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Hangzhou Steam Turbine Co., Ltd.
Announcement on the Acquisition of Some Equity Assets and Related Transactions of Subsidiaries of Controlling Shareholders

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

Special Tips:

1. This acquisition constitutes a related transaction, but it does not constitute a major asset restructuring as stipulated in the *Measures for the Administration of Major Asset Restructuring of Listed Companies.*

2. This transaction has been reviewed and approved by the 19th meeting of the Eighth Board of Directors of Hangzhou Steam Turbine Co., Ltd (hereinafter referred to as "the Company" or "the Listed Company"), and the related directors have abstained from voting, so this transaction need not be submitted to the General Meeting of Shareholders for deliberation.

I. Transaction Overview

1. And Hangzhou Zhongneng Steam Turbine Power Co., Ltd. (hereinafter referred to as Zhongneng Company), a holding subsidiary of the Company, plans to sign equity transfer agreements with Hangzhou Turbine Power Group Co., Ltd. (hereinafter referred to as Hangzhou Steam Turbine Group), Hangzhou Steam Turbine Power Technology Co., Ltd. (hereinafter referred to as "Technology Company") and natural person shareholders of the Company, so as to purchase equity of several enterprises in cash, with a total transaction amount of RMB 351,734,743.00, in which the transactions with Hangzhou Steam Turbine Group and Technology Company are related transactions, with a total transaction amount of RMB 308,638,942.86 and a total transaction amount with the other transaction objects of RMB 43,095,800.14. The specific plan is as follows:

(1) Zhongneng Company will acquire 85% equity of Hangzhou Hangfa Power Generation Equipment Co., Ltd. (hereinafter referred to as "Hangfa Company") held by Hangzhou Steam Turbine Group at a price of RMB 238,101,172.96. Zhongneng Company acquired 10.32% equity of Hangfa Company held by Hangzhou Xiaoshan Xiaofeng Economic Consulting Partnership (Limited Partnership) (hereinafter referred to as "Xiaofeng Partnership") at a price of RMB

28,908,283.59; and it acquired 4.68% equity of Hangfa Company held by natural person shareholders at a price of RMB 13,109,570.46.

(2) The Company will acquire 77.775% equity of Hangzhou Steam Turbine Engineering Co., Ltd. (hereinafter referred to as "Engineering Company") held by Hangzhou Steam Turbine Group and 3% equity of Hangzhou Steam Turbine Engineering Co., Ltd. indirectly held by Hangzhou Steam Turbine Power Technology Co., Ltd. (hereinafter referred to as "Technology Company"), a wholly-owned subsidiary of Hangzhou Steam Turbine Group, at a price of RMB 20,608,543.31.

The Company will acquire 4.225% equity of Engineering Company held by natural person shareholders at a price of RMB 1,077,946.09.

(3) The Company will acquire 30% equity of Hangzhou Steam Turbine Automobile Sales & Service Co., Ltd.(hereinafter referred to as "Automobile Sales Company") held by Hangzhou Steam Turbine Group at a price of RMB 28,200,000.00.

(4) The Company will acquire 55% equity of China mechanical and Electrical Institute -HSTG (Hangzhou) United Institutes Co., Ltd.(hereinafter referred to as "United Institures") held by Hangzhou Turbine Group at a price of RMB 1,390,093.91.

(5) The Company will acquire 40% equity of Zhejiang Ranchuang Turbine Machinery Co., Ltd. (hereinafter referred to as "Ranchuang Company") held by Hangzhou Steam Turbine Group at a price of RMB 10,139,132.68.

(6) The Company will acquire 5% equity of Zhejiang Steam Turbine Packaged Technology Development Co., Ltd. (hereinafter referred to as "Packaged Company") indirectly held by Hangzhou Steam Turbine Group through Hangzhou Steam Turbine Power Technology Co., Ltd., a wholly-owned subsidiary, at a price of RMB 10,200,000.00.

2. Hangzhou Steam Turbine Group is the controlling shareholder of the Company, and Technology Company is a wholly-owned subsidiary of Hangzhou Steam Turbine Group. According to relevant regulations such as *Stock Listing Rules of the Shenzhen Stock Exchange*, Hangzhou Steam Turbine Group and Technology Company are related parties of the Company, and this transaction constitutes a related transaction.

