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XINJIANG GOLDWIND SCIENCE & TECHNOLOGY CO., LTD.*

新疆金風科技股份有限公司

(a joint stock limited liability company incorporated in the People's Republic of China)

Stock Code: 02208

**CONTINUING CONNECTED TRANSACTIONS
(1) EXCEEDED ANNUAL CAP FOR 2020
AND
(2) PROPOSED REVISION OF ANNUAL CAPS
FOR 2020 AND 2021**

References are made to the announcement of the Company dated 26 October 2018 and the circular of the Company dated 14 January 2019 in relation to the continuing connected transactions under the Product Sales Framework Agreement (2019-2021).

EXCEEDED THE ANNUAL CAP FOR 2020

During the course of reviewing the historical transaction information of the Company, the Company noted that the continuing connected transactions under the Product Sales Framework Agreement (2019-2021) have exceeded the annual cap for 2020. Based on the unaudited consolidated management accounts of the Company, as of 31 October 2020, the product sales from the Group to the Connected Persons Group have exceeded the annual cap previously set by the Company.

**REVISION OF ANNUAL CAPS FOR 2020 AND 2021 OF THE
CONTINUING CONNECTED TRANSACTIONS**

On 13 November 2020, the Board resolved to propose revisions of the annual caps for the product sales under the Product Sales Framework Agreement (2019-2021) for the years ending 31 December 2020 and 2021. Please see below for the specific reasons for revising the annual caps.

* For identification purpose only

LISTING RULES IMPLICATIONS

Each of Xinjiang Wind Power and China Three Gorges New Energy is a connected person of the Company by virtue of it being a substantial Shareholder of the Company. Xinjiang Wind Power is also an associate of China Three Gorges New Energy as China Three Gorges New Energy holds more than 30% of its issued share capital. Accordingly, the continuing transactions with any member of the Connected Persons Group which comprises Xinjiang Wind Power, China Three Gorges New Energy and each of their respective associates constitute continuing connected transactions of the Company.

In accordance with Rule 14A.54 of the Listing Rules, the Company shall comply with the announcement and Shareholders' approval requirements before exceeding the annual caps.

As one or more of the applicable percentage ratios for the highest annual cap for the years ending 31 December 2020 and 31 December 2021 in respect of the continuing connected transactions contemplated under the Product Sales Framework Agreement (2019-2021) are more than 5%, the continuing connected transactions thereunder are subject to reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. The Company will convene a general meeting for the purpose of obtaining the Independent Shareholders' approval on revising annual caps for product sales.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISOR

The independent Board committee (the "**Independent Board Committee**"), consisting of all independent non-executive Directors, being Dr. Tin Yau Kelvin Wong, Mr. Wei Wei and Ms. Yang Jianping, each of whom has no interests in the transactions, has been appointed by the Board to consider and advise the Independent Shareholders of the Company as to the proposed revision of annual caps for product sales under the Product Sales Framework Agreement (2019-2021) after taking into account the advice of the independent financial advisor.

The Company will appoint an independent financial advisor to advise the Independent Board Committee and the Independent Shareholders of the Company as to whether the increase of annual caps by RMB2,828.42 million and RMB1,567.80 million for 2020 and 2021 as compared to the existing annual caps of RMB2,127.31 million and RMB2,427.07 million, respectively, for product sales under the Product Sales Framework Agreement (2019-2021) are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

DESPATCH OF CIRCULAR

A circular containing, among other things, the notice to convene the general meeting, the proposed revised annual caps, the recommendation of the Independent Board Committee and the advice of the independent financial advisor to the Independent Board Committee and the Independent Shareholders of the Company will be despatched to the Shareholders of the Company on or before 4 December 2020.

References are made to the announcement of the Company dated 26 October 2018 and the circular of the Company dated 14 January 2019 in relation to the continuing connected transactions under the Product Sales Framework Agreement (2019-2021).

