

Stock Code: 200771

Stock ID: Hangqilun B    Announcement No.: 2022-17

## Hangzhou Steam Turbine Co., Ltd.

### Summary of 2021 Annual Report

#### I. Important Notice

The Board of Directors, The Supervisory Committee, the supervisors and the directors of the Company guarantee that there are no significant omissions, fictitious or misleading statements carried in the Report and we will accept individual and joint responsibilities for the truthfulness, accuracy and completeness of the Report.

Chairman Mr. Zheng Bin, Chief Financial Officer Mr. Zhao Jiamao, and the Chief of Accounting Department Mr. Jin Can hereby declare: the Financial Statement in the report is guaranteed to be truthful and complete.

All of the directors attended the board meeting on which this report was examined.

This Report contains prospective descriptions, which doesn't constitute substantial commitment to investors. Investors are requested to be aware of the risks attached to their investment decisions.

For the risks existing in the Company's operation, please refer to the section "Prospects for the future development of the Company" in Section III "Management Discussion & Analysis". The company's designated information disclosure media are: Shanghai Securities News (Chinese), Securities Times (Chinese), Hong Kong Commercial Daily (English), <http://www.cninfo.com.cn> (In English and Chinese), all information of the company is subject to the information published in the above selected media. Investors are advised to pay attention to investment risks.

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

According to the profit distribution plan deliberated and adopted by the meeting of BOD, 753,898,600 for the base, the Company would distribute cash dividend to all the shareholders at the rate of CNY 4.0 for every 10 shares (with tax inclusive), 3 bonus shares (including tax) and no reserve would be converted 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		
Contact person and contact manner	Board secretary	Securities affairs Representative	
Name	Li Guiwen	Li Xiaoyang	
Address	No.1188, Dongxin Road, Hangzhou , Zhejiang	No.1188, Dongxin Road, Hangzhou , Zhejiang	
Tel.	0571-85780433	0571-85780433	
Fax.	0571-85780058	0571-85780438	
Email.	lgw@htc.cn	lixiaoyang@htc.cn	

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

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.

During the reporting period, the Company focused on the annual work policy of "digital empowerment, transformation and upgrading, strengthening enterprises with talents and high-quality development", while continuously ensuring epidemic prevention and control, it steadily increased the production capacity of the manufacturing base, and fully guaranteed the contract delivery; solidly promoted technology research and development, and made fine products with craftsman spirit; explored the construction of key customer marketing management system and consolidated the market competitive advantage; promoted the "14th Five-Year Plan" and started the road of transformation, upgrading and high-quality development.

In 2021, the annual operating income was RMB 5,788,288,600, the total profit was RMB 832,547,500 and the net profit was RMB 727,247,800, of which the net profit attributable to shareholders of listed companies was RMB 649,992,500. Compared with the same period of last year, the operating income increased by 21.54%, the total profit increased by 25.93%, the net profit increased by 25.49% and the net profit attributable to shareholders of listed companies increased by 36.48%. Under the macro background of "double carbon" policy and slowing economic growth, the operating data increased against the trend, and the 14th Five-Year Plan achieved a favorable start.

#### 1). Focus on market

During the reporting period, in the face of the severe market situation and fierce competition pattern under the "double carbon" policy, the Company stabilized the industry-driven market by strengthening "sales around the front" and deepening the plate linkage mechanism. Its typical projects included 7 sets of units in Ningxia Baofeng Phase III coal-to-methanol project, caprolactam project of Sinopec Baling Petrochemical Company and the oil refining to chemical supporting project of Sinopec Anqing Petrochemical. By seizing the investment opportunity of thermal power generation, it strove to compete for the industrial power generation market, and the contract undertaking in the power generation field increased compared with the same period of last year, and it was successively awarded with the Smart Energy Center Project of Yiwu High-tech Zone of BR Energy, the 50MW

Back Pressure Power Generation Project of Jiahua Energy, the Low-voltage Waste Heat Power Generation Project of Pengwei Petrochemical, etc. By accurately predicting the industry background of "refining control and chemical increase", it found out the development direction of new material market and opened up new markets. It gained gradual improvement in gas turbine market, and it successfully signed contract on Huadian Jiangdu Natural Gas Distributed Energy Project, Haining Guangyao Natural Gas Distributed Energy Project and Asia Symbol Paper Self-provided Power Station Project, etc.

## 2). Digital empowerment

During the reporting period, the Company continued to promote intelligent construction and digital transformation of the enterprise, continuously optimized MES system to help refine production management, promoted ERP construction in an all-round way, determined the ERP selection scheme according to the Company's "tailor-made" single piece and small batch production characteristics, completed the blueprint of digital factory construction in manufacturing base, completed the preliminary scheme of digital factory construction, put the industrial internet platform and service management platform into trial operation, fully put the new OA system into use, put the system flow and management platform online on a large scale, continuously optimized the rapid collaborative development platform (BCP) with independent intellectual property rights, and deeply integrated with OA to realize the integration of office flow and business flow.

