

Hangzhou Steam Turbine Co., Ltd.

Announcement on the progress of receiving compensation for relocation

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.

The Company signed the “Compensation Agreement for the Relocation of Non-residential Houses on State-owned Land” with Hangzhou Xiacheng Urban Construction Investment Development Group Co., Ltd. The Company received a total of RMB 1,299,324,850 for the compensation for relocation. For details, please refer to the Announcement of the progress of the relocation project on August 6, 2018 (Announcement No.: 2018-57).

The Company recently received a compensation of RMB 228,552,142.55 for the relocation, and it has received a total of compensation of RMB 849,111,164.31 for relocation as of the announcement date.

The Company shall handle the compensation for land requisition and relocation as a special payable in accordance with the provisions of the “No. 3 Accounting Standards for Business Enterprises Interpretation” and the “No. 16 Accounting Standards for Business Enterprises—Government Subsidies” by the Ministry of Finance. The final accounting treatment shall be subject to the annual audit opinion of the accounting firm.

The company will also continue to pay attention to the progress of the relocation work and fulfill its obligation of information disclosure in a timely manner. Investors are advised to pay attention to investment risks.

This announcement is hereby made.

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

January 6, 2021