

**Hangzhou Steam Turbine Co., Ltd.**  
**Announcement on Extending the Auditing Services of**  
**Pan-China CPA to Year 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.*

Pan-China Certified Public Accountants is an accounting firm with securities and futures-related business qualifications. It has many years of experience in providing audit services to listed companies and has sufficient independence, professional competence and investor protection capabilities. In the process of engaging in the company's 2021 annual audit service, they can fulfill their duties and follow the practice standards. The audit report issued can fully reflect the company's 2021 annual financial situation and operating results, and the audit results issued conform to the actual situation of the company. The audit staff it is equipped with has the ability to complete the audit work, complete the audit work according to the annual audit plan, and meet the company's annual financial audit requirements.

In order to maintain the continuity of the company's audit work, the company plans to continue to employ Pan-China Certified Public Accountants as the company's audit institution in 2022 for annual financial report and internal control, with an employment period of one year. The relevant audit fees for 2022 and internal control audit are RMB 1.3 million respectively (the audit fees for 2021 annual report are RMB 900,000 ); Internal control audit cost is RMB300,000 (2021 internal control audit cost is RMB 260,000).

The basic information of Pan-China Certified Public Accountants is as follows:

**I. Institutional information**

**1. Basic information**

Name of firm	Pan-China Certified Public Accountants (Special General Partnership)		
Date of establishment	July 18, 2011	Organizational form	Special General Partnership
Registered address	6/F, No. 128, Xixi Road, Xihu District, Hangzhou City, Zhejiang		
Chief partner	Hu Shaoxian	Number of partners at the end	210

		of the last year	
Number of practitioners at the end of the last year	Certified public accountant		1,901
	Who have signed the audit report of securities service business		749
2020 business revenue	Total business income	3.06 billion yuan	
	Audit business income	2.72 billion yuan	
	Securities business income	1.88 billion yuan	
Audit of listed companies (including A and B shares) in 2020	Number of customers	529	
	Total audit fees	570 million yuan	
	Industries mainly involved	Manufacturing, information transmission, software and information technology service industry, wholesale and retail industry, real estate industry, construction industry, electricity, heat, gas and water production and supply industry, financial industry, transportation, storage and postal industry, political, culture, sports and entertainment industry, leasing and business service industry, water conservancy, environment and public facilities management industry, scientific research and technical service industry, agriculture, forestry, animal husbandry, fishery, mining industry, accommodation and catering industry, education, general, etc.	
	Audit clients of listed companies in the same industry by the firm		395

## 2. Investor protection capabilities

At the end of last year, Pan-China Certified Public Accountants (Special General Partnership) had accrued a total of more than 100 million yuan in the occupational risk fund, and the cumulative compensation limit for the purchased occupational insurance exceeded 100 million yuan. The accrual of the occupational risk fund and the purchase of occupational insurance comply with the Ministry of Finance's relevant provisions in the "Administrative Measures for Professional Risk Funds of Accounting Firms" and other documents.

In the past three years, Pan-China Certified Public Accountants (Special General Partnership) had no civil liability for the concluded civil litigation related to practice activities.

### 3. Independence and integrity record

Pan-China Certified Public Accountants (Special General Partnership) has been subject to supervision and management measures 14 times due to its practice in the past three years, and has not received criminal penalties, administrative penalties, self-regulatory measures and disciplinary sanctions. 36 employees have been subject to supervision and management measures 20 times due to their practice in the past three years, and have not received criminal penalties, administrative penalties, or self-regulatory measures.

## II. Project information

### 1. Personnel information

Project team members	Name	When become CPA	When start auditing listed companies	When start practicing in the firm	When start providing audit services for the firm	Information about the signing or review of audit reports of listed companies in the past three years
Project partner	Sheng Weiming	2003	2001	2001	2019	[Note 1]
CPA with power to sign	Sheng Weiming	2003	2001	2001	2019	
	Lin Qunhui	2013	2008	2006	2022	No
Quality control reviewer	Ning Yifeng	2008	2005	2008	2021	[Note 2]

[Note 1] In 2021, signed the 2020 annual audit report of listed companies such as Hangzhou Steam Turbine and Longma Environmental Sanitation ; In 2020, signed the 2019 annual audit report of listed companies such as Hangzhou Steam Turbine; in 2019, signed the 2018 annual audit of listed companies such as Jiemei Technology.

