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China WindPower Group Limited

(Incorporated in Bermuda with limited liability)

(Stock code: 182)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2013

The board of directors (the “Directors”) of China WindPower Group Limited (the “Company”) announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2013, together with the comparative figures for the corresponding period in 2012. These condensed consolidated interim financial statements are unaudited but have been reviewed by the Company’s audit committee.

CONDENSED CONSOLIDATED INCOME STATEMENT
For the six months ended 30 June 2013 - Unaudited

	<i>Note</i>	2013 HK\$'000	2012 <i>HK\$'000</i>
Revenue	3	436,498	401,842
Other income	3	15,754	6,372
Other gains, net	4	52,173	46,968
Exchange gains, net		275	(44)
Expenses			
Cost of construction and inventories sold		(302,261)	(279,073)
Employee benefit expense		(58,562)	(63,724)
Depreciation and amortisation		(24,732)	(17,653)
Operating lease payments		(3,034)	(5,397)
Other expenses		(52,634)	(52,404)
Finance costs	5	(52,736)	(40,845)
Share of results			
- associates		5,260	1,933
- jointly controlled entities		33,309	33,674
Profit before income tax		49,310	31,649
Income tax expense	6	(10,957)	(6,807)
Profit for the period		38,353	24,842
Profit attributable to:			
Equity holders of the Company		39,066	24,842
Non-controlling interests		(713)	-
		38,353	24,842
Earnings per share attributable to the equity holders of the Company during the period	7		
Basic earnings per share		0.53 HK cents	0.34 HK cents
Diluted earnings per share		0.53 HK cents	0.34 HK cents

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 June 2013 - Unaudited

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Profit for the period	38,353	24,842
	-----	-----
Other comprehensive income/(loss):		
Currency translation differences	53,882	(25,118)
	-----	-----
Total comprehensive income/(loss) for the period	92,235	(276)
	-----	-----
Total comprehensive income/(loss) attributable to:		
Equity holders of the Company	92,937	(276)
Non-controlling interests	(702)	-
	-----	-----
	92,235	(276)
	=====	=====

CONDENSED CONSOLIDATED BALANCE SHEET
As at 30 June 2013 - Unaudited

	As at 30 June 2013 (Unaudited) Note <i>HK\$'000</i>	As at 31 December 2012 (Audited) <i>HK\$'000</i>
Assets		
Non-current assets		
Property, plant and equipment	1,578,449	1,247,670
Leasehold lands and land use rights	148,703	148,947
Intangible assets	1,340,841	1,324,790
Interests in associates	344,686	302,859
Interests in jointly controlled entities	1,512,234	1,507,111
Available-for-sale financial assets	-	2,775
Prepayments and deposits	16,611	23,528
Deferred tax assets	15,787	14,669
	<u>4,957,311</u>	<u>4,572,349</u>
Current assets		
Inventories	447,257	209,880
Trade and bill receivables	9 381,343	367,204
Prepayments, deposits and other receivables	672,968	591,680
Amounts due from associates	41,228	31,887
Amounts due from jointly controlled entities	747,970	1,003,859
Cash and cash equivalents	558,573	731,167
	<u>2,849,339</u>	<u>2,935,677</u>
Total assets	<u><u>7,806,650</u></u>	<u><u>7,508,026</u></u>
Liabilities		
Non-current liabilities		
Borrowings	652,171	1,298,218
Deferred tax liabilities	5,643	5,544
Deferred government grant	17,109	17,177
	<u>674,923</u>	<u>1,320,939</u>

CONDENSED CONSOLIDATED BALANCE SHEET
As at 30 June 2013 - Unaudited

		As at 30 June 2013 (Unaudited) HK\$'000	As at 31 December 2012 (Audited) HK\$'000
Current liabilities			
Trade and bill payables	10	964,666	1,007,791
Other payables and accruals		408,181	390,778
Amounts due to associates		90,982	158,749
Amounts due to jointly controlled entities		78,583	35,491
Borrowings		1,007,864	83,869
Current income tax liabilities		28,106	55,411
		<u>2,578,382</u>	<u>1,732,089</u>
Total liabilities		<u>3,253,305</u>	<u>3,053,028</u>
Net current assets		<u>270,957</u>	<u>1,203,588</u>
Total assets less current liabilities		<u>5,228,268</u>	<u>5,775,937</u>
Net assets		<u>4,553,345</u>	<u>4,454,998</u>
Equity			
Equity attributable to the owners of the Company			
Share capital	11	73,951	73,936
Reserves		4,479,104	4,380,070
		<u>4,553,055</u>	<u>4,454,006</u>
Non-controlling interests		290	992
Total equity		<u>4,553,345</u>	<u>4,454,998</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2013 - Unaudited

