

Hangzhou Steam Turbine Power Group Co., Ltd.

Announcement on Ranchuang Company's waiver of the preferential right to the transfer of the equity of Western Power

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

In January 2023, Zhejiang Ranchuang Turbine Machinery Co., Ltd (hereinafter referred to as "Ranchuang Company"), a wholly-owned subsidiary of the Company, invested in Pengzhou Western Blue Power Technology Co., Ltd (hereinafter referred to as Western Power) through the transfer of shares and capital increase (for details, please refer to the Company's "Announcement on Capital Increase and Investment in Zhejiang Ranchuang Company namely Investment in Western Power") (Announcement No.: 2023-02). Recently, Liaoning Paisen Energy Technology Service Co., Ltd (hereinafter referred to as Liaoning Paisen), a shareholder of Western Power, intends to transfer all of its shares in Western Power to Chengdu Ruicheng Wanjin Enterprise Management Consulting Partnership (Limited Partnership) (hereinafter referred to as Chengdu Ruicheng), with a total of 35 million shares to be transferred-accounting for 24.48% of the total share capital of Western Power, of which 13 million shares that have been paid up are transferred at 13 million yuan, and 22 million shares that have not been paid up are transferred at 0 yuan. Liaoning Payson's paid-up obligation was changed to be borne by the proposed transferee-Chengdu Ruicheng. After this equity transfer, Western Power can use Chengdu Ruicheng as an employee shareholding platform to carry out follow-up core employee incentive work to ensure the steady development of Western Power. Meanwhile, this equity transfer is conducive to solving the problem of horizontal competition in Liaoning Paisen and meeting the requirements of the "Supplementary Agreement to the Framework Agreement for Equity Transaction" signed with Ranchuang. Based on the above reasons, Ranchuang Company intends to agree to waive the preferential right of transfer.

On June 9, 2023, the Company held the 34th meeting of the eighth session of the board of directors, in which the "Proposal of Ranchuang Company on the Waiver of the Preferential Right of Western Power's Equity Transfer" was deliberated and passed. The waiver of the preferential

transfer right by Ranchuang company does not involve related party transactions and does not constitute a major asset restructuring as stipulated in the Administrative Measures for the Restructuring of Major Assets of Listed Companies. The transaction does not need to be submitted to the Company's general shareholders' meeting for approval.

II. The basic information of the company of target equity

(1) Basic information

Company name	Pengzhou Western Blue Power Technology Co., Ltd
Domicile	No. 36, Huhang Avenue, Pengzhou City, Chengdu, Sichuan Province
Legal representative	Liu Qing
Registered capital	RMB 143 million
Company type	Ther Limited Liability Company
Unified social credit code	91510182MA61W5XJ2C
Date of establishment	June 12, 2016
Term of operation	From June 12, 2016 to unfixed-term
Business Scope	General items: technical services, technology development, technical consultation, technology exchange, technology transfer, technology promotion; Steam turbine and auxiliary engine manufacturing; Generator and generator set manufacturing; repair of electrical equipment; motor manufacturing; repair of general equipment; Repair of metal products; General equipment manufacturing (excluding special equipment manufacturing); Machinery and equipment leasing; General mechanical equipment installation services; sales of generators and generator sets; Special equipment rental; Maintenance of electronic and mechanical equipment (excluding special equipment); steam turbine and auxiliary engine sales; non-ferrous metal casting; Manufacturing of forgings and powder metallurgy products; sales of forgings and powder metallurgy products; Special equipment manufacturing (excluding licensed professional equipment manufacturing); sales of non-ferrous metal alloys; non-ferrous metal alloy manufacturing; external project contracting; climate feasibility demonstration consulting services; technology intermediary services; gas compression machinery sales; Gas compression machinery manufacturing; import and export of goods; Technology import and export. (Except for items that must be approved according to law, independently carry out business activities according to law on the basis of business license)

Registration authority	Pengzhou Market Supervision Administration
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(2) Basic financial situation

In RMB 10,000

Items	March 31, 2023	December 31, 2022	December 31, 2021
Total assets	15075.33	8,957.75	8,977.37
Total liabilities	1769.24	1,994.25	2,811.36
Net assets	13306.09	6,963.50	6,166.01
Operating income	255.49	3,135.21	5,593.38
Net profit	-52.41	190.13	578.36

III. The basic information of both parties of the transfer

(1) Transferor: Liaoning Paisen Energy Technology Service Co., Ltd

1. Credit code: 91211200353576611F

2. Registered address: Plant 6, Rainbow Incubation Park, Guantai Park, Tieling Economic Development Zone, Liaoning Province

