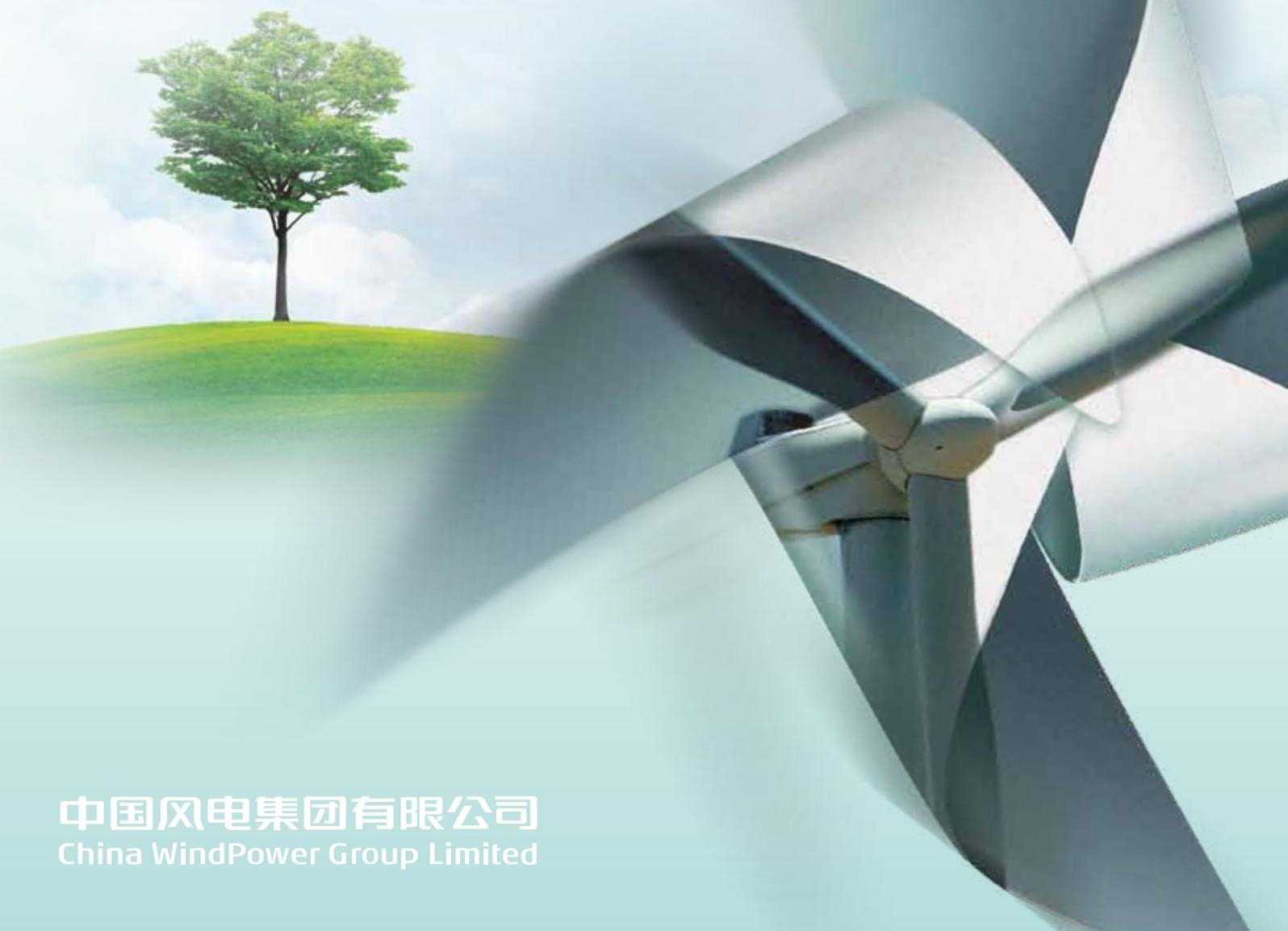


# 2010 INTERIM REPORT

STOCK CODE: 182HK

*China*  
*WindPower* 中国风电



中国风电集团有限公司  
China WindPower Group Limited

## MANAGEMENT DISCUSSION AND ANALYSIS

### I. Operating Environment

Against the backdrop of increasing uncertainties like sovereign-debt crisis and trade conflict, the world economy still maintained slow growth in the first half of 2010. Meanwhile, the Chinese economy continued to grow steadily at a fast pace since the world economy's resurgence, with power demand increasing rapidly. Due to a series of environmental issues arising from global warming and greenhouse gas emission, the Chinese government has to continue promoting the development of clean and renewable energies, so as to optimize its energy structure and achieve its goal of emissions reduction. Wind power is increasingly mature and reliable, and it is more competitive than other renewable energies. Wind power is becoming the main stream of renewable energy which will continue to receive strong policy and financial support from the Chinese government.

In 1H 2010, the domestic wind power equipment manufacturing sector moved to a larger scale-based production along with increased investment in research and development; which led to an improvement in turbine performances, as well as the downward trend of turbine prices. Chinese turbine manufacturers are developing and producing turbines of higher capacity for the market. The excellent operational performance of wind power is now widely recognized. Financing for wind power projects remained relatively available, with interest rate staying at a low level.

In 1H 2010 Chinese government strengthened the regulations for the wind sector. On February 10, China National Energy Administration and State Oceanic Administration jointly promulgated the Interim Measure on the Management of Offshore Wind Farm Development so as to standardize the development and construction of offshore wind power projects. On March 26, the Ministry of Industry and Information Technology issued the Access Standard for Wind Power Equipment Manufacture Industry (Draft for Comment), which put forward more specific requirements to companies engaged in production of grid-connected wind power units. On May 13, the State Council enacted the Several Opinions on Encouraging and Guiding the Healthy Development of Private Investment, in order to encourage private capital to participate in new energy industries like wind energy and solar energy.

During the 6-month period, the Chinese government further enhanced the wind power development and planning, power absorption capability, and power planning research work, and further reinforced the coordination between wind power development and power grid construction. Besides the huge investment in ultra-high voltage transmission lines, the Chinese government will also invest in smart grid systems, which will help to resolve the bottleneck of grid connection in the wind power industry.

Given the strong supportive state policies, China's wind power industry has witnessed high growth. China has already become one of the most promising wind power countries. In 2010, China wind power industry is still faced with favorable development opportunity, which will facilitate the Group's rapid development.

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

During the reporting period, the Group's consolidated income amounted to HK\$348,990,000 (1H 2009: HK\$137,854,000), which arose from wind power services and increased 153% as compared to the same period last year. By the end of the current reporting period, the Group's net assets value amounted to HK\$3,445,241,000 (December 31, 2009: HK\$3,267,843,000), its cash and cash equivalents, HK\$941,464,000 (December 31, 2009: HK\$1,109,561,000), its net profit attributable to equity holders, HK\$133,165,000 (1H 2009: HK\$62,489,000), up 113% from the same period last year, its basic earnings per share arising from continuing operation, 1.83 HK cents (1H 2009: 1.01 HK cents), and its fully diluted earnings per share, 1.81 HK cents (1H 2009: HK\$0.98 HK cents).