EXCEEDED THE ANNUAL CAP FOR 2020

During the course of reviewing the historical transaction information of the Company, the Company noted that the continuing connected transactions under the Product Sales Framework Agreement (2019-2021) have exceeded the annual cap for 2020. Based on the unaudited consolidated management accounts of the Company, as of 31 October 2020, the Group has sold products totaling approximately RMB2,872.55 million to the Connected Persons Group, exceeding the annual cap of RMB2,127.31 million which had been previously set by the Company. It was mainly due to that the Company's sales totaled 8,315.52MW from January to September 2020 as a result of changes in national subsidy policies, an increase of 58.55% year-on-year. Therefore, the product sales from the Group to the Connected Persons Group increased accordingly.

PROPOSED REVISION OF ANNUAL CAPS FOR 2020 AND 2021 OF THE CONTINUING CONNECTED TRANSACTIONS

The existing annual caps and historical transaction amounts of product sales under the Product Sales Framework Agreement (2019-2021) are set out as follow:

Unit: RMB million

	For the year ended 31 December 2019	For the year ending 31 December 2020	For the ten months ended 31 October 2020
Existing annual caps	2,946.94	2,127.31	–
Product Sales	2,633.37	–	2,872.55
Utilisation (%)	89.36	–	135.03

The existing annual caps for product sales under the Product Sales Framework Agreement (2019-2021) for the years ending 31 December 2020 and 2021 are unable to meet the business needs of the Company. Thus, on 13 November 2020, the Board resolved to propose revisions of the annual caps for product sales under the Product Sales Framework Agreement (2019-2021) for the years ending 31 December 2020 and 2021 as follow:

Unit: RMB million

	For the year ending 31 December 2020	For the year ending 31 December 2021
Product Sales (Existing caps)	2,127.31	2,427.07
Proposed increase	<u>2,828.42</u>	<u>1,567.80</u>
Product Sales (New caps)	<u><u>4,955.73</u></u>	<u><u>3,994.87</u></u>

The proposed revised annual caps for the years ending 31 December 2020 and 2021 are determined with reference to the following factors:

- (a) The unaudited actual transaction amount of products sales under the Product Sales Framework Agreement (2019-2021) for the ten months ended 31 October 2020;
- (b) The contracts and bidding agreements entered into with the Connected Persons Group in 2020 and previous years; and
- (c) The bidding agreement entered into with the Connected Persons Group in relation to the product sales in 2021, the bids submitted to the Connected Persons Group and potential bidding requirements; and
- (d) The Company's delivery plan for WTGs.

REASONS FOR AND BENEFITS OF THE PROPOSED REVISION OF ANNUAL CAPS FOR 2020 AND 2021 OF THE CONTINUING CONNECTED TRANSACTIONS

On 21 May 2019, the National Development and Reform Commission (NDRC) issued the *Notice on Improving the Policy on-grid Tariffs for Wind Power* (the "Notice") which specifies tariffs policy of newly approved onshore and offshore wind power projects in 2019 and 2020, and changes on on-grid tariffs of onshore and offshore to a guided price. The Notice also stipulates that on-grid tariffs for newly approved centralised onshore and offshore wind power projects shall be determined by way of competitive bidding, and that tariffs shall not be higher than the guided price in the resource areas where projects are located. The Notice also sets on-grid connection deadline for both onshore and offshore wind projects:

Onshore wind power in 2020: for onshore projects approved before the end of 2018 but not completed the grid connection before the end of 2020, the government will no longer provide subsidies;

Onshore wind power in 2021: for onshore projects approved between 1 January 2019 and the end of 2020 but not completed the grid connection before the end of 2021, the government will no longer provide subsidies; and since 1 January 2020, the newly approved onshore wind power projects will achieve grid-parity connection and the government will no longer provide subsidies;

Offshore wind power in 2021: for offshore projects which were approved before the end of 2018 and completed the grid connection of all of their turbines before the end of 2021, on-grid tariffs will be implemented at the time of offshore projects' approval. For offshore projects completed the grid connection of all of their turbines in 2022 and beyond, on-grid tariffs will implement the guidance on-grid tariffs for wind power of that year.

