

Hangzhou Steam Turbine Co., Ltd.

Announcement of Equity Allocation 2018

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 equity allocation plan of Hangzhou Steam Turbine Co., Ltd. 2018 has been examined and adopted at the Shareholders' Meeting 2018 held on May 10, 2019. The followings are the details about implementation of the plan.

I. The equity allocation plan

The equity allocation plan for year 2018 is: Based on 754,010,400 shares, the Company decided to distribute the before-tax cash dividend of RMB 2.00 per 10 shares (tax included), the foreign non-residential enterprise distributed the after-tax cash dividend of RMB 1.80 per 10 shares, for churchyard individual of B shareholders are subject different tax ratio, distributed cash dividend of RMB 2.00 per 10 shares firstly, and tax shall be paid according to the actual term of shareholding after reducing of shares1.

[Note 1: On first-in-first-out basis, shareholding periods are calculated upon each shareholders' account, namely RMB 0.40 of tax per 10 shares for under 1 month(include); RMB 0.20 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.

Dividend for B shares will be distributed in Hong Kong Dollar. The exchange rate will be the medial rate between RMB and HKD (HKD:RMB =1: 0.8658) published by People's Bank of China at the 1st bank day (May 13, 2019) after the Shareholders' Annual Meeting, Future withholding of B shares, personal shareholders need to pay taxes, reference to the above exchange rate translation.

2. Registration day and Ex-dividend day

The final trading day: May 30, 2019(T)

Ex-dividend date: May 31, 2019(T+1)

The Equity registration date: June 4, 2019(T+3)

The equity registration date for the equity distribution of domestic shares is: June 4, 2019

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 4, 2019(T+3) (The final trading day is May 30, 2019). By the close of the Shenzhen Stock Exchange on the afternoon of June 4, 2019, all shareholders of the company's domestic shares registered in the China Clearing Shenzhen Branch.

4. Way of distribution

The circulation B shares dividend will be directly transferred on June 4, 2019 into the shareholder's accounts of entrusted Security agency or entrusted bank; Shareholders whose B shares are entrusted on June 4, 2019, they can still withdraw their dividends at the former entrusted security agency or the entrusted banks.

Dividends for the shareholders with state-owned legal-person shares and executives locked shares will be distributed directly by the company;

The sponsor's state-owned legal person shares cash bonus will be distributed by the company on its own.

5. 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 30, 2019 (including the date), and provide related materials requested by the Tax bureau, company will help to refund the tax after affirmed.

6. Consulting agencies and contacts

1. Consulting agency: Securities Regulatory Office of Hangzhou Steam Turbine Co., Ltd.
2. Consulting address:No.375, Shiqiao Road, Hangzhou City, Zhejiang.
3. Consulting contact: Wang Caihua, Fang Zixi
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May 25, 2019