

Stock Code: 200771

Stock ID: Hangqilun B

Announcement No.: 2021-15

Hangzhou Steam Turbine Co., Ltd.

2020 Annual Report

(Stock Code: 200771)



April 2021

I. Important Remarks, Table of Contents, and Definitions

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 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.

Please refer to the prospects for the future development of the company in Section 4 for the risks in the company's operations. 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.

The company's designated information disclosure media are: In 2020, with the total share capital of 754,010,400 shares at the end of the year deducting 19,551,800 treasury shares repurchased as of date of record by Company, that is, 734,458,600 shares, the Company would distribute cash dividend to all the shareholders at the rate of CNY 2.5 for every 10 shares (with tax inclusive), 0 bonus shares, and no reserve would be converted into share capital.

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Definition

Terms to be defined	Refers to	Definition
Company, the Company	Refers to	Hangzhou Steam Turbine Co., Ltd.
The Group, Hangqi Group	Refers to	Hangzhou Steam Turbine Power Group Co., Ltd.
Hangzhou SASAC	Refers to	State-owned Assets Supervision and Administration Commission of Hangzhou Municipal People's Government
Hangzhou Capital	Refers to	Hangzhou State-owned Capital Investment and Operation Co., Ltd.
The report period, the current period, the current year	Refers to	January 1 – December 31 2020
Zhongneng Co.	Refers to	Hangzhou Zhongneng Steam Turbine Power Co., Ltd. – the holding subsidiary of the Company
Casting Co.	Refers to	Hangzhou Steam Turbine Casting Co., Ltd. – the holding subsidiary of the Company
Packaged Tech. Co.	Refers to	Zhejiang Steam Turbine Packaged Technology Development Co., Ltd. – the holding subsidiary of the Company
Machinery Co.	Refers to	Hangzhou Steam Turbine Machinery Equipment Co., Ltd. - the holding subsidiary of the Company
Auxiliary Machine Co.	Refers to	Hangzhou Steam Turbine Auxiliary Machinery Co., Ltd. - the holding subsidiary of the Company
Turbine Co.	Refers to	Zhejiang Turbine Import & Export Co., Ltd. – the holding subsidiary of the Company
Heavy Industry Co.	Refers to	Hangzhou Steam Turbine Heavy Industry Co., Ltd. - the holding subsidiary of the Company
The Board of Directors	Refers to	The Board of Directors of Hangzhou Steam Turbine Co., Ltd.
The Supervisory Committee	Refers to	The Supervisory Committee of Hangzhou Steam Turbine Co., Ltd.
The Shareholders' Meeting	Refers to	The Board of Directors of Hangzhou Steam Turbine Co., Ltd.
RMB, RMB0'000, RMB000'000'000	Refers to	RMB Yuan, RMB10 thousand Yuan, RMB100 million Yuan
MW	Refers to	Unit of power: 1000KW
PLM	Refers to	Product life circle management information system
MES	Refers to	Manufacturing execution system
ERP	Refers to	Enterprise Resources Planning
WMS	Refers to	Warehouse management system

II. Basic Information of the Company and Financial index

I. Basic Information

Stock ID	Hangqilun B	Stock Code	200771
Stock Exchange Listed in	Shenzhen Stock Exchange		
Company Name in Chinese	杭州汽轮机股份有限公司		
Short form of Company Name in Chinese	杭汽轮		
Name in English	HANGZHOU STEAM TURBINE CO.,LTD		
Abbreviation in English	HTC		
Legal representative:	Zheng Bin		
Reg. Add.	No. 357 Shiqiao Rd. Hangzhou		
Post Code	310022		
Office address	No. 357 Shiqiao Rd. Hangzhou		
Post Code:	310022		
Web Address	www.htc.cn		
Email.	lgw@htc.cn		

II. Contacts

	Secretary of the Board	Representative of Stock Affairs
Name	Li Guiwen	Wang Caihua
Address	No. 357 Shiqiao Rd. Hangzhou	No. 357 Shiqiao Rd. Hangzhou
Tel.	0571-85780058	0571-85780438
Fax.	0571-85780433	0571-85780433
Email.	lgw@htc.cn	wangch@htc.cn

III. Place for information disclosure

Press media for information disclosure	Securities Times, Shanghai Securities Daily, Hong Kong Commercial Daily
Web address for the annual report as assigned by CSRC.	http://www.cninfo.com.cn
Place for inquiry of the annual report	Securities and Law Office of Hangzhou Steam Turbine Co., Ltd.

IV. Change of Business Registration

Organization code	913300007042026204
Change of main business since listed	<p>The original scope of main businesses of the Company: The design and manufacturing of steam turbine, gas turbine, other rotating and to-and-fro machinery and auxiliary equipment, and spare parts and components, sales of self-manufactured products and the providing of relevant after-sales service and import & export service.</p> <p>In July 2008, the business scope was modified to: Design and manufacturing of steam turbine, gas turbine, other rotating and to-and-fro machinery and auxiliary equipment, and spare parts and components, sales of self-manufactured products and the providing of relevant after-sales service; sales and import & export of power plant, industrial driving, industrial turbine equipment and complete equipment. For those involve in quota or licensing shall follow legal procedures.</p> <p>In March 2009, the business scope was modified to: Design and manufacturing of steam turbine, gas turbine, other rotating and to-and-fro machinery and auxiliary equipment, and spare parts and components, sales of self-manufactured products and the providing of relevant after-sales service; sales and import & export of power plant, industrial driving, industrial turbine equipment and complete equipment.</p> <p>In December 2016, the business scope was modified to: Design and manufacturing of steam turbine, gas turbine, other rotating and to-and-fro machinery and auxiliary equipment, and spare parts and components, sales of self-manufactured products and the providing of relevant after-sales service; sales and import & export of power plant, industrial driving, industrial turbine equipment ,complete equipment and Energy conservation and environmental protection projects.</p>
Change of holding shareholder (if any)	<p>Hangzhou Turbine Power Group Co., Ltd. is the controlling shareholder of the Company, and the actual controller of the Company is the State-owned Assets Supervision and Administration Commission of Hangzhou Municipal People's Government. During the reporting period, Hangzhou SASAC transferred 90% of the shares of the Company held by itself to its wholly-owned company Hangzhou State-owned Capital Investment and Operation Co., Ltd., thus Hangzhou Capital became the indirect controlling shareholder of the company, and neither the direct controlling shareholder nor the actual controller of the company changed.</p>

V. Miscellaneous information

CPA hired by the Company

Name of the CPA	Pan-China Certified Public Accountants (Special general partnership)
Address of the CPA	B Unit, Huarun Building, No.1366, Qianjiang Road, Jianggan District Hangzhou
Name of CPA signed on the auditors' report	Sheng Weiming, Ye Xianbin

The sponsor performing persist ant supervision duties engaged by the Company in the reporting period.

Applicable Not applicable

The Financial advisor performing persist ant supervision duties engaged by the Company in the reporting period

Applicable Not applicable

VI.Summary of Accounting data and Financial index

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

Yes No

	2020	2019	Changed over last year (%)	2018
Operating revenue (Yuan)	4,496,445,244.55	4,279,848,518.81	5.06%	4,642,807,589.69
Net profit attributable to the shareholders of the listed company (Yuan)	459,345,443.38	345,138,064.00	33.09%	345,824,339.47
Net profit after deducting of non-recurring gain/loss attributable to the shareholders of listed company (Yuan)	372,697,902.88	302,012,173.45	23.40%	280,075,101.48
Cash flow generated by business operation, net (Yuan)	454,416,600.69	432,255,831.23	5.13%	644,433,167.20
Basic earning per share(Yuan/Share)	0.62	0.46	34.78%	0.46
Diluted gains per share(Yuan/Share)	0.62	0.46	34.78%	0.46
Net asset earning ratio (%)	6.24%	5.48%	0.76%	5.82%
	End of 2020	End of 2019	Changed over last year (%)	End of 2018
Gross assets (Yuan)	15,392,653,924.41	12,600,115,579.96	22.16%	11,569,169,903.81
Net assets attributable to shareholders of the listed company (Yuan)	8,104,788,941.36	6,607,496,148.58	22.66%	6,007,540,929.16

The lower one of net profit before and after deducting the non-recurring gains/losses in the last three fiscal years is negative, and the audit report of last year shows that the ability to continue operating is uncertain

Yes No

The lower one of net profit before and after deducting the non-recurring gains/loses is negative

Yes No

VII.The differences between domestic and international accounting standards

1. Differences between the net profit and net asset in the financial reports prepared under IAS and Chinese Accounting Standard

Applicable Not applicable

No difference in the reporting period.

2. Differences between the net profit and net asset in the financial reports prepared under IAS and Chinese Accounting Standard

Applicable Not applicable

No difference in the reporting period.

VIII. Main Financial Index by Quarters

In RMB

	First quarter	Second quarter	Third quarter	Fourth quarter
Operating revenue	697,880,677.71	1,323,786,748.56	1,271,363,320.01	1,203,414,498.27
Net profit attributable to the shareholders of the listed company	-15,519,633.02	246,427,770.74	132,265,657.57	96,171,648.09
Net profit after deducting of non-recurring gain/loss attributable to the shareholders of listed company	-22,412,384.48	187,920,405.28	111,826,970.81	95,362,911.27
Net Cash flow generated by business operation	150,122,015.81	176,842,676.22	-117,174,042.01	244,625,950.67

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

IX. Items and amount of non-current gains and losses

Applicable Not applicable

In RMB

Items	Amount (2020)	Amount (2019)	Amount (2018)	Notes
Non-current asset disposal gain/loss(including the write-off part for which assets impairment provision is made)	-20,964,286.32	-12,341,200.47	-40,478.16	
Tax refund, deduction and exemption that is examined and approved by authority exceeding or has no official approval document.			2,140,524.49	
Governmental Subsidy accounted as current gain/loss, except for those subsidies at with amount or quantity fixed by the national government and closely related to the Company's business operation.	38,013,637.22	44,701,311.40	23,300,479.35	
Income from the exceeding part between investment cost of the Company paid for obtaining subsidiaries, associates and joint-ventures and recognizable net assets fair value attributable to the Company when acquiring the investment	1,149,217.06			
Debt restructuring profit or loss	3,350,920.00	-508,672.84	7,064,832.00	

Gains or losses arising from contingencies other than those related to normal operating business	32,202,504.57	-32,202,504.57		
In addition to normal business with the company effective hedging related business, holders of tradable financial assets, transactions and financial liabilities arising from changes in fair value gains and losses, as well as the disposal of trading of financial assets, trading financial liabilities and available-for-sale financial assets gains return on investment	53,211,692.31	74,013,529.88	48,433,535.22	
Other non-operating income and expenditure beside for the above items	-2,606,122.78	6,335,775.38	-1,703,546.21	
Less: Influenced amount of income tax	12,239,646.17	17,931,245.32	11,452,856.21	
Amount of influence of minority interests (After tax)	5,470,375.39	18,941,102.91	1,993,252.49	
Total	86,647,540.50	43,125,890.55	65,749,237.99	--

For the Company's non-recurring gain/loss items as defined in the Explanatory Announcement No.1 on information disclosure for Companies Offering their Securities to the Public-Non-recurring Gains and Losses and its non-recurring gain/loss items as illustrated in the Explanatory Announcement No.1 on information Disclosure for Companies offering their securities to the public-non-recurring Gains and losses which have been defined as recurring gains and losses, it is necessary to explain the reason.

Applicable Not applicable

None of Non-recurring gain /loss items recognized as recurring gain /loss/items as defined by the information disclosure explanatory Announcement No.1- Non –recurring gain/loss in the report period.

III. Business Profile

I .Main Business the Company is Engaged in During the Report 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 cyclepower 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 has cooperated with Siemens on the advanced natural gas turbine SGT-800 model-with features of high efficiency, high reliability and low emission, thus to enter the distributed natural gas field. As the general whole-set maker of SGT-800 in China, the company has launched the gas turbine business in respect of the project procurement and the integrated implementation. Hangzhou Steam Turbine has the type selection ability for the distributed energy combined cycle project, has established a complete system of supporting standard and material system, and it can complete the independent processing or matching work for the equipment besides the gas turbine body. 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 during the report period, 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. During the reporting period, the company fully grasped the market characteristics such as the continuation of the refining-chemical integration, the warming of coal chemical industry, and the improvement of customer concentration in the market, actively planned the "online marketing" work mode and piloted the new carrier of "online+offline" work according to the needs of different customers, further consolidate the original market position and expand the market share in new fields. The overseas markets overcame the impact of the epidemic and further expanded their market influence.

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, our company launches the study "The Demonstration and Application Project for Packaging Technology of Steam Turbine" 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 and transformation 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.

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.

II. Major Changes in Main Assets

1. Major Changes in Main Assets

Main assets	Major changes
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Equity assets	Mainly caused by the volatility in share price of Hangzhou Bank with the Company's investment and participation
Fixed assets	It is mainly due to the transfer of the completed part of the steam turbine heavy industry project under construction.
Intangible assets	No major changes
Construction in progress	It is mainly due to the fact that the new investment of steam turbine heavy industry project is close to the amount of fixed assets transferred after completion, and the balance has no significant change.

2. Main Conditions of Overseas Assets

Applicable Not applicable

III. Analysis On core Competitiveness

Firstly, A complete technical innovation system was established. The Company has under its possession of national, provincial, and municipal grade technical centers, a doctoral workstation, and an academician workstation. Close co-operations were carried out with institutions and universities from throughout the country. As the main drafter of national standard on industrial steam turbine, the Company has the newest technical trend under its close observation. The Company is now providing nearly 600 different models of steam turbines to the customers and hold the newest technical system covering the product lines up to 150 MW. Cooperating with SIEMENS in the field of gas turbine, our company has been capable of selecting the model of the combined recycling project of distributed energy. In addition, our company has also been able to finish the independent processing or supporting work which doesn't need to depend on the gas turbine machine.

Secondly, The advantages of solutions. The modular design of industrial steam turbine and the production pattern featuring parallelization production enable our company to give considerations to the cost, date of delivery and clients' demands in the process of production in accordance with clients' personalized designs, thereby making our company capable of advancing with the development trend of individual requirements. Our company has always been devoting to the localization in terms of the gas turbine business so as to achieve the localized one-stop service step by step including the sale, production, installation, debugging, operation, training and after-sale service. Our company has always been striving to provide clients with the complete equipment of gas turbine power station and the efficient total solutions.

Thirdly, the Company has established strategic co-operations with main customers in the country. Further marketing approaches were carried on by involving itself in the customers' value. A sound and steady image has been set up in the domestic steam turbine market. In the global market, the Company has acquired multiple important certifications and has established a primary global recognition.

Fourthly, the Company has its complete service providing system. The Company is not only capable to provide onsite 24-hour service for the Company's own products, but also accumulated rich experiences in technical maintenance and reengineering of other manufacturers' products.

Fifthly, the Company has cultivated a significant advantage in human resources. Great importance has been attached to construction of work teams with collection of high-end workforce in the areas of research & development, At the same time, our company values the cooperation with universities. “Zhejiang Technical Association for Gas Turbines in Equipment Manufacturing Industry” was officially founded jointly by our company and Zhejiang University and other scientific research institutions to build a new platform for integration of production and research in terms of gas turbine technology. The Company has cultivated a significant advantage in human resources. Great importance has been attached to construction of work teams with collection of high-end workforce in the areas of research & development, designing, technique, testing, and quality control. An excellent workforce provides a sound foundation to lift quality and services.

IV. Management's Discussion and Analysis

I. General

The company carried out various management work based on the economic work policy of "winning the relocation, intensively cultivating the market, developing enterprises by culture and striving for first-class". The annual business performance showed a trend of low and then high, with the completion of various business indicators better than expected, highlights in the driving market, fruitful achievements in scientific and technological progress, successful completion of relocation, accelerated informatization construction and initial improvement of management. During the reporting period, the company realized operating income of 4,496.4452 million yuan, with a year-on-year increase of 5.06%; The total profit was 620.933 million yuan, with a year-on-year increase of 30.07%; Net profit attributable to shareholders of listed companies was 459.3454 million yuan, with a year-on-year increase of 33.09%. The company's business objectives were achieved smoothly. The main work carried out during the reporting period and the operating results obtained are as follows:

(I) Grasp the opportunity, intensively cultivate the market and occupy the driving commanding heights

During the reporting period, the refining and chemical market in the domestic driving sector continued, the coal chemical industry market tended to recover, the competition in the traditional thermoelectric field in the industrial power generation sector intensified, the development of the feed water pump market was still limited, the overseas market share was limited, and the overall new orders received by the company rose steadily.

The company continued to seize the high-quality orders of domestic large-scale refining-chemical integration and ethylene plant projects by virtue of its competitive advantages, and signed contracts for Shenghong Petrochemical's 16 million tons/year refining-chemical integration project, PetroChina Jieyang's 20 million tons refining and 1.4 million tons ethylene project, Zhenhai Refining and Chemical's 1.2 million tons ethylene project, CNOOC Huizhou Refining and Chemical Phase 2.5 project, and Sinopec Hainan Refining and Chemical's 1 million tons ethylene and supporting refining units.

With the help of the recovery trend of coal chemical market, the company successfully signed a contract for the steam turbine for phase I project of 1.8 million tons of ethylene glycol of Shaanxi Coal Group, and successfully obtained the coal chemical projects such as Yulin Energy Ethylene Glycol and Ningxia Baofeng Energy Coal-to-Olefin Phase III.

Competition in the power generation market is becoming more and more fierce, and orders in the traditional

thermoelectric field are declining. Although the market of feed water pump and induced draft fan has achieved better results than in previous years, the market development space in this field is limited.

The company has deepened cooperation with Siemens in an all-round way, covering SGT-800, SGT-700, SGT-300, SGT-2000E and other models, effectively improving the sales, design and after-sales service management capabilities of gas turbines, and further expanding the market influence. In the field of gas turbine market, the company signed contracts for CGNPC Wuhan Hanergy Distributed Energy Project and Anhui Shanneng Fanchang Economic Development Zone Cogeneration Project.

(II) Continue to innovate, keep improving, and make break-through in new technological fields

The company continued to increase investment in research and development, independently innovated and developed new products, and tackled key technical problems. During the reporting period, 33 scientific research projects were established in the company's headquarters, including 9 new products and 24 scientific research projects. 29 scientific research projects have been completed and accepted. Where, the project "Key Technology and Application of High Efficiency and High Reliability Variable Speed Industrial Steam Turbine for Driving" won the first prize of China Machinery Industry Science and Technology Award. The project "Industrial Steam Turbine for Core Plant of Ultra-large Ethylene Project with an Annual Output of 1.2-1.5 million tons" was selected as the first equipment engineering key project in Zhejiang Province in 2020. "1.5 million tons/year Industrial Steam Turbine for Ethylene Plant Drive" won the first international product (set) in the key field of equipment manufacturing industry in Zhejiang Province in 2020. The company won the honorary title of "Single Champion Model Enterprise in Manufacturing Industry (Fifth Batch)" by Ministry of Industry and Information Technology and China Federation of Industrial Economics.

The company completed the construction of the overall technical framework of the 100,000-class industrial steam turbine, and formed a complete product map of the 120,000-kilowatt industrial-driven steam turbine. The unit efficiency was steadily improved, and the models were more abundant. The successful development of Dalian Hengli 1.5 million tons steam turbine for ethylene plant indicates that the company's products and technology have reached the world leading level. The delivery of the first subcritical unit shows that the company's technical design capability, material standard system and process manufacturing capability have entered a new level and have been widely recognized by the market.

The company's "Industrial Internet Application Service Platform Construction Project" has been put into trial operation. The company completed the docking of supply chain system and WMS system of stereo library, continuously promoted MES system, promoted digital factory research and hybrid cloud project, and built a more favorable platform for the company's intelligent manufacturing.

The company and its holding subsidiaries have obtained 3 invention patents, 38 utility model patents and 5 software copyrights. Where, the company's "Last Blade of Low Pressure Group of Large Flow Air-cooled Steam Turbine" won the Chinese Patent Excellence Award for the first time. The company and its holding subsidiaries, Hangzhou Zhongneng Steam Turbine Power Co., Ltd., Hangzhou Guoneng Steam Turbine Engineering Co., Ltd., Zhejiang Turbine Complete Technology Development Co., Ltd., Zhejiang Huayuan Steam Turbine Machinery Co., Ltd. and Hangzhou Turbine Casting Co., Ltd., have all been appraised as "high-tech enterprises".

(III) Relocate in an all-round way, ensure supply and win the tough battle of production

The main production workshops of the company, such as assembly workshop and rotor workshop, have been successfully completed and accepted, and the steam turbine manufacturing base has already met the production conditions. In November 2020, the company's production workshop, personnel and equipment were all moved to Hangzhou Turbine Manufacturing Base, and the company's relocation work was successfully completed.

Affected by objective factors such as epidemic situation and relocation, the company faces many difficulties such as shrinking production capacity and hindering the progress of outsourced processing. In the face of difficulties, the company coordinated the production workshops to organize the division of labor, and created favorable conditions for reducing the output backlog and realizing goods delivery through the close cooperation and continuous production and overtime work of each production workshop. In order to ensure production capacity, the company constantly improved supply chain management, developed supplier cooperation units, strengthened communication and cooperation with suppliers, and ensured that the production and processing of important products of the company were completed on time.

The company continuously optimized the production and process management processes, and further strengthened the company's complete process capacity building. The painting workshop is stationed in Jingzi Workshop to perform the functions of parts cleaning and primer application, and further improve the professional management of production process. A distribution center is set up to perform digital management of all parts, so as to realize the continuous change of intelligent factory. Through the integration of resources and process reengineering, the production efficiency has been greatly improved.

(IV) Led by culture, driven by strategy, focus on transformation by management

The company started the construction of corporate culture in an all-round way, produced "Hangzhou Turbine's Passionate Youth" by organizing a series of activities of "Corporate Culture Tour", and held the Artisan Quality Month with the theme of "Artisan Spirit", which continuously promoted the deep integration of soft power of corporate culture and hard power of corporate management, and formed a good atmosphere of "everyone respects culture and lives in culture", which enabled the broad masses of cadres and employees to deeply

understand the core values of enterprises and effectively enhanced the cohesion, combat effectiveness and soft power of the company.

The company promoted the strategic planning in an orderly manner, looked forward to the future market and industry pattern by analyzing the changes of internal and external environment and combining with its own business situation, and formulated the "Fourteenth Five-Year Plan" strategic plan and preliminary strategic decomposition plan for Hangzhou Turbine in the new era.

During the reporting period, focusing on the "Top Ten Management Key Tasks", the company continuously improved its management level, paid attention to relocation and construction to ensure production capacity, focused on innovation promoted by orders, refined culture and educated talents, and prevented risks and controlled quality. It continuously strengthened and improved property rights management, further standardized the equity incentive mechanism of holding subsidiaries, and effectively motivated the management and technical backbone of subsidiaries; optimized organizational adjustment and continuously promoted process integration and lean production management; strengthened the construction of talents, and introduced high-level talents and skilled personnel evaluation mechanism. Through a series of management work, the management level is continuously improved.

During the reporting period, the company won the title of "National Excellent Quality Management Team of Machinery Industry"; and successfully passed the "Made in Zhejiang" certification audit; The company's "Dynamic Profit Management Model of Order-based Customized Manufacturing Enterprises" project won the second prize of national enterprise management modernization innovation achievement and the first prize of Zhejiang and Hangzhou enterprise management modernization innovation achievement.

