

**Hangzhou Steam Turbine Co., Ltd.****Announcement on the increase of capital to the wholly-owned subsidiary by steam turbine new energy company through debts-converting into-shares**

*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 capital increase**

Hangzhou Steam Turbine New Energy Co., Ltd (hereinafter referred to as "Steam Turbine New Energy Company"-a wholly-owned subsidiary to the Company intends to carry out the capital increase to its wholly-owned subsidiary Hangzhou Steam Turbine Power Group Set Equipment Engineering Co., Ltd by way of debts-converting into shares. The amount of capital increase shall not exceed RMB 50 million (the specific amount of capital increase shall be subject to the amount of creditor's rights enjoyed by Steam Turbine New Energy Company on June 30, 2022), and the aforesaid capital increase shall be all included in the registered capital.

This capital increase does not involve connected transactions and does not constitute a major asset reorganization.

This matter does not need to be submitted to the general meeting of shareholders for consideration.

**II. Basic information of the capital increase party**

1. Company name: Hangzhou Steam Turbine New Energy Co., Ltd.
2. Domicile: Room 1201, Technology Building, No. 608, Kangxin Road, Economic and Technological Development Zone, Linping District, Hangzhou
3. Legal representative: Lin Zhangxin
4. Registered capital: RMB 500 million
5. Date of establishment: September 30, 2011
6. Business period: September 30, 2011 to long-term
7. Business scope: general projects: engineering and technical research and experimental development; import and export of goods; sales of lubricating oil; general contracting of electric power projects; Complete sets of mechanical and electrical equipment projects, small and medium thermal power generation projects, energy-saving technology renovation projects and relevant

technical services, technical consultation, and transfer of technology costs [the afore-said business scope excludes installation (repair and test) of electric power facilities],wholesale and retail: complete sets of mechanical and electrical equipment, metal materials, high and low voltage electrical appliances, wires and cables, instruments and meters, thermal insulation and refractory materials ; (For projects subject to approval according to law, business activities can only be carried out after the approval of relevant departments). Licensed projects: construction engineering design; construction engineering construction (projects that have been issued and subject to approval can only carry out business activities after being approved by the relevant departments, and the specific business projects are subject to the approval results).

8. Equity structure: The Company holds 100% of its equity.

9. After inquiry, Steam Turbine New Energy Company is not a "defaulter".

### III. Basic information of the capital increase target

1. Company name: Hangzhou Steam Turbine Power Group Equipment Packaged Engineering Co., Ltd.

2. Address: No. 357, Shiqiao Road, Xiacheng District, Hangzhou

3. Legal representative: Shen Weijun

4. Registered capital: RMB 20 million

5. Date of establishment:September30,2007

6. Business period: September 30, 2007 to September 29,2027

7. Business scope: design and installation: steam turbines and their auxiliary equipment, complete sets of equipment projects, small and medium thermal power generation projects, energy-saving technical renovation projects and provision of related technical services, technical consultation, transfer of technical achievements, import and export of goods; wholesale and retail: Machinery and equipment, hardware &electric material, steel, electronic products.

8. Equity structure: Steam Turbine New Energy Company holds 100% of its equity.

9. Main financial data

In RMB

Name	December 31,2021	May 31,2022
Assets	10,935,141.75	10,397,686.09
Liabilities	51,360,436.66	49,569,840.99
Shareholders' Equity	-40,425,294.91	-39,172,154.90
Name	Year 2021	January- May 2022
Revenue	26,391.86	51,293.16
Business cost	-	-
Total profit	18,010,924.32	1,253,140.01
Net profit	18,010,924.32	1,253,140.01

10. After inquiries, the Group Set Equipment Company does not belong to the "defaulter subject to execution".

#### IV. The main content of this capital increase

Steam Turbine New Energy Company, a wholly-owned subsidiary of the Company, intends to use its enjoyed creditor's rights of Group Set Equipment Company to increase the capital to the Group Equipment Company, and the capital increase shall not exceed RMB 50 million (the specific amount of capital increase is subject to the amount of the group company's creditor's rights enjoyed by Steam Turbine New Energy Company on June 30, 2022). and the full amount of capital increase shall be included in the registered capital. After the completion of the capital increase, the group set equipment company is still a wholly-owned subsidiary to Steam Turbine New Energy Company.

#### V. The impact of this capital increase on the Company

1. This capital increase is conducive to optimizing the equipment company's assets and liabilities structure, enhancing its financial strength, ensuring the smooth development of various businesses, which is in line with the Company's long-term development strategy, and it's conducive to the company's healthy and sustainable development. After the completion of the capital increase of the group set equipment company by way of debt-converting into-shares, the group set equipment company will still be a wholly-owned subsidiary to the company, which will not lead to changes in the scope of the Company's consolidated statements, and will not cause adverse effects on the Company's normal production, operation and financial conditions. There is no situation that damages the interests of the Company and its shareholders.

2. Factors such as economic environment, market demand, industry policies and other factors may bring uncertain risks to this investment. The Company will reduce investment risks by further improving the existing management system and establishing a sound internal control system.

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

1. Resolutions of the 26th Meeting of the 8th Term of Board

Hangzhou Steam Turbine Co., Ltd.

July 2, 2022