Goldwind

GOLDWIND SCIENCE&TECHNOLOGY CO., LTD.*
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

Announcement Regarding Accounting Policy Changes

This announcement is made by GOLDWIND SCIENCE&TECHNOLOGY CO., LTD.* (the "**Company**") pursuant to the requirements of rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Cap No. 571 of the Laws of Hong Kong).

On 28 March 2024, the 21st meeting of the eighth session of the board of directors of the Company and the 9th meeting of the eighth session of the supervisory committee of the Company reviewed and approved the Proposal regarding Accounting Policy Changes of Goldwind. The details are as follows:

I. Overview on Changes in Accounting Policies

(i) Reasons for and effective date of changes in accounting policies

On 25 October 2023, the Ministry of Finance issued the *Notice on Issuing Interpretation No. 17 of Accounting Standards for Business Enterprises (Cai Kuai [2023] No.21) (《關於印發<企業會計準則解釋第17號>的通知》(財會〔2023〕21號))* (hereinafter referred to as "**Interpretation No. 17**"), which stipulated the "Classification of Current and Non-current Liabilities" （關於流動負債與非流動負債的劃分）, "Disclosures Regarding Suppliers Financing Arrangements" （關於供應商融資安排的披露）and "Accounting Treatment for Sale and Leaseback Transactions" （關於售後租回交易的會計處理）, which were implemented and effective since 1 January 2024

With the issuance of the above-mentioned interpretation of accounting standards, the Company is required to make corresponding changes to its accounting policies and begin to implement the above-mentioned accounting standards as of the starting date specified in the respective interpretation.

(ii) Accounting policies adopted by the Company prior to the changes

Prior to the changes, the Company adopted the Accounting Standards for Business Enterprises—Basic Standards and various specific accounting standards, the Application Guidance for Accounting Standards for Business Enterprises, the interpretation announcements of the Accounting Standards for Business Enterprises and other relevant regulations issued by the Ministry of Finance, and all the International Financial Reporting Standards, International Accounting Standards and interpretation announcements issued by the International Accounting Standards Board.

(iii) Accounting policies adopted by the Company after the changes

After the changes, the Company will adopt the requirements of Interpretation No. 17 issued by the Ministry of Finance in October 2023. The unchanged remaining parts will continue to follow the Accounting Standards for Business Enterprises — Basic Standards and various specific accounting standards, the Application Guidance for Accounting Standards for Business Enterprises, the interpretation announcements of the Accounting Standards for Business Enterprises and other relevant regulations previously issued by the Ministry of Finance, and all the International Financial Reporting Standards, International Accounting Standards and interpretation announcements issued by the International Accounting Standards Board.

(iv) Details of Changes in Accounting Policies

In accordance with the requirements of Interpretation No. 17, the main changes in accounting policies are as follows:

1. Classification of Current and Non-current Liabilities

(1) Presentation

If a company does not have the substantive right to defer settlement of liabilities for more than one year after the balance sheet date, such liabilities shall be classified as current liabilities.

Whether a company has the subjective probability to exercise the right above does not affect the classification of liabilities as current or non-current. For liabilities that meet the requirements for the classification of non-current liabilities under the “Accounting Standards for Business Enterprises No. 30 – Presentation of Financial Statements”, even if the company intends or plans to settle its liabilities in advance within one year (inclusive, same as below) after the balance sheet date, or if such liabilities are already settled in advance between the balance sheet date and the date of which the financial report is being approved for issuance, the liabilities should still be classified as non-current liabilities.

For liabilities arising from corporate loan arrangements, the right of a company to defer the settlement of liabilities to more than one year after the balance sheet date may depend on its performance of covenants as stipulated in the loan arrangement (hereinafter referred to as the “Covenants”). When a company classifies such liabilities as current or non-current in accordance with Article 19 (4) of the “Accounting Standards for Business Enterprises No. 30 – Presentation of Financial Statements”, it shall consider whether it has the right to defer the settlement of liabilities on the balance sheet date based on the following circumstances:

1) The Covenants that the company shall comply with on or before the balance sheet date, even if the performance of Covenants is being evaluated after the balance sheet date (if there is a Covenant stipulating that after the balance sheet date this will be evaluated based on the financial results on the balance sheet date), which affects the judgment of whether such right exists on the balance sheet date, and in turn affects the classification of liabilities as current or non-current on the balance sheet date.

