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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 26 October 2022, the Company entered into the 2023 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 the 2023 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 2023 in respect of the continuing connected transactions contemplated under the 2023 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**

Reference is made to the announcement of the Company dated 7 December 2021, in relation to the continuing connected transactions contemplated under the 2022 Product

Sales Framework Agreement, which will expire on 31 December 2022.

The Board hereby announces that on 26 October 2022, 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 2022 Product Sales Framework Agreement, the Company entered into the 2023 Product Sales Framework Agreement with Xinjiang Wind Power for a term from 1 January 2023 to 31 December 2023.

## **1.1 2023 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 transaction 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 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 major regulations and 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 requirements of the contracts, the risks involved. 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 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 2020, 2021 and 2022 and the estimated annual cap for 2023**

*Units: million RMB*

	<b>For the year ended 31 December 2020</b>	<b>For the year ended 31 December 2021</b>	<b>For the nine months ended 30 September 2022</b>	<b>Proposed annual cap for 2023</b>
Sales of Products to Xinjiang Wind Power and its associates <sup>(Note)</sup>	0.42	32.52	0.08	671.32

*Note: The Company's annual caps for product sales for the years ended 31 December 2020 and 2021 were 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). Three Gorges Energy has ceased to be a connected person of the Company since October 2021. 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 2023 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; and
- (iv) current market conditions and the Company's expectation for the future.

## **2. Reasons for and Benefits of Entering into 2023 Product Sales Framework Agreement**

2022 is a crucial year for China to implement the 14th Five-Year Plan and the carbon peak goal. In order to further implement the requirements of carbon peak and carbon neutrality goals, China has vigorously developed non-fossil energy, promoted the large-scale development of renewable energy, accelerated the green and low-carbon transformation of energy to ensure energy supply capacity and quality. Several ministries and commissions, including the National Development and Reform Commission of the PRC (“NDRC”) and the National Energy Administration of the PRC (“NEA”), have continued to improve policies and systems, further promoted the establishment of a clean, low-carbon, safe and efficient energy system, advanced quality leaping development of renewable energy, and promoted the independent and market-oriented development of the renewable energy sector.

On 22 March 2022, the NDRC and the NEA issued the “14th Five-Year Plan Modern Energy System Plan” (《“十四五”現代能源體系規劃》), proposing the major goals of the establishment of the modern energy system: by 2025, non-fossil energy power generation should account for 39%; non-fossil energy consumption should reach 20%.

On 30 May 2022, the NDRC and the NEA issued the “Implementation Plan for Promoting the High-quality Development of New Energy in the New Era” (《關於促進新時代新能源高質量發展的實施方案》), proposing that the goal of total installed capacity of wind power and solar power reaching more than 1.2 billion kW should be achieved by 2030; the acceleration of the construction of large-scale wind power photovoltaic bases focusing on desert, Gobi and barren land; the promotion of new energy development and utilization and rural revitalization and integrated development; the pushing forward of the application of new energy in industry and construction; guiding the whole society towards consumption of green power such as new energy.

On 1 June 2022, 9 ministries and commissions, including the NDRC and the NEA, jointly issued the “14th Five-Year Plan Renewable Energy Development Plan” (《“十四五”可再生能源發展規劃》), proposing the main goals of renewable energy development during the 14th Five-Year; meanwhile, it proposed to vigorously push forward the development of wind power and photovoltaic power generation bases, actively promote the distributed development of wind power and photovoltaic power generation, coordinate and advance the integrated development of water, wind and photovoltaic power comprehensive bases, and steadily promote the diversified development of biomass energy; it also proposed storage consumption and high utilization ratio of renewable energy.

With the opportunity of renewable energy development and the construction of existing and newly projects carried out by Xinjiang Wind Power, there will be more potential

tender demands for turbine business. 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 RMB671.32 million for its continuing connected transactions with Xinjiang Wind Power and its associates in respect of the sales of products for 2023.

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 improve its operation efficiency and business stability.

Based on the above, the Directors (including the independent non-executive Directors) consider the terms of the 2023 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 the Listing Rules and Stock Listing Rules of Shenzhen Stock Exchange, the Company has adopted the following internal control measures:

- (i) the Company issued a series of rules and regulations including the "*Connected Transactions Management Regulations*", "*Implementation Rules for Routine Monitoring of Connected Transactions*", and "*Group Decision Committee Working Guidelines No. 1-Deliberation Contents*". The Company will strictly comply with the rules and regulations thereof, and gradually improve these rules and regulations in accordance with the actual situation;
- (ii) based on the requirements under the Listing Rules and Stock Listing Rules of Shenzhen Stock Exchange and the changes for connected persons, the Company will update the list of connected persons in a timely manner, and estimate and monitor annual caps for continuing connected transactions strictly according to the list of connected persons;
- (iii) 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;

- (iv) 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; and
- (v) 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.

In addition, the transactions contemplated under the 2023 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 2023 Product Sales Framework Agreement, on normal commercial terms 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 48.92% 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 the 2023 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 2023 in respect of the continuing connected transactions contemplated under the 2023 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 annual cap for the year ending 31 December 2023 in respect of the continuing connected transactions contemplated under the 2023 Product Sales Framework Agreement due to his position as the chairman of Xinjiang Wind Power. Save as disclosed above, none of the Directors who attended the Board meeting had a material interest in the 2023 Product Sales Framework Agreement and transactions contemplated thereunder.

## 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 on 7 December 2021 in respect for the sales of WTGs, parts and components by the Group to Xinjiang Wind Power and its associates for the year ending 31 December 2022;
“2023 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 2023;
“associate”	:	has the meaning ascribed to it under the Listing Rules;
“Board”	:	the board of Directors;
“Company”	:	Xinjiang Goldwind Science & Technology Co., Ltd.* (新疆金風科技股份有限公司), 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);
“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”	China Three Gorges New Energy (Group) Co., Ltd*. (中國三峽新能源(集團)股份有限公司), a joint stock limited company established under the laws of the PRC and a former substantial shareholder 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, 26 October 2022

*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. Lu Hailin and Mr. Gao Jianjun; and the independent non-executive directors of the Company are Ms. Yang Jianping, Mr. Tsang Hin Fun Anthony and Mr. Wei Wei.*

*\* For identification purpose only*