[Note 2] In 2021, signed the 2020 annual audit reports of listed companies such as Great Wall Technology, Yongjin Technology and Wellsun Intelligent; In 2020, signed the 2019 audit reports of listed companies such as Insigma Technology, and Yongjin Technology; In 2019, signed the 2018 annual audit reports of listed companies such as Insigma Technology and Xianghe Industrial.

## **2. Integrity record**

In the past three years, project partners, certified public accountants with power to sign, and project quality control reviewers have not received criminal penalties for their practice, and have not been subject to administrative penalties and supervisory measures by the China Securities Regulatory Commission and its dispatched agencies and the industry authorities, nor subject to the situation of self-regulatory measures and disciplinary sanctions from stock exchange and self-regulatory organizations such as industry associations.

## **3. Independence**

Pan-China Certified Public Accountants (Special General Partnership) and project partners, certified public accountants with power to sign, and project quality control reviewers have no circumstances that may affect independence.

## **4. Audit fee pricing principles**

The 2022 audit fee is RMB 1.3 million, and the internal control audit fee is RMB 300,000. The pricing principles for 2022 audit fees and internal control audit fees are mainly based on the Company's business scale, industry, and accounting processing complexity, etc., and are according to the Company's annual report auditing needs of the auditors and workload and the firm's fee standards, and upon referring to the audit fees paid by the Company in previous years, it's finally determined by both parties by consult.

## **III. Procedures performed to renew/change the accounting firm**

### **1. Duty performance of the audit committee**

The audit committee of the Company's board of directors convened three communication meetings in advance on the 2021 annual report, and conducted an investigation and evaluation of the 2021 financial audit work of Pan-China Certified Public Accountants (Special General Partnership). The Company's audit committee considered that: Pan-China Certified Public Accountants (Special General Partnership) can complete the audit work on time in accordance with the 2021 financial report audit plan, and it issued the audit opinion for the 2021 financial report on schedule; in the implementation of the 2021 audit work, it can abide by the professional ethics and follow the audit standard of the Chinese certified public accountant to implement the audit work, the relevant audit opinions are objective and fair, and the various tasks entrusted by the Company have been completed well. The audit committee reviewed the relevant qualification certificates, relevant information and integrity records of Pan-China Certified Public Accountants, and recognized the independence, professional competence and investor protection capabilities of Pan-China Certified Public Accountants. After the fourth meeting of the eighth session of the Audit Committee, the "Proposal on the 2021 Work Evaluation and the 2022 Renewal of

Pan-China Certified Public Accountants " was reviewed and approved, and it's agreed to be submitted to the 23rd meeting of the eighth board of directors for deliberation.

## **2. Prior recognition and independent opinions of independent directors**

The independent directors of the Company issued explicit and agreed pre-approval opinions and independent opinions on the matter. For details, please refer to the relevant announcement disclosed by the Company on [www.cninfo.com.cn](http://www.cninfo.com.cn) (<http://www.cninfo.com.cn>) on the same day.

## **3. Explanation of voting**

The 23rd meeting of the eighth session of the Company's board of directors reviewed and approved the "Proposal on the Company's Renewal of the Appointment of Pan-China Certified Public Accountants as the 2022 Audit Agency" with 8 votes in favor, 0 votes against, and 0 abstentions.

## **4. Effective date**

The appointment of the accounting firm still needs to be submitted to the Company's 2021 annual general meeting of shareholders for deliberation, and it will take effect from the date of approval by the Company's general meeting of shareholders.

## **IV. Filing documents**

- (1) Resolutions of the 23rd meeting of the 8th board of directors;
- (2) Documents certifying the performance of the audit committee's duties;
- (3) Written opinions of independent directors;
- (4) Explanation on the basic information of the accounting firm to be appointed.

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

March 31,2022