu 750KV transmission line phrase II project will commence construction shortly. Hami-Chongqing  $\pm 800$ KV ultra-high voltage DC transmission line project and Zhundong-Sichuan  $\pm 1100$ KV ultra-high voltage DC transmission line project are expected to be approved and constructed this year. All of these projects will improve the transmission capacity of Xinjiang and Gansu wind power bases, and the consumption and transmission capacity of the large scale PV power base in Qinghai. In northeast China, thermal power generation supply is abundant, but local power consumption is insufficient and owing to the grid structure, the cross-province transmission capacity is limited. It is expected that the grid connection and curtailment problem in the northeastern part of China will persist in the short term. When making investment decision, the Group will take into account the grid and power consumption problem in each area to ensure good investment income.

The reserve requirement ratio and the lending rate of RMB have been loosen since the first half of 2012. The financing environment became more favorable, lowering the difficulties and financing costs in attaining project finance for renewable energy project. Thus, investment return on the operational power plants is expected to rise.

In the second half of 2012, the Group will continue the following development strategies: 1) give priority to the development of wind resources in southern regions where construction condition and grid connection are favorable; 2) focus on investment in solar power projects in northwest and southwest China in order to attain better investment return; 3) dispose equity interests in power plants located in areas with severe curtailment problems, and construct new power plants in southern areas with no curtailment problems, to improve asset quality; 4) adjusting the Group's organization structure, downsizing, and reducing costs to increase working quality and efficiency.

In the rest of 2012, the Group will also continue to increase resource reserves, and strive to achieve the target of over 800MW approved capacity in 2012. The Group plans to construct over 400MW new wind and solar power projects in 2H 2012. In addition, the Group will strengthen production safety and electric power marketing, reduce the losses caused by curtailment, and improve the availability rate of wind turbines and the weighted average utilization hours of power plants. Furthermore, the Group will continue to strengthen its EPC&M and business development capability, as well as actively expand external market.

We believe the Group will tackle any upcoming challenges with our excellent, professional and dedicated staff, and achieve a long term sustainable development.

**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 30 June 2012, the interests and short positions of each director and chief executive in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Part XV of the SFO or the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") under the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), were as follows:

**Interests and short positions in the shares and the underlying shares of the share options of the company as at 30 June 2012**

(i) Long positions in the shares of the Company:

Name of the Director	Number of shares held and nature of interest				Total	Approximate percentage of the total issued share capital (%)
	Personal	Family	Corporate			
Liu Shunxing	—	—	2,023,469,387 <sup>1</sup>	2,023,469,387	27.37	
Ko Chun Shun, Johnson	—	—	2,000,000,000 <sup>2</sup>	2,000,000,000	27.05	
Wang Xun	—	—	2,023,469,387 <sup>1</sup>	2,023,469,387	27.37	
Yang Zhifeng	—	—	2,023,469,387 <sup>1</sup>	2,023,469,387	27.37	
Liu Jianhong	1,210,000	—	2,023,469,387 <sup>1</sup>	2,023,469,387	27.38	
Ko Wing Yan, Samantha	—	—	20,000,000 <sup>3</sup>	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 of the Company, namely Mr. Liu Shunxing, Mr. Wang Xun, Mr. Yang Zhifeng and Ms. Liu Jianhong held as to 88.02% of the issued shares of Concord International, and the above four directors of the Company are also the directors of Concord International, New Energy International Limited and China Wind Power Investment Limited.
2. Mr. Ko Chun Shun, Johnson 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 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.

**DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND/OR SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION** *(Continued)*

**Interests and short positions in the shares and the underlying shares of the share options of the company as at 30 June 2012** *(Continued)*

- (ii) Long positions in the underlying shares of share options of the Company

Details of the movement of the share options are set out in Note 12 to the financial statement.

Saved as disclosed above, as at 30 June 2012, none of the directors and chief executives of the Company and/or any of their respective associates had any interest or short position in the shares, underlying shares or debentures of the Company and/or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or the Model Code adopted by the Company.

**DIRECTORS' RIGHTS TO ACQUIRE SHARES**

Saved as disclosed under the heading "Directors' and Chief Executives' Interests and/or Short Positions in the Shares, Underlying shares and Debentures of the Company or any Associated Corporation" above, at no time during the Period was the Company, or any of its subsidiaries or associated corporations, a party to any arrangement to enable the directors of the Company (including their respective spouse and children under the age of 18) to acquire benefits by the means of the acquisition of the shares or underlying shares in, or debentures of, the Company or any of its associated corporations.