## 3). Transformation and upgrading

During the reporting period, the implementation of the Company's "Key Account Management System Based on Equipment Lifecycle Management" achieved a series of achievements, and it successively renewed the strategic cooperation agreement with Shenyang Blower, signed the strategic and long-term cooperation agreement with Hengli Petrochemical, further consolidated the relationship with various engineering general contracting companies, preliminarily established the key account training system, and obtained good market feedback for the first round of customer training. In order to realize the transition to service-oriented manufacturing and build the development direction of "big service", during the reporting period, the Company completed the construction of "two-line" service team, focusing on breaking through modules such as "O&M training, technical training, inspection and diagnosis". It established Hangzhou Steam Turbine New Energy Co., Ltd., and set up the "Hangzhou Steam Turbine and Siemens Energy Joint Technology Center" in cooperation with Siemens Energy, which marks its comprehensive engagement in the field of distributed energy, thermoelectric transformation and new energy.

## 4). Strengthen enterprise with talents

During the reporting period, the Company promoted the implementation of the human resources promotion project from three aspects: strengthening the human resources foundation, improving the efficiency of human resources management and optimizing the human resources management mechanism. It gradually established a performance-oriented talent evaluation model, strove to build a human resource management system based on value creation, completed the evaluation work of eight "company-level skill master studios" such as "Leaf Installation Skill Master Studio", and fully utilized the positive role of high-skilled talents in technological innovation, skill inheritance and grass-roots management; successfully implemented the equity incentive plan, formulated performance appraisal methods for the implementation of equity incentive targets, further established

and improved the long-term incentive mechanism, and attracted and retained outstanding talents.

#### 5). High quality development

During the reporting period, the Company accelerated scientific research and achieved fruitful product development. The Company emphasized product efficiency improvement, parameter improvement, technology update and product development, and focused on difficult projects in the fields of large air separation, large ethylene, subcritical, high back pressure and low-pressure waste heat utilization, etc., and accepted 29 key research projects and completed the approval of 38 new product development and key research projects, including 15 new products, creating a record high. The Company's two projects, namely "R&D and Application of Steam Turbine for Nuclear Island Emergency Auxiliary Feed Water Pump" and "Low-quality Energy Efficient Utilization Technology and Application", won the first prize of Zhejiang Machinery Industry Federation's 2021 Science and Technology Award; "R&D and Application of Key Technologies for Efficient and Reliable Blades of Industrial Steam Turbines" won the first prize of Provincial Scientific and Technological Progress; "The Last Blade of Low-pressure Stage Group of Large-flow Air-cooled Steam Turbine" won the China Patent Excellence Award. During the reporting period, the Company comprehensively promoted world-class benchmarking in combination with management innovation, realized management improvement, and promoted the decomposition and tracking of the strategic objectives of the 14th Five-Year Plan according to the requirements of enterprise transformation and upgrading and high-quality development, so as to ensure the steady implementation and optimization and improvement of the strategy.

### 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

Retroactive adjustment or restatement of causes

Merger of enterprises under the same control

In RMB

	End of 2021	End of 2020		Changed over last year ( % )	End of 2019	
		Before adjustment	After adjustment	After adjustment	Before adjustment	After adjustment
Gross assets (Yuan)	16,319,667,628.76	15,392,653,924.41	16,375,832,611.51	-0.34%	12,600,115,579.96	13,809,675,082.80
Net assets attributable to shareholders of the listed company (Yuan)	7,927,485,773.65	8,104,788,941.36	8,163,905,778.62	-2.90%	6,607,496,148.58	6,651,190,318.58
	2021	2020		Changed over last year ( % )	2019	
		Before adjustment	After adjustment	After adjustment	Before adjustment	After adjustment
Operating revenue	5,788,288,588.91	4,496,445,244.55	4,762,315,089.10	21.54%	4,279,848,518.81	4,651,946,726.63

(Yuan)						
Net profit attributable to the shareholders of the listed company (Yuan)	649,992,474.56	459,345,443.38	476,268,110.63	36.48%	345,138,064.00	337,347,736.45
Net profit after deducting of non-recurring gain/loss attributable to the shareholders of listed company (Yuan)	428,122,980.65	372,697,902.88	372,697,902.88	14.87%	302,012,173.45	302,012,173.45
Cash flow generated by business operation, net (Yuan)	71,809,489.02	454,416,600.69	628,885,775.12	-88.58%	432,255,831.23	478,743,410.42
Basic earning per share(Yuan/Share)	0.88	0.62	0.64	37.50%	0.46	0.45
Diluted gains per share(Yuan/Share)	0.88	0.62	0.64	37.50%	0.46	0.45
Net asset earning ratio (%)	8.01%	6.24%	6.43%	1.58%	5.48%	5.31%

