

# Hangzhou Turbine Power Group Co., Ltd.

## Summary of 2024 Annual Report

### I. Important Notice

This Summary is based on the full Annual Report of the Company, In order for a full understanding of the Company's operating results, financial position and future development plans, investors should carefully read the aforesaid full text on the media designated by the China Securities Regulatory Commission (the "CSRC"). All of the directors attended the board meeting on which this report was examined.

Non-standard auditor's opinion

☐ Applicable ☒ Not applicable

Plans for profit distribution on ordinary shares or conversion of capital reserves into share capital proposed to the Board during the reporting period.

☒ Applicable ☐ Not applicable

Whether provident fund reserve for share capital

☐ Yes ☒ No

The Company's profit distribution plan approved by the board of directors is: based on the Company's total share capital of 1,175,009,597 shares at the end of 2024 by deducting 104,832 shares of treasury shares to be repurchased and cancelled due to the resignation of equity incentive recipients, that is, based on 1,174,904,765 shares, a cash dividend of 2.1 yuan will be distributed to all shareholders for every 10 shares, without converting the reserve fund into share capital.

Plans for profit distribution on preference shares for the reporting period approved by the Board

☐ Applicable ☒ Not applicable

### II. Basic information about the company

#### 1. Company profile

Stock ID	Hangqilun B	Stock code	200771
Stock exchange for listing	Shenzhen Stock Exchange		
Modified stock ID (if any)	Not applicable		
Contact person and contact manner	Board secretary	Securities affairs Representative	
Name	Wang Gang	Li Xiaoyang	
Address	No.1188, Dongxin Road, Gongshu District, Hangzhou, Zhejiang	No.1188, Dongxin Road, Gongshu District, Hangzhou, Zhejiang	
Fax	0571-85780433	0571-85780433	
Tel	0571-85780198	0571-85780438	
Email.	wg@htc.cn	lixiaoyang@htc.cn	

#### 2. Major operations or products during the reporting period

During the reporting period, the Company's main business and operating model did not undergo significant changes. As the leading provider of turbo machinery equipment and relevant service in China, our company is mainly famous for designing and producing rotating turbo machinery like industrial steam turbines and gas turbines. Our company, one of the major companies drafting the industrial standard in Chinese domestic industry of industrial steam turbine, has developed into the biggest base to research, develop and produce industrial steam turbines in China and ranks first among industrial steam turbine producers in terms of the market occupancy. Holding the principle “our products should be based on clients’ demands” as our business mode and characteristic, our company designs and produces in accordance with every client’s personal demands so as to meet personalized needs in engineering projects to the utmost. To realize the fast research and development of our products, our company has adopted the advanced modular design technique and, on the other hand, introduces information technique to assist the collaborative production to achieve the resource saving and flexible production. In addition, our company also provides our clients with relevant service such as engineering programs, general engineering contracting, operation and maintenance of our products as well as remote control and so on.

Industrial steam turbines use the steam featuring high temperature and high pressure as their working medium so as to convert the thermal energy into mechanical energy to drive various industrial equipments through the rotating steam turbines. As for different objects driven by industrial steam turbines, the steam turbines could be divided into industrial driving steam turbines and industrial power-generation steam turbines. Mainly driving rotating machines like compressors, air blowers, pumps and squeezers, industrial driving steam turbines, as the core power part in numerous large-scale industrial equipments, are always introduced into some industries like oil refining, chemical engineering, chemical fertilizer, building materials, metallurgy, electric power, light industry and environmental production. The industrial power-generation steam turbines, mainly utilized to drive electric generators and provide thermal energy, are mainly adopted in private stations, regional projects of combined heat and power generation, power generation by recycling waste heat in industrial production, urban waster power plants and gas-steam combined cycle power stations in various industrial sectors. The gas turbines produced by our company are mainly used by metallurgical industry to recycle the waste heat from the blast furnace exhaust to generate power.

In the gas turbine business, the company cooperated with Siemens Energy on SGT-800, an advanced natural gas turbine with high efficiency, high reliability and low emission, to enter the field of natural gas distributed energy, with its models gradually expanded to SGT-300, SGT-700 and SGT-2000E. As the general supplier of Siemens gas turbine in China, the company has carried out gas turbine business from two aspects of project procurement and integrated implementation, and has the ability of selecting combined cycle projects for distributed energy, has established the complete system supporting standards and material systems, and can complete the independent processing and supporting work of equipment other than the gas turbine itself. In the industrial fields including the cogeneration /combined cycle power plant and the oil & gas project with distributed energy projects that adopt the small and medium gas turbines, the Company not only can provide gas turbine equipment for customers, but also can provide customers with complete sets of equipment for gas turbine power plant and the efficient integrated solutions. Especially, it can provide customers with operational support services throughout the product life, and this service model is conducive for the establishment of long-term business cooperation relationships between the company and its customers.

