

(I) This transaction has a clear and feasible development strategy

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. In the future, the surviving company will implement a development strategy centered on Industrial turbine machinery, guided by green and intelligence and technological progress, and driven by dual engines of technological innovation and deepened transformation to accelerate business transformation and upgrading, with the goal of establishing the surviving company as a "world-class industrial drive service provider". Therefore, this transaction is supported by a clear and feasible development strategy.

(II) No improper market capitalization management practices in this transaction

The merger and absorption parties and their directors, supervisors, or senior management personnel have made any commitments or guarantees regarding the company's performance or market capitalization that exceed relevant regulations. This transaction involves no improper market capitalization management practices.

(III) Share reduction of relevant parties to this transaction

As of the date of signing this summary report, the controlling shareholders and their merger and absorption parties, directors, supervisors, and senior management personnel of both transacting parties have submitted statements regarding share reduction plans. The aforementioned relevant parties will not reduce their direct or indirect shareholdings in Hirisun or HTC from the date of resumption of this transaction until its completion, nor do they have any plans to do so.

(IV) This transaction has commercial substance

Upon completion of this transaction, the surviving company will achieve comprehensive improvements in production scale, product variety, technological capabilities, and management operations. Through market-oriented approaches, it will deepen reforms of both the merging party and the merged party, enhance the corporate governance structure of the surviving company, and realize integrated development and mutual reinforcement of industrial operations and capital management, thereby promoting high-quality development of the surviving company. For the background and objectives of this transaction, please refer to this summary report "Chapter I Overview of this Transaction" - "I. Background and Objectives of this Transaction" in this report. Therefore, this transaction demonstrates rationality and commercial substance, with no occurrence of improper benefit transfers.

(V) Compliance with national industrial policies

According to the Industrial Classification for National Economic Activities (GB/T4754-2017) issued by the National Bureau of Statistics of the People's Republic of China, Hirisun falls under Software and Information Technology Services Industry (I65), while HTC falls under General Equipment Manufacturing (C34). According to the NDRC's Guidance Catalog for Industrial Restructuring (2024 Edition), both the information technology services industry and machinery industry are classified as encouraged categories under national industrial policy. Therefore, this transaction does not violate any relevant national industrial policies.

**China Securities Co., Ltd.**  
**Hangzhou Hirisun Technology**  
**Incorporated**  
**Stock-for-stock Merger of Hangzhou**  
**Turbine Power Group Co., Ltd.**  
**& Related Party Transaction Report**  
**Valuation Report**

 **中信建投证券股份有限公司**  
**CHINA SECURITIES CO., LTD.**

April 2025  
Statement

I. The subjects of analysis in this report are Hangzhou Hirisun Technology Incorporated (hereinafter referred to as "Hirisun") and Hangzhou Turbine Power Group Co., Ltd. (hereinafter referred to as "HTC"). The relevant data is sourced from publicly available information.

II. This report is issued by China Securities Co., Ltd. (hereinafter referred to as "China Securities") in accordance with the requirements of the Administrative Measures for Major Asset Restructuring of Listed Companies (hereinafter referred to as the "Administrative Measures on Restructuring"), the Content and Format Standards for Information Disclosure of Companies Offering Securities to the Public No. 26 - Major Asset Restructuring of Listed Companies, and other relevant laws, regulations, and normative documents on major asset restructuring of listed companies, for reference by the Board of Directors of HTC. This report does not constitute any advice, recommendation, or compensation to any third party.

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VIII. This report is solely for the use of Hirisun's share swap merger of HTC and its related-party transaction (hereinafter referred to as the "this share swap merger" or the "this transaction"). It shall not be used for any other purpose. The conclusions of this report shall be considered in conjunction with the entirety of this report and other disclosure documents related to this transaction. China Securities specifically reminds investors to carefully read the relevant announcements and review the related documents disclosed in connection with this transaction.

IX. Unless otherwise defined in this report, the abbreviated terms used herein shall have the meanings ascribed to them in the Report on the Share Swap Merger of Hangzhou Turbine Power Group Co., Ltd. by Hangzhou Hirisun Technology Incorporated and Its Related-Party Transaction.

X. If any discrepancies arise between the total sum and the direct addition of individual figures in montissa in this report, such differences are the result of rounding adjustments; Unless otherwise specified, the financial data and financial indicators cited in this report refer to the financial data in the consolidated statements and the financial indicators calculated based on such financial data.

Chapter 1 Background Information

I. Overview of the transaction parties

Hirisun, an A-share listed company, is a national high-tech enterprise engaged in power information system integration. It primarily serves power enterprises by providing comprehensive turnkey solutions for power enterprises informatization construction, along with related technical and consulting services. Its power informatization solutions are widely applicable across various segments of the industrial chain in power sector, including power generation, transmission, transformation, distribution, consumption, and dispatching. As of the date of this report, Hirisun has a total share capital of 335 million shares. Its controlling shareholder, Hangzhou Capital, holds 99.83 million shares, accounting for 29.80% of Hirisun's total share capital; The actual controller, the State-owned Assets Supervision and Administration Commission of Hangzhou, indirectly controls 99.83 million shares, accounting for 29.80% of Hirisun's total share capital.

