

Hangzhou Turbine Power Group Co., Ltd.

Announcement on Hangfa Company's intention to transfer co-ownership housing assets by agreement namely the related party transaction

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 Tips:

1. The transfer constitutes a related party transaction and does not constitute a major asset restructuring as stipulated in the Administrative Measures for the Restructuring of Major Assets of Listed Companies.

2. This transaction has been reviewed and approved by the 2nd meeting of the 9th Board of Directors of Hangzhou Turbine Power Group Co., Ltd (hereinafter referred to as "the Company" or "the Listed Company"), so this transaction need not be submitted to the General Meeting of Shareholders for deliberation.

I.. Transaction Overview

1. The 6 sets of co-ownership houses held by Hangzhou Zhongneng Turbine Machinery Equipment Co., Ltd. (formerly Hangzhou Zhongneng Turbine Power Co., Ltd.)-a holding subsidiary and Hangzhou Hangfa Power Generation Equipment Co., Ltd.-a wholly-owned subsidiary are to be transferred to Hangzhou Turbine Holdings Co., Ltd. by way of agreement transfer.

2. Turbine Holdings is the controlling shareholder of the Company, and according to the Rules for the Listing of Stocks on the Shenzhen Stock Exchange and other relevant regulations, Turbine Holding is a related party of the Company, therefore this transaction constitutes a related party transaction.

3. The Proposal on Hangfa Company's intention to transfer co-ownership housing assets by agreement namely the related party transaction was deliberated in the 2nd meeting of the 9th board of directors of the Company, and Pan Xiaohui, a related director, abstained from voting on the proposal. After the non-related directors voted, the proposal was passed with 8 votes in favor, 0 abstentions and 0 votes against. The independent directors approved the transaction in advance

and expressed their independent opinion.

The amount of this related party transaction is 4,046,100 yuan, accounting for 0.05% of the Company's audited net assets in 2022 (8,328,481,100 yuan). According to the "Rules for the Listing of Stocks on the Shenzhen Stock Exchange" and the "Articles of Association of Hangzhou Turbine Power Group Co., Ltd." and other relevant regulations, this transaction does not need to be submitted to the Company's general meeting of shareholders for deliberation. The transaction is still needed to be approved by Hangzhou State-owned Capital Investment and Operation Co., Ltd. (hereinafter referred to as Hangzhou Capital).

4. This transaction does not constitute a major asset restructuring as stipulated in the Administrative Measures for the Restructuring of Major Assets of Listed Companies.

II. Basic Information of Counterparty

Hangzhou Turbine Holdings Co., Ltd.

1. Profiles

- (1) Date incorporation: December 14, 1992
- (2) Registered address: No. 357 Shiqiao Road, Gongshu District, Hangzhou
- (3) Nature of enterprise: Limited liability Company (State-controlled)
- (4) Legal representative: Pan Xiaohui
- (5) Registered capital: 800 million yuan

Main business: manufacturing, processing: textile machinery, paper machinery, pumps, castings, power tools, variable speed gear devices, heat exchangers, CNC digital display devices and spare parts for the afore-said equipment (limited to subordinate branches); Contracting overseas machinery industry projects and domestic international bidding projects and exporting equipment and materials required for the above projects, and dispatching labor personnel required for the implementation of the above-mentioned overseas projects; Thermal and electrical engineering contracting and complete sets of equipment; Wholesale and retail: technical development, consultation and services of products, spare parts and accessories produced by members of the group and the above products; Procurement of raw and auxiliary materials, equipment, spare parts and accessories required for production for the members of the Group, and provision of water, electricity and gas supply and services for the subsidiaries of the Group (except for the installation (repair and testing) of power facilities); Including the business scope of subordinate branches.

- (8) Actual controller: Hangzhou State-owned Capital Investment and Operation Co., Ltd.