II. Main business analysis

1. General

Refer to relevant contents of "1.Summarization" in "Discussion and Analysis of Management".

2. Revenue and cost

(1)Component of Business Income

In RMB

	2020		2019		Changed over last year (%)
	Amount	Proportion	Amount	Proportion	
Total operating revenue	4,496,445,244.55	100%	4,279,848,518.81	100%	5.06%

On Industries					
Boiler and power machine manufacture	4,021,528,414.73	89.44%	3,880,130,430.40	90.66%	3.64%
Nonferrous metal alloy manufacture	160,896,527.13	3.58%	139,922,604.14	3.27%	14.99%
Other	314,020,302.69	6.98%	259,795,484.27	6.07%	20.87%
On Product					
Industrial steam turbine	3,389,671,162.40	75.39%	3,392,255,777.03	79.26%	-0.08%
Casting products	160,896,527.13	3.58%	139,922,604.14	3.27%	14.99%
Auxiliary machinery	310,472,958.92	6.90%	249,567,990.72	5.83%	24.40%
Part	321,384,293.41	7.15%	238,306,662.65	5.57%	34.86%
Other	314,020,302.69	6.98%	259,795,484.27	6.07%	20.87%
District					
Domestic	4,403,678,444.24	97.94%	3,946,992,579.93	92.22%	11.57%
Overseas	92,766,800.31	2.06%	332,855,938.88	7.78%	-72.13%

(2) Situation of Industry, Product and District Occupying the Company's Business Income and Operating Profit with Profit over 10%

√ Applicable □ Not applicable

In RMB

	Turnover	Operation cost	Gross profit rate(%)	Increase/decrease of revenue in the same period of the previous year(%)	Increase/decrease of business cost over the same period of previous year (%)	Increase/decrease of gross profit rate over the same period of the previous year (%)
On Industries						
Boiler and power machine manufacture	4,021,528,414.73	2,778,332,313.12	30.91%	3.64%	2.29%	0.91%
On Products						
Industrial steam turbine	3,389,671,162.40	2,356,880,248.88	30.47%	-0.08%	-0.75%	0.47%
District						
Domestic	4,403,678,444.24	3,011,149,397.40	31.62%	11.57%	10.82%	0.46%

Under circumstances of adjustment in reporting period for statistic scope of main business data, adjusted main business based on latest on year's scope of period-end.

□ Applicable √ Not applicable

(3) Whether the Company's Physical Sales Income Exceeded Service Income

√ Yes □ No

Business categories	Items	Unit	2020	2019	Change over same period last year
Steam turbine	Sales	Set/package	384	347	10.66%
	Output	Set/package	388	352	10.23%
	Inventory	Set/package	189	185	2.16%
Gas turbine, compressor	Sales	Set/package	6	4	50.00%
	Output	Set/package	6	4	50.00%
	Inventory	Set/package	7	7	0.00%

Reasons for y-o-y relevant data with over 30% changes

√ Applicable □ Not applicable

The gas turbine and compressor products have a small output and a low proportion in the total products of our Company. Therefore, the slight change in the absolute production and sales and stock in the period caused a large fluctuation in its relative increase and decrease.

(4) Degree of Performance of the Significant Sales Contract Signed up to this Report Period

□ Applicable √ Not applicable

(5) Component of business cost

Products category

In RMB

Products category	Items	2020		2019		Increase/Decrease (%)
		Amount	Proportion in the operating costs (%)	Amount	Proportion in the operating costs (%)	
Industrial steam turbine		2,356,880,248.88	76.76%	2,374,615,950.24	80.16%	-0.75%
Casting products		127,741,579.13	4.16%	122,727,364.05	4.14%	4.09%
Auxiliary machinery		234,011,932.20	7.62%	201,257,821.75	6.79%	16.27%
Part		187,440,132.04	6.10%	140,370,601.90	4.74%	33.53%
Other		164,265,347.58	5.35%	123,246,927.38	4.16%	33.28%
Subtotal		3,070,339,239.83	100.00%	2,962,218,665.32	100.00%	3.65%

(6) Whether Changes Occurred in Consolidation Scope in the Report Period

√ Yes □ No

Reduced scope of consolidation

Name	Equity disposal method	Equity disposal point	Net assets on disposal date	Net profit from opening to disposal date
Hangzhou Kaineng Forging Co., Ltd.	Withdraw	April 15,2020	3,223,519.61	-716.40

(7) Relevant Situation of Significant Changes or Adjustment of the Business, Product or Service in the Company's Report Period

□ Applicable √ Not applicable

(8) Situation of Main Customers and Main Supplier

Information of Main sales customers

Total sales amount to top 5 customers (Yuan)	1,263,345,047.69
Proportion of sales to top 5 customers in the annual sales(%)	28.10%
Proportion of the sales volume to the top five customers in the total sales to the related parties in the year	0.00%

Information of the Company's top 5 sales customers

No	Name	Amount (RMB)	Proportion
1	Customer 1	707,090,016.79	15.73%
2	Customer 2	163,377,143.32	3.63%
3	Customer 3	155,147,545.89	3.45%
4	Customer 4	133,926,481.46	2.98%
5	Customer 5	103,803,860.23	2.31%
Total	--	1,263,345,047.69	28.10%

Other notes

□ Applicable √ Not applicable

Principal suppliers

Total purchase of top 5 Suppliers (Yuan)	509,579,732.34
Percentage of total purchase of top 5 suppliers In total annual purchase(%)	14.33%
Proportion of purchase amount from the top 5 suppliers in the total purchase amount from the related parties in the year	8.17%

Information about the top 5 suppliers

No	Name	Amount (RMB)	Proportion
1	Supplier 1	222,699,772.23	6.26%
2	Supplier 2	103,409,200.92	2.91%
3	Supplier 3	67,954,563.59	1.91%
4	Supplier 4	62,502,974.86	1.76%
5	Supplier 5	53,013,220.73	1.49%
Total	--	509,579,732.34	14.33%

Other notes

Applicable Not applicable

3. Expenses

In RMB

	2020	2019	Increase/Decrease(%)	Notes
Sale expenses	222,561,812.71	214,261,920.21	3.87%	No major changes
Administration expenses	499,397,682.96	488,985,589.47	2.13%	No major changes
Financial expenses	19,762,204.13	-20,132,631.18	198.16%	It is mainly due to the increase of net exchange loss in the current period.
R & D cost	207,848,047.96	172,171,661.60	20.72%	It is mainly due to the increase of R&D investment in this period.

4. Research and Development

Applicable Not applicable

During the reporting period, the company's R&D investment was mainly used for the development of new products and the upgrading of product technology.

R & D investment situation

	2020	2019	Increase/Decrease(%)
Number of Research and Development persons (persons)	866	910	-4.84%
Proportion of Research and Development persons	25.87%	25.05%	0.82%
Amount of Research and Development Investment (In RMB)	207,848,047.96	172,171,661.60	20.72%
Proportion of Research and Development Investment of Operation Revenue	4.62%	4.02%	0.60%
Amount of Research and Development Investment Capitalization (In RMB)	0.00	0.00	0.00%
Proportion of Capitalization Research and Development Investment of Research and Development Investment	0.00%	0.00%	0.00%

The Reason of the Prominent Change in Total Amount of Research and Development Input Occupying the Business Income Year on Year

Applicable Not applicable

Explanation of the Reason for Substantial Changes in the Research and Development Input's Capitalization Rate and Its Reasonableness

Applicable Not applicable

5.Cash Flow

In RMB

Items	2020	2019	Increase/Decrease(%)
Subtotal of cash inflow received from operation activities	4,280,286,713.91	4,090,780,529.34	4.63%
Subtotal of cash outflow received from operation activities	3,825,870,113.22	3,658,524,698.11	4.57%
Net cash flow arising from operating activities	454,416,600.69	432,255,831.23	5.13%
Subtotal of cash inflow received from investing activities	3,880,181,356.14	3,596,560,785.34	7.89%
Subtotal of cash outflow for investment activities	3,938,754,746.17	3,266,911,871.27	20.57%
Net cash flow arising from investment activities	-58,573,390.03	329,648,914.07	-117.77%
Subtotal cash inflow received from financing activities	270,300,000.00	97,700,000.00	176.66%
Subtotal cash outflow for financing activities	578,938,859.94	475,530,756.05	21.75%
Net cash flow arising from financing activities	-308,638,859.94	-377,830,756.05	18.31%
Net increase in cash and cash equivalents	64,300,628.53	383,720,833.72	-83.24%

Notes to the year-on-year change of the relevant data

Applicable Not applicable

Items	2020	2019	Proportion %	Reason
Net cash flow arising from investment activities	-58,573,390.03	329,648,914.07	-117.77%	Mainly due to the increase in the net purchase of wealth management products during the current period.
Net cash flow arising for financing activities	-308,638,859.94	-377,830,756.05	18.31%	Mainly due to the increase in net bank loans during the current period

Notes to the big difference between cash flow from operating activities and net profit in the reporting year

Applicable Not applicable

III. Analysis of Non-core Business

Applicable Not applicable

In RMB

Items	Amount	Proportion in total profit	Explanation of cause	Sustainable (yes or no)
Investment income	146,163,604.81	23.54%	It is mainly due to the dividends of Hangzhou Bank and the investment income of wealth management products this year	
Changes in fair value gains and losses	2,824,771.16	0.45%	It mainly due to the income from changes in fair value of financial assets that are measured at fair value and whose changes are included in current profits and losses	
Impairment of assets	-73,523,271.22	-11.84%	Mainly due to the increase in net bank loans during the current period	
Non-operating income	46,012,519.79	7.41%	It is mainly due to that fact that the plaintiff of Henan Junhua litigation case withdrew the lawsuit, and the original accrued estimated liabilities were reversed	
Non-operating expenses	37,203,173.86	5.99%	It is mainly due to the loss of disposal of non-current assets caused by policy relocation	
Other income	104,733,657.43	16.87%	Mainly due to the recognition of other income in the relocation compensation	

IV. Condition of Asset and Liabilities

1. Condition of Asset Causing Significant Change

The company will implement the new income standards or new lease standards for the first time from 2020 and adjust and implement the related projects of the financial statements at the beginning of the year

Applicable

In RMB

	End of 2020		End of 2019		Proportion increase/decrease	Notes to the significant change
	Amount	Proportion in the total assets(%)	Amount	Proportion in the total assets(%)		
Monetary fund	1,829,481,187.49	11.89%	1,756,320,237.50	13.94%	-2.05%	
Accounts receivable	1,618,798,305.46	10.52%	1,480,037,847.91	11.75%	-1.23%	
Inventories	2,171,753,113.46	14.11%	2,051,290,269.07	16.28%	-2.17%	
Long-term equity investment	23,355,441.61	0.15%	22,129,585.83	0.18%	-0.03%	
Fixed assets	1,094,505,770.45	7.11%	724,702,558.18	5.75%	1.36%	
Construction in process	804,921,709.95	5.23%	799,410,358.84	6.34%	-1.11%	
Short-term loans	216,722,803.41	1.41%	97,840,187.21	0.78%	0.63%	
Long-term loans	21,623,520.00	0.14%	22,435,762.23	0.18%	-0.04%	

2. Asset and Liabilities Measured by Fair Value

√ Applicable □ Not applicable

In RMB

Items	Opening balance	Profit/loss on fair value changes in this reporting period	Cumulative fair value changes charged to equity	Impairment provided in this Reporting period	Purchased in this reporting period	Sold in this reporting period	Other change	Closing balance
Financial assets								
1.Transaction financial assets (Excluding Derivative financial assets)	854,210,990.44	-359,181.10	-1,187,410.46		3,558,898,000.00	3,391,068,000.00		1,021,681,809.34
4.Other Equity Instrument Investment	2,490,376,886.96	1,566,001,186.56	3,665,424,033.52					4,056,378,073.52
5.Other non-current financial assets	142,244,014.16	17,068,445.19	9,831,828.55			140,936,377.90		18,376,081.45
Total of the above	3,486,831,891.56	1,582,710,450.65	3,674,068,451.61		3,558,898,000.00	3,532,004,377.90		5,096,435,964.31
Financial Liabilities	0.00	0.00	0.00		0.00	0.00		0.00

Significant changes in the measurement attributes of the main assets in this Reporting Period

□ Yes √ No

3. Restricted asset rights as of the end of this Reporting Period

Items	End of Book value	Reason
Monetary fund	119,272,908.04	Utilized for issuing bank acceptance bill and L/G
Transactional financial assets	1,681,809.34	In a lock-up period
Financing receivable	47,724,281.92	Utilized for issuing bank acceptance bill
Dividend receivable	43,605,292.60	Utilized for guaranteeing the investment loan for China Development Funds
Other Equity Instrument Investment	672,593,600.00	Utilized for guaranteeing the investment loan for China Development Funds
Fixed assets	514,038,703.77	Utilized for pledging to obtain the bank loan and guaranteeing the investment loan for China Development Funds
Construction in process	265,737,787.54	Utilized for guaranteeing the investment loan for China Development Funds
Invisible assets	81,934,866.93	Utilized for pledging to obtain the bank loan and guaranteeing the investment loan for China Development Funds
Total	1,746,589,250.14	

V.Investment situation**1. General**

√ Applicable □ Not applicable

Investment Amount in 2020(Yuan)	Investment Amount in 2019(Yuan)	Change rate
467,012,502.84	419,410,028.18	11.35%

2.Condition of Acquiring Significant Share Right Investment during the Report Period

□ Applicable√ Not applicable

3.Situation of the Significant Non-equity Investment Undergoing in the Report Period

√ Applicable □ Not applicable

In RMB

Project name	Investment method	Fixed investments or not	Industry involved in investment projects	Investment amount in this reporting period	Accrued Actual Investment Amount up to the End of Reporting Period	Capital Source	Projectschedule	Anticipated income	Accrued Realized Income up to the End of Reporting Period	Reasons for not Reaching the Planned Schedule and Anticipated Income	Disclosure date	Disclosure Index
New plant project	Self-built	Yes	General equipment manufacturing	455,701,379.74	1,278,742,576.37	Self fund	73.78%			No		
Total	--	--	--	455,701,379.74	1,278,742,576.37	--	--	0.00	0.00	--	--	--

4.Investment of Financial Asset**(1) Securities investment**

√ Applicable □ Not applicable

In RMB

Security category	Security code	Stock Abbreviation:	Initial investment cost	Mode of accounting measure	Book value balance at the	Changes in fair value of the this	Cumulative fair value changes	Purchase amount in the	Sale amount in the this	Gain/loss of the reporting period	Book value balance at the	Accounting items	Sauce of the shares
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				ment	beginni ng of the reportin g period	period	in equity	this period	period		end of the reportin g period		
Domesti c and foreign stocks	600926	Hangzho u Bank	390,954 ,040.00	FVM	2,490,3 76,886. 96	1,566,0 01,186. 56	3,665,4 24,033. 52			95,156, 322.10	4,056,3 78,073. 52	Other equity Instrum ent investm ent	Self funds
Domesti c and foreign stocks	000912	LUTIA NHUA	2,869,2 19.80	FVM	2,040,9 90.44	-359,18 1.10	-1,187,4 10.46			-359,18 1.10	1,681,8 09.34	Financia l assets availabl e for sale	Debt instrume nt
Total			393,823 ,259.80	--	2,492,4 17,877. 40	1,565,6 42,005. 46	3,664,2 36,623. 06	0.00	0.00	94,797, 141.00	4,058,0 59,882. 86	--	--
Disclosure Date of Announcement on Securities Investment Approved by the Board of Directors													
Disclosure Date of Announcement on Securities Investment Approved by the Shareholders Meeting(If any)													

(2) Investment in Derivatives

Applicable Not applicable

The Company had no investment in derivatives in the reporting period.

5.Application of the raised capital

Applicable Not applicable

None

VI.Significant Asset and Right Offering

1.Situation of Significant Asset Sale

Applicable Not applicable

None

2.Sales of major equity

Applicable Not applicable

VII.Analysis of the Main Share Holding Companies and Share Participating Companies

Applicable Not applicable

Situation of Main Subsidiaries and the Joint-stock Company with over 10% net profit influencing to the Company

In RMB

Name	Company type	Sectors engaged in	Registered capital	Total assets	Net assets	Turnover	Operating profit	Net Profit
Zhejiang Steam Turbine Packaged Technology Development Co., Ltd.	Subsidiaries	Trade of packaged	51,000,000.00	343,702,884.35	136,762,254.42	231,015,559.55	37,443,628.40	33,258,647.01
Hangzhou Zhongneng Steam Turbine Power Co., Ltd.	Subsidiaries	Manufacturing	92,500,000.00	1,179,007,140.37	301,015,641.28	1,129,030,724.58	62,916,621.41	57,185,783.61
Hangzhou Steam Turbine Casting Co., Ltd.	Subsidiaries	Casting	29,500,000.00	561,680,064.00	268,639,137.53	440,567,136.33	43,378,896.19	38,954,001.53
Hangzhou Steam Turbine Machinery & Equipment Co., Ltd.	Subsidiaries	Manufacturing	30,000,000.00	305,830,053.70	182,637,107.65	306,725,335.41	90,044,088.18	73,475,561.54
Hangzhou Steam Turbine Auxiliary Machine Co., Ltd.	Subsidiaries	Manufacturing	80,000,000.00	852,720,131.09	315,768,137.34	641,491,513.58	90,473,964.88	73,412,199.71
Zhejiang Turbine Import & Export Co., Ltd.	Subsidiaries	Commerce & trade	20,000,000.00	189,875,784.12	56,552,542.64	145,237,407.89	1,576,679.67	1,760,217.56
Hangzhou Steam Turbine Heavy Industry Co., Ltd.	Subsidiaries	Manufacturing	1,000,000,000.00	989,232,619.58	951,962,799.06	7,957,401.89	2,398,399.04	1,767,843.26

Subsidiaries obtained or disposed in the reporting period

Applicable Not applicable

VIII.Special purpose vehicle controlled by the Company

Applicable Not applicable

IX. Development prospect

(I) Development and competition of the whole industry

During the "Thirteenth Five-Year Plan" period, the world political and economic structure changed profoundly, the global economic growth slowed down in an all-round way, and the instability and uncertainty increased significantly. In 2020, affected by the COVID-19 epidemic, the global economic growth rate showed negative growth again, and China's GDP growth rate dropped to 2.3%, the lowest since the reform and opening up, but China is still the only major economy in the world that achieved positive growth. Looking forward to the next five years, with the continuation of the COVID-19, the intensification of trade conflicts, the financial turmoil and the escalation of geopolitical tensions, the world economic situation will become more complex and changeable, and the downward trend will not be significantly improved in a short time.

In recent years, the global energy pattern has undergone major adjustments, with obvious trend of clean and low-carbon energy structure. The double replacement of oil and gas by coal and non-fossil energy by fossil energy accelerated. Sinopec's *2020 China Energy and Chemical Industry Development Report* shows that the main objectives of China's energy development plan in the "Thirteenth Five-Year Plan" have been basically achieved, the energy transformation is moving towards the speed adjustment and upgrade period, the clean energy transformation is effectively promoted, the energy conservation and consumption reduction and emission reduction are stepping to a higher level, the oil and gas storage and production increase are remarkable, the coal overcapacity cut task is completed ahead of schedule, and the installed proportion of photovoltaic wind power units continues to rise. Looking forward to the "Fourteenth Five-Year Plan", China will become one of the practitioners to promote the achievement of global peak carbon dioxide emissions ahead of schedule. Under the multiple constraints of serving economic growth, ensuring energy security, and realizing low-carbon development, China's energy transformation will move forward steadily in pluralistic balance, domestic energy demand will continue to grow, multi-energy complementarity will be focused on for energy supply, and the phenomenon of separate supply of all kinds of energy with low complementary level will be improved.

As far as the main segments of the company's products are concerned, during the "Thirteenth Five-Year

Plan" period, the company's steam turbine products ushered in a promising market in the petrochemical sector. The launch of Dalian Hengli and Zhejiang Petrochemical projects started the spring in the petrochemical sector. It is expected that such market will continue in the early Fourteenth Five-Year Plan, but its duration remains to be further observed; The field of coal chemical industry is relatively depressed. However, in the later period of the "Thirteenth Five-Year Plan", with the recovery of oil prices and the gradual improvement of technological level, the coal chemical industry market has shown a certain recovery. It is expected that the market during the "Fourteenth Five-Year Plan" period may further warm up; During the "Thirteenth Five-Year Plan" period, the industrial power generation sector achieved good development, and the company's reactionary backpressure steam turbine products were widely used in the field of cogeneration, which complemented the overall business performance. However, with the change of national environmental protection policy, power generation policy and the continuous joining of competitors, the competition in the industrial power generation sector is intensifying, and it is expected that the fierce competition will continue in the next few years. After the relevant documents of "Blue Sky Protection Campaign" were issued, 50,000-class gas turbines were transferred from the new energy field to the cogeneration field, which had a significant impact on the development of the industry. From the analysis of the situation in recent two years, the market has become active again.

After years of development and fierce competition, the steam turbine industry has accelerated its market concentration. At present, the company's main competitors are world-class turbine manufacturers represented by SIEMENS and MAN, and several domestic large-scale steam turbine manufacturers, each of which has its own advantages in technology, price, service and performance. Only by accelerating the transformation and upgrading of enterprises, intensifying technological innovation and independent research and development, improving the level of product quality and cost control, promoting the industrialization of intelligent manufacturing and manufacturing services, making high-end products and building brand advantages can the company continue to develop and grow in the fierce market competition.

(II) Development strategy

During the "Fourteenth Five-Year Plan" period, the company will set up a vision of "becoming a world-class industrial drive service provider", insist on high-quality development, firmly seize the opportunity of the national "double-cycle" strategic transformation, and strive to stimulate innovation potential and build a new pattern of steam turbine and gas turbine industry. Meanwhile, the company will take the construction of "big service framework" and the promotion of "big customer management" as the starting point, and complete the transformation to manufacturing service industry in an all-round way. In order to achieve the above goals, the

company will focus on nine aspects during the "Fourteenth Five-Year Plan" period:

1. Promote strategic management and enhance development momentum

Adhere to the development concept of "strategy as the key link" and define the programmatic role of strategy in the scientific development and high-quality development of enterprises. Promote strategic management, define the development direction, improve strategic strength, and enhance leading ability. Through the reform of system and mechanism, stimulate the endogenous motivation of enterprises and enhance the development momentum.

2. Strengthen organizational management and improve governance ability

Optimize organizational structure, strengthen assessment and evaluation, and further enhance organizational strength. Build a digital, flat and efficient management platform, improve the integration, lean and institutionalized level of organization and management, improve the corporate governance system and enhance the corporate governance capacity.

3. Strengthen operation management and improve operation quality

Reduce operating costs and improve operating quality through measures such as digital construction, intelligent manufacturing promotion, supply chain management optimization, lean production deepening, and quality system construction improvement.

4. Deepen technological innovation and enhance value creation

Adhere to the policy of "high efficiency, intelligence, integration and light weight", and continue to promote the technological research and development, iterative upgrading and innovation capacity building of engineering application of products. Provide strong technical guarantee and support for realizing intelligent manufacturing, accelerating business transformation, consolidating market position and opening up market areas.

