

**Hangzhou Steam Turbine Power Group Co., Ltd.****Announcement on Repurchase and Cancellation of Some Restricted Stocks**

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 note:**

1. This repurchase and cancellation of restricted stocks involved 10 incentive objects, with a number of repurchased and cancelled restricted stocks of 531,180, accounting for 0.054% of the Company's total share capital before the repurchase cancellation, and a total repurchase funds of RMB 2,197,649. After this repurchase and cancellation, the total share capital of the Company will be reduced from 980,179,980 shares to 979,648,800 shares.

2. Upon the audit and confirmation by Shenzhen Branch of China Securities Depository and Clearing Co., Ltd., this repurchase and cancellation of restricted stocks were completed on March 27th, 2023.

**I. Brief introduction of restricted stock incentive plan in 2021**

1. On July 11, 2021, the 14th meeting of the Eighth Board of Directors reviewed and approved the Proposal on the Company's Restricted Stock Incentive Plan (Draft) in 2021 and its Summary, the Proposal on the Company's Implementation Assessment Management Measures for the Restricted Stock Incentive Plan in 2021, and the Proposal on Requesting the General Meeting of Shareholders to Authorize the Board of Directors to Handle Matters Related to the Restricted Stock Incentive Plan in 2021, and the 9th Meeting of the Eighth Supervisors of the Company reviewed and approved the above related proposals. The Company disclosed related announcements such as the Restricted Stock Incentive Plan (Draft) and its Summary in 2021, the Implementation Assessment Management Measures for the Restricted Stock Incentive Plan in 2021, the Incentive Object List of the Restricted Stock Incentive Plan in 2021, the Self-inspection Form of Equity Incentive Plan, and the Legal

Opinions of Shanghai Jintiancheng Law Firm on the 2021 Restricted Stock Incentive Plan of Hangzhou Steam Turbine Co., Ltd.

Independent directors of the Company expressed their independent opinions on whether the equity incentive plan is conducive to the sustainable development of the Company and whether there is any harm to the interests of the Company and all shareholders. The Board of Supervisors of the Company issued the Verification Opinions on the Company's Restricted Stock Incentive Plan (Draft) in 2021.

2. On August 12, 2021, the Company disclosed the Announcement on the Approval of Equity Incentive Plan by Hangzhou SASAC. The Company received the Reply of Hangzhou Steam Turbine Co., Ltd. on Implementing the Restricted Stock Incentive Plan in 2021 (HGZK [2021] No.45), and Hangzhou SASAC agreed in principle that the Company should implement the restricted stock incentive plan in 2021.

3. From July 12, 2021 to July 21, 2021, the Company publicized the names and positions of the incentive objects by posting the Publicity of the Company's Restricted Stock Incentive Objects in 2021 on the Company's business premises, specifying the circumstances that forbids to be equity incentive objects, and the ways and means of feedback during the publicity period. As of the expiration of the publicity period, the Company has not received any objection from any organization or individual to the incentive object of this incentive plan.

On August 23, 2021, the Company disclosed the Publicity and Verification Opinions of the Board of Supervisors of the Company on the List of Incentive Objects of Restricted Stock Incentive Plan. The Board of Supervisors of the Company believes that the incentive objects listed in this incentive plan comply with the Administrative Measures, Trial Measures, Notice and other laws, regulations, normative documents and the scope and conditions of incentive objects stipulated in the Incentive Plan (Draft), and there is no circumstances that forbids to be incentive objects, and its qualification as the incentive objects of this incentive plan is legal and effective.

On August 23, 2021, the Company disclosed the Independent Financial Advisor's Report of CITIC Securities Co., Ltd. on the Restricted Stock Incentive Plan (Draft) in 2021 of Hangzhou Steam Turbine Co., Ltd.

4. On August 27, 2021, the Company held the Second Provisional General Meeting of

Shareholders in 2021, which reviewed and approved the Proposal on the Company's Restricted Stock Incentive Plan in 2021 and its Summary, the Proposal on the Company's Implementation Assessment Management Measures for the Restricted Stock Incentive Plan in 2021, and the Proposal on Requesting the General Meeting of Shareholders to Authorize the Board of Directors to Handle Matters Related to the Restricted Stock Incentive Plan in 2021.

Meanwhile, the Company disclosed the Self-inspection Report on Insider Information of Restricted Stock Incentive Plan in 2021 and Stock Trading of Incentive Objects.

5. On August 30, 2021, the Company convened the 16th Meeting of the Eighth Board of Directors and the 11th Meeting of the Eighth Board of Supervisors, and respectively reviewed and approved the Proposal on Granting Restricted Stocks to Incentive Objects for the First Time. The Board of Directors of the Company considered that the granting conditions of restricted stocks stipulated in this incentive plan had been fulfilled, and agreed to grant 18.17 million restricted stocks to 457 incentive objects who meet the granting conditions on September 1, 2021 for the first time, at a price of HKD 6.825 per share. The Board of Supervisors of the Company verified the list of incentive objectives again and issued a clear consent opinion. Independent directors of the Company expressed their agreed independent opinions on this.

