

## Hangzhou Steam Turbine Co., Ltd.

### Report of the Supervisory Committee of 2020

In 2020, the Supervisory Committee had been performing its duties according to the Company Law, Securities Law, the Articles of Association, and Meeting Criteria of Supervisory Committee. Inspections were conducted regularly on the Company's business operation, financial position, and operation of the Board and executives, aimed at guarding the legal benefits of the shareholders, the Company, and employees, and promote healthy development of the Company.

#### I. Meeting and examinations in the report period

In the report period, the Committee had held 3 regular or provisional meetings. A number of issues were inspected and examined, including the periodic reports, financial reports, dividend plans, introspection reports, Changes in accounting policies and amendments to articles of association, The election of the board of supervisors, Impairment of assets and asset write off.

#### Fulfilling of duties of the Supervisory Committee

No. of meeting	Date of meeting	Titles of proposals
The 3rd meeting of the 8th term of Supervisory	April 22,2020	1. Work Report of the Supervisory Committee 2019 ; 2. Annual Report 2019 and Summary; 3. The Financial Report 2019; 4. . The Dividend Plan 2019 ; 5. The Internal Control Introspection Report 2019; 6. The Proposal on Changes in Accounting Policies; 7.The Full Text and Official Text of the First Quarter Report 2020.
The 4th meeting of the 8th term of Supervisory	August 27,2020	1.The semi-annual report 2020 and the Summary 2. The Proposal on Revising the Company's Article of Association
The 5th meeting of the 8th term of Supervisory	October 28,2020	The Full Text and Official Text of the Third Quarter Report 2020

#### II. Presenting of board meetings and shareholders' meetings

The Committee presented 7 board meetings and 2 shareholders' meeting during the report period. Through participating of these meetings, the Committee acquired information about the Company's decision-making process and business management. Communications were made effectively with the shareholders, directors, and executives. Flaws in operation were discovered on time. The supervisors were exercising their duties at the meetings and performed inspection on decision-making processes and risk-control approaches.

#### III. Fulfilling of duties in the report period

In 2020, the Committee performed inspections on the following aspects in viewing of legal operation and good economic efficiency.

1. Supervising on the business operation: The Supervisors participated in the meetings of the Board and supervised the main decision-making procedures; verified the execution of resolutions of the

shareholders' meeting and board meetings, as well as the major investment plans and related transactions. The Committee also provided corresponding opinions and suggestions on the business operation of the Company.

2. Inspection on financial activities: Inspection on business operation and financial position is the key work of the Committee. The Committee urged the Company to improve its accounting system and internal control system according to the Accounting Law and new accounting standard, and thereafter supervised the change of accounting policies; supervised the processes of accounting works; improvement opinions were provided according to the laws and regulations.

3. Supervising the executives: to perform effective supervising over the performances of the directors and executives of the Company, the Supervisory Committee urged them to study the laws and regulations to upgrade their sense of legal operation, therefore ensure legal operation of the Company. All of the directors, supervisors, and executives were acting according to the law without being punished by any department.

4. Supervising on inside information management The Company revised the Information Insider Registration and Administration Rules according to the regulations of CSRC and SSE. Information Insider Files were established covering all of the directors, supervisors, executives and other insiders, and filed to SSE. This was for the effectiveness of confidential works and information disclosure. No illegal trade was found with the aforesaid personnel in the report period.

#### **IV. Summary of the Committee's opinion on particular issues**

In the report period, the Committee had issued opinions on the periodic reports, introspective report on internal control and Changes in Accounting Policies with regard to the regulations and duties of the Committee. Specific as follows:

##### **1. Opinions on the periodic reports of the company**

The Board of Supervisors believes that the procedures for the preparation and review of the Annual Report of 2019, the First Quarter Report of 2020, the Semi-annual Report of 2020 and the Third Quarter Report of 2020 of the Company by the Board of Directors comply with laws, administrative regulations and the provisions of the China Securities Regulatory Commission, and the contents of the reports truly, accurately and completely reflect the actual situation of listed companies, with no false records, misleading statements or major omissions.

##### **2. Opinions on the internal control self-evaluation report of the company**

The Internal Control Introspection Report 2019 was reflecting the operation of the internal control system objectively, frankly, and completely.

##### **3. Opinions on Changes in Accounting Policies**

The Board of Supervisors considered that: this accounting policy change is a reasonable change and adjustment according to the regulations promulgated by the Ministry of Finance, the implementation of accounting policy changes can objectively and fairly reflect the Company's financial status and operating results; the relevant decision-making procedures are in compliance with relevant laws and regulations and the Company's Articles of Association, with that there is no situation jeopardizing the interests of the Company and its shareholders. The company's board of supervisors agreed to this accounting policy change.

The Supervisory Committee of Hangzhou Steam Turbine Co., Ltd.

April 17.2021