During the reporting period, each business segment of the Group progressed smoothly and maintained a fast development pace. The Group continued expanding its wind resources reserve, enhancing the effort on wind resource development, and increasing the investment in wind power plants. It also expedited the expansion of wind power consultancy and design, wind power engineering and construction, wind power plant operation and maintenance, and wind power tower tube equipment manufacturing. Promising results were achieved.

**(I). Wind Power Plant Investments and Operations****1. Investment in Wind Power Plants**

During the reporting period, the Group enlarged its investment in wind power projects, and it initiated the construction of 6 wind power plants (total capacity of 297MW). As at the end of the current reporting period, 10 wind power plants (total capacity of 647MW) were under construction. The Group has now invested in a total of 22 wind power plants, with a cumulative capacity of 1,213MW and an attributable capacity of 681MW. 12 of these wind power plants with total capacity of 566MW are in operation. As the projects under construction will have the newer turbines with much improved performance and as their construction cost will be lower, their return on investment is expected to be raised.

In terms of wind power project financing, all ongoing projects applied for bank financing in line with their construction needs and progress. Domestic banks offered preferential rate which is 10% less than the PBOC interest rate. It is worth pointing out that during the reporting period, the Group's subsidiary, Gansu Guazhou Xiehe Wind Power Ltd. signed a US\$152 million long term loan agreement with the International Finance Corporation (IFC), a member of the World Bank Group, and financial institutions arranged by IFC. The aforesaid is the IFC's first investment in a wind power project in China. The wind power project is a state concession project with total capacity of 201MW. IFC also signed an equity subscription agreement with the Company, under which IFC will invest US\$10 million to subscribe new shares of the Company. With the financing support from IFC, the Group successfully diversified its financing sources and channels which enhanced the Group's capability to control costs of funds and to mitigate interest rate and currency risks.

**MANAGEMENT DISCUSSION AND ANALYSIS** *(Continued)***II. Business Review** *(Continued)***(I). Wind Power Plant Investments and Operations** *(Continued)*1. *Investment in Wind Power Plants (Continued)*

The Group has also signed a strategic cooperation agreement with China Construction Bank, Liaoning Branch. In accordance with the agreement, China Construction Bank, Liaoning Branch granted the Group a stand-by credit line of RMB 5 billion to support the Group's wind power development.

2. *Power Generation*

During the reporting period, the Group's wind farms generated electricity output of 521 million kWh in total, of which 230 million kWh is attributable to the Group (out of 258MW of attributable installed capacity). The Group's power generation income has reached a substantial and fast growing level. The Group's wind power plants functioned well, and in general their power output was higher than the designed capacity. In particular, Inner Mongolia Erlianhaote Changfeng Century Concord Wind Power Plant, Inner Mongolia Taipusiqi Century Concord-Shenhua Wind Power Plant, and Jilin Taihe Wind Power Co., Ltd. achieved capacity factors of 1,509 hours, 1,320 hours, and 1,277 hours, respectively within 1H 2010.

3. *Wind Resources and Project Development*

Based on its analysis of the prospects for China's wind power industry, the Group's policy is to secure as much quality wind resources in China as possible for development. During the reporting period, the Group signed agreements with local governments to exclusively develop wind resources totaling 1,000MW (including 200MW in Liaoning, 400MW in Jiangsu, 200MW in Jiangxi, and 200MW in Hubei). At the end of the reporting period, the Group had obtained exclusive wind resources of 10.5GW. In view of the upgraded power grid access and the development of wind turbines that can operate at lower wind speed, the Group decided to secure wind resources in southern central China and successfully procured 800MW of wind resources in Jiangsu, Jiangxi and Hubei. These concessions are all in wind resource regions with relatively high tariff, good grid connection access, and strong local demand for power. The Group's abundant high quality wind resources provide a solid foundation for the sustainable development of its wind power businesses.

During the reporting period, the Group obtained grid connection approvals and proposal approvals for 5 wind power projects.

## MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

### II. Business Review *(Continued)*

#### **(I). Wind Power Plant Investments and Operations** *(Continued)*

##### 3. Wind Resources and Project Development *(Continued)*

Also during the reporting period, the Group initiated preliminary development preparation including signing of development agreement, solar test, and feasibility study on wind/solar hybrid generation for its wind/solar power generation projects in Gansu, Inner Mongolia, Liaoning and Jilin. This move is considered as the Group's prospective and farsighted strategic measure.

The Group has always put high attention to wind resources acquisition and wind power project development. The Group continuously strengthened its core competence. During the reporting period, the Group continued to enhance its wind power development, actively expanded the market share, increased human resources allocation in project development, and improved coordination between wind power development and other services' support. As at the end of the reporting period, more than 80 employees of the Group at different levels were engaged in wind power project development.

##### 4. CDM

With respect to Clean Development Mechanism (CDM) development, the Group's ability is becoming more professional and has achieved remarkable progress. During the reporting period, the Group signed the Certified Emission Reduction (CER) sales agreement for 3 wind power projects, of which, four projects (Jilin Zhenlai Linchang Farm Phase I, Heiyupao Phase I, Taiqi Phase I, and Mazongshan) were successfully registered with the United Nations CDM Executive Board. At the end of the current reporting period, the Group had signed contracts in respect of 17 wind power plant's CER sales agreement, 15 of which have obtained approval from the National Development and Reform Commission, and 6 projects have secured registration with the United Nations.

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

During the reporting period, the Group achieved satisfactory results in its wind power services business which includes wind power consultancy and design, wind power engineering and construction, tower tube equipment manufacturing, and wind power plant operation and maintenance. Service level and product quality have continued to improve. The Group also maintained a zero accident safety production record.

**1. Wind Power Consultancy and Design Services**

The Group's consultancy and design subsidiary company provided services, such as wind power development planning, wind test, feasibility study, construction drawing design, and post-project evaluation. To further improve consultancy and design services' quality and efficiency, it has standardized the templates and formats for feasibility study reports, development planning reports, resources allocation reports, and project application reports, etc. The practice will gradually be extended to templates for initial design, construction design report and construction drawing model.

During the reporting period, the consultancy & design company provided services to 137 jobs, such as preparing wind resources evaluation reports, preliminary resources allocation reports, feasibility study reports, micro-site selection reports, and construction drawing design etc.

During the reporting period, the consultancy and design and project development services recorded revenue of HK\$26,626,000 (1H 2009: HK\$1,741,000).

**2. Wind Power Engineering and Construction Services**

During the reporting period, the Group's engineering and construction subsidiary company added several senior technicians and managers, with personnel structure being further optimized and management ability significantly strengthened. It also purchased heavy duty cranes for wind turbines installation so as to be able to install turbines with capacity of up to of 2.5MW. The industry's trend toward larger turbines will continue and the engineering and construction subsidiary company will continue to upgrade its capability in tandem with industry demand. During the reporting period, the Group's engineering and construction company took on engineering and construction work for 12 wind power projects (total capacity of 800MW) and generated revenue of HK\$101,943,000 (1H 2009: HK\$74,175,000).

## MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

### II. Business Review (Continued)

#### (II). Wind Power Services Business (Continued)

##### 3. Wind Power Tower Tube Equipment Manufacturing

During the reporting period, the Group's tower tube manufacturing subsidiary company actively developed the market, and further improved its production capacity through meticulous production scheduling and OEM outsourcing. It produced 142 tower tubes during 1H 2010.

During the reporting period, the Group incorporated Jilin Province Tianhe Wind Power Equipment Manufacture and Operation Maintenance Co., Ltd. in Taonan, Jilin. It invested in a large-scale tower tube production line which is planned to commence operation by October 2010. The company will have the capacity of producing 300 tower tubes a year for wind turbines up to 3MW. By then, the Group will be able to produce more than 400 tower tubes for up to 3MW wind turbines per year. That will not only meet the demands of the Group's wind power projects, but also greatly improve the Group's competitive advantage in the market. As a result, the Group can provide other wind power developers with quality products and services as well as further improve the Group's effectiveness and competitiveness.

During the reporting period, the wind power tower tube manufacturing unit recorded revenue of HK\$194,231,000 (1H 2009: HK\$54,310,000).

##### 4. Wind Power Plant Operation and Maintenance Services

The Group's wind power plant operation and maintenance subsidiary company engages in wind power plant operation, maintenance, overhaul, emergency repair inventory management, etc. During the reporting period, the Group's express repair and maintenance service center in Fuxin, Liaoning started operation. An agreement has been signed with Goldwind Science & Technology Co., Ltd., a top tier domestic wind turbine manufacturer, under which Goldwind will use our Fuxin site to assemble its wind turbines. During the reporting period, the operation and maintenance company provided services to 13 wind power plants, and recorded revenue of HK\$26,190,000 (1H 2009: HK\$7,628,000).

### III. Liquidity and Financial Resources

As at June 30, 2010, the Group had cash or cash equivalents of approximately HK\$941,464,000 (December 31, 2009, HK\$1,109,561,000). As at that date, the current ratio was 2.1 times (December 31, 2009: 5.5 times), gearing ratio (long term liabilities over shareholders' fund and long term liabilities) was 0.1 (December 31, 2009: 0) and the Group's borrowings amounted to HK\$484,818,000 (December 31, 2009: HK\$34,072,000). Loans added during this reporting period were mainly for the purpose of construction of wholly owned wind farm project. The consolidated net assets of the Group stood at approximately HK\$3,445,241,000 (December 31, 2009: HK\$3,267,843,000).

**MANAGEMENT DISCUSSION AND ANALYSIS** (Continued)**III. Liquidity and Financial Resources** (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 RMB. The Group did not engage in the use of any financial instruments for hedging purpose.

**Charge of Assets**

As at June 30, 2010, the Group, via its wholly-owned subsidiary, had entered into joint venture agreements with JV partners in the PRC. Pursuant to the JV agreements, the Group was required to pledge its share of the equity interests in these jointly controlled entities as security for the bank loans of each of the respective jointly controlled entities. As at June 30, 2010, the Group had pledged its share of equity interests of three jointly controlled entities, with total value of HK\$180,240,000.

**Contingent Liabilities**

Save from the above, the Group did not have any significant contingent liabilities as at June 30, 2010.

**Commitments**

As at June 30, the Group had capital commitments of HK\$2,313,460,000 (December 31, 2009: HK\$787,175,000), which were not accounted for in the financial statements. The amount was mainly capital committed for investment in wind power plants HK\$1,264,307,000 and the capital committed for the payment for equipment purchased by subordinate project company HK\$1,049,153,000.

**IV. Staff and Remuneration**

The Group regards human resources as the key for achieving its development goal. With its constant growth and development, the Group is increasingly attractive to talented people. Aside from external hiring, the Group also established an internal training platform and internal mentoring system to improve employees' capabilities and to meet the Group's demands for expertise during this rapid development period.

Staff's remuneration consists of salary and bonus, and the Group also granted share options to outstanding employees. The management will discuss and review employees' salary and benefits (including share options), making sure that employees' bonus is in line with their work performance and that the salary and benefits are comparable to the market. During the reporting period, the Group granted 130 million share options to 257 key employees.

During the reporting period, the Group set up an employees' mutual support fund with donations from company and employees, in order to aid employees or employees' direct family who suffer from serious diseases or unexpected disasters.

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

### **IV. Staff and Remuneration** *(Continued)*

As at June 30, 2010, the Group was staffed with 1,061 (December 31, 2009: 816) full-time employees including 114 headquarter-based management employees, 170 project development and project management employees, 55 wind power consulting and design employees, 153 engineering and construction employees, 351 equipment manufacture employees, 212 operation and maintenance employees, and 6 employees from affiliated companies. Compare to previous years, the Group saw notable improvement in staff quality. The Group now has 54 technicians with senior technological and professional qualifications and 82 employees with post graduate qualifications.

### **V. Corporate Governance**

During the reporting period, the Group continued perfecting its management systems and work processes. As a result, it further standardized and streamlined its management. Also, the Group mapped out a strict internal execution check mechanism to monitor and supervise major issues and to improve its execution efficiency.

The Group, in line with its annual operation plan, drafted out the Performance Goal Liability Document and Performance Examination Scheme, by which it summed up and analyzed the completion of performance benchmarks each month, duly learned about and overcame various constraints and difficulties to ensure successful implementation of different performance benchmarks and adjusted the salary and performance examination and incentive system accordingly.

In terms of financial management, the Group continued to strengthen its financial management, so as to improve the capital utilization efficiency and internal allocation capability, as well as to efficiently control financial risks.

As to internal management and control, the Group, during the reporting period, continued intensifying its regular and unscheduled examination of its subordinate companies, to identify and resolve problems and prevent and control risks in a timely fashion. Meanwhile, the Group further intensified its work like project investment control, project technology and economic analysis and evaluation, subordinate companies' cost analysis, and different expenses examination, etc.

During the reporting period, the Group also continued to build its corporate culture to make definite its strategic goal, operation philosophy, and core concept of value. Likewise, it enhanced the promotional work to actively promote China WindPower brand through convening and participating in different cultural, sports, social community and market activities. In addition, it proactively partook in and won the government and industry's ranking and awards to promote the enterprise brand and logo, in hopes of improving its influence and competitiveness outside the company and strengthening its appeal and cohesiveness in the company.

**MANAGEMENT DISCUSSION AND ANALYSIS** (Continued)**VI. Social Responsibility and Environmental Protection**

In terms of social responsibility, the Group emphasizes on employees' safety, health and enhancing of working ability. The Group sponsored education of wind power discipline in universities and help to improve the economy and education standard in underdeveloped regions. As to environmental protection, the Group is dedicated to developing clean energy to aid the reduction of environmental pollution and combat climate change, for the purpose of achieving the economy's sustainable development.

