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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 PROPOSED REVISION OF ANNUAL CAPS FOR 2021

Reference is made to the announcement of the Company dated 16 November 2020 and the circular of the Company dated 4 December 2020, in relation to the continuing connected transactions under the Product Sales Framework Agreement (2019-2021), and 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 Wind Power Service Framework Agreement (2019-2021).

Proposed Revision of Annual Caps for 2021 of the Continuing Connected Transactions

On 12 April 2021, the Board resolved to propose revisions of the annual caps for the product sales under the Product Sales Framework Agreement (2019-2021) and for the wind power service under the Wind Power Service Framework Agreement (2019-2021) for the year ending 31 December 2021. Please see below for the specific reasons for revising the annual caps.

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 revised annual cap for the year ending 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 the 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 the annual cap for product sales.

As one or more of the applicable percentage ratios for the revised annual cap for the year ending 31 December 2021 in respect of the continuing connected transactions contemplated under the Wind Power Service Framework Agreement (2019-2021) are more than 0.1% but less than 5%, the continuing connected transactions thereunder are subject to the announcement and annual review requirements under Chapter 14A of the Listing Rules, and are exempt from the independent shareholders' approval requirements.

Independent Board Committee and Independent Financial Advisor

The independent board committee (the "**Independent Board Committee**"), consisting of all of the independent non-executive Directors, being Dr. Tin Yau Kelvin Wong, Mr. Wei Wei and Ms. Yang Jianping, each of whom has no interest 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 the annual cap for product sales under the Product Sales Framework Agreement (2019-2021) after taking into account the advice of the independent financial advisor.

The Company has appointed an independent financial advisor to advise the Independent Board Committee and the Independent Shareholders of the Company as to whether the increase of the annual cap for 2021 by RMB4,533.47 million as compared to the existing annual cap of RMB3,994.87 million 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 cap for product sales under the Product Sales Framework Agreement (2019-2021) for the year ending 31 December 2021, the recommendation of the Independent Board Committee and the advice of the independent financial adviser to the Independent Board Committee and the Independent Shareholders of the Company will be despatched to the Shareholders of the Company on or before 13 May 2021, which is more than 15 business days after the date of this announcement, so as to allow more time for the Company to prepare the information to be included in the circular.

Reference is made to the announcement of the Company dated 16 November 2020 and the circular of the Company dated 4 December 2020, in relation to the continuing connected transactions under the Product Sales Framework Agreement (2019-2021), and 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 Wind Power Service Framework Agreement (2019-2021).

1. Proposed Revision of Annual Caps for 2021 of the Continuing Connected Transactions

1.1 Product Sales Framework Agreement (2019-2021)

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

	Unit: RMB million			
	For the year ended 31 December 2019	For the year ended 31 December 2020	For the year ending 31 December 2021	For the two months ended 28 February 2021
Existing annual caps	2,946.94	4,955.73	3,994.87	-
Historical Transaction Amounts of Product Sales	2,633.37	4,189.72	-	266.22
Utilization (%)	89.36	84.54	-	6.66

The existing annual cap for product sales under the Product Sales Framework Agreement (2019-2021) for the year ending 31 December 2021 is unable to meet the business needs of the Company. Thus, on 12 April 2021, the Board resolved to propose revision of the annual cap for product sales under the Product Sales Framework Agreement (2019-2021) for the year ending 31 December 2021 as follows:

	Unit: RMB million
	For the year ending 31 December 2021
Product Sales (Existing cap)	3,994.87
Proposed increase	4,533.47
Product Sales (New cap)	8,528.34

1.2 Wind Power Service Framework Agreement (2019-2021)

The existing annual caps and historical transaction amounts of wind power service and utilization of the annual cap under the Wind Power Service Framework Agreement (2019-2021) are set out as follows:

Unit: RMB million

	For the year ended 31 December 2019	For the year ended 31 December 2020	For the year ending 31 December 2021	For the two months ended 28 February 2021
Existing annual caps	82.96	120.23	200.20	-
Historical Transaction Amounts of Wind Power Service	56.86	12.70	-	2.94
Utilization (%)	68.54	10.56	-	1.47

The existing annual cap for wind power service under the Wind Power Service Framework Agreement (2019-2021) for the year ending 31 December 2021 is unable to meet the business needs of the Company. Thus, on 12 April 2021, the Board resolved to propose revisions of the annual cap for wind power service under the Wind Power Framework Agreement (2019-2021) for the year ending 31 December 2021 as follows:

	Unit: RMB million For the year ending 31 December 2021
Wind Power Service (Existing cap)	200.20
Proposed increase	489.37
Wind Power Service (New cap)	689.57