5. Strengthen the management of materials and ensure the appreciation of assets

Actively promote the integration of financial business and improve the energy efficiency of financial management. Promote comprehensive budget management, enhance the refinement of cost management, promote the integration of industry and finance, and realize the preservation and appreciation of assets.

6. Strengthen risk management and control to ensure business safety

Actively respond to the increase of external risks, improve the construction of enterprise risk control system, adhere to the combination of "prevention" and "control", and improve the awareness, ability and quality of enterprise risk prevention and control. Focus on the establishment of response measures and tracking the

effectiveness of measures, effectively prevent systemic risks, and enhance the risk control ability of enterprises.

7. Implement the talent project and improve the employment mechanism

Advocate the idea of developing enterprises with talents, implement the talent strategy, advocate the development of enterprises with talents, focus on promoting the implementation of talent projects, strengthen the construction of talent teams, and create an integrated talent system of "career navigation, skill training, talent evaluation, promotion incentive and value realization".

8. Accelerate information engineering and improve management energy efficiency

Deepen the informatization and intelligent construction of enterprises, and use digital means to improve the informatization level, accuracy and efficiency of enterprise management, improve the quality of enterprise management, and promote the improvement of enterprise management ability and efficiency.

9. Promote cultural construction and enhance brand operation

Strengthen cultural guidance and provide strong cultural guarantee for creating first-class enterprises. Enhance the creation and promotion of enterprise brand with culture, and carry out brand planning and operation.

(III) Business plan

2021 is the first year of the company's "Fourteenth Five-Year Plan", the first year that Hangzhou Turbine Manufacturing Base is fully put into operation, and the first year for the company to start high-quality development. In the new year, the company will face many challenges in deepening reform, innovation driving, expanding market share, efficient operation of manufacturing base and ensuring market supply. In 2021, the company put forward the annual work policy of "digital empowerment, transformation and upgrading, strengthening enterprises by talents and high quality development".

1. Digital empowerment

With the commissioning and capacity recovery of Hangzhou Turbine Manufacturing Base as an opportunity, improve the operation of PLM, MES and other systems. Continue to promote the construction of WMS system, Internet of Things and other information projects, and accelerate the construction of "Hangzhou Turbine" intelligent manufacturing system.

Start ERP construction, optimize supply chain resource management, and promote the selection and implementation of ERP system which is suitable for Hangzhou Turbine's manufacturing mode with the guidance of lean production and total quality management.

Further improve the quality information platform and improve the coverage and depth of product quality

data control. Pay attention to the collection and management of unit life cycle service data, and realize the continuous improvement of product quality driven by service data.

2. Transformation and upgrading

Build an integrated model of engineering, sales and service in an all-round way, and create a "big service" format. Explore customer service demand, integrate service resources, extend service stock market, promote service standardization and serialization construction, and accelerate manufacturing service transformation.

Accelerate the integration of steam turbine marketing resources and deepen the linkage between driving plate and power generation plate. Actively develop overseas business, seek external resources to achieve its own purposes, and steadily push forward the localization strategy. Strengthen the mutual promotion of steam turbine plate and gas turbine plate, and find a new business model for gas turbine sales. Promote the key account management system and deepen the concept of "customer engineering integration".

Continuously improve the workshop layout of the manufacturing base, optimize the processing technology, explore the new mode of improving the storage efficiency with the intelligent three-dimensional library as the center, and gradually improve the production capacity and efficiency. Comprehensively promote the implementation of the overall plan of lean production, improve the standard of lean field management, establish the evaluation standard of lean production, and build the lean system of Hangzhou Turbine. Build the manufacturing base into a modern intelligent factory that meets the requirements of lean production.

Establish a procurement integration process, strengthen the training of strategic suppliers, and create a supply chain with value convergence, benefit sharing and risk sharing.

3. Strengthening enterprises by talents

Implement the strategy of strengthening enterprises by talents, formulate medium and long-term plans for the construction of talent teams, and speed up the construction of a multi-level, multi-channel and high-quality human resources management system.

Analyze the talent development needs, investigate the talent management experience of benchmark enterprises, sort out the company's talent selection system, and formulate and improve the relevant policies for talent development in the new period and carry out implementation.

Improve the incentive mechanism of salary distribution, improve the secondary salary distribution mechanism, and promote the optimization of salary system.

4. High quality development

According to the outline of the company's "Fourteenth Five-Year Plan", formulate detailed rules for the implementation of strategic planning, organize relevant departments to break down strategic measures, formulate implementation plans, form implementation manuals, study and formulate strategic implementation evaluation plans and evaluation manuals, and effectively play a strategic guiding role.

Deepen technological innovation and strengthen the supporting role of technology in the whole business process. Accelerate the research and development of high-end drive and large-scale devices such as supercritical carbon dioxide turbine, 1.5-2 million tons/year ethylene plant, 120,000-160,000 Nm³/h air separation plant, etc., explore the technical research depth, and improve the cycle efficiency of steam turbine power generation.

Strengthen risk management and control, and identify, analyze and control risk points in various fields. Continuously improve the business contract review mode, establish and improve the market significant profit risk assessment mechanism, and strengthen the management of project profitability. Improve the investment management and control system, standardize investment decision-making procedures and investment processes, and improve the enterprise investment management system.

Carry out budget management and improve the ability and level of financial management through strategic comprehensive budget. Strengthen cost control. On the basis of comprehensive budget, strengthen the control of manufacturing cost, project cost, procurement cost and management cost, and improve the integration of finance and business. Strengthen the control of accounts receivable and inventory, and improve the efficiency of capital turnover.

Improve the performance appraisal system, optimize the scheme of economic responsibility system, strengthen the function appraisal and supervision over the implementation of system documents, and ensure the operation of the Company. Further improve the level of corporate governance and establish good investor relations. Through scientific management and control, system construction, improve the standard operation ability of holding subsidiaries.

(IV) Risks analysis

1. Market Risks

In view of distinct excess production capacity of domestic turbines, the market competition will be further intensified, and the product distribution of the Company will be further impacted. Relying on technological innovation, the company will actively highlight the core technology advantages, expand the marketing channels, improve the product quality, enhance the end service capabilities, continuously increase the added-value of products and vigorously tap into the potential demands to positively respond to the market and defuse the market risks.

2. Contract execution risk

As the market volatility becomes more intensified, there are more frequent changes in the contract during the execution of the contract for the company, and delays and suspensions of the project schedule happen from time to time, which will have a large impact on the internal realization process of production of the company, and meanwhile it also increases the cost of the company's contract performance and the contract risk. The company will further strengthen the connection between production and sales, improve the speed and level of the company's response to the market, and well control the contract execution risk.

3. Accounts receivable risk

With the increasing risk in the business downturns and investment projects in some customers of the downstream industry, the company's receivables recovery has more risk, and the average age of accounts tends to increase, which will have a large impact on the company's operating results. The company will implement the customer credit management, strengthen the contract signing and perform the risk control, increase the assessment of accounts receivable, and reduce the adverse impact of overdue receivables.

4. Exchange rate risk

The expansion of the company's international procurement and international sales business will cause the company's international balance of payments to be affected by exchange rate fluctuations, and there is a certain risk of exchange loss. With the increase in the two-way volatility of the RMB exchange rate, the uncertainty of foreign exchange gains and losses has been increased. The company will refer to the exchange rate volatility cycle and adopt appropriate exchange rate risk management tools to minimize exchange loss.

5. The company's profitability decline risk

As domestic raw materials and labor costs continue to rise, while the prices of industrial products continue to fall, the profitability of products is facing a severe test. The company will strive to improve internal management, improve project cost management ability, reduce procurement costs and operation and management costs, improve operational efficiency, and strive to resolve the risk of declining profitability.

6. Overseas market risk

During the "Fourteenth Five-Year Plan" period, the company will vigorously implement the "go global" strategy, further expand overseas target markets, and increase the company's share and influence in the international market. However, at present, the overseas target market is affected by geopolitical conflicts, unpredictable changes of internal political and economic situation and trade barrier policies in the region, thus there is great uncertainty in the implementation of overseas market strategies. The company will increase market research efforts, actively demonstrate countermeasures, and explore the development path of business localization.

7. Risk of capacity recovery

Hangzhou Turbine Manufacturing Base has been fully put into use, but under the new environment, new equipment and new production organization mode, it still takes some time for the running-in of production line and the complete recovery of production capacity. The company will comprehensively integrate production resources, reconstruct production organization structure, change production management mode, and take the

opportunity of putting Hangzhou Turbine Manufacturing Base into use and restoring production capacity to speed up the in-depth implementation of lean production mode, optimize production organization mode, improve production efficiency, and restore and upgrade production capacity as soon as possible on the premise of ensuring product quality.

X. Particulars about researches, visits and interviews received in this reporting period

1.Particulars about researches, visits and interviews received in this reporting period

Applicable Not applicable

No reception of research, communication and interview occurred in the period

V. Important Events

I. Specification of profit distribution of common shares and capitalizing of common reserves

Formulation, implementation and adjustment of profit distribution policy of common shares especially cash dividend policy during the reporting period

1. [Dividend sharing principle]: Keep profit distribution policy continuous and stable, pay enough attention to the ROI of investors, and give reasonable consideration to our long-term profits, overall profits of all shareholders and sustainable development;

2. [Prioritized cash dividend]: Dividend can be allotted either in cash, stock or in combination of cash and stock, the precondition of which is the company is in profitable state, plentiful in cash flow, and sustaining operation and long-range development are well guaranteed;

3. [Solicit suggestions and demands of independent director and medium and small shareholders]: The board of directors will work out a specific dividend sharing plan by giving sufficient consideration to business operation, development stage, earning performance, cash flow and current capital requirements and taking medium and small shareholders' views into account. Later, the plan is submitted to the shareholders' general meeting for deliberation after listening to opinions of independent directors. The general meeting is supposed to take advantage of varieties of channels to contact and exchange ideas with shareholders, especially with medium and small shareholders, give ear to their suggestions and demands and get well prepared for answering the problems they are concerned about

4. [Dividend sharing cycle]: Dividend is distributed among shareholders based on an annual cycle as a general rule. We will publish the dividend sharing plan within four months after accounting year and put the plan into practice within two months after deliberation of the shareholders meeting;

5. [Ration of dividend sharing]: The profits accumulated in cash in the last three years are not less than 30% of annual average distributable profits in the same year;

6. [Decision-making procedure of dividend sharing]: In the light of Articles of Association, the dividend sharing plan is proposed by the board of directors, and submitted to the shareholders meeting for consideration after being deliberated and approved by the board of directors and commented by the independent directors;

7. [Adjustment process of dividend policies]: For the profit distribution policies that need to be adjusted according to the business operation, investment planning and long-term development, the adjusted profit distribution policies shall not violate the relevant provisions of CSRC (China Securities Regulatory Commission) and the stock exchange. The proposals regarding the adjustment of profit distribution policies should seek advice from the independent directors and board of supervisors, and they shall be deliberated by the board of directors and then submitted to the general meetings. The proposals need to receive more than 2/3 of the voting rights held by the shareholders attending the general meetings before implementation.

Special cash dividend policy description	
Whether meets the requirements of the provisions of the articles of association or shareholders' meeting resolutions:	Yes
Whether dividends standard and proportion are clear	Yes

Whether decision making and supervision mechanism for profit distribution are completed	Yes
Whether independent directors perform their duties responsibly and play its due role:	Yes
Whether the Minority shareholders have adequate opportunity to express their views and aspirations and Their legitimate rights and interests have been fully protected	Yes
Whether the Cash dividend policy to adjust or change the conditions and procedures are compliant and transparent	Yes

The profit distribution preplan or proposal and the preplan or proposal of conversion of the capital reserve into share capital in the past three years(with the reporting period inclusive):

In 2020, with the total share capital of 754,010,400 shares at the end of the year deducting 19,551,800, the Company would distribute cash dividend to all the shareholders at the rate of CNY 2.5 for every 10 shares (with tax inclusive) , 0 bonus shares (including tax) and no reserve would be converted into share capital.

The basis is the shares of the Company's total share capital at the end of 2019 of 754,010,400 shares deducting the repurchased treasury stock at the record date of equity distribution, the Company would distribute cash dividend to all the shareholders at the rate of CNY 2.0 for every 10 shares (with tax inclusive) , 0 bonus shares (including tax) and no reserve would be converted into share capital.

The dividend plan for year 2018 was basing on the total capital share of 754,010,400, RMB 2.00 and 0 bonus share will be distributed to each 10 shares. No capitalization of common reserves will be carried out.

Dividend distribution of the latest three years

In RMB

Year	Amount for cash bonus (tax included)	Net profit attributable to the over of the parent company in the consolidated financial statements	Ratio in net profit attributable to the parent company in the consolidated financial statements	Amount of cash dividends from cash offer to repurchase shares of the funds	Proportion of cash dividends from cash offer to repurchase shares of the funds	Amount for cash bonus (tax included)	Ratio of the total cash bonus (other ways included) in net profit attributable to common stock shareholders of listed company contained in consolidation statement
2020	183,614,650.00	459,345,443.38	39.97%	144,078,948.09	31.37%	327,693,598.09	71.34%
2019	148,760,495.00	345,138,064.00	43.10%	0.00	0.00%	148,760,495.00	43.10%
2018	150,802,080.00	345,824,339.47	43.61%	0.00	0.00%	150,802,080.00	43.61%

In the reporting period, both the Company's profit and the parent company's retained earnings were positive however not cash dividend distribution proposal has been put forward.

Applicable Not applicable

II. Profit distribution for the report period.

Applicable Not applicable

Bonus shares for every 10--share(share)	0
Dividends for every 10-share(RMB0(Tax includend)	2.5
Increments per 10 shares(Share)	0
Share capital base for the dividend distribution preplan (shares)	734,458,600
Amount of cash dividend (CNY)(including tax)	183,614,650.00
Amount of cash dividend (CNY)(including tax)	144,078,948.09
Total cash dividends (including other means)(yuan)	327,693,598.09
distributable profits (yuan)	2,978,322,472.76
Proportion of the cash dividend in the total profit available for distribution (%)	100%
Cash dividend distribution policy	
Where the distribution of profits is carried out in the company's development stage that belongs to a mature stage and there is significant capital expenditure arrangement, the proportion of cash dividends in this profit distribution shall be at least 40%.	
Details of profit distribution or reserve capitalization plan	
In 2020, with the total share capital of 754,010,400 shares at the end of the year deducting 19,551,800, the Company would distribute cash dividend to all the shareholders at the rate of CNY 2.5 for every 10 shares (with tax inclusive) , 0 bonus shares (including tax) and no reserve would be converted into share capital. the total profit distributed this time was RMB 183,614,650.00 (including tax). The profit distribution does not involve treasury shares repurchased by the Company.	

III. Commitments to fulfill the situation

1.The fulfilled commitments in the reporting period and under-fulfillment commitments by the end of the reporting period made by the company, shareholder, actual controller, acquirer, director, supervisor, senior management personnel and other related parities.

Applicable Not applicable

None

2.The existence of the company's assets or projects earnings forecasts and earnings reporting period is still in the forecast period, the company has assets or projects meet the original profit forecast made and the reasons explained

Applicable Not applicable

IV.Particulars about the non-operating occupation of funds by the controlling shareholder

Applicable Not applicable

None

V. Explanation of the Supervisory Committee and Independent Directors (If applicable)on the Qualified

Auditor's Report Issued by the CPAs.

Applicable Not applicable

VI. Explanation change of the accounting policy, accounting estimate and measurement methods as compared with the financial reporting of last year.

Applicable Not applicable

1. The company will, since January 1, 2020, implement the "Accounting Standards for Business Enterprises No. 14-Revenue" revised by the Ministry of Finance (hereinafter referred to as the new revenue standards). In accordance with relevant regulations for convergence of the old and new standards, the comparable period information is not adjusted, and the cumulative impact from new standards on the first implementation date is retrospectively adjusted to the amount of retained earnings and other related items in the financial statements at the beginning of the reporting period.

The main impacts of implementing the new income standards on the financial statements of the company on January 1, 2020 are as follows:

Items	Balance sheet		
	December 31,2019	Adjustment impact of new income standards	January 1,2020
Account receivable	2,025,081,342.74	-545,043,494.83	1,480,037,847.91
Contract assets		545,043,494.83	545,043,494.83
Received in advance	2,818,130,397.17	-2,818,130,397.17	
Contract liabilities		2,496,129,669.77	2,496,129,669.77
Other current liabilities		322,000,727.40	322,000,727.40

2. Since January 1, 2020, the company has implemented the Interpretation of Accounting Standards for Business Enterprises No.13 promulgated by the Ministry of Finance in 2019, and this accounting policy change is handled by the future applicable law.

VII. Explanation retrospective restatement due to correction of significant accounting errors in the reporting period

Applicable Not applicable

None

VIII. Explanation change of the consolidation scope as compared with the financial reporting of last year.

Applicable Not applicable

Reduced scope of consolidation

Name	Equity disposal method	Equity disposal point	Net assets on disposal date	Net profit from opening to disposal date
Hangzhou Kaineng Forging Co., Ltd.	Withdraw	April 15,2020	3,223,519.61	-716.40

IX. Engagement/Disengagement of CPAs

CPAs currently engaged

Name of the domestic CPAs	Pan-China Certified Public Accountants (Special common partnership)
Remuneration for domestic accounting firm (In RMB 10,000)	116
Successive years of the domestic CPAs offering auditing services	22
Names of the certified public accountants from the domestic CPAs	Sheng Weiming, Ye Xianbin
Successive years of the domestic CPAs offering auditing services	4

Has the CPAs been changed in the current period

 Yes No

Engaging of CPA for internal auditing, financial consultants or sponsors

 Applicable Not applicable

Pan-China Certified Public Accountants is engaged the auditor of internal control system for the current year. With payment of RMB 260,000 for its service.

X.Situation of Facing Listing Suspension and Listing Termination after the Disclosure of the Yearly Report Applicable Not applicable**XI. Receivership and bankruptcy** Applicable Not applicable

No bankruptcy or capital reorganizing issues occurred in the report period.

XII. Major lawsuits and arbitrations Applicable Not applicable

None

XIII. Punishment and improvement Applicable Not applicable

None

XIV.Credit Condition of the Company and its Controlling Shareholders and Actual Controllers Applicable Not applicable**XV. Implementation Situation of Stock Incentive Plan of the Company, Employee Stock Ownership Plan or Other Employee Incentive Measures**

Applicable Not applicable

None

XVI. Material related transactions

1. Related transactions in connection with daily operation

Applicable Not applicable

Related parties	Relationship	Type of trade	Subjects of the related transactions	Principle of pricing the related transactions	Price of trade	Amount of trade (RMB10,000)	Ratio in similar trades	Trading limit approved (RMB10,000)	Whether over the approved limited or not (Y/N)	Way of payment	Market price of similar trade available	Date of disclosure	Index of information disclosure
Hangzhou Hangfa Power Generating Equipment Co., Ltd.	Affiliate of the Group	Purchase of goods	Generators	Fair and just	Market price	18,240.22		17,589.03	Yes	Bank transfer	Not applicable	October 30,2020	2020-62
Hangzhou Steam Turbine Automobile Sales Service Co., Ltd.	Affiliate of the Group	services	freight, repairing fee	Fair and just	Market price	6,822.66		7,746.40	No	Bank transfer	Not applicable	October 30,2020	2020-62
Hangzhou Steam Turbine Engineering Co., Ltd.	Affiliate of the Group	Sale goods	Steam Turbine	Fair and just	Market price	6,127.46		8,672.57	No	Bank transfer	Not applicable	October 30,2020	2020-62
Total				--	--	31,190.34	--	34,008.00					
Details of any sales return of a large amount				No									
Give the actual situation in the report period where a forecast had been made for the total amounts of routine related-party transactions by type to occur in the current period(if any)				Not applicable									
Reason for any significant difference between the transaction price and the market reference price (if applicable)				No applicable									

2. Related transactions in terms of acquisition or disposal of assets:

Applicable Not applicable

None

3. Related transactions in term of collective external investment

Applicable Not applicable

None

4. Debts and credits with related parties

Applicable Not applicable

None

5. Other material related transactions

Applicable Not applicable

(1) The Company applied for a line of credit of RMB 300 million to Shiqiao Sub-branch, Bank of Hangzhou Co., Ltd. in this period and till December 31, 2020, the balance of loan under the line of credit was RMB 50,000,000.00.

Inquiry on the website for disclosing the provisional report concerning significant related transactions

Description of provisional announcement	Date of disclosure	Disclosure website
Announcement on Application for 300 million Yuan Credit Loan and Related Transactions from Hangzhou Bank	October 30,2020	www.cninfo.com.cn (Announcement No.:2020-63)

XVII. Material contracts and execution**1. Entrustment, contracting, and leasing issues****(1) Trusteeship**

Applicable Not applicable

No trusteeship in the report period.

(2) Contracting

Applicable Not applicable

No contracting in the report period.

(3) Leasing

Applicable Not applicable

No Leasing in the report period.

2. Guarantees

Applicable Not applicable

(1) Guarantees

In RMB10,000

Outward guarantees offered by the Company and its subsidiaries (Excluding guarantee to the subsidiaries)								
Guarantee provided to	Amount of guarantee and date of disclosure	Amount of the guarantee	Actual date of occurring (signing date of agreements)	Actual amount of guarantee	Type of guarantee	Term	Completed or not	Related guarantee
Hangzhou Steam Turbine Power Group Co., Ltd.	October 22,2016	20,800	December 28,2016	20,800	Two years from the date of expiration of the principal debt	No	Yes	Yes
Total amount of outward guarantee approved in the report period (A1)		0		Total amount of outward guarantee actually incurred in the report period (A2)		0		
Total of external guarantee approved at Period-end(A3)		20,800		Total balance of actual external guarantee at Period-end(A4)		15,500		
Guarantee of the Company for the controlling subsidiaries								
Name of the Company guaranteed	Relevant disclosure date/No. of the guaranteed amount	Amount of guarantee	Date of happening (Date of signing agreement)	Actual amount of guarantee	Guarantee type	Guarantee term	Complete implementation or not	Guarantee for associated parties (Yes or no)
Zhejiang Steam Turbine Packaged Technology Development Co., Ltd.	April 24,2020	5,000	August 17,2020	2,572.9	The joint liability guaranty	Two years from the date of expiration of the principal debt	No	No
Hangzhou Steam Turbine Casting Co., Ltd.	May 27,2020	2,000	May 29,2020	1,870	The joint liability guaranty	Two years from the date of expiration of the principal debt	No	No
Total of guarantee for subsidiaries approved in the period(B1)		7,000		Total of actual guarantee for subsidiaries in the period (B2)		4,442.9		

Total of guarantee for subsidiaries approved at period-end(B3)		7,000	Total of actual guarantee for subsidiaries at period-end(B4)		3,442.9			
Guarantee of the subsidiaries for the controlling subsidiaries								
Name of the Company guaranteed	Relevant disclosure date/No. of the guaranteed amount	Amount of guarantee	Date of happening (Date of signing agreement)	Actual amount of guarantee	Guarantee type	Guarantee term	Complete implementation or not	Guarantee for associated parties (Yes or no)
Hangzhou Guoneng Steam Turbine Engineering Co., Ltd.	June 25,2019	10,000	June 20, 2019	6,192.24	The joint liability guaranty	Three years from the date of expiration of the principal debt	No	No
Hangzhou Guoneng Steam Turbine Engineering Co., Ltd.	July 25,2019	7,000	July 25, 2019	3,702.39	The joint liability guaranty	Two years from the date of expiration of the principal debt	No	No
Total guarantee quota to the subsidiaries approved in the reporting period (C1)		0	Total amount of guarantee to the subsidiaries actually incurred in the reporting period (C2)		9,894.63			
Total guarantee quota to the subsidiaries approved at the end of the reporting period (C3)		17,000	Total balance of actual guarantee to the subsidiaries at the end of the reporting period (C4)		7,955.52			
Total of Company's guarantee (namely total of the large three aforementioned)								
Total of guarantee in the Period (A1+B1+C1)		7000	Total of actual guarantee in the Period (A2+B2+C2)		14,337.53			
Total of guarantee at Period-end (A3+B3+C3)		44,800	Total of actual guarantee at Period-end (A4+B4+C4)		26,898.42			
The proportion of the total amount of actually guarantee in the net assets of the Company(that is A4+B4+C4)				3.32%				
Including								
Amount of guarantee for shareholders, actual controller and its associated parties (D)				15,500				

The debts guarantee amount provided for the Guaranteed parties whose assets-liability ratio exceed 70% directly or indirectly (E)	7,955.52
Proportion of total amount of guarantee in net assets of the company exceed 50% (F)	0
Total guarantee Amount of the abovementioned guarantees (D+E+F)	23,455.52
Explanations on possibly bearing joint and several liquidating responsibilities for undue guarantees (If any)	None
Explanations on external guarantee against regulated procedures(If any)	None

Description of the guarantee with complex method

Hangzhou Heavy Machinery Co., Ltd, which is the company's subsidiary, had made an application of special construction funds of 208 million to China Development Fund Co.,Ltd, and it has signed the four-party China Development Fund Investment Contract with China Development Fund ,the company and Hangzhou Steam Turbine Group Co.,Ltd. In order to ensure the performance of the "Investment contract" by Hangzhou steam group, the company and the Heavy Machinery Co., Ltd provide guarantee for Hangzhou Steam Group in the forms of pledge and mortgage. The contents is detailed in the Announcement on External Guarantee of Hangzhou Steam Turbine Co., Ltd. announced on October 22, 2016 at the website designated by the Shenzhen Stock Exchange ([http // www.cninfo.com.cn](http://www.cninfo.com.cn)). (Announcement No. 2016-75)

(2) Illegal providing of external guarantees

Applicable Not applicable

No illegal providing of external guarantees in the report period.