**(I). Social Responsibility**

The Group has always focused on provision of safety measures to employees and workers on site; it underlined the "Protection to Employees' Occupational Health and Safety" to strengthen the implementation of safety liabilities. During the reporting period, the Group had a "Zero Significant Injury & Death Accident" record at the wind power project's construction sites. At the meantime, the Group advocated training to employees so as to broaden their capability development.

During the reporting period, the Group continued sponsoring the wind power discipline in North China Electric Power University, and it also continued funding the elementary education in underdeveloped regions where the wind farms are located.

**(II). Environmental Protection**

The Group always attached much importance to the environmental protection during the wind power construction and operation process. At the wind power project design phase, the Group took account of the project construction's influence on the land utilization. Thus it endeavored to make arrangement and layout on the basis of existing roads when designing the construction plan, so as to alleviate the damage to and occupation of land and grassland as much as possible. During the construction period, the Group sorted the building waste. For instance, the waste rocky slag was used in refilling the wind power unit groundsill, while other building wastes like stone, concrete block, brick and tile fragments, sand, lime, and ceramic tiles were used in the road construction during the construction of booster station living area. As soon as the project was completed and commenced operation, the Group duly repaired the grassland that suffered from damages during the project construction, and it reforested both sides of the dedicated overhaul road in the wind farm. During the wind power plant operation, domestic garbage produced is collected in a centralized manner and then entrusted to local environment and health department to transport and clean the garbage.

**(III). Conservation and Emission Reduction**

The Group made remarkable contribution to emissions reduction. Its wind power plants reduced the emission of carbon dioxide by 530,000 tons, the emission of sulfur dioxide by 5,298 tons, and the emission of nitrogen oxides by 470 tons during the reporting period. In contrast to coal-fired thermal power plant, the Group's wind power plants saved standard coal of 180,000 tons and water of 1.5 million tons for the country during the current reporting period.

As at the end of the reporting period, the Group's wind power plants reduced the emission of carbon dioxide by 1,180,000 tons, emission of sulfur dioxide by 12,118 tons, and emission of nitrogen oxides by 1,060 tons in total, and they had saved standard coal of 410,000 tons and water of 3,380,000 tons for the country.

## MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

### VII. Prospect

Many countries are keenly developing renewable energies so as to cope with economic crisis, stimulate economic resurgence, increase job opportunities, resolve environmental pollution, and ensure energy supply, and it is believed that the renewable energies are an important engine for boosting the economy's sustainable development and creating new economic growth areas. The Chinese government has made a commitment for its emission reduction by 2020, and it has also announced its wind power installed capacity would hit 150GW by 2020. It is expected that Chinese government's policy support for new energies will be further intensified, and China's renewable energy industry will develop even more rapidly.

We believe that wind power's technical progress will go on, for instance, wind power equipment manufacture capacity will continue to ascend, the wind turbine unit capacity will increase and reliability will improve further, wind resources' utilization will continue to climb, wind turbines' generation efficiency will be advanced, wind power quality will be further enhanced, wind power equipments' price (unit price per KW) will continue to decline, etc. All in all, wind power costs will fall and wind power quality will improve which will lead wind power to become even more commercially competitive.

Also, we believe that in view of China's economic development trend, financial institutions will continue to place a priority on wind power project financing over the next year or longer time, and they will maintain low benchmark lending rate and provide preferential interest rate for wind power projects.

In the meantime, we should make full estimation to problems and challenges in China wind power industry, in order to duly adjust and adopt the Group's operation strategy. Problems in the industry include construction of grid supporting facilities in some northern China regions is lagging the construction of wind power plants; more and more wind power plants in certain northern China regions may experienced more serious grid curtailment issues in the next one or two years. Also due to increasing fierce competition for wind resources and wind power development, it is more difficult for wind power project to attain approvals. In face of those problems, the Group will further intensify the project's preliminary development, so as to facilitate the Group to prioritized investment and construction of favorable projects with better grid access from its abundant project pipelines. Moreover, the Group will further enhance the communication with the power grid and coordinate the Group's power plant construction schedule strictly in line with the power grid's construction planning and schedule. In addition, the Group will prioritized development of wind power projects in east China, central China and south China where grid connection and curtailment are less of a problem. The China National Energy Administration and the State Grid Corporation are earnestly researching and implementing the construction of "Strong Smart Grid". We firmly believe that the grid connection and curtailment problems are only regional and temporary, and that it will be resolved gradually in the long run.

For the rest of the year, the Group will endeavor to complete the construction of ongoing wind farms, in order to achieve above 500MW of newly installed capacity in 2010. The Group will efficiently and safely operate the existing operational wind farms to enlarge power generation income. Simultaneously, it will continue to strengthen wind power services' core competitiveness and further intensify management and control, in hopes of seeking higher efficiency and return. The Group believes that operation and management results in the current year are bound to lay a meaningful and solid foundation for turning China WindPower Group into an international top-tier wind power enterprise.

## 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 2010, 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 2010

(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			
Ko Chun Shun, Johnson	—	—	2,000,000,000		2,000,000,000 <sup>1</sup>	27.47
Ko Wing Yan, Samantha	—	—	20,000,000		20,000,000 <sup>2</sup>	0.27
Yap Fat Suan, Henry	200,000	—	—		200,000	0.003

Notes:

1. 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.
2. 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.

(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 13 to the financial statement.

Saved as disclosed above, as at 30 June 2010, 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 2010, 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:

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

Name of shareholder	Number of the shares of the Company held	Approximate percentage of the total issued share capital (%)
China Wind Power Investment Limited ( <i>Note</i> )	2,023,469,387	27.80%

*Note:*

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 65.135% of the issued shares of Concord International.

Saved as disclosed above, as at 30 June 2010, 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.

## CHANGES OF DIRECTORS' INFORMATION

The change of directors' information as required to be disclosed pursuant to Rule 13.51B of the Listing Rules are set out below:

Mr. Chan Kam Kwan, Jason has resigned as an independent non-executive director of M Dream Inworld Limited on 17 June 2010, which is listed on the Stock Exchange.

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

During the six months ended 30 June 2010, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company.

## **CORPORATE GOVERNANCE**

Throughout the six months ended 30 June 2010, the Board has reviewed the Group's corporate governance practices and is satisfied that the Company has complied with the code provisions of the Code on Corporate Governance Practices (the "CGP Code") set out in Appendix 14 to the Listing Rules, except for the following deviation:

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

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

All other information on the Corporate Governance Practices of the Company have been disclosed in the Corporate Governance Report contained in the 2009 annual report of the Company issued in April 2010.