3. The 19th Meeting of the Eighth Board of Directors of the Company reviewed the *Proposal on the Acquisition of Some Equity Assets and Related Transactions of Subsidiaries of Controlling Shareholders*. The related directors Zheng Bin, Ye Zhong and Yang Yongming abstained from voting, and according the voting by the non-related directors, with 6 votes in favor, 0 abstentions and 0 dissenting votes, the Proposal was approved. Independent directors approved the transaction in advance and expressed their independent opinions.

The amount of this related transaction is RMB 308,638,942.86, accounting for 3.81% of the audited net assets of the Company in 2020 (RMB 8,104,788,900). According to relevant regulations such as *Stock Listing Rules of the Shenzhen Stock Exchange* and the *Articles of Incorporation of Hangzhou Steam Turbine Co., Ltd,* this transaction need not be submitted to the General Meeting of Shareholders of the Company for deliberation.

4. This transaction does not constitute a major asset restructuring as stipulated in the *Measures for the Administration of the Material Asset Reorganization of Listed Companies*.

II. Basic Information of Counterparty

(I) Hangzhou Steam Turbine Power Group Co., Ltd.

1. Profiles

(1) Date of incorporation: December 14, 1992

(2) Registered address: No. 357 Shiqiao Road Hangzhou City

(3) Office address: Block A, 68 Qingchun Road East, Hangzhou

(4) Enterprise property: Limited liability Company(State holding)

(5) Legal representative: Zheng Bin

(6) Registered capital: RMB 800 million

(7) Main business: Manufacturing and processing: textile machinery, paper-making machinery, pump, casting products, electrical tools, gear box, thermal transmitter, digital controlling device, and spare parts of the above (limited to the subsidiaries);Contracting of domestic and overseas machinery engineering projects, export of above equipments and materials, provide labor services for above overseas projects. Thermal power plant project and equipment engineering; wholesale and retail: products and spare parts manufactured by members of the group, and technical research, consulting, and service of above products; Provide materials, equipments, and spare parts to members of the Group, water and power supply (other than installation and maintaining of power supply equipment); Including the business scope of subsidiaries.

(8) Actual holder: Hangzhou State-owned Asset Administration Committee

2. Recent financial information (In RMB ;on consolidated range)

Period	Turnover	Net profit	Gross assets	Net assets
Year 2020	5,078,498,777.27	398,615,952.22	19,918,908,745.04	10,194,190,645.35
January- September 2021	4,494,369,264.93	645,075,838.96	20,137,237,338.93	10,681,992,621.43

3. Description of association relationship

Hangzhou Steam Turbine Power Group Co., Ltd. (“HSTG” or “the Group”) is holding 479,824,800 state-owned shares account for 63.64% of the capital shares of the Company, and is the holding shareholder of the Company. It is complying with Article 10.1.3 (I) of Share Listing Rules of Shenzhen Stock Exchange. HSTG is the related legal person of the Company. This is a related transaction.

2. Information of defaulter

As of the disclosure date of the announcement, Hangzhou Steam Turbine Group has not been listed as a defaulter.

(II)Hangzhou Steam Turbine Power Technology Co., Ltd.

1. Profiles

（1）Date of incorporation：November 8,2003

（2）Registered address：Room 2101, West Building, No.141 Huancheng North Road, Xiacheng District, Hangzhou.

（3）Office address：Room 2101, West Building, No.141 Huancheng North Road, Xiacheng District, Hangzhou.

（4）Nature of Enterprise: Limited liability company (sole proprietorship invested or controlled by non-natural persons).

(5) Legal representative: Xu Guixiang

（6）Registered capital：RMB 60 million

（7）Main business: Technology development: Steam turbine thermoelectric cooling, electric vacuum products, biological products; Wholesale and retail: steam turbine, printing and dyeing machine, gear box; Services: property management; 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 permission is obtained); Including the business scope of subordinate branches

(8) Actual holder: Hangzhou State-owned Asset Administration Committee

2. Recent financial information (In RMB ;on consolidated range)

Period	Turnover	Net profit	Gross assets	Net assets
Year 2020	93,522,262.75	-36,799,127.04	1,803,281,181.43	377,537,652.64
January- September 2021	85,992,441.63	-24,995,825.96	1,797,348,902.32	352,541,826.68

3. Description of association relationship

Hangzhou Steam Turbine Power Technology Co., Ltd. is a wholly-owned subsidiary of Hangzhou Steam Turbine Group, the controlling shareholder of the Company. According to the *Stock Listing Rules* and other relevant regulations, Hangzhou Steam Turbine Power Technology Co., Ltd. is a related party of the Company.