Affected by the policies above, the Company recorded a significant year-on-year increase in sales of the wind power generator units in 2020, and the product sales from the Group to the Connected Persons Group increased accordingly.

At the end of 2018, the Company formulated the existing annual caps for 2020 and 2021 in accordance with the current forecast for future market. Except for the *Notice on Improving the Policy on-grid Tariffs for Wind Power* above, the NDRC, the Ministry of Finance, National Energy Administration and other government departments have issued various policies in respect of industrial development, protection of power consumption and supervision and management to promote the consumption of renewable energy and adjustment of energy structure since 2019. In the meanwhile, with the expected impact of the newly installed capacity of wind farms in the 14th Five-Year Plan, the Company expects that the installation capacity of onshore and offshore wind farms will increase substantially in 2020 and 2021. It is estimated that the installation capacity of wind power projects in 2021 will be slightly lower than the rush installation period in 2020, but still higher than the scale before the rush installation period taking into account of grid-parity connection since 2021.

According to the latest results on *2020 Wind Power Investment Monitoring and Warning*, several provinces in northern China have lifted out of the Red Alert Regions. More and more large-scale northern base projects have also commenced the procedures of approval, bidding and construction. Meanwhile, the installed capacity in the northern region will witness recovery due to more ultra-high voltage (UHV) power transmission channels built by grid companies.

With the improvement of curtailment, the Connected Persons Group aggressively promoted the development of onshore wind power by focusing on base projects in northern China as well as south Middle East and UHV transmission channels. Centering corporate strategy on cutting-edge product and technology on the basis of market and client demand, the Company upgraded and optimised the existing R&D platforms and products and recently released GW150-2.8~3.0MW, GW155-4.5MW, GW165-3.6MW, GW165-4.0MW and GW165-5.XMW units, which are suitable for different scenarios such as parity-grid and large base projects. The Company's products can meet the requirements of Connected Persons Group for different scenarios of onshore units.

The Connected Persons Group is committed to expanding offshore wind power business in southern China. As offshore wind projects enjoy the characteristics of long development and delivery cycles, huge impact on project income as to whether subsidy is available, the Connected Persons Group's purchase demand for offshore large-capacity wind power generator units grew since 2020 and the bulk delivery will mainly occur at the end of 2020. The Company continued to independently innovate offshore products. GW154-6.7MW and GW171-6.45MW offshore turbine of GW6S/8S platform has been delivered in batches and GW175-8.0MW turbine has completed prototype testing in June 2020. With the development of large-capacity offshore wind power units, the Company can better meet the requirements of Connected Persons Group for offshore units. The unit price of offshore large-capacity units is much higher than that of onshore wind turbines. For the six months ended June 30, 2020, the average unit price of GW6S/8S platform units was RMB5,542.37/KW, while the average unit price of GW2S platform units was RMB3,237.66/KW. The high unit price of offshore units contributed to the significant increase in offshore business revenue at the end of the year.

In summary, the Company considers that the annual caps for 2020 and 2021 are required to be increased.

The Directors (excluding independent non-executive Directors, who will give their opinion based on the recommendation from the independent financial advisor) consider the terms of the transactions under the Product Sales Framework Agreement (2019-2021), including the proposed revised annual caps for 2020 and 2021, are fair and reasonable, entered into on normal commercial terms in the ordinary course of business of the Group, and in the interests of the Company and its Shareholders as a whole.