	Attributable to equity holders of the Company									
	Share capital HK\$'000	Share premium HK\$'000	Contributed surplus HK\$'000	Premium arising on acquisition of non-controlling interests HK\$'000	Exchange reserve HK\$'000	Other reserves HK\$'000	Retained earnings HK\$'000	Total HK\$'000	Non-controlling Interests HK\$'000	Total equity 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	-	4,474,382
Comprehensive income										
Profit for the period	-	-	-	-	-	-	24,842	24,842	-	24,842
Other comprehensive loss										
Currency translation differences	-	-	-	-	(25,118)	-	-	(25,118)	-	(25,118)
Total other comprehensive loss, net of tax	-	-	-	-	(25,118)	-	-	(25,118)	-	(25,118)
Total comprehensive loss/income for the six months ended 30 June 2012	-	-	-	-	(25,118)	-	24,842	(276)	-	(276)
Total contributions by and distributions to equity holders of the Company recognised directly in equity										
Share-based compensation	-	-	-	-	-	13,024	-	13,024	-	13,024
Dividend relating to the year ended 31 December 2011	-	-	(73,936)	-	-	-	-	(73,936)	-	(73,936)
Total transactions with owners	-	-	(73,936)	-	-	13,024	-	(60,912)	-	(60,912)
Balance at 30 June 2012	<u>73,936</u>	<u>2,341</u>	<u>2,601,852</u>	<u>(35,481)</u>	<u>340,464</u>	<u>107,510</u>	<u>1,322,572</u>	<u>4,413,194</u>	<u>-</u>	<u>4,413,194</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2013 - Unaudited

	Attributable to equity holders of the Company									
	Share capital HK\$'000	Share premium HK\$'000	Contributed surplus HK\$'000	Premium arising on acquisition of non-controlling interests HK\$'000	Exchange reserve HK\$'000	Other reserves HK\$'000	Retained earnings HK\$'000	Total HK\$'000	Non-controlling Interests HK\$'000	Total Equity HK\$'000
Balance at 1 January 2013	73,936	2,341	2,675,788	(35,481)	354,569	118,673	1,264,180	4,454,006	992	4,454,998
Comprehensive income/(loss)										
Profit/(loss) for the period	-	-	-	-	-	-	39,066	39,066	(713)	38,353
Other comprehensive income										
Currency translation differences	-	-	-	-	53,871	-	-	53,871	11	53,882
Total other comprehensive income, net of tax	-	-	-	-	53,871	-	-	53,871	11	53,882
Total comprehensive income/loss for the six months ended 30 June 2013	-	-	-	-	53,871	-	39,066	92,937	(702)	92,235
Total contributions by and distributions to equity holders of the Company recognised directly in equity										
Exercise of share options	15	438	-	-	-	-	-	453	-	453
Share-based compensation	-	-	-	-	-	5,659	-	5,659	-	5,659
Total transactions with owners	15	438	-	-	-	5,659	-	6,112	-	6,112
Balance at 30 June 2013	<u>73,951</u>	<u>2,779</u>	<u>2,675,788</u>	<u>(35,481)</u>	<u>408,440</u>	<u>124,332</u>	<u>1,303,246</u>	<u>4,553,055</u>	<u>290</u>	<u>4,553,345</u>

CONDENSED CONSOLIDATED CASH FLOW STATEMENT
For the six months ended 30 June 2013 - Unaudited

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Cash flows from operating activities		
Cash generated from operations	93,169	53,425
Income tax paid	(39,761)	(35,499)
Net cash generated from operating activities	53,408	17,926
Cash flows from investing activities		
Net cash used in investing activities	(460,340)	(221,584)
Cash flows from financing activities		
Net cash generated from financing activities	199,913	(68,532)
	<hr/>	<hr/>
Net (decrease) in cash and cash equivalents	(207,019)	(272,190)
Cash and cash equivalents at beginning of the period	731,167	1,063,541
Exchange gain/(loss) on cash and cash equivalents	34,425	(20,149)
	<hr/>	<hr/>
Cash and cash equivalents at end of the period	558,573	771,202
	<hr/> <hr/>	<hr/> <hr/>
Analysis of balances of cash and cash equivalents		
Cash and bank balances	558,573	771,202
	<hr/> <hr/>	<hr/> <hr/>

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 2013 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 (“HKICPA”).

