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Concerning the opinions of principle over the restructuring and plans for reduction of shares from the date of restructuring and resumption of trading till the completion of transaction, Hirisun's dominant shareholder Hangzhou Capital has declared as follows

"1. In principle, the Company approves the transaction.

2. From the date of resumption of trading till completion of transaction, the Company shall not directly or indirectly reduce held shares of Hirisun or HTC. Nor shall the Company have any plans for direct or indirect reduction of shares of Hirisun or HTC.

In violation of the commitment, the Company will bear relevant legal liability."

Concerning the plans for reduction of shares in the transaction from the date of resumption of trading till completion of transaction, Hirisun's directors, supervisors and senior executives have declared as follows:

"1. From the date of resumption of trading till completion of transaction, I myself shall not reduce held shares of Hirisun. Nor shall I have any plans for reduction of shares of Hirisun.

2. In violation of the commitment, I myself will bear relevant legal liability."

(II) Opinions of principle of dominant shareholders of the Acquiree and persons acting in concert thereof, and plans for reduction of shares of the dominant shareholders and persons acting in concert, directors, supervisors and senior executives thereof from the date of resumption of trading till the completion of transaction

Concerning the opinions of principle over the restructuring and plans for reduction of shares from the date of resumption of trading till the completion of transaction, HTC's dominant shareholder Turbine Holdings has declared as follows

"1. In principle, the Company approves the transaction.

2. From the date of resumption of trading till completion of transaction, the Company shall not reduce held shares of HTC. Nor shall the Company have any plans for reduction of shares of HTC.

In violation of the commitment, the Company will bear relevant legal liability."

Concerning the plans for reduction of shares in the transaction from the date of resumption of trading till the completion of transaction, HTC's directors, supervisors and senior executives have declared as follows:

"1. From the date of resumption of trading till completion of transaction, I myself shall not reduce held shares of HTC. Nor shall I have any plans for reduction of shares of HTC.

2. In violation of the commitment, I myself will bear relevant legal liability."

VII. Arrangements for protection of rights and interests of small- and medium-sized investors in the transaction

(I) Discharge of obligation of information disclosure

To protect legitimate rights and interests of investors and safeguard order of securities market, Hirisun, HTC and related parties of information disclosure will faithfully perform the obligation of information disclosure in accordance with the Securities Law, Measures for the Administration of Information Disclosure by Listed Companies, Measures for the Administration of Restructuring and relevant laws, regulations and normative documents. Disclosing all relevant information which may make a difference in the share trading price of Hirisun or HTC or decisions of investors in an open and fair way, Hirisun, HTC and related parties of information disclosure shall give a pledge on the authenticity, accuracy, integrity and immediacy of the disclosed information.

(II) Implementation of relevant approval requirements

Concerning the transaction, Hirisun and HTC have carried out legal voting procedures and duties of disclosure in compliance with relevant provisions. Since the transaction constitutes a related transaction, related directors have evaded voting. Independent directors have formed a resolutions over relevant proposals at a special meeting. For deliberation on the transaction-related proposals at the meetings of shareholders of Hirisun and HTC, related shareholders will evade voting.

(III) Provision of online voting platform for shareholders' meeting

Pursuant to related regulations of the CSRC and SZSE, Hirisun and HTC will set up an online voting platform for facilitating shareholders attending the shareholders' meeting to vote for the transaction plan, thus ensuring the shareholders can vote and exercise their rights as shareholders online.

(IV) Arrangement on the right of claim for acquisition and cash-based option

To fully safeguard rights and interests of small- and medium-sized investors concerned in the stock-for-stock merger, Hirisun's dissenting shareholders will be granted the right of claim for acquisition and HTC's dissenting shareholders the cash-based option. For details, please refer to "II. Payment Method and Specific Plan for Share Swap Merger", "(IX) Protection Mechanism for Dissenting Shareholders of Hirisun" and "(X) Protection Mechanism for Dissenting Shareholders of HTC" in the "Key Notes" of the summary of this report.

