

**Hangzhou Steam Turbine Co., Ltd.**  
**Announcement on provide Credit guarantee for Zhongneng**  
**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*

**I. Overview of the Guarantee**

The Company's holding subsidiary Hangzhou Zhongneng Steam Turbine Power Co., Ltd (hereinafter referred to as Zhongneng Company) intends to acquire the equity of Hangzhou Hangfa Power Generation Equipment Co., Ltd. (For details, please refer to the "Announcement of the Company on Acquisition of Certain Equity Assets of the Enterprise Subordinate to the Controlling Shareholder namely the Related Transaction" Announcement No.: 2021-95). In order to guarantee the demand for acquisition funds, Zhongneng Company intends to apply for a loan of 168 million yuan from Industrial and Commercial Bank of China Hangzhou Banshan Branch (hereinafter referred to as ICBC) with a loan period of five years. ICBC requires the Company to provide the joint and several liability guarantee for Zhongneng Company, with the guarantee period is three years from the date of expiry of the loan period under the main contract.

The Proposal to provide Credit guarantee for Zhongneng Company was approved in the 19th meeting of the 8th term of board of directors on November 3, 2020, and there were 9 company's directors participated in the vote, resulted in 9 votes of assent, 0 dissenting vote and 0 vote of abstention. For details, please refer to the "Announcement on Resolutions of the 19th meeting of the 8th term of the Board " (Announcement No.:2021-94).

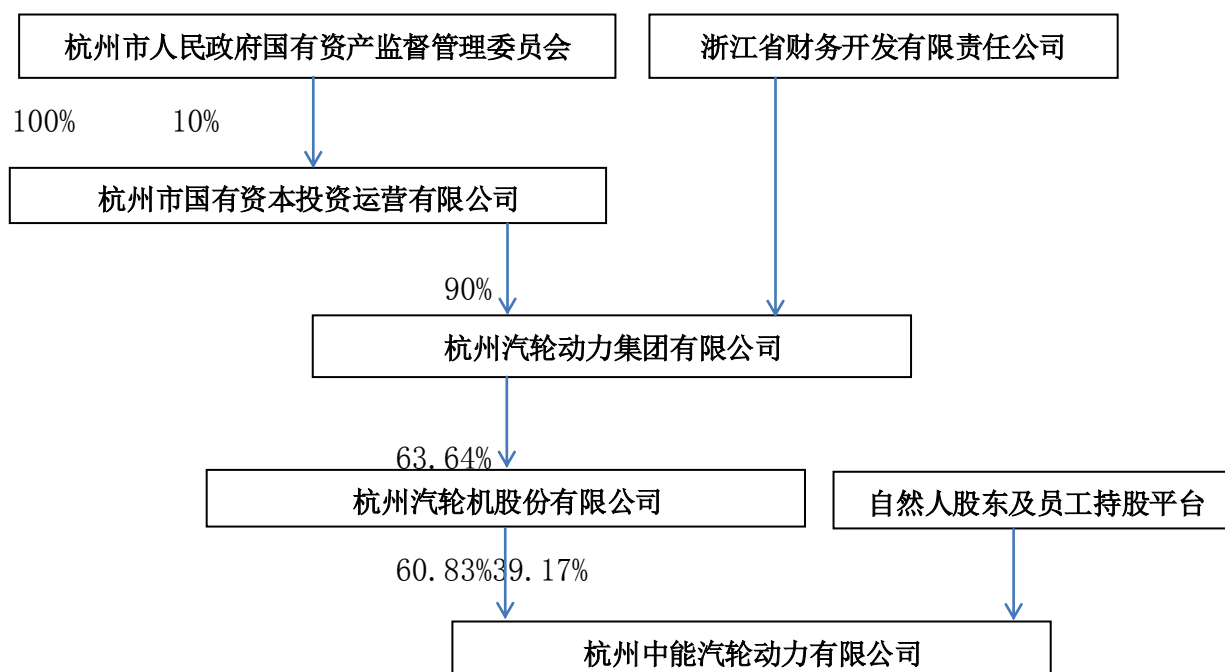
According to the relevant regulations of listed companies, the guarantee provided by the company for guarantee objects whose asset-liability ratio exceeds 70% shall be submitted to the general shareholders' meeting. Zhongneng Company's asset-liability ratio exceeds 70%, This proposal is subject to examination of the Shareholders' Meeting. This guarantee does not constitute a related transaction and shall not be subject to the relevant government departments for approval.