The unaudited condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2012.

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 2012, 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 2013. 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 was incorporated in Bermuda and its shares are listed on The Stock Exchange of Hong Kong Limited.

2. Segment information

(a) Business segments

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 perspectives. Summary of details of the operating segments is as follows:

- Engineering, procurement and construction - providing technical and consultancy services, securing power resources in renewable energy industry, undertaking electrical engineering and construction of power plant projects ;
- Manufacture of equipments - manufacturing of tower tube and PV mounting brackets 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.

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 income and expenditure from the operating segments.

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

Segment liabilities comprise payables, borrowings, current income tax liabilities and deferred government grant 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.

2 Segment information (Continued)

(a) Business segments (Continued)

For the six months ended 30 June 2013

	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	75,634	1,726	3,166	(80,526)	-
Sales to external customers	306,285	17,958	63,922	48,333	436,498
Segment results	(1,662)	(11,189)	27,669	53,608	68,426
Finance income	1,735	155	32	391	2,313
Other gains, net	-	-	-	52,173	52,173
Unallocated income					13,440
Unallocated expenses					(34,306)
Finance costs	(2,099)	(1,957)	-	(48,680)	(52,736)
Profit before income tax					49,310
Income tax expense	(11,373)	2,016	(3,510)	1,910	(10,957)
Profit for the period					38,353
Segment assets	1,334,342	598,479	310,309	5,462,913	7,706,043
Unallocated assets					100,607
Total assets					7,806,650
Segment liabilities	(1,289,437)	(192,744)	(12,316)	(810,370)	(2,304,867)
Unallocated liabilities					(948,438)
Total liabilities					(3,253,305)

2 Segment information (Continued)

(a) Business segments (Continued)

For the six months ended 30 June 2012

	Engineering, procurement and construction <i>HK\$'000</i>	Equipment manufacturing <i>HK\$'000</i>	Power plant operation and maintenance <i>HK\$'000</i>	Investment in power plants <i>HK\$'000</i>	Total <i>HK\$'000</i>
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	1,462,323	484,372	295,307	5,135,378	7,377,380
Unallocated assets					130,646
Total assets					7,508,026
Segment liabilities	(1,435,426)	(109,888)	(10,514)	(559,419)	(2,115,247)
Unallocated liabilities					(937,781)
Total liabilities					(3,053,028)

2 Segment information (Continued)

(b) Geographical segments

The Company is domiciled in Bermuda. None of its revenue was generated from external customers in Bermuda, and no non-current assets are located in Bermuda.

Management considers the geographical segments with revenue derived from different locations, which determined by the country in which the customer is operated. Engineering, procurement and construction is operated in three main geographical segments, including the People's Republic of China (the "PRC"), Canada and Ghana. The Group's equipment manufacturing and power plant operation and maintenance activities are operated in the PRC, while investment in power plants is operated in the PRC and the United States of America. There are no sales between geographical segments.

Total assets and capital expenditures are allocated based on the geographical location of the assets, mainly located in the PRC and the locations including the United States of America, Canada, Ghana and Philippines.

The Group's revenue, total assets and capital expenditures by locations are analysed as follows:

	2013			2012		
	Revenue <i>HK\$'000</i>	Total assets <i>HK\$'000</i>	Capital expenditures <i>HK\$'000</i>	Revenue <i>HK\$'000</i>	Total assets <i>HK\$'000</i>	Capital expenditures <i>HK\$'000</i>
The PRC	419,912	6,377,393	316,241	401,842	6,083,236	161,709
Others	16,586	1,429,257	33,638	-	1,424,790	293
	<u>436,498</u>	<u>7,806,650</u>	<u>349,879</u>	<u>401,842</u>	<u>7,508,026</u>	<u>162,002</u>

