

## **Announcement on the External Guarantee by the Company's Subsidiary of Hangzhou Steam Turbine Co., Ltd.**

*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 Risk Disclosure:

After this guarantee, the total amount of external guarantees of the company and its holding subsidiaries is RMB 358 million, which accounts for 5.57% of the company's most recently audited net assets; the total amount of guarantees of the company's holding subsidiaries provided to units with asset-liability ratio more than 70% is RMB 100 million, accounting for 1.56% of the company's most recently audited net assets. The company has no overdue guarantees, and there is no amount of guarantees involving litigation nor there is amount of loss to be undertaken due to being defeated by the lawsuit against the guarantee.

### **I . Overview of the Guarantee**

1. In order to meet the liquidity needs for production and operation, Hangzhou Guoneng Steam Turbine Engineering Co., Ltd. (a holding subsidiary to the company's wholly owned subsidiary Hangzhou Steam Turbine Auxiliary Machinery Co., Ltd., hereinafter referred to as Guoneng Company) applied for a credit line of RMB 100 million to the China CITIC Bank Hangzhou Branch for a period of one year. Hangzhou Steam Turbine Auxiliary Machinery Co., Ltd, a holding subsidiary to the company, provided the guarantee for the afore-said credit lines, with that the guarantee method is the joint and several guarantee.

### 2. Basic information of the guarantee

#### (1)Guarantee for China CITIC Bank Hangzhou Branch Credit

Guarantor: Hangzhou Steam Turbine Auxiliary Machinery Co., Ltd.

The Guaranteed: Hangzhou Guoneng Steam Turbine Engineering Co., Ltd.

Creditor: China CITIC Bank Hangzhou Branch

Guaranteed amount: RMB 100 million

Guarantee mean: Joint-liability guarantee

### 3. Approval procedure of the guarantee

The above guarantee has been approved by the shareholders' meeting of Auxiliary Machinery Company. The guarantee provided by the Auxiliary Machinery Company for Guoneng Company is to meet Guoneng's liquidity needs arising from the production and operation and to help it obtain the bank funding support, which is also conducive to the production and business development of Guoneng Company. At present, Guoneng Company is in good operating condition and has a good bank credit record, and there is no risk of overdue repayment of bank loans, with that the financial risk is within the controllable range.

## II. Basic Information about the Guaranteed

1. Company Name: Hangzhou Guoneng Steam Turbine Engineering Co., Ltd.

2. Date of establishment: December 7, 2006

3. Place of registration: No.10 Tangwang Street, Tangqi Industry Area, Yuhang District, Hangzhou.

4. Legal representative: Wang Liefeng

5. Registered capital: RMB 40 million

6. Business scope: Design, manufacture and sales of steam turbine, gas turbine, whole-set auxiliary machinery and spare parts of other rotating and reciprocating mechanical equipment, heat exchangers, oil stations (oil supply devices) and heaters; Design, manufacturing, sales and installation services for whole-set of related equipment for steam turbine thermal engineering; and related technical consulting, technical services, import and export trade (excluding import distribution); wholesale: steel, construction materials (except those involving special administrative measures implemented by the state) (Items subjecting to approval according to law may be operated after gaining the approval by relevant departments).

7. The relationship with the company: Hangzhou Guoneng Steam Turbine Engineering Co., Ltd. is wholly owned subsidiary of Hangzhou Steam Turbine Auxiliary Machinery Co., Ltd. and Hangzhou Steam Turbine Auxiliary Machinery Co., Ltd. holds 100% stake of Guoneng Company; the company holds 87.53% stake of Hangzhou Steam Turbine Auxiliary Machinery Co., Ltd.

8. The guarantor of the recent financial situation:

In RMB

Period	Revenue	Total	Net profit	Net assets	Total assets	Liability total
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Year 2018	558,263,611.75	893,467.13	1,092,620.80	102,389,019.91	562,966,740.30	81.81%
March 2019	96,072,895.58	166,331.01	141,381.37	102,363,116.81	608,785,091.24	83.19%

#### 9. Description of Other matters

- (1) Total amount involved in contingent events: None
- (2) Whether is a defaulter against who a judgement or order is being executed: No.

### III. The main contents of the guarantee agreement

The main contents of the Maximum Amount Guarantee Contract signed between the Hangzhou Steam Turbine Auxiliary Machinery Co., Ltd. and CITIC Bank are as follows:

1. Creditor: China CITIC Bank Hangzhou Branch
2. Guarantor: Hangzhou Steam Turbine Auxiliary Machinery Co., Ltd.
3. Guaranteed amount: RMB 100 million
4. Guarantee mean: Joint-liability guarantee
5. Guarantee scope: The main creditor's right under the main contract and the interest thereof (including statutory interest, contractual interest, compound interest, and penalty interest), liquidated damages, indemnification for loss, and expenses for the realization of the claim (including but not limited to the fees of litigation, lawyers, notarization, implementation, etc.), losses to the creditor as a result of the debtor's default and all other expenses payable, etc
6. Guarantee period: Three years commenced from the date of the expiration of the occurrence period of the principal claim.
7. The debt period of the principal contract: 1 year (From June 20, 2019 to June 20, 2020)

### IV. Cumulative Amount of External Guarantee and Amount of Overdue Guarantee

By this announcement date, the accumulative amount of external company by the company and its holding subsidiary is RMB 358 million, taking up 5.57 % of the audited net capital in 2018. The total balance of guarantees provided by the company and its holding subsidiaries outside the scope of the consolidated statement is RMB 208 million. taking up 3.24 % of the audited net capital in the latest issue.

The company has no overdue guarantee. And it has no litigation-involved guarantee amount or amount of loss resulting from failing guarantee-related litigation.

### V. Documents available for inspection

1. Resolutions of Shareholders' General Meeting of Hangzhou Steam Turbine Auxiliary Machinery Co., Ltd.

2.Contract on Guaranty of Maximum Amount signed by Hangzhou Steam Turbine Auxiliary Machinery Co., Ltd and China CITIC Company;

This announcement is hereby made.

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

June 25,2019