(V) Remedial arrangement for diluting the current EPS of the surviving company through M&A Restructuring

1. Impact of the transaction on EPS

The changes in Hirisun's EPS before and after this transaction are as follows:

Item	2024	
	Pre-Transaction	Post-Transaction (Pro Forma)
Basic EPS (RMB/share)	0.03	0.36
Diluted EPS (RMB/share)	0.03	0.36

After the completion of this transaction, Hirisun's EPS will increase. There will be no dilution of the surviving company's EPS as a result of this transaction.

2. Remedial measures to offset dilution of potential immediate return in this transaction

To effectively prevent the risk of potential dilution of immediate return and enhance the future return capacity of the surviving company, Hirisun confirms and undertakes as follows:

1. Promote business integration to improve profitability of the surviving company

Following the completion of the merger, the surviving company will accelerate the integration of business resources from both parties to achieve complementary advantages. By strengthening synergies of both parties, the surviving company will coordinate all business operations, improve production efficiency and resource utilization, further enhance its profitability, and increase its shareholder returns.

2. Strengthen operational management to improve efficiency of the surviving company

The Company has established comprehensive and sound operational management systems to ensure orderly execution of all business activities of the surviving company. The future surviving listed company will continue to strengthen cost control, enhance financial management capabilities, fully leverage the combined advantages of both parties, further improve operational and managerial competencies, optimize and reinforce investment decision-making processes, and comprehensively and effectively enhance its operational efficiency.

3. Strengthen internal control systems and enhance risk management capabilities of the surviving company

The Company will continuously improve and optimize its corporate governance structure, establish and implement internal control systems, and standardize company operations in strict accordance with the requirements of the Company Law, Securities Law, Guidelines for Corporate Governance of Listed Companies, and other relevant laws, regulations, and normative documents. Upon completion of this transaction, the surviving company shall ensure the shareholders can fully exercise their rights; The Board of Directors can exercise its authorities in compliance with laws and regulations to make scientific, prompt and prudent decisions; The independent directors can diligently fulfill their duties to safeguard the company's overall interests, especially the legitimate rights of minority share-

holders, thereby providing institutional safeguards for the surviving company's development.

4. Enhance shareholder returns and protect shareholder rights of the surviving company

The surviving company shall maintain consistent, stable and proactive dividend distribution policies and provide its shareholders with reasonable investment returns and protect investors' interests in strict accordance with the profit distribution provisions in its Articles of Association in accordance with relevant regulations including the Notice on Further Implementing Cash Dividend Distribution by Listed Companies, the Regulatory Guidelines for Listed Companies No. 3—Distribution of Cash Dividends of Listed Companies, and the SZSE Self-Regulatory Guideline No. 2 - Standard Operations for GEM Listed Companies.

3. Relevant parties' commitments on implementing measures to remedy on potential immediate return in this transaction

1.Hirisun's all directors and senior management commit as follows:

"1. Promise to perform duties faithfully and diligently, and safeguard the legitimate rights and interests of the company and all shareholders;

2. Do not transfer benefits to other units or individuals in free or under unfair conditions, nor damage the interests of the company in other ways;

3. Restrain the consumption behavior of one's own duties;

4. Do not use the company's assets to engage in investment and consumption activities unrelated to the performance of duties;

5. Within the scope of their own responsibilities and authority, make every effort to promote the remuneration system formulated by the board of directors or the remuneration and appraisal committee of the company to be linked to the implementation of the company's compensation measures;

6. If the company subsequently launches the equity incentive policy, within the scope of its own responsibilities and authority, it will make every effort to promote the implementation of the company's equity incentive exercise conditions to be announced to be linked to the implementation of the company's compensation measures;

7. From the date of issuance of this commitment to the completion of the company's transaction, if the regulatory authorities make other requirements on the relevant provisions of the compensation measures and the commitment, and the above commitment cannot meet the new regulatory requirements of the regulatory authorities, I promise to issue supplementary commitment in accordance with the relevant regulations;

8. I promise to strictly fulfill the above commitment I have made, and if I violate the commitment or refuse to fulfill my commitment and cause losses to the company or investors, I am willing to bear the corresponding liability for compensation in accordance with the law.