2. Recent financial information (In RMB; Consolidated range)

Period	Turnover	Net profit	Gross assets	Net assets
Year 2022	5,632,414,250.49	973,616,460.48	18,144,668,892.06	11,493,432,579.81

January- June 2023	2,681,340,069.44	88,108,190.91	19,569,142,183.54	11,626,075,784.51
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3. Description of association relationship

Turbine Holdings holds 58.68% of the shares of the Company and is the controlling shareholder of the Company, which complies with the provisions of the first paragraph of Article 6.3.3 of the Rules for the Listing of Stocks on the Shenzhen Stock Exchange: "(1) a legal person or other organization that directly or indirectly controls a listed company", and is a related legal person of the Company.

2. Information of defaulter

As of the disclosure date of the announcement, Hangzhou Turbine Holdings has not been listed as a defaulter.

III. Basic information of the transaction object

Hangfa Company's 6 sets of co-ownership houses, with a building area of 664.31 square meters, of which the property right area of Hangfa Company is 228.92 square meters.

IV. Pricing policy and pricing basis of this transaction

According to the market method (BeijingNorthAsia pingbaozi[2023]No.01-725) assessment by Beijing North Asia Asset Assessment Firm (Special General Partnership), the market value of the property rights share of the six co-ownership houses by Hangfa Company as of May 12, 2023, the assessment reference date, is 4,046,100 yuan.

V. Purpose and impact of this transaction

The housing co-ownership of this transaction was that due to in 2011 when the family dormitory area of the subsidiary Hangfa Company was demolished and renovated, and part of the resettlement area could not be changed due to some households had received housing subsidies and enjoyed affordable housing, and the property rights were belonged to Hangfa Company. This transaction is conducive to the revitalization of the existing idle assets of Hangfa Company, which is in line with its strategic development plan and does not harm the interests of the Company and non-related shareholders, and the decision-making of the transaction is carried out in strict accordance with the relevant systems of the Company. The implementation of this related party transaction will not adversely affect the Company's production, operation and financial position, nor will it adversely affect the Company's independence, and the company will not rely on or be controlled by such related party

The transaction is subject to the approval of Hangzhou Capital, and the final transaction area and amount are subject to the final approval opinion.

VI. Total Amount of All Related Transactions that Have Occurred with the Related

Party from the Beginning of the Current Year to the Disclosure Date

From the beginning of the current year to the disclosure date, the total amount of all related transactions that have occurred with the related party totaled RMB1,145,500, accounting for 0.01 % (RMB 8,328.4811 million) of the latest audited net assets of the Company

VII. Prior approval and independent opinion of independent directors

(1) Prior approval opinion

Before deliberating the proposal of Hangfa Company to transfer the assets of the co-ownership property by agreement namely the related party transaction, the board of directors of the Company performed the procedure of submitting the proposal for the related party transaction to the independent directors for prior review in accordance with the relevant regulations. The transfer of assets namely the related party transaction of the Company conforms to the interests of the Company and its shareholders, which does not harm the interests of minority shareholders, and complies with the provisions of relevant laws, regulations, normative documents and the articles of association. We unanimously agree to submit the above proposal to the second meeting of the ninth board of directors of the Company for deliberation, and the related directors shall perform the voting abstinence procedure when considering the related party transaction proposal.

(2) Expressed independent opinion

This traction of Hangfa Company's intention to transfer co-ownership housing assets by agreement is conducive to the listed company revitalize the existing idle assets and conforms to its strategic development plan. The pricing of this related party transaction is fair, the deliberation procedures of the board of directors are legal and compliant, and there is no harm to the interests of the Company and all its shareholders, especially small and medium-sized shareholders. Therefore, we unanimously agree to the Company's asset transfer namely the related party transaction.

VIII. Documents available for inspection

1. Resolutions of the 2nd Meeting of the 9th Board of Directors;
2. Prior approval opinion and independent opinion by the Company's independent directors;
3. Evaluation report of the transaction target.

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

August 31, 2023