**SUBSTANTIAL SHAREHOLDERS**

As at 30 June 2012, saved as disclosed under the section "Directors' and Chief Executives' Interests and/or Short Positions in the Shares, Underlying shares and Debentures of the Company or any Associated Corporation" above, the Company had been notified of the following substantial shareholders' interests, being 5% or more of the Company's issued share capital under Section 336 of the SFO:

Long positions in the shares of the Company:

<b>Name of shareholder</b>	<b>Number of the shares of the company held</b>	<b>Approximate percentage of the total issued share capital (%)</b>
China Wind Power Investment Limited	2,023,469,387	27.37%

## **SUBSTANTIAL SHAREHOLDERS** *(Continued)*

### *Notes:*

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 of the Company, namely Mr. Liu Shunxing, Mr. Wang Xun, Mr. Yang Zhifeng and Ms. Liu Jianhong held as to 88.02% of the issued shares of Concord International, and the above four directors of the Company are also the directors of Concord International, New Energy International Limited and China Wind Power Investment Limited.

Saved as disclosed above, as at 30 June 2012, there were no other persons who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under Section 336 of the SFO, or which were recorded in the register to be kept by the Company under Section 336 of the SFO.

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

During the six months ended 30 June 2012, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company.

## **CORPORATE GOVERNANCE CODE**

Throughout the six months ended 30 June 2012, the Board has reviewed the Group's corporate governance practices and is satisfied that the Company has complied with the provisions of the relevant Corporate Governance Code (the "CG Code") from time to time, as set out in Appendix 14 to the Listing Rules, except for the following deviation:

### **Code Provision A.2.1**

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

All other information on the Corporate Governance Code of the Company have been disclosed in the Corporate Governance Report contained in the 2011 annual report of the Company issued in April 2012.

## **MODEL CODE FOR SECURITIES TRANSACTIONS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") set out in Appendix 10 to the Listing Rules. Upon enquiry by the Company, all directors of the Company have confirmed that they have complied with the required standards set out in the Model Code throughout the six months ended 30 June 2012.

## **AUDIT COMMITTEE**

The Audit Committee comprises two independent non-executive directors of the Company, Dr. Wong Yau Kar, David JP and Mr. Yap Fat Suan, Henry, and one non-executive director of the Company, 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 CG Code. The Group's unaudited condensed consolidated interim financial statements for the six months ended 30 June 2012 have been reviewed by the Audit Committee.

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

Hong Kong, 24 August 2012

**CONDENSED CONSOLIDATED INCOME STATEMENT***for the six months ended 30 June 2012 — Unaudited*

		2012	2011
	Note	<b>HK\$'000</b>	<i>HK\$'000</i>
Revenue	3	<b>401,842</b>	258,290
Other income	3	<b>6,372</b>	4,589
Other gains, net	4	<b>46,968</b>	195,223
Expenses			
Cost of construction and inventories sold		<b>(279,073)</b>	(126,401)
Employee benefit expense		<b>(63,724)</b>	(74,902)
Depreciation and amortisation		<b>(17,653)</b>	(6,066)
Operating lease payments in respect of land and buildings		<b>(5,397)</b>	(3,660)
Other expenses		<b>(52,448)</b>	(26,019)
Finance costs	5	<b>(40,845)</b>	(23,323)
Share of results			
— associates		<b>1,933</b>	2,212
— jointly controlled entities		<b>33,674</b>	130,260
Profit before income tax		<b>31,649</b>	330,203
Income tax expense	6	<b>(6,807)</b>	(93,215)
Profit for the period		<b>24,842</b>	236,988
Profit attributable to equity holders of the Company		<b>24,842</b>	236,988
Earnings per share attributable to the equity holders of the Company during the period	7		
Basic earnings per share		<b>0.34 HK cents</b>	3.21 HK cents
Diluted earnings per share		<b>0.34 HK cents</b>	3.18 HK cents