(2) The controlling shareholder of Hirisun undertakes as follows:

"1. The company promises not to interfere with the operation and management activities of Hirisun beyond its authority, and will not encroach on the interests of Hirisun;

2. After the issuance of this commitment, if the regulatory authorities make other requirements on the relevant provisions of the compensation measures and the commitment, and the above commitment cannot meet the relevant requirements of the regulatory authorities, the company promises to issue supplementary commitment in accordance with the relevant regulations.

3. The company promises to strictly fulfill the above commitment made by the company, and if the company violates the commitment or refuses to fulfill the commitment and causes losses to Hirisun or investors, the company is willing to bear the corresponding liability for compensation according to law.

VIII. Letter of commitment to increase holdings under specific circumstances

In order to fully protect the interests of the minority shareholders of both parties to the share exchange and avoid the irrational fluctuation of Hirisun's stock price after the completion of the share exchange, Hangzhou Capital, as the controlling shareholder of the surviving company after the completion of the share exchange, has made the following commitment on matters related to the increase in the holdings of Hirisun's shares under specific circumstances after the implementation of the share exchange:

1. If the stock trading price of Hirisun on any trading day within 15 trading days from the date of completion of the implementation of this share exchange is lower than the exchange price of 9.56 yuan per share (hereinafter referred to as the "trigger price for increasing holdings") of the merger of Hirisun in this share exchange absorption, Hangzhou Capital will invest a total of no more than RMB 1.5 billion on the premise of complying with laws, regulations, normative documents and the listing rules of the listing place of Hirisun to increase its holdings of Hirisun shares through the stock trading system of the Shenzhen Stock Exchange, and until the earliest occurrence in the following four circumstances: (1) the aforesaid funds are used up; (2) On the day of the increase, the stock price of Hirisun shall not be lower than the trigger price of the increase; (3) continued increase in holdings will result in the equity distribution of Hirisun not meeting the listing conditions; (4) 15 trading days expire from the date of completion of the implementation of the share exchange.

2. The above-mentioned increased shares by the company will not be sold within 36 months from the date of completion of the implementation of the share exchange by Hirisun.

3. If the ex-rights and ex-dividends such as cash dividends, stock dividends, capital reserve conversion to share capital, and allotment occur from the pricing base date to the implementation date of the share exchange (both dates inclusive) by Hirisun, the trigger price of the increase shall change accordingly.

4. If the above commitment is violated, the company will bear the corresponding legal responsibilities in accordance with the law.

Notification of Major Risks

I. Risks Related to This Transaction

(I) Approval risk of the transaction

The transaction is subject to a number of conditions before it can be implemented, as detailed in "V. Decision-making process and approval of the transaction" in the "Reminder of Major Events" in the summary of this report, and "(B) Authorization and approval to be obtained for this transaction".

The transaction will not be implemented without the above approval, authorization or consent to registration. There is uncertainty as to whether the above approval, authorization or consent to registration can be obtained for this transaction, as well as the timing of obtaining such approval, authorization or consent to registration is uncertain, investors are reminded to pay attention to the relevant risks.

(II) The risk of the transaction being suspended, halted or called off

Though the M&A Parties take precautions for secrecy, take the initiative to manage insider information and narrow down scope of people aware of insider information amid the planning and implementation of the transaction for avoidance of communication of insider information, it cannot rule out the possibility that related agencies and individuals engage in insider trading using the transaction-related insider information. Therefore, the transaction is at a risk of being suspended, halted or called off owing to abnormal fluctuation of stock price or abnormal trading, on suspicion of insider trading.

In view of the complexity of the transaction, there is a certain span from the signing of the transaction-related agreement till the completion of the transaction, relevant policy changes, contingencies or force majeure factors on stock market may affect the progress of the transaction, thus making the transaction at risk of being suspended, halted or called off.

Both the merging party and the merged party will promptly disclose transaction progress updates to keep investors informed and enable proper decision-making. Investors are advised to carefully consider investment risks.

