

Hangzhou Steam Turbine Power Group Co., Ltd.**Announcement of Equity Allocation 2022**

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) The Company's equity distribution plan for 2022: In 2022, with the total share capital of 980,179,980 shares at the end of the year deducting 111,800 treasury shares repurchased as of date of record by Company and 531,180 shares of share capital were cancelled due to the retirement and resignation of equity incentive objects in December 2022, that is, 979,537,000 shares, the Company would distribute cash dividend to all the shareholders at the rate of CNY 3.0 for every 10 shares (with tax inclusive) , 2 bonus shares , and no reserve would be converted into share capital.

2) Since the repurchased shares do not participate in equity distribution, the total amount of the Company's actual cash dividend this time = the total share capital in distribution \times distribution ratio, that is, RMB 293,861,100 = 979,537,000 shares \times RMB 0.30/shares, and the cash dividend per share converted from total share capital of the Company = total cash dividend \div total share capital before this change (including repurchased shares), that is, RMB 0.2999657/shares (HK\$ 0.3412579/shares) = RMB 293,861,100 \div (979,537,000 + 111,800) shares; The total number of actual bonus shares = the total share capital distributed \times the bonus share ratio, that is, 195,907,400 shares = 979,537,000 shares \times 0.2, and the ratio of bonus shares converted from the total share capital of the Company = the actual total number of bonus shares this time \div the total share capital before this change (including repurchased shares), that is, 0.1999771 shares = 195,907,400 shares \div (979,537,000 + 111,800) shares. After the implementation of this equity distribution, according to the principle of constant stock market value, the ex-dividend price after the implementation of this equity distribution = (closing price of the last trading day - HK\$ 0.3412579/shares) \div (1 + 0.1999771) .

The equity allocation plan of Hangzhou Steam Turbine Co., Ltd. of 2022 has been examined and

adopted at the Shareholders' Meeting 2022 held on April 19, 2023. The followings are the details about implementation of the plan:

1. The General Meeting of Shareholders reviewed and approved the equity distribution plan

1. The Company's equity distribution plan for 2022, which was reviewed and approved at the General Meeting of Shareholders: In 2022, with the total share capital of 980,179,980 shares at the end of the year deducting 111,800 treasury shares repurchased as of date of record by Company and 531,180 shares of share capital were cancelled due to the retirement and resignation of equity incentive objects in December 2022, that is, 979,537,000 shares, the Company would distribute cash dividend to all the shareholders at the rate of CNY 3.0 for every 10 shares (with tax inclusive), 2 bonus shares, and no reserve would be converted into share capital. that the stock shares repurchased by the Company will not participate in profit distribution.

2. From the disclosure of the 2022 annual equity distribution plan to its implementation, the total share capital of the Company has not changed.

The principle of the distribution plan implemented this time is to distribute in a fixed proportion.

3. The equity distribution plan implemented this time is consistent with the distribution plan reviewed and approved by the General Meeting of Shareholders.

4. The implementation time of this equity distribution plan is less than two months from the time when the General Meeting of Shareholders reviewed and approved it.

II. The equity allocation plan

The equity allocation plan for year 2022 is: In 2022, with the total share capital of 980,179,980 shares at the end of the year deducting 111,800 treasury shares repurchased as of date of record by Company and 531,180 shares of share capital were cancelled due to the retirement and resignation of equity incentive objects in December 2022, that is, 979,537,000 shares, the Company would distribute cash dividend to all the shareholders at the rate of CNY 3.0 for every 10 shares (with tax inclusive), 2 bonus shares, and no reserve would be converted into share capital. tax included), the foreign non-residential enterprise distributed the after-tax cash dividend of RMB 2.50 per 10 shares, for churchyard individual of B shareholders are subject different tax ratio, distributed cash dividend of RMB 3.00 per 10 shares firstly, and tax shall be paid according to the actual term of shareholding after reducing of shares [Note].

[Note: On first-in-first-out basis, shareholding periods are calculated upon each shareholders']

account ,namely RMB 1.00 of tax per 10 shares for under 1 month(include);RMB 0.50 of tax per 10 share for between 1 month and 1year(include);no tax is payable for over one year.]

Special note: Since the company is a Sino-foreign joint venture, individual foreign investors may temporarily be exempted from dividend income tax.

Before the dividend, the total share capital of the Company was 979,648,800shares, and after the dividend, the total share capital increased to 1,175,556,200 shares.

For cash dividend to be distributed to B share shareholders, the first working day after the resolution of the shareholders general meeting of 2022 will be followed, that is April 20,2023 is the day that the central parity rate of RMB against Hong Kong dollar announced by the People's Bank of China(Hong Kong dollar: RMB=1: 0.8790) is the exchange rate for payment by HK Dollar.

III. Dividend date

The final trading day: June 13, 2023;

Ex-dividend date: June 14, 2023;

The Equity registration date: June 16 2023.