**II . Basic Information about the Guaranteed**

1. Company name: Hangzhou Zhongneng Steam Turbine Power Co., Ltd.

2. Unified social credit code: 913301011430339690
3. Date of establishment: August 12, 1989
4. Registered address: No. 18, 22 Street, Hangzhou Economic and Technological Development Zone, Zhejiang Province
5. Legal representative: Li Ximing
6. Registered capital: RMB 92.50 million
7. Main business: Design, production, maintenance, installation: steam turbines, compressors and the auxiliary equipment, spare equipment, spare parts (operating within the validity period of the license); services: contracting foreign engineering projects suitable for its strength, scale and performance, dispatching the labor personnel required to implement the afore-mentioned overseas projects (the afore-said projects shall be operated with qualification certificates), the general contracting of energy-saving and environmental protection projects, and the design of complete sets of steam turbine and compressor equipment; wholesale and retail: products produced by the company; technical services: medium and small-scale thermal power generation projects; import and export of goods (except for items prohibited by laws and administrative regulations, and items restricted by laws and administrative regulations can only be operated after obtaining permits); other legal projects that do not need to be reported for approval. (Projects subject to approval in accordance with the law shall be approved by the relevant departments before they can carry out business activities).

8. Relationship with the company: Zhongneng Company is the Company's holding subsidiary, and the Company's shareholding ratio is 60.83%. The structure diagram of the property relationship is as follows:



9.The guarantor of the recent financial situation:

In RMB 10,000

Period	Revenue	Total profit	Net profit	Net assets	Total assets	Asset liability ratio
2018	98,808.32	7,872.61	7,025.33	35,837.07	117,791.96	69.58%
2019	96,532.76	4,897.35	4,536.50	35,121.09	123,871.70	71.65%
2020	112,903.00	6,213.00	5,718.58	30,101.56	117,900.71	74.47%

10.Description of other matters

Zhongneng Company is not listed as a defaulter.

**III. The main contents of the guarantee agreement**

(I)Maximum Amount Guarantee Contract between the Company and ICBC

1. Creditor: ICBC Banshan Branch

Debtor: Hangzhou Zhongneng Steam Turbine Power Co., Ltd.

Guarantor: Hangzhou Steam Turbine Co., Ltd.

2. Maximum Amount Guarantee: RMB 168 million

3.Guarantee mean: Joint-liability guarantee

4.Guarantee scope: The principal of creditor's rights (including the precious metal lease creditor's rights principal and the amount in RMB converted according to the precious metal lease contract stipulation), interest, precious metal lease fees, compound interest, penalty interest, liquidated damages, damages, more or less costs of the weight of the precious metal lease , exchange rate losses (related losses caused by changes in exchange rates), related losses due to changes in precious metal prices, transaction fees incurred by the lessor of the precious metal lease contract in exercising the corresponding rights in accordance with the main contract, and the cost of realizing creditor's rights (including but not limited to litigation fees, attorney fees, etc.).

5.Guarantee period: Three years from the date of expiry of the loan period under the main contract.

Loan contract loan term: from November 24, 2021 to November 23,2026 (specifically subject to the actual loan issuance date).

**IV. Opinions from Board of Directors**

1. The guarantee provided by the Company for Zhongneng Company is conducive to Zhongneng Company's application for loans from the bank and meets the capital needs of Zhongneng Company for conducting business activities.

2. The asset quality, operating conditions, industry prospects, solvency and credit status of Zhongneng Company are relatively good. The board of directors considers that the guarantee provided by the Company will not adversely affect the Company.

3. The natural person shareholders of Zhongneng Company will sign a "counter-guarantee contract" with the Company according to their shareholding ratio. This guarantee meets the requirements of fairness and reciprocity. The board of directors of the Company has fulfilled the deliberation procedures in accordance with the regulations and submitted the matter to the general meeting of shareholders for deliberation. The procedures for the Company to provide the guarantee for Zhongneng Company are legal and compliant.

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

After this guarantee, the total amount of guarantees of the Company and its holding subsidiaries is 408 million yuan. After this guarantee is provided, the total balance of external guarantees by the Company and its holding subsidiaries accounts for 5.03% of the Company's 2020 audited net assets (8,104,788,900 yuan);

The Company has no overdue guarantees, and there is no guarantee amount for overdue debts involving in litigation and no guarantee amount that shall be borne due to the guarantee is ruled with a defeat in lawsuit.

#### **VI. Documents available for inspection**

1. Resolutions of the 19th Meeting of the 8th term of Board
2. The guarantee contract signed between the Company and the Industrial and Commercial Bank of China.

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

November 4, 2021