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

*for the six months ended 30 June 2012 — Unaudited*

	<b>2012</b>	2011
	<b>HK\$'000</b>	HK\$'000
Profit for the period	<b>24,842</b>	236,988
Other comprehensive (loss)/income:		
Currency translation differences	<b>(25,118)</b>	71,005
Total comprehensive (loss)/income for the period	<b>(276)</b>	307,993
Total comprehensive (loss)/income attributable to equity holders of the Company	<b>(276)</b>	307,993

**CONDENSED CONSOLIDATED BALANCE SHEET**

as at 30 June 2012 — Unaudited

		As at 30 June 2012	As at 31 December 2011
	Note	(Unaudited) HK\$'000	(Audited) HK\$'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment		1,251,603	1,286,961
Land use rights		150,999	154,710
Intangible assets		1,317,485	1,324,891
Interests in associates		427,420	142,924
Interests in jointly controlled entities		1,739,896	1,880,630
Deferred tax assets		25,993	26,825
		<b>4,913,396</b>	4,816,941
<b>Current assets</b>			
Inventories		252,522	308,448
Trade and bill receivables	9	708,555	499,761
Prepayments, deposits and other receivables		313,229	228,856
Amounts due from associates		6,339	6,199
Amounts due from jointly controlled entities		309,618	577,747
Cash and cash equivalents		771,202	1,063,541
		<b>2,361,465</b>	2,684,552
<b>Total assets</b>		<b>7,274,861</b>	7,501,493
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Borrowings		966,622	974,146
Deferred tax liabilities		2,497	2,511
Deferred government grant		17,453	17,921
		<b>986,572</b>	994,578
<b>Current liabilities</b>			
Trade and bill payables	10	850,900	843,588
Other payables and accruals		515,431	696,223
Amounts due to associates		218,733	24,385
Amounts due to jointly controlled entities		150,122	276,696
Borrowings		134,042	156,890
Current income tax liabilities		5,867	34,751
		<b>1,875,095</b>	2,032,533
<b>Total liabilities</b>		<b>2,861,667</b>	3,027,111
<b>Net current assets</b>		<b>486,370</b>	652,019
<b>Total assets less current liabilities</b>		<b>5,399,766</b>	5,468,960
<b>Net assets</b>		<b>4,413,194</b>	4,474,382
<b>Equity</b>			
<b>Equity attributable to the owners of the Company</b>			
Share capital	11	73,936	73,936
Reserves			
Proposed final dividend		—	73,936
Others		4,339,258	4,326,510
<b>Total equity</b>		<b>4,413,194</b>	4,474,382



**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

for the six months ended 30 June 2012 — Unaudited

	Share capital	Share premium	Contributed surplus	Premium arising on acquisition of non- controlling interests	Exchange reserve	Other reserves	Retained earnings	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at 1 January 2011	73,915	2,977,754	78,810	(35,481)	229,991	43,761	544,745	3,913,495
<b>Comprehensive income</b>								
Profit for the period	—	—	—	—	—	—	236,988	236,988
Other comprehensive income								
Currency translation differences	—	—	—	—	71,005	—	—	71,005
Total other comprehensive income	—	—	—	—	71,005	—	—	71,005
<b>Total comprehensive income for the six months ended 30 June 2011</b>	—	—	—	—	71,005	—	236,988	307,993
<b>Transactions with owners</b>								
Exercise of share options	31	1,100	—	—	—	—	—	1,131
Share-based compensation	—	—	—	—	—	28,170	—	28,170
<b>Total transactions with owners</b>	31	1,100	—	—	—	28,170	—	29,301
Balance at 30 June 2011	73,946	2,978,854	78,810	(35,481)	300,996	71,931	781,733	4,250,789

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY** *(Continued)**for the six months ended 30 June 2012 — Unaudited*

	Share capital	Share premium	Contributed surplus	Premium arising on acquisition of non- controlling interests	Exchange reserve	Other reserves	Retained earnings	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at 1 January 2012	73,936	2,341	2,675,788	(35,481)	365,582	94,486	1,297,730	4,474,382
<b>Comprehensive income</b>								
Profit for the period	—	—	—	—	—	—	24,842	24,842
Other comprehensive loss								
Currency translation differences	—	—	—	—	(25,118)	—	—	(25,118)
Total other comprehensive loss	—	—	—	—	(25,118)	—	—	(25,118)
<b>Total comprehensive loss for the six months ended 30 June 2012</b>	—	—	—	—	(25,118)	—	24,842	(276)
<b>Transactions with owners</b>								
Share-based compensation	—	—	—	—	—	13,024	—	13,024
Dividends for the year ended 31 December 2011	—	—	(73,936)	—	—	—	—	(73,936)
<b>Total transactions with owners</b>	—	—	(73,936)	—	—	13,024	—	(60,912)
<b>Balance at 30 June 2012</b>	<b>73,936</b>	<b>2,341</b>	<b>2,601,852</b>	<b>(35,481)</b>	<b>340,464</b>	<b>107,510</b>	<b>1,322,572</b>	<b>4,413,194</b>