4. Information of defaulter

As of the disclosure date of the announcement, Hangzhou Steam Turbine Power Technology Co., Ltd. has not been listed as a defaulter.

(III) Hangzhou Xiaoshan Xiaofeng Economic Consulting Partnership(LP)

1.Profiles

(1) Date of incorporation：September 10,2020

(2) Registered address:No.128, Dongzi Road, Linpu Town, Xiaoshan District, Hangzhou (Independent segmentation）

（3）Enterprise property: Limited partnership

（4） Executive Affairs Partner： Ding Dabing

（5）Registered capital: RMB 14.6 million

（6）Main business: General items: Enterprise management; social consultation service (except those that need to be approved according to law, for which business activities shall be carried out independently according to laws and the business license).

（7）Actual holder: Ding Dabing

2. Description of association relationship

Hangzhou Xiaoshan Xiaofeng Economic Consulting Partnership (LP) are not related to the company.

3. Information of defaulter

As of the disclosure date of the announcement, Hangzhou Xiaoshan Xiaofeng Economic Consulting Partnership(LP) has not been listed as a defaulter.

（IV)Natural person shareholder

1. Profiles

1) Qi Yufeng，Hong Guogang, Sun Haoqun, Li Xin, Huang Jianfu, Chen Guoliang, Chen Fenqiu, Yu Junshan, Yang Hongbo, Huangqing, Wang Yong, Pu Wenquan, Jiang Liqing, Dai Yonghua, Yu Zhonglian, Zhong Wei, Xiao Jinfei and Wang Yinhua are both on-the-job employees of Hangfa Company.

2) Shen Weijun, Wu Jianmin, Cao Wu and Jia Xiaoli are all on-the-job employees of the Engineering Company.

2. Description of association relationship

The above-mentioned natural person shareholders are not related to the Company.

3. Information of defaulter

As of the disclosure date of the announcement, The above-mentioned natural person shareholders are not listed as defaulters.

III. Basic Information of the Subject Matter of the Transaction

(II) Hangfa Company

1. Profiles

Name：Hangzhou Hangfa Generator Equipment Co., Ltd.

Enterprise property: Enterprise property: Limited liability Company(State holding)

Registered address: 128 Dongxi Road, Linpu Town, Xiaoshan District, Hangzhou

Legal representative: Zhou Yifei

Registered capital: RMB 80 million

Date of incorporation： March 22, 1993

Unified social credit code:9133010970427611XT

Business scope: Design, production and sale of hydroelectric power plant, turbine generator, motor, water pump, power station and mining accessories, mechanical electrical equipment, automation original; General contract of power station project, import and export of goods and technology , Rental of owner-owned houses. (Projects subject to approval in accordance with the law shall be approved by the relevant departments before they can carry out business activities)

Ownership structure: 85% by Hangzhou Steam Turbine Group, 10.32% by Xiaofeng Partnership, and 4.68% held by 18 natural persons including Chen Guoliang. All capital contributions are paid-in capital contributions.

As of the disclosure date of the announcement, The underlying shares held by Hangzhou Steam Turbine Group, Xiaofeng Partnership and each natural person shareholder involve no ownership disputes, nor any rights restrictions such as pledge or freezing.

2. Recent financial information (In RMB ;on consolidated range)

Period	Turnover	Net profit	Gross assets	Net assets
Year 2020	314,722,352.69	5,238,913.04	574,542,278.10	115,277,327.67
January- June 2021	85,549,636.61	-51,200,062.71	581,653,193.52	61,458,006.76

3. The Articles of Association and other documents of the Company subject to the transaction do not contain any clauses that restrict shareholders' rights other than laws and regulations.

4.As of the disclosure date of the announcement, The company subject to the transaction is not listed as a defaulter.

