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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.

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 secondary 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

Table with 5 columns: Item, 2024, 2023, Changed over last year (%), 2022. Rows include Operating revenue, Net profit, Cash flow, etc.

(2) Main Financial Index by Quarters

Table with 5 columns: Item, First quarter, Second quarter, Third quarter, Fourth quarter. Rows include Operating revenue, Net profit, Cash flow, etc.

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

Table with 5 columns: Total number of common shareholders, Total shareholders at the end of the month, etc. Includes a table for Top ten shareholders.

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

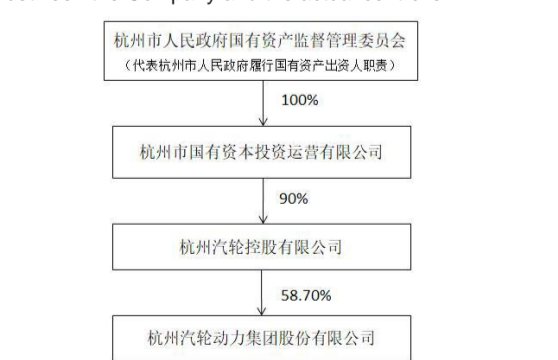
□ Applicable  Not applicable

(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 Hirusun 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

Stock Code: 200771 Stock ID: Hangqilun B Announcement No.: 2025-30

Hangzhou Turbine Power Group Co., Ltd. Board of Directors Reports in 2024

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 in this announcement.

In 2024, in strict accordance with laws and regulations such as the Company Law, Securities Law, Stock Listing Rules of Shenzhen Stock Exchange, and Guidelines for Standardized Operation of Shenzhen Stock Exchange listed companies self-regulation Guidelines No.1 — Main board listed companies standardized operation, as well as the Articles of Association, the Board of Directors of the company is responsible to all shareholders, diligently and effectively exercising its functions and powers, conscientiously implementing the resolutions of the shareholders' meeting, diligently carrying out all the work of the Board of Directors, and promoting the improvement of corporate governance and the development of all business operations of the company. The main work of the Board of Directors in 2024 is reported as follows:

I. Business operations of the company in 2024

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

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

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 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

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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.

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II. Performance of the Board of Directors according to law during the reporting period

(I) Perform work duties according to law and improve the level of scientific decision-making

1. About Board Meetings

In 2024, the Company organized 7 meetings of the Board of Directors. The board of directors deliberated on transactions such as entrusted wealth management, routine related party transactions, outward donations, lease of real estate by agreement, share exchange and absorption merger, and major asset restructuring in accordance with regulations. It also deliberated on the proposals on asset impairment, asset write-off, profit distribution, change of accounting firm, remuneration plan for directors and executives, formulation of the "Working System for Independent Directors" and "Implementation Rules for Special Committees of the Board of Directors", revision of the "Internal Audit System" and "Implementation Rules for Internal Audit", election of non-independent directors, election of vice chairman, appointment of general manager and deputy general manager and secretary of the board of directors, repurchase and cancellation of restricted shares for equity incentives and lifting of restrictions on sale, change of registered capital, and amendment of articles of association.

For board meetings and deliberation matters details, please refer to the annex.

2. Information about the Independent Directors' Duty Performance

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