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT**

for the six months ended 30 June 2012 — Unaudited

	2012	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Cash flows from operating activities</b>		
Cash generated from operations	<b>53,425</b>	91,835
Income tax paid	<b>(35,499)</b>	(67,565)
Net cash generated from operating activities	<b>17,926</b>	24,270
<b>Cash flows from investing activities</b>		
Net cash used in investing activities	<b>(221,584)</b>	(488,961)
<b>Cash flows from financing activities</b>		
Net cash generated from financing activities	<b>(68,532)</b>	1,139,620
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(272,190)</b>	674,929
Cash and cash equivalents at beginning of the period	<b>1,063,541</b>	732,544
Exchange (loss)/gain on cash and cash equivalents	<b>(20,149)</b>	10,544
<b>Cash and cash equivalents at end of the period</b>	<b>771,202</b>	1,418,017
<b>Analysis of balances of cash and cash equivalents</b>		
Cash and bank balances	<b>771,202</b>	1,418,017

## NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 1. Basis of preparation

The unaudited condensed consolidated interim financial statements for the six months ended 30 June 2012 have been prepared in accordance with the disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (“Listing Rules”) and Hong Kong Accounting Standard (“HKAS”) 34 “Interim financial reporting” issued by the Hong Kong Institute of Certified Public Accountants.

The unaudited condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2011.

The accounting policies and basis of preparation adopted in the preparation of these condensed consolidated interim financial statements are consistent with those used in the Group’s audited financial statements for the year ended 31 December 2011, except for adoption of new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA which are effective to the Group for accounting periods beginning on or after 1 January 2012. The adoption of the new HKFRSs has no material impact on the Group’s results and financial position for the current or prior periods.

#### *Functional and presentation currency*

Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The consolidated financial statements are presented in Hong Kong dollars and the functional currency of the Company is Renminbi. The Company uses Hong Kong dollars as its presentation currency because the Company is a public company incorporated in Bermuda with its shares listed on the Stock Exchange of Hong Kong Limited.

### 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. Since 31 December 2011, two previous operating segments, consultancy and design, and engineering and construction, have been merged to form a new segment engineering, procurement and construction. 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, procurement of equipments and materials and construction of power plant projects;
- Manufacture of equipments — 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 payments and unrealised gains/losses on financial instruments.

2. Segment information (Continued)

Segment assets comprise goodwill, interests in associates, interests in JCEs, property, plant and equipment, 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 tax payables 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 customers in Bermuda and no non-current assets are located in Bermuda.

**Business segments**

**For the six months ended 30 June 2012**

	Engineering, procurement and construction	Equipment manufacturing	Power plant operation and maintenance	Investment in power plants	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue					
Inter-segment sales	4,595	—	172	(4,767)	—
Sales to external customers	271,101	43,682	60,911	26,148	401,842
Segment results	(17,191)	6,455	26,076	42,975	58,315
Finance income	1,300	450	26	1,068	2,844
Other gains, net	—	—	—	46,968	46,968
Unallocated income					4,323
Unallocated expenses					(39,956)
Finance costs	(4,807)	(3,025)	—	(33,013)	(40,845)
Profit before income tax					31,649
Income tax expense	(1,474)	(1,120)	(2,227)	(1,986)	(6,807)
Profit for the period					24,842
Segment assets	1,422,724	647,669	271,281	4,817,304	7,158,978
Unallocated assets					115,883
Total assets					7,274,861
Segment liabilities	(1,192,172)	(123,835)	(9,016)	(537,979)	(1,863,002)
Unallocated liabilities					(998,665)
Total liabilities					(2,861,667)

