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GOLDWIND

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

Continuing Connected Transactions

The Board hereby announces that on 7 December 2021, the Company entered into the 2022 Product Sales Framework Agreement with Xinjiang Wind Power in respect of continuing connected transactions.

Implication of the Listing Rules

As of the date of this announcement, Xinjiang Wind Power is a substantial shareholder of the Company. Accordingly, Xinjiang Wind Power is a connected person of the Company and the entering into of 2022 Product Sales Framework Agreement constitutes a continuing connected transaction of the Company under the Listing Rules.

As one or more of the applicable percentage ratios for the proposed annual cap for the year ending 31 December 2022 in respect of the continuing connected transactions contemplated under the 2022 Product Sales Framework Agreement are more than 0.1% but less than 5%, the continuing connected transactions thereunder are only subject to announcement and annual review requirements, but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

1. Continuing Connected Transactions

References are made to (i) the announcement of the Company dated 26 October 2018 and the circular of the Company dated 14 January 2019, in relation to, among other things,

the continuing connected transactions contemplated under the Product Sales Framework Agreement (2019-2021); (ii) the announcement of the Company dated 16 November 2020 and the circular of the Company dated 4 December 2020, in relation to the revision of annual caps for 2020 and 2021 for product sales under the Product Sales Framework Agreement (2019-2021); and (iii) the announcement of the Company dated 12 April 2021 and the circular of the Company dated 13 May 2021, in relation to the revision of annual caps for 2021 for product sales under the Product Sales Framework Agreement (2019-2021). The Product Sales Framework Agreement (2019-2021) will expire on 31 December 2021.

The Board hereby announces that on 7 December 2021, in order to provide guiding principles for each individual transaction to be entered into between the Group and Xinjiang Wind Power and its associates in respect of sales of products upon expiry of the Product Sales Framework Agreement (2019-2021), the Company entered into the 2022 Product Sales Framework Agreement with Xinjiang Wind Power for a term from 1 January 2022 to 31 December 2022.

1.1 2022 Product Sales Framework Agreement

(a) Pricing and Terms

The Company will enter into written agreements with the relevant members of Xinjiang Wind Power and its associates in respect of each individual connected transactions of product sales. The price will be determined in accordance with the following principles in hierarchical order:

- (i) the Price of WTGs, Parts and Components mainly determined by Tender

Since Xinjiang Wind Power is a state-owned enterprise, sales of WTGs, parts and components to the Xinjiang Wind Power and its associates are required to be conducted mainly through tender. The Company, as the tenderer, shall submit tender documents in response to the invitation to tender.

According to the tender documents formulated by the Company according to the wind test results of test sites and tender requirements, the tender documents set out all major regulations and all major terms for completing the contracts, including the requirements on the allocation of wind power generation units, technical plans and quality assurance requirements. The terms and price in respect of sales of WTGs, parts and components are determined through the tender.

During the tendering process, the tendering department of the Company is responsible for estimating the cost based on the scope, duration and degree of complexity (with reference to subcontractors' and suppliers' quotations) of the contracts, as well as prevailing market price. The Company supervises the bidding budget and controls actual costs to be incurred based on the estimated costs of winning projects.

(ii) Price determined by market price

For the sale of parts and components that do not require tender according to the Tendering and Bidding Law of the PRC (《中華人民共和國招標投標法》), on the premise that the price is not lower than costs, the Company determines the price and terms with reference to the prevailing market price and the quality assurance requirements of the parts and components, the opportunities brought by the contracts, the risks involved and the scope, duration and degree of complexity (with reference to subcontractors' and suppliers' quotations) of the contracts. Reference is made to the average transaction price of the same or similar products provided by the Company in at least two independent third party transactions in the ordinary and usual course of business. The terms and price of relevant products provided by the Company to Xinjiang Wind Power and its associates shall be consistent with those provided to independent third parties.

The Company has put in place a sales supervision system and has also formed a dedicated team to carry out its product sales. In accordance with the Company's sales supervision system, the sales center works with other departments including the financial center, audit and supervisory department, and law department to ensure the terms and price for product sales to Xinjiang Wind Power and its associates shall be consistent with those available to independent third parties.

(b) Historical figures for 2019, 2020 and 2021 and the estimated annual cap for 2022

Units: million RMB

	For the year ended 31 December 2019	For the year ended 31 December 2020	For the nine months ended 31 October 2021	Proposed annual cap for 2022
Sales of Products to Xinjiang Wind Power and its associates ^(Note)	0.01	0.42	3.88	512.57

Note: The Company's annual caps for product sales for the years ended 31 December 2019, 2020 and 2021 was applied for continuing connected transactions with the Company's then connected persons group (which included Xinjiang Wind power, Three Gorges Energy and their respective associates). As of the date of this announcement, Three Gorges Energy is no longer a connected person of the Company. Therefore, historical figures set out in the above table do not include transaction amount for product sales conducted between the Company and Three Gorges Energy.