3.Situation of Entrusting Others for Managing Spot Asset

(1)Situation of Entrusted Finance

Applicable Not applicable

Summary of entrusted finance during the reporting period

In RMB 10,000

Type	Source	Amount	Unexpired balance	Overdue amount
Bank financing product	Self funds	132,727	102,000	0
Trust financing product	Self funds	2,000	0	0
Total		134,727	102,000	0

Specific Circumstance of Trust Investment which is large in single amount, low in security, poor in liquidity or unguaranteed in high risk

Applicable Not applicable

In RMB 10,000

Name of Trustees (or Entrustees)	Type of Trustees (or Entrustees)	Type of Production	Amount	Source	Date of Beginning	Date of Expiry	Capital Investment Orientation	Way of Confirming Rewards	Referential Annualized Yield Rate	Prospective Yield (if any)	Actual profit or loss for the reporting period	Actual recovery of profits and losses during the reporting period	Provision for impairment (if any)	Whether or not due process has been followed	Is there a commission plan in the future	Summary of matters and related query Index (if any)
Bank of China	Bank	Bank financial products	6,000	Idle funds	January 20, 2020	March 16, 2020	Treasury bonds, corporate bonds, inter-bank lending, medium-term notes, financing bonds, etc.	Floating profit	3.00%	27.62	27.62	27.62		Yes	No	
Bank of China	Bank	Bank financial products	7,000	Idle funds	July 8, 2020	August 21, 2020	Treasury bonds, corporate bonds, inter-bank lending, medium-term notes, financing bonds, etc.	Floating profit	2.30%	19.41	19.41	19.41		Yes	No	
Bank of China	Bank	Bank financial products	7,000	Idle funds	November 23, 2020	December 28, 2020	Treasury bonds, corporate bonds, inter-bank lending,	Floating profit	3.25%	21.12	21.12	21.12		Yes	No	

						medium-term notes, financing bonds, etc.										
Total		20,000	--	--	--	--	--	--	68.15	68.15	--		--	--	--	

Situation with the appearance of principals which cannot be recovered expectedly or other existing situations which may lead to impairment

Applicable Not applicable

(2) Situation of Entrusted Loans

Applicable Not applicable

None

4. Major contracts for daily operations

Applicable Not applicable

5. Other significant contract

Applicable Not applicable

None

XVIII. Social responsibility

1. Execution of social responsibility of targeted poverty alleviation

(1) While the company is committed to long-term development and realization of shareholder value, it pays attention to the natural environment and resources, and undertakes corresponding responsibilities to shareholders, employees, customers, suppliers, communities and other relevant stakeholders to realize the harmony, coordination and unity of sustainable development between the company and society.

(2) The company has formulated the "social responsibility management standard", which defines the company's responsibilities and standard requirements in protecting shareholders and creditors, protects the interests of employees, ensures safety in production, environmental protection, energy conservation and emission reduction, and social welfare undertakings, and defines the importance of social responsibility.

(3) The company has further strengthened the protection of the rights and interests of small and medium-sized investors, strengthened the management of investor relations, and established communication channels in all aspects. For news affecting major changes in the company's stock price, the company has actively verified the information content to clarify the facts, and issued announcements when necessary to announce the actual

situation of the company, so as to protect the legitimate rights and interests of small and medium-sized investors.

(4) The company treats suppliers and users in good faith and always maintains good commercial credit and excellent contract performance level. The company has established a strategic cooperation relationship with suppliers, set up a convenient information communication platform, and continuously improved the level of cooperation between the two parties. The company provides customers with high-quality products and professional services, as well as personalized business solutions adapted to different environments, which are well received by customers.

(5) The company actively promotes the professional development of employees, continuously improves the professional environment of employees, and protects the physical and mental health of employees. The company has a number of highly skilled talents such as national technical experts and provincial and municipal technical competition pacesetters, and has set up a number of skilled master studios in the production line to create a golden blue collar team in modern manufacturing. The company has further raised the level of medical expenses subsidies for employees, and provided health insurance and cancer prevention insurance for employees. Throughout the year, the company has continuously carried out group cultural activities, expanded the venues for cultural and sports activities for employees, supported employees to spontaneously establish various cultural organizations, and created a dynamic enterprise atmosphere.

(6) The company attaches great importance to environmental protection and energy conservation and emission reduction. The company has set up special assessment indicators to strictly regulate all kinds of environmental behaviors in the business process. It strengthens the management of hazardous wastes and strictly controls the transfer and storage of hazardous wastes. The company's safe disposal rate of hazardous wastes has reached 100%. During the reporting period, the company's emission tests including waste water, waste gas, noise and other items all met the national standards. The company has formulated energy consumption control indicators for various departments, incorporated energy consumption indicators into the annual assessment system, vigorously carried out energy-saving publicity, regularly organized energy-saving inspections, and implemented a number of energy-saving renovation projects. The total comprehensive energy consumption for the whole year decreased significantly year on year.

(7) The company continues to support and carry out public welfare undertakings. The company organized employees to take part in voluntary blood donation activities, such as "Chunfeng Activity" donation and organizing visits to the elderly in Chun'an, which showed that the company attached importance to and supported social welfare undertakings while pursuing business development.

2.Implementation of the social responsibility of precise poverty relief

(1) Precision poverty alleviation planning

The company participates in the “Lianxiangjiecun” helping and supporting activities in Hangzhou, from 2017 to 2021 for 5 years, with an annual funding of RMB 150,000 to assist Zitong Township in Chun’an County.

(2) Annual Precision Poverty Alleviation Summary

In 2020, the Company funded RMB 150,000/year in the support and relief activity for Zitong Town, Chun'an County again to implement targeted poverty alleviation in the method of cash relief.

(3) Precision poverty alleviation effect

Index	Measurement unit	Quantity / Status
I. General situation	——	——
Thereinto: 1.Capital	In RMB10,000	15
II. Itemized input	——	——
8. Social poverty alleviation	——	——
8.2 Amount invested in targeted poverty alleviation work	In RMB 10,000	15

(4) Subsequent targeted poverty alleviation program

The company has no follow-up plan either.

3.Environmental protection

Listed company and its subsidiary belongs to the key pollution enterprise listed by Department of Environmental Protection

Yes No

(I) Environmental protection

The company has adopted cleaner production management in an all-round way and started cleaner production audit, which not only reduces consumption and efficiency, but also reduces the pressure and cost of end treatment. In terms of environmental greening, it has been built into a garden-like enterprise through investment year by year. The company's environmental management system has been operating for many years, and has strictly abided by the provisions of relevant national laws and regulations and the principle of continuous improvement. The company formulates annual environmental protection targets and environmental management plans every year. During the reporting period, there was no environmental pollution accident or over-emission incident.

The company also continues to promote the awareness of social responsibility in the process of product design and process design, and embodies the concept of green environmental protection in the design process. The product design process fully considers the possibility of environmental pollution and the impact on occupational health, meets the international environmental protection requirements, reduces noise, reduces emissions, and uses

harmless materials and processes. For example, by taking measures such as sound insulation enclosure, the running noise of steam turbine can meet the standard. Set up thermal insulation layer to reduce its thermal radiation to a safe level. In all kinds of nonmetallic materials used in steam turbines, components harmful to human body are eliminated.

(II) Energy conservation and emission reduction

In recent years, the company has attached great importance to energy conservation and emission reduction according to the overall arrangement and requirements of its superiors. It has strengthened its leadership and carefully deployed various work measures to further promote energy conservation and emission reduction at various levels to ensure solid results in energy conservation and emission reduction.

XIX. Explanation on other significant events

Applicable Not applicable

1. The company received dividends of 95,156,322.10 yuan from Hangzhou Bank in July 2020. The complete report is available as Announcement No.2020-43 with Securities Times, Shanghai Securities Daily, Hong Kong Commercial Daily and at www.cninfo.com.cn dated July 16, 2020.

(2) On October 28, 2020, the Company held the Eighth Session of the Eighth Board of Directors, which reviewed and approved the Proposal on the Company's Participation in Subscribing for Convertible Bonds of Hangzhou Bank. The complete report is available as Announcement No.2020-59 with Securities Times, Shanghai Securities Daily, Hong Kong Commercial Daily and at www.cninfo.com.cn dated October 30, 2020.

(3) In November 2019, the Company reviewed and approved the *Proposal on Repurchase of Company Shares*, which is intended to be used for employee stock ownership plan or equity incentive through repurchase of company shares. The second extraordinary general meeting of shareholders held in December 2019 adopted relevant issues on stock repurchase. As of November 30, 2020, the repurchase of shares by the company has been completed. The complete report is available as Announcement No.2020-71 with Securities Times, Shanghai Securities Daily, Hong Kong Commercial Daily and at www.cninfo.com.cn dated December 2, 2020.

(4) The company signed the Compensation Agreement for Relocation of Non-residential Houses on State-owned Land with Hangzhou Xiacheng Urban Construction Investment Development Group Co., Ltd., and the total compensation amount will be RMB 1,299,324,850.00 when the company completes the relocation on schedule. As of the reporting period, the company has received a total of RMB 849,111,164.31 in relocation compensation. The complete report is available as Announcement No.2021-02 with Securities Times, Shanghai Securities Daily, Hong Kong Commercial Daily and at www.cninfo.com.cn dated January 6, 2021.

(5) On November 30, 2020, the State-owned Assets Supervision and Administration Commission of Hangzhou Municipal People's Government transferred its 10% state-owned shares of Hangzhou Steam Turbine Power Group Co., Ltd. to Zhejiang Financial Development Co., Ltd. free of charge. Hangzhou Turbine Group has completed the industrial and commercial change registration procedures for equity transfer. The complete

report is available as Announcement No.2020-70 with Securities Times, Shanghai Securities Daily, Hong Kong Commercial Daily and at www.cninfo.com.cn dated December 1,2020.

(6) In December 2020, the State-owned Assets Supervision and Administration Commission of Hangzhou Municipal People's Government transferred 90% of the state-owned shares of Hangzhou Turbine Group to Hangzhou State-owned Capital Investment and Operation Co., Ltd. free of charge, and Hangzhou Turbine Group completed the industrial and commercial change registration procedures for the transfer of shares. The complete report is available as Announcement No.2020-72 and 2021-03 with Securities Times, Shanghai Securities Daily, Hong Kong Commercial Daily and at www.cninfo.com.cn dated January 13,2021.

XX. Material issues of the subsidiaries

Applicable Not applicable

VI. Change of share capital and shareholding of Principal Shareholders

1.Changes in share capital

1.Changes in share capital

In shares

	Before the change		Increase/decrease (+, -)					After the Change	
	Amount	Proportion	Share allotment	Bonus shares	Capitalization of common reserve fund	Other	Subtotal	Quantity	Proportion
I. Unlisted shares	479,824,800	63.64%	0	0	0	0	0	479,824,800	63.64%
1. Founder's stock	479,824,800	63.64%	0	0	0	0	0	479,824,800	63.64%
Including : State-owned shares	479,824,800	63.64%	0	0	0	0	0	479,824,800	63.64%
II.Non-restricted shares	274,185,600	36.36%	0	0	0	0	0	274,185,600	36.36%
2. Overseas listed foreign shares	274,185,600	36.36%	0	0	0	0	0	274,185,600	36.36%
III. Total of capital shares	754,010,400	100.00%	0	0	0	0	0	754,010,400	100.00%

Causes of Change of shares

Applicable Not applicable

Approval of change of the shares

Applicable Not applicable

Ownership transfer of share changes

Applicable Not applicable

Progress on any share repurchase:

Applicable Not applicable

The company held the second 2019 extraordinary general meeting of shareholders on December 10, 2019, and reviewed and passed the "Proposal on Repurchase of Company Shares". On February 18, 2020, the company implemented share repurchase for the first time.

By November 30, 2020, the Company had completed repurchase, and actually repurchased 19,551,800 shares of the Company, accounting for 2.59% of the Company's total share capital. The highest repurchase price was HK\$ 9.17 per share, the lowest repurchase price was HK\$ 7.22 per share, and the total transaction amount was HK\$ 160,734,718.28.

Progress on reducing the repurchased shares by means of centralized bidding:

Applicable Not applicable

Influence on the basic EPS and diluted EPS as well as other financial indexes of net assets per share attributable to

common shareholders of Company in latest year and period

Applicable Not applicable

Other information necessary to disclose for the company or need to disclosed under requirement from security regulators

Applicable Not applicable

2. Change of shares with limited sales condition

Applicable Not applicable

II. Securities issue and listing

1.Explanation of the Situation of the Security Issue(No Preferred Shares) in the Report Period

Applicable Not applicable

2.Change of asset and liability structure caused by change of total capital shares and structure

Applicable Not applicable

3.About the existing employees' shares

Applicable Not applicable

III. Particulars about the shareholders and substantial controller

1. Amount of shareholders and their shareholding position

In shares

Total number of common shareholders at the end of the reporting period	11883	Total shareholders at the end of the month from the date of disclosing the annual report	11421	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	
Particulars about shares held above 5% by shareholders or top ten shareholders								
Shareholders	Nature of shareholder	Proportion of shares held (%)	Number of shares held at period -end	Changes in reporting period	Amount of restricted shares held	Amount of un-restricted shares held	Number or share pledged/frozen	
							State of share	Amount
Hangzhou Steam Turbine Power Group Co., Ltd.	State-owned legal person	63.64%	479,824,800	0	479,824,800	0		

VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	Foreign legal person	1.96%	5,365,877	-188,559	0	5,365,877		
Zhou Jie	Domestic Natural person	1.58%	4,341,100	2,400	0	4,341,100		
China Merchants Securities(HK)Co., Ltd.	State-owned legal person	1.50%	4,117,303	281,026	0	4,117,303		
VANGUARD EMERGING MARKETS STOCK INDEX FUND	Foreign legal person	1.45%	3,962,204	-760,600	0	3,962,204		
ISHARES CORE MSCI EMERGING MARKETS ETF	Foreign legal person	1.18%	3,231,301	-431,776	0	3,231,301		
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	Foreign legal person	0.98%	2,679,711	-2,267,961	0	2,679,711		
NORGES BANK	Foreign legal person	0.92%	2,514,529	0	0	2,514,529		
Xia Zulin	Domestic Natural person	0.85%	2,320,000	19,000	0	2,320,000		
Gu Yang	Domestic Natural person	0.55%	1,504,552	76,100	0	1,504,552		
Particulars about strategic investors or general corporations becoming among the top 10 shareholders due to share placing	Not applicable							
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".							
Above shareholders involved in entrusting/being entrusted and giving up voting rights	Not applicable							
Top 10 holders of shares without trading limited conditions								
Name of the shareholder	Amount of unconditional shares held at end of period	Category of shares						
		Category	Amount					
VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	5,365,877	Foreign shares placed in domestic exchange	5,365,877					
Zhou Jie	4,341,100	Foreign shares placed in domestic exchange	4,341,100					
China Merchants Securities(HK)Co., Ltd.	4,117,303	Foreign shares placed in domestic exchange	4,117,303					
VANGUARD EMERGING MARKETS STOCK INDEX FUND	3,962,204	Foreign shares placed in domestic exchange	3,962,204					

ISHARES CORE MSCI EMERGING MARKETS ETF	3,231,301	Foreign shares placed in domestic exchange	3,231,301
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	2,679,711	Foreign shares placed in domestic exchange	2,679,711
NORGES BANK	2,514,529	Foreign shares placed in domestic exchange	2,514,529
Xia Zulin	2,320,000	Foreign shares placed in domestic exchange	2,320,000
Gu Yang	1,504,552	Foreign shares placed in domestic exchange	1,504,552
Wang Yihu	1,464,166	Foreign shares placed in domestic exchange	1,464,166
Explanation on associated relationship or consistent action among the top 10 shareholders of non-restricted negotiable shares and that between the top 10 shareholders of non-restricted negotiable shares and top 10 shareholders	<p>1) It is unknown to the Company if there is any relationship among the top 10 common share holders without restriction;</p> <p>(2) Hangzhou Steam Turbine 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”.</p>		
Notes to the shareholders involved in financing securities (if any)(See Notes 4)	None		

Whether top ten common shareholders or top ten common shareholders with un-restrict shares held have a buy-back agreement dealing in reporting period.

Yes No

2. Controlling shareholder

Nature of Controlling Shareholders: Local state holding

Type of Controlling Shareholders: Legal person

Name of the holding shareholder	Legal representative	Incorporated in	Organization code	Registered capital
Hangzhou Steam Turbine Power Group Co., Ltd.	Zheng Bin	Dec 14, 1992	91330100143071842L	Manufacturing and processing: textile machinery, Manufacturing machines, paper-making machinery, pump, casting products, electrical tools, gear box, thermal transmitter, digital controlling device, and spare parts of the above (limited to the subsidiaries); Contracting of domestic and overseas machinery engineering projects, export of above equipments and materials, provide labor services for above overseas projects. Thermal power plant project and equipment engineering; wholesale and retail: products and spare parts manufactured by members of the group, and technical research, consulting, and service of above products; Provide materials, equipments, and spare parts to members of the Group, water and

				power supply (other than installation and maintaining of power supply equipment); Including the business scope of subsidiaries.
Shareholding status of the holding shareholder in other PLCs in the country and abroad during the report period	None			

Change of holding shareholder

Applicable Not applicable

No change of holding shareholder in the report period.

3. Information about the controlling shareholder of the Company

Actual controller nature: Local state owned Assets Management

Actual controller type: Legal person

Name of the substantial controller	Legal representative	Date of incorporation	Organization code	Principal business activities
State-owned Assets Supervision and Administration Commission of Hangzhou Municipal Government	Wang Xi		113301007766375272	Not applicable
The equity of the controlling shareholder in other domestic and foreign listed companies held or partly held by it in the report period	Hangzhou Jiebai (SH.600814) held 68.26% shares, Digital Source Technology Co., Ltd. (SZ.000909) held 45.33% shares and Hangyang Co., Ltd.(SZ.002430)held 54.45% shares.			

Change of the actual controller in the reporting period

Applicable Not applicable

None

Block Diagram of the ownership and control relations between the company and the actual controller



The actual controller controls the company by means of trust or managing the assets in other way

Applicable Not applicable

4.Other corporate shareholder holding over 10% of the Company's shares

Applicable Not applicable

5.Situation of Share Limitation Reduction of Controlling Shareholders, Actual Controllers, Restructuring Party and Other Commitment Subjects

Applicable Not applicable

VII. Situation of the Preferred Shares

Applicable Not applicable

No preference shares in the Company.

VIII Information about convertible corporate bonds

Applicable Not applicable

During the reporting period, the company did not have convertible corporate bonds.

IX. Information about Directors, Supervisors and Senior Executives

I. Change in shares held by directors, supervisors and senior executives

Name	Positions	Office status	Sex	Age	Starting date of tenure	Expiry date of tenure	Shares held at the year-begin (share)	Amount of shares increased at the reporting period (share)	Amount of shares decreased at the reporting period (share)	Other changes increase/decrease	Shares held at the year-end (share)
Zheng Bin	Chairman	In office	Male	56	May 18,2016	December 9,2022	0	0	0	0	0
Yang Yongming	Vice Chairman	In office	Male	56	June 24,2013	December 9,2022	0	0	0	0	0
Ye Zhong	Director, GM	In office	Male	52	June 19,2004	December 9,2022	0	0	0	0	0
Wang Gang	Director	In office	Male	48	June 30,2017	December 9,2022	0	0	0	0	0
Kong Jianqiang	Director, Deputy General Manager, Chief engineer	In office	Male	50	June 24,2013	December 9,2022	0	0	0	0	0
Li Guiwen	Director, Deputy General secretary of the board	In office	Female	50	January 9,2019	December 9,2022	0	0	0	0	0
Gu Xinjian	Independent Director	In office	Male	64	May 18,2016	December 9,2022	0	0	0	0	0
Zhang Xiaoyan	Independent Director	In office	Female	48	December 4,2015	December 9,2022	0	0	0	0	0
Chen Danhong	Independent Director	In office	Female	56	May 18,2016	December 9,2022	0	0	0	0	0
Zhang Hejie	Independent Director	In office	Male	62	December 10,2019	December 9,2022	0	0	0	0	0
Li Shijie	Chairman of the Supervisory Committee	In office	Male	51	June 24,2013	December 9,2022	0	0	0	0	0
Wang Xiaohui	Supervisor	In office	Male	53	June 24,2013	December 9,2022	100,676	0	0	0	100,676
Ying Gonghua	Supervisor	In office	Male	55	December 10,2019	December 9,2022	43,403	0	0	0	43,403

Lu Jianhua	Employee Supervisor	In office	Male	59	August 15,2004	December 9,2022	0	0	0	0	0
Fang Yin	Employee Supervisor	In office	Male	59	February 16,2012	December 9,2022	0	0	0	0	0
Zhao Jiamao	Deputy General Manger, Chief accountant	In office	Male	45	January 1,2018	December 9,2022	0	0	0	0	0
Li Jiansheng	Deputy General Manger	In office	Male	57	December 5,2014	December 9,2022	0	0	0	0	0
Wang Zhengrong	Deputy General Manger	In office	Male	50	June 9,2017	December 9,2022	0	0	0	0	0
Total	--	--	--	--	--	--	144,079	0	0	0	144,079

II. Change in shares held by directors, supervisors and senior executives

√ Applicable □ Not applicable

Name	Positions	Types	Date	Reason
Li Guiwen	Deputy General Manager	Employment	February 5,2021	Due to the development needs of the company

III. Posts holding

The professional background, working experience and main responsibilities of the current board members, supervisors and senior managers in the company

(1) Director

Mr. Zheng Bin, born in November 1964, CCP member, university graduate, senior economics professional certification. He served as vice chairman and Vice General Manager of Hangzhou Steam Turbine Power Group Co., Ltd. He used to be chairman and General Manager of Hangzhou Dongfeng Shipyard Co., Ltd. He was engaged the vice Chairman at the 4th term of Board on March 2009 ,Vice Chairman at the 5th term of Board on June 2010, He was engaged the Director and General Manager of the Company on June 2013, He was engaged the Chairman at the 6th term of Board on December 2014. He was elected as Chairman of the 7th term of board of directors on May 18, 2016. Currently is the 8th chairman of the company.

