

Hangzhou Turbine Power Group Co., Ltd.
Announcement on the Proposed Agreement to Transfer 30% Equity of
Automobile Sales Company and Related Party Transactions

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 3rd 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. This transaction will be submitted to the Company's General Meeting of Shareholders for deliberation.

I. Transaction Overview

(1) In order to further improve its main business, the Company plans to transfer 30% equity of Hangzhou Turbine Automobile Sales & Service Co., Ltd. (hereinafter referred to as the Automobile Sales Company) by agreement, and the Transferee is Hangzhou Turbine Holdings Co., Ltd. (hereinafter referred to as the Turbine Holdings), the controlling shareholder of the Company, with a transaction price of RMB 28.92 million.

(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 Proposed Agreement to Transfer 30% Equity of Automobile Sales Company and Related Party Transactions was deliberated in the 3rd 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 28.92 million yuan, accounting for 0.35% of the Company's audited net assets in 2022 (8,328.4811 million yuan). This transaction still needs to be approved by the General Meeting of Shareholders, and the related parties who have an interest in the related party transaction will abstain from voting.

(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. This transaction still needs to be approved by Hangzhou State-owned Capital Investment and Operation Co., Ltd.

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
- (6) 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
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Year 2022 (After audit)	5,632,414,250.49	973,616,460.48	18,144,668,892.06	11,493,432,579.81
January - September 2023 (Un audited)	3,981,711,563.49	186,419,020.22	20,107,395,591.21	11,532,612,091.93

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.

4. 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

1. Basic information of the target company

(1) Name: Hangzhou Turbine Automobile Sales Service Co., Ltd.

(2) Address: Room 738, No.397 Shiqiao Road, Gongshu District, Hangzhou, Zhejiang Province

(3) Legal representative: Luo Yihong

(4) Registered capital: 5 million yuan

(5) Type: Other limited liability companies

(6) Unified social credit code:91330103710976614E

(7)Registration authority: Gongshu District Market Supervision Administration of Hangzhou

(8)Scope of business: General items: Sales of new automobiles; Sales of new energy vehicles; Wholesale of auto parts; Sales of mechanical equipment; Sales of mechanical and electrical equipment; Sales of metal materials; Sales of building materials; Sales of building decoration materials; Import and export of goods; International freight forwarding; Repair and maintenance of motor vehicles; Repair of general equipment; Loading, unloading and handling (except for the items subject to approval according to law, for which business activities shall be carried out independently according to law as per business license). Permitted items: Road freight transport (excluding

dangerous goods) (items that need to be approved according to law can only be operated after being approved by relevant departments, and specific operating items are subject to the approval documents or permits of relevant departments). The following operations are limited to branches: General items: General goods storage services (excluding items requiring permission and approval such as dangerous chemicals) (except for the items subject to approval according to law, for which business activities shall be carried out independently according to law as per business license).

(9) Ownership structure: The Company holds 30% of the shares of the target company, and the remaining 28 natural persons hold 70% of the shares of the target company.

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

Period	Turnover	Net profit	Gross assets	Net assets
Year 2022 (After audit)	158,482,208.91	12,948,418.37	123,092,838.36	56,616,508.61
January - September 2023 (Un audited)	56,934,770.08	3,015,156.72	90,381,651.29	52,131,665.33

3. Ownership of shares: The shares of the target company to be sold this time are clear, with no mortgage, pledge or other restrictions on transfer, no litigation, arbitration or judicial measures such as seizure and freezing, and no other circumstances that hinder the transfer of ownership. The target company is not a defaulter.

IV. Pricing Policy and Basis of this Transaction

According to the *Measures for the Supervision and Administration of State-owned Asset Transaction in Enterprises* (Order No.32 of State-owned Assets Supervision and Administration Commission and Ministry of Finance) and the *Interim Measures for the Evaluation and Management of State-owned Assets of Enterprises* (Order No.12 of State-owned Assets Supervision and Administration Commission), the transaction price of property rights shall be determined based on the evaluation results approved or filed, and the transfer price of non-disclosure agreement shall not be lower than the evaluation results of the approved or filed transfer target. Therefore, the Company determines the price of the equity to be transferred based on the filed appraisal results, that is, 30% of the final filed appraisal value of the total equity value of the shareholders of the Automobile Sales Company.