3. Date of establishment: August 14, 2015

4. Registered capital: RMB 5 million

5. Enterprise type: limited liability company (sole proprietorship of natural person)

6. Legal representative: Liu -

7. Business scope: general items: technical services, technology development, technical consultation, technical exchanges, technology transfer, technology promotion, special equipment repair, general equipment manufacturing (excluding special equipment manufacturing), special equipment manufacturing (excluding licensed professional equipment manufacturing), technology import and export, import and export of goods (except for items that must be approved according to law, independently carry out business activities according to law on the basis of business license) (business scope changed on May 22, 2023)

8. Equity structure: 100% equity held by Liu -. According to the equity nominee holding agreement provided by Liu - and Jiang -, Jiang actually holds 67.5% of the equity of Liaoning Paisen, and Liu holds 32.5% of the equity, and the actual equity structure is the same as that of Chengdu Ruicheng.

(2) Transferee: Chengdu Ruicheng Wanjin Enterprise Management Consulting Partnership (Limited Partnership)

1. Credit code: 91510106MAC2JB4E44

2. Registered address: No. 2401, 24th Floor, Unit 1, Building 11, No. 299, Chenghua West Street, Jinniu District, Chengdu, Sichuan Province

3. Founded: 2022-11-18

4. Registered capital: RMB 1 million

5. Enterprise type: limited partnership

6. Executive partner: Jiang -

7. Business scope: general items: enterprise management consulting; sales of machinery and equipment; Information consulting services (excluding licensing information consulting services); Enterprise management; Information technology consulting services; Technical services, technology development, technical consultation, technology exchange, technology transfer, technology promotion; sales of mechanical and electrical equipment; Industrial design services. (Except for items that must be approved according to law, independently carry out business activities according to law on the basis of business license)

8. Partner information: Jiang holds 67.5%, Liu holds 32.5%

IV. Explanation of the reasonableness of the pricing of the right of transfer

The total number of equity to be transferred by Liaoning Paisen this time is 35 million shares, accounting for 24.48% of the total share capital of Western Power, of which 13 million shares that have been paid up are transferred at 13 million yuan, and 22 million shares that have not been paid up are transferred at 0 yuan, and the paid-up obligation is borne by Chengdu Ruicheng. The essence of this transaction is a change of shareholders of the holding entity, and the transaction price is determined by negotiation between the two parties, which meets the requirements of relevant laws and regulations.

V. Reasons and effects of waiver of rights

After this equity transfer, Western Power can use Chengdu Ruicheng as an employee shareholding platform to carry out follow-up core employee incentive work to ensure the steady development of Western Power. Meanwhile, this equity transfer is conducive to solving the problem of horizontal competition in Liaoning Paisen and meeting the requirements of the "Supplementary Agreement to the Framework Agreement for Equity Transaction" signed with Ranchuang. The main contents of the Supplementary Agreement to the Framework Agreement for Equity Transaction are detailed in the Announcement on Capital Increase and Investment in Zhejiang Ranchuang Namely Investment in Western Power disclosed by the Company(Announcement No.: 2023-02) on January 17, 2023. Based on the above reasons, Ranchuang Company intends to agree to waive the preferential right of transfer.

The waiver of the preferential right to equity transfer by Ranchuang Company will not affect

the shareholding ratio of Ranchuang Company, and will not affect the Company's financial status and operating results, nor will it affect Ranchuang Company's controlling position in Western Power. After this equity change, the current business scope, asset attributes, creditor-debt relationship and equity structure of Western Power will remain unchanged.

VI. Statement by the Board of Directors on waiver of the preferential right

In January 2023, Ranchuang Company invested in Western Power by way of equity transfer and capital increase. The waiver of the preferential transfer right this time is to solve the problem of horizontal competition in Liaoning Paisen, and subsequently Western Power can use Chengdu Ruicheng as an employee shareholding platform to carry out the follow-up incentive work of core employees, thus to ensure the steady development of Western Power, which is conducive to further improving the corporate governance system of Western Power.

The waiver of the preferential right of transfer by Ranchuang Company is a comprehensive consideration of the corporate governance situation and the sustainable and healthy development requirements of Western Power, which is in line with the Company's overall development strategy.

VII. Documents available for inspection

1. Resolutions of the 34th Meeting of the 8th Board of the Company

This announcement is hereby made.

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

June 10, 2023