Mr. Yang Yongming, born in November 1964, CCP member, university graduate, certified senior economist. Currently he's the vice general manager of Hangzhou Steam Turbine Power Group Co., Ltd. He used to be the vice director and director of Sales Administration Departments of the Company; Since 2013, he served as vice general manager, general manager, and vice chairman of Hangzhou Dongfeng Shipyard Ltd. Currently he's the vice general manager of Hangzhou Steam Turbine Power Group Co., Ltd . and the Vice Chairman of the 6th term

of Board of the Company. He was elected as Vice Chairman of the 7th term of board of directors on May 18, 2016. Currently is the 8th vice chairman of the company.

Mr. Ye Zhong: born in April 1968, CCP member; bachelor degree; professor and senior engineer. Started working in July 1990. he was the director of the 2nd term of Board, Chief Engineer; director of the 3rd term of Board, Vice General Manager; Director of the 4th and 5th terms of Board, Vice General Manager, and Chief Engineer. He's the Standing Vice General Manager, director and Chief Engineer of the 6th term of Board of the Company, and General Manager of the 4 Company since December 2014. He was elected as director and General Manager of the 7th term of board of directors on May 18, 2016. Currently is the 8th Director and General Manager of the company.

Mr. Wang Gang, born in February 1972, member of the Communist Party of China, postgraduate degree, Zhejiang University MBA, senior engineer. In 1993 the company entered the company, served as the company organization personnel, a steam shop, security, securities laws and regulations, operation and management department and other department heads. The current party secretary of the party committee, discipline appoint secretary, trade union chairman. He was engaged the secretary of the board of the Company on June 10,2017. He was elected as director of the 7th term of board of directors on June 30, 2017. Currently is the 8th Director of the company.

Mr. Kong Jianqiang, born in May 1970, CCP member, Master of Engineering, certified senior engineer. Started working in July 1992. He used to be technician, head of workshop, vice director, and director of Steam Turbine Institute of the company. He's the director of the 6th term of Board since June 2013, and Engineer General of the Company since December 2014. He was elected as director of the 7th term of board of directors on May 18, 2016. Appointed as deputy general manager and Chief engineer of the company. Currently is the 8th Director , Deputy General Manager and Chief engineer of the company.

Ms. Li Guiwen, born in September 1970, member of the Communist Party of China, postgraduate degree, senior engineer. In 1992 the company entered the company, She served as Deputy director General office and Deputy Minister of Economic Management of Hangzhou Steam turbine Power Group, Since August 2007, She Served as Minister of Strategic Development of Hangzhou Steam turbine Power Group, Since November 2017,She served as Secretary of the Board of Directors of Hangzhou Steam turbine Power Group. Since January 2019, She served as director of the 7th term of board of directors of the Company. Currently is the 8th secretary and Deputy General Manager of the board of the company.

Ms Zhang Xiaoyan, was born in March 1973. Since 1994, she successively worked in Zhejiang Securities Co., Ltd,

Zhejiang Senhe Seed Co., Ltd, Shanghai AllBright Law Offices (Hangzhou), Beijing Gaopeng & Partners Hangzhou Office, Beijing Kangda Law Firm (Hangzhou). She currently holds the post of the partner of Beijing Kangda (Hangzhou) Law Firm. Since December 2015, She served as independent director of the 6th term of Board. She was elected as Independent director of the 7th term of board of directors on May 18, 2016. Currently is the 8th Independent director of the company.

Ms Chen Danhong, born in October 1964, was graduated from Hangzhou Business College, majoring statistics. She was former assistant in Shanghai Economic Management College, section chief in accounting section of financial department from Zhejiang Gongshang University, General Manager in Planning and Finance Department and HR Manager of New China Life Insurance Co., Ltd. Zhejiang Branch, Executive Vice President of Zhejiang Zhongye Holdings Group Co., Ltd., CEO of Daodao Group Co., Ltd., and Deputy General Manager and Chief Financial Officer of Zhejiang Arch of Triumph Macao Doulao Holding Group Co., Ltd. She was special professional ethos supervisor in Zhejiang Provincial Office, SAT, CPPCC member in West Lake District, and Special Auditor of Audit Bureau in West Lake District. She served as Independent director of Hangzhou Cable Co., Ltd., On May 18, 2016, she was elected as the seventh Board of Directors Independent Director of the company. Currently is the 8th Independent director of the company.

Mr Gu Xinjian, born in July 1956, was doctor of engineering, as a professor in Modern Manufacturing Technology Research Institute of Zhejiang University, and a doctoral supervisor. He was the Deputy Director in Center for Innovation Management and Sustainable Competitiveness of Zhejiang University, and Director of Patents And Standards Strategic Institute. He served as vice Chairman of the professional Committee of intelligent Manufacturing of the Chinese Society of Artificial Intelligence and the Professional Committee of Group and intelligent Integration technology of the Chinese society of Mechanical Engineering, Member of the National Technical Committee for Automation Systems and Integration Standardization and Chairman of the Technical Committee for Industrial Data Sub-Committee. From August, 1987 until now, he devoted himself to research and education work in Mechanical Engineering Department of Zhejiang University, primarily engaged in researching manufacturing informatization, enterprise modeling, networked manufacturing, advanced manufacturing systems mode, and mechanical manufacturing systems engineering. On May 18, 2016, he was elected as the seventh Board of Directors Independent Director of the company. Currently is the 8th Independent director of the company.

Mr. Zhang Hejie, born in January 1958, holds a master's degree in philosophy, a doctorate in management, a visiting scholar at the University of Cambridge, and a professor and doctoral tutor at the School of Economics and

Management of Zhejiang University of Technology. Since July 2002, he has been teaching at the School of Economics and Trade and the School of Economics of Zhejiang University of Technology; he is the expert advisory committee member of the Zhejiang Provincial People's Government on Taiwan Issue; the member of the technical working group of the Pilot Province of Zhejiang of Green National Economic Accounting; and the communication review expert of "Final results of the National Social Science Fund Project", and he is the Association Director and Deputy Secretary General of Zhejiang Recycling Resources Association, Director of Financial Innovation and Sustainable Development Research Center of Zhejiang University of Technology, Executive Director of Zhejiang Financial Engineering Association, and the Communication Review Expert of the National Natural Science Foundation. Currently is the 8th Independent director of the company.

(II) The Supervisors

Mr. Li Shijie, born in July 1969, CCP member, university graduate, certified senior engineer. vice secretary of CCP committee and Chairman of the trade union, head of supplying department of the Company, general manager and chief secretary of CCP committee of Hangzhou Steam Turbine Auxiliary Machinery Co., Ltd. Currently he's the vice chief secretary of CCP committee and chief secretary of discipline committee of Hangzhou Steam Turbine Power Group Co., Ltd. Currently he's the Chairman of the 6th term of Supervisory Committee. He was elected as Chairman of the 7th term of Supervisory Committee on May 18, 2016. Currently is the 8th Chairman of supervisory Committee of the company.

Mr. Wang Xiaohui, born in December 1967, CCP member, university degree, certified senior accountant, certified taxation accountant, certified internal auditor. External Chief Finance Officer of Hangzhou State-owned Property; Chief Accountant and Director of Accounting Dept. of Hangzhou Dongfeng Shipyard Co., Ltd. Currently he's the vice director of Accounting Dept. of Hangzhou Steam Turbine Power Group Co., Ltd. Currently he's the supervisor of the 6th term of Supervisory Committee. She was elected as supervisor of the 7th term of Supervisory Committee on May 18, 2016. Currently is the 8th Supervisor of the company.

Mr. Ying Gonghua, born in August 1965, member of the Communist Party of China, holding university degree, is master of engineering and senior engineer. He is currently the deputy minister of the Company's manufacturing department, secretary and director of the rotor workshop branch. In July 1988, he joined the Company and started the career, successively served as the technician of the Company's blade workshop, the technical leader, the secretary of the blade branch, and the director of the branch factory. In June 2014, he served as secretary and director of the Company's second automobile branch; since September 2016, he has served as the Company's

Deputy Minister of Manufacturing, Secretary and Director of the Rotor Workshop Branch. Currently is the 8th Supervisor of the company.

Mr. Lu Jianhua, born in March 1962, CCP member, university graduate. Once he was the clerk and office manager of the Trade Union, elected vice chairman of the Trade Union and supervisor; He assumed employees' supervisor for the 3rd, 4th, 5th ,6th and 7th term of the Supervisory Committee. Currently is the 8th Supervisor of the company.

Mr. Fang Yin, born in December 1962, CCP member, senior engineer, master degree. Graduated from Zhejiang University of Industry in February 1982, and started working in technical area in Hangzhou Steam Turbine Co., Ltd. (former Hangzhou Steam Turbine Factory); Since September 1988, he has been working on R&D in the Industrial Turbine Research Institute of the Company; Mr. Fang was elected Employee supervisor of the 6th term and 7th term of Supervisory Committee. Currently is the 8th Supervisor of the company.

(III) Senior Executives

Profiles of General Manager Ye Zhong, Deputy General manager Kong Jianqiang and Deputy General Manager Li Guiwen are available among the directors above.

Mr. Li Jiansheng, born January 1963, CCP member, master of engineering, certified senior engineer of professor level. Mr. Li started working for the Company in February 1982. He has been in the positions of chief of No.4 section, vice head of the Institution, and vice head of the Industrial Turbine Institute. He has been the assistant of Deputy general manager and head of production unit of Hangzhou Steam Turbine Co., Ltd. Mr. Li was engaged the Deputy general manager of the Company since December 2014.

Mr. Wang Zhengrong, born in October 1970, member of the Communist Party of China, university degree, Bachelor of Engineering, Zhejiang University, senior engineer. In 1992 to enter the company work, served as deputy director of the company sales, director, marketing party branch secretary. Since March 2010, he has been a member of the Party Committee of the Company. He has been Assistant General Manager of the Company and Director of Steam Turbine Marketing since June 2015. Mr. Wang was engaged the Deputy general manager of the Company since June 2017.

Mr. Zhao Jiamao, born in March 1975, member of the Communist Party of China, university degree, certified public accountant and senior accountant. He joined Hangzhou Steam Turbine Power Group Co., Ltd. Finance Office in 1995 and was once the Vice Minister of Finance of Hangzhou Steam Turbine Power Group Co., Ltd., Chief Accountant, Deputy General Manager and General Manager of Hangzhou Steam Turbine Power

Technology Co., Ltd. In December 2014, he was the Deputy Chief Accountant and Chief Financial Officer of the Company. Since March 2016, he has been the General Manager Assistant, the Director of Asset Management Department and the Finance Department and the Contract Department. Mr. Zhao was engaged the Deputy general manager and Chief accounting of the Company since January 2018.

Jobs taken in shareholding parties

√ Applicable □ Not applicable

Names	Name of the shareholder	Job taken	Job started	Job ended	Take remunerations from the shareholding party
Zheng Bin	Hangzhou Steam Turbine Power Group Co., Ltd.	Chief secretary of CCP, Chairman	September 28,2017		Yes
Yang Yongming	Hangzhou Steam Turbine Power Group Co., Ltd.	Commissioner of CCP, Deputy General Manger	May 1,2013		Yes
Ye Zhong	Hangzhou Steam Turbine Power Group Co., Ltd.	Commissioner of CCP , Director	May 1,2001		No
Li Shijie	Hangzhou Steam Turbine Power Group Co., Ltd.	Vice Secretary of CCP Commission,Chairman of Trade Union, Vice Chairman of Supervisory Committee	May 1,2013		Yes
Wang Xiaohui	Hangzhou Steam Turbine Power Group Co., Ltd.	Director of financial department	September 22,2014		Yes

Jobs taken in other parties

√ Applicable □ Not applicable

Names	Name of the parties	Positions	Job started	Job ended	Take remunerations from the party
Yang Yongming	Hangzhou Steam Turbine Auto Sales service Co., Ltd.	Chairman	June 29,2017		No
Yang Yongming	Guangdong Huaxing Bank Co., Ltd.	Director	September 28,2017		No
Ye Zhong	Hangzhou Zhongneng Steam Turbine Power Co., Ltd.	Chairman	February 1,2010		No
Ye Zhong	Hangzhou Steam Turbine Engineering Co., Ltd.	Chairman	December 23,2014		No

Ye Zhong	Hangzhou Steam Turbine Heavy Industry Co., Ltd.	Deputy General Manger	October 30,2017		No
Wang Gang	Hangzhou Zhongneng Steam Turbine Power Co., Ltd.	Supervisor	June 21,2017		No
Wang Gang	Hangzhou Steam Turbine Casting Co.,Ltd.	Director	June 21,2017		No
Kong Jianqiang	China mechanical and Electrical Institute -HSTG (Hangzhou) United Institutes Co., Ltd.	Director	December 8,2020		No
Kong Jianqiang	Zhejiang Steam Turbine Packaged Technology Development Co., Ltd.	Chairman	June 21,2017		No
Li Guiwen	Zhejiang Packaged Technology Development Co., Ltd.	Chairman	April 1,2020		No
Chen Danhong	Hangzhou Cable Co., Ltd.	Independent director	April 19,2017		Yes
Gu Xinjian	Zhejiang University. Institute of modern manufacturing engineering	Professor, Supervisor of a ph.D Student	December 1,1999		Yes
Zhang Xiaoyan	Beijing Kangda (Hangzhou) Law Firm	Partner	May 1,2012		Yes
Wang Xiaohui	Hangzhou Xiangjiang Technology Co.,Ltd.	Supervisor	June 29,2017		No
Wang Xiaohui	Hangzhou Steam Turbine Engineering Co., Ltd.	Director	June 29,2017		No
Li Jianshang	Hangzhou Steam Turbine Auxiliary Machine Co., Ltd.	Director	April 3,2014		No
Li Jiansheng	Hangzhou Steam Turbine Casting Co., Ltd.	Chairman	April 1,2020		No
Li Jiansheng	Hangzhou Steam Turbine Heavy Industry Co., Ltd.	Executive director	June 21,2017		No
Wang Zhengrong	Hangzhou Steam Turbine Machinery & Equipment Co., Ltd.	Chairman	June 21,2017		No
Wang Zhengrong	Hangzhou Zhongneng Steam Turbine Power Co., Ltd.	Director	July 1,2013		No
Zhao Jiamao	Zhejiang Turbine Import & Export Co., Ltd.	Executive director	June 2,2020		No

Zhao Jiamao	Hangzhou Zhongneng Steam Turbine Power Co., Ltd.	Director	March 12,2018		No
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Punishments to the current and leaving board directors, supervisors and senior managers during the report period by securities regulators in the recent three years

Applicable Not applicable

IV. Remuneration to directors, supervisors and senior executives in the reporting period

Decision-making procedures, basis for determination and actual payment of the remuneration to directors , supervisors and senior executives

The remuneration plan for directors and executives was examined at the meeting. The Remuneration and Assessment Committee of the Board conducted assessment on the performances of the directors and executives, Assessment principles and procedures determined in accordance with the executive compensation management system of directors(revised in 2019), The plan is subject to examination of the meeting of the Board.

Allowances for independent directors and supervisors are subject to approval by the Board and the Shareholders' Meeting thereafter. The proposal of allowances for the 8th term of independent directors and supervisors was adopted at the 2nd Provisional Shareholders' Meeting held on December 10, 2019, and the allowance for independent directors is RMB150,000 (tax included) per year, while it is RMB36,000 for supervisors for the period of three years (tax included). Non employee supervisors do not enjoy the allowance

Remuneration of directors, supervisors, and executives in the report period

In RMB10,000

Name	Position	Sex	Age	Statue of duty	Total of reward from the Company(Pre-tax)	Actual reward in total at end of report term
Zheng Bin	Chairman	Male	56	In Office		Yes
Yang Yongming	Vice Chairman	Male	56	In Office		Yes
Ye Zhong	Director, GM	Male	52	In Office	74.4	No
Wang Gang	Director	Male	48	In Office	79.6	No
Kong Jianqiang	Director, Deputy GM, Chief engineer	Male	50	In Office	79.6	No
Li Guiwen	Director, secretary of the board	Female	50	In Office	57.6	No
Gu Xinjian	Independent Director	Male	64	In Office	17.5	No
Chen Danhong	Independent Director	Female	56	In Office	17.5	No
Zhang Xiaoyan	Independent Director	Female	48	In Office	17.5	No
Zhang Hejie	Independent Director	Male	62	In Office	15.0	No
Li Shijie	Chairman of the Supervisory Committee	Male	51	In Office		Yes
Wang Xiaohui	Supervisor	Male	53	In Office		Yes

Ying Gonghua	Supervisor	Male	55	In Office	58.3	No
Lu Jianhua	Employee Supervisor	Male	59	In Office	36.6	No
Fang Yin	Employee Supervisor	Male	59	In Office	39.3	No
Li Jiansheng	Deputy GM	Male	57	In Office	79.7	No
Wang Zhengrong	Deputy GM,	Male	50	In Office	79.6	No
Zhao Jiamao	Deputy General Manger, Chief accountant	Male	45	In Office	79.6	No
Total					731.8	

Incentive equity to directors, supervisors or/and senior executives in the reporting period

Applicable Not applicable

V. Particulars about employees.

1.Number of staff, professional structure and educational background

Number of in-service staff of the parent company(person)	1,984
Number of in-service staff of the main subsidiaries(person)	1,364
The total number of the in-service staff(person)	3,348
The total number of staff receiving remuneration in the current period(person)	3,348
Retired staff with charges paid by the parent company and main subsidiaries (person)	0
Professional	
Category	Number of persons (person)
Production	1,694
Sales	295
Tech	921
Finance	70
Administration	368
Total	3,348
Education	
Category	Number of persons (person)
Master's Degree	227
Bachelor	1,284
College diploma	699
High school and below	1,138

Total	3,348
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2.Particulars about the employees:

Under the premise of considering the annual benefit, with the level of competition, the ability to pay of enterprises, price levels and other factors, in 2020 the company adequate remuneration be adjusted according to the value of the unpaid position, according to the performance of the performance fee, adhere to labor distribution, taking into account efficiency and equity, the maximum level of protection of the interests of employees, to achieve a win-win business and employees. Company on a monthly basis, full and timely payment of wages, overtime pay in accordance with national regulations, on a monthly basis.

3. Educational training for employees:

In 2020, the staff education and training work strived for realize the goal of “Talents invigorate enterprises”, and set the work objectives of training and optimizing the “the three teams namely the management team, the professional and technical personnel team and the high-skilled personnel team”, and upon combining with the company’s strategic goals and the departmental performance targets and the employees’ development goals, it well did the annual training work, formulated the “2020 Company Education and training Plan”, implemented various training programs in an orderly manner as required, continuously improved the staff’s business level and comprehensive capabilities and made contributions to the company’s stable operation. In terms of the funding, the company drew 2.5% of the total salary as the staff education fund, which effectively guaranteed the expenditure of the training program. According to statistics, 105 training classes were held in 2020, the person-time of staff received trainings reached 4651. For 2020, the company plans to carry out 106 training programs in aspects of management, engineering technology, operation skills, quality, environment and safety education.

4. Outsourcing situation

Applicable Not applicable

IX. Administrative structure

I. General situation

(1) Standardized operation of corporate governance structure

In accordance with the "company law" provisions, The Company has its executive, decision making and supervisory bodies operated strictly according to the Articles of Association, Shareholders' Meeting Criteria, Board Meeting Criteria, and Supervisory Committee Criteria. Meetings were held by legal procedures, Corporate governance in accordance with the relevant provisions of the laws and regulations of China Securities Regulatory Commission and the Shenzhen Stock Exchange. During the reporting period, the company organized 7 meetings of the board of directors, 4 meetings of the board of supervisors, 2 meetings of shareholders, 3 meetings of special committees of the board of directors and annual reports. In strict accordance with the Articles of Association of the Company and relevant laws and regulations, the Company deliberates and makes decisions on major business matters. The Company insists on integrating the Party building work into the economic work. When making administrative decisions, the opinions of the Party Committee meeting shall be heard in advance, and the powers and responsibilities of the Party committee meeting, the general manager's office meeting, the board of directors, the board of supervisors and the shareholders' meeting shall be clarified. During the reporting period, the company reviewed the company's regular reports, internal control self-assessment reports, appointment of accounting firms, foreign investment, external guarantees, related party transactions, bank credit loans, entrusted financial management, impairment and write-off of assets, change of board of directors and board of supervisors and other important business and governance activities according to regulations, performed the approval procedures on important matters, supervised the company's business activities and ensured the company's compliant operation.

2. Effectiveness of organization

The Board of Directors is the executive body of the decisions made by the Shareholders' Meeting. The Board is also responsible to establish and improve the internal control system of the Company, and make it works effectively. Chairman of the Board is the caller of the Board. Strategy, Investment, Remuneration, and Auditing Committees were established within the Board, and were supporting the decision-making of the Board. The Supervisory Committee is responsible to report to the Shareholders' Meeting and supervise the legal performance of duties of directors, managers, and executives. The management is responsible to the Board, and take charge of daily operation of the Company. Functional departments were deployed according to the needs of business with clear responsibilities.

3. Basis for material decisions

The Company has setup practical rules for all material aspects of management, including but not limited to, external investment, trusteeship, related transactions, information disclosure, investors' relationship, information insider, executive shares, and management of controlled subsidiaries. These documents of rules were constantly revised and improved to maintain effectiveness upon changing situation. In the report period, According to the Company Law of the People's Republic of China, China Securities Regulatory Commission, Shenzhen Stock Exchange and other relevant regulations, the Company revised the Articles of Association, Rules of Procedure of Shareholders' Meeting, Rules of Procedure of Board of Directors, Rules of Procedure of Board of Supervisors,

Measures for the Administration of Holding (Participating) Companies and Measures for the Administration of Expatriate Directors and Supervisors.

4. Establishing of internal control system

The Company kept close observation on the whole business process identifying risk points according to Enterprise Internal Control Standards, Internal Control Guidelines, Internal Assessment Guidelines, and Internal Control Guidelines for PLCs issued by Shenzhen Stock Exchange. Effective mechanisms on risk control and internal auditing were conducted. The Auditing Committee of the Board was responsible to supervise the internal control practices.