(III) Risk in connection with right of claim for acquisition and cash-based option

To fully safeguard the benefits of shareholders of Hirisun and of HTC, eligible Hirisun's dissenting shareholders shall be granted right of claim for acquisition and eligible HTC's dissenting shareholders shall be granted cash-based option in the stock-for-stock merger. If the stock-for-stock merger cannot be carried out at last, Hirisun's and HTC's dissenting shareholders shall not exercise the right of claim for acquisition or cash-based option, and claim any compensations or indemnities to the M&A Parties on that account.

If Hirisun's stock price is above the price of the right of claim for acquisition when Hirisun's dissenting shareholders request for exercising the right of claim for acquisition, or HTC's stock price is above the price of the cash-based option when HTC's dissenting shareholders request for exercising the cash-based option, Hirisun's and HTC's dissenting shareholders may have their benefits impaired in request for exercising the right of claim for acquisition or cash-based option. In addition, dissenting shareholders who request for exercising the right of claim for acquisition or cash-based option may also be deprived of the opportunity of benefiting from further rise of stock price of the surviving company. Investors should be on the alert for relevant risks.

(IV) Risk of forced stock-for-stock merger

The transaction is yet to be approved by Hirisun's and HTC's boards of shareholders through deliberation at relevant meetings. The resolutions adopted at shareholders' meetings of the M&A Parties are binding to all shareholders (including shareholders that vote against, abstain or are absent from the shareholders' meetings and designate no agents for voting) of the M&A Parties. After essential ratification or approval is granted for the plan for stock-for-stock merger, on the date of record of stock-for-stock merger, HTC's shares held by HTC shareholders that make no request, request in part, are ineligible or invalid in request for exercising the cash-based option, and HTC's shares held by the provider of cash-based option for granting the cash-based option, will be proportionally converted into A-shares issued by Hirisun in whole for the stock-for-stock merger.

For HTC's shares that have a pledge, are frozen by judiciary, or restricted from transfer by law, such shares shall be converted into Hirisun's shares, and the pledge, judicial freezing or other right-restricting circumstances regarding HTC's shares will remain in force to relevant Hirisun's shares in stock-for-stock merger. Investors should be on the alert for relevant risks.

(V) Risk of creditors' request for paying off debt in advance or providing guarantee

Upon the completion of the stock-for-stock merger, HTC will be delisted and disqualified from being a corporation, while Hirisun will inherit and take on all HTC's assets, liabilities, businesses, human resources, contracts and all the other rights and obligations. Pursuant to relevant laws and regulations, Hirisun and HTC will carry out procedures of notification and announcement to creditors, and depending on requirements raised by respective creditors within statutory period, repay the debt in advance or otherwise provide guarantee for respective creditors, or urge third party to do so.

At the moment, Hirisun and HTC have no external bonds issued, which is indicative of no relevance to matters of convening a meeting of bond holders. Though the M&A Parties will actively seek the understanding and approval of the merger from creditors, there is uncertainty in creditors' opinions about the merger. If creditors of the M&A Parties make a request for repaying the debt in advance or otherwise providing a guarantee, it may make a difference in Hirisun's and HTC's financial conditions in the short term. Investors should be on the alert for relevant risks.

II. Risks Related to the Surviving Company after the Merger

(1) Risk of industrial policy

The industrial turbine manufacturing industry which the surviving company belongs to is highly susceptible to national policy of "Dual carbon policy", policy of equipment renewal, and global trading policies. China now promotes the strategy of innovation-driven development, keeps improving the green and low-carbon policy, and tightens management of energy saving and emissions reduction, while scaling up equipment renewal and accelerating industrial upgrading. Major adjustments or changes to relevant policies, if any, may make severely adverse impact on the R&D, production and sales of staples of the surviving company in the future.

(2) Integration and management of risks

Upon completion of this transaction, the surviving company will establish a "one core, one auxiliary" business structure, primarily focusing on industrial turbine machinery with power information system integration as a supplementary business. Both the merging party and the merged party will further integrate assets, operations, personnel, and organizational structures. The surviving company will establish a management framework tailored to its actual operational needs according to its overall business pattern and implement necessary reasonable adjustments to its management systems, internal controls, and business models. If integration and management fall short of expectations or fail to meet strategic implementation and operational development, the surviving company's business development may be materially and adversely affected.

