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**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**

## **Provision for Credit Impairment and Assets Impairment for the Year Ended 31 December 2023**

This announcement is made pursuant to Rule 13.09(2)(a) and Rule 13.10B of the *Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited* (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the *Securities and Futures Ordinance* (Chapter 571, Laws of Hong Kong).

GOLDWIND SCIENCE&TECHNOLOGY CO., LTD.\* (the “**Company**”, and together with its subsidiaries, the “**Group**”) held the 21st meeting of the eighth session of the board of directors and the 9th meeting of the eighth session of the supervisory committee on 28 March 2024, and the board of directors and supervisory committee considered and approved the Proposal on the Provision for Credit Impairment and Assets Impairment of Goldwind for 2023. The details are announced as follows:

The board of directors of the Company (the “**Board**”) wishes to refer the shareholders of the Company and potential investors to the provision for credit impairment and assets impairment of the Group (the “**Provision for Credit Impairment and Assets Impairment**”) for the year ended 31 December 2023 as detailed below.

### **I. Overview of the Provision for Credit Impairment and Assets Impairment**

In accordance with the relevant requirements under the China Accounting Standards for Business Enterprises (“**CASBE**”), the *Stock Listing Rules on the Shenzhen Stock Exchange*, and the Group’s accounting policies, and to objectively and fairly reflect the Group’s financial positions as at 31 December 2023 and operation results for 2023, the Company and its subsidiaries made a total provision of RMB710.5327 million for the Provision for Credit Impairment and Assets Impairment of certain assets after a comprehensive inspection and adequate assessment analysis of various assets

accounted in the consolidated financial statements as at 31 December 2023.

Details are as follows:

Item	Amount in 2023 (RMB ten thousand)
<b>Credit impairment Provision</b>	<b>26,217.83</b>
Including: receivables	20,325.08
Other receivables	4,894.02
Long-term receivables	968.67
Debt investments	30.06
<b>Assets impairment losses</b>	<b>44,835.44</b>
Including: inventories	14,434.09
Goodwill	7,093.28
Construction in progress	11,918.15
Intangible assets	6,952.05
Other non-current assets	4,803.84
Contract assets	-365.97
<b>Total</b>	<b>71,053.27</b>

The amount of Provision for Credit Impairment and Assets Impairment was accounted for in the reporting period from 1 January 2023 to 31 December 2023.

## II. Details of the Provision for Credit Impairment and Assets Impairment

### (1) Provision for Credit Impairment

In accordance with relevant requirements of CASBE No.22 - *Recognition and Measurement of Financial Instruments*, expected credit losses have been calculated on an individual or collective basis pursuant to credit risk characteristics of receivables, other receivables, long-term receivables, and debt investments.

Recognition on an individual basis: there is evidence that when a single receivable is impaired, the impairment for a single receivable shall be tested on an individual basis. The impairment shall be recognized in accordance with the difference between its book value and the present value of its future cash flow.

Provisions made on collective basis: Based on historical credit loss, the Group applied specific forward-looking factors of debtor and economic environment to adjust and established a credit loss matrix, taking into account the credit risk characteristics of different customers, and evaluated the expected credit losses of receivables on a collective basis.

### 1.1. Impairment of Receivables

Due to the fact that several customers had experienced material financial difficulties, adverse changes in operating or financial conditions, or a record of breach of contract, default or overdue payments for principal, the Group, in the estimation that receivables may not be collected in full, therefore performed test with the expected credit loss (“ECL”) model on an individual basis to evaluate the expected losses for receivables and recognized impairment losses of RMB81.9933 million. As a result of the improved operating or financial conditions of some customers or enhanced long-aging receivables management of the Group, the Group had collected several customers’ receivables during the year ended 31 December 2023, therefore made reversal of impairment of receivables on an individual basis of RMB41.9927 million. The Group performed tests with the ECL model on a collective basis to evaluate the expected losses for receivables and recognized impairment losses of RMB163.2502 million. The total amount of impairment provision recognized for receivables was RMB203.2508 million.

### 1.2. Impairment of other Receivables

The Group performed tests with the ECL model on a collective basis to evaluate the expected losses for other receivables and recognized impairment provision of RMB48.9402 million for other receivables.

### 1.3. Impairment of long-term receivables

The Group performed tests with the ECL model on a collective basis to evaluate the expected losses for long-term receivables and recognized credit impairment provision of RMB9.6867 million for long-term receivables.

### 1.4. Impairment of debt investments

The Group performed tests with the ECL model on a collective basis to evaluate the expected losses for debt investments and recognized credit impairment provision of RMB300,600 for debt investments.

In summary, the Group recognized a total of credit impairment provision of RMB262.1783 million in total for receivables, other receivables, long-term receivables and debt investments in 2023.

## **(2) Provision for Assets Impairment**

### **1. Provision for impairment of inventories**

In accordance with the relevant requirements of CASBE No. 1 — *Inventories*, the Group’s inventories are measured at the lower of cost and net realizable value. In calculating the provision for impairment of inventories, raw materials, work in progress, inventory of goods and development costs of power station products are recognized on an individual category basis.

Subsequent to the provision for impairment of inventories, if the factors that previously caused any write-down of inventories are eliminated and the net

realizable value of the inventories is higher than its carrying amount, the excess amount shall be reversed to the original provision amount for impairment of inventories and the amount reversed is recognized in the profit or loss for the current period.

The Group conducted impairment tests on inventories in 2023. Based on the test results, the Group made a provision for impairment of inventories amounting to RMB144.3409 million.

