

Hangzhou Steam Turbine Co., Ltd.

Announcement on the Implementation Results of Share Repurchase and Share Change

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.

On December 10, 2019, the Company held the second provisional shareholders' general meeting in 2019, and deliberated and approved the share repurchase plan. As of November 30, 2020, the Company's share repurchase has been completed. According to the Detailed Rules for the Implementation of Share Repurchase by Listed Companies of Shenzhen Stock Exchange and other relevant regulations, the Company's repurchase results and share changes are announced as follows:

I. Examination and approval of share repurchase and main contents of share repurchase plan

On December 10, 2019, the Company held the second provisional shareholders' general meeting in 2019, and deliberated and approved the share repurchase plan. On December 21, 2019, the Company disclosed the share repurchase report (see the company announcement for details, Announcement No.: 2019-79). The main contents of this share repurchase plan are as follows:

1. Share repurchase method: centralized bidding transaction method
2. Purpose of share repurchase: intended to implement employee stock ownership plan or equity incentive. If the company fails to implement the above-mentioned purposes within 36 months after the completion of share repurchase, or the shares repurchased are not all used for the above-mentioned purposes, the unused part will be canceled according to law.
3. Share repurchase price: no more than HKD 9.5 /share
4. Types of shares to be repurchased: shares of foreign capital stocks (B shares) listed within the territory of the company
5. Source, total amount, quantity and proportion of funds for share repurchase: The source of funds for this share repurchase is the Company's own funds. The total amount of repurchase funds shall not be less than HKD 160 million (inclusive) and not more than HKD 320 million (inclusive). The total amount of specific repurchase funds shall be subject to the total amount of funds actually used to repurchase shares.

6. The period of share repurchase is within 12 months from the date of the second provisional general shareholders' meeting in 2019 to deliberate and approve the share repurchase plan.

II. Implementation of share repurchase

(I) Initial repurchase

On February 18, 2020, the Company implemented share repurchase for the first time, and disclosed the first share repurchase on February 19, 2020. For details, please refer to the Announcement on the First Share Repurchase (Announcement No.: 2020-02) disclosed by the Company on February 19, 2020.

(II) Repurchase progress

According to the Detailed Rules for the Implementation of Share Repurchase by Listed Companies of Shenzhen Stock Exchange and other relevant regulations, during the repurchase period, the Company disclosed the announcement on the implementation progress of its repurchase of shares on February 19, 2020, March 3, 2020, April 2, 2020, April 23, 2020, May 8, 2020, June 3, 2020, July 3, 2020, August 5, 2020, September 2, 2020, September 10, 2020, October 13, 2020 and November 4, 2020 respectively. For details, please refer to the announcement of the Company (Announcement No.: 2020-02, 2020-03, 2020-07, 2020-31, 2020-32, 2020-37, 2020-42, 2020-44, 2020-52, 2020-53, 2020-54, 2020-66 and 2020-67).

(III) Complete repurchase

By November 30, 2020, the Company had completed repurchase, and actually repurchased 19,551,800 shares of the Company, accounting for 2.59% of the Company's total share capital. The highest repurchase price was HKD 9.17 per share, the lowest repurchase price was HKD 7.22 per share, and the total amount of funds used was HKD 160,734,718.28.

III. Explanation on no difference between the implementation of share repurchase and the plan of share repurchase

The actual repurchase method, repurchase price, total amount of funds used and the implementation period of share repurchase of the company are in line with the relevant provisions of the Proposal on Repurchase of Company Shares and Repurchase Report reviewed and approved at the second provisional shareholders' general meeting in 2019. There is no difference between the actual implementation of the repurchase plan and the disclosed repurchase plan, and the Company has completed the repurchase according to the disclosed plan.

IV. The impact of the implementation of this share repurchase plan on the Company

After the implementation of this share repurchase plan, it will not have any significant impact on the Company's operation, finance, debt performance ability and future development, and will not lead to changes in the Company's control rights, nor will it change its status as a listed company. The distribution of shares will still meet the conditions for listing.

