

Hangzhou Steam Turbine Power Group Co., Ltd.
Announcement on provide guarantee for Hangzhou Steam Turbine
Casting Co., Ltd.

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.

In order to meet the capital flow needs of its operation and development, Hangzhou Steam Turbine Casting Co., Ltd-a holding subsidiary of the Company-applied for a loan line of 50 million yuan from Hangzhou Branch of China Merchants Bank Co., Ltd (hereinafter referred to as China Merchants Bank), with a credit period from November 15, 2022 to November 15, 2024 (two years). The Company provided the guarantee for the credit loan, and the Company signed the "Maximum Irrevocable Guarantee", with the maximum amount of the guarantee is 50 million yuan, the guarantee method is joint and several guarantee liabilities and the guarantee period is two years from the date of expiration of the period of occurrence of the principal debt. The details are as follows:

I. Basic Information about the Guaranteed

1. Company Name: Hangzhou Steam Turbine Casting Co., Ltd.
2. Unified social credit code: 91330110759502452P
3. Place of registration: No.2,Road, Tangqi Industry Area, Yuhang District, Hangzhou.
4. Legal representative: Yu Junming
5. Registered capital: RMB 29.50 million
6. Company type: Limited liability Company (Joint venture by foreign-invested and domestic-invested)
7. Date of establishment: March 1,2004
8. Business scope: Production: Resin sand-casting steel parts, resin sand-casting iron parts, organic ester water glass sand-casting steel parts, forgings; machining; installation, maintenance: casting equipment; sales: products, mechanical and electrical products, mechanical and equipment produced by the company; 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 a license). (For projects subject to approval according to law, business activities can only be carried out after approval by relevant departments)

9. Main business and products: Casting company is a casting and forging manufacturer, mainly producing various grades of alloy steel parts, carbon steel parts, alloy iron castings and other steel castings and forgings.

10. Relationship with the company: The casting company is a holding subsidiary to the Company. The Company holds 38.0339% stake of the Casting company.

11. The guarantor of the recent financial situation:

In RMB 10,000

Period	Revenue	Total profit	Net profit	Net assets	Total assets	Asset liability ratio
2020	44056.71	4258.61	3895.40	26863.91	56168.01	52.10%
2021	50236.29	3006.62	2813.65	29506.90	61049.06	51.70%
January - September 2022(Unaudited)	29100.10	829.08	676.70	30708.17	63167.11	51.38%

12. China Merchants Bank's current credit rating for the casting company is 5C, and the casting company is not a defaulter.

II. The main contents of the guarantee agreement

The main contents of the "Maximum Irrevocable Guarantee" signed by the Company are as follows:

1. Guarantor: Hangzhou Steam Turbine Power Group Co., Ltd.

2. Guaranteed amount: RMB 50 million

3. Guarantee mean: Joint-liability guarantee

4. Guarantee scope: Upon the "Credit Agreement" signed between China Merchants Bank and the casting company, the scope includes the sum of the loan and the balance of the principal of other credit facilities provided to the casting company within the credit line (50 million yuan), as well as the relevant interest, penalty interest, compound interest, liquidated damages, demurrage for delay in performance, factoring costs, costs for realizing security rights and claims and other related expenses.

5. Guarantee period: Two years from the date of expiration of the occurrence period of the principal debt (from November 15, 2022 to November 15, 2024).

III. Signing of the counter-guarantee contract

According to the Company's External Guarantee System (2022 Revision), where the

Company provides a guarantee for its holding subsidiaries, the Company shall require other legal person shareholders of the holding subsidiary, shareholders of partnership enterprises, natural person shareholders who are directors or management personnel of the company, and other natural person shareholders with a shareholding ratio of not less than 5% to provide guarantees according to the shareholding ratio or provide counter-guarantee of corresponding amount to the Company according to the shareholding ratio.

The Company has signed the "Counter-guarantee agreement" with other shareholders of the casting company in accordance with the requirements of the guarantee system, and the guarantee amount, guarantee method and guarantee period are consistent with the "Maximum irrevocable guarantee".

IV. Opinions from Board of Directors

The Company providing the guarantee for the casting company is in line with the business development needs of the casting company, and thus ensured its phased capital needs. The financial risks of this guarantee are within the Company's control and will not adversely affect the daily operations of the Company or its subsidiaries.

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

After this guarantee, the total amount of guarantee of the Company and its holding subsidiaries is 738 million yuan, accounting for 9.31% of the audited net assets (7,927.4858 million yuan) of the listed company in the latest period (2021).

The total balance of guarantees provided by the Company and its holding subsidiaries to non-consolidated accounting units is RMB 0.

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 29th Meeting of the 8th term of Board;
2. The guarantee contract signed between the Company and China Merchants Bank.

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

October 28, 2022