

Hangzhou Steam Turbine Co., Ltd.**Announcement on amending the articles of association of the company**

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.

In order to thoroughly implement the spirit of the sixth Plenary Session of the 18th CPC Central Committee and the important speech spirit of General Secretary Xi Jinping at the Party Construction Work Conference of the State-owned Enterprises, integrate the party's leadership into the corporate governance, embed the party organization into the corporate governance structure and clarify and implement the legal status of the party organization in the corporate governance structure, according to the Hangzhou Municipal Committee and the Hangzhou SASAC's Notice on the Incorporation of Party Building Work into the Basic Requirements of the Corporate Articles of Association (No.40-2016 Hangzhou SASAC Party Committee Document), the company's controlling shareholder Hangzhou Steam Turbine Power Group Co., Ltd. has put forward the proposal of amending the Company's Articles of Association to the company and such proposal will be submitted to the company's 2016 annual shareholders' general meeting for deliberation. The concrete amendment of the Articles of Association is as follows:

I. Adding the following contents of the Article 2 and Article 3 of the General Provisions of Chapter 1

Article 2 In accordance with the relevant provisions of the Company Law and the Articles of Association of the Chinese Communist Party, the party organization possesses the legal status in the corporate governance structure, playing the role of leadership core and political core.

Article 3 In accordance with the Constitution, the Company Law and the Articles of Association of the Communist Party of China, the Company shall set up a party committee to carry out its work in accordance with the requirements of the higher party organizations and coordinate the work between the board of directors, the board of supervisors and the management. The board of directors, the board of supervisors and the management shall exercise their rights and obligations in accordance with their respective duties and jointly implement the party's guidelines

and policies.

II. Specifically adding the content of "The Party Committee" as the Chapter 4 of the "Articles of Association"

Article : The Company's Party Committee (Commission for Discipline Inspection) will be composed of secretary, deputy secretary and members, who shall be elected by the Party Congress and be approved by the higher level party organization or shall be appointed by the higher level Party organization. The term of office and the general election of the Party Committee (Commission for Discipline Inspection) will be implemented in accordance with the provisions of the Articles of Association of the Communist Party of China and the Regulations on the Election of Local Organizations of the Communist Party of China.

Article: The company's party committee shall participate in the major decisions through the leadership system of "Two-way entry and cross appointment". The Eligible members of the Party Committee may enter the board of directors, the board of supervisors and the management through statutory procedures. The members of the board of directors, the board of supervisors and the members of the management who meet the requirements may enter the party committee in accordance with the relevant regulations and procedures. In principle, the secretary of the Party Committee and the chairman of board shall be held by the same person, and it shall set the full-time party secretary, secretary of commission for Discipline Inspection.

Article: The Company's Party Committee (Commission for Discipline Inspection) will set up working organs, staffing the Party Affair work personnel corresponding to the size of the company. Its organizational structure and staffing are simultaneously incorporated into the management organization and staffing of the company. The remuneration of the Party Affair work personnel shall be the same with the first level management, implementing equal remuneration for the same posts. The party work expenses shall be included in the company's financial budget, disbursed from the management fee.

Article: The Party committee of the Company shall perform the following functions and powers:

(1) To play the role of leadership core and the political core , and to carry out the work centering on the production and operation of the Company.

(2) To ensure the implementation of the party's and the state's lines, principles and policies in the Company.

(3) To support the board of directors, the board of supervisors and the manager to exercise their powers according to law.

(4) To wholeheartedly rely on the masses of workers and to support the work of the workers'

Congress.

(5) To participate in major corporate decision-making, and to implement the decision-making supervision mechanism of "Three-Importance & One-Large". The board of directors shall listen to the opinions of the party committee before deciding upon the major issues of the company. Major business management matters must be firstly discussed and deliberated by the Party Committee of the company and then be decided by the board of directors and the management.

(6) To strengthen the party organization construction, and to lead the ideological and political work and the Construction of spiritual civilization, and to lead the mass organizations including the labor union and the Communist Youth League.

(7) To fulfill the main responsibility of building a clean government, and to regularly study the work of building a clean government, support the work of the Commission for Discipline Inspection and fully implement the supervision responsibilities.

(8) To decide upon other matters that the party committee considers necessary.

Article: The ways of the party committee's deliberation are specified in the party committee's rule of procedure.

III. The last one of the articles of association: "The Articles of Association shall be implemented as of the date of adoption of the First Provisional Shareholders' General Meeting in 2016 **and amended as** "the implementation of the Articles of Association since the adoption of the Shareholders' General Meeting 2016".

IV. After the above chapters and terms are adjusted, the original "Articles of Association" chapters and terms shall be adjusted accordingly.

The Board of Directors of Hangzhou Steam Turbine Co., Ltd.

June 20, 2017