As the major producer of industrial equipments in China, our company is mainly benefited from the following factors in terms of the elements driving our business performance:

1. On the basis of market demands. The relevant market demands fluctuate differently due to various business condition and investment cycles in different industrial fields. The company further made more specified positions toward the market for the products, implemented the differentiated marketing strategy, and integrated the business

sectors and tapped into the potential, According to different customers' needs, it has further consolidated the original market position and broadened the market share in new fields through precise matching and precise policies.

2. Innovation and further reform in difficult areas of product technology: Our company continuously improves product technical performance and tackles hard issues in the scientific researches of product structure, core parts, basic design, manufacturing technology, material technology, etc. In addition, basing on clients' demands, To push forward the intelligence of our products and the development of the integration technology. Meantime, the company cooperated with universities, scientific research institutes to build the technological exchange and cooperation platform.

3. Upgrading of industrial structure transformation: The company jointed with Siemens to enter the distributed energy market and enhance the development and utilization of natural gas distributed energy. In the industrial fields including the cogeneration /combined cycle power plant and the oil & gas project with distributed energy projects that adopt the small and medium gas turbines, the Company not only can provide gas turbine equipment for customers, but also can provide customers with complete sets of equipment for gas turbine power plant and the efficient integrated solutions. The Company established a new energy company to deeply explore the cogeneration needs of customers in the petrochemical field, and gradually transformed to engineering, systematization and financialization.

4. Brand and market position: The company's products have a good reputation and extensive brand influence in the domestic market, The company has maintained a leading market share in the domestic industrial drive. The company's products have a high reputation and brand influence in the domestic market.

5. Cost controlling level: As domestic labor costs continue to rise and the price of industrial products continue to decline, the product profitability is facing a severe test. In recent years, the company continuously improves the level of costs controlling by improving the organizational structure, optimizing business processes, enhancing the supply chain controlling, strengthening risk management, raising the efficiency of all the staff and so on.

6. Emphasis on quality engineering and services: promote the key project management, meticulously plan key projects, implement dynamic quality supervision; attach importance to products' after-sales service market, integrate existing resources to increase after-sales service initiative, extend product value chain, and promote the company's transformation from manufacturing to service.

In 2024, facing the severe challenges of a persistently sluggish global economy as well as the complex and volatile geopolitical dynamics, the Company resolutely implemented its annual work principles of "cost reduction and efficiency enhancement, lean improvement, cultural focus, and service transformation", and demonstrated remarkable resilience and vitality in adversity through a series of measures such as optimizing resource allocation, improving operational efficiency, and strengthening cost control. Thanks to the collective efforts of all employees, the Company successfully achieved its annual operational objectives, laying a solid foundation for consolidating strategic transformation and reform achievements.

In 2024, the Company achieved an operating income of RMB 6,638.915 million, a total profit of RMB 637.5095 million, and a net profit of RMB 579.4962 million, of which the net profit attributable to shareholders of listed company was RMB 539.9623 million, compared with the same period of the previous year, with an operating income increase of 12.06%, a total profit decrease of 13.33%, a net profit decrease of 13.02%, while net profit attributable to shareholders of the listed company increased by 4.30%. During the reporting period, the key work of the Company was completed as follows:

## I. Focus on four major tasks and gather high-quality development synergies

### Development of gas turbine

During the reporting period, The construction of Gas Turbine Testing Center was completed on schedule, providing infrastructure support for independent gas turbine full-scale testing. Major breakthroughs were achieved in independent gas turbine development, and the first HGT51F gas turbine with complete independent intellectual property rights was officially manufactured in July 2024 and successfully completed its first ignition test in January 2025. The HGT51F gas turbine features multi-fuel adaptability, having undergone 20%, 30%, and 40% hydrogen-blended full-temperature and full-pressure tests with stable and excellent performance.

### Energy transformation

During the reporting period, The new energy company experienced rapid growth, achieving record-high sales revenue, with the localization benefits of the SGT800 gradually emerging. The domestic market share of the SGT series gas turbines significantly increased, accelerating the localization substitution process. The strategic cooperation with Siemens achieved a leap from product introduction to absorption and localization, with most peripheral equipment already replaced by domestically produced alternatives, expanding business into packaging and assembly. The development of the integrated smart energy platform was more than halfway completed.