（II）Engineering Company

1. Profiles

Name：Hangzhou Steam Turbine Engineering Co., Ltd.

Enterprise property: Other Limited liability Company

Registered address: 18 Street No. 22, Technical Development Zone, Hangzhou

Legal representative: Shen Weijun

Registered capital: RMB 200 million.

Date of incorporation: September 30, 2011

Unified social credit code:913301005832089108

Business scope: Power engineering general contracting; design and installation: complete sets of electromechanical equipment projects, small and medium-sized thermal power generation projects, energy-saving technical transformation projects, and provision of related technical services, technical consultation, and transfer of technical achievements [the above business scope except for installation (repair, trial) of power facilities】;Import and export of goods (except for projects prohibited by laws and administrative regulations, and projects restricted by laws and administrative regulations can only be operated after obtaining permission); wholesale and retail: electromechanical complete sets of equipment, metal materials, high and low voltage electrical appliances, wires and cables, instruments , thermal insulation and refractory materials

Ownership structure: 77.775% by Hangzhou Steam Turbine Group, 15% by the Company, 3% by Technology Company, and totally 4.225% by 4 natural persons including Shen Weijun. All capital contributions are paid-in capital contributions.

As of the disclosure date of the announcement, The underlying shares held by Hangzhou Steam Turbine Group, Technology Company and each natural person shareholder involve no ownership disputes, nor any rights restrictions such as pledge or freezing.

2. Recent financial information (In RMB ;on consolidated range)

Period	Turnover	Net profit	Gross assets	Net assets
Year 2020	204,941,895.48	11,153,649.86	474,293,794.01	15,271,448.71
January- June 2021	107,166,884.70	-60,019,942.03	368,096,536,76	-44,748,493,32

3.The Articles of Association and other documents of the Company subject to the transaction do not contain any clauses that restrict shareholders' rights other than laws and regulations.

4.As of the disclosure date of the announcement, The company subject to the transaction is not listed as a defaulter.

（III）Automobile Sales Company

1.Profiles

Name：Hangzhou Steam Turbine Automobile Sales & Service Co., Ltd.

Type of enterprise: Other Limited liability Company

Registered address：Room 821,Yongfu Building, No.395,Shiqiao Road, Xiacheng District, Hangzhou, Zhejiang

Legal representative：Luo Yihong

Registered capital：RMB 5 million

Date of incorporation: September 2, 1998

Unified social credit code:91330103710976614E

Business scope: General items: Sales of new automobiles; new energy vehicle sales; wholesale of auto parts; sales of machinery and equipment; sales of electrical equipment; sales of metal materials; sales of building materials; sales of building materials; import and export of goods; international freight forwarding agency; motor vehicle repair and maintenance; general equipment repair (except for items that must be approved according to law, for which business activities shall be carried out independently according to laws based on the business license). The following items branches are limited to operation by branches: general items: general goods storage services (excluding items requiring permission and approval such as dangerous chemicals) (except those that need to be approved according to law, for which business activities shall be carried out independently according to laws and the business license).

Ownership structure: 30% by Hangzhou Steam Turbine Group, totaling 70% by 28 natural persons including Luo Yihong; all capital contributions are paid-in capital contributions.

As of the disclosure date of the announcement, The underlying shares held by Hangzhou Steam Turbine Group involve no ownership disputes, nor any rights restrictions such as pledge or freezing.

2. Recent financial information (In RMB ;on consolidated range)

Period	Turnover	Net profit	Gross assets	Net assets
Year 2020	228,141,592.15	9,427,324.92	107,267,998.15	44,820,929.74
January- June 2021	80,200,903,51	3,512,767,64	107,868,876,92	40,833,697,38

3. The Articles of Association and other documents of the Company subject to the transaction do not contain any clauses that restrict shareholders' rights other than laws and regulations.

4.As of the disclosure date of the announcement, The company subject to the transaction is not listed as a defaulter.

（IV）United Institutes

1.Profiles

Name：China mechanical and Electrical Institute -HSTG (Hangzhou) United Institutes Co., Ltd.