## **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 2010.

## **AUDIT COMMITTEE**

The Audit Committee comprises two independent non-executive directors of the Company, Dr. Wong Yau Kar, David 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 CGP Code. The Group's unaudited condensed consolidated interim financial statements for the six months ended 30 June 2010 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, 11 August 2010

**CONDENSED CONSOLIDATED INCOME STATEMENT**

for the six months ended 30 June 2010 — Unaudited

	Note	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
<b>Continuing operations</b>			
Revenue	3	<b>348,990</b>	137,854
Other income	3	<b>2,574</b>	6,904
Other gains, net	4	<b>1,276</b>	38,809
Expenses			
Costs of construction and inventories sold		<b>(200,200)</b>	(95,579)
Employee benefit expense		<b>(42,449)</b>	(19,630)
Depreciation and amortisation		<b>(2,465)</b>	(1,919)
Operating lease payments in respect of land and buildings		<b>(1,695)</b>	(1,308)
Other expenses		<b>(20,676)</b>	(14,279)
Finance costs	5	<b>(297)</b>	(1,450)
Share of results			
— associates		<b>3,227</b>	3,873
— jointly controlled entities		<b>61,843</b>	10,868
Profit before income tax		<b>150,128</b>	64,143
Income tax expense	6	<b>(16,963)</b>	(889)
Profit for the period from continuing operations		<b>133,165</b>	63,254
<b>Discontinued operations</b>			
Loss from discontinued operations		—	(765)
Profit for the period		<b>133,165</b>	62,489
Profit attributable to equity holders of the Company		<b>133,165</b>	62,489
Earnings/(loss) per share from continuing and discontinued operations attributable to the equity holders of the Company during the period	7		
		<b><i>HK cents</i></b>	<i>HK cents</i>
Basic earnings/(loss) per share			
From continuing operations		<b>1.83</b>	1.01
From discontinued operations		—	(0.01)
		<b>1.83</b>	1.00
Diluted earnings/(loss) per share			
From continuing operations		<b>1.81</b>	0.98
From discontinued operations		—	(0.01)
		<b>1.81</b>	0.97

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME***for the six months ended 30 June 2010 — Unaudited*

	<b>2010</b>	2009
	<b>HK\$'000</b>	HK\$'000
Profit for the period	<b>133,165</b>	62,489
Other comprehensive income:		
Currency translation differences	<b>26,621</b>	(6,863)
Total comprehensive income for the period	<b>159,786</b>	55,626
Profit attributable to equity holders of the Company	<b>159,786</b>	55,626

**CONDENSED CONSOLIDATED BALANCE SHEET**

at 30 June 2010 — Unaudited

		30 June 2010	31 December 2009
	Note	(Unaudited) HK\$'000	(Audited) HK\$'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment		817,102	123,215
Land use rights		311	209
Intangible assets		1,231,982	1,220,735
Interests in associates		97,117	93,421
Interests in jointly controlled entities		891,032	742,001
Deferred tax assets		26,925	16,590
		<b>3,064,469</b>	2,196,171
<b>Current assets</b>			
Inventories		139,943	52,221
Trade receivables, net	9	76,131	48,947
Prepayments, deposits and other receivables		271,149	39,276
Amounts due from associates		21,814	22,229
Amounts due from jointly controlled entities		51,914	37,400
Cash and cash equivalents		941,464	1,109,561
		<b>1,502,415</b>	1,309,634
<b>Total assets</b>		<b>4,566,884</b>	3,505,805
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade payables	10	132,525	96,415
Other payables and accruals		279,937	61,565
Amounts due to jointly controlled entities		200,412	34,875
Borrowings	11	75,368	34,072
Tax payables		23,951	11,035
		<b>712,193</b>	237,962
<b>Net current assets</b>		<b>790,222</b>	1,071,672
<b>Total assets less current liabilities</b>		<b>3,854,691</b>	3,267,843
<b>Non-current liabilities</b>			
Borrowings	11	409,450	—
		<b>409,450</b>	—
<b>Net assets</b>		<b>3,445,241</b>	3,267,843
<b>Equity</b>			
<b>Equity attributable to the owners of the Company</b>			
Share capital	12	72,801	72,787
Reserves		3,372,440	3,195,056
		<b>3,445,241</b>	3,267,843

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY***for the six months ended 30 June 2010 — Unaudited*

		Share capital	Share premium	Contributed surplus	Premium arising on acquisition of non- controlling Interests	Exchange reserve	Other reserves	Accumulated losses	Total equity
	Note	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at 1 January 2009		62,545	2,137,413	78,810	(35,481)	129,429	168,250	(120,119)	2,420,847
<b>Comprehensive income</b>									
Profit for the period		—	—	—	—	—	—	62,489	62,489
<b>Other comprehensive income</b>									
Currency translation differences		—	—	—	—	(6,863)	—	—	(6,863)
<b>Total other comprehensive income</b>		—	—	—	—	(6,863)	—	—	(6,863)
<b>Total comprehensive income for the six months ended 30 June 2009</b>		—	—	—	—	(6,863)	—	62,489	55,626
<b>Transactions with owner</b>									
Share based compensation	13	—	—	—	—	—	3,846	—	3,846
<b>Total transactions with owners</b>		—	—	—	—	—	3,846	—	3,846
<b>Balance at 30 June 2009</b>		62,545	2,137,413	78,810	(35,481)	122,566	172,096	(57,630)	2,480,319

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY** (Continued)  
for the six months ended 30 June 2010 — Unaudited

		Share capital	Share premium	Contributed surplus	Premium arising on acquisition of non- controlling Interests	Exchange reserve	Other reserves	Retained earnings	Total equity
	Note	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	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
<b>Comprehensive income</b>									
Profit for the period		—	—	—	—	—	—	133,165	133,165
<b>Other comprehensive income</b>									
Currency translation differences		—	—	—	—	26,621	—	—	26,621
<b>Total other comprehensive income</b>		—	—	—	—	26,621	—	—	26,621
<b>Total comprehensive income for the six months ended 30 June 2010</b>		—	—	—	—	26,621	—	133,165	159,786
<b>Transactions with owners</b>									
Exercise of share options	13	14	1,189	—	—	—	(642)	—	561
Share based compensation	13	—	—	—	—	—	17,051	—	17,051
<b>Total transactions with owners</b>		14	1,189	—	—	—	16,409	—	17,612
<b>Balance at 30 June 2010</b>		<b>72,801</b>	<b>2,896,402</b>	<b>78,810</b>	<b>(35,481)</b>	<b>152,383</b>	<b>29,639</b>	<b>250,687</b>	<b>3,445,241</b>

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT***for the six months ended 30 June 2010 — Unaudited*

	<b>2010</b>	2009
	<b>HK\$'000</b>	HK\$'000
<b>Cash flows from operating activities</b>		
Net cash generated from operating activities	<b>178,377</b>	332,009
<b>Cash flows from investing activities</b>		
Net cash used in investing activities	<b>(798,257)</b>	(112,624)
<b>Cash flows from financing activities</b>		
Net cash generated from/(used in) financing activities	<b>450,694</b>	(2,644)
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(169,186)</b>	216,741
Cash and cash equivalents at beginning of the period	<b>1,109,561</b>	218,693
Exchange gain/(loss) on cash and cash equivalents	<b>1,089</b>	(5,237)
Cash and cash equivalents at end of the period	<b>941,464</b>	430,197
Analysis of balances of cash and cash equivalents		
Cash and bank balances	<b>941,464</b>	430,197

## NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 1. Basis of preparation and Principal Accounting Policies

The unaudited condensed consolidated interim financial statements for the six months ended 30 June 2010 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 2009.

