

Hangzhou Turbine Power Group Co., Ltd.

Announcement on the establishment of the share participating subsidiary through outward investment

The members of the Board and the Company acknowledge being responsible for the truthfulness, accuracy, and completeness of the announcement. There are no false records, misleading statements, or significant omissions carried in this announcement.

I. Overview of Outward Investment

In order to accelerate the commercialization process of independent gas turbines, comprehensively deepen the construction of independent gas turbine test and application demonstration base, and accelerate the implementation of demonstration base projects and industrial integration, the Company plans to jointly invest in the establishment of a joint venture company---Lianyungang Zhonghang Gas Turbine Technology Co., Ltd. (Tentative name-subject to the final registration of the market supervision and management department, hereinafter referred to as the joint venture company) with Jiangsu Yangjing Petrochemical Group Co., Ltd., an enterprise authorized by the Management Committee of the National Eastern, Central and Western Regional Cooperation Demonstration Zone (Lianyungang Xuwei New District). The registered capital of the joint venture company is 100 million yuan, of which 45 million yuan is contributed by the Company in cash with its own funds, and its shareholding ratio is 45%. Jiangsu Yangjing Petrochemical Group Co., Ltd. invests 55 million yuan in cash, holding 55% of the shares. The joint venture will plan to build an independent gas turbine test and industrial demonstration base.

On March 17, 2025, the Company held the 12th meeting of the ninth board of directors, in which the "Proposal on the establishment of the share participating subsidiary through outward investment" was deliberated and passed, and the voting result was: 9 votes in favor, 0 vote objection and 0 vote waived.

According to the Rules for the Listing of Stocks on the Shenzhen Stock Exchange, the Articles of

Association of the Company and the Management System for the Company's outward Investment, such investment is within the approval authority of the board of directors and does not need to be submitted to the shareholders' general meeting of the Company for deliberation.

This investment does not constitute a related party transaction and does not belong to the major asset restructuring matters stipulated in the Administrative Measures for the Major Asset Restructuring of Listed Companies.

II. Basic information of the partner

Name: Jiangsu Yangjing Petrochemical Group Co., Ltd

Address: Office 717-718, Industrial Service Center, Xuwei New District, Lianyungang City