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	
	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Revenue	<u>436,498</u>	<u>401,842</u>
Other income		
Interest income	11,284	4,562
Others	4,470	1,810
	<u>15,754</u>	<u>6,372</u>

4 Other gains, net

An analysis of other gains, net is as follows:

	Six months ended 30 June	
	2013	2012
	HK\$'000	HK\$'000
Loss on disposal of a subsidiary (Note 12)	(3,217)	-
Gain on disposal of joint controlled entities (Note 12)	54,804	44,837
Others	586	2,131
	<u>52,173</u>	<u>46,968</u>

5 Finance costs

	Six months ended 30 June	
	2013	2012
	HK\$'000	HK\$'000
Interest on bank borrowings, wholly repayable within five years	4,056	7,832
Interest on bank borrowings, not wholly repayable within five years	15,189	-
Interest on guaranteed bond, wholly repayable within five years	33,491	33,013
	<u>52,736</u>	<u>40,845</u>

6 Income tax expense

	Six months ended 30 June	
	2013	2012
	HK\$'000	HK\$'000
Current tax		
- PRC corporate income tax	11,806	6,807
Deferred tax	(849)	-
	<u>10,957</u>	<u>6,807</u>

PRC corporate income tax is provided for at the rate of 25% (2012: 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.

7 Earnings per share

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company HK\$ 39,066,000 (2012:HK\$24,842,000) by the weighted average number of 7,394,349,000 (2012: 7,393,595,000) 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 2013, 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.

	Six months ended 30 June	
	2013	2012
Profit attributable to equity holders of the Company (HK\$'000)	39,066	24,842
Weighted average number of ordinary shares in issue (thousands)	7,394,349	7,393,595
Adjustments for :		
- effect of dilutive potential shares issuable under the Company's share option scheme (thousands)	-	3,742
Weighted average number of ordinary shares used to determine diluted earnings per share (thousands)	7,394,349	7,397,337

8 Interim dividend

The Directors do not recommend the payment of any interim dividend for the six months ended 30 June 2013(2012: Nil).

9 Trade and bill receivables

	As at 30 June 2013 HK\$'000	As at 31 December 2012 HK\$'000
Trade receivables	374,235	353,042
Bill receivables	7,108	14,162
	<u>381,343</u>	<u>367,204</u>

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

	As at 30 June 2013 HK\$'000	As at 31 December 2012 HK\$'000
Within 3 months	160,574	143,013
3 to 6 months	41,746	23,979
6 to 12 months	39,130	26,651
Over 1 year	129,253	143,463
Over 2 years	3,532	15,936
	<u>374,235</u>	<u>353,042</u>

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.

As at 30 June 2013, trade receivables of HK\$171,915,000 (2012: HK\$186,050,000) 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

	As at 30 June 2013 HK\$'000	As at 31 December 2012 HK\$'000
Trade payables	853,879	698,856
Bill payables	110,787	308,935
	<u>964,666</u>	<u>1,007,791</u>

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

	As at 30 June 2013 HK\$'000	As at 31 December 2012 HK\$'000
Within 3 months	548,325	469,466
3 to 6 months	91,777	62,995
6 to 12 months	77,145	110,014
Over 1 year	116,335	37,620
Over 2 years	20,297	18,761
	<u>853,879</u>	<u>698,856</u>

The carrying amounts of trade and bill payables approximate their fair values and majority of trade and bill payables 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:

	No. of shares 000's	Nominal value HK\$'000
Authorised:		
As at 31 December 2012 and 30 June 2013: 10,000,000,000 ordinary shares of HK\$0.01 each	<u>10,000,000</u>	<u>100,000</u>
Issued and fully paid:		
As at 31 December 2012: 7,393,594,965 ordinary shares of HK\$0.01 each	7,393,595	73,936
Issues of ordinary shares of HK\$0.01 each on exercise of share options	<u>1,500</u>	<u>15</u>
As at 30 June 2013: 7,395,094,965 ordinary shares of HK\$0.01 each	<u>7,395,095</u>	<u>73,951</u>

12 Disposal of equity interests in jointly controlled entities and subsidiaries

On 1 March 2013, the Group entered into sale and purchase agreements with an independent party, Guodian Northeast New Energy Development Ltd., pursuant to which the Group disposed of its entire 60% equity interests in four jointly controlled entities (“JCE”), namely Fuxin Julonghu Wind Power Co., Ltd. (“Julonghu”), Fuxin Qianfoshan Wind Power Co., Ltd. (“Qianfoshan”), Fuxin Juyuan Wind Power Co. Ltd. (“Juyuan”) and Fuxin Juhe Wind Power Co., Ltd. (“Juhe”), for a consideration of RMB225,403,500 (equivalent to approximately HK\$278,517,000) in total. Details of the disposal were disclosed in the Company’s circular dated 25 June 2013. The Group recorded an unaudited gain of approximately HK\$54,804,000 as a result of the disposal .