The equity registration date for the equity distribution of domestic shares is: June 16,2023.

IV. Qualifications for the dividend

This distribution object is: all B-share shareholders of the Company registered in Shenzhen Branch of China Securities Depository and Clearing Co., Ltd. (hereinafter referred to as "CSDC Shenzhen Branch") after the closing of Shenzhen Stock Exchange on the afternoon of June 16, 2023 (the last trading day is June 13, 2023); As of the afternoon of June 16, 2023, after the Shenzhen Stock Exchange closed, all domestic shareholders of the Company registered in CSDC Shenzhen Branch.

V. Equity distribution method

1. This B-share offering (swap) will be directly credited to the shareholders' B-share securities account on June 16, 2023. The shares offered (swapped) by domestic shares will be directly credited to the shareholders' securities account on June 16, 2023. For the part of less than 1 share generated in the process of share offering (swap), one share will be distributed to shareholders in order of descending mantissa after decimal point (if the mantissa is the same, it will be distributed randomly by the system) until the actual total number of shares offered (swapped) is consistent with the total number of shares offered (swapped) this time.

2.The circulation B shares dividend will be directly transferred on June 16, 2023 into the shareholder's accounts of entrusted Security agency or entrusted bank; Shareholders whose B shares are entrusted on June 16, 2023, they can still withdraw their dividends at the former entrusted security agency or the entrusted banks.

3.The cash dividends of domestic shareholders and restricted shareholders with equity incentive will be distributed by the Company itself.

4. The starting trading day of the negotiable shares offered (swapped) by this B-share is June 19, 2023.

VI. Statement of changes in shares

Before and after the implementation of this equity distribution, the changes of the Company's share capital structure are as follows:

Nature	Before the change		Increase/decrease (+, -) (Shares)	After the Change	
	Amount(Shares)	Proportion		Amount(Shares)	Proportion
I. Unlisted shares	623,772,240	63.67%	124,754,448	748,526,688	63.67%
II.Non-restricted shares	355,876,560	36.33%	71,152,952	427,029,512	36.33%
Including: 1. Restricted	24,816,297	2.53%	4,940,899	29,757,196	2.53%
2. Non-restricted	331,060,263	33.79%	66,212,053	397,272,316	33.79%
III. Total of capital shares	979,648,800	100.00%	195,907,400	1,175,556,200	100.00%

VII. Adjustment of related parameters

1. After the implementation of this share offering, the net income per share in 2022 is RMB 0.45 based on the diluted share capital of 1,175,556,200 shares.

2. Because the share repurchase does not participate in the equity distribution, the total amount of the Company's actual cash dividend this time = the total share capital actually participated in the distribution × the distribution ratio, that is, RMB293,861,100 = 979,537,000 shares × RMB 0.30/shares. The cash dividend per share = total cash dividend ÷ total share capital before this change (including repurchased shares), that is, RMB 0.2999657 /shares (HK\$ 0.3412579/shares) = RMB293,861,100 ÷ 979,537,000 + 111,800 shares; The total number of actual bonus shares = the total share capital distributed × the bonus share ratio, that is, 195,907,400 shares = 979,537,000 shares × 0.2, and the share change ratio = the actual total number of bonus shares this time ÷ the total share capital before this change (including repurchased shares), that is, 0.1999771 = 195,907,400 shares ÷ (979,537,000 + 111,800) shares. After the implementation of this equity distribution, according to the principle of constant stock market value, the ex-dividend price after the implementation of this equity distribution = (closing price of the last trading day - HK\$0.3412579/share) ÷ (1 + 0.1999771).

3. According to the Company's *Restricted Stock Incentive Plan in 2021*, after the implementation

of this equity distribution, for the number of restricted stock repurchases that have been granted but with restriction not lifted, and the repurchase price adjustment, the Company will make an announcement after the review procedure is performed separately.

VIII. Others

If the B shareholder is not belong to the churchyard individual and non-residential enterprise ,but their bonuses tax are deducted, please contact with the Company before July 14, 2023 (including the date), and provide related materials requested by the Tax bureau, company will help to refund the tax after affirmed.

IX. Consulting agencies and contacts

1. Consulting agency: Office of the Board of Directors of Hangzhou Steam Turbine Power Group Co., Ltd.
2. Consulting address: Steam Turbine Power Building, No.1188 Dongxin Road, Hangzhou
3. Consulting contact: Wang Caihua, Li Xiaoyang
- 4.Consulting telephone: 0571-85780438
5. Fax: 0571-85780433

X. Documents for Reference

- 1.The resolutions of the 33rd meeting of the Eighth board of directors;
- 2.The Company's 2022 annual shareholders general meeting's resolution;
- 3.Other documents required by Shenzhen Stock Exchange.

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

June 7th , 2023