Business Type: Limited Liability Company

Legal representative: Cao Hongtao

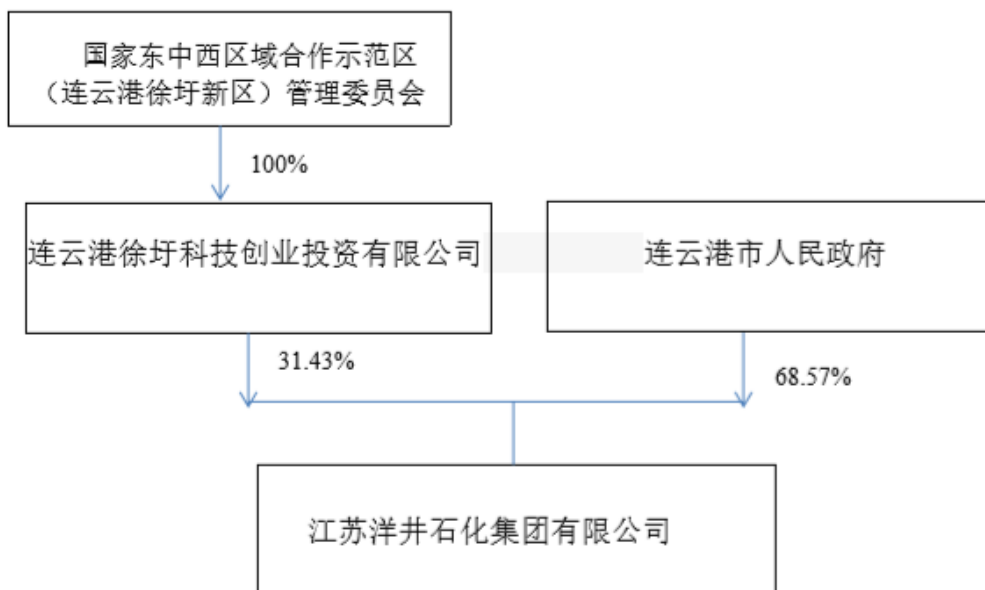
Registered capital: 7,000 million yuan

Date of Establishment: August 11, 2014

Organization Code: 91320700313814347Y

Business Scope: Licensed Items: Port Operation; All kinds of engineering construction activities (projects subject to approval in accordance with the law can only be carried out after approval by relevant departments, and specific business items are subject to the approval results) General projects: park management services; project management services; Engage in investment activities with its own funds; landscaping engineering construction; earthwork construction; domestic freight forwarding; international freight forwarding; domestic shipping agency; General cargo warehousing services (excluding hazardous chemicals and other items subject to license approval); loading, unloading and handling; Sales of metal materials (except for projects subject to approval in accordance with the law, independently carry out business activities with a business license in accordance with the law)

Ownership and control relationship:



Related relationship: There is no related relationship between the Company and Jiangsu Yangjing Petrochemical Group Co., Ltd.

According to the information disclosure website in China, Jiangsu Yangjing Petrochemical Group Co., Ltd. is not a dishonest debtor.

III. Basic information of the investment subject

Name: Lianyungang Zhonghang Gas Turbine Technology Co., Ltd. (tentative name-subject to actual registration)

Registered capital: 100 million yuan

Business Type: Limited Liability Company

Registered address: Xuwei New District, Lianyungang City (the final industrial and commercial registration address shall prevail)

Business scope: technology development, technology transfer, technical consulting, and technical services in the field of gas turbines and new energy; investment, construction and operation of gas turbine power station; R&D, production, sales, inspection and maintenance services for gas turbine units and parts; Testing and verification services for gas turbines and key components; production, sales and system integration of integrated energy (electricity, heat, cold and hot water); development, construction and operation of new energy projects such as hydrogen energy; R&D

and engineering application of energy conservation and environmental protection technology;
Import and export business of power station equipment and technology. (Tentative-subject to
actual registration)

Shareholding structure:

Name of shareholder	Method of funding	Subscribed capital contribution ('0000 yuan)	Shareholding ratio
Hangzhou Turbine Power Group Co., Ltd.	Cash	4,500	45%
Jiangsu Yangjing Petrochemical Group Co., Ltd	Cash	5,500	55%
Total		10,000	

Funding Methods and Sources of Funds:

Both parties contribute in cash, and all funds come from their own funds.

IV. The main content of the outward investment agreement

Party A: Jiangsu Yangjing Petrochemical Group Co., Ltd. (hereinafter referred to as "Yangjing Group")

Party B: Hangzhou Turbine Power Group Co., Ltd. (hereinafter referred to as "Hangzhou Turbine Group")

1. The proposed name of the Company is "Lianyungang Zhonghang Gas Turbine Technology Co., Ltd.", and the Company's domicile is planned to be located in Xuwei New District, Lianyungang City. The details are subject to the final approval of the company registration authority.
2. The first phase of the company's planning is to build an independent gas turbine test and industrial demonstration base, which mainly includes assembly and manufacturing workshops, demonstration power stations and inspection and maintenance centers and other functional platforms, mainly to meet the needs of commercial applications such as assembly and manufacturing, and industrial demonstration of small and medium-sized gas turbines below 50MW .
3. The registered capital of the joint venture company is 100 million yuan, and the capital contribution of Party A is 55 million yuan and the shareholding ratio is 55%. Party B contributes

45 million yuan and holds 45% of the shares.

4. Corporate governance structure

(1) The shareholders' meeting of the joint venture company is composed of all shareholders, and the shareholders' meeting is the highest authority of the company. At the shareholders' meeting of the company, the shareholders shall exercise their voting rights in accordance with the proportion of their paid-in capital contributions.