During the period, the Group de-registered Keyouqianqi Century Concord Wind Power Co.,Ltd. (“Keyouqianqi”) and Suiping Century Concord Wind Power Co.,Ltd.(“Suiping”), two wholly-owned subsidiaries of the Group. Upon the de-registration, Keyouqianqi and Suiping ceased to be the subsidiaries of the Group and a loss of HK\$3,217,000 was recognised in the consolidated income statement.

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 RMB 79,711,100 (equivalent to HK\$97,970,000).Fuxin Taihe ceased to be a JCE and be accounted for as an associate of the Group.

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 Wanjia”), for a consideration of RMB 47,137,875 (equivalent to HK\$57,935,000). Chaoyang Wanjia ceased to be a JCE and be accounted for as an associate of the Group.

13 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:

	As at 30 June 2013 HK\$'000	As at 31 December 2012 HK\$'000
No later than 1 year	2,346	2,115
Later than 1 year and no later than 5 years	-	1,106
	<u>2,346</u>	<u>3,221</u>

Capital commitments

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

	As at 30 June 2013 HK\$'000	As at 31 December 2012 HK\$'000
Property, plant and equipment No later than 1 year	81,953	222,542

- (b) The Group has entered into a number of arrangements to develop wind power projects in the PRC. As at 30 June 2013, total equity contributions contracted but not provided for were HK\$ 662,265,000 (2012: HK\$343,892,000).

Other commitments

As at 30 June 2013, 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., 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.

14 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 2013, the Group has pledged its share of equity interests of one (2012: five) jointly controlled entities, with total value of its share of registered capital held by the Group amounted to HK\$46,752,000 (2012: HK\$341,913,000) 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 2013, 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 such jointly controlled entity of a value of HK\$ 411,611,000 (2012:HK\$404,352,000).

Save as mentioned above, the Group did not have any significant contingent liabilities as at 30 June 2013.

15 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	
	2013	2012
	HK\$’000	HK\$’000
Sales of goods and services to JCEs and associates (<i>Note (i)</i>)	205,550	156,851
Loan interest income	8,970	1,707
	<u><u>214,520</u></u>	<u><u>158,558</u></u>

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 (2012: nine) of the Executive Directors and five (2012: five) members of Senior Management Group. The total remuneration of the key management personnel is shown below:

	Six months ended 30 June	
	2013	2012
	HK\$’000	HK\$’000
Salaries and other short-term employee benefits	7,945	9,603
Share-based compensation	3,335	6,171
	<u><u>11,280</u></u>	<u><u>15,774</u></u>

16 Events after the balance sheet date

On 3 June 2013, the Group entered into a sale and purchase agreement with an independent party, Suzhou Xierui Venture Capital Management Ltd., pursuant to which the Group disposed of its entire equity interest in Peixian Century Concord New Energy Co.,Ltd. (“Peixian”), a wholly-owned subsidiary of the Group, for a consideration of RMB10,000,000 (equivalent to approximately HK\$12,561,000). Upon the completion of the transaction on 25 July 2013, Peixian ceased to be a subsidiary of the Group.

On 18 June 2013, the Group entered into a sale and purchase agreement with an independent party, Guangdong Ming Yang Wind Power Group Ltd., pursuant to which the Group disposed of its entire equity interest in Gansu Shandan Century Concord Wind Power Co.,Ltd. (“Shandan”), a wholly-owned subsidiary of the Group, for a consideration of RMB2,640,000 (equivalent to approximately HK\$3,323,000). Upon the completion of the transaction, Shandan will cease to be a subsidiary of the Group.

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

17 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 9 August 2013.