Type of enterprise: Other Limited liability Company

Registered address: Room 1501, No.68-1 Qingchun East Road,Jianggan District,Hangzhou

Legal representative: Sui Yongfeng

Registered capital: RMB 1 million

Date of incorporation: October 22,2008

Unified social credit code:91330104679882942U

Business scope: Services: Technology development, consulting, service and transfer of products, new materials, new products, new technology, new equipment, technology development, consulting, services and transfer of benefits, electronic computers and automation, environmental protection products and resource utilization products. (Including pre-approval projects); wholesale and retail: mechanical and electrical equipment and spare parts, metal materials, monitoring equipment and other non-cultural training, The import and export of goods, the import and export of goods, the import and export of goods (except for projects prohibited by laws and administrative regulations, except when the items subject to legal and administrative regulations are restricted); the business scope of the subordinate branches; Law project. (Projects subject to approval in accordance with the law shall be approved by the relevant departments before they can carry out business activities).

Ownership structure: 55% by Hangzhou Steam Turbine Group, and 45% by Zhejiang Branch Co., Ltd. of China Academy of Machinery Science and Technology Group Co., Ltd.

As of the disclosure date of the announcement, The underlying shares held by Hangzhou Steam Turbine Group involve no ownership disputes, nor any rights restrictions such as pledge or freezing.

2. Recent financial information (In RMB ;on consolidated range)

Period	Turnover	Net profit	Gross assets	Net assets
Year 2020	2,575,133.31	344,026.48	2,325,865.62	2,029,189.14
January- June 2021	1,878,333,00	267,802,84	2,580,935,40	2,296,991,98

3.The Articles of Association and other documents of the Company subject to the transaction do not contain any clauses that restrict shareholders' rights other than laws and regulations.

4.As of the disclosure date of the announcement, The company subject to the transaction is not listed as a defaulter.

（V）Ranchuang Company

1.Profiles

Name：Zhejiang Ranchuang Turbine Machinery Co., Ltd.

Type of enterprise: Company limited by shares (unlisted and state-controlled).

Registered address：Room 506, South Building, No.2 Chaofeng East Road, Yuhang District Economic Development Zone, Hangzhou, Zhejiang Province.

Legal representative：Sui Yongfeng

Registered capital：RMB 25 million

Date of incorporation: February 28,2019

Unified social credit code:91330100MA2GKE0K6G

Business scope: Technical development, product development, manufacturing, testing, technical service, technology transfer, technical consultation and sales in the fields of parts, equipment, systems and spare parts related to rotating machinery such as gas turbines; patent agency. (Projects that must be approved according to law can be operated only after being approved by relevant departments)

Ownership structure: 45.6% by Hangzhou Steam Turbine Co., Ltd., 40% by Hangzhou Steam Turbine Group, 4% by Hunan Chongde Industrial Technology Co., Ltd., 3.4% by Hengfeng Tools Co., Ltd., 3% by Zhejiang Branch of China Academy of Machinery Science and Technology Group Co., Ltd., 2% by Hangzhou Bohua Laser Technology Co., Ltd. and 2% by Zhejiang Hengying Power Technology Co., Ltd.

As of the disclosure date of the announcement, The underlying shares held by Hangzhou Steam Turbine Group involve no ownership disputes, nor any rights restrictions such as pledge or freezing.

2. Recent financial information (In RMB ;on consolidated range)

Period	Turnover	Net profit	Gross assets	Net assets
Year 2020	0.00	460,604.47	48,000,366.07	24,373,098.18
January- June 2021	0.00	592,166,90	43,683,980.28	24,965,265.08

3.The Articles of Association and other documents of the Company subject to the transaction do not contain any clauses that restrict shareholders' rights other than laws and regulations.

4.As of the disclosure date of the announcement, The company subject to the transaction is not listed as a defaulter.

（VI）Packaged Company

1.Profiles

Name：Zhejiang Steam Turbine Packaged Technology Development Co., Ltd.

Type of Enterprise: limited liability company (invested or controlled by natural person).

Registered Address: 5/F, Turbine Power Building, No.1188 Dongxin Road, Xiacheng District, Hangzhou, Zhejiang Province.

Legal representative: Jin Zhenda

Registered capital：RMB 51 million

Date of incorporation: January 21,2001

Unified social credit code:913300007266001608

Business scope: Development of mechanical and electrical equipment control devices, technical consulting services, complete equipment services, sales of complete mechanical and electrical equipment, sales and services of complete power plant equipment, operating import and export business.