(3) Risk of declining operational performance

During the reporting period, HTC reported revenues of RMB 5,518,841,900, RMB 5,924,238,000, and RMB 6,638,915,000, with net profits attributable to shareholders of parent company after non-recurring profit and loss deduction of RMB 380,399,200, RMB 362,006,900, and RMB 411,553,200, respectively.

HTC's performance is subject to multiple factors, including macroeconomic fluctuations, downstream customer demand, industry and market competition, and raw material price volatility. In the future, if policies such as "carbon peaking and carbon neutrality" continue to adversely impact the industrial turbine sector, or if market competition intensifies, HTC may struggle to maintain or enhance its competitive edge. Additionally, breakthroughs in alternative technologies (e.g., electric motor drives) and their large-scale adoption may materially hinder the surviving company's business expansion, potentially leading to significant declines in operational performance.

(4) Risk of declining gross margin

During the reporting period, HTC's gross margins for its main business were 26.58%, 23.89%, and 19.21%, respectively, showing a downward trend mainly due to changes in product structure with varying margin profiles. During the reporting period, HTC's industrial turbines, accessories and spare parts business maintained gross margins of 29.30%, 26.78% and 21.21% respectively, accounting for 80.40%, 74.82% and 67.09% of total operating revenue, while its gas turbines and spare parts business maintained gross margins of 8.77%, 9.53% and 8.85% respectively, accounting for 11.74%, 18.64% and 24.13% of total operating revenue.

In the future, with the intensification of market competition, the gross margin of HTC's industrial turbines, accessories and spare parts will further decrease, or its gross margin of gas turbines will remain low, which will lead to a further decline in the comprehensive gross margin, thus adversely affecting the operating performance of the surviving company.

III. Other Risks

GEM listed companies are characterized by substantial innovation investments, uncertainties in the integration of traditional and emerging industries, early-stage growth patterns, elevated operational risks, earnings volatility, and heightened delisting risks, thereby exposing investors to

significant market risks. Investors should thoroughly evaluate GEM investment risks and all risk factors disclosed in this report summary before making prudent investment decisions.

Chapter I Overview of Transaction

I. Background and objective of transaction

(I) Background of transaction

1. Comprehensively promote the deepening of the reform of state-owned enterprises and encourage the improvement of the quality of listed companies

The report of the 20th National Congress of the Communist Party of China clearly stated that to accelerate the construction of a new development pattern and focus on promoting high-quality development, it is necessary to deepen the reform of state-owned assets and state-owned enterprises, accelerate the optimization of the layout and structural adjustment of the state-owned economy, promote state-owned capital and state-owned enterprises to become stronger, better and bigger, and enhance the core competitiveness of enterprises. The "Opinions of the State Council on Further Improving the Quality of Listed Companies" clearly stated that improving the quality of listed companies is an inherent requirement for promoting the healthy development of the capital market, and is an important part of accelerating the improvement of the socialist market economy system in the new era, and it's required to continuously improve the governance level of listed companies and promote listed companies to become better and stronger.

As a subsidiary of Hangzhou SASAC, the Transaction is an important measure to thoroughly implement the Xi Jinping's socialist thought with Chinese characteristics in the new era and the spirit of the Third Plenary Session of the 20th Central Committee of the Communist Party of China, and to implement the guiding ideology of the Party Central Committee and the State Council to deepen the reform of state-owned enterprises, which will help improve the industrial layout of state-owned listed companies, improve asset quality and operational efficiency, and realize the preservation and appreciation of state-owned assets.