The accounting policies and basis of preparation adopted in the preparation of these condensed consolidated interim financial statements are consistent with those used in the Group’s audited financial statements for the year ended 31 December 2009.

#### ***Functional and presentation currency***

Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The consolidated financial statements are presented in Hong Kong dollars 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.

#### ***Application of Hong Kong Financial Reporting Standards (“HKFRSs”)***

##### *New and amended HKFRSs effective in 2010*

The Group has adopted the following new and amended HKFRSs and interpretation as of 1 January 2010:

HK(IFRIC) 17	Distribution of non-cash assets to owners
HKAS 1 (amendment)	Presentation of financial statements
HKAS 27 (revised)	Consolidated and separate financial statements
HKAS 38 (amendment)	Intangible Assets
HKFRS 2 (amendment)	Share-based Payment
HKFRS 3 (revised)	Business combinations
HKFRS 5 (amendment)	Measurement of non-current assets (or disposal groups) classified as held for sale

## 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. Summary of details of the business segments is as follows:

### ***Continuing operations***

- Consultancy and design — providing technical and consultancy services and securing wind power resources in renewable energy industry;
- Engineering, and construction — undertaking electrical engineering and construction of wind power plant projects;
- Manufacture of tower tube equipments — manufacturing of tower tube and gear box equipments for wind power business;
- Operation and maintenance of wind power plants — providing operation and maintenance services to wind power plants; and
- Investment in wind power plant — investing in wind power plants.

The executive directors assess the performance of the operating segments based on a measure of adjusted EBIT. 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.

Segment assets comprise property, plant and equipment, land use rights, inventories, receivables and cash and cash equivalents which are related to the segments identified as continuing operations.

Segment liabilities comprise payables, borrowings and tax payables which are related to the segments identified as continuing operations.

Intersegment 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.

### ***Discontinued operations***

On 5 March 2009, the Company entered into a sale and purchase agreement to dispose of the entire equity interests in China Windpower Group Limited (a wholly-owned subsidiary of the Company incorporated in British Virgin Islands (“BVI”), which in turn directly and indirectly, holds the entire issued share capital of each of Nam Pei Hong Sum Yung Drugs Company Limited, NPH Sino-Meditech Limited, Poo Yuk Loong Limited and Poo Yuk Loong (Shenzhen) Limited (collectively, “NPH Group”) (Note 14). As a result, the NPH Group represents a discontinued operation. A gain on disposal of HK\$3,312,000 was recognised in the consolidated income statement. The disposal was completed on 19 May 2009.

**2. Segment information (Continued)**
**Business segments**
**for the six months ended 30 June 2010**

	Consultancy and design	Engineering and construction	Tower tube equipment manufacturing	Wind power plant operation and maintenance	Investment in wind power plant	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue						
Inter-segment sales	2,813	58,604	—	—	(61,417)	—
Sales to external customers	26,626	101,943	194,231	26,190	—	348,990
Segment results	15,370	20,712	60,205	16,157	64,805	177,249
Finance income	1,662	147	446	27	292	2,574
Other gains, net						1,276
Unallocated expense						(30,674)
Finance costs	—	—	(297)	—	—	(297)
Profit before income tax						150,128
Income tax expense	(2,052)	(9,332)	(5,414)	—	(165)	(16,963)
Profit for the period						133,165
Segment assets	259,578	94,283	546,700	673,627	723,404	2,297,592
Goodwill	15,198	42,109	30,332	70,165	1,072,209	1,230,013
Interests in associates	227	—	6,325	—	90,565	97,117
Interests in JCEs	—	—	—	—	891,032	891,032
Unallocated assets						51,130
Total assets						4,566,884
Segment liabilities	(11,383)	(4,486)	(388,286)	(369,857)	(339,694)	(1,113,706)
Unallocated liabilities						(7,937)
Total liabilities						(1,121,643)

## 2. Segment information (Continued)

### Business segments (Continued)

for the six months ended 30 June 2009

	Consultancy and design	Engineering and construction	Tower tube equipment manufacturing	Wind power plant operation and maintenance	Investment in wind power plant	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue						
Inter-segment sales	5,441	(5,441)	—	—	—	—
Sales to external customers	1,741	74,175	54,310	7,628	—	137,854
Segment results	(4,243)	12,542	8,168	3,247	14,469	34,183
Finance income	4,902	57	32	2	37	5,030
Other gains, net						38,809
Unallocated income						1,874
Unallocated expense						(14,303)
Finance costs	(984)	(466)	—	—	—	(1,450)
Profit before income tax						64,143
Income tax expense	—	(889)	—	—	—	(889)
Profit for the period from continuing operations						63,254
Loss from discontinued operations						(765)
Profit for the period						62,489

at 31 December 2009

Segment assets	521,055	199,095	273,867	70,372	88,102	1,152,491
Goodwill	15,058	41,722	30,053	69,521	1,062,357	1,218,711
Interests in associates	225	—	6,416	—	86,780	93,421
Interests in JCEs	—	—	—	—	742,001	742,001
Unallocated assets						299,181
Total assets						3,505,805
Segment liabilities	(11,024)	(137,854)	(77,668)	(5,054)	(940)	(232,540)
Unallocated liabilities						(5,422)
Total liabilities						(237,962)

### 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.

	Six months ended 30 June	
	2010	2009
	HK\$'000	HK\$'000
Revenue	<b>348,990</b>	137,854
Other income		
Interest income	<b>2,574</b>	5,030
Others	—	1,874
	<b>2,574</b>	6,904

### 4. Other gains, net

	Six months ended 30 June	
	2010	2009
	HK\$'000	HK\$'000
Gains on disposal of subsidiaries ( <i>Note 14</i> )	<b>357</b>	30,640
Gain on acquisition of a JCE	—	8,169
Net realised gains on disposal of financial assets at fair value through profit or loss	<b>919</b>	—
	<b>1,276</b>	38,809

### 5. Finance costs

	Six months ended 30 June	
	2010	2009
	HK\$'000	HK\$'000
Interest on convertible notes	—	981
Interest on bank borrowings, wholly repayable within five years	<b>297</b>	466
Interest on finance lease	—	3
	<b>297</b>	1,450

## 6. Income tax expense

	Six months ended 30 June	
	2010	2009
	HK\$'000	HK\$'000
Current tax:		
— PRC Corporate Income Tax	25,033	1,589
— Adjustments in respect of prior periods	2,052	—
Deferred tax	(10,122)	(700)
	<b>16,963</b>	889

No Hong Kong profits tax and overseas taxation has been provided as the Group had sufficient tax losses brought forward to set off against the assessable profits for the period (30 June 2009: Nil).

