

Hangzhou Steam Turbine Co., Ltd.
Measures for the Evaluation and Management of the Implementation of
the 2021 Restricted Stock Incentive Plan

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.

These measures are formulated in accordance with the relevant laws, regulations and normative documents, to ensure the smooth progress of Hangzhou Steam Turbine Co., Ltd.'s 2021 restricted stock incentive plan (hereinafter referred to as the "Incentive plan"), and further improve the corporate governance structure of the company, perfect the medium and long-term incentive and restraint mechanism, as well as to fully mobilize the enthusiasm and creativity of high-level management personnel and technical personnel, the business backbone personnel, thereby promoting the smooth realization of the company's development plan.

I. The purpose of the assessment

For the sake of improving the corporate governance structure of the company, establishing and improving the company's incentive and restraint mechanism, promoting the honest and diligent work of the incentive objects, thus to ensure the realization of the company's development strategy and business objectives, thereby promoting the company's sustainable development and ensuring the smooth implementation of the company's equity incentive plan.

II. Assessment Principles

Evaluation must adhere to the principles of impartiality, openness, and fairness, and evaluate strictly in accordance with these Measures and the performance of the evaluation object, thus to realize the close integration of the equity incentive plan with the work performance and the contribution of the incentive object, thereby improving the management performance and realizing the maximum interests of the company and all shareholders.

III. The Scope of Assessment

These measures apply to all incentive objects participating in the company's incentive plan, including the company's directors, middle and senior managers, and core backbones.

IV. The assessment agency

(1) The Remuneration and Evaluation Committee of the Board of Directors is responsible for leading and reviewing the evaluation work of incentive objects.

(2) The company's human resources department is responsible for the specific implementation of the assessment work. The Human Resources Department is responsible to the Remuneration and Evaluation Committee of the Board of Directors and for responsible of reporting.

(3) The company's human resources department, financial department and other relevant departments are responsible for the collection and provision of relevant assessment data, and are responsible for the authenticity and reliability of the data.

(4) The board of directors of the company is responsible for the review of the assessment results.

V. Performance appraisal and evaluation indicators and standards

The performance evaluation indicators and standards are detailed in the "Draft of Restricted Stock Equity Incentive Plan". If the performance evaluation indicators and standards are revised by the general meeting of shareholders, the revised ones shall prevail.

VI. Individual level assessment of incentive objects

The individual assessment of the incentive objects is carried out on a yearly basis, and the performance evaluation results (S) are classified into 4 levels. The percentage of share sales restriction lifted in the year is determined according to the results of individual performance evaluation in the year. The actual lifting quota of the individual in the year = the lifting restriction coefficient × the lifting sales restriction quota in the plan for the personal in the year. Special circumstances in the performance evaluation shall be determined by the board of directors. See the table below for details:

Evaluation result (S)	Excellent	Good	Qualified	Unqualified
Lifting sales-restriction coefficient	1		0.8	0

Restricted stocks that cannot be lifted in the current period due to the results of individual performance appraisal shall not be deferred to the next period to be lifted, and the company shall repurchase those at the granted price.

VII. Assessment period and frequency

1. The assessment period

The fiscal year prior to the grant or lifting of restricted stock to the incentive object..

2. Number of frequency of assessment

The assessment years of this incentive plan are three fiscal years from 2021-2023, and the assessment is conducted once a year.

VIII. Assessment procedures

1. The company and its subordinate units determine the annual performance goals of each department and each subject in accordance with the management authority of each unit and the decomposition of the annual business objective, and each department and each subject to be assessed use this as the basis for the annual performance assessment.

2. At the beginning of the next year, the company organizes relevant departments to evaluate the incentive objects. The assessment mainly adopts self-evaluation, departmental evaluation, and company appraisal to finalize.

3. The Human Resources Department is responsible for the unified summary, verification and analysis of the assessment data, and thus formulates an assessment report to be submitted to the Remuneration and Assessment Committee of the Board of Directors for approval.

IX. Management of assessment results

The assessed subject has the right to know their own assessment results, and the Human Resources Department shall notify the assessed subject of the assessment results within 10 working days after the completion of the assessment.

If the subject has any disagreements with their own assessment results, they can communicate with the Human Resources Department to resolve it. If it cannot be resolved through communication, the assessed object can appeal to the Remuneration and Assessment Committee through the Human Resources Department, and the Remuneration and Assessment shall review within 10 working days and determine the final appraisal result or grade.

X. Supplementary Provisions

1. The board of directors is responsible for the formulation, revision and interpretation of these measures. If there is a conflict between these Measures and the laws, administrative regulations, and departmental rules that will be issued and implemented in the future, the laws, administrative regulations, and departmental rules and regulations that will be issued and implemented in the future shall prevail.

2. The board of directors authorizes the management to formulate detailed rules for the implementation of incentive assessment related to incentive objects based on the needs of assessment work.

3. These measures have been reviewed and approved by the company's general meeting of shareholders and will be implemented after the equity incentive plan takes effect.

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

July 12, 2021