**2. Segment information** (Continued)

**Business segments** (Continued)

For the six months ended 30 June 2011

	Engineering, procurement and construction	Equipment manufacturing	Power plant operation and maintenance	Investment in power plants	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue					
Inter-segment sales	19,400	52,284	—	(71,684)	—
Sales to external customers	57,708	149,884	50,698	—	258,290
Segment results	11,542	41,439	24,372	107,868	185,221
Finance income	640	128	13	101	882
Other gains, net	219	272	2,632	195,223	198,346
Unallocated income					584
Unallocated expenses					(31,507)
Finance costs	(4,297)	(4,777)	—	(14,249)	(23,323)
Profit before income tax					330,203
Income tax expense	(6,368)	(47,814)	(2,690)	(36,343)	(93,215)
Profit for the period					236,988
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)

### 3. Revenue and other income

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

An analysis of revenue and other income is as follows:

	Six months ended 30 June	
	2012	2011
	HK\$'000	HK\$'000
Revenue	<b>401,842</b>	258,290
Other income		
Interest income	<b>4,562</b>	1,466
Others	<b>1,810</b>	3,123
	<b>6,372</b>	4,589

### 4. Other gains, net

An analysis of other gains, net is as follows:

	Six months ended 30 June	
	2012	2011
	HK\$'000	HK\$'000
Gain on disposal of a subsidiary (Note 13)	—	195,275
Gain on disposal of joint controlled entities (Note 13)	<b>44,837</b>	—
Others	<b>2,131</b>	(52)
	<b>46,968</b>	195,223

### 5. Finance costs

	Six months ended 30 June	
	2012	2011
	HK\$'000	HK\$'000
Interest on bank borrowings, wholly repayable within five years	<b>7,832</b>	9,074
Interest on guaranteed bond, wholly repayable within five years	<b>33,013</b>	14,249
	<b>40,845</b>	23,323

**6. Income tax expense**

	<b>Six months ended 30 June</b>	
	<b>2012</b>	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current tax		
— PRC corporate income tax	<b>6,807</b>	56,572
— Withholding tax	—	39,974
Deferred tax	—	(3,331)
	<b>6,807</b>	93,215

PRC corporate income tax is provided for at the rate of 25% (2011: 25%) for the period of the profits for the PRC statutory financial reporting purpose, adjusted for those items which are not assessable or deductible for the PRC corporate income tax purpose. Certain subsidiaries of the Group are entitled to preferential tax treatments including two years exemption followed by three years of a 50% tax reduction.

On 28 June 2011, Jilin Tianhe Wind Power Equipment Co. Ltd., a subsidiary of the Group, declared a dividend of RMB301 million to its immediate holding company. Under the PRC tax laws and regulations, the Group was subject to 10% withholding tax arising from dividend payments amounting to RMB30,078,000 (equivalent to approximately HK\$35,856,000).

**7. Earnings per share****(a) Basic**

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company HK\$24,842,000 (2011: HK\$236,988,000) by the weighted average number of 7,393,595,000 (2011: 7,392,405,000) ordinary shares in issue during the period.

**(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.

For the period ended 30 June 2012, the Company has one dilutive potential ordinary share: 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 to the number of shares that would have been issued assuming the exercise of the share options.



7. Earnings per share (Continued)

(b) Diluted (Continued)

	Six months ended 30 June	
	2012	2011
Profit attributable to equity holders of the Company (HK\$'000)	24,842	236,988
Weighted average number of ordinary shares in issue (thousands)	7,393,595	7,392,405
Adjustments for:		
— effect of dilutive potential shares issuable under the Company's share option scheme (thousands)	3,742	68,242
Weighted average number of ordinary shares used to determine diluted earnings per share (thousands)	7,397,337	7,460,647

8. Interim dividend

The Directors do not recommend the payment of any interim dividend for the six months ended 30 June 2012 (2011: Nil).

9. Trade and bill receivables

	As at 30 June 2012	As at 31 December 2011
	HK\$'000	HK\$'000
Trade receivables	670,001	499,761
Bill receivables	38,554	—
	708,555	499,761

At the balance sheet date, the ageing analysis of the trade receivables, based on invoice date, is as follows:

	As at 30 June 2012	As at 31 December 2011
	HK\$'000	HK\$'000
Within 3 months	249,805	430,387
3 to 6 months	121,484	27,676
6 to 12 months	261,208	7,244
Over 12 months	37,504	34,454
	670,001	499,761

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.