2.National policies encourage mergers and acquisitions and mergers and acquisitions between listed companies

In March 2024, the China Securities Regulatory Commission (CSRC) issued the "Opinions on Strengthening the Supervision of Listed Companies (Trial)", which clearly proposes to support listed companies to enhance their investment value through mergers and acquisitions, and encourages listed companies to comprehensively use shares, cash, directional convertible bonds and other tools to implement mergers and acquisitions, inject high-quality assets, and support the absorption and merger of listed companies. In April 2024, the State Council issued the "Several Opinions on Further Promoting the Healthy Development of the Capital Market", proposing to give full play to the role of the capital market as the main channel in the process of mergers and acquisitions, strengthen the property rights pricing and transaction functions of the capital market, broaden the financing channels for mergers and acquisitions, and enrich the payment methods for mergers and acquisitions. In September 2024, the China Securities Regulatory Commission (CSRC) issued the Opinions on Deepening the Reform of the M&A and Restructuring Market for Listed Companies to further optimize the restructuring review process, improve the efficiency of restructuring review, and activate the M&A and restructuring market. It supports the absorption and merger of the same industry, upstream and downstream between listed companies not under the common control, and the absorption and merger between listed companies under the common control. With the support of a number of policies, China's capital market mergers and acquisitions have entered an "active period".

The Transaction is a positive response to the encouragement of mergers and acquisitions and the absorption and merger of listed companies by the State Council and the China Securities Regulatory Commission, which will help promote the strong quality and external image of the surviving company, improve the asset quality and operational efficiency of the listed companies, thereby enhancing the sustainable profitability of the listed company and enhancing the investment value of the listed company.

(II) Objective of transaction

1. Addressing the legacy of B-shares and augmenting HTC's financing capacity

HTC went public on SZSE B-share market in 1998, with IPO of HKD 171,200,000. Subsequently, confined by listing and financing on B-share market, HTC was perpetually unable to raise funds through capital market upon its IPO. Moreover, HTC's B-shares has poor liquidity and stock valuation under prices that of any counterpart listed company on A-share market, which conspires against the company's development and realization of interest of small- and medium-sized shareholders.

Since its IPO, HTC has clawed its way to make solid progress, and now become a leading industrial turbine provider in China's high-end equipment industry. In the face of intensifying marketplace and new trends of industrial development, the transaction is conducive to addressing the legacy of HTC. With more financing channels and greater financing capacity, the company will become a more profitable and premium listed company by leverage of the capital market.

2. Boosting homemade gas turbine production, as high quality guarantee for implementation of the national strategy of "engine and turbine project"

Therefore, as the pillar equipment of the clean and low-carbon energy system under the strategy of "carbon peak and carbon neutrality", it is urgent to comprehensively improve the development and demonstration application of domestic independent gas turbines, so that the independent and controllable core technologies continue to mature in application practice and realize domestic substitution. In 2016, China fully launched the implementation of the "two-engine special project", hoping to break through the core technology of gas turbines, break the monopoly of foreign products, and accelerate the independent innovation and development of China's gas turbine industry.

Upon the transaction, the surviving company will, by leverage of the capital market, continue to strengthen the development and application of homemade gas turbines, boost development of independent innovation of China's gas turbine industry, as an act of contributing to the implementation of the national strategy of "engine and turbine project".

3. Clearing the bottleneck for growth of Hirisun, and increasing core competence and investment value of the listed company

In increasingly cut-throat marketplace, Hirisun is facing a bottleneck for performance growth, thus urgently seeking transformation and upgrading. Upon the completion of the transaction, the surviving company will scale up production, diversify product portfolios, and improve technical strength and management operation. Using market-oriented instruments, it will spur the M&A Parties into deepening reforms, while refining its own governance structure. The integrated development and mutual promotion of industrial operation and capital operation will spark high-quality development of the surviving company. The development of the electric power information business in tandem with industrial turbine business will further strengthen core competence and sustainable profitability of the surviving company and increase its investment value.

II. Transaction plan

(I) Overview of transaction plan

Hirisun intends to issue A-shares to all HTC shareholders concerned, for stock-for-stock merger of HTC. Hirisun acts as the acquirer, and HTC acts as the acquiree. That is to say, Hirisun issues A-shares to all HTC shareholders concerned, in exchange for HTC shares held by these shareholders.

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