INTERNAL CONTROL MEASURES

In order to avoid the reoccurrence of incident that the previously approved annual cap is exceeded, the Company will adopt the following monitoring measures:

- (1) The Company will organize regular training for its employees to promote their familiarity with the Listing Rules, as well as raise their awareness towards compliance with relevant internal control procedures of continuing connected transactions of the Group;
- (2) The Company will closely monitor the continuing connected transactions contemplated under the product sales framework agreement on a monthly basis;
- (3) The audit and supervisory department of the Company will monitor the effectiveness and adequacy of internal control measures, and will report their review results to the audit committee of the Company regularly;
- (4) The independent non-executive Directors and auditors of the Company will perform annual review on the continuing connected transactions and provide annual confirmation in accordance with the Listing Rules, to confirm that the transactions are entered into in accordance with normal commercial terms and relevant regulatory agreements.

INFORMATION ON THE PARTIES TO THE AGREEMENT

The Group is mainly engaged in the WTGs R&D, manufacturing and sales, wind power services and wind farm investment and development.

China Three Gorges New Energy, together with its associates, is mainly engaged in investment and consulting of wind power and solar power. China Three Gorges New Energy is held as to 70% by China Three Gorges, which is a state-owned corporation held by the State-owned Assets Supervision and Administration Commission of the State Council. Any one shareholder among the remaining shareholders holds less than 5% interests in China Three Gorges New Energy.

Xinjiang Wind Power, together with its associates, is mainly engaged in wind power generation, solar power generation, and electronic engineering contracting. Xinjiang Wind Power is held as to 43.33% by China Three Gorges New Energy and 56.67% by Xinjiang Xinye State-owned Assets Management (Group) Co., Ltd.* (新疆新業國有資產經營(集團)有限責任公司) (“Xinjiang Xinye”). Xinjiang Xinye is wholly-owned by State-owned Assets Supervision and Administration Commission of the People’s Government of Xinjiang Uygur Autonomous Region.

LISTING RULES IMPLICATIONS

Each of Xinjiang Wind Power and China Three Gorges New Energy is a connected person of the Company by virtue of it being a substantial Shareholder of the Company. Xinjiang Wind Power is also an associate of China Three Gorges New Energy as China Three Gorges New Energy holds more than 30% of its issued share capital. Accordingly, the continuing transactions with any member of the Connected Persons Group which comprises Xinjiang Wind Power, China Three Gorges New Energy and each of their respective associates constitute continuing connected transactions of the Company.

In accordance with Rule 14A.54 of the Listing Rules, the Company shall comply with the announcement and Shareholders’ approval requirements before exceeding the annual caps.

As one or more of the applicable percentage ratios for the highest annual cap for the years ending 31 December 2020 and 2021 in respect of the continuing connected transactions contemplated under the Product Sales Framework Agreement (2019-2021) are more than 5%, the continuing connected transactions thereunder are subject to reporting, annual review, announcement and Independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules. The Company will convene a general meeting for the purpose of obtaining the Independent Shareholders’ approval on revising annual caps for product sales.

Mr. Lu Hailin, a non-executive Director of the Company, will abstain from voting at the board meeting approving the revised annual caps under the Product Sales Framework Agreement (2019-2021) due to his position as the Chief Accountant and General Counsel and Secretary of the Board of China Three Gorges New Energy. Mr. Gao Jianjun, a non-executive Director of the Company, will abstain from voting at the board meeting approving the revised annual caps under the Product Sales Framework Agreement (2019-2021) due to his position as the chairman of Xinjiang Wind Power.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISOR

The Independent Board Committee, consisting of all independent non-executive Directors, being Dr. Tin Yau Kelvin Wong, Mr. Wei Wei and Ms. Yang Jianping, each of whom has no interests in the transactions, has been appointed by the Board to consider and advise the Independent Shareholders of the Company as to the proposed revision of annual caps for product sales.