6. On October 22, 2021, the Company completed the registration of granting restricted shares for the first time, with 455 people registered for the first time and 18,060,000 shares registered.

7. On December 16, 2021, the 20th Meeting of the 8th Board of Directors and the 13th Meeting of 8th Board of Supervisors of the Company reviewed and approved the Proposal on Granting Reserved Restricted Shares to Incentive Objects, It's agreed to grant 1,380,000 restricted shares to 37 incentive objects who meet granting conditions on December 16, 2021-which is the pre-reserved stock grant date, with a grant price of HKD 6.825 per share. The Supervisory Committee of the Company verified the list of incentive objects and issued a clear consent opinion. Independent directors of the Company expressed in dependent opinions on relevant proposal of the Board of Directors.

8. On January 14, 2022, the Company completed the registration of the reserved restricted shares for the grant of 37 persons and the number of registered shares of 1,380,000.

9. On December 21, 2022, the Company held the 30th meeting of the Eighth Board of Directors

and the 19th meeting of the Eighth Board of Supervisors, and deliberated and passed the *Proposal on Repurchase Cancellation of Some Restricted Stocks* and the *Proposal on Adjusting the Repurchase Quantity and Repurchase Price of the Restricted Stock Incentive Plan in 2021*, agreeing to repurchase and cancel a total of 531,180 restricted stocks held by 9 retirees and 1 resigned employee, which have been granted but have not been lifted for sales restriction. Meanwhile, because the Company has completed the profit distribution plan for 2021, according to the provisions of the *Restricted Stock Incentive Plan (Draft) in 2021*, the repurchase price of restricted stocks was adjusted from RMB 5.6764 per share (HK\$ 6.825 per share) to RMB 4.06 per share.

10. On December 29, 2022, the Company disclosed the Announcement on Notifying Creditors of Repurchase and Cancellation of Some Restricted Stocks, which will lead to the decrease of registered capital. According to the *Company Law of People's Republic of China* and other relevant laws and regulations, the Company hereby notifies creditors.

## **II. Description of this repurchase and cancellation of some restricted stocks**

### **1. Repurchase cancellation reason**

According to the provisions of Chapter 13 of the Company's *Restricted Stock Incentive Plan (Draft) in 2021*, nine of the incentive objects of the Company's *Restricted Stock Incentive Plan in 2021* are no longer qualified as incentive objects due to retirement, and one person is no longer qualified as incentive object due to personal reasons. The Company decided to repurchase and cancel all or part of the restricted stocks held by the above 10 incentive objects that have been granted but have not yet been lifted for sales restrictions.

### **2. Repurchase quantity and price**

According to the provisions of Chapter 14 of the *Restricted Stock Incentive Plan (Draft) in 2021*, the repurchase price of the restricted stock has been adjusted from RMB 5.6764/share (HK\$ price is RMB 6.825/share) to 4.06 yuan/share because the Company has completed the implementation of the profit distribution plan in 2021. For details, please refer to the *Announcement on Adjusting the Repurchase Quantity and Repurchase Price of Restricted Stock Incentive Plan in 2021* disclosed by the Company on cninfo on December 22, 2022 (2022-88) .

This repurchase and cancellation of restricted stocks involved 10 incentive objects, with a number of repurchased and cancelled restricted stocks of 531,180, accounting for 0.054% of the

Company's total share capital before the repurchase cancellation, and a total repurchase funds of RMB 2,197,649, all of which were the Company's own funds. For details, please refer to the *Announcement on Repurchase and Cancellation of Some Restricted Shares* disclosed by the Company on cninfo on December 22, 2022 (2022-89) .

### III. Completion of this restricted stock cancellation

Zhejiang Southern Certified Public Accountants Co., Ltd. issued a capital verification report (NFY Zi. [2023] No. 003) for this repurchase and cancellation of restricted stocks, and verified the Company's reduction of registered capital and shares by December 23, 2022.

As of December 23, 2022, the Company has paid a total share repurchase amount of RMB 2,197,649.00 to 10 restricted stock incentive objects. The number of the repurchased and cancelled shares this time is 531,180, accounting for 0.054% of the Company's total share capital of 980,179,980 shares before the repurchase. The above-mentioned restricted stocks were repurchased and cancelled in Shenzhen Branch of China Securities Depository and Clearing Co., Ltd. on March 27th, 2023. After this repurchase and cancellation, the total share capital of the Company will be reduced from 980,179,980 shares to 979,648,800 shares.

### IV. Changes of share capital structure after this repurchase cancellation

Nature of shares	Before the changes		Increase or decrease in quantity(shares in the changes)	After the changes	
	Quantity(shares)	Proportion		Quantity(shares)	Proportion
I. Unlisted tradable shares	623,772,240	63.64%		623,772,240	63.67%
II. Listed tradable shares	356,407,740	36.36%	-531,180	355,876,560	36.33%

In which: 1. Restricted tradable shares	25,347,477	2.59%	-531,180	24,816,297	2.53a
2. Non-restricted tradable shares	331,060,263	33.78%		331,060,263	33.79%
III. Total share capital	980,179,980	100.00%	-531,180	979,648,800	100.00%

This announcement is hereby made.

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

March, 29th 2023