Ownership structure: 70.855% by the Company, 14% by Ningbo Huayi Industry and Trade Co., Ltd., 5% by the Technology Company, and totally 10.145% by 11 natural persons including

Zong Liping. All capital contributions have been paid in.

As of the disclosure date of the announcement, The underlying shares held by Technology Company involve no ownership disputes, nor any rights restrictions such as pledge or freezing.

2. Recent financial information (In RMB ;on consolidated range)

Period	Turnover	Net profit	Gross assets	Net assets
Year 2020	231,015,559.55	33,258,647.01	343,702,884.35	136,762,254.42
January- June 2021	136,214,923.74	5,388,421.20	289,955,292.58	111,550,675.62

3.The Articles of Association and other documents of the Company subject to the transaction do not contain any clauses that restrict shareholders' rights other than laws and regulations.

4.As of the disclosure date of the announcement, The company subject to the transaction is not listed as a defaulter.

IV. Pricing Policy and Basis of This Transaction

（I）Hangfa Company

With the base date of June 30, 2021, audited by Pan-China Certified Public Accountants (special general partnership), Hangfa Company is with a total book asset of RMB 581.6532 million, a total book liability of RMB 520.1952 million and a net book asset of RMB 61.458 million.

According to *Kunyuan Appraisal Report* (KYPB [2021] No.653) issued by Kunyuan Assets Appraisal Co., Ltd. (hereinafter referred to as "Kunyuan Appraisal"), the asset-based method and income method are used for appraisal respectively. After comprehensive analysis, the appraisal result of the asset-based method is finally used as the appraisal value of all shareholders' rights and interests of Hangfa Company. The appraised value of all shareholders' equity of Hangfa Company on the base date (June 30, 2021) is RMB 280,119,027.01. According to the aforesaid asset appraisal results, Zhongneng Company and Hangzhou Steam Turbine Group determined that the transaction price of 85% equity of Hangfa Company was RMB 238,101,172.96; The transaction price of 10.32% equity of Hangfa Company determined by Zhongneng Company and Xiaofeng Partnership is RMB 28,908,283.59; The total transaction price of 4.68% equity of Hangfa Company determined by Zhongneng Company and each natural person shareholder is RMB 13,109,570.46.

（II）Engineering Company

With the base date of June 30, 2021, audited by Shanghui Certified Public Accountants (special general partnership), the Engineering Company is with a total book asset of RMB 368.0965 million, a total book liability of RMB 412.845 million, and a net book asset of RMB -44.7485 million.

According to *Kunyuan Appraisal Report* (KYPB [2021] No.652) issued by Kunyuan Assets Appraisal Co., Ltd. (hereinafter referred to as "Kunyuan Appraisal"), the asset-based method and income method are used for appraisal respectively. After comprehensive analysis, the appraisal result of the asset-based method is finally used as the appraisal value of all shareholders' rights and interests of Engineering Company. The appraised value of all shareholders' equity of Engineering Company on the base date (June 30, 2021) is RMB 25,513,516.93. The transaction price of 80.775% equity of the Engineering Company determined by the Company with Hangzhou Steam Turbine Group and the Technology Company is RMB 20,608,543.31 according to the aforesaid asset appraisal results, and the transaction price of 4.225% equity of the Engineering Company determined by the Company with each natural person shareholder is RMB 1,077,946.09.

（III）Automobile sales Company

With the base date of June 30, 2021, audited by Shanghui Certified Public Accountants (special general partnership), the Automobile sales Company is with a total book asset of RMB 107.8689 million, a total book liability of RMB 67.0352 million, and a net book asset of RMB 40.8337 million.

According to Yinxin *Appraisal Report* (YXPBZ [2021] No.2521) issued by Yinxin Assets Appraisal Co., Ltd. (hereinafter referred to as "Yinxin Appraisal"), the asset-based method and income method are used for appraisal respectively. After comprehensive analysis, the appraisal result of the asset-based method is finally used as the appraisal value of all shareholders' rights and interests of Automobile sales Company . The appraised value of all shareholders' equity of Automobile sales Company on the base date (June 30, 2021) is RMB 94,000,000.00. The transaction price of 30% equity of the Automobile Sales Company is determined by the transaction parties to be RMB 28,200,000.00 according to the aforesaid asset appraisal results.