2) The Covenants that the company shall comply with after the balance sheet date (if there is a Covenant stipulating that this will be evaluated based on the financial conditions of 6 months after the balance sheet date), which will not affect the judgment of whether such right exists on the balance sheet date, and is not related to the classification of liabilities as current or non-current on the balance sheet date.

According to the provisions of the “Accounting Standards for Business Enterprises No. 30 - Presentation of Financial Statements”, settlement of liabilities when classifying liabilities as current or non-current refers to the transfer of cash and other economic resources (such as goods or services) by a company to its counterparty, or a company releases its liabilities by means of its own equity instruments.

In circumstances where the terms of the liabilities result in a company to settle its liabilities by delivering its own equity instruments at the option of the counterparty, if the company classifies the above option as an equity instrument in accordance with the provisions of the “Accounting Standards for Business Enterprises No. 37 - Presentation of Financial Instruments” which is also recognized separately as an equity component of a compound financial instrument, such term will not affect the classification of liabilities as current or non-current.

(2) Disclosures

For loan arrangements with Covenants being classified as non-current liabilities, if the right to defer settlement of liabilities of a company depends on the performance of Covenants within one year after the balance sheet date, the company shall disclose the information below in the notes, which will enable users of the financial statements to understand the risk of liabilities that may be settled within one year after the balance sheet date:

1) information about the Covenants (including the nature and the time of which the company is required to comply with the Covenants), and the carrying value of the liabilities.

2) If there are facts and circumstances indicating the company may have difficulties in performing the Covenants, these shall be disclosed accordingly (for example, the company has already taken actions during or after the reporting period to avoid or mitigate potential breaches, etc.). If, based on an assessment of the company’s actual situation at the balance sheet date, the company will be deemed to be non-performance with the relevant Covenants, this is also required to be disclosed.

(3) Transitional Arrangements

Adjustments shall be made to the information for the comparable period by the company in accordance with the provisions of this interpretation during the implementation for the first time.

2. Disclosures Regarding Suppliers Financing Arrangements

Suppliers financing arrangements (also known as supply chain financing, account payable financing or reverse factoring arrangements, same as below) as referred to in this Interpretation shall have the following characteristics: one or more financing providers provide funds for the account payables to the supplier for the company with an agreement that it shall repay the financing provider on or after the day the payment is received by its supplier in accordance with the terms and conditions of the arrangement. The supplier financing arrangement extends the company's payment period as compared to the original payment due date, or shortens the supplier's collection period. Arrangements that merely provide credit enhancement to a business (such as financial guarantees including letters of credit as security) and instruments (such as credit cards) being used by a business to settle account payables directly with suppliers are not under supplier financing arrangements.

(1) Disclosures

If a company makes notes disclosures in accordance with the "Accounting Standards for Business Enterprises No. 31 - Cash Flow Statement", it shall summarize and disclose the following information related to supplier financing arrangements, which will help users of the financial statements to evaluate the impact of these arrangements on the liabilities and cash flows of the company and the impact on the company's liquidity risk exposure:

1) Terms and conditions of supplier financing arrangements (such as extended payment terms and availability of guarantees, etc.). However, companies shall provide separate disclosures for supplier financing arrangements with different terms and conditions.

2)The following information at the beginning and end of the reporting period:

①Items and carrying amounts of financial liabilities presented in the balance sheet that are under supplier financing arrangements

②For the payment which has been received by the supplier from the financing provider in the financial liabilities disclosed in item①, the corresponding items and carrying amount of the financial liabilities presented shall be disclosed.

③The range of payment due dates for financial liabilities disclosed in item ① (for example, 30 to 40 days from receipt of invoice), and for comparable accounts payable that are not under supplier financing arrangements (for example, the accounts payable in the same business or region as the financial liabilities disclosed in item ①). If payment due dates have a wider range, companies shall also disclose explanatory information or additional information (such as tiered intervals) about those ranges.