According to the *Assets Appraisal Report* (KYPB [2023] No. 586) issued by Kunyuan Assets

Appraisal Co., Ltd., The asset basis method and the income method were used for evaluation this time, and after comprehensive analysis, the result of the income method was finally used as the appraisal value for all the shareholders' equity of the automobile sales company, and the appraisal value of all the shareholders' equity of the automobile sales company on the evaluation basis date (December 31, 2022) was 103.9 million yuan, therefore the corresponding appraisal value of 30% equity was 31.17 million yuan. In view of the fact that the Company has received the dividend of 2.25 million yuan from the Automobile Sales Company in 2022 on May 8, 2023, the transfer price under the Company's agreement to transfer 30% equity of the Automobile Sales Company is 28.92 million yuan.

V. Main Contents of Related Party Transaction Agreement

(I) Parties to the transaction

Transferor: Hangzhou Turbine Power Group Co., Ltd.

Transferee: Hangzhou Turbine Holdings Co., Ltd.

(II) Equity transfer share and price

1. The above-mentioned Transferor agrees to transfer its 30% equity of Hangzhou Turbine Automobile Sales Service Co., Ltd. to the Transferee at the corresponding net asset appraisal value confirmed by Hangzhou State-owned Capital Investment and Operation Co., Ltd., and the Transferee agrees to accept the above-mentioned equity.

2. Transaction price of transfer: confirmed by the Transferor and the Transferee, the transaction price of 30% equity of the target enterprise totals RMB twenty-eight million nine hundred and twenty thousand Yuan only; In figures: RMB 28,920,000.00.

(III) Payment of equity transfer amount and transfer, delivery and liquidation of equity

1. The Transferee shall pay off the transaction price of equity transfer in one lump sum within 5 working days from the effective date of this *Equity Transfer Agreement*.

2. The handover of this equity transfer shall be conducted between the Transferor and the Transferee. Only after the Transferee has paid off the transaction price of this equity transfer, it can require the Transferor to handle the delivery of the equity transfer target and the industrial and commercial registration of equity change.

3. After the equity transfer, the Transferor is no longer entitled to the rights of shareholders who have transferred the equity nor does it assume the corresponding shareholder's obligations; The Transferee shall be entitled to the rights of shareholders in accordance with this Agreement, and at the same time bear the shareholder's obligations.

4. Transaction and effective date of equity transfer: It refers to the date when the *Equity Transfer Agreement* is signed.

5. Delivery date of equity transfer: It refers to the date of the industrial and commercial change registration, which means that the delivery of this equity transfer is completed.

6. Principle of liquidation of profit and loss during the period: During the period from the base date of appraisal (December 31, 2022) to the delivery date of equity transfer, the changes in the net assets of the target enterprise will not be audited and liquidated, and will be borne by the Transferee

according to its shareholding ratio.

7. The registration procedures for this equity industrial and commercial change shall be handled by the target enterprise. The Transferor and the Transferee shall actively assist the target enterprise to complete the necessary documents and materials for the legal procedures of equity industrial and commercial change registration and the application for relevant change registration procedures within 20 working days. If the above registration cannot be approved due to the reasons of the Transferor, the Transferor shall bear the liability for breach of contract, and the Transferee shall not bear any liability; If the above registration cannot be approved due to the Transferee's reasons, the Transferee shall bear the liability for breach of contract.

(IV) Applicable laws and settlement of disputes

1. The interpretation and performance of the Agreement shall be governed by the laws of People's Republic of China, and any disputes arising from the performance of or related to the Agreement shall be handled in accordance with the relevant laws of People's Republic of China.

2. Any dispute arising from the performance of the Agreement shall be settled by both the Transferor and the Transferee through negotiation on the principle of equality and friendliness. If

(V) Other matters

1. The Agreement shall be established after being signed and sealed by the Transferor and the Transferee. Once the Agreement is established, it shall not be amended unless the Parties agree and sign a supplementary agreement.

2. If any provision of the Agreement is deemed invalid for any reason, the validity of other provisions will not be affected, and the contracting parties shall still strictly abide by them.

3. After the signing of the Agreement, for any uncovered matters, the Transferor and the Transferee shall sign a supplementary agreement separately.