HTC, a B-share listed company, is a leading domestic provider of industrial turbine equipment and services. It primarily designs and manufactures rotating industrial turbomachinery, including industrial steam turbines and gas turbines. Industrial steam turbines consist of industrial drive steam turbines and industrial power-generation steam turbines. Industrial drive steam turbines are mainly used to drive rotating machinery such as compressors, blowers, pumps, and crushers, serving as critical power equipment in various large-scale industrial installations. They are widely applied in industries such as petroleum refining, chemicals, fertilizers, building materials, metallurgy, power generation, light industry, and environmental protection; Industrial power-generation steam turbines are primarily used to drive generators while simultaneously providing thermal energy, mainly deployed in self-contained power stations for industrial enterprises, regional cogeneration projects, industrial waste heat recovery power generation, municipal waste-to-energy plants, and gas-steam combined cycle power plants. For its gas turbine business, HTC has entered the distributed natural gas energy sector through collaboration with internationally renowned companies on the advanced SGT-800 natural gas turbine model, which features high efficiency, good reliability, and low emissions. As of the date of this report, HTC has a total share capital of 1,174.9669 million shares. Its controlling shareholder, Turbine Holdings, holds 689.7159 million shares, accounting for 58.70% of HTC's total share capital; The actual controller, the State-owned Assets Supervision and Administration Commission of Hangzhou, indirectly controls 689.7159 million shares, accounting for 58.70% of HTC's total share capital.

For detailed information on the business, financials, and other aspects of the merging party and the merged party, please refer to the Report on the Share Swap Merger of Hangzhou Turbine Power Group Co., Ltd. by Hangzhou Hirisun Technology Incorporated and Its Related-Party Transaction related to this transaction.

II. Transaction plan

(I) Plan summary

This transaction is the restructuring and integration of Hirisun and HTC through share swap merger, which is an important measure to thoroughly implement President Xi Jinping's Thought on Socialism with Chinese Characteristics for a New Era and the spirit of the Third Plenary Session of the 20th CPC Central Committee, and to implement the guiding ideology of the CPC Central Committee and the State Council to deepen the reform of state-owned enterprises, facilitating to 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. This transaction is a proactive response to the State Council and the China Securities Regulatory Commission's (CSRC) encouragement of mergers and restructuring as well as absorption mergers among listed companies. It will help the surviving company strengthen its intrinsic quality and external image, enhance the asset quality and operational efficiency of the listed company, thereby improving its sustainable profitability and increasing its investment value. This transaction will facilitate the resolution of long-standing historical issues at HTC, improve HTC's financing capacity, and leverage the capital market to transform HTC into a more profitable and higher-quality listed company. Following this transaction, the surviving company will continue to strengthen the independent R&D and application of gas turbines with the support of the capital market, driving the independent innovation and development of China's gas turbine industry and contributing to the implementation of the national "Two Engine Project" strategy.

The specific method of this transaction is as follows: Hirisun will conduct share swap merger on HTC by issuing A-shares to all HTC shareholders in exchange for their HTC shares. Hirisun will act as the merging party, while HTC will be the merged party. Specifically, Hirisun will issue A-shares to all HTC shareholders for share swap in exchange for their HTC shares.

Upon completion of this merger, HTC will delist and terminate its legal entity status, and Hirisun will succeed to and assume all assets, liabilities, businesses, personnel, contracts, and all other rights and obligations of HTC. The A-shares issued by Hirisun in connection with this share swap merger will apply for listing and trading on the ChiNext Market of the Shenzhen Stock Exchange.

(II) Share swap price and ratio

The pricing benchmark date for this share swap merger is the announcement date of the first board resolution of both parties regarding this merger. Taking into account historical stock prices, operating performance, market capitalization, and other factors, and in accordance with the relevant provisions of the Administrative Measures on Restructuring, the share swap price for Hirisun in this share swap merger is determined as RMB 9.56 per share, based on the average trading price of its shares over the 20 trading days preceding the pricing benchmark date. The average

pricing price of HTC's shares over the 20 trading days preceding the pricing benchmark date was HKD 7.77 per share. Using the RMB/HKD central parity rate published by the People's Bank of China on the last trading day before HTC's trading suspension (i.e. on October 25, 2024, 1 HKD = RMB 0.91496), this converts to RMB 7.11 per share.

The final share swap price for HTC is determined by applying a 34.46% premium to this price. Thus, the share swap price for HTC = HTC's average trading price  $\times$  (1 + premium rate) = RMB 9.56 per share. The number of H-share shares that can be obtained per HTC share = HTC's share swap price / Hirisun's share swap price. Based on the above formula, the share swap ratio between HTC and Hirisun is 1:1, meaning that each 1 share of HTC can be exchanged for 1 share of Hirisun.

From the pricing benchmark date to the share swap merger implementation date (both dates inclusive), the swap ratio shall not be adjusted under any circumstances, except in cases where either party distributes cash dividends, stock dividends, capital reserve converted into share capital, rights issues, or other events requiring ex-rights/ex-dividend, or adjustments as mandated by relevant laws, regulations, or regulatory requirements.