The provision for income tax of the Group is calculated based on a statutory rate of 25% of the assessable profit of the Group as determined in accordance with the relevant PRC income tax rules and regulations, except for certain subsidiaries of the Group are entitled to preferential tax rates of 7.5% to 12.5%.

## 7. Earnings per share

### (a) Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company of HK\$133,165,000 (2009: HK\$62,489,000) by the weighted average of 7,279,283,000 (2009: 6,254,470,000) 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. The Company has two categories of dilutive potential ordinary shares: convertible notes and share options. The convertible notes are assumed to have been converted into ordinary shares, and the net profit is adjusted to eliminate the interest expenses. 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.

	Six months ended 30 June	
	2010	2009
<b>Continuing operations</b>		
Profit attributable to equity holders of the Company (HK\$'000)	133,165	63,254
Interest expenses on convertible notes (HK\$'000)	—	981
Profit used to determine diluted earnings per share (HK\$'000)	<b>133,165</b>	64,235
<b>Discontinued operations</b>		
Loss attributable to equity holders of the Company (HK\$'000)	—	(765)
Weighted average number of ordinary shares in issue (thousands)	<b>7,279,283</b>	6,254,470
Adjustment for:		
— assumed conversion of convertible notes — issued (thousands)	—	320,202
— effect of dilutive potential shares issuable under the Company's share option scheme (thousands)	<b>78,829</b>	687
Weighted average number of ordinary shares for diluted earnings per share (thousands)	<b>7,358,112</b>	6,575,359

## 8. Interim dividend

The Directors do not recommend the payment of any interim dividend for the six months ended 30 June 2010 (2009: Nil).

## 9. Trade receivables

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

	<b>30 June 2010</b>	31 December 2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 3 months	<b>60,128</b>	14,090
3 to 6 months	<b>2,947</b>	6,629
6 to 12 months	<b>6,482</b>	14,052
Over 12 months	<b>6,574</b>	14,176
	<b>76,131</b>	48,947

The Group's credit terms granted to customers of range between 30 and 180 days.

## 10. Trade payables

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

	<b>30 June 2010</b>	31 December 2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 3 months	<b>99,239</b>	60,945
3 to 6 months	<b>13,178</b>	12,301
6 to 12 months	<b>20,108</b>	17,681
Over 12 months	<b>—</b>	5,488
	<b>132,525</b>	96,415

The carrying amounts of trade payables approximate their fair values and all of the total carrying amount is denominated in RMB.

**11. Borrowings**

Bank loans were repayable as follows:

	<b>30 June 2010</b>	31 December 2009
	<b>HK\$'000</b>	<i>HK\$'000</i>
Within 1 year	<b>75,368</b>	34,072
Between 1 and 2 years	<b>27,052</b>	—
Between 2 and 5 years	<b>109,355</b>	—
More than 5 years	<b>273,043</b>	—
	<b>484,818</b>	34,072

The carrying amounts of the bank loan are denominated in RMB and HK\$145,520,000 (2009: HK\$34,072,000) are secured by the corporate guarantee of the Company.

**12. Share capital**

A summary of the transactions during the 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>
	<b>000's</b>	<b>HK\$'000</b>
<b>Authorised:</b>		
As at 31 December 2009 and 30 June 2010: 10,000,000,000 new ordinary shares of HK\$0.01 each	<b>10,000,000</b>	<b>100,000</b>
<b>Issued and fully paid:</b>		
As at 31 December 2009: 7,278,704,965 ordinary shares of HK\$0.01 each	<b>7,278,705</b>	<b>72,787</b>
Issues of ordinary shares of HK\$0.01 each on exercise of share options	<b>1,405</b>	<b>14</b>
<b>As at 30 June 2010: 7,280,109,965 ordinary shares of HK\$0.01 each</b>	<b>7,280,110</b>	<b>72,801</b>

### 13. 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 2009 (thousands)	Number of share options granted during the period (thousands)	Number of share options exercised during the period (thousands)	Number of share options cancelled/lapsed during the period (thousands)	Number of share options outstanding as at 30 June 2010 (thousands)	Weighted average closing price before the date of exercise (HK\$)
<b>Executive directors</b>							
Liu Shunxing	1 April 2008	5,000	—	—	—	5,000	N/A
	6 April 2009	6,000	—	—	—	6,000	N/A
	4 January 2010	—	10,000	—	—	10,000	N/A
Ko Chun Shun, Johnson	6 April 2009	6,000	—	—	—	6,000	N/A
	4 January 2010	—	—	—	—	—	—
Wang Xun	1 April 2008	3,600	—	—	—	3,600	N/A
	6 April 2009	4,500	—	—	—	4,500	N/A
	4 January 2010	—	6,600	—	—	6,600	N/A
Yang Zhifeng	1 April 2008	3,600	—	—	—	3,600	N/A
	6 April 2009	4,500	—	—	—	4,500	N/A
	4 January 2010	—	6,600	—	—	6,600	N/A
Liu Jianhong	1 April 2008	3,600	—	—	—	3,600	N/A
	6 April 2009	4,500	—	—	—	4,500	N/A
	4 January 2010	—	6,600	—	—	6,600	N/A
Yu Weizhou	6 April 2009	2,000	—	—	—	2,000	N/A
	4 January 2010	—	6,600	—	—	6,600	N/A
Chan Kam Kwan, Jason	1 April 2008	1,000	—	—	—	1,000	N/A
	6 April 2009	1,200	—	—	—	1,200	N/A
	4 January 2010	—	1,000	—	—	1,000	N/A
Ko Wing Yan, Samantha	4 January 2010	—	3,000	—	—	3,000	N/A
<b>Non-executive director</b>							
Tsoi Tong Hoo, Tony	1 April 2008	1,200	—	—	—	1,200	N/A
	6 April 2009	3,000	—	—	—	3,000	N/A
	4 January 2010	—	800	—	—	800	N/A
<b>Independent non-executive directors</b>							
Yap Fat Suan, Henry	1 April 2008	600	—	—	—	600	N/A
	6 April 2009	800	—	—	—	800	N/A
	4 January 2010	—	800	—	—	800	N/A
Dr. Wong Yau Kar, David	1 April 2008	600	—	—	—	600	N/A
	6 April 2009	800	—	—	—	800	N/A
	4 January 2010	—	800	—	—	800	N/A
Dr. Zhou Dadi	4 January 2010	—	1,000	—	—	1,000	N/A
<b>Other employees</b>							
In aggregate	1 April 2008	39,605	—	(925)	(755)	37,925	0.86
	6 April 2009	66,700	—	(480)	(980)	65,240	0.86
	30 June 2010	—	86,200	—	—	86,200	N/A
Total		158,805	130,000	(1,405)	(1,735)	285,665	

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\$17,051,000 for the six months ended 30 June 2010 (2009: HK\$3,846,000) in relation to share options granted by the Company.