4. The Agreement is made in quadruplicate, and shall come into effect after being signed and sealed by the Transferor and the Transferee. The Transferor and the Transferee shall each hold one copy, and the other two copies shall be used for the registration and filing of the equity change by the target enterprise.

VI. Other Arrangements related to this Transaction

After the equity transfer, the target enterprise normally conducts production and business activities. The enterprise after the transfer continues to perform the labor contract signed between the target enterprise and the employees to safeguard and protect the legitimate rights and interests of all employees. This equity transfer does not involve the placement of employees.

After the equity transfer, the Automobile Sales Company will still provide transportation, warehousing, packing box supply and other services for the Company as its qualified supplier, and the Company will perform the daily related party transaction approval procedures and information disclosure obligations in strict accordance with the relevant provisions of the Shenzhen Stock Exchange.

VII. Purpose of the Transaction and Impact on Listed Company

In order to further improve the industrial chain, enrich product categories, enhance technology R&D capabilities, and promote the Company's transformation to "service-oriented manufacturing", the Company deliberated and passed the *Proposal on the Acquisition of Part of Equity Assets and Related Party Transactions of the Companies under the Controlling Shareholders* at the 19th Session of the Eighth Board of Directors. After the completion of the acquisition, the Company has continued to promote the integration of resources related to the acquisition target, and successively completed the integration of related businesses and resources of the original Hangzhou Turbine Engineering Co., Ltd., the original Zhejiang Ranchuang Turbine Machinery Co., Ltd. and Hangzhou Hangfa Power Generation Equipment Co., Ltd. However, due to various reasons, such as the scattered ownership structure of the Automobile Sales Company, the difference in business philosophy between the listed company and other shareholders, and the diversification of the main business which leads to decreased correlation with the main business of the listed company, the resource integration of the Automobile Sales Company has never been achieved as expected. After full communication and consultation with the shareholders of the Automobile Sales Company and Turbine Holdings, Turbine Holdings takes over 30% of the equity of the Automobile Sales Company.

This transaction is conducive to the Company to further improve its main business, and will not harm the interests of the Company and non-associated shareholders, and the transaction decision are made in strict accordance with the Company's relevant systems. The implementation of this related party transaction will not adversely affect the Company's production, operation and financial status, nor will it adversely affect the Company's independence, and the Company will not be dependent on or controlled by such related party.

After the completion of this transaction, the company will no longer hold equity in the automobile sales company, and the automobile sales company will no longer be included in the company's consolidated statements.

VIII. Each Related Party Transaction with the Related Party Accumulated

The total amount of related party transactions with Turbine Holdings and its subsidiaries from the beginning of the year to the disclosure date was 151.7005 million yuan, accounting for 1.82% of the Company's latest audited net assets (8,328.4811 million yuan).

IX. Prior Approval and Independent Opinions of Independent Directors

(I) Prior approval opinions

Before deliberating the proposal of the Company to transfer 30% equity of the Automobile Sales Company by agreement and related party transactions, the Board of Directors of the Company has fulfilled the procedure of submitting this related party transaction proposal to independent directors for prior review in accordance with relevant regulations. The transfer of assets and related party transactions of the Company is in the interests of the Company and its shareholders, which is with no harm to the interests of minority shareholders, and is in compliance with relevant laws, regulations, normative documents and the *Articles of Association of the Company*. We unanimously agreed to submit the above proposal to the Third Session of the Ninth Board of Directors of the Company for deliberation, and the related directors shall abstain from voting when deliberating the related party transaction proposal.

(II) Independent opinions

The Company intends to transfer 30% equity of the Automobile Sales Company by agreement this time, which will help the listed company to further improve its main business and conform to its development strategic plan. This related party transaction is priced fairly, and 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 shareholders, especially its minority shareholders. Therefore, we unanimously agree on this asset transfer and related party transaction of the Company.

X. Documents available for inspection

1. Resolutions of the 3rd Meeting of the 9th Board of Directors;
2. Prior approval opinion and independent opinion by the Company's independent directors;
3. Equity transfer agreement;
4. Evaluation report of the transaction target;
5. Summary of related party transactions of the listed company.

This announcement is hereby made.

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

October 31,2023