

## Hangzhou Steam Turbine Co., Ltd.

### Announcement on amending the articles of association of the company

*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.*

The Proposal of Revising the Articles of Association of the Company was considered and approved at the 28th meeting of the seventh Board of Directors of Hangzhou Steam Turbine Co., Ltd (hereinafter referred to as "the Company") held on January 8, 2019, and the Proposal has yet to be submitted to the Company's first provisional shareholders' general meeting in 2019 for consideration.

According to "The Company Law of the People's Republic of China" revised on October 26, 2018, and the relevant provisions of the China Securities Regulatory Commission and Shenzhen Stock Exchange and other rules, the Company-in accordance with the actual situation of the Company-carried out the revision for part of the provisions and contents of the "Articles of Association of the Company", with the amendments are as follows:

Original contents	Revised to
<p>Article 25.</p> <p>The Company may repurchase shares issued previously under following circumstances, but shall following the procedures as provided by the Company Law, related regulations, as well as this Articles of Association:</p> <p>(I) Reducing of registered capital;</p> <p>(II) To merge with another company holding shares of the Company;</p> <p>(III) To award bonus shares to employees of the Company;</p> <p>(IV) When a shareholder requires the Company to repurchase the shares he/she is holding for he/she is holding dissent opinion on any resolutions adopted by the shareholders' meeting regarding merger or splitting of the Company;</p> <p>The Company shall not trade the Company's shares</p>	<p>Article 25.</p> <p>The Company may repurchase shares issued previously under following circumstances, but shall following the procedures as provided by the Company Law, related regulations, as well as this Articles of Association:</p> <p>(I) Reducing of registered capital;</p> <p>(II)To merge with another company holding shares of the Company;</p> <p><b><u>(III) Use the shares for employee stock ownership plans or equity incentives;</u></b></p> <p>(IV) When a shareholder requires the Company to repurchase the shares he/she is holding for he/she is holding dissent opinion on any resolutions adopted by the shareholders' meeting regarding merger or splitting of the Company;</p>

<p>under any circumstance other than the above.</p>	<p><b><u>(V) Use the shares for converting into the stock-convertible company bonds issued by the listed company;</u></b></p> <p><b><u>(VI) Necessarily needed for maintaining the Company's value and the shareholders' rights and interests;</u></b></p> <p>The Company shall not trade the Company's shares under any circumstance other than the above.</p>
<p>Article 26. Entities may purchase the Company's shares by one of the following means:</p> <p>(I) Bidding in the stock exchange;</p> <p>(II) Direct offer;</p> <p>(III) Other means as approved by China Securities Regulatory Commission.</p>	<p>Article 26. Entities may purchase the Company's shares by one of the following means:</p> <p>(I) Bidding in the stock exchange;</p> <p>(II) Direct offer;</p> <p>(III) Other means as approved by China Securities Regulatory Commission.</p> <p><b><u>Where the Company purchases the shares of the Company due to the circumstances prescribed in article 25 (III), (V) and (VI) of the articles of association, it shall do so through an open centralized trading method.</u></b></p>
<p>Article 27. Repurchases done by means as described in Article 25 (I) – (III) shall be subject to the approval of the shareholders' general meeting. The shares purchased upon Article 25 (I) shall be deregistered in 10 days since it has been done. Whereas upon Article 25 (II) and (IV) shall be transferred or deregistered in 6 months since it is done.</p> <p>Amount of shares repurchased by the Company under the circumstances described in Article 25(III) shall not be greater than 5% of total capital shares the Company had issued. Fund used to repurchase shall be paid by profit of the Company after tax, and the shares repurchased shall be transferred to employees within one year.</p>	<p>Article 27. <b><u>Repurchases done by means as described in Article 25 (I) – (II) shall be subject to the approval of the shareholders' general meeting. Where the Company purchases the shares of the Company due to the circumstances prescribed in article 25 (III), (V) and (VI) of the articles of association, it shall do so through an open centralized trading method. It shall need a resolution of the board meeting which shall be attended by more than two thirds of the directors.</u></b></p> <p><b><u>The shares purchased upon Article 25 (I) shall be deregistered in 10 days since it has been done. Whereas upon Article 25 (II) and (IV) shall be transferred or deregistered in 6 months since it is done. Whereas upon Article 25 (III), (V) and (VI), The total number of shares of the Company held by the Company shall not exceed 10% of the total issued shares of the Company and shall be transferred or written off within three years.</u></b></p>
<p>Article 47. Shareholders' Meeting is the decision making body with the following powers:</p>	<p>Article 47. Shareholders' Meeting is the decision making body with the following powers:</p>

<p>(I) To decide the external business strategy and investment projects.</p> <p>...</p> <p>(XVIII)</p> <p>To examine other issues as stipulated by the laws, regulations, documents, or this Articles of Association to be decided by the Shareholders' Meeting.</p> <p>The above powers of the Shareholders' Meeting shall not be authorized to the Board or any other organizations or individuals.</p>	<p>(I) To decide the external business strategy and investment projects.</p> <p>...</p> <p><b><u>(XVIII) The acquisition plan of the shares of the Company shall be considered and approved in accordance with the circumstances stipulated in items (I) and (II) of Article 25 of these Articles of Association;</u></b></p> <p>(XIX)</p> <p>To examine other issues as stipulated by the laws, regulations, documents, or this Articles of Association to be decided by the Shareholders' Meeting.</p> <p>The above powers of the Shareholders' Meeting shall not be authorized to the Board or any other organizations or individuals.</p>
<p>Article 114. The Board of Directors are entitled the following powers:</p> <p>(I) To convene the Shareholders' Meeting and report to the Shareholders' Meeting.</p> <p>...</p> <p>(VII) To produce plans regarding major acquisition, repurchasing of the Company's stocks, merging, separation, dismissing of the Company, or changing of the Company's organization form.</p> <p>(VIII) Under authorization of the Shareholders' Meeting, to decide upon issues such as external investment, purchasing of assets, pledging of assets, external guarantee issues, outsourced financing, and related transactions.</p> <p>...</p> <p>(XVI) To execute other duties assigned by the laws, administrative rules, department regulations and the Articles of Association.</p>	<p>Article 114. The Board of Directors are entitled the following powers:</p> <p>(I) To convene the Shareholders' Meeting and report to the Shareholders' Meeting.</p> <p>...</p> <p><b><u>(VII) To formulate a plan for the Company to acquire shares of the company due to the conditions stipulated in items (I) and (II) of Article 25 of the Articles of Association;</u></b></p> <p><b><u>(VIII) to make a resolution on the acquisition of shares of the Company by the Company due to the conditions stipulated in items (III), (V) and (VI) of Article 25 of the Articles of Association;</u></b></p> <p>...</p> <p>(XVIII) To execute other duties assigned by the laws, administrative rules, department regulations and the Articles of Association.</p>

This announcement is hereby made.

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

January 9, 2019