Details of share options outstanding at the end of the period are set out below:

Grant date	Exercise period	Exercise price HK\$	Market price per share on date of grant of option HK\$	Grant of option (thousands)	Share Options outstanding (Thousands)	
					30 June 2010	31 December 2009
1 April 2008	1 April 2009 to 31 March 2013	0.45	0.435	60,080	57,125	58,805
6 April 2009	6 April 2010 to 5 April 2014	0.302	0.29	100,000	98,540	100,000
4 January 2010	4 January 2011 to 3 January 2015	0.89	0.89	130,000	130,000	—
				290,080	285,665	158,805

#### 14. Disposal of subsidiaries

On 15 May 2010, the Group entered into sale and purchase agreements with Shanghai Shenhua Wind Power New Energy Co., Ltd. and Tianjin Deheng Investment Co., Ltd., respectively, pursuant to which the Group disposed of an aggregate of 54% equity interest in the Wuchuan County Yihe Wind Power Co., Ltd. ("Wuchuan"), for a total consideration of HK\$61,899,000. Wuchuan ceased to be a subsidiary and was then accounted for as a jointly controlled entity.

On 8 February 2010, the Group entered into a sale and purchase agreement with Tianjin Deheng Investment Co., Ltd., pursuant to which the Group disposed of a 49% equity interest in the Kangbao Century Concord Wind Power Co., Ltd., ("Kangbao") for a consideration of HK\$2,808,000. Kangbao ceased to be a subsidiary and was then accounted for as a jointly controlled entity.

On 5 March 2009, the Company entered into a sale and purchase agreement to dispose of the entire equity interests in China Windpower Group Limited (a wholly-owned subsidiary of the Company incorporated in BVI), which in turn, directly and indirectly, holds the entire issued share capital of each of NPH Group to Mr. Ko Chun Shun, Johnson, the controlling shareholder and the Vice Chairman of the Company. Details of the disposal were disclosed in the Company's circular dated 27 March 2009. As a result, the NPH Group represents a discontinued operation. A gain on disposal of HK\$3,312,000 was recognised in the consolidated income statement. The Group ceased to hold any interest in NPH Group as the disposal was completed on 19 May 2009.

On 16 March 2009, the Group entered into a sale and purchase agreement ("JV-S&P Agreement") with CLP Power China (Northeast) Limited, pursuant to which the Group disposed of a 50% equity interest in the CLP-CWP Wind Power Investment Limited, for a consideration of HK\$101,300,504. CLP-CWP Wind Power Investment Limited in turn holds the entire issued share capital of CWP Development Limited ("CWPD") at completion of the JV-S&P Agreement. Upon disposal of the subsidiary, gains on disposal of HK\$27,328,000 were recognised in the consolidated income statement. The disposal was completed on 31 March 2009. CWPD ceased to be a subsidiary and be accounted for as a jointly controlled entity.

#### 15. Commitment

##### *Operating lease commitments*

*As lessee*

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

	<b>30 June 2010</b>	31 December 2009
	<b>HK\$'000</b>	HK\$'000
No later than 1 year	<b>3,244</b>	4,793
Later than 1 year and no later than 5 years	<b>40</b>	878
	<b>3,284</b>	5,671

**15. Commitment (Continued)**
**Capital commitments**

	<b>30 June 2010</b>	31 December 2009
	<b>HK\$'000</b>	HK\$'000
(a) Plant, property and equipment		
No later than 1 year	<b>507,533</b>	35,891
Later than 1 year and no later than 5 years	<b>541,620</b>	6,185
	<b>1,049,153</b>	42,076

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

Project name	Total equity contribution required	Amount contributed		Expected year for last contribution
		as at 30 June 2010	Remaining balance to be contributed	
	HK\$'000	HK\$'000	HK\$'000	
Fuxin Gangneng Wind Power Co., Ltd.	171,941	101,789	70,152	2011
Fuxin Xieli Wind Power Co., Ltd.	171,941	101,789	70,152	2011
Fuxin Taihe Wind Power Co., Ltd.	171,941	101,789	70,152	2011
Fuxin Concord Wind Power Equipment and Technology Service Co., Ltd.	100,000	50,000	50,000	2011
Tian Jin Century Concord Wind Power Investment Ltd.	298,032	59,606	238,425	2011
Jilin Province Zhanyu Wind Power Assets Management Co., Ltd.	140,304	28,061	112,243	2011
Meng Dong Century Concord New Energy Co., Ltd.	196,586	89,868	106,718	2011
Gansu Guazhou Century Concord Wind Power Co., Ltd.	766,996	318,545	448,452	2011
Fuxin Huaxing Wind Power Co., Ltd.	56,122	11,230	44,892	2010
Tieling Century Concord Xingda Wind Power Co., Ltd.	84,251	31,130	53,121	2011
	<b>2,158,114</b>	<b>893,807</b>	<b>1,264,307</b>	

**Other commitments**

As at 30 June 2010, the Group is 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., Fuxin Qianfoshan Wind Power Co., Ltd., Taipusiqi Century Concord-Shenhua Wind Power Investment Co., Ltd., and Fuxin Juyuan Wind Power Co., Ltd. as security for bank loans.

**16. Contingent liabilities**

As at 30 June 2010, the Group, via its wholly-owned subsidiary, had entered into joint venture agreements with joint venture partners in the PRC. Pursuant to the joint venture agreements, the Group was required to pledge its share of the equity interests in these jointly controlled entities as security for the bank loans of each of the respective jointly controlled entities. The Group had pledged its share of equity interests in three jointly controlled entities, with total value of HK\$180,240,000.

**17. Related party transactions**

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

	<b>Six months ended 30 June</b>	
	<b>2010</b>	<b>2009</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Sales of goods and services to JCEs and associates ( <i>Note i</i> )	<b>152,946</b>	113,335
Loan interest income ( <i>Note ii</i> )	<b>246</b>	3,946

Notes:

- (i) The sales and purchases of goods were negotiated with related parties on normal commercial terms agreed by both parties.
- (ii) The loans to JCEs were fully settled during the respective periods.
- (b) Key management compensation

The total remuneration of the key management personnel is shown below:

	<b>Six months ended 30 June</b>	
	<b>2010</b>	<b>2009</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Salaries and other short-term employee benefits	<b>6,038</b>	3,646
Share-based compensation	<b>6,963</b>	1,286
	<b>13,001</b>	4,932

**18. Events after the balance sheet date**

There were no significant event after the balance sheet date up to the date of approval of the condensed consolidated interim financial statements.

**19. 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 11 August 2010.

## **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

Ms. Ko Wing Yan, Samantha

Mr. Chan Kam Kwan, Jason

### **Non-executive Directors**

Mr. Tsoi Tong Hoo, Tony

### **Independent non-executive Directors**

Dr. Zhou Dadi

Dr. Wong Yau Kar, David

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

## **SOLICITORS**

Baker & McKenzie

## **REGISTERED OFFICE**

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

## **PRINCIPAL 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**

[www.chinawindpower.com.hk](http://www.chinawindpower.com.hk)

[www.irasia.com/listco/hk/chinawindpower/](http://www.irasia.com/listco/hk/chinawindpower/)