1.3 Factors Taken into Account in Determining Proposed Revised Annual Caps for the Year Ending 31 December 2021

1.3.1 The proposed revised annual cap for product sales under the Product Sales Framework Agreement (2019-2021) for the year ending 31 December 2021 was determined with reference to the following factors:

- (a) the unaudited actual transaction amount of product sales under the Product Sales Framework Agreement (2019-2021) for the two months ended 28 February 2021 being RMB266.22 million;
- (b) the contracts and bidding agreements entered into with the Connected Persons Group in 2021 and previous years;
- (c) the bids submitted to the Connected Persons Group thus far in 2021 and potential bidding requirements;
- (d) the Company's plan to deliver WTGs and related spare parts to the Connected Persons Group; and
- (e) sales to the Connected Persons Group resulting from financing leases provided by the Connected Persons Group to independent customers for their purchase of WTGs from the Company.

According to the above-mentioned sales plan with the Connected Person Group for 2021, the Company made a production plan and delivery plan based on production capacity, which can fully meet the demand plan of the Connected Person Group in 2021.

1.3.2 The proposed revised annual cap for wind power service under the Wind Power Service Framework Agreement (2019-2021) for the year ending 31 December 2021 was determined with reference to the following factors:

(a) the unaudited actual transaction amount of wind power service under the Wind Power Service Framework Agreement (2019-2021) for the two months ended 28 February 2021 being RMB2.94 million; and

(b) the increased scale of wind power service provided by the Company to the Connected Persons Group in 2021.

2. Reasons for and Benefits of the Proposed Revision of Annual Caps for 2021 of the Continuing Connected Transactions

2.1 Reasons for and Benefits of the Proposed Revision of Annual Cap under the Product Sales Framework Agreement (2019-2021)

In December 2020, the State Council issued a white paper titled “*Energy Development in China's New Era*” (《新時代的中國能源發展》白皮書), which clarified that non-fossil energy should be placed as the priority of energy development. On 26 February 2021, the National Energy Administration (“NEA”) issued the *Notice on Matters Relating to the Development and Construction of Wind Power and Photovoltaic Power Generation in 2021 (Draft for Comments)* (《關於2021年風電、光伏發電開發建設有關事項的通知(徵求意見稿)》), which stated that the proportion of generation of wind power and photovoltaic power to the total power consumption of the whole society in 2021 shall reach approximately 11%, and stated targets such as carbon peak by 2030 and carbon neutralization by 2060, that the proportion of non-fossil energy to the consumption of primary energy in 2030 shall reach approximately 25%, and the total installed capacity of wind power and solar power generation shall reach over 1.2 billion kW.

Against this backdrop, wind power developers have formulated and announced active development plans for the "14th Five-Year" period and "carbon neutral" wind power projects. China Three Gorges New Energy has formulated a strategic development plan to maintain the annual growth rate of 15 million kW newly installed capacity of clean energy.

(a) Onshore wind power business

According to the *2020 Wind Power Investment Monitoring and Early Warning Results* (《2020年風電投資監測預警結果》) (website: http://zfxgk.nea.gov.cn/2020-03/30/c_138944089.htm) issued by the NEA, several provinces in northern China were all excluded from the red alert zone, and an increasing

number of large-scale base projects commenced the procedures of approval, bidding and construction. At the same time, power grid companies have invested in the construction of ultra-high voltage power transmission channels for large-scale base projects, which will bring about a recovery in installed capacity.

With the implementation of the strategic development plan of the Connected Persons Group, there have been more potential demands for tender. The Company intends to participate in more project tenders, which will increase the sales capacity of the wind turbines and other products of the Company and the Connected Persons Group.

In order to meet the high market growth demand brought by the adjustment of wind power policies and continue to explore and innovate, the Company invested in the Three Gorges Clean Energy Equity Investment Fund (Tianjin) Partnership (Limited Partnership)* (三峽清潔能源股權投資基金(天津)合夥企業(有限合夥)) as a limited partner. Leveraging on the Company's industrial resources in the wind power field and with the help of the industrial resources and professional management experience of professional investment institutions and the Connected Persons Group, the Connected Persons Group will be able to achieve the strategic development goals and drive the growth in sales volume of the Company's wind turbines and other products.

(b) Offshore wind power business

On 21 May 2019, the National Development and Reform Commission (“NDRC”) issued the *Notice on Improving the Wind Power On-grid Tariff Policy* (《關於完善風電上網電價政策的通知》) (the “Notice”) (https://www.ndrc.gov.cn/xxgk/zcfb/tz/201905/t20190524_962453.html), which explicitly stated the tariff policy of newly approved offshore wind power projects, changed the benchmark of on-grid tariff of offshore wind power to a guidance price, and stipulated that the on-grid tariffs of newly approved offshore wind power projects shall all be determined through competition and shall not be higher than the guidance price of the resource area where the project is located. The Notice also sets out the time limit for the offshore wind power projects to be connected to the grid:

For offshore wind power projects that have been approved by the end of 2018, if all units are connected to the grid by the end of 2021, the on-grid tariff at the time of approval shall be implemented, whereas if all units are connected to the grid in 2022 and later, the guidance price for the year of on-grid connection shall be implemented.