## **2. Provision for impairment of long-term assets**

According to the relevant requirements of CASBE No. 8 — Impairment of Assets, an enterprise shall determine at the balance sheet date whether there is any indication that the long-term equity investment, investment properties measured by cost method, fixed assets, construction in progress and intangible assets with definite useful lives may be impaired. If there is any indication of impairment, the recoverable amount shall be estimated and tested for impairment. Goodwill formed by company mergers and intangible assets with indefinite useful lives shall be tested for impairment at least at the end of each year, regardless of whether there is any indication of impairment. Once asset impairment loss is recognized, it will not be reversed in subsequent accounting periods.

The recoverable amount shall be the higher of the net amount after deducting the cost of disposal from the fair value of an asset and the present value of the estimated future cash flow of an asset. The Group estimated the recoverable amount on the basis of individual assets. If the recoverable amount of an individual asset is hard to estimate, the recoverable amount of an asset group shall be determined based on the asset group where the asset belongs.

Details for the provision for impairment of long-term assets in 2023 are as follows:

Unit: RMB ten thousand

<b>Provision for impairment of long-term assets</b>	<b>Amount in 2023</b>
Goodwill	7,093.28
Construction in progress	11,918.15
Intangible assets	6,952.05
<b>Total</b>	<b>25,963.48</b>

### **2.1 Provision for Impairment of Goodwill**

In accordance with CASBE, the Group engaged independent appraisers to perform impairment tests for the goodwill formed during the acquisition of a company. The recoverable amount of that company in 2023 was determined in accordance with estimated future cash flow. The estimated future cash flow was determined on the basis of a financial budget covering a five-year approved by the senior management and a sustainable growth rate. Key assumptions to determine the estimated cash flow are as follows:

Estimated gross margin – on the basis of average gross profit margin realized in the previous year of the budget year, the average profit margin shall be appropriately adjusted according to the expected market development.

Discount rate – a pre-tax discount rate that reflects the specific risks of the relevant asset group.

The amounts allocated to the above-mentioned asset group or asset group combinations related to key assumptions such as market development and discount rates are consistent with the Group's historical experience and external information.

The Group made a provision for impairment of goodwill amounting to RMB70.9328 million based on the impairment test results in 2023.

## **2.2 Provision for Impairment of Construction in progress**

The Group performed impairment tests for certain wind power projects with signs of impairment in 2023. Based on the difference between the recoverable amount assessed and the book value of the related assets, the Group recognized impairment provision of RMB119.1815 million for construction in progress.

## **2.3 Provision for Impairment of Intangible assets**

The Group performed impairment test on certain water treatment plant projects with impairment indicator. Based on the difference between the recoverable amount and the book value of the relevant assets, the Group recognized impairment provision of RMB69.5205 million for intangible assets.

## **3. Other Non-current Assets and Contract Assets**

According to the relevant provisions of CASBE No. 22 – *Recognition and Measurement of Financial Instruments*, the Group calculated expected credit losses on an individual or collective basis based on credit risk characteristics of other non-current assets and contract assets.

In 2023, based on the ECL model, the Company made impairment provisions for other non-current assets of RMB47.7017 million and impairment provisions for contract assets of RMB1.2123 million on an individual basis for receivables under service concession arrangements of individual reservoirs and sewage treatment plants; The Group performed tests with the ECL model on a collective basis to evaluate the expected credit losses for other non-current assets and contract assets, and recognized impairment provision of RMB336,700 for other non-current assets, and made reversal of impairment provision of RMB4.8720 million for contract assets.

In summary, the Group recognized impairment provision of RMB48.0384 million for other non-current assets, and made reversal of impairment provision of RMB3.6597 million for contract assets.

## **III. Impact on the Group of the Provision for Credit Impairment and Assets**

## **Impairment**

As at 31 December 2023, the Group made a provision for credit impairment losses and assets impairment losses totalling RMB710.5327 million, reducing the net profit attributable to shareholders of the Company in 2023 by RMB571.8068 million and correspondingly reducing the owners' equity attributable to the shareholders of the Company as at the end of the reporting period by RMB571.8068 million.

The provision for credit impairment and assets impairment is in line with the relevant requirements of CASBE, objectively and fairly reflects the Group's financial position and operating results, and does not prejudice the interests of the Company and all shareholders.

### **IV. The Opinion of the Audit Committee**

The Audit Committee is of the view that the provisions for asset impairment made by the Group is in compliance with the relevant requirements under the CASBE, Hong Kong Financial Reporting Standards as well as the Group's accounting policies and accounting estimates. After making impairment provisions, the financial statements for the year ended 31 December 2023 can fairly reflect the asset status and operating results of the Group. Therefore, it approved the asset impairment provisions, and submitted the matter to the Board.

### **V. The Opinion of the Board**

The Board is of the view that the Provision for Credit Impairment and Assets Impairment is in compliance with the relevant requirements under the CASBE and the Group's accounting policies are well-substantiated and reflect the accounting principle of prudence. The Board is of the view that the Provision for Credit Impairment and Assets Impairment gives a fairer view of the financial conditions and operation results of the Group for the year ended 31 December 2023 and the accounting information of the Group will be more reasonable. Therefore, the Board approved the Provision for Credit Impairment and Assets Impairment.

### **VI. The Opinion of the Supervisory Committee**

The supervisory committee is of the view that the Provision for Credit Impairment and Assets Impairment is in compliance with the relevant requirements under the CASBE and the Group's accounting policies, in accordance with the Group's assets and actual status of operations, and the Provision for Credit Impairment and Assets Impairment gives a fairer view of the Group's financial conditions and operation results. The decision-making process and the procedures of making the Provision for Credit Impairment and Assets Impairment are lawful and in compliance with relevant laws and regulations. The supervisory committee approved the Provision for Credit Impairment and Assets Impairment.

**Investors and shareholders are advised by the Board to exercise caution when dealing in the securities of the Company.**

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*