（IV）United Institutes

With the base date of June 30, 2021, audited by Shanghui Certified Public Accountants (special general partnership), the United Institutes is with a total book asset of RMB 2.5809 million, a total book liability of RMB 283，900, and a net book asset of RMB 2.297 million.

According to *Kunyuan Appraisal Report* (KYPB [2021] No.655) issued by Kunyuan Assets Appraisal Co., Ltd. (hereinafter referred to as "Kunyuan Appraisal"), the asset-based method and income method are used for appraisal respectively. After comprehensive analysis, the appraisal result of the asset-based method is finally used as the appraisal value of all shareholders' rights and interests of United Institutes. The appraised value of all shareholders' equity of Engineering Company on the base date (June 30, 2021) is RMB 2,527,443.47. The transaction price of 55%

equity of Joint Research Institute is determined by the transaction parties to be RMB 1,390,093.91 according to the aforesaid asset appraisal results.

（V）Ranchuang Company

With the base date of June 30, 2021, audited by Shanghui Certified Public Accountants (special general partnership), the Ranchuang Company is with a total book asset of RMB 43.684 million, a total book liability of RMB 18.7187 million, and a net book asset of RMB24.9653 million.

According to *Kunyuan Appraisal Report* (KYPB [2021] No.656) issued by Kunyuan Assets Appraisal Co., Ltd. (hereinafter referred to as "Kunyuan Appraisal"), the asset-based method and income method are used for appraisal respectively. After comprehensive analysis, the appraisal result of the asset-based method is finally used as the appraisal value of all shareholders' rights and interests of Ranchuang Company. The appraised value of all shareholders' equity of Ranchuang Company on the base date (June 30, 2021) is RMB 25,347,831.69. The transaction price of 40% equity of the Ranchuang Company is determined by the transaction parties to be RMB 10,139,132.68 according to the aforesaid asset appraisal results.

（VI）Packaged Company

With the base date of June 30, 2021, audited by Pan-China Certified Public Accountants (special general partnership), Packaged Company is with a total book asset of RMB 289.9553 million, a total book liability of RMB 178.4046 million and a net book asset of RMB 111.5507 million.

According to Yinxin *Appraisal Report* (YXPBZ [2021] No.2512) issued by Yinxin Assets Appraisal Co., Ltd. (hereinafter referred to as "Yinxin Appraisal"), the asset-based method and income method are used for appraisal respectively. After comprehensive analysis, the appraisal result of the asset-based method is finally used as the appraisal value of all shareholders' rights and interests of Packaged Tech. Company. The appraised value of all shareholders' equity of Packaged Tech. Company on the base date (June 30, 2021) is RMB 204,000,000.0. The transaction price of 5% equity of the Packaged Tech. Company is determined by the transaction parties to be RMB 10,200,000.00 according to the aforesaid asset appraisal results.

V. Main Contents of This Transaction Agreement

1. Name of the company, transferor, transferee, share transfer ratio and price in the equity transfer agreement

In this transaction, Zhongneng Company signed an equity transfer agreement with Hangzhou Steam Turbine Group and natural person shareholders, while the Listed Company signed equity transfer agreements with Hangzhou Steam Turbine Group, Technology Company and natural person shareholders. Please refer to the following summary table for the company name, transferor, transferee, equity transfer ratio and price information in each agreement:

No	Company (equity)	Transferor	Transferee	Company Equity ratio	Equity transfer price （Yuan)
1	Hangzhou Hangfa Generator Equipment Co., Ltd.	Hangzhou Steam Turbine Group	Zhongneng Company	85%	238,101,172.96
		Xiaofeng Partnership	Zhongneng Company	10.32%	28,908,283.59
		Natural person shareholder	Zhongneng Company	4.68%	13,109,570.46
2	Hangzhou Steam Turbine Engineering Co., Ltd.	Hangzhou Steam Turbine Group	The Company	77.775%	19,843,137.80
		Technology Company	The Company	3%	765,405.51
		Natural person shareholder	The Company	4.225%	1,077,946.09
3	Hangzhou Steam Turbine Automobile Sales & Service Co., Ltd.	Hangzhou Steam Turbine Group	The Company	30%	28,200,000.00
4	China mechanical and Electrical Institute -HSTG (Hangzhou) United Institutes Co., Ltd.	Hangzhou Steam Turbine Group	The Company	55%	1,390,093.91
5	Zhejiang Ranchuang Turbine Machinery Co., Ltd.	Hangzhou Steam Turbine Group	The Company	40%	10,139,132.68
6	Zhejiang Steam Turbine Packaged Technology Development Co., Ltd	Technology Company	The Company	5%	10,200,000.00