5. Corporate Information Disclosure and Transparency

The company attaches great importance to the information disclosure and the investor relations management, and it has designated Securities Times, Hong Kong Commercial Daily and <http://www.cninfo.com.cn> as its statutory information disclosure media and website. With fair treatment to all investors, the company in a timely manner discloses the information with truthfulness, accuracy and completeness, which well ensures the transparency of the company and the legitimate rights and interests of all shareholders.

Does there exist any difference in compliance with the corporate governance , the PRC Company Law and the relevant provisions of CSRC,

Yes No

There exist no difference in compliance with the corporate governance , the PRC Company Law and the relevant provisions of CSRC.

II. Independence and Completeness in business, personnel , assets, organization and finance

The Company kept independence and separated with holding shareholders on the aspects of business, human resource, capital, organization, and accounting. And the Company established independent and complete business operating systems.

1. On business operations

The Company's majors of design, manufacture, sale business of industrial steam turbine was independent from the holding company (Hangzhou Steam Turbine Power Group). The controlling shareholder in the subsidiary engineering company to undertake the project in, Some of the holding subsidiaries of the Group are selling the Company's steam turbine products and spare parts, which are at market prices; The Company and the Group are not sharing any office site.

2. On personnel management

The Company kept independence with the holding shareholders on the aspects of human resource and remuneration management. Although the Company's chairman of the Board and the vice chairman of the Board were part-time by the parent company's (Hang Steam Turbine Group) chairman of the Board and the vice chairman of the Board; the Company's management was employed and gotten salary exclusively in the Company instead of any management duty in the holding-share share holders except the duty of chairman of the Board. The Company's accountant had no part-time job in their parent company or related companies.

3. On capital operation

The property relationship between the Company and the holding-share shareholders was clear and explicit. The capital and business injected by the holding-share shareholders was independent and complete. And at the same time, the Company owned system of manufacturing and operation, sale, accessorial manufacturing and relevant

equipments which independent from holding shareholder.

4. On organization structure

The Company kept total independence from the controlling shareholder on the organization configuration. The Company owned separate and independent manufacturing, supplying, and sales system, there was no horizontal competition with the controlling shareholder, and the Company owned independent management and operation systems. The Company signed related trading agreements with the subsidiaries of the share-holding company. The Company's intermediate managers are employed by the Company's executives, and was evaluated under the economic responsibility system.

5. On accounting management

The Company had independent accounting department, and established independent account re-calculation system and accounting system; the Company also had the regulated and independent finance management on the share-holding and subsidiaries; the Company had independent finance policies and bank account and its tax, there was no joint account with controlling shareholder.

6. In legal aspect

The company has been approved by Zhejiang Provincial Department of Justice to carry out corporate lawyer work, and perform legal affairs duties according to relevant regulations such as Opinions on Implementing the Legal Adviser System and the Lawyers System of Public Lawyers Company and Measures for the Administration of Legal Advisers in State-owned Enterprises. Along with Zhejiang Tianche Law Firm – the public legal consultancy employed by the Company, the Department aims to regulate the legal affairs and day-to-day administrations .

III. Competition situations of the industry

Applicable Not applicable

IV. Annual General Meeting and Extraordinary Shareholders' Meetings in the Reporting Period

1. Annual General Meeting

Sessions	Type	Investor participation ratio	Meeting Date	Disclosure date	Disclosure index
1st Provisional Shareholders' Meeting 2020	Provisional Shareholders' Meeting	72.48%	November 25,2020	November 26,2020	Resolutions of the 1 st Provisional Shareholders' Annual Meeting 2020 (Announcement No. 2020-68) released by Securities Times, Shanghai Securities Daily, Hong Kong Commercial Daily, and Http://www.cninfo.com.cn
2019 Shareholders' general meeting	Shareholders' Meeting	72.59%	June 5,2020	June 5,2020	Resolutions of the Shareholders' Annual Meeting 2019 (Announcement No. 2020-38) released by Securities Times, Shanghai Securities Daily, Hong Kong Commercial Daily, and Http://www.cninfo.com.cn

2. Request for extraordinary general meeting by preferred stockholders whose voting rights restore

Applicable Not applicable

V. Responsibility performance of independent directors in report period**1. The attending of independent directors to board meetings and shareholders' general meeting**

The attending of independent directors							
Independent Directors	Number of Board meetings necessary to be attended in the reporting period	Number of spot attendances	Number of meetings attended by Communication	Number of attendances by representative	Number of absence	Failure to personally attend board meetings successively twice (Yes/No)	Number of attendance at general meetings of shareholders
Zhang Xiaoyan	7	3	4	0	0	No	2
Gu Xinjian	7	2	5	0	0	No	2
Chen Danhong	7	3	4	0	0	No	2
Zhang Hejie	7	2	5	0	0	No	2

Notes to failure to personally attend Board Meetings Successively Twice

None

2. Objection for relevant events from independent directors

Independent directors come up with objection about Company's relevant matters

Yes No

No objections arising from the independent directors on relevant events of the Company during the Period

3. Other notes to duty performance of independent directors

Has an independent director's advice to the Company been accepted

Yes No

Explanation on acceptance of or failure to accept an independent director's advice to the Company.

(1) By understanding the business situation in 2019, it is recommended that the company grasp the strategic positioning of the market and actively explore the international market; It is suggested that the company should control the contract risk and increase the accounts receivable collection through litigation and other means; It is suggested that the company strengthen salary management and performance appraisal, and improve the working enthusiasm of employees and managers.

(2) At the 1st communication meeting between the independent directors and the accounting firm, the independent directors debriefed the accounting firm, and suggested the Company to attach importance to the

recovery of receivables and the inventory of units to grasp risks.

(3) At the 2nd communication meeting between the independent directors and the accounting firm, the independent directors suggested the Company to confirm revenue recognition principle and keep the precautionary principle as always, to respond risks for partial suspended projects, to keep the the construction progress of important issues up with the market condition changes, and to actively disclose relevant information to minority shareholders and maintain their interests

(4) It was recognized at the first meeting of the Eighth Compensation Committee that the Company's directors and senior executives performed their duties diligently and made significant contribution to the Company's business development during their tenure, hence greater compensation assessment incentive should be given and compensation should be increased to create an effective incentive. Since the State-owned Assets Supervision and Administration Commission has restrictions on compensation assessment on directors and senior executives of state-owned enterprises, an adjustment shall be done to the compensation proposal for directors and senior executives of the Company subject to corresponding reference standards.

The management accepted the above suggestions.

VI. Fulfilling of duties by the Special Committees under the Board of Directors

(I) The Auditing Committee

The Auditing Committee was performing its duties strictly according to the Working Criteria of Auditing Committee and was mainly in charge of supervising, verification and communication of internal and external auditing works. It was also performing the duties to satisfy the requirement of China Securities Regulatory Commission as well as Shenzhen Stock Exchange. In the report period, the main works performed by the Auditing Committee were:

1. To call the 1st meeting of the 8th term of Auditing Committee at which the annual auditing work was discussed and suggestions were provided on problems in the auditing process.
2. The 2nd meeting of the 8th term of Auditing Committee was held to examine the Annual Report 2019, the General Manager's Report, Financial Report, Dividend Plan, Proposal of Routine Related Transactions, Providing of Inventory Provision and Bad Debt Provision, Internal Control Manual, Internal Control Introspective Report, Internal Control Annual Report and Plan. Statements and were provided on the auditing works of the CPA, and opinions were issued about extending of the CPA's service. Improvement suggestions were provided on internal control. Opinions were provided on the Annual Report and Financial Report which were about to be submitted to the Board.

(II) The Remuneration and Assessment Committee

The Remuneration and Assessment Committee was established to set up standard for assessing the performance and deciding the remuneration of the directors and executives. Detailed plans were produced and submitted to the Board. In the report period, The Committee conducted the following works in the report period:

1. The 1st meeting of the 8th term of Remuneration and Assessment Committee was held to examine the assessment outcome of the directors and executives for year 2019, and produced the remuneration plan for the examination of the Board.

(III) Nomination Committee of the Board of Directors

The board of directors of the company shall set up a nomination committee to make recommendations to the board of directors on the size and composition of the board of directors, and to examine and make recommendations on the candidates for directors and senior management. During the reporting period, he

company's directors and senior executives did not change.

VII. Fulfilling of duties of the Supervisory Committee

Is there any risk in the supervisory activities of the board of supervisors during the reporting period

Yes No

No disagreement with supervisory issues by the Supervisory Committee during the report period.

VIII. Assessment and incentive Mechanism for Senior executives

The Company adopts the annual remuneration scheme for directors (excluding independent directors) and senior executives (including Chairman of the Supervisory Committee) which is a combination of basic wages and performance wages. According to the "Remuneration and Assessment Scheme for the 5th term of the 7th term of Board and the 2nd shareholders' provisional meeting 2019(2019 Revision), the Remuneration & Assessment Committee is responsible to assess the performances of the directors and senior executives according to stipulated procedures. Directors and senior executives are scored and assessed one after another and comes out with a plan subject to approval of the Board and the Shareholders' Meeting. Basic wages are distributed on monthly basis and the overall remunerations are paid upon completion of the annual assessment.

In the report term, the Directors (exclude independent directors) and senior executives (including the Chairman of Supervisory Committee) are scored and assessed one after another and comes out with a plan decided by the 2nd meeting of Remuneration Committee, which was subject to approval of the Board. The Assessment and Remuneration Scheme was produced through legal procedures and has been monitoring and motivating the directors and senior executives. The Company hadn't conducted any share incentive program to any directors or senior executives as of the end of report period.

IX. Internal control situations

1. Major problems in internal control discovered in the report period

Yes No

2. Self-evaluation report on internal control

Disclosure date of appraisal report on internal control	April 17,2021
Disclosure index of appraisal report on internal control	Disclosed by http://www.cninfo.com.cn dated April 17, 2021
Proportion of total unit assets covered by appraisal in the total assets of the consolidated financial statements of the company	100.00%
Proportion of total unit incomes covered by appraisal in the total business incomes of the consolidated financial statements of the company	100.00%

Standards of Defects Evaluation		
Type	Financial Report	Non-financial Report
Standard	Deficiency characterized as below will be treated as fatal defects: To correct the fatal errors already published in the financial report (except for the retrospection and adjustments of previous years because of policies changing and other objective factors changing);fatal errors already discovered by auditor, unidentified in the current financial report; any fraud among top management; invalid monitoring to the financial report from audit committee and internal audit department.	(1) Punishment received by governments below provincial level (including provincial level) but no negative effects for our company's periodic report disclosure will be considered as a general deficiency; (2) or punishments from national governments above provincial level but no negative effects for our company's periodic report disclosure will be considered as a significant deficiency; (3) external official disclosure has been already carried out and brought certain negative effects to our company's periodic report disclosure will be considered as a fatal deficiency.
Standards of Quantization	In accordance with the degree of importance of deficiency that may cause financial report errors, our company defined quantitative identification standard of financial report internal deficiency control as per the average of the last three-year total profit. 1) errors reported indicator < consolidating 3% of pre-tax profit, will be asserted as general deficiencies; (2) 3% of combined pre-tax profit ≤ errors reported indicator < 5% of combined pre-tax profit, will be asserted as significant deficiencies; (3) errors reported indicator ≥5% of combined pre-tax profit, will be asserted as fatal deficiencies.	1) Losses < consolidating 3% of pre-tax profit, will be asserted as general deficiencies; (2) 3% of combined pre-tax profit ≤ losses < 5% of combined pre-tax profit, will be asserted as significant deficiencies; (3) losses ≥5% of combined pre-tax profit, will be asserted as fatal deficiencies.
Number of major defects in financial reporting (a)		0
Number of major defects in non financial reporting (a)		0
Number of important defects in financial reporting (a)		0
Number of important defects in non financial reporting (a)		0

X. Internal Control audit report

√ Applicable Not applicable

Review opinions in the internal control audit report	
As far as our best understanding, Hangzhou Steam Turbine Co., Ltd. has been conducting effective internal control over its financial reporting system in all material aspects we observed as of December 31, 2020, and has been following with the Enterprise Internal Control Criteria.	
Disclosure of internal audit report	Disclosure
Disclosure date of audit report of internal control (full-text)	April 17,2021
Index of audit report of internal control (full-text)	Disclosed by http://www.cninfo.com.cn dated April 17, 2021
Internal audit report's opinion	Unqualified audit opinion
Non-financial reporting the existence of significant deficiencies	No

Has the CPAs issued a qualified auditor's report of internal control .

Yes No

Does the internal control audit report issued by the CPAs agree with the self-assessment report of the Board of Directors

Yes No

XI. Corporation bonds

Whether or not the Company public offering corporation bonds in stock exchange, which undue or without payment in full at maturity on the approval date for annual report disclosed

Yes No

XII. Financial Report

I. Auditors' Report

Type of auditing opinion	Standard report without qualified opinion
Date of issue of the Auditors' Report	April 15, 2021
Name of the CPA	Pan-China Certified Public Accountants (Special common partnership)
Ref. No. of the Auditors' Report	Tian Jian Shen No.: [2021] 2378
Name of the certified accountants	Sheng Weiming, Ye Xianbin

Auditors' Report

To the entire shareholders of Hangzhou Steam Turbine Co., Ltd.

I. Opinion

We have audited the financial statements of Hangzhou Steam Turbine Co., Ltd. (hereinafter referred to as "the Company"), which comprise the balance sheet as at December 31, 2020, and the income statement, the statement of cash flows and the statement of changes in owners' equity for the year then ended and notes to the financial statements.

In our opinion, the attached financial statements are prepared, in all material respects, in accordance with Accounting Standards for Business Enterprises and present fairly the financial position of the Company as at December 31, 2020 and its operating results and cash flows for the year then ended.

II. Basis for Our Opinion

We conducted our audit in accordance with the Auditing Standards for Certified Public Accountants in China. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. According to the Code of Ethics for Chinese CPA, we are independent of the Company in accordance with the Code of Ethics for Chinese CPA and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

III. Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

(1) Recognition of income

1. Description of the matter

For details of the relevant information disclosure, please refer to Note III (19), Note V (2) 1 and Note XIII (1) in the financial statements.

The operating income of Hangzhou Steam Turbine Co., Ltd. mainly comes from the production and sales of industrial steam turbines and other products. In 2020, the amount of operating income items shown in the consolidated financial statements of Hangzhou Steam Turbine Co., Ltd. was RMB 4.496 billion, of which the operating income of the industrial steam turbine business was RMB 3.39 billion, accounting for 75.39% of the operating income.

The domestic sales income of Hangzhou Turbine Co., Ltd. is recognized and accepted by customers when the company delivers the products to the delivery place agreed in the contract, and the sales income is recognized when the company has declared the products according to the contract, obtained the bill of lading, collected the payment or obtained the right to collect payment, and the related economic benefits are likely to flow into the company.

As the operating income is one of the key performance indicators of Hangzhou Turbine Co., Ltd., there may be inherent risk that the management of Hangzhou Turbine Co., Ltd. (hereinafter referred to as the management) will achieve specific goals or expectations through improper revenue recognition. Therefore, we identified revenue recognition as a key audit item.

2. Audit Countermeasures

For revenue recognition, the audit procedures we have implemented mainly include:

(1) Understand key internal controls related to revenue recognition, evaluate the design of these controls, determine whether they are implemented, and test the operational effectiveness of relevant internal controls;

(2) Check the sales contract, understand the main contract terms or conditions, and evaluate whether the revenue recognition method is appropriate;

(3) Implementing substantive analysis procedures for operating income and gross profit margin according to products and customers to identify whether there are material or abnormal fluctuations, and to identify the causes of such fluctuations;

(4) For domestic sales income, by sampling method check the supporting documents related to revenue recognition, including sales contracts, sales invoices, shipment bills and receipts; for export income, by sampling method check the supporting documents including sales contracts, export declarations, freight bills of lading and sales invoices;

(5) In conjunction with the letter confirmation of accounts receivable, the sales amount of the current period for major customers are letter confirmed by sampling method;

(6) Implement a cut-off test on the operating income recognized before and after the balance sheet date, and evaluate whether the operating income is recognized within an appropriate period;

(7) Obtain the sales return record after the balance sheet date, and check whether there is any situation that the income recognition conditions are not met on the balance sheet date;

(8) Check that the information related to the operating income whether has been properly presented and disclosed in the financial statements.

(II) Impairment of accounts receivable

1. Description of the matter

For related information disclosure, please refer to Note III (9) and Note V (1) 4 of the financial statements.

As of December 31, 2020, the book balance of accounts receivable items shown in the consolidated financial statements of Hangzhou Steam Turbine Co., Ltd. was RMB 2.611 billion, the bad debt provision was RMB 992 million, and the book value was RMB 1.619 billion.

According to the credit risk characteristics of each account receivable, the management measures its loss reserves on the basis of individual accounts receivable or a combination of accounts receivable and according to the expected credit loss amount equivalent to the whole duration. For accounts receivable that measure expected credit losses on a single basis, the management comprehensively considers reasonable and reliable information about past events, current status and future economic status forecasts, estimates the expected cash flow, and determines the provision for bad debts to be accrued accordingly; For accounts receivable whose expected credit losses are measured on the basis of combination, the management divides the combination based on aging, refers to historical credit loss experience, and adjusts it according to forward-looking estimation, and compiles a comparison table between the aging of accounts receivable and loss given default, thereby determining the bad debt reserves to be accrued.

Due to the significant amount of accounts receivable and the impairment test of accounts receivable involving significant management judgment, we determine the impairment of accounts receivable as a key audit matter.

2. Audit Countermeasures

For the impairment of accounts receivable, the audit procedures we have implemented mainly include:

(1) Understand the key internal controls related to the impairment of accounts receivable, evaluate the design of these controls, determine whether they have been implemented, and test the operational effectiveness of the

relevant internal controls;

(2) Review the subsequent actual write-off or reversal of accounts receivable with provision for bad debts in previous years, and evaluate the accuracy of the management's past forecasts;

(3) Review the management's relevant considerations and the objective evidence for the impairment test of the accounts receivable, and evaluate whether the management fully recognizes the accounts receivable that have been impaired;

(4) For accounts receivable that are individually tested for impairment, obtain and examine the management's forecast on the present value of future cash flows, evaluate the rationality of the key assumptions and the accuracy of the data used in the forecast, and verify with the external evidence obtained;

(5) For the accounts receivable that are tested for impairment using the combination method, evaluate the rationality of the management's combination dividing according to the credit risk characteristics; based on the historical loss rate of a combination with similar credit risk characteristics and the relevant observable data reflecting the current situation and so on to evaluate the rationality of the management's impairment test method (including the proportion of the provision for bad debts of each combination); test the accuracy and completeness of the data used by the management (including the accounts receivable combination with aging as the risk characteristics, checking the accuracy of the ageing of accounts receivable by sampling method) and test whether the calculation of the corresponding provision for bad debts is accurate;

(6) Checking the post-payments of accounts receivable and evaluating the reasonableness of the management's provision for bad debts of accounts receivable;

(7) Check whether the information related to the impairment of accounts receivable has been properly presented and disclosed in the financial statements.

(III) Net realizable value of inventories

1. Description of the matter

For details of relevant information disclosure, please refer to Note III (10) and Note V (1) 8 of the financial statements.

As of December 31, 2020, the book balance of the inventory items shown in the consolidated financial statements of Hangzhou Steam Turbine Co., Ltd. was RMB 2.508 billion, the provision for price falling was RMB 336 million, and the book value was RMB 2.172 billion.

On the balance sheet date, the inventories are measured at the lower of the cost and net realizable value, and the provision for inventory falling price is made based on the difference that the cost of a single inventory exceeding the net realizable value. On the basis of considering the purpose of holding the inventory, the management determines the estimated selling price according to the contract price, the market price of the same or similar products, the advance receipt, the estimated disposal income, etc., and determines the net realizable value of the inventory by the estimated sales price subtracting the estimated occurrence cost will be happened at the time of completion and subtracting the estimated sales expenses and related taxes and fees

Due to the significant amount of inventories and the determination of the net realizable value of inventories involving significant management judgment, we determine the net realizable value of inventories as a key audit item.

2. Audit Countermeasures

For the net realizable value of inventories, the audit procedures we have implemented mainly include:

(1) Understand the key internal controls related to the net realizable value of inventory, evaluate the design of these controls, determine whether they have been implemented, and test the operational effectiveness of the relevant internal controls;

(2) Review management's forecast of the net realizable value of inventory and the actual operating results in previous years, and evaluate the accuracy of management's past forecasts;

(3) by sampling method review the management's forecast of the estimated selling price of the inventory, and compare the estimated selling price with the post-event situation, the contracted selling price, the advance receipt, and the valuation value;

(4) evaluate the management's reasonableness for the estimation on the costs, sales expenses and related taxes and fees that will occur from the inventory to its completion sales;

(5) test the accuracy of the management's calculation on the net realizable value of inventory;

(6) In combination with the inventory monitoring, check whether the ending inventory has long storage age, obsolete models, project suspension or termination situation, and evaluate whether the management has reasonably estimated the net realizable value;

(7) Check whether the information related to the net realizable value of the inventory has been properly presented and disclosed in the financial statements.

IV. Other information

The management of the Company is responsible for the other information. The other information comprises information of the Company's annual report, but excludes the financial statements and our auditor's report.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard

V. Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Company's management is responsible for preparing the financial statements in accordance with the requirements of Accounting Standards for Business Enterprises to achieve a fair presentation, and for designing, implementing and maintaining internal control that is necessary to ensure that the financial statements are free from material misstatements, whether due to frauds or errors.

In preparing the financial statements, management of the Company is responsible for assessing the Company's ability to continue as a going concern, disclosing matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

VI. Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the audit standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

(1) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, omissions, misrepresentations, or the override of internal control.

(2) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.

(3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management of the Company.