**9. Trade and bill receivables** (Continued)

As at 30 June 2012, trade receivables of HK\$298,712,000 (2011: HK\$41,698,000) were past due but not impaired. These relate to a number of independent customers for whom there is no financial difficulty and based on past experience, the overdue amounts can be recovered.

**10. Trade and bill payables**

	<b>As at 30 June 2012</b>	As at 31 December 2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade payables	<b>719,496</b>	839,887
Bill payables	<b>131,404</b>	3,701
	<b>850,900</b>	843,588

At the balance sheet date, the ageing analysis of the trade payables, based on invoice date, is as follows:

	<b>As at 30 June 2012</b>	As at 31 December 2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 3 months	<b>338,876</b>	745,378
3 to 6 months	<b>344,141</b>	26,690
6 to 12 months	<b>6,686</b>	17,909
Over 12 months	<b>29,793</b>	49,910
	<b>719,496</b>	839,887

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

**11. Share capital**

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

	<b>No. of shares</b>	<b>Nominal value</b>
	<i>000's</i>	<i>HK\$'000</i>
<b>Authorised:</b>		
As at 31 December 2011 and 30 June 2012: 10,000,000,000 ordinary shares of HK\$0.01 each	10,000,000	100,000
<b>Issued and fully paid:</b>		
As at 31 December 2011: 7,393,594,965 ordinary shares of HK\$0.01 each	7,393,595	73,936
<b>As at 30 June 2012: 7,393,594,965 ordinary shares of HK\$0.01 each</b>	<b>7,393,595</b>	<b>73,936</b>

## 12. Share option schemes

Details of the movement in the number of share options are as follow:

Name or category of participant	Date of grant of share options	Number of share options outstanding as at 31 December 2011	Number of share options granted during the period	Number of share options exercised during the period	Number of share options forfeited during the period	Number of share options outstanding as at 30 June 2012	Market price per share at exercise date of share options
<i>HK\$</i>							
<b>Chairman</b>							
Liu Shunxing	1 April 2008	5,000,000	—	—	—	5,000,000	N/A
	6 April 2009	6,000,000	—	—	—	6,000,000	N/A
	4 January 2010	10,000,000	—	—	—	10,000,000	N/A
	3 January 2011	15,000,000	—	—	—	15,000,000	N/A
<b>Executive directors</b>							
Ko Chun Shun, Johnson	6 April 2009	6,000,000	—	—	—	6,000,000	N/A
Wang Xun	1 April 2008	3,600,000	—	—	—	3,600,000	N/A
	6 April 2009	4,500,000	—	—	—	4,500,000	N/A
	4 January 2010	6,600,000	—	—	—	6,600,000	N/A
	3 January 2011	10,000,000	—	—	—	10,000,000	N/A
Yang Zhifeng	1 April 2008	900,000	—	—	—	900,000	N/A
	6 April 2009	2,250,000	—	—	—	2,250,000	N/A
	4 January 2010	6,600,000	—	—	—	6,600,000	N/A
	3 January 2011	10,000,000	—	—	—	10,000,000	N/A
Liu Jianhong	1 April 2008	900,000	—	—	—	900,000	N/A
	6 April 2009	2,250,000	—	—	—	2,250,000	N/A
	4 January 2010	6,600,000	—	—	—	6,600,000	N/A
	3 January 2011	10,000,000	—	—	—	10,000,000	N/A
Yu Weizhou	6 April 2009	2,000,000	—	—	—	2,000,000	N/A
	4 January 2010	6,600,000	—	—	—	6,600,000	N/A
	3 January 2011	10,000,000	—	—	—	10,000,000	N/A
Zhou Zhizhong	4 January 2010	6,600,000	—	—	—	6,600,000	N/A
	3 January 2011	10,000,000	—	—	—	10,000,000	N/A
Ko Wing Yan, Samantha	4 January 2010	3,000,000	—	—	—	3,000,000	N/A
	3 January 2011	4,000,000	—	—	—	4,000,000	N/A
Chan Kam Kwan, Jason	1 April 2008	1,000,000	—	—	—	1,000,000	N/A
	6 April 2009	1,200,000	—	—	—	1,200,000	N/A
	4 January 2010	1,000,000	—	—	—	1,000,000	N/A
	3 January 2011	1,000,000	—	—	—	1,000,000	N/A
<b>Non-executive director</b>							
Tsoi Tong Hoo, Tony	1 April 2008	1,200,000	—	—	—	1,200,000	N/A
	6 April 2009	3,000,000	—	—	—	3,000,000	N/A
	4 January 2010	800,000	—	—	—	800,000	N/A
	3 January 2011	800,000	—	—	—	800,000	N/A
<b>Independent non-executive directors</b>							
Yap Fat Suan, Henry	1 April 2008	600,000	—	—	—	600,000	N/A
	6 April 2009	800,000	—	—	—	800,000	N/A
	4 January 2010	800,000	—	—	—	800,000	N/A
	3 January 2011	800,000	—	—	—	800,000	N/A
Wong Yau Kar, David, JP	1 April 2008	400,000	—	—	—	400,000	N/A
	6 April 2009	600,000	—	—	—	600,000	N/A
	4 January 2010	800,000	—	—	—	800,000	N/A
	3 January 2011	800,000	—	—	—	800,000	N/A
Zhou Dadi	4 January 2010	1,000,000	—	—	—	1,000,000	N/A
	3 January 2011	1,000,000	—	—	—	1,000,000	N/A
<b>Other employees</b>							
In aggregate	1 April 2008	31,260,000	—	—	(350,000)	30,910,000	N/A
	6 April 2009	51,460,000	—	—	(810,000)	50,650,000	N/A
	4 January 2010	69,320,000	—	—	(1,780,000)	67,540,000	N/A
	3 January 2011	117,260,000	—	—	(6,000,000)	111,260,000	N/A
<b>Total</b>		<b>435,300,000</b>	<b>—</b>	<b>—</b>	<b>(8,940,000)</b>	<b>426,360,000</b>	