Management Discussion and Analysis

I. Operating Environment

From a macro environment prospective, in the first half of 2013, China maintained a steady economic growth but at a slower pace. Facing such unfavorable situation of declining economic growth, the Chinese government increased the support towards the development of renewable energy, with the plan to add 18GW of wind power capacity and 10GW of solar power capacity this year. Meanwhile, the government actively optimizes the renewable energy tariff subsidy policy and promotes to solve the grid-connection problem of renewable energy.

From a micro environment prospective, during the reporting period, with the implementation of “Temporal Organizing Method of Surplus Wind Powered Electricity Trading to North China From Northeast China”, the on-grid wind capacity in the northeast region increased by 4 billion kwh. In the eastern Inner Mongolia grid, security and stability control device was put into operation, which alleviated the bottleneck of outward power transmission in Tongliao and Xing’anmeng region. In addition, the construction of ultra-high voltage power transmission line in western regions and transmission lines construction in northern China had achieved positive results.

II. Business Review

During the reporting period, the Group’s consolidated revenue amounted to HK\$436,498,000 (1H2012: HK\$401,842,000), increased by 8.6% compared to the same period last year; profit attributable to equity holders of the Company totaled to HK\$39,066,000 (1H2012: HK\$24,842,000), increased by 57.3% compared to the same period last year. The Group’s basic earnings per share were 0.53 HK cents (1H2012: 0.34 HK cents).

At the end of the reporting period, the Group’s net asset value totaled to HK\$4,553,345,000 (2012: HK\$4,454,998,000) and its cash and cash equivalents were HK\$558,573,000 (2012: HK\$731,167,000).

During the reporting period, both the Group’s consolidated revenue and profit increased because: 1) better electricity output on the comparable power plants compared with the same period last year; 2) increased project construction scale compared with the same period last year; 3) effects from costs reduction and expenses control. However, the significant drop of CDM revenue and the decrease of gross profit from equipment manufacturing business affected the Group’s profit negatively.

(1) Power Plant Investment Development and Operation Business

1) Power Plant Generations

During this reporting period, the Group’s power plants generated electricity output of 1,227 million kWh in total, up 29.0% compared to the same period in 2012, of which wind power generation was 1,182.18 million kWh and solar power generation was 44.82 million kWh. The output attributable to the Group was 572.04 million kWh, representing an increase of 21.6% compared to the same period in 2012. Attributable electricity output generated by wind power plants and solar power plants was 529.93 million kWh and 42.11 million kWh, respectively.

During this reporting period, the profit from controlling power plants was HK\$15,183,000 (1H 2012: HK\$16,477,000). The Group recorded share of results in associates and jointly controlled entities of HK\$38,569,000 (1H 2012: HK\$ 35,607,000).

During the reporting period, the weighted average utilization hours of the Group's wind power plants increased significantly to 929 hours (1H2012: 787 hours), a 18.0% raise compared to the same period in 2012, and the average grid curtailment rate reached 25.2% (1H2012: 35.9%). The weighted average utilization hours of the Group's solar power plants were 847 hours (1H2012: 772 hours). The availability rate of wind turbines achieved 96.05%, decreased by 1.32% compared to the same period last year. The availability rate of the Group's solar power plants is 99.42%, increased by 0.73% compared to the same period in 2012.

On top of this, the weighted average tariff rate of the Group's wind farms was RMB 0.5692/kWh (including VAT) (1H2012: 0.5629/kWh). The weighted average tariff rate of the Group's solar farms was RMB1.312/kWh (including VAT) (1H2012: 1.354/kWh).

2) Disposal of Equity Interests in Power Plants

During the reporting period, the Group's continued to implement the "build and sell" strategy.

The Group achieved gain of HK\$54,804,000 (1H2012: HK\$44,837,000) from the disposal of partial interest in five wind power plants.

3) Newly Added Installed Capacity

During the reporting period, there were 5 continued projects and 4 new projects under construction with capacity of 243MW and 198MW, respectively. The total under construction capacity was 441MW. The Group also had 1 new power plants commenced operation, with capacity of 49.5MW. At the end of the reporting period, the Group has 29 grid-connected wind and solar power plants, with a total installed capacity of 1,311MW, attributable installed capacity of 617MW.