(4) Conclude on the appropriateness of using the going concern assumption by the management of the Company, and conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

(5) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

(6) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements and bear all liability for the opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit matters, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

II. The Financial Statements

1. Consolidated Balance Sheet

Prepared by: Hangzhou Steam Turbine Co., Ltd

In RMB

Items	December 31,2020	December 31,2019
Current asset :		
Monetary fund	1,829,481,187.49	1,756,320,237.50
Settlement provision		
Outgoing call loan		
Transactional financial assets	1,021,681,809.34	854,210,990.44
Derivative financial assets		
Notes receivable	118,107,076.67	46,484,259.65
Account receivable	1,618,798,305.46	2,025,081,342.74
Financing of receivables	774,663,468.76	680,279,893.94
Prepayments	577,604,707.85	388,562,447.80
Insurance receivable		
Reinsurance receivable		
Provisions of Reinsurance contracts receivable		
Other account receivable	64,392,157.13	45,520,789.89
Including: Interest receivable		
Dividend receivable	43,605,292.60	27,827,292.60
Repurchasing of financial assets		
Inventories	2,171,753,113.46	2,051,290,269.07
Contract assets	486,569,325.17	
Assets held for sales		
Non-current asset due within 1 year		
Other current asset	48,964,817.02	71,592,063.09
Total of current assets	8,712,015,968.35	7,919,342,294.12
Non-current assets:		
Non-current assets:		
Loans and payment on other's behalf disbursed		
Creditor's right investment		
Long-term receivable		
Long term share equity investment	23,355,441.61	22,129,585.83
Other equity instruments investment	4,056,378,073.52	2,490,376,886.96
Other non-current financial assets	18,376,081.45	142,244,014.16
Property investment		
Fixed assets	1,094,505,770.45	724,702,558.18
Construction in progress	804,921,709.95	799,410,358.84
Production physical assets		
Oil & gas assets		
Use right assets		
Intangible assets	273,812,314.29	275,140,367.22
Development expenses		
Goodwill		
Long-germ expenses to be amortized		

Deferred income tax asset	409,288,564.79	226,769,514.65
Other non-current asset		
Total of non-current assets	6,680,637,956.06	4,680,773,285.84
Total of assets	15,392,653,924.41	12,600,115,579.96
Current liabilities		
Short-term loans	216,722,803.41	97,840,187.21
Loan from Central Bank		
Borrowing funds		
Transactional financial liabilities		
Derivative financial liabilities		
Notes payable	230,724,303.75	227,961,541.12
Account payable	1,207,797,820.78	1,030,408,716.74
Advance receipts		2,818,130,397.17
Contract liabilities	2,871,186,991.05	
Selling of repurchased financial assets		
Deposit taking and interbank deposit		
Entrusted trading of securities		
Entrusted selling of securities		
Employees' wage payable	116,400,157.12	96,205,949.57
Tax payable	281,909,641.60	34,521,756.98
Other account payable	75,212,591.46	82,148,405.19
Including: Interest payable	-	
Dividend payable	-	
Fees and commissions payable		
Reinsurance fee payable		
Liabilities held for sales		
Non-current liability due within 1 year	1,001,088.89	200,319.30
Other current liability	374,106,541.36	
Total of current liability	5,375,061,939.42	4,387,417,273.28
Non-current liabilities:		
Reserve fund for insurance contracts		
Long-term loan	21,623,520.00	22,435,762.23
Bond payable		
Including: preferred stock		
Sustainable debt		
Lease liability		
Long-term payable	405,872,616.77	730,460,508.59
Long-term remuneration payable to staff		
Expected liabilities		32,202,504.57
Deferred income	489,416,290.74	51,713,417.61
Deferred income tax liability	550,540,278.99	316,910,472.07
Other non-current liabilities		
Total non-current liabilities	1,467,452,706.50	1,153,722,665.07
Total of liability	6,842,514,645.92	5,541,139,938.35
Owners' equity		
Share capital	754,010,400.00	754,010,400.00

Other equity instruments		
Including: preferred stock		
Sustainable debt		
Capital reserves	153,617,619.65	152,973,219.65
Less: Shares in stock	144,078,948.09	
Other comprehensive income	3,114,962,386.84	1,784,195,156.34
Special reserve	17,699,635.27	18,324,473.28
Surplus reserves	621,112,807.78	621,112,807.78
Common risk provision		
Retained profit	3,587,465,039.91	3,276,880,091.53
Total of owner's equity belong to the parent company	8,104,788,941.36	6,607,496,148.58
Minority shareholders' equity	445,350,337.13	451,479,493.03
Total of owners' equity	8,550,139,278.49	7,058,975,641.61
Total of liabilities and owners' equity	15,392,653,924.41	12,600,115,579.96

Legal Representative: Zheng Bin Person in charge of accounting: Zhao Jiamao Accounting Dept Leader: Jin Can

2.Parent Company Balance Sheet

Items	In RMB	
	December 31,2020	December 31,2019
Current asset :		
Monetary fund	1,068,802,728.63	1,017,072,165.81
Transactional financial assets	901,681,809.34	532,040,990.44
Derivative financial assets		
Notes receivable	2,386,000.00	4,712,981.35
Account receivable	1,233,324,781.52	1,470,224,608.96
Financing of receivables	560,214,105.19	376,974,822.75
Prepayments	435,233,928.27	222,187,452.27
Other account receivable	52,338,992.66	31,067,688.80
Including: Interest receivable		
Dividend receivable	43,605,292.60	27,827,292.60
Inventories	1,504,591,192.03	1,402,933,995.29
Contract assets	298,440,051.27	
Assets held for sales		
Non-current asset due within 1 year		
Other current asset		30,332,464.25
Total of current assets	6,057,013,588.91	5,087,547,169.92
Non-current assets:	-	
Creditor's right investment		
Other investment on bonds		
Long-term receivable		
Long term share equity investment	925,188,454.39	897,978,418.75
Other equity instruments investment	4,056,378,073.52	2,490,376,886.96
Other non-current financial assets	18,227,489.14	119,345,893.13
Property investment		
Fixed assets	353,788,891.57	413,089,308.63
Construction in progress	495,409,362.19	246,387,266.69
Production physical assets	-	
Oil & gas assets	-	
Use right assets	-	
Intangible assets	163,116,618.58	161,688,374.81
Development expenses	-	
Goodwill	-	
Long-germ expenses to be amortized	-	
Deferred income tax asset	355,670,069.60	174,060,251.09
Other non-current asset		
Total of non-current assets	6,367,778,958.99	4,502,926,400.06
Total of assets	12,424,792,547.90	9,590,473,569.98
Current liabilities		
Short-term loans	150,136,986.30	
Transactional financial liabilities	-	

Derivative financial liabilities	-	
Notes payable	6,955,000.00	10,000,000.00
Account payable	820,258,129.08	623,426,940.99
Advance receipts		1,908,382,258.12
Contract Liabilities	2,077,614,427.93	
Employees' wage payable	67,025,966.88	49,620,330.21
Tax payable	240,368,823.36	3,776,368.66
Other account payable	56,602,697.52	54,954,443.47
Including: Interest payable		
Dividend payable		
Liabilities held for sales		
Non-current liability due within 1 year		
Other current liability	267,804,499.76	
Total of current liability	3,686,766,530.83	2,650,160,341.45
Non-current liabilities:	-	
Long-term loan		
Bond payable		
Including: preferred stock		
Sustainable debt		
Lease liability		
Long-term payable	247,309,261.46	545,357,990.20
Long-term remuneration payable to staff		
Expected liabilities		32,202,504.57
Deferred income	489,002,470.74	50,316,362.61
Deferred income tax liability	550,540,278.99	316,910,472.07
Other non-current liabilities		
Total non-current liabilities	1,286,852,011.19	944,787,329.45
Total of liability	4,973,618,542.02	3,594,947,670.90
Owners' equity		
Share capital	754,010,400.00	754,010,400.00
Other equity instruments		
Including: preferred stock		
Sustainable debt		
Capital reserves	138,953,250.09	138,953,250.09
Less: Shares in stock	144,078,948.09	
Other comprehensive income	3,115,610,428.47	1,784,509,419.91
Special reserve	6,000,000.00	6,000,000.00
Surplus reserves	602,356,402.65	602,356,402.65
Retained profit	2,978,322,472.76	2,709,696,426.43
Total of owners' equity	7,451,174,005.88	5,995,525,899.08
Total of liabilities and owners' equity	12,424,792,547.90	9,590,473,569.98

Legal Representative: Zheng Bin

Person in charge of accounting: Zhao Jiamao

Accounting Dept Leader: Jin Can

3.Consolidated Income statement

In RMB

Items	Year 2020	Year 2019
I. Income from the key business	4,496,445,244.55	4,279,848,518.81
Incl: Business income	4,496,445,244.55	4,279,848,518.81
Interest income		
Insurance fee earned		
Fee and commission received		
II. Total business cost	4,055,001,301.62	3,850,705,396.26
Incl: Business cost	3,070,339,239.83	2,962,218,665.32
Interest expense		
Fee and commission paid		
Insurance discharge payment		
Net claim amount paid		
Net amount of withdrawal of insurance contract reserve		
Insurance policy dividend paid		
Reinsurance expenses		
Business tax and surcharge	35,092,314.03	33,200,190.84
Sales expense	222,561,812.71	214,261,920.21
Administrative expense	499,397,682.96	488,985,589.47
R & D costs	207,848,047.96	172,171,661.60
Financial expenses	19,762,204.13	-20,132,631.18
Including: Interest expense	7,012,513.74	9,963,292.02
Interest income	21,990,927.98	29,571,034.30
Add: Other income	104,733,657.43	46,302,840.83
Investment gain (“-”for loss)	146,163,604.81	147,991,934.91
Incl: investment gains from affiliates	-1,927,761.28	-1,500,653.46
Financial assets measured at amortized cost cease to be recognized as income		
Gains from currency exchange		
Net exposure hedging income		
Changing income of fair value	2,824,771.16	-8,064,846.00
Credit impairment loss	-9,902,018.52	19,024,730.60
Impairment loss of assets	-73,523,271.22	-116,698,877.20
Assets disposal income	383,003.71	420,395.37
III. Operational profit (“-”for loss)	612,123,690.30	518,119,301.06
Add : Non-operational income	46,012,519.79	9,253,221.92
Less: Non-operating expense	37,203,173.86	49,991,749.22
IV. Total profit (“-”for loss)	620,933,036.23	477,380,773.76
Less: Income tax expenses	68,414,046.71	51,033,950.90
V. Net profit	552,518,989.52	426,346,822.86
(I) Classification by business continuity		
1.Net continuing operating profit	552,518,989.52	426,346,822.86
2.Termination of operating net profit		

(II) Classification by ownership		
1.Net profit attributable to the owners of parent company	459,345,443.38	345,138,064.00
2.Minority shareholders' equity	93,173,546.14	81,208,758.86
VI. Net after-tax of other comprehensive income	1,330,317,116.59	407,432,983.75
Net of profit of other comprehensive income attributable to owners of the parent company.	1,330,767,230.50	407,026,633.60
(I) Other comprehensive income items that will not be reclassified into gains/losses in the subsequent accounting period	1,331,101,008.56	406,725,308.17
1.Re-measurement of defined benefit plans of changes in net debt or net assets		
2.Other comprehensive income under the equity method investee can not be reclassified into profit or loss.		
3. Changes in the fair value of investments in other equity instruments	1,331,101,008.56	406,725,308.17
4. Changes in the fair value of the company's credit risks		
5.Other		
(II) Other comprehensive income that will be reclassified into profit or loss.	-333,778.06	301,325.43
1.Other comprehensive income under the equity method investee can be reclassified into profit or loss.		
2. Changes in the fair value of investments in other debt obligations		
3. Other comprehensive income arising from the reclassification of financial assets		
4.Allowance for credit impairments in investments in other debt obligations		
5. Reserve for cash flow hedges		
6.Translation differences in currency financial statements	-333,778.06	301,325.43
7.Other		
Net of profit of other comprehensive income attributable to Minority shareholders' equity	-450,113.91	406,350.15
VII. Total comprehensive income	1,882,836,106.11	833,779,806.61
Total comprehensive income attributable to the owner of the parent company	1,790,112,673.88	752,164,697.60
Total comprehensive income attributable minority shareholders	92,723,432.23	81,615,109.01
VIII. Earnings per share		
(I) Basic earnings per share	0.62	0.46
(II) Diluted earnings per share	0.62	0.46

Legal Representative: Zheng Bin

Person in charge of accounting: Zhao Jiamao

Accounting Dept Leader: Jin Can

4. Income statement of the Parent Company

In RMB

Items	Year 2020	Year 2019
I. Income from the key business	2,491,319,230.10	2,659,697,559.19
Incl: Business cost	1,724,460,420.79	1,891,710,034.53
Business tax and surcharge	17,627,107.30	16,417,145.67
Sales expense	118,991,535.78	121,156,993.92
Administrative expense	351,881,555.42	331,960,700.29
R & D expense	103,349,185.28	99,326,577.14
Financial expenses	15,463,238.65	-20,507,882.13
Including: Interest expenses	2,150,321.19	3,309,211.53
Interest income	15,208,360.56	22,921,074.97
Add: Other income	95,626,075.56	31,480,053.46
Investment gain (“-”for loss)	246,508,123.09	155,827,347.36
Including: investment gains from affiliates	210,035.64	-153,902.87
Financial assets measured at amortized cost cease to be recognized as income		
Net exposure hedging income	-	
Changing income of fair value	3,048,442.30	-7,837,109.45
Credit impairment loss	-18,781,277.30	26,106,673.93
Impairment loss of assets	-54,773,473.53	-106,144,548.84
Assets disposal income	247,056.74	172,317.08
II. Operational profit (“-”for loss)	431,421,133.74	319,238,723.31
Add : Non-operational income	40,238,894.78	4,085,322.76
Less: Non -operational expenses	26,784,001.84	48,728,272.77
III. Total profit (“-”for loss)	444,876,026.68	274,595,773.30
Less: Income tax expenses	27,489,485.35	16,124,234.44
IV. Net profit	417,386,541.33	258,471,538.86
1.Net continuing operating profit	417,386,541.33	258,471,538.86
2.Termination of operating net profit		
V. Net after-tax of other comprehensive income	1,331,101,008.56	406,725,308.17
(I) Other comprehensive income items that will not be reclassified into gains/losses in the subsequent accounting period	1,331,101,008.56	406,725,308.17
1.Re-measurement of defined benefit plans of changes in net debt or net assets		
2.Other comprehensive income under the equity method investee can not be reclassified into profit or loss.		
3. Changes in the fair value of investments in other equity instruments	1,331,101,008.56	406,725,308.17
4. Changes in the fair value of the company’s credit risks		
5.Other		
(II)Other comprehensive income that will be reclassified into profit or loss	-	
1.Other comprehensive income under the equity method investee can be reclassified into profit or loss.		

2. Changes in the fair value of investments in other debt obligations		
3. Other comprehensive income arising from the reclassification of financial assets		
4. Allowance for credit impairments in investments in other debt obligations		
5. Reserve for cash flow hedges		
6. Translation differences in currency financial statements		
7. Other		
VI. Total comprehensive income	1,748,487,549.89	665,196,847.03
VII. Earnings per share		
(I) Basic earnings per share		
(II) Diluted earnings per share		

Legal Representative: Zheng Bin

Person in charge of accounting: Zhao Jiamao

Accounting Dept Leader: Jin Can

5. Consolidated Cash flow statement

In RMB

Items	Year 2020	Year 2019
I. Cash flows from operating activities		
Cash received from sales of goods or rendering of services	3,803,293,069.31	3,687,652,554.12
Net increase of customer deposits and capital kept for brother company		
Net increase of loans from central bank		
Net increase of inter-bank loans from other financial bodies		
Cash received against original insurance contract		
Net cash received from reinsurance business		
Net increase of client deposit and investment		
Cash received from interest, commission charge and commission		
Net increase of inter-bank fund received		
Net increase of repurchasing business		
Net cash received by agent in securities trading		
Tax returned	26,208,702.20	25,358,503.32
Other cash received from business operation	450,784,942.40	377,769,471.90
Sub-total of cash inflow	4,280,286,713.91	4,090,780,529.34
Cash paid for purchasing of merchandise and services	2,304,337,423.38	2,195,978,372.49
Net increase of client trade and advance		
Net increase of savings in central bank and brother company		
Cash paid for original contract claim		
Net increase in financial assets held for trading purposes		
Net increase for Outgoing call loan		
Cash paid for interest, processing fee and commission		
Cash paid to staffs or paid for staffs	777,909,857.94	713,930,802.94
Taxes paid	242,769,265.25	301,599,197.14
Other cash paid for business activities	500,853,566.65	447,016,325.54
Sub-total of cash outflow from business activities	3,825,870,113.22	3,658,524,698.11
Net cash generated from /used in operating activities	454,416,600.69	432,255,831.23
II. Cash flow generated by investing		
Cash received from investment retrieving	145,070,209.90	55,913,940.00
Cash received as investment gains	112,463,899.46	103,903,099.53
Net cash retrieved from disposal of fixed assets, intangible assets, and other long-term assets	592,778.88	693,292.93
Net cash received from disposal of subsidiaries or other operational units		
Other investment-related cash received	3,622,054,467.90	3,436,050,452.88
Sub-total of cash inflow due to investment activities	3,880,181,356.14	3,596,560,785.34
Cash paid for construction of fixed assets, intangible assets and other long-term assets	377,681,894.37	385,989,871.27
Cash paid as investment	1,360,000.00	64,120,000.00
Net increase of loan against pledge		
Net cash received from subsidiaries and other operational units		
Other cash paid for investment activities	3,559,712,851.80	2,816,802,000.00

Sub-total of cash outflow due to investment activities	3,938,754,746.17	3,266,911,871.27
Net cash flow generated by investment	-58,573,390.03	329,648,914.07
III.Cash flow generated by financing		
Cash received as investment		
Including: Cash received as investment from minor shareholders		
Cash received as loans	270,300,000.00	97,700,000.00
Other financing –related cash received		
Sub-total of cash inflow from financing activities	270,300,000.00	97,700,000.00
Cash to repay debts	151,500,000.00	239,800,000.00
Cash paid as dividend, profit, or interests	253,918,245.18	207,155,889.38
Including: Dividend and profit paid by subsidiaries to minor shareholders	98,216,380.00	46,358,790.00
Other cash paid for financing activities	173,520,614.76	28,574,866.67
Sub-total of cash outflow due to financing activities	578,938,859.94	475,530,756.05
Net cash flow generated by financing	-308,638,859.94	-377,830,756.05
IV. Influence of exchange rate alternation on cash and cash equivalents	-22,903,722.19	-353,155.53
V.Net increase of cash and cash equivalents	64,300,628.53	383,720,833.72
Add: balance of cash and cash equivalents at the beginning of term	1,645,907,650.92	1,262,186,817.20
VI ..Balance of cash and cash equivalents at the end of term	1,710,208,279.45	1,645,907,650.92

Legal Representative: Zheng Bin

Person in charge of accounting: Zhao Jiamao

Accounting Dept Leader: Jin Can

6. Cash Flow Statement of the Parent Company

In RMB

Items	Year 2020	Year 2019
I.Cash flows from operating activities		
Cash received from sales of goods or rendering of services	1,923,339,387.85	1,897,497,851.97
Tax returned	2,569,038.00	4,180,929.38
Other cash received from business operation	125,812,064.56	69,753,973.73
Sub-total of cash inflow	2,051,720,490.41	1,971,432,755.08
Cash paid for purchasing of merchandise and services	1,041,504,256.96	1,010,258,016.39
Cash paid to staffs or paid for staffs	516,788,220.90	456,948,317.08
Taxes paid	90,229,706.75	164,428,247.71
Other cash paid for business activities	184,157,740.03	219,823,330.75
Sub-total of cash outflow from business activities	1,832,679,924.64	1,851,457,911.93
Net cash generated from /used in operating activities	219,040,565.77	119,974,843.15
II. Cash flow generated by investing		
Cash received from investment retrieving	109,119,738.31	
Cash received as investment gains	227,319,478.82	149,210,100.74
Net cash retrieved from disposal of fixed assets, intangible assets, and other long-term assets	218,580.57	327,330.00
Net cash received from disposal of subsidiaries or other operational units	-	
Other investment-related cash received	1,453,552,142.55	1,556,201,629.51
Sub-total of cash inflow due to investment activities	1,790,209,940.25	1,705,739,060.25
Cash paid for construction of fixed assets, intangible assets and other long-term assets	165,203,042.26	118,760,988.37
Cash paid as investment	27,000,000.00	445,212,943.59
Net cash received from subsidiaries and other operational units	-	
Other cash paid for investment activities	1,595,000,000.00	882,000,000.00
Sub-total of cash outflow due to investment activities	1,787,203,042.26	1,445,973,931.96
Net cash flow generated by investment	3,006,897.99	259,765,128.29
III. Cash flow generated by financing		
Cash received as investment	-	
Cash received as loans	150,000,000.00	
Other financing –related cash received	-	
Sub-total of cash inflow from financing activities	150,000,000.00	
Cash to repay debts		100,000,000.00
Cash paid as dividend, profit, or interests	150,773,829.89	154,323,302.21
Other cash paid for financing activities	144,078,948.09	
Sub-total of cash outflow due to financing activities	294,852,777.98	254,323,302.21
Net cash flow generated by financing	-144,852,777.98	-254,323,302.21
IV. Influence of exchange rate alternation on cash and cash equivalents	-20,884,122.96	-261,792.58
V.Net increase of cash and cash equivalents	56,310,562.82	125,154,876.65
Add: balance of cash and cash equivalents at the beginning of term	967,501,994.48	842,347,117.83
VI ..Balance of cash and cash equivalents at the end of term	1,023,812,557.30	967,501,994.48

Legal Representative: Zheng Bin

Person in charge of accounting: Zhao Jiamao

Accounting Dept Leader: Jin Can

7. Consolidated Statement on Change in Owners' Equity

Amount in this period

In RMB

Items	Year 2020													Minor shareholders' equity	Total of owners' equity
	Owner's equity Attributable to the Parent Company											Subtotal			
	Share Capital	Other Equity instrument			Capital reserves	Less: Shares in stock	Other Comprehensive Income	Specialized reserve	Surplus reserves	Common risk provision	Retained profit		Other		
	Preferr ed stock	Sustaina ble debt	Othe r												
I. Balance at the end of last year	754,010,400.00				152,973,219.65		1,784,195,156.34	18,324,473.28	621,112,807.78		3,276,880,091.53		6,607,496,148.58	451,479,493.03	7,058,975,641.61
Add: Change of accounting policy															
Correcting of previous errors															
Merger of entities under common control															
Other															
II. Balance at the beginning of current year	754,010,400.00				152,973,219.65		1,784,195,156.34	18,324,473.28	621,112,807.78		3,276,880,091.53		6,607,496,148.58	451,479,493.03	7,058,975,641.61
III. Changed in the current year					644,400.00	144,078.948.09	1,330,767.230.50	-624,838.01			310,584,948.38		1,497,292.792.78	-6,129,155.90	1,491,163,636.88
(I) Total comprehensive income							1,330,767.230.50				459,345,443.38		1,790,112,673.88	92,723,432.23	1,882,836,106.11
(II) Investment or decreasing of capital by owners															
1. Ordinary Shares invested by shareholders															
2. Holders of other equity instruments invested capital															
3. Amount of shares paid and accounted as owners' equity															
4. Other															
(III) Profit allotment											-148,760,495.00		-148,760,495.00	-98,216,380.00	-246,976,875.00

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1.Providing of surplus reserves															
2.Providing of common risk provisions															
3. Allotment to the owners (or shareholders)										-148,760,495.00		-148,760,495.00	-98,216,380.00	-246,976,875.00	
4. Other															
(IV) Internal transferring of owners' equity															
1. Capitalizing of capital reserves (or to capital shares)															
2. Capitalizing of surplus reserves (or to capital shares)															
3. Making up losses by surplus reserves.															
4.Change amount of defined benefit plans that carry forward															
Retained earnings															
5. Other comprehensive income carry-over retained earnings															
6. Other															
(V). Special reserves								-624,838.01				-624,838.01	-636,208.13	-1,261,046.14	
1. Provided this year								2,335,261.60				2,335,261.60	56,631.07	2,391,892.67	
2. Used this term								-2,960,099.61				-2,960,099.61	-692,839.20	-3,652,938.81	
(VI) Other				644,400.00	144,078.948.09							-143,434,548.09		-143,434,548.09	
IV. Balance at the end of this term	754,010,400.00			153,617,619.65	144,078,948.09	3,114,962,386.84	17,699,635.27	621,112,807.78		3,587,465,039.91		8,104,788,941.36	445,350,337.13	8,550,139,278.49	

Amount in last year

In RMB

Items	Year 2019												Minor shareholders	Total of owners' equity
	Owner's equity Attributable to the Parent Company													
	Share	Other Equity instrument	Capital	Less:	Other	Specialized	Surplus	Common	Retained	Othe	Subtotal			

