

## Hangzhou Steam Turbine Co., Ltd.

### Amendment Draft of the Articles of Association (Revision 2012)

**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.**

Original articles	Rephrased to
<p>Article 1. In view of protecting the legal rights of the Company, the shareholders, and the creditors, as well as regulating the organization and its behavior, this Articles of Association is formed under the governing of the Company Law of PRC (the “Company Law”), the Securities Law of PRC (the “Securities Law”), and related regulations and acts.</p>	<p>Article 1. In view of protecting the legal rights of the Company, the shareholders, and the creditors, as well as regulating the organization and its behavior, this Articles of Association is formed with consideration of the Company’s business practice and under the governing of the Company Law of PRC (the “Company Law”), the Securities Law of PRC (the “Securities Law”), Share Listing Rules of Shenzhen Stock Exchange ((the “Rules”), Instructions on Standardized Operation of PLCs on Main Board of Shenzhen Stock Exchange (the “Instructions”), and related regulations and acts.</p>
<p>Article 40. (I) To decide the external business strategy and investment projects over RMB50 million.</p>	<p>Article 40. (I) To decide the external business strategy and investment projects.</p>
<p>Article 40. (Clause to be added)</p>	<p>Article 40. (XIV) To examine and decide purchasing or disposing of material assets, material external investment and material transactions, including (but not limited to):</p> <ol style="list-style-type: none"> <li>1. Transactions involves in amounts of asset over 30% of the latest audited total asset of the Company;</li> <li>2. The revenue contributed in the relevant fiscal year by the object to be traded (e.g. shares) accounts for over 30% of the audited revenue of the latest fiscal year, and the absolute amount is over RMB50 million.</li> <li>3. The net profit contributed in the relevant fiscal year by the object to be traded (e.g. shares) accounts for over 30% of the audited net profit of the latest fiscal year, and the absolute amount is over RMB5 million.</li> <li>4. The amount of the deal (including liabilities and expenses to be undertaken) account for over 30% of the audited net asset of last fiscal term, and its absolute amount is over RMB50 million.</li> <li>5. Profit margin generated by the transaction itself accounts for over 30% of the audited net profit of the latest fiscal year, and the absolute amount is over RMB5 million.</li> </ol> <p style="text-align: center;">In case any of the above amounts is a negative amount, its absolute amount shall be adopted.</p>
<p>Article 40. (Clause to be added). Clauses (XIV) and</p>	<p>Article 40. To examine and decide the related</p>

<p>the Supervisory Committee about the defaults and irregular issues discovered in auditing process and along with the suggestions and progresses of resolving the problem.</p> <p>The Board shall, according to the Internal Auditing Report, perform verification on the internal control system and produce self-verification reports for the inspection of the Supervisory Committee and Independent Directors and they thereon issue independent opinions.</p> <p>When the CPAs are performing annual audition on the Company's financial accounts, they shall issue opinions to valuate the internal control system. In case the CPA is expressing an disagreeing opinion on the effectiveness of the internal control system, the Board and the Supervisory Committee shall provide particular explanations on the issue.</p> <p>The work sheets, auditing reports and relative information of auditing department shall be kept for the period of time as stipulated by related regulations.</p>	<p>Regulatory Commission, Insurance Regulatory Commission and the Department of Auditing.</p>
<p>Article 198. These Articles of Association is effective as soon as approved at the Shareholders' Meeting 2010, and the version adopted at the 1<sup>st</sup> Provisional Shareholders' Meeting 2010 is suspended thereon.</p>	<p>Article 198. These Articles of Association are effective as soon as approved at the 1<sup>st</sup> Provisional Shareholders' Meeting 2012, and the version adopted at the Shareholders' Meeting 2010 is suspended thereon.</p>

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January 10, 2012