2. Payment of equity transfer funds

1) Payment method in the equity transfer agreement from Hangfa Company to Zhongneng Company: The transferee shall pay 40% of the transaction price within 5 working days from the effective date of this *Equity Transfer Agreement*, and the remaining 60% shall be paid off before December 31, 2021.

2) Payment method in the equity transfer agreement from the Engineering Company, Automobile Sales Company, Joint Research Institute, Ranchuang Company and Packaged Company to the Company: The transferee shall pay off the equity transfer transaction amount in

one lump sum within 5 working days from the effective date of this *Equity Transfer Agreement.*

3. Principle of profit and loss liquidation in the period: During the period from the appraisal base date (June 30, 2021) to the delivery date of equity transfer, the change of the net assets of the target enterprise will not be audited and liquidated, and shall be borne by the transferee according to the shareholding ratio.

4. The registration formalities for industrial and commercial change of this equity transfer shall be handled by the target enterprise. Both the transferor and transferee shall actively assist the target enterprise to complete the necessary documents and materials for the legal procedures for the registration of industrial and commercial change of equity and the application for relevant change registration procedures within 20 working days.

VI. Other Arrangements Related to This Transaction

After the equity transfer, the target enterprise shall normally conduct production and business activities, and the enterprise after transfer shall continue to perform the labor contract signed between the target enterprise and the employees, and maintain and protect the legitimate rights and interests of all employees. Therefore, this equity transfer does not involve the settlement of employees.

VII. Purpose and Impact of This Transaction

1) The businesses of Engineering Company, Packaged Company, United Institutes , Ranchuang Company and Automobile Sales Company mainly involve engineering general contracting, packaged technical services, development of gas turbine technology, steam turbine transportation and warehousing services, etc. The above businesses are highly related to the businesses of the Listed Company. Through this equity acquisition, the industrial chain can be further improved, product categories can be enriched, and technology R&D capabilities can be improved, thereby creating a global service-oriented manufacturing platform integrating advanced turbine equipment manufacturing, packaged engineering and overall solutions, and promoting the Company's transition to "service-oriented manufacturing".

2) Under the background of "double carbon" policy, the market situation and demand of energy industry will be subject to tremendous changes. Through this equity acquisition, the Company will further increase R&D and investment in gas turbines, exploit and explore the application scenarios of the Company's products in the field of new energy, and accelerate the transformation and upgrading of the Company's business.

3) Hangfa Company has formed an annual production capacity of 150 sets of generator sets, and its generator products are related to the waste heat utilization steam turbine products produced by Zhongneng Company. If the two companies are integrated, it will lay a foundation and provide

conditions for Zhongneng Company to continue to develop the packaged high-end transmission machinery products such as generators, steam turbines and compressors.

4) This transaction will greatly reduce related transactions, improve transaction efficiency, and help to further enhance the governance of the Listed Company.

5) After the transaction and the registration of equity change are completed, the Company's consolidated statements will change, and the Company will fulfill its information disclosure obligations according to the progress.

VIII. Total Amount of All Related Transactions that Have Occurred with the Related Party from the Beginning of the Current Year to the Disclosure Date

From the beginning of the current year to the disclosure date, the total amount of all related transactions that have occurred with the related party totaled RMB 273.94 million, accounting for 3.38% of the latest audited net assets of the Company.

IX. Documents available for inspection

1. Resolutions of the 19th Meeting of the Eighth Board of Directors

2.Opinions of independent directors of the Company;

3.Equity transfer agreement;

4.Audit appraisal report of each transaction target

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

November 4, 2021