The estimated annual cap for the year ending 31 December 2022 is determined with reference to the following factors:

- (i) the contracts and bidding agreements entered into with Xinjiang Wind Power and its associates;

- (ii) the bids submitted to Xinjiang Wind Power and its associates by the Group and potential bidding requirements of Xinjiang Wind Power and its associates;
- (iii) the delivery plan of the WTGs, parts and components by the Group to Xinjiang Wind Power and its associates;
- (iv) the 2020 wind power investment monitoring shows that the red warning has turned into orange warning in Xinjiang, such that qualified existing projects can continue to advance; the Xinjiang Development and Reform Commission issued a guidance on “*Competitive allocation of affordable grid connected new energy projects in autonomous region in 2021*” providing guidance on the specific competitive allocation of existing projects in Xinjiang; and Xinjiang ultra-high voltage direct current third channel construction project has commenced. Therefore, Xinjiang Wind Power has restarted the development of wind power business in Xinjiang;
- (v) Xinjiang Wind Power intends to replace outdated WTGs in its existing wind power farms; and
- (vi) current market conditions and the Company’s expectation for the future.

2. Reasons for and Benefits of Entering into 2022 Product Sales Framework Agreement

2021 marks the start of China’s 14th Five-Year Plan. The aims to achieve Carbon Peak by 2030 and Carbon Neutrality by 2060 announced by the government are creating unparalleled opportunities for the country’s wind power industry. The industry regulators introduced a package of policies relevant to the development of the industry, good practices in market operations, consumption and subsidization, among other things, in the first half of the year, offering strong support to large-scale and quality development of wind power in the days to come.

On 11 May 2021, the National Energy Administration issued the Notice on the Development and Construction of Wind and Photovoltaic Power Generation in 2021 (《關於2021年風電、光伏發電開發建設有關事項的通知》). China will seek to raise its power generation from solar and wind plants to around 11% of the country’s total power consumption in 2021 and to ramp up the percentage year by year thereafter, aiming for non-fossil fuels to account for about 20% of total energy consumption by 2025. Newly grid-connected wind and photovoltaic power generation projects and approved additions will be assessed against the goals defined in the 14th Five-Year Plan, the weighted target of non-hydropower renewable energy power consumption responsibility and the reasonable target utilization rate of new energy. Meanwhile, a combination of supporting mechanisms including guaranteed grid-connection and market-based grid connection will

be put in place, to make sure at least 90GW of new incremental wind and solar capacity will be guaranteed with full grid connection in 2021.

The National Energy Administration published the *2020 Wind Power Investment Monitoring and Warning Results*, and several provinces in northern China were all excluded from the Red Alert Regions. With more ultra-high voltage power transmission channels suitable for large-scale bases invested and built by grid companies, more and more large-scale base projects have also started the procedures of approval, bidding and construction, bringing about a recovery of installed capacity. Driven by the “14th Five-Year Plan” and the “3060 Policy”, the onshore wind power market ushered in a period of rapid development, and the large-scale wind power base projects in Inner Mongolia, Gansu, Qinghai, Xinjiang, Jilin, Hebei, Yunnan and other provinces are accelerating.

With the constructions of existing and newly projects carried out by Xinjiang Wind Power, the main engine business of Xinjiang Wind Power continues to recover and there will be more potential tender demands. The Company intends to participate in more project biddings, and it is expected that the sales volume of WTGs and other products between the Company and Xinjiang Wind Power and its associates will increase.

In summary, the Company proposes an annual cap of RMB512.57 million for its continuing connected transactions with Xinjiang Wind Power and its associates in respect of the sales of WTGs, parts and components.

The Group has been carrying out the above-stated transactions with Xinjiang Wind Power and its associates in its ordinary and usual course of business and such transactions are expected to continue. The Group has conducted these continuing connected transactions with Xinjiang Wind Power and its associates for many years and has built a long term strategic and solid business relationship with them. The Directors believe it is in the interests of the Company to conduct such transactions and the Company will continue to benefit from these continuing connected transactions which will ensure and maximize its operation efficiency and business stability.

Based on the above, the Directors (including the independent non-executive Directors) therefore consider the terms of the 2022 Product Sales Framework Agreement and the continuing connected transactions contemplated thereunder are fair and reasonable, entered into on normal commercial terms in the ordinary and usual course of business of the Group, and in the interest of the Company and its shareholders as a whole.

3. Internal Control Measures

To comply with regulatory requirements for connected transactions under Listing Rules and Stock Listing Rules of Shenzhen Stock Exchange, the Company has adopted the following internal control measures:

- (i) the Company revised s series of rules and regulations such as the "*Connected Transactions Management Regulations*", "*Implementation Rules for Routine Monitoring of Connected Transactions*", and "*Group Decision Committee Working Guidelines No. 1-Deliberation Contents*" in 2021. The Company will strictly comply with the rules and regulations thereof, and gradually improves these rules and regulations in accordance with the actual situation. The relevant persons of the Company will monitor the Company's market price fluctuation to ensure that transaction price with Xinjiang Wind Power and its associates will be the same as fair market price at the relevant time;
- (ii) the Company will closely monitor the implementation of continuing connected transactions, and report to the audit committee in respect of the implementation thereunder on a monthly basis to ensure that the amount of continuing connected transactions will not exceed the proposed annual cap;
- (iii) the Company will conduct early management of connected transactions, where the transacted amount reaches 70% of annual caps at any time during the year, the Company's management will report to the audit committee and the Board, the Board will consider taking appropriate measures accordingly, including but not limited to issuing announcement for the increase of annual caps, if applicable;
- (iv) the audit and supervisory department will monitor the effectiveness and adequacy of internal control measures for connected transactions from time to time, and will regularly report their review results to the audit committee of the Company regularly; and
- (v) the Company hired an independent professional consulting company in February 2021 to conduct a comprehensive review of the Company's connected transaction management status and to put forward suggestions of improvement and optimization, including: analyzing the Company's current connected transaction management system, understanding the actual situation of the Company's connected transaction through interviews and sample tests, identifying possible risks and internal control deficiencies, sorting out and optimizing connected persons and connected transaction identification, connected transaction annual amount and monthly rolling forecasts, connected transaction decision-making and disclosure procedures, etc., and proposing improvement and modification suggestions. The Company completed the rectifications in August 2021.

In addition, the transactions contemplated under the 2022 Product Sales Framework Agreement will be subject to the annual review by the audit and supervisory department of the Group and the independent non-executive Directors. In particular, the audit and supervisory department of the Group will conduct annual review to check if the transactions contemplated thereunder are conducted in accordance with the terms of the 2022 Product Sales Framework Agreement, on normal commercial terms or better and in accordance with the pricing requirements of the Group. The independent non-executive Directors will review the report from the audit and supervisory department of the Group

and confirm the above accordingly in the annual report of the Company.

4. Information on the parties

The Group is mainly engaged in WTG research and development, manufacturing and sales, wind power services, and wind farm investment and development.

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 Three Gorges 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”). Three Gorges Energy is a joint stock limited company incorporated in the PRC and listed on the Shanghai Stock Exchange (stock code: 600905). China Three Gorges Corporation is the single largest shareholder of Three Gorges Energy and holds 49% of the shares of Three Gorges Energy. China Three Gorges Corporation is wholly owned by the State-owned Assets Supervision and Administration Commission of the State Council of the PRC. Xinjiang Xinye is wholly-owned by State-owned Assets Supervision and Administration Commission of the People’s Government of Xinjiang Uygur Autonomous Region.

5. Implication of the Listing Rules

As at the date of this announcement, Xinjiang Wind Power is interested in 497,510,186 shares, representing approximately 11.78% of the total issued share capital of the Company and is a substantial shareholder of the Company. Accordingly, Xinjiang Wind Power is a connected person of the Company and the entering into of 2022 Product Sales Framework Agreement constitutes a continuing connected transaction of the Company under the Listing Rules.

As one or more of the applicable percentage ratios for the proposed annual cap for the year ending 31 December 2022 in respect of the continuing connected transactions contemplated under the 2022 Product Sales Framework Agreement are more than 0.1% but less than 5%, the continuing connected transactions thereunder are only subject to announcement and annual review requirements, but are exempt from the independent shareholders’ approval requirement under Chapter 14A of the Listing Rules.

Mr. Gao Jianjun, a non-executive Director, has abstained from voting at the Board meeting approving the resolution on the proposed 2022 annual cap for continuing connected transactions due to his position as the chairman of Xinjiang Wind Power.

6. DEFINITIONS

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

“2022 Product Sales Framework Agreement ”		the product sales framework agreement entered into by the Company and Xinjiang Wind Power in respect of sales of WTGs, parts and components by the Group to Xinjiang Wind Power and its associates for the year ending 31 December 2022;
“associate”	:	has the meaning ascribed to it under the Listing Rules;
“Board”	:	the board of Directors;
“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 PRC 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;
“Directors”	:	the directors of the Company;
“Group”		the Company and its subsidiaries;
“H shares”	:	the ordinary shares issued by the Company, with RMB-denominated par value of RMB1.00 each, which are subscribed for and traded in Hong Kong dollars and listed on the Stock Exchange;
“Listing Rules”	:	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“PRC”	:	the People’s Republic of China (for the purpose of this announcement, excluding Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan);
“Product Sales Framework Agreement (2019-2021)”		the product sales framework agreement entered into by the Group and the then connected persons group which comprised Xinjiang Wind Power and Three Gorges Energy (a former connected person) on 26 October 2018 in

respect for the sales of WTGs by the Group to Xinjiang Wind Power, Three Gorges Energy and their respective associates for the three years ending 31 December 2021;

“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;
“Three Gorges Energy”		中國三峽新能源（集團）股份有限公司(China Three Gorges New Energy (Group) Co., Ltd*), a joint stock limited company established under the laws of the PRC and one of the shareholders of the Company;
“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.
Ma Jinru
Company Secretary

Beijing, 7 December 2021

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 Mr. Wang Kaiguo; and the independent non-executive directors of the Company are Dr. Tin Yau Kelvin Wong, Mr. Wei Wei and Ms. Yang Jianping.

** For identification purpose only*