If either party distributes cash dividends, stock dividends, capital reserve converted into share capital, rights issues, or other events requiring ex-rights/ex-dividend, or if HTC conducts share repurchases and cancellations between the pricing benchmark date and the share swap date (both dates inclusive), the number of shares to be issued by swap shall be adjusted accordingly.

The number of Hirisun A-shares received by HTC shareholders through share swap shall be an integer. If the products of HTC shareholders' shares multiplied by the swap ratio result in fractions, such fractions shall be allocated in sequence according to the size of the decimal portion, with each shareholder receiving one additional share until the total number of shares for swap matches the planned issuance quantity. In cases where multiple shareholders have identical fractional portions exceeding the remaining shares available for allocation, a computerized random allocation system shall be used until the actual number of shares for share swap matches the planned issuance quantity.

(III) The interest protection mechanism of Hirisun dissenting shareholders

In order to protect the interests of Hirisun shareholders and reduce the impact of Hirisun's stock price fluctuations on investors after the merger, in accordance with the relevant provisions of "The Company Law" and the "Articles of Association of Hangzhou Hirisun Technology Co., Ltd.", Hirisun's dissenting shareholders will be given the appraisal rights in this merger.

The dissenting shareholders of Hirisun who have the right to exercise appraisal rights refer to the shareholders of HTC who have voted valid against at the shareholders' meeting to all the relevant proposals on the merger plan and the sub-proposals voted on one by one and on the relevant proposals on the merger agreement signed by the two parties to the merger, and have continued to hold the shares representing the objection rights until the implementation date of the appraisal rights request of the dissenting shareholders of Hirisun, and meanwhile have performed the relevant reporting procedures within the specified time.

The price of the appraisal rights request of the dissenting shareholders of Hirisun is the average trading price of the A-shares in the 20 trading days before the suspension of the Hirisun A-shares (i.e., the 20 trading days before the pricing benchmark date), that is, 9.56 yuan per share. If the distribution of cash dividends, stock dividends, capital reserve to share capital, allotment and other ex-rights and dividends occurs from the pricing benchmark date to the implementation date of the appraisal rights request (both dates inclusive), the appraisal rights price shall be adjusted accordingly.

Hangzhou State-owned Capital Investment and Operation Co., Ltd. (hereinafter referred to as "Hangzhou Capital"), as the provider of the appraisal rights, provides the appraisal rights to the dissenting shareholders of Hirisun.

Dissenting shareholders of Hirisun shall no longer assert the right to claim the appraisal rights from Hirisun or any shareholder of Hirisun who agrees to the merger. After the Transaction is registered by the China Securities Regulatory Commission, the provider of the appraisal rights promised to unconditionally accept the shares held by the dissenting shareholders of Hirisun who had successfully declared the exercise of the appraisal rights on the implementation date of the appraisal rights claim, and pay the corresponding cash consideration to the dissenting shareholders of Hirisun according to the price of the appraisal rights claim.

(IV) Mechanism for protecting the interests of dissenting shareholders of HTC

In order to protect the interests of the shareholders of HTC and reduce the impact of the fluctuation of the stock price of HTC on investors after the merger, in accordance with the relevant provisions of The Company Law and the Articles of Association of Hangzhou Turbine Power Group Co., Ltd., the dissenting shareholders of HTC will be given the cash option right in this merger.

The dissenting shareholders of HTC who have the right to exercise the cash option refer to the shareholders who participated in the general shareholders' meeting held by HTC and voted valid against to all the merger plan and the sub-proposals voted on one by one and to the relevant proposals on the merger agreement signed by the two parties in the merger, and have continued to hold the shares representing the objection right until the implementation date of the cash option of the dissenting shareholders of HTC, and at the same time perform the relevant declaration procedures within the specified time.

The cash option price of the dissenting shareholders of HTC is the average trading price of B-shares for the 20 trading days before the suspension of trading of HTC's B-shares (i.e. 20 trading days before the pricing benchmark date), that's HK\$7.77 per share, which is equivalent to RMB 7.11 per share by converted according to the median price of RMB to Hong Kong dollar announced by the People's Bank of China on October 25, 2024 (HK\$1=RMB 0.91496) that is the trading day before HTC share suspension. If there are ex-rights and dividends such as cash dividends, stock dividends, conversion of capital reserve to share capital, and allotment from the pricing benchmark date to the implementation date of the cash option (both dates inclusive), the cash option price will be adjusted accordingly.

Hangzhou Capital, as the provider of the cash option, provides the cash option to the dissenting shareholders of HTC. The dissenting shareholders of HTC shall no longer claim the cash option from HTC or any shareholder of HTC who agrees to the merger. After the Transaction is registered with the China Securities Regulatory Commission, the provider of the cash option shall undertake unconditionally to accept the shares held by the dissenting shareholders of HTC who successfully declared the exercise of the cash option on the implementation date of the cash option, and pay the corresponding cash consideration to the dissenting shareholders of HTC according to the cash option price.

III. 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