### Transformation acceleration

During the reporting period, the Company integrated internal service resources and established a "Service Center", comprehensively advancing the digitization of the "Full Lifecycle Management" service framework while continuously improving the dual-framework platform and service management platform functionalities. Throughout the year, 464 on-site equipment services were completed, largely restoring normalized overseas services. The Company explored gas turbines independent operation and maintenance (O&M) business directions, actively developing the gas turbine self-O&M and overhaul market, conducted localization research on high-temperature blades and fuel nozzles for light gas turbines, and expanded light gas turbine O&M services. Efforts were made to identify demonstration power plant partners for independent gas turbines, accelerating the transition from R&D to commercial application.

### Deepening reforms

During the reporting period, the Company took a critical step in its major asset restructuring initiative, releasing the preliminary plan for major asset restructuring on November 11, 2024.

## II. Comprehensively enhance market competitiveness based on the three business sectors

### Tap into the market potential

During the reporting period, under the dual impact of domestic economic restructuring and the "carbon peaking and carbon neutrality" policy, the Company seized market opportunities in the drive sector, further expanding its competitive advantage in integrated refining and chemical projects. Throughout the year, it secured contracts for 9 ethylene projects, including the successful bid for the world's largest 1.8 million

tons/year single-line ethylene unit, showcasing its independent innovation capabilities in high-end chemical equipment. In the large-scale air separation sector, the Company achieved new milestones with 100,000 and 120,000 air separation steam turbines; In the fertilizer sector, it signed multiple project contracts, consolidating its market dominance. It actively targeted feedwater pump and induced draft fan customers, securing 7 project contracts for the year; It deepened strategic customer collaborations, reinforced its leading position in backpressure turbine markets and supported unit replacement and modification for clients such as Jiangxi Liwen and Rizhao Guangyuan Thermal Power.

During the reporting period, the Company actively enhanced its overseas market capabilities, maintained steady growth in international drive business, which surpassed power generation business in revenue share for the first time, and further optimized its product structure in global markets. The Company successfully penetrated core petrochemical facilities in overseas open markets, exemplified by winning the bid for Spain TR Engineering's Celeno million-ton ethylene compressor-turbine project, providing valuable experience for future expansion into high-end international markets.

#### Strengthen technical guidance

Throughout the year, the Company initiated 42 R&D projects, with 38 completed and accepted; It obtained 23 invention patents, 6 utility model patents, and 2 software copyrights, while drafting 26 corporate standards for standard components and leading or participating in 4 national standards and formulating 8 industry standards; It successfully completed the first-unit application for the Dalian Hengli flash evaporation unit. The 125,000 air separation high-efficiency steam turbine developed by the Company achieved world-leading levels in both scale and efficiency; The subcritical unit of a project was successfully developed and applied cylinder steam heating device; High-efficiency air cooling series low-pressure twisted blades completed the technical system construction and were applied in many foreign trade projects such as those in Côte d'Ivoire. The establishment of shafting dynamics calculation and evaluation criteria for complete units provided critical support for multi-equipment integrated business development.

#### Focus on the connection between production and marketing

During the reporting period, the Company overcame challenges such as uneven production scheduling and successfully completed critical manufacturing tasks. Adhering to a lean production and sales mechanism that prioritizes both customer satisfaction and operational quality, the Company achieved a 98.94% product fulfillment rate for the year, with a 96.3% fulfillment rate for urgently needed market products, exceeding the target of 93%. The Company explored and advanced a contract-plan-driven lean management model, continuously strengthening the forward control capability of its three-tier planning system, leading to a gradual improvement in plan achievement rates.

### III. Promote the three major projects and optimize the efficiency of organization and operation

#### Digital construction

The Company progressed with Phase II of its ERP system implementation, launching functions such as

forward-plan performance evaluation and control and an expense budgeting and reporting system; It enhanced digital control in production sites, steadily increasing digital coverage of key workstations; It focused on data integration and utilization, interconnected production progress and complete unit matching data with its product catalog, creating synergies; It also optimized management dashboards and quality data analysis screens across five major workshops, deepening the analytical use of smart monitoring data to enable more efficient and precise production management.

#### Deepening Lean 2.0

The Company initiated its full-value-chain Lean Management 2.0 project, adopting a problem-oriented approach and systematically driving lean operational improvements under the philosophy of "prioritizing safety, refining quality, improving efficiency, reducing costs, and increasing profitability". Emphasizing lean tool training and hands-on guidance, the Company organized 19 lean training sessions throughout the year, covering four key modules: design, sales, production, and supply chain & cost management.