4) Project Development and Resource Reserves

According to the "Notice on the issuance of NEA's Schedule for the Third Batch of Wind Farm Project Approvals under the 12th Five-Year Plan" issued by National Energy Administration (NEA), the Group has 18 approved wind power projects with capacity of 880MW, 16 of which are in southern regions with good construction and grid connection conditions. During the reporting period, the Group had solar power projects with total capacity of 240MW obtained approvals. The Group also attained initiation approvals as the prioritized approved projects for 150MW wind power projects and 150MW solar power projects by the provincial energy authorities.

During the reporting period, "southward development" strategy made great successes with more projects in southern regions listed in the third batch of wind farm project approvals under the "12th Five-Year" plan. This will effectively improve the Group's asset structure and asset quality.

During the reporting period, the Group's wind resources reserve amounted to 28GW and solar power resources reserve totaled to 5GW, which ensure the sustainable development of the Group.

(2) Renewable Energy Service Business

During the reporting period, the number of projects undertaken by EPC&M segment increased. However, owing to the slow construction progress, the performance in this segment has not improved significantly.

1) Engineering, Procurement, Construction & Manufacturing (EPC & M)

During the reporting period, the Group's EPC company completed 70 feasibility studies and various design consultancy services, undertook 11 EPC projects and completed equipment procurement for 11 projects. One of the EPC projects is a 200MW wind power EPC project for Huolinhe recycling economy demonstration project owned by China Power Investment Group's Inner Mongolia HMMJ Aluminium Electricity Co., Ltd, with a total contract amount of HK\$1,529,410,000.

During the reporting period, Tianhe manufactured (including OEM) 17 unit of tower tubes (1H2012: 18) and 28.4MW (1H2012: 2MW) of PV mounting brackets.

During the reporting period, the Group's EPC&M company generated a total revenue of HK\$324,243,000 (1H2012: HK\$314,783,000), of which Tianhe company generated a total revenue of HK\$17,958,000 (1H2012: HK\$43,682,000).

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

During the reporting period, the Group's power plant O&M company focused on expanding its business and made more effort in external marketing. It provided full O&M services, equipment preventive tests, technical renovation overhaul, wind power forecast and other services to internal and external power plants, as well as carried out warranty period inspection and maintenance services contracted by turbine manufacturers.

During the reporting period, the Group's O&M unit had provided services to 51 wind and solar power plants, 23 of which were to external power plants. In addition, 8 scheduled inspection service contracts were signed with turbine manufacturers, and 16 service contracts for preventive tests, technical renovation overhaul and wind power forecast were signed with wind power plants. This business segment contributed revenue of HK\$ 63,922,000 (1H2012: HK\$60,911,000) to the Group.

III. Liquidity and Financial Resources

As at the end of the reporting period, the Group had cash and cash equivalents of approximately HK\$558,573,000 (31 December 2012: HK\$731,167,000). As at that date, the current ratio was 1.11 times (31 December 2012: 1.69 times), gearing ratio (long term liabilities divided by owner's equity) was 0.15 (31 December 2012: 0.3). At the end of the reporting period, the Group's borrowings amounted to HK\$1,660,035,000 (31 December 2012: HK\$1,382,087,000), and the consolidated net assets of the Group stood at approximately HK\$4,553,345,000 (31 December 2012: HK\$4,454,998,000).

Foreign Exchange Risk

The Group's 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 2013, equipment of the Group and office building with its land use rights were pledged as security for outstanding loan of RMB 459,214,000 and RMB 47,600,000, respectively.

Commitments

As at 30 June 2013, the Group had capital commitments of HK\$744,218,000 (31 December 2012: HK\$566,434,000) which were not accounted for in the financial statements. The amount was mainly the capital committed for investment in power plants of HK\$662,265,000 (31 December 2012: HK\$343,892,000) and capital committed for the payment for equipment purchased by subordinate project companies of HK\$81,953,000 (31 December 2012: HK\$222,542,000).

IV. Staff and Remunerations

As of 30 June 2013, the Group had 1,450 (31 December 2012: 1,586) full-time employees - 139 for the Group's headquarter, 411 for project development and project management, 152 for EPC, 274 for equipment manufacturing, and 474 for O&M.

During the reporting period, the staff cost was HK\$58,562,000 (1H2012: HK\$63,724,000), representing an 8% drop.

V. Corporate Governance

During the reporting period, the Group continued to adjust and optimize the organization and human resource structure to better fit the current scale of development, while keeping a low cost and high operation efficiency.