V. Purchase and sale of stocks by related entities during repurchase period

The directors, supervisors, senior managers, controlling shareholders and actual controllers of the Company have not purchased or sold the Company's shares from the date of the first disclosure of the share repurchase to the date before the announcement of the repurchase results and share changes.

VI. Share cancellation arrangement

According to the Detailed Rules for the Implementation of Share Repurchase by Listed Companies of Shenzhen Stock Exchange and other relevant regulations, the shares repurchased by the Company are temporarily stored in the special stock account for repurchase. Before the transfer of the repurchased shares, the repurchased shares are not entitled to the rights of voting, profit distribution, conversion of public reserve fund into share capital, allotment of shares, pledge, etc.

According to the relevant provisions of the Proposal on Repurchase of Company Shares and Repurchase Report deliberated and approved at the second provisional shareholders' general meeting in 2019, the repurchased shares will be used to implement the employee stock ownership plan or equity incentive. If the Company fails to implement the above purposes within 36 months after the completion of the share repurchase, or all the repurchased shares are not used for the above purposes, the unused parts will be canceled according to law.

The Company will fulfill its information disclosure obligations in a timely manner according to the subsequent progress.

VII. Disposal arrangement and share change table of repurchased shares

The share repurchase plan has been implemented, and the total number of shares repurchased by the Company is 19,551,800 shares. As of the date of this announcement, these shares are deposited in the special stock account for repurchase of the Company. The repurchased shares are intended to be used to implement the employee stock ownership plan or equity incentive. Currently, relevant plans have not been formulated and implemented, and the Company's share capital structure has not changed.

According to the Company's share capital structure as of the date of this announcement, the changes that may be brought about by this repurchase of shares are as follows:

1. Assuming that all the repurchased shares are used for employee stock ownership plan or equity incentive and all are locked, the total share capital of the Company will not be changed, and the expected changes in the share capital structure will be as follows:

Category of shares	Before this repurchase		After this repurchase	
	Number of shares (shares)	Proportion (%)	Number of shares (shares)	Proportion (%)
Domestic shares	479824800	63.64	479824800	63.64

Restricted sale of B shares	0	0	19551800	2.59
Unrestricted sale of B shares	274185600	36.36	254633800	33.77
Total shares	754010400	100	754010400	100

2. Assuming that the employee stock ownership plan or equity incentive cannot be implemented due to relevant reasons and all repurchased shares are cancelled accordingly, the total share capital of the Company will be reduced by 19,551,800 shares, and the expected changes in the share capital structure will be as follows:

Category of shares	Before this repurchase		After this repurchase	
	Number of shares (shares)	Proportion (%)	Number of shares (shares)	Proportion (%)
Domestic shares	479824800	63.64	479824800	65.33
Unrestricted sale of B shares	274185600	36.36	254633800	34.67
Total shares	754010400	100	734458600	100

VIII. Other instructions

The Company repurchase conforms to the established repurchase plan disclosed by the Company. The repurchase time, the number of repurchased shares and the entrusted time period of centralized bidding transactions of the Company are all in accordance with the provisions of the Detailed Rules for the Implementation of Share Repurchase by Listed Companies of Shenzhen Stock Exchange:

1. Failure to repurchase the Company's shares within the following period:

(1) Within 10 trading days prior to the announcement of the company's regular report, performance forecast or performance express report;

(2) From the date of occurrence of major events that may have a significant impact on the company's stock trading price or during the decision-making process to within 2 trading days after disclosure according to law;

(3) Other circumstances stipulated by the CSRC and Shenzhen Stock Exchange.

2. Since the date of share repurchase by the Company, the number of shares repurchased by the Company has not exceeded one million every five trading days.

3. The entrustment to repurchase shares is not carried out at the following trading hours:

(1) Open call auction;

(2) Within half an hour before closing;

(3) There is no limit on stock price.

4. The price of the Company's repurchased shares fails to reach the price limit of the Company's stock trading on the same day.

This announcement is hereby made.

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

December 2, 2020