

Hangzhou Steam Turbine Co., Ltd.

Announcement of Equity Allocation 2021

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 Note:

According to the relevant provisions of the *Company Law*, 111,800 shares in the special securities account repurchased by the Company are not entitled to profit distribution. This equity distribution is based on the total share capital of 754,010,400 shares at the end of 2021, excluding 111,800 shares that have been repurchased by date of record of the Company in equity distribution. that is, 753,898,600 shares, the Company would distribute cash dividend to all the shareholders at the rate of RMB 4.0 for every 10 shares (with tax inclusive) , 3 bonus shares(with tax inclusive), and no reserve would be converted into share capital.

Since the repurchased shares do not participate in equity distribution, the total amount of the Company's actual cash dividend this time = the total share capital in distribution \times distribution ratio, that is, RMB 301,559,440 = (754,010,400 - 111,800) shares \times RMB 0.40/share, and the cash dividend per share converted from total share capital of the Company = total cash dividend \div total share capital before this change (including repurchased shares), that is, RMB 0.399941/share (HK\$ 0.478170/share) = RMB 301,559,440 \div 754,010,400 shares; The total number of actual bonus shares = the total share capital distributed \times the bonus share ratio, that is, 226,169,580 shares = (754,010,400 - 111,800) shares \times 0.3, and the ratio of bonus shares converted from the total share capital of the Company = the actual total number of bonus shares this time \div the total share capital before this change (including repurchased shares), that is, 0.299956 = 226,169,580 shares \div 754,010,400 shares. After the implementation of this equity distribution, according to the principle of constant stock market value, the ex-dividend price after the implementation of this equity

distribution = (closing price of the last trading day - RMB 0.478170/share) ÷ (1 + 0.299956).

The equity allocation plan of Hangzhou Steam Turbine Co., Ltd. of 2021 has been examined and adopted at the Shareholders' Meeting 2021 held on April 27, 2022. The followings are the details about implementation of the plan:

1. The General Meeting of Shareholders reviewed and approved the equity distribution plan

1. The Company's equity distribution plan for 2021, which was reviewed and approved at the General Meeting of Shareholders: With the total share capital of 754,010,400 shares at the end of the year deducting 111,800 treasury shares repurchased as of date of record by Company at the end of 2021, that is, 753,898,600 shares, the Company would distribute cash dividend to all the shareholders at the rate of RMB 4.0 for every 10 shares (with tax inclusive), 3 bonus shares (with tax inclusive), and no reserve would be converted into share capital. that the stock shares repurchased by the Company will not participate in profit distribution.

2. From the disclosure of the 2021 annual equity distribution plan to its implementation, the total share capital of the Company has not changed.

3. The equity distribution plan implemented this time is consistent with the distribution plan reviewed and approved by the General Meeting of Shareholders.

4. The implementation time of this equity distribution plan is less than two months from the time when the General Meeting of Shareholders reviewed and approved it.

II. The equity allocation plan

The equity allocation plan for year 2021 is: With the total share capital of 754,010,400 shares at the end of the year deducting 111,800 treasury shares repurchased as of date of record by Company, that is, 753,898,600 shares at the end of 2021, It decides to distribute 3 bonus shares for every 10 shares and RMB 4.0 in cash to all shareholders (tax included), the foreign non-residential enterprise distributed the after -tax cash dividend of RMB 3.30 per 10 shares, for churchyard individual of B shareholders are subject different tax ratio, distributed cash dividend of RMB 4.00 per 10 shares firstly, and tax shall be paid according to the actual term of shareholding after reducing of shares [Note] .

[Note: On first -in -first -out basis, shareholding periods are calculated upon each shareholders' account ,namely RMB 1.40 of tax per 10 shares for under 1 month(include);RMB 0.70 of tax per 10 share for between 1 month and 1year(include);no tax is payable for over one year.]

Special note: Since the company is a Sino-foreign joint venture, individual foreign investors

may temporarily be exempted from dividend income tax.

Before the dividend, the total share capital of the Company was 754,010,400 shares, and after the dividend, the total share capital increased to 980,179,980 shares.

For cash dividend to be distributed to B share shareholders, the first working day after the resolution of the shareholders general meeting of 2021 will be followed, that is April 28, 2022 is the day that the central parity rate of RMB against Hong Kong dollar announced by the People's Bank of China (Hong Kong dollar: RMB=1: 0.8364) is the exchange rate for payment by HK Dollar.

III. Dividend date

The final trading day: May 23, 2022;

Ex-dividend date: May 24, 2022;

The Equity registration date: May 26 2022.

The equity registration date for the equity distribution of domestic shares is: May 26, 2022.