During the reporting period, the Group's comprehensive budget management has achieved initial success. Planning management and financial management have also shown obvious effect. Each professional committee carry out their work according to their defined system and process to ensure that the business decision is rational and management is effective.

The Group continued to promote and strengthen its corporate culture, and guide the employees to consciously put their personal development into organization development in the Group's overall atmosphere, so as to create the motivated and harmonious corporate culture of common development of enterprises and employees.

VI. Social Responsibility and Environmental Protection

In terms of social responsibility, the Group attaches great importance to staff's occupational health, safety and improvement of working ability. The Group continuously provided financial aids to North China Electric Power University and invested money for the economic and education development in remote and poor areas. The Group also set up an internal charity fund to assist several employees, who faced living difficulties due to severe illness or accidents. During this reporting period, there was no major accidents happened on the power plant construction sites.

In terms of environmental protection, the Group strengthened field management during the project construction process, minimized damage to the environment, increased investments in water conservation and environmental protection. The Group is committed to the development of clean energy in order to reduce environmental pollution and the impact of climate change, so as to achieve sustainable economic development.

The Group has made eminent achievements in emission reduction through its investment in wind and solar power projects. During the reporting period, the Group's wind and solar power plants reduced carbon dioxide emission by 1,130,000 tons, sulfur dioxide emission by 10,642 tons, and nitrogen oxide emission by 944 tons. Moreover, in contrast to coal-fired thermal plants, the Group's wind and solar power plants saved 362,800 tons of standard coal and 3,012,500 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 6,860,000 tons, sulfur dioxide emission by 67,696 tons, and nitrogen oxide emission by 5,989 tons. They had saved 2,304,900 equivalent tons of standard coal and 19,113,300 tons of water.

VII. Prospect

In the second half of 2013, economic development in China is expected to be faced with great uncertainty. Steady growth, structural adjustment and reform promotion will become the main focus of China's economic development. Wind and solar power will receive great attention from the government for it can be an important means to promote sustainable economic and social development.

Chinese government's official website published the "Opinions of the State Council on Promoting the Healthy Development of Photovoltaic Industry" on 15th July 2013, which once again raised the solar power target. During 2013 – 2015, China will add a capacity of 10GW of solar power annually, and the total capacity will reach over 35GW by 2015. Solar power has a broad development prospect.

In recent years, because of the longer blade of wind turbine and the continuous launch of low wind speed turbines, more low wind speed resources in the southern regions become valuable. The Group's "southward development" strategy begins to realize results. More projects in the South will be put into operation and should lead to an improvement on the Group's power generation profit.

We are delighted to see that the grid construction is continuously achieving positive results. The construction of Hami-Zhengzhou UHV DC transmission line is progressing smoothly and the constructions of transmission line from Zhangjiakou to Jingjintang Grid and Hebei Grid have made breakthrough progress. These will have positive effects on the current and future projects. Our resource reserves and projects will reflect great economic benefits as the grid construction advances.

In 2013, the Group will continue insist on the following business strategies:

- 1) The Group will maintain and implement “southward development” strategy, increase the development and investment scale in southern regions without curtailment problems and continue the effort on the disposal of power plants in northern regions with curtailment problems to optimize the Group’s assets structure and improve asset quality.
- 2) The Group will increase its investments in solar power projects to capture the existing high solar power tariff.
- 3) Strengthen production safety management, increase the technical operational standard of power plants and adopt various effective measures to improve the utilization hours of the power plants and the equipment availability rate.
- 4) The Group will continue to control costs, reduce expense, adjust organization structure and optimize human resource to improve the economic benefits.

2013 is a year with both opportunities and challenges. Faced with this complicated economic situation, all members of the Group will strive, innovate, and make every possible effort to create the best return for the shareholders and the society.

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

During the six months ended 30 June 2013, 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 2013, the Board has reviewed the Group’s corporate governance practices and is satisfied that the Company has complied with the code 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 has been disclosed in the Corporate Governance Report contained in the 2012 annual report of the Company issued in April 2013.

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 2013.

AUDIT COMMITTEE

The Audit Committee comprises two independent non-executive directors of the Company, Dr. Wong Yau Kar, David, BBS, 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 2013 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, 9 August 2013

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