(2) The board of directors of the joint venture company is the executive body of the shareholders' meeting and is responsible to the shareholders' meeting. The board of directors of the joint venture company is composed of 5 directors, including 3 appointed by Yangjing Group, 2 appointed by Hangzhou Turbine Group, and the chairman of the board of directors is appointed by Yangjing Group and concurrently serves as the legal representative. Directors are appointed for a term of three years and are eligible for re-election. One general manager is appointed by Hangzhou Turbine Group, and one person in charge of finance is appointed by Yangjing Group.

(3) The joint venture company does not have a board of supervisors, but has one supervisor, who is appointed by Yangjing Group. The supervisor is appointed for a term of three years and can be re-elected.

5. Equity Transfer

Shareholders may transfer all or part of their equity to each other. When a shareholder transfers its equity to an external company, it cannot transfer the equity to the company's competitors or entities that compete with the company's operations or have a similar business competition.

6. Liability for breach of contract

If either party violates the provisions of this Agreement, it shall bear the liability for breach of contract as stipulated in the Agreement. If there is no stipulation in this agreement, the non-breaching party shall be compensated for the direct losses. If the liquidated damages or liability for breach of contract agreed in this Agreement are insufficient to compensate the non-breaching party for all losses, the non-breaching party shall be compensated for the direct losses.

7. Miscellaneous

7.1. This agreement shall be executed in four copies, two copies of which shall be held by each of the parties. The text of each agreement shall have the same legal effect.

7.2. This agreement shall enter into force upon the signature and seal of the authorized representatives of the parties.

V. The purpose of the outward investment, the risks and the impact on the Company

(1) The purpose of the investment

In the context of the country's overall promotion of carbon peak and carbon neutrality, the natural gas power generation and its core drive equipment-gas turbines-is ushering in new development opportunities and window periods. With the continuous growth of gas turbine owned in China and the increasing expansion of distributed energy application fields, the market demand for gas turbine operation and maintenance services and small gas turbines continues to rise. The gas turbine technical service and the complete gas turbine sales market upon the core technology show broad prospects.

The Company's "14th Five-Year Plan" strategic plan proposes that on the basis of consolidating the market advantages of industrial steam turbine products, it will adhere to innovation-driven, increase investment and development efforts in the gas turbine market, and strive to complete the development of independent gas turbines by the end of the "14th Five-Year Plan". Since the launch of R&D of the 50MW independent gas turbine HGT51F in 2014, the Company has successively completed the design, manufacture and subsystem testing of core components such as compressors, combustion chambers and turbines, and successfully completed the first prototype off the assembly line in July 2024. As an important business support for the Company's transformation and upgrading, completing the development and testing of independent gas turbine has become a top priority for the Company's current work. The planning and construction of gas turbine demonstration power station is a key step to the commercial application of independent gas turbines.

(II) Existing risks

1. For the establishment of the joint venture company through outward investment, both parties need to report to the competent authority at a higher level for approval in accordance with the regulations, and there are still risks for such filing and approval of registration and establishment.

2. In the actual operation in the future, the joint venture company may have risks caused by uncertain factors such as macroeconomy, industry environment, market competition, operation and management.

3. The research and development of independent gas turbines has not yet been verified by the whole machine test, and there may be a certain deviation from the design value in terms of performance and technical indicators, reliability and stability, overhaul interval and life, etc., and the investment project is positioned as a demonstration power station, and there may be many uncertainties in operation. The company will actively pay attention to the follow-up progress of the investment matters, and fulfill its information disclosure obligations in a timely manner in strict accordance with the provisions of relevant laws and regulations.

(III) The impact of the project investment

The source of funds for this investment is the Company's own funds, the company's operation is stable, and the capital situation can meet the investment arrangement. The investment will not have a material adverse impact on the Company's financial and operating conditions, and there is no harm to the interests of the Company and all its shareholders.

VI. Documents available for inspection

1. Resolutions of the 12th Meeting of the 9th Board of Directors.
2. Equity Investment Cooperation Agreement.

This announcement is hereby made.

The Board of Directors of Hangzhou Turbine Power Group Co., Ltd.

March 18, 2025