

## **Hangzhou Steam Turbine Co., Ltd.**

### **Announcement of Equity Allocation 2020**

*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:**

1. The 2020 annual profit distribution plan of Hangzhou Steam Turbine Co., Ltd was reviewed and approved in the annual shareholders general meeting of 2020 and it's as follows: In 2020, with the total share capital of 754,010,400 shares at the end of the year deducting 19,551,800 treasury shares repurchased as of date of record by Company, that is, 734,458,600 shares, the Company would distribute cash dividend to all the shareholders at the rate of CNY 2.5 for every 10 shares (with tax inclusive) ,0 bonus shares, and no reserve would be converted into share capital. The treasury stocks repurchased by the Company do not participate in the profit distribution.
2. The Company declares that the distribution plan implemented this time is consistent with the distribution plan reviewed and approved by the shareholders general meeting.
3. The implementation date of the distribution plan has not been more than two months away from the approval of the shareholders general meeting.

The equity allocation plan of Hangzhou Steam Turbine Co., Ltd. 2020 has been examined and adopted at the Shareholders' Meeting 2020 held on May 10,2021. The followings are the details about implementation of the plan:

#### **I. The equity allocation plan**

The equity allocation plan for year 2020 is: Based on the Company's existing total share capital of 734,458,600 shares after excluding 19,551,800 shares that have been repurchased, it will distribute RMB 2.5 for every 10 shares in cash to all shareholders (tax included), the foreign non-residential enterprise distributed the after -tax cash dividend of RMB 2.25 per 10 shares, for churchyard individual of B shareholders are subject different tax ratio, distributed cash dividend of RMB 2.5 per 10 shares firstly, and tax shall be paid according to the actual term of shareholding after reducing of shares (Note 1).

[Note 1: On first –in –first –out basis, shareholding periods are calculated upon each shareholders' account ,namely RMB 0.50 of tax per 10 shares for under 1 month (include);RMB 0.25 of tax per 10 share for between 1 month and 1 year (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.

For cash dividend to be distributed to B share shareholders, the computed exchange rate of B shares dividends shall be prescribed by the Articles of Association or Resolution of the shareholders general meeting(if the Company's Articles of Association or shareholders general

meeting's resolution does not stipulate, the first working day after the resolution of the shareholders general meeting will be followed, that is May 11, 2021 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: 0.8274) is the exchange rate for payment by HK Dollar.

## **II. Registration day and Ex-dividend day**

The final trading day: June 15, 2021;

Ex-dividend date: June 16, 2021;

The Equity registration date: June 18 2021.

The equity registration date for the equity distribution of domestic shares is: June 18,2021.

## **III. 3. Qualifications for the dividend**

All of the B shareholders registered by China Securities Depository & Clearing Corporation Ltd. Shenzhen Branch upon the closing of Shenzhen Stock Exchange in the afternoon of June 18, 2021 (The final trading day is June 15, 2021). By the close of the Shenzhen Stock Exchange on the afternoon of June 18, 2021, all shareholders of the company's domestic shares registered in the China Clearing Shenzhen Branch.

## **IV. Way of distribution**

1.The circulation B shares dividend will be directly transferred on June 18, 2021 into the shareholder's accounts of entrusted Security agency or entrusted bank; Shareholders whose B shares are entrusted on June 18, 2021, they can still withdraw their dividends at the former entrusted security agency or the entrusted banks.

2. The cash dividends for domestic shareholders will be distributed by the Company itself.

## **V. About the calculation principles and methods of ex-rights and ex-dividends price**

Considering that the shares in the Company's special securities account for repurchase will not participate in the 2020 annual 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, 183,614,650 yuan = (754,010,400-19,551,800) shares × 0.25 yuan/share. Because the repurchased shares by the Company do not participate in dividends distribution, after the implementation of this equity distribution, according to the principle of unchanged stock market value, the Company's total equity will remain unchanged after the implementation of the equity distribution. Therefore, when calculating the ex-rights and ex-dividends price after the implementation of this equity distribution, the cash dividend per share shall be calculated at 0.243517 yuan/share (0.29432 HK dollars/share). (Cash dividend per share = total cash dividend/total share capital, that is, 0.243517 yuan / share = 183,614,650 yuan ÷ 754,010,400 shares). In summary, the ex-rights and ex-dividends price after the implementation of the annual equity distribution of 2020 shall be implemented in accordance with the above principles and calculation methods, that is, the price after the ex-rights and ex-dividends implementation of the equity distribution = The closing price at the final trading day -0.29432 Hong Kong dollars.

## **VI. 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 July 15, 2021 (including the date ), and provide related materials requested by the Tax bureau, company will help to refund the tax after affirmed.

**VII. Consulting agencies and contacts**

1. Consulting agency: Securities Regulatory Office of Hangzhou Steam Turbine Co., Ltd.
2. Consulting address: Team Turbine Power Building, No.1188 Dongxin Road, Hangzhou
3. Consulting contact: Wang Caihua, Li Xiaoyang
4. Consulting telephone: 0571-85784761
5. Fax: 0571-85780433

**VIII. Documents for Reference**

1. The resolutions of the 10th meeting of the Eighth board of directors;
2. The Company's 2020 annual shareholders general meeting's resolution;
3. Other documents required by Shenzhen Stock Exchange.

Hangzhou Steam Turbine Co., Ltd.

June 7, 2021