The year of 2021 is the last year of tariff cut to grid parity, and the market has formed a policy-driven rush of installation. Therefore, the Connected Persons Group plans to complete the performance of the existing purchase contracts for the offshore large-capacity wind power units in 2021.

As affected by the sea conditions, the delivery for certain projects in 2020 did not complete as expected, resulting in the transaction amount of RMB1.017 billion being deferred to 2021.

Based on the above, the Company expected that the installed capacity of onshore and offshore wind farms of the Connected Persons Group will increase significantly in 2021, among which, the amount of products sold by the Company to the Connected Persons Group for the onshore power generation business will increase by 227% as compared to the estimated amount for 2021 before the revision of the annual cap, and the amount of products sold for the offshore power generation business will increase by 65% as compared to the estimated amount for 2021 before the revision of the annual cap.

2.2 Reasons for and Benefits of the Proposed Revision of Annual Cap under the Wind Power Service Framework Agreement (2019-2021)

The scale of wind power services provided by the Company to the Connected Persons Group will increase in 2021. Accordingly, the Company applies for an increase in the amount of wind power service to be provided to the Connected Persons Group in 2021.

In summary, the Company intends to increase the existing annual cap with the Connected Persons Group for 2021 and revise the annual cap with the Connected Persons Group for 2021 on wind power service for the purpose of satisfying the needs of the Connected Persons Group on the products and services of the Company.

The Directors (including independent non-executive Directors) consider the terms of the transactions under the Wind Power Service Framework Agreement (2019-2021), including the proposed revised annual caps for 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.

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 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.

3. 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.

4. 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 for 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 revised annual cap for the year ending 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 the 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 the annual cap for product sales.

As one or more of the applicable percentage ratios for the revised annual cap for the year ending 31 December 2021 in respect of the continuing connected transactions contemplated under the Wind Power Service Framework Agreement (2019-2021) are more than 0.1% but less than 5%, the continuing connected transactions thereunder are subject to the announcement and annual review requirements under Chapter 14A of the Listing Rules, and are exempt from the independent shareholders’ approval requirements.

Mr. Lu Hailin, a non-executive Director, will abstain from voting at the board meeting approving the revised annual caps under the Product Sales Framework Agreement (2019-2021) and the Wind Power Service 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, will abstain from voting at the board meeting approving the revised annual caps under the Product Sales Framework Agreement (2019-2021) and the Wind Power Service Framework Agreement (2019-2021) due to his position as the chairman of Xinjiang Wind Power.

5. Independent Board Committee and Independent Financial Advisor

The Independent Board Committee, consisting of all of the 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 the annual cap 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 the annual cap for 2021 by RMB4,533.47 million as compared to the existing annual cap of RMB3,994.87 million 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.

6. Despatch of Circular

A circular containing, among other things, the notice to convene the general meeting, the proposed revised annual cap for product sales under the Product Sales Framework Agreement (2019-2021) for the year ending 31 December 2021, the recommendation of the Independent Board Committee and the advice of the independent financial adviser to the Independent Board Committee and the Independent Shareholders of the Company will be despatched to the Shareholders of the Company on or before 13 May 2021, which is more than 15 business days after the date of this announcement, so as to allow more time for the Company to prepare the information to be included in the circular.

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;

“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 Renewables;
“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 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;
“Connected Persons Group”	a group of connected persons of the Company comprising China Three Gorges Renewables, Xinjiang Wind Power and their respective associates;
“Directors”	the directors of the Company;
“Group”	the Company and its subsidiaries;
“H shares”	foreign shares in the share capital of the Company, with par value of RMB1.00 each, which are listed and traded on the Stock Exchange;
“Independent Shareholders”	the Shareholders other than China Three Gorges Renewables and Xinjiang Wind Power and their associates who will abstain from voting on the resolutions with respect to the Product Sales Framework Agreement (2019-2021) and the transactions contemplated thereunder (including the respective proposed annual caps);
“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 Connected Persons Group on 26 October 2018 in respect for the sale of WTGs 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 have been 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;
“Wind Power Service Framework Agreement (2019-2021)”	the wind power service framework agreement entered into by the Group and Connected Persons Group on 26 October 2018 in respect for the provision of wind power service by the Group to Connected Persons Group for the three years ending 31 December 2021;
“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, 12 April 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 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.

** For identification purpose only*