The Company will appoint an independent financial advisor to advise the Independent Board Committee and the Independent Shareholders of the Company as to whether the increase of annual caps by RMB2,828.42 million and RMB1,567.80 million for 2020 and 2021, respectively, for product sales under the Product Sales Framework Agreement (2019-2021) are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

DESPATCH OF CIRCULAR

A circular containing, among other things, the notice to convene the general meeting, the proposed revised annual caps, the recommendation of the Independent Board Committee and the advice of the independent financial advisor to the Independent Board Committee and the Independent Shareholders of the Company will be despatched to the Shareholders of the Company on or before 4 December 2020.

China Three Gorges New Energy and Xinjiang Wind Power will abstain from voting at the general meeting.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“associate”	has the meaning ascribed to it under the Listing Rules;
“Board”	the board of Directors of the Company;
“Centralised”	the wind power generator units of the same wind farm are linked by one or several substations, then connected to the grid for power supply and transmitted to multiple power end users;
“China Three Gorges”	中國長江三峽集團有限公司(China Three Gorges Corporation), a company established under the laws of the PRC and the parent company of China Three Gorges New Energy;
“China Three Gorges New Energy”	中國三峽新能源（集團）股份有限公司 (China Three Gorges Renewables (Group) Co., Ltd.*), a limited liability company established under the laws of the PRC and a substantial Shareholder of the Company;
“Company”	新疆金風科技股份有限公司(Xinjiang Goldwind Science & Technology Co., Ltd.), a joint stock limited company established in the People’s Republic of China on 26 March 2001, the H Shares of which are listed and traded on the Main Board of the Stock Exchange and the A Shares of which are listed on the Shenzhen Stock Exchange;
“connected person”	has the meaning ascribed to it under the Listing Rules;

“Connected Persons Group”	a group of connected persons of the Company comprising China Three Gorges New Energy, Xinjiang Wind Power and their respective associates;
“Directors”	the directors of the Company;
“Group”	the Company and its subsidiaries;
“H Shares”	the ordinary Shares issued by the Company, if expressed in RMB, with par value of RMB1.00 each, which are listed on the Stock Exchange and subscribed and traded in Hong Kong dollars;
“Independent Shareholders”	the Shareholders other than China Three Gorges New Energy and Xinjiang Wind Power and their associates who shall abstain from voting on the resolutions with respect to transactions (including the proposed annual caps) under the Product Sales Framework Agreement (2019-2021);
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“PRC”	the People’s Republic of China. “China” referred in this announcement does not include Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan region;
“Product Sales Framework Agreement (2019-2021)”	the product sales framework agreement entered into by the Group and Connected Persons Group on 26 October 2018 in respect for the sale of WTG by the Group to Connected Persons Group for the three years ending 31 December 2021;

“Red Alert Regions”	areas where wind power development and construction are suspended. The construction of approved wind power projects will be postponed, the approval of wind power projects that have been included in the planning and listed in the annual implementation plan but have not been approved will be suspended. Grid companies will refuse the applications for grid connection of postponed and suspended approved projects. There will be no plans for new low-price grid and parity-grid projects for local consumption. The transmission channels that have been put into operation or under construction in the red alert regions will prioritize the consumption of the wind power projects in stock;
“RMB”	Renminbi, the lawful currency of the PRC;
“Shareholder(s)”	the shareholder(s) of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“WTG”	wind turbine generator; and
“Xinjiang Wind Power”	新疆風能有限責任公司(Xinjiang Wind Power Co., Ltd.), a state-owned enterprise established under the laws of the PRC and a substantial Shareholder of the Company.

By order of the Board
Xinjiang Goldwind Science & Technology Co., Ltd.
Company Secretary
Ma Jinru

Beijing, 16 November 2020

As of the date of this announcement, the executive directors of the Company are Mr. Wu Gang, Mr. Cao Zhigang, and Mr. Wang Haibo; the non-executive directors of the Company are Mr. Gao Jianjun, Mr. Lu Hailin and Ms. Dong Zhenyu; and the independent non-executive directors of the Company are Dr. Tin Yau Kelvin Wong, Mr. Wei Wei and Ms. Yang Jianping.