**12. Share option schemes (Continued)**

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 Group recognised the total expense of HK\$13,024,000 for the six months ended 30 June 2012 (2011: HK\$28,170,000) in relation to share options granted by the Company.

Details of share options outstanding at the end of the period is set out belows:

Grant date	Exercise period	Exercise price	Market price per	Grand of option	Share Options outstanding	
			share on date of		(Thousands)	
		HK\$	grant of option	(thousands)	30 June 2012	31 December 2011
1 April 2008	1 April 2009 to 31 March 2013	0.45	0.435	60,080	<b>44,510</b>	44,860
6 April 2009	6 April 2010 to 5 April 2014	0.302	0.295	100,000	<b>79,250</b>	80,060
4 January 2010	4 January 2011 to 3 January 2015	0.89	0.89	130,000	<b>117,940</b>	119,720
3 January 2011	3 January 2012 to 2 January 2016	0.80	0.80	200,000	<b>184,660</b>	190,660
				490,080	<b>426,360</b>	435,300

**13. Disposal of equity interests in jointly controlled entities and subsidiary**

On 25 June 2012, the Group entered into a sale and purchase agreement with Liaoning Energy Investment (Group) Co., Ltd., pursuant to which the Group disposed of 21% of equity interest in Fuxin Taihe Wind Power Co., Ltd., ("Fuxin Taihe"), for a consideration of RMB79,711,100 (equivalent to HK\$95,650,000). Fuxin Taihe ceased to be a jointly controlled entity and be accounted for as an associate.

On 25 June 2012, the Group entered into a sale and purchase agreement with Liaoning Energy Investment (Group) Co., Ltd., pursuant to which the Group disposed 25% of its equity interest in Chaoyang Century Concord Wanjia Wind Power Co., Ltd., ("Chaoyang Century"), for a consideration of RMB47,137,875 (equivalent to HK\$56,560,000). Chaoyang Century ceased to be a jointly controlled entity and be accounted for as an associate.

On 20 May 2011, the Group entered into a sale and purchase agreement with Jilin Power Share Co., Limited ("Jilin Power") and Jilin CPI Gether New Energy Co., Limited ("Jilin Xiehe"), pursuant to which the Group agreed to dispose of its entire 51% equity interest in Gansu Guazhou Century Concord Wind Power Co., Limited ("Guazhou Company") to Jilin Power as to 46% and Jilin Xiehe as to 5%. Details of the disposal were disclosed in the Company's circular dated 29 July 2011. Since the disposal completion on 28 June 2012, 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 which is held as to 49% by the Group) holds a 5% equity interest in Guazhou Company. Guazhou Company had ceased to be a subsidiary of the Group and had been accounted for as a jointly controlled entity of the Group after the disposal. The Group recorded a gain of approximately HK\$195,275,000 as the 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.