## (2) Main Financial Index by Quarters

In RMB

	First quarter	Second quarter	Third quarter	Fourth quarter
Operating income	1,181,683,010.42	1,784,337,440.65	1,114,367,481.21	1,707,900,656.63
Net profit attributable to the shareholders of the listed company	161,578,759.88	264,062,657.07	151,725,602.91	72,625,454.70
Net profit after deducting of non-recurring gain/loss attributable to the shareholders of listed company	54,440,724.84	204,072,408.44	143,471,580.39	26,138,266.98
Net Cash flow generated by business operation	157,547,348.48	19,533,664.23	-311,520,573.87	206,249,050.18

Indicate by tick mark whether any of the financial data in the table above or their summations differs materially from what have been disclosed in the Company's 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	11,086	Total shareholders at the end of the month from the date of disclosing the annual report	11,034	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
Shareholdings of Top 10 shareholders							
Shareholders	Nature of	Proportio	Number of shares held at	Amount of restricted	Number or share		

	shareholder	n of shares held (%)	period -end	shares held	pledged/frozen	
					State of share	Amount
Hangzhou Steam Turbine Power Group Co., Ltd.	State-owned legal person	63.64%	479,824,800	479,824,800		
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	Foreign legal person	1.02%	2,679,711	0		
China Merchants Securities(HK)Co., Ltd.	State-owned legal person	0.74%	4,117,303	0		
Zhou Jie	Domestic Natural person	0.61%	4,341,100	0		
VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	Foreign legal person	0.59%	5,365,877	0		
VANGUARD EMERGING MARKETS STOCK INDEX FUND	Foreign legal person	0.57%	3,962,204	0		
ISHARES CORE MSCI EMERGING MARKETS ETF	Foreign legal person	0.52%	3,231,301	0		
NORGES BANK	Foreign legal person	0.33%	2,514,529	0		
Xia Zulin	Domestic Natural person	0.31%	2,320,000	0		
Gu Yang	Domestic Natural person	0.21%	1,504,552	0		
Explanation on associated relationship among the aforesaid shareholders	(1) Hangzhou Steam Turbine Power Group Co., Ltd. is the holder of state-shares of the Company, all other shareholders' are holders of domestic listed foreign shares (B shares) (2) There is no relationship between Hangzhou Steam Turbine Power Group Co., Ltd. and other shareholders; (3) Hangzhou Steam Turbine Power Group Co., Ltd. is not an "action-in-concert" party with any of other shareholders as described by the "Administration Rules of Informational Disclosure about Change of Shareholding Statues of PLCs".					
Notes to the shareholders involved in financing securities (if any)	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. Acquisition of part of equity assets of subsidiaries of controlling shareholders

On November 3, 2021, the Eighth Session of the Nineteenth Board of Directors of the Company reviewed and approved the Proposal on the Acquisition of Part of Equity Assets and Related Transactions of the Companies of the Controlling Shareholders. The Company and Zhongneng Company, the holding subsidiary of the Company, plan to conclude equity transfer agreements with Hangzhou Steam Turbine Group, Technology Company and natural person shareholders, and purchase equity of many enterprises by cash, with a total transaction amount of RMB 351,734,743.00, among which the transactions with Hangzhou Steam Turbine Group and Technology Company are related transactions, with a total transaction amount of RMB 308,638,942.86 and the transaction amount with other transaction objects is RMB 43,095,800.14. As of November 26, 2021, all the acquisition target companies have completed the industrial and commercial change registration procedures and obtained renewed business licenses. So far, the Company holds 100% equity of Hangzhou Hangfa Power Generation Equipment Co., Ltd. through its holding subsidiary Hangzhou Zhongneng Steam Turbine Power Co., Ltd., and directly holds 100% equity of Hangzhou Steam Turbine Engineering Co., Ltd. and 30% equity of Hangzhou Steam Turbine Automobile Sales Service Co., Ltd. (all five directors are appointed by the Company, which constitutes actual control), 55% equity of China mechanical and Electrical Institute -HSTG (Hangzhou) United Institutes Co., Ltd., 85.60% equity of Zhejiang Ranchuang Turbine Machinery Co., Ltd. and 75.855% equity of Zhejiang Steam Turbine Packaged Technology Development Co., Ltd, all of which are included in the scope of the Company's consolidated statements.

The business of this acquisition object mainly involves the manufacturing of generators, water turbines, steam turbines and pumps, EPC, control system integration and complete set of technical services, gas turbine technology development, equipment transportation and warehousing services, etc., all of which have a high

correlation with the businesses of listed companies, and can quickly form synergy. Through this equity acquisition, the Company can further improve its industrial chain, enrich product categories, improve technology R&D capabilities, build a service-oriented manufacturing platform integrating advanced turbine equipment manufacturing, packaged engineering and overall solutions, and promote the Company's transformation to "service-oriented manufacturing", which is in line with the Company's long-term development strategy.

Hangzhou Steam Turbine Co., Ltd.  
Chairman of the Board: Zheng Bin

March 31, 2022