IV. Qualifications for the dividend

This distribution object is: all B-share shareholders of the Company registered in Shenzhen Branch of China Securities Depository and Clearing Co., Ltd. (hereinafter referred to as "CSDC Shenzhen Branch") after the closing of Shenzhen Stock Exchange on the afternoon of May 26, 2022 (the last trading day is May 23, 2022); As of the afternoon of May 26, 2022, after the Shenzhen Stock Exchange closed, all domestic shareholders of the Company registered in CSDC Shenzhen Branch.

V. Equity distribution method

1. This B-share offering (swap) will be directly credited to the shareholders' B-share securities account on May 26, 2022. The shares offered (swapped) by domestic shares will be directly credited to the shareholders' securities account on May 26, 2022. For the part of less than 1 share generated in the process of share offering (swap), one share will be distributed to shareholders in order of descending mantissa after decimal point (if the mantissa is the same, it will be distributed randomly by the system) until the actual total number of shares offered (swapped) is consistent with the total number of shares offered (swapped) this time.

2. The circulation B shares dividend will be directly transferred on May 26, 2022 into the shareholder's accounts of entrusted Security agency or entrusted bank; Shareholders whose B shares are entrusted on May 26, 2022, they can still withdraw their dividends at the former entrusted security agency or the entrusted banks.

3. The cash dividends of domestic shareholders and restricted shareholders with equity incentive will be distributed by the Company itself.

4. The starting trading day of the negotiable shares offered (swapped) by this B-share is May 27, 2022.

VI. Statement of changes in shares

Before and after the implementation of this equity distribution, the changes of the Company's share capital structure are as follows:

Nature	Before the change		Increase/decrease(+, -) (Shares)	After the Change	
	Amount(Shares)	Proportion		Amount(Shares)	Proportion
I. Unlisted shares	479,824,800	63.64%	143947440	623,772,240	63.64%
II. Non-restricted shares	274,185,600	36.36%	82222140	356,407,740	36.36%
Including: 1. Restricted circulating stock	19,498,059	2.59%	5,849,418	25,347,477	2.59%
2. Non-restricted circulating stock	254,687,541	33.78%	76,372,722	331,060,263	33.78%
III. Total of capital shares	754,010,400	100.00%	226169580	980,179,980	100.00%

VII. Adjustment of related parameters

1. After the implementation of this share offering, the net income per share in 2021 is RMB 0.68 based on the diluted share capital of 980,179,980 shares.

2. Because the share repurchase does not participate in the equity distribution, the total amount of the Company's actual cash dividend this time = the total share capital actually participated in the distribution × the distribution ratio, that is, 301,559,440 yuan = (754,010,400-111,800) shares × 0.40 yuan/share. The cash dividend per share = total cash dividend ÷ total share capital before this change (including repurchased shares), that is, RMB 0.399941/share (HK\$ 0.478170/share) = RMB 301,559,440 ÷ 754,010,400 shares; The total number of actual bonus shares = the total share capital distributed × the bonus share ratio, that is, 226,169,580 shares = 753,898,600 shares × 0.3, and the share change ratio = the actual total number of bonus shares this time ÷ the total share capital before this change (including repurchased shares), that is, 0.299956 = 226,169,580 shares ÷ 754,010,400 shares. After the implementation of this equity distribution, according to the principle of constant stock market value, the ex-dividend price after the implementation of this equity distribution = (closing price of the last trading day - RMB 0.478170/share) ÷ (1 + 0.299956).

3. According to the Company's *Restricted Stock Incentive Plan in 2021*, after the implementation of this equity distribution, for the number of restricted stock repurchases that have been granted but with restriction not lifted, and the repurchase price adjustment, the Company will make an announcement after the review procedure is performed separately.

VIII. Others

If the B shareholder is not belong to the churchyard individual and non-residential enterprise ,but their bonuses tax are deducted, please contact with the Company before June 15, 2022 (including the date), and provide related materials requested by the Tax bureau, company will help to refund the tax after affirmed.

IX. Consulting agencies and contacts

1. Consulting agency: Office of the Board of Directors of Hangzhou Steam Turbine Co., Ltd.
2. Consulting address: Steam Turbine Power Building, No.1188 Dongxin Road, Hangzhou
3. Consulting contact: Wang Caihua, Li Xiaoyang
- 4.Consulting telephone: 0571-85780438
5. Fax: 0571-85780433

X. Documents for Reference

- 1.The resolutions of the 23rd meeting of the Eighth board of directors;
- 2.The Company's 2021 annual shareholders general meeting's resolution;
- 3.Other documents required by Shenzhen Stock Exchange.

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

May 18, 2022