**14. Commitment**

***Operating lease commitments***

*As lessee*

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

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

	<b>As at 30 June 2012</b>	As at 31 December 2011
	<b>HK\$'000</b>	HK\$'000
No later than 1 year	<b>9,306</b>	6,591
Later than 1 year and no later than 5 years	<b>15,924</b>	1,433
	<b>25,230</b>	8,024

***Capital commitments***

(a) At the balance sheet date, capital expenditure contracted for but not yet incurred is as follow:

	<b>As at 30 June 2012</b>	As at 31 December 2011
	<b>HK\$'000</b>	HK\$'000
Property, plant and equipment		
No later than 1 year	<b>7,510</b>	18,538
Later than 1 year and no later than 5 years	—	—
	<b>7,510</b>	18,538

(b) The Group has entered into a number of arrangements to develop wind power projects in the PRC. As at 30 June 2012, total equity contributions contracted but not provided for were HK\$362,901,000 (2011: HK\$515,905,000).

***Other commitments***

As at 30 June 2012, the Group, via its wholly-owned subsidiaries, has committed to pledge its share of the equity interests in Fuxin Century Concord-Shenhua Wind Power Co., Ltd., Fuxin Union Wind Power Co., Ltd., Fuxin Huashun Wind Power Co., Ltd., Taipusiqi Century Concord-Shenhua Wind Power Investment Co., Ltd., and Wuchuan County Yihe Wind Power Co., Ltd. as security for bank borrowings by the Group's JCEs.

## 15. 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 30 June 2012, the Group has pledged its share of equity interests of five (2011: five) jointly controlled entities, with total value of its share of registered capital held by the Group amounted to HK\$340,080,000 (2011: HK\$341,976,000) 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 30 June 2012, 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\$402,184,000 (2011: HK\$404,427,000).

Save as mentioned above, the Group did not have any significant contingent liabilities as at 30 June 2012.

## 16. Related party transactions

- (a) Save as disclosed elsewhere in these consolidated financial statements, the following transactions were carried out by the Group with related parties:

	Six months ended 30 June	
	2012	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
Sales of goods and services to JCEs and associates ( <i>Note (i)</i> )	156,851	107,230
Loan interest income	1,707	—

*Note:*

- (i) The sales and purchases of goods were negotiated with related parties on normal commercial terms agreed by both parties.

- (b) Key management compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group. It comprises nine (2011: nine) of the Executive Directors and five (2011: three) members of Senior Management Group. The total remuneration of the key management personnel is shown below:

	Six months ended 30 June	
	2012	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
Salaries and other short-term employee benefits	9,603	8,135
Share-based compensation	6,171	11,350
	<b>15,774</b>	19,485

## 17. Events after the balance sheet date

There were no significant subsequent events after balance sheet date up to the date of approval of the financial statements.

## 18. Approval of the unaudited condensed consolidated interim financial statements

The unaudited condensed consolidated interim financial statements were approved and authorised for issue by the Directors of the Company on 24 August 2012.

## BOARD OF DIRECTORS

### 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

### Non-executive Director

Mr. Tsoi Tong Hoo, Tony

### Independent non-executive Directors

Dr. Zhou Dadi

Dr. Wong Yau Kar, David, JP

Mr. Yap Fat Suan, Henry

## COMPANY SECRETARY

Mr. Chan Kam Kwan, Jason

## AUDITOR

PricewaterhouseCoopers

*Certified Public Accountants*

## BANKERS

China Construction Bank

Hang Seng Bank

Industrial and Commercial Bank of China

Standard Chartered Bank

## SOLICITORS

Baker & McKenzie

## REGISTERED OFFICE

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

## PRINCIPLE OFFICE IN HONG KONG

Suite 3901, Far East Finance Centre

16 Harcourt Road

Admiralty

Hong Kong

## BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Tricor Tengis Limited

26th Floor, Tesbury Centre

28 Queen's Road East

Wanchai

Hong Kong

## WEBSITE

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