#### Intelligent enhancement

The Company solidly advanced the implementation of its intelligent manufacturing strategy, releasing the *Future Factory Blueprint and Lean Intelligent Manufacturing Plan* to establish a framework for digital transformation; It was recognized as a "Future Factory" of Hangzhou City and is striving to become the "Future Factory" of Zhejiang Province. It explored innovative technological applications by setting up computing workstations and deploying open-source large language models, enabling the retrieval and feedback of quality issues related to units, thereby injecting new momentum into its intelligent development. It actively pursued automated and intelligent processing, and conducted research on automatic welding for key components such as turbine guide blade carriers, driving production processes toward greater intelligence.

### IV. Benchmark the world first-class companies, improve business support ability

#### Strengthen top-level design

To adapt to changes in the external market environment and accelerate the achievement of strategic goals during the 14th Five-Year Plan period, the Company restructured its service and sales business units to enhance strategic coordination of resources; It conducted a comprehensive evaluation of 2023 strategic tasks, releasing the *2023 Strategic Execution Evaluation Report* and initiated preliminary research for the 15th Five-Year Plan to lay the groundwork for the next phase of strategic planning; It organized a company-wide discussion on "Charting the Future Path of the Enterprise", hosted over 70 discussion sessions and collected more than 400 suggestions, collectively shaping high-quality development strategies.

#### Benchmark first-class standards

The Company established a compliance management system covering 13 key areas, completed the compliance obligation list and defined the departmental responsibilities and obligations. It rectified 120 internal audit problems, and produced 5 exemplary rectification cases. By leveraging the Supplier Relationship Management (SRM) system, it optimized supplier management, and conducted second-party audits on external

supporting suppliers. It streamlined the product certification processes, preliminarily established a supply chain system for Russian-speaking markets, and defined the documentation integration procedures for international certification, advancing a serialized product certification model.

### Highlight value creation

The Company piloted simulated accounting for five workshop units, integrating employee engagement in business operations with talent training. It issued the *Employee Performance Management Measures* and the *Employee Probationary Assessment Measures*, shifting from broad assessment to refined management for employee management; It established a dual-track career development system, and completed pilot programs, laying a foundation for full-scale implementation. later It optimized performance assessment and compensation assessment models, initially trialing them in sale lines and subsidiary units.

## 3. Major accounting data and financial indicators

### (1) Major accounting data and financial indicators for the last three years

Indicate by tick mark whether there is any retrospectively restated datum in the table below.

☐Yes ☒No

In RMB

	2024	2023	Changed over last year (%)	2022
Operating revenue (Yuan)	6,638,914,993.24	5,924,238,021.22	12.06%	5,518,841,939.82
Net profit attributable to the shareholders of the listed company (Yuan)	539,962,304.02	517,680,522.56	4.30%	522,396,807.32
Net profit after deducting of non-recurring gain/loss attributable to the shareholders of listed company (Yuan)	411,553,193.68	362,006,895.23	13.69%	379,955,440.30
Cash flow generated by business operation, net (Yuan)	450,946,811.55	877,209,485.62	-48.59%	324,140,805.63
Basic earning per share(Yuan/Share)	0.46	0.44	4.55%	0.45
Diluted gains per share(Yuan/Share)	0.46	0.44	4.55%	0.45
Net asset earning ratio (%)	6.46%	6.38%	0.08%	6.47%
	End of 2024	End of 2023	Changed over last year (%)	End of 2022
Gross assets (Yuan)	17,252,082,445.96	15,927,680,116.23	8.32%	15,374,999,610.32
Net assets attributable to shareholders of the listed company (Yuan)	8,954,601,724.44	7,899,275,900.66	13.36%	8,328,481,114.19

### (2) Main Financial Index by Quarters

In RMB

	First quarter	Second quarter	Third quarter	Fourth quarter
Operating revenue	1,059,263,685.89	1,552,400,091.07	1,651,736,130.81	2,375,515,085.47
Net profit attributable to the shareholders of	9,663,903.49	181,835,660.36	-1,884,498.53	350,347,238.70

the listed company				
Net profit after deducting of non-recurring gain/loss attributable to the shareholders of listed company	-6,160,934.41	125,488,998.65	-15,328,054.23	307,553,183.67
Net Cash flow generated by business operation	-364,441,664.54	30,856,060.97	-26,902,245.01	811,434,660.13

Any material difference between the financial indicators above or their summations and those which have been disclosed in quarterly or semi-annual reports?

