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Announcement on the External Guarantee by the Company's Subsidiary of Hangzhou Steam Turbine Co., Ltd.

The members of the Board and the Company acknowledge being responsible for the truthfulness, accuracy, and completeness of the announcement. Not any false record, misleading statement or significant omission carried in this announcement.

Ⅰ. Overview of the Guarantee

1. Overview

In order to meet the liquidity needs arising from the production and operation, Hangzhou Guoneng Steam Turbine Engineering Co., Ltd (which is the subsidiary of the company's subsidiary-Hangzhou Steam Turbine Auxiliary Equipment Co., Ltd, hereinafter referred to as: Guoneng Company) made an application to CITIC Bank Hangzhou Branch for the credit loan, of which the credit line is RMB 100 million with a term of one year. Hangzhou Steam Turbine Auxiliary Equipment Co., Ltd provided guarantee for the credit line with the guarantee mean in joint liability.

2. Basic information of the guarantee:

Guarantor: Hangzhou Steam Turbine Auxiliary Equipment Co., Ltd

The Guaranteed: Hangzhou Guoneng Steam Turbine Engineering Co., Ltd.

Creditor: CITIC Bank Hangzhou Branch

Maximum guaranteed amount: RMB 100 million

Guarantee mean: Joint-liability guarantee

3. Approval procedure of the guarantee

The Proposal on the Guarantee Provided by the Company's Subsidiary- Hangzhou Steam Turbine Auxiliary Equipment Co., Ltd for the Company's Subsidiary's Subordinate Company- Guoneng Company was approved in the 30th meeting of the 6th term of board of directors on Apr 6, 2016, and there were 11 company's directors participated in the vote, resulted in 11 votes of assent, 0 dissenting vote and 0 vote of abstention.

According to the Stock Listing Rules on Shenzhen Stock Exchange and relevant regulations, the above-said guarantee provided by Hangzhou Steam Turbine Auxiliary Equipment Co., Ltd for Guoneng Company is not an included situation that needed to be examined and approved in the general shareholder meeting, and does not constitute a related transaction, therefore there's no need for approval from the relevant government department.

Ⅱ. Basic Information about the Guaranteed

1. Company Name: Hangzhou Guoneng Steam Turbine Engineering Co., Ltd.

2. Date of establishment: December 7, 2006

3. Place of registration: Yuhang Tangqi Industrial Area

4. Legal representative：Yu Changquan

5. Registered capital: RMB 40 million

6. Business scope: design, manufacturing, technical services, technology consultation: steam turbine auxiliary equipment and spare parts.

7.The relationship with the company: Hangzhou Guoneng Steam Turbine Engineering Co., Ltd. is the subsidiary of Hangzhou Steam Turbine Auxiliary Equipment Co., Ltd and Hangzhou Steam Turbine Auxiliary Equipment Co., Ltd holds 75% stake of Guoneng Company; the company holds 87.53% stake of Hangzhou Steam Turbine Auxiliary Equipment Co., Ltd.

8. The recent financial situation of the guaranteed:

The total assets of Hangzhou Guoneng Steam Turbine Engineering Co., Ltd. at the end of 2014 is RMB 376,712,466.72 and the net assets is RMB 149，307，091.39.The main business revenue of year 2014 is RMB 421,489,203.28 , the total profits is RMB47,419,378.67 and Net profit is RMB 40,041,959.25.

The total assets of Hangzhou Guoneng Steam Turbine Engineering Co., Ltd. at the end of 2015 is RMB 383,281,959.42 and the net assets is RMB 131,986,906.79.The main business revenue of year 2015 is RMB 381,890,009.53 , the total profits is RMB36,510,413.35 and Net profit is RMB 31,282,146.02.

Ⅲ.The main contents of the guarantee agreement

The main contents of the Maximum Amount Guarantee Contract signed between the Hangzhou Steam Turbine Auxiliary Equipment Co., Ltd and CITIC Bank are as follows:

1.Maximum guaranteed amount: RMB 100 million

2.Guarantee mean: Joint-liability guarantee

3.Guarantee scope: The sum of the expenses arising from the maximum amount of the principal claim and the interest thereof, penalty interest, default fine, compensation for damage and expenses, guarantee right and so on, and all other accrued expenses.

4.Guarantee period: Two years commenced from the date of the expiration of the occurrence period of the principal claim.

5.The debt period of the principal contract: April 1, 2016 to April 1, 2017

IV. Opinions from Board of Directors

Guoneng Company’s application for credit extension loan from China CITIC Bank is to satisfy its demand for current capital, capital for supporting its production and operation, and issuing various kinds of bank guarantees. As its parent company, Fuji Company can solve the current capital problem by guaranteeing Guoneng's credit extension loan of RMB 100 million, thus satisfying Guoneng's capital demand for production and operation. The board of directors executes the deliberation procedure per the rules and regulations and ensures that the guarantee is legitimate.

Guoneng Company maintains a relatively good record in aspects of asset quality, operation condition, industry prospect, debt paying ability and credit status. The board holds that guaranteeing it won't have any negative effect on the company.

Hangzhou Steam Turbine Auxiliary Equipment Co., Ltd holds 75% stock rights of Guoneng Company. And the guarantee this time exceeds the that of shareholding ratio. However, Hangzhou Steam Turbine Auxiliary Equipment Co., Ltd has already signed a counter guarantee agreement with Guoneng Company, which stipulates that Guoneng Company provide equal guarantee for Hangzhou Steam Turbine Auxiliary Equipment Co., Ltd. The terms and conditions as stipulated in guarantee agreement comply with the principle of fairness and equality.

V. Cumulative Amount of External Guarantee and Amount of Overdue Guarantee

By this announcement date, the accumulative amount of external company by the company and its holding subsidiary is RMB 100 million, taking up 2.18 % of the audited net capital in 2015 which amounts to RMB4,589,137,018.15.

The company has not provided guarantee for controlling shareholders, other affiliated party, any other legal or non-legal entities or individuals, neither has it had any past external guarantee by this notice day. The company has no overdue guarantee. And it has no litigation-involved guarantee amount or amount of loss resulting from failing guarantee-related litigation.

VI. Documents available for inspection

1. Resolutions of the 30th Meeting of the 6th Term of Board

2.Contract on Guaranty of Maximum Amount signed by Hangzhou Steam Turbine Auxiliary Equipment Co., Ltd and China CITIC Company;

3.Counter Guarantee Contract signed by Hangzhou Steam Turbine Auxiliary Equipment Co., Ltd and Hangzhou Guoneng Steam Turbine Engineering Co., Ltd.

The Board of Directors of Hangzhou Steam Turbine Co., Ltd.
April 7 2016