3)The carrying amount of financial liabilities disclosed in section 2)① does not involve the type and impact of current changes in cash receipts and payments (including business mergers, exchange rate changes, and other transactions or events that do not require the use of cash or cash equivalents).

A company shall consider whether it has obtained or has means to provide deferred payments to other company through supplier financing arrangements or to provide the supplier with credit facility for early payment when it discloses liquidity risk information in accordance with the requirements of the “Accounting Standards for Business Enterprises No. 37 - Presentation of Financial Instruments”. When a company identifies liquidity risk concentration in accordance with the requirements of the “Accounting Standards for Business Enterprises No. 37 - Presentation of Financial Instruments”, it shall take into considerations that supplier financing arrangements may enable the company to concentrate part of its financial liabilities originally payable to suppliers on the financing provider.

(2) Transitional Arrangements

During the implementation of the provisions of this Interpretation for the first time, a company is not required to disclose relevant information for comparable periods, or the opening information as required in paragraphs ② and ③ under section (1) 2) in the annual report when the provisions of this Interpretation being implemented for the first time. A company is not required to disclose the above information as required in the interim report when the provisions of this interpretation being implemented for the first time.

3. Accounting Treatment for Sale and Leaseback Transactions

(1) Accounting Treatment

If the transfer of assets in the sale and leaseback transaction is a sale, after the lease term begins, the lessee shall make subsequent measurement of the right-of-use assets formed under the sale and leaseback in accordance with the provisions of Article 20 of the “Accounting Standards for Business Enterprises No. 21 – Lease”, and also make subsequent measurement of the lease liabilities formed under the sale and leaseback in accordance with the provisions of Articles 23 to 29 of the “Accounting Standards for Business Enterprises No. 21 – Lease”. When the lessee subsequently measures the lease liabilities formed under the sale and leaseback, the method of determining the lease payment or the lease payment after the change shall not result in a recognition of gains or losses related to the right of use obtained from the leaseback.

If such changes in lease result in reduced scope of the lease or lease period being shortened, the lessee shall account for the gains or losses related to the partial or complete termination of the lease in the current period in accordance with the provisions of Article 29 of the “Accounting Standards for Business Enterprises No. 21 – Lease”, and shall not be subject to the provisions of the preceding paragraphs.

(2) Transitional Arrangements

During the implementation of the provisions of this Interpretation for the first time, a company shall make retrospective adjustments to the sale and leaseback transactions carried out after the first implementation of the "Accounting Standards for Business Enterprises No. 21 – Lease" in accordance with the provisions of this Interpretation.

II. Impacts of Changes in Accounting Policies on the Company's Financial Statements Prepared under Accounting Standards for Business Enterprises — Basic Standards (the "A Share Financial Statements")

The changes in accounting policies are the corresponding changes made by the Company in accordance with the latest accounting standards revised by Ministry of Finance, which were implemented and effective since 1 January 2024. The changed accounting policies objectively and fairly reflects the Company's financial position and operating results, are in compliance with the relevant laws and regulations and the actual situation of the Company, will have no material effect on the Company's financial position, operating results and cash flow, and does not prejudice the interests of the Company and all shareholders.

III. Impacts of Changes in Accounting Policies on the Company's Financial Statements Prepared under International Financial Reporting Standards (the "H Share Financial Statements")

As the H Share Financial Statements are prepared in accordance with the International Financial Reporting Standards, which will not be affected by Interpretation No. 17, the accounting policies of the H Share Financial Statements remain unchanged and the H Share Financial Statements are not subject to the adjustments similar to those in the A Share Financial Statements.

By order of the Board
GOLDWIND SCIENCE&TECHNOLOGY CO., LTD.*
Ma Jinru
Company Secretary

Beijing, 28 March 2024

As of the date of this announcement, the executive directors of the Company are Mr. Wu Gang, Mr. Cao Zhigang and Mr. Liu Rixin; the non-executive directors of the Company are Mr. Gao Jianjun, Ms. Yang Liying and Mr. Zhang Xudong; 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*