☐ Yes ☒ No

#### 4.Share capital and shareholders

##### (1) Number of holders of ordinary shares and preference shares with restored voting right and Top 10 shareholders

							In shares
Total number of common shareholders at the end of the reporting period	10,809	Total shareholders at the end of the month from the date of disclosing the annual report	10,956	The total number of preferred shareholders voting rights restored at period-end	0	Total preferred shareholders at the end of the month from the date of disclosing the annual report	0
Top ten shareholders (Excluding shares lent through refinancing)							
Shareholders	Nature of shareholder	Proportion of shares held (%)	Number of shares held at period-end	Amount of restricted shares held	Number or share pledged/frozen		
					State of share	Amount	
Hangzhou Turbine Holdings Co., Ltd.	State-owned legal person	58.70%	689,715,889	689,715,889	Not applicable		0
Hangzhou Qitong Equity Investment Partnership (LP)	State-owned legal person	5.00%	58,810,799	58,810,799	Not applicable		0
China Merchants Securities(HK)Co., Ltd.	Foreign legal person	0.82%	9,613,461	0	Not applicable		0
Zhou Jie	Domestic Natural person	0.73%	8,478,000	0	Not applicable		0
GUOTAI JUNAN SECURITIES (HONG KONG) LIMITED	Foreign legal person	0.62%	7,273,677	0	Not applicable		0
Xia Zulin	Domestic Natural person	0.51%	5,944,000	0	Not applicable		0
VANGUARD TOTAL INTERNATIONAL STOCK	Foreign legal	0.50%	5,855,511	0	Not applicable		0



INDEX FUND	person					
VANGUARD EMERGING MARKETS STOCK INDEX FUND	Foreign legal person	0.45%	5,232,723	0	Not applicable	0
NORGES BANK	Foreign legal person	0.33%	3,922,665	0	Not applicable	0
ISHARES CORE MSCI EMERGING MARKETS ETF	Foreign legal person	0.30%	3,023,240	0	Not applicable	0
Explanation on associated relationship among the aforesaid shareholders		(1) Hangzhou Turbine Holdings Co., Ltd. Has no relationship with other shareholders; (2) Hangzhou Turbine Holdings Co., Ltd. has no acting-in-concert relationship with other shareholders; (3) Whether any association or acting-in-concert relationships exist among other shareholders remains unknown.				
Notes to the shareholders involved in financing securities (if any)		Not applicable				

Information of shareholders holding more than 5% of the shares, the top 10 shareholders and the top 10 shareholders of unrestricted tradable shares participating in the lending of shares in securities lending and borrowing business

☐ Applicable ☒ Not applicable

The top 10 shareholders and the top 10 shareholders of unrestricted tradable shares have changed compared with the previous period due to the securities lending/returning of shares in securities lending and borrowing business

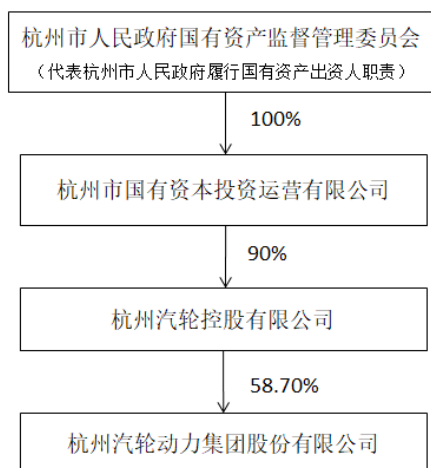
☐ Applicable ☒ Not applicable

## (2) Total preference shareholders and the shares held by the Top 10 Preference shareholders

☐ Applicable ☒ Not applicable

The Company has no preferred shareholders during the reporting period.

## (3) Block diagram of the ownership and control relations between the Company and the actual controller



## 5. Bonds in existence as of the approval date of the annual report

☐ Applicable ☒ Not applicable

## III. Important Events

1. The company held the 10th meeting 9th term of Board on November 9, 2024, The meeting examined and adopted the Proposal on the Share Exchange and Merger of Hangzhou Turbine Power Group Co., Ltd. Namely

the Related Party Transaction Plan by Hangzhou Hirisun Technology Incorporated. And other major asset restructuring related proposals. please refer to the announcement published by the Company on the Cninfo Information Network (<http://www.cninfo.com.cn>) on November 11, 2024.

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

April 15, 2025