Hangzhou Steam Turbine Co.,Ltd. 2020 Annual Report

	Capital	Preferr ed stock	Sustaina ble debt	Othe r	reserves	Shares in stock	Comprehens ive Income	reserve	reserves	risk provision	profit	r		' equity	
I.Balance at the end of last year	754,010,400.00				151,684,419.65		1,377,168,522.74	21,020,671.47	621,112,807.78		3,082,544,107.52		6,007,540,929.16	416,989,449.71	6,424,530,378.87
Add: Change of accounting policy															
Correcting of previous errors															
Merger of entities under common control															
Other															
II.Balance at the beginning of current year	754,010,400.00				151,684,419.65		1,377,168,522.74	21,020,671.47	621,112,807.78		3,082,544,107.52		6,007,540,929.16	416,989,449.71	6,424,530,378.87
III.Changed in the current year					1,288,800.00		407,026,633.60	-2,696,198.19			194,335,984.01		599,955,219.42	34,490,043.32	634,445,262.74
(I) Total comprehensive income							407,026,633.60				345,138,064.00		752,164,697.60	81,615,109.01	833,779,806.61
(II) Investment or decreasing of capital by owners															
1. Ordinary Shares invested by shareholders															
2. Holders of other equity instruments invested capital															
3. Amount of shares paid and accounted as owners' equity															
4. Other															
(III) Profit allotment											-150,802,079.99		-150,802,079.99	-46,358,790.00	-197,160,869.99
1.Providing of surplus reserves															
2.Providing of common risk provisions															
3. Allotment to the owners (or shareholders)											-150,802,079.99		-150,802,079.99	-46,358,790.00	-197,160,869.99
4. Other															
(IV) Internal transferring of owners'															

equity														
1. Capitalizing of capital reserves (or to capital shares)														
2. Capitalizing of surplus reserves (or to capital shares)														
3. Making up losses by surplus reserves.														
4. Change amount of defined benefit plans that carry forward														
Retained earnings														
5. Other comprehensive income carry-over retained earnings														
6. Other														
(V). Special reserves														
1. Provided this year														
2. Used this term														
(VI) Other														
IV. Balance at the end of this term	754,010,400.00				152,973,219.65	1,784,195,156.34	18,324,473.28	621,112,807.78	3,276,880,091.53	6,607,496,148.58	451,479,493.03	7,058,975,641.61		

8. Statement of change in owner's Equity of the Parent Company

Amount in this period

In RMB

Items	Year 2020											Total of owners' equity
	Share capital	Other Equity instrument			Capital reserves	Less: Shares in stock	Other Comprehensive Income	Specialized reserve	Surplus reserves	Retained profit	Other	
		Preferred stock	Sustainable debt	Other								
I. Balance at the end of last year	754,010,400.00				138,953,250.09		1,784,509,419.91	6,000,000.00	602,356,402.65	2,709,696,426.43		5,995,525,899.08
Add: Change of accounting policy												
Correcting of previous errors												

Other												
II.Balance at the beginning of current year	754,010,400.00				138,953,250.09		1,784,509,419.91	6,000,000.00	602,356,402.65	2,709,696,426.43		5,995,525,899.08
III.Changed in the current year						144,078,948.09	1,331,101,008.56			268,626,046.33		1,455,648,106.80
(I) Total comprehensive income							1,331,101,008.56			417,386,541.33		1,748,487,549.89
(II) Investment or decreasing of capital by owners												
1. Ordinary Shares invested by shareholders												
2. Holders of other equity instruments invested capital												
3.Amount of shares paid and accounted as owners' equity												
4. Other												
(III) Profit allotment										-148,760,495.00		-148,760,495.00
1.Providing of surplus reserves												
2. Allotment to the owners (or shareholders)										-148,760,495.00		-148,760,495.00
3. Other												
(IV) Internal transferring of owners' equity												
1. Capitalizing of capital reserves (or to capital shares)												
2. Capitalizing of surplus reserves (or to capital shares)												
3. Making up losses by surplus reserves.												
4.Change amount of defined benefit												

plans that carry forward												
Retained earnings												
5. Other comprehensive income												
carry-over retained earnings												
6. Other												
(V) Special reserves												
1. Provided this year								1,937,754.15				1,937,754.15
2. Used this term								-1,937,754.15				-1,937,754.15
(VI) Other						144,078,948.09						-144,078,948.09
IV. Balance at the end of this term	754,010,400.00				138,953,250.09	144,078,948.09	3,115,610,428.47	6,000,000.00	602,356,402.65	2,978,322,472.76		7,451,174,005.88

Amount in last year

In RMB

Items	Year 2019											
	Share Capital	Other Equity instrument			Capital reserves	Less: Shares in stock	Other Comprehensive Income	Specialized reserve	Surplus reserves	Retained profit	Other	Total of owners' equity
		Preferred stock	Sustainable debt	Other								
I. Balance at the end of last year	754,010,400.00				138,953,250.09		1,377,784,111.74	7,609,505.31	602,356,402.65	2,602,026,967.56		5,482,740,637.35
Add: Change of accounting policy												
Correcting of previous errors												
Other												
II. Balance at the beginning of current year	754,010,400.00				138,953,250.09		1,377,784,111.74	7,609,505.31	602,356,402.65	2,602,026,967.56		5,482,740,637.35
III. Changed in the current year							406,725,308.17	-1,609,505.31		107,669,458.87		512,785,261.73
(I) Total comprehensive income							406,725,308.17			258,471,538.86		665,196,847.03
(II) Investment or decreasing of capital by owners												
1. Ordinary Shares invested by shareho												

lders												
2. Holders of other equity instruments invested capital												
3.Amount of shares paid and accounted as owners' equity												
4. Other												
(III) Profit allotment										-150,802,079.99		-150,802,079.99
1.Providing of surplus reserves												
2. Allotment to the owners (or shareholders)										-150,802,079.99		-150,802,079.99
3. Other												
(IV) Internal transferring of owners' equity												
1. Capitalizing of capital reserves (or to capital shares)												
2. Capitalizing of surplus reserves (or to capital shares)												
3. Making up losses by surplus reserves.												
4.Change amount of defined benefit plans that carry forward Retained earnings												
(V) Special reserves									-1,609,505.31			-1,609,505.31
1. Provided this year									256,841.75			256,841.75
2. Used this term									-1,866,347.06			-1,866,347.06
(VI) Other												
IV. Balance at the end of this term	754,010,400.0 0				138,953,250 .09		1,784,509,419.91	6,000,000.00	602,356,402.65	2,709,696,426.4 3		5,995,525,899.08

III. Basic Information of the Company

Hangzhou Steam Turbine Co., Ltd. (the Company) was incorporated as a joint stock limited company exclusively promoted by Hangzhou Steam Turbine & Power Group Company Limited (“HSTG”) approved by the Securities Regulatory Commission of the State Council with the Document SRC [1998] No. 8 by offering domestically listed foreign currency ordinary shares (B Shares), with registration date: April 23, 1998, Headquartered in Hangzhou, Zhejiang Province. The company now holds a unified social credit code for the 913300007042026204 business license, The Company’s registered capital is increased to RMB754.0104 million with total capital share of 754.0104 million shares (face value RMB1.00). Among which state-owned legal person shares were 479.8248 million shares and 274.1856 million shares of current B shares. The shares were issued and listed for trading in Shenzhen Stock Exchange on April 28, 1998. The design, manufacturing, Main Business Activities: R&D, Production and Sales of Industrial Steam Turbine and other products. Main Products: Industrial Steam Turbine

These Financial Statements are released upon approval at the 10th meeting of the 8th term of Board held on April 15, 2021.

18 subsidiaries including Zhejiang Steam Turbine Packaged Technologies Co., Ltd., Hangzhou Zhongneng Steam Turbine Power Co., Ltd., Hangzhou Steam Turbine Casting Co.,Ltd. Hangzhou Steam Turbine Auxiliary Co., Ltd., Hangzhou Steam Turbine Machinery & Equipment Co., Ltd., Zhejiang Turbine Import & Export Co., Ltd., and Hangzhou Steam Turbine Heavy Industry Co., Ltd., were consolidated to the Financial Statements. For details Note XII (8)5 of Financial statement notes

IV. Basis of compiling the financial statement

(1) Basis of compiling

The Company adopts perpetual operation as the basis of financial statements.

(II) Assessment on perpetuation

No issue or situation, in 12 months since the end of report period, composes major doubt on the perpetuation assumption of the Company.

V. Principal Accounting Policies and Estimations

Principal Accounting Policies and Estimations

Important prompt: The Company utilized detailed accounting polices and estimations on providing of bad debt provisions, fixed asset depreciation, intangible asset amortization, recognition of revenue, and so forth, according to its business practices.

1. Statement of compliance to the Enterprise Accounting Standard

The finance report produced by the Company is accordance with the Enterprise Accounting Standard, and reflects the Company’s financial state, business performance and cash flow frankly and completely.

2. Fiscal year

The Company uses the calendar year for its fiscal year. A fiscal year is from January 1 to December 31.

3. Operational period

The Company’s relatively shorter operational period, which is 12 months, and is used as division of liquidity of assets and liabilities.

4. Standard currency for bookkeeping

The Company uses Renminbi (RMB) as the standard currency for book keeping.

5. Accounting treatment of the entities under common control and different control

1. Treatment of entities under common control

Assets and liabilities acquired in merger of entities are measured at book values at the date of merger. The difference between the net book value of asset and the offered price (or total of face value of shares issued) will be adjusted into capital reserves; when the capital reserves is not enough to reduce, it will be adjusted into retained profit.

2. Treatment of entities under different control

The difference of takeover cost over the fair value of recognizable net asset of the acquired entity is recognized as goodwill at the day of takeover; in case the takeover cost is lower than the fair value of recognizable net asset of the acquired entity, the measuring process over the recognizable asset, liabilities, contingent liabilities, and takeover cost, shall be repeated, if comes out the same result, the difference shall be recorded into current income

6. Method for preparing the consolidated financial statements

The parent company puts all of its subsidiaries under its control into the consolidated financial statements. The consolidated financial statements are prepared according to the “Enterprise Accounting Standard No. 33 – Consolidated Financial Statements”, basing on the accounts of the parent company and the subsidiaries, and after adjusting the long-term investment equity in the subsidiary on equity basis.

7. Joint venture arrangements classification and Co-operation accounting treatment

None

8. Recognition of cash and cash equivalents

Cash equivalent refers to the investment held by the Company with short term, strong liquidity and lower risk of value fluctuation that is easy to be converted into cash of known amount.

9. Foreign currency trade and translation of foreign currencies

1. Translation of foreign currency

Foreign currency trades are translated into RMB at the rate of the day when the trades are made. Those balances of foreign currencies and monetary items in foreign currencies are accounted at the exchange rate of the balance sheet date. Exchange differences, other than special loans satisfying the conditions of capitalization, are accounted into current income account. Non-monetary items in foreign currencies and on historical cost are translated at the rate of the trade day. Non-monetary items in foreign currencies and on fair value are translated at the rate of the day when the fair value is recognized, where the differences are accounted as gain/loss from change of fair value.

2. Translation of foreign currency financial statements

Asset and liability items in the balance sheet are translated basing on the exchange rate of the balance sheet date; Owners' equities other than Retained Profit are translated at the exchange rate of the date when the trade happened. Income and expense items in the income statement are translated at the similar rate of the date when the

trade happened. Differences generated by the above translating of foreign currencies are demonstrated separately under the owners' equity in the balance sheet.

10. Financial instruments

(1) Classification of financial assets and financial liabilities

Financial assets are divided into the following three categories upon initial recognition: 1) Financial assets measured in amortized cost; 2) Financial assets measured at fair value, whose changes are included in other comprehensive income; 3) Financial assets measured at fair value, whose changes are included in current profits and losses.

Financial liabilities are divided into the following four categories upon initial recognition: 1) Financial liabilities measured at fair value, whose changes are included in current profits and losses; 2) Financial liabilities resulting from the transfer of financial assets that do not meet the conditions for derecognition or continue to be involved in the transferred financial assets; 3) Financial guarantee contracts that do not belong to the above 1) or 2), and loan commitments that do not belong to the above 1) and lend at a lower than market interest rate; 4) Financial liabilities measured in amortized cost.

(2) Recognition basis, measurement methods and conditions for derecognition of financial assets and financial liabilities

However, if the accounts receivable initially recognized by the company do not contain significant financing components or the company does not consider the financing components in the contract for less than one year, the initial measurement shall be made according to the transaction price. The initial measurement is made according to the transaction price defined in *Accounting Standards for Business Enterprises No.14-Income*.

2) Subsequent measurement methods of financial assets

① Financial assets measured at amortized cost

The actual interest rate method is adopted for subsequent measurement according to amortized cost. Gains or losses arising from financial assets measured in amortized cost that are not part of any hedging relationship are included in current profits and losses when derecognition, reclassification, amortization according to the effective interest rate method, or impairment recognition.

② Debt instruments investment measured at fair value, whose changes are included in other comprehensive income

Fair value is adopted for subsequent measurement. Interest, impairment losses or gains and exchange gains and losses calculated by the effective interest rate method are included in the current profits and losses, while other gains or losses are included in other comprehensive income. Upon termination of recognition, the accumulated gains or losses previously included in other comprehensive income shall be transferred out of other comprehensive income and included in current profits and losses.

③ Equity instrument investments measured at fair value, whose changes are included in other comprehensive income

Fair value is adopted for subsequent measurement. Dividends received (except those that belong to the part of investment cost recovery) are included in current profits and losses, and other gains or losses are included in other comprehensive income. Upon termination of recognition, the accumulated gains or losses previously included in other comprehensive income shall be transferred out of other comprehensive income and included in retained income.

④ Financial assets measured at fair value and changes included in current profits and losses

The fair value is adopted for subsequent measurement, and the resulting gains or losses (including interest and dividend income) are included in the current profits and losses unless the financial asset is part of the hedging

relationship.

3) Subsequent measurement methods of financial liabilities

① Financial liabilities measured at fair value, whose changes are included in current profits and losses

Such financial liabilities include transactional financial liabilities (including derivatives of financial liabilities) and financial liabilities designated to be measured at fair value, whose changes are included in current profits and losses. Such financial liabilities are subsequently measured at fair value. Changes in the fair value of financial liabilities designated to be measured at fair value, whose changes are included in the profits and losses of the current period due to changes in the company's own credit risk are included in other comprehensive income, unless such treatment will cause or expand accounting mismatch in profits and losses. Other gains or losses arising from such financial liabilities (including interest expenses and changes in fair value except for changes in the company's own credit risk) are included in the current profits and losses unless the financial liabilities are part of the hedging relationship. Upon termination of recognition, the accumulated gains or losses previously included in other comprehensive income shall be transferred out of other comprehensive income and included in retained income.

② Financial liabilities resulting from the transfer of financial assets that do not meet the conditions for derecognition or continue to be involved in the transferred financial assets

B. Financial assets have been transferred, and the transfer meets the provisions of the Accounting Standards for Business Enterprises No.23-Transfer of Financial Assets on the derecognition of financial assets.

② When the current obligation of a financial liability (or part thereof) has been discharged, the financial liability (or part thereof) shall be derecognized accordingly.

(3) Recognition basis and measurement method of financial asset transfer

If the company has transferred almost all risks and rewards in the ownership of financial assets, it shall terminate the recognition of the financial assets and separately recognize the rights and obligations arising from or retained in the transfer as assets or liabilities; If almost all risks and rewards on the ownership of financial assets are retained, the transferred financial assets shall continue to be recognized. If the company neither transfers nor retains almost all risks and rewards in the ownership of the financial asset, the following situations shall be handled respectively: 1) If the control over the financial asset is not retained, the recognition of the financial asset shall be terminated, and the rights and obligations generated or retained in the transfer shall be separately recognized as assets or liabilities; 2) If the control over the financial assets is retained, the relevant financial assets shall be recognized according to the extent of continuing involvement in the transferred financial assets, and the relevant liabilities shall be recognized accordingly.

If the overall transfer of financial assets meets the conditions for derecognition, the difference between the following two amounts shall be included in the current profits and losses: 1) The book value of the transferred financial assets on the derecognition date; 2) The sum of the consideration received for the transfer of financial assets and the amount of the corresponding derecognized portion of the accumulated amount of changes in fair value originally directly included in other comprehensive income (the financial assets involved in the transfer are debt instrument investments measured at fair value, whose changes are included in other comprehensive income). If a part of the financial asset is transferred and the transferred part meets the conditions for derecognition as a whole, the book value of the financial asset before transfer shall be apportioned between the derecognition part and the continuing recognition part according to their respective relative fair values on the transfer date, and the difference between the following two amounts shall be included in the current profits and losses: 1) The book value of the derecognition part; 2) The sum of the consideration of the derecognized portion and the amount of the corresponding derecognized portion of the cumulative amount of changes in fair value originally directly included in other comprehensive income (financial assets involved in transfer are debt instrument investments measured at

fair value, whose changes are included in other comprehensive income).

(5) Impairment of financial instruments

1) Impairment measurement and accounting treatment of financial instruments

On the basis of expected credit losses, the company carries out impairment treatment on financial assets measured at amortized cost, debt instrument investments measured at fair value whose changes are included in other comprehensive income, lease receivables, loan commitments other than financial liabilities classified as financial liabilities measured at fair value, whose changes are included in current profits and losses, financial liabilities not measured at fair value, whose changes are included in current profits and losses, or financial guarantee contracts that are not financial asset transfers which do not meet the conditions for derecognition or which continue to be involved in financial liabilities formed by transferred financial assets, and recognize loss provisions.

Expected credit loss refers to the weighted average of the credit losses of financial instruments weighted by the risk of default. Credit loss refers to the difference between the cash flow of all contracts discounted according to the original real interest rate and the expected cash flow of all contracts receivable according to the contract, that is, the present value of all cash shortages. Among them, the Company discounts the financial assets purchased or originated with credit impairment at the actual interest rate adjusted by credit.

For financial assets purchased or originated that have suffered credit impairment, the company will only recognize the accumulated changes in expected credit losses during the entire duration since initial recognition as loss reserves on the balance sheet date.

For accounts receivable that do not contain significant financing components or that the company does not consider financing components in contracts of not more than one year, the company uses simplified measurement methods to measure the loss reserve according to the expected credit loss amount equivalent to the entire duration.

For lease receivables and receivables containing significant financing components, the company uses simplified measurement methods to measure the loss reserve according to the expected credit loss amount equivalent to the entire duration.

For financial assets other than the above measurement methods, the company evaluates whether its credit risk has increased significantly since the initial recognition on each balance sheet date. If the credit risk has increased significantly since the initial recognition, the company shall measure the loss reserve according to the amount of expected credit loss during the whole duration. If the credit risk has not increased significantly since the initial recognition, the company shall measure the loss reserve according to the expected credit loss amount of the financial instrument within the next 12 months.

The company uses the available reasonable and reliable information, including forward-looking information, to determine whether the credit risk of financial instruments has increased significantly since the initial recognition by comparing the risk of default on the balance sheet date with the risk of default on the initial recognition date.

The company evaluates expected credit risks and measures expected credit losses on the basis of individual financial instruments or combinations of financial instruments. When based on the combination of financial instruments, the company divides financial instruments into different combinations based on common risk characteristics.

For financial assets measured in amortized cost, the loss reserve shall be offset against the book value of the financial assets listed in the balance sheet; For creditor's rights investments measured at fair value, whose changes are included in other comprehensive income, the company recognizes its loss reserve in other comprehensive income, which does not offset the book value of the financial asset.

(2) Financial instruments for assessing expected credit risks and measuring expected credit losses by combination

Items	Basis for determining combination	Methods of measuring expected credit loss
Other receivables-associated transaction combinations within the scope of consolidated financial statements	Taking related parties within the scope of consolidated financial statements as credit risk characteristics, other receivables are combined	Refer to the historical credit loss experience, combine the current situation with the forecast of future economic situation, and calculate the expected credit loss through default risk exposure and the expected credit loss rate within the next 12 months or the whole duration.
Other receivables-aging combination	Taking aging as the credit risk characteristic, combine other receivables except the related party receivables within the scope of the consolidated financial statements	

(3) Expected credit risks and measuring expected credit losses by combination

1) Methods of specific combination and measurement of expected credit loss

Items	Basis for determining combination	Methods of measuring expected credit loss
Bank acceptance bills receivable	Bill type	Refer to the historical credit loss experience, combine the current situation and the forecast of the future economic situation, compile a comparison table between the aging of accounts receivable and the expected credit loss rate during the whole duration, and calculate the expected credit loss.
Commercial acceptance bills receivable		
Accounts receivable-associated transaction combinations within the scope of consolidated financial statements	Taking related parties within the scope of consolidated financial statements as credit risk characteristics, receivables are combined	Refer to the historical credit loss experience, combine the current situation and the forecast of the future economic situation, compile a comparison table between the aging of accounts receivable and the expected credit loss rate during the whole duration, and calculate the expected credit loss.
Accounts receivable-aging combination	Taking aging as the credit risk characteristic, combine receivables except the related party receivables within the scope of the consolidated financial statements	Refer to the historical credit loss experience, combine the current situation and the forecast of the future economic situation, compile a comparison table between the aging of accounts receivable and the expected credit loss rate during the whole duration, and calculate the expected credit loss.
Contract assets—the credit risk characteristic, combine	Taking aging as the credit risk characteristic, combine receivables except	Refer to the historical credit loss experience, combine the current situation and the forecast of

receivables except the related party receivables within the scope of the consolidated financial statements aging combination	the related party receivables within the scope of the consolidated financial statements	the future economic situation, compile a comparison table between the aging of accounts receivable and the expected credit loss rate during the whole duration, and calculate the expected credit loss.
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2) Account receivable、Contract assets——Table of Aging of Aging Combination and Expected Credit Loss Rate for the Whole Duration

Aging	Receivable receivable/contract assets Expected credit loss rate (%)
Within 1 year (inclusive, the same below)	5.00
1-2 years	10.00
2-3 years	30.00
3-4 years	60.00
4-5 years	80.00
Over 5 years	100.00

(6) Setoff of Financial Assets and Liabilities

The financial assets and liabilities of the company are shown separately in the balance sheet which do not offset each other. However, when the following conditions are met at the same time, the net amount after mutual offset is shown on the balance sheet. 1. The company has the legal right to offset the recognized amount, and this legal right is currently enforceable. 2. The company plans to settle the financial assets or liquidate the financial liabilities at the same time for netting settlement.

If the transfer of financial assets does not meet the conditions for the termination of recognition, the company shall not set off the transferred financial assets and related liabilities.

11. Notes receivable

For details, please refer to Section XII(5)-10 Financial instrument of this report.

12. Account receivable

For details, please refer to Section XII(5)-10 Financial instrument of this report.

13. Financing of receivables

For details, please refer to Section XII(5)-10 Financial instrument of this report.

14. Other account receivable

Methods for determining expected credit losses of other receivables and accounting treatment

For details, please refer to Section XII(5)-10 Financial instrument of this report.

15.Inventories

(1) Inventory classification

Inventories include saleable finished goods or merchandise, product-in-process , consumption material and goods in manufacturing procedure or working procedure.

(2) Pricing of inventory to be delivered

Delivered out materials are accounted by weighted average method, issued out finished products are accounted at individual price.

(3) Recognition of realizable net value of inventory and providing of inventory impairment provision

At the balance sheet day, inventories are measured at the lower of costs and cashable net values, the individual difference between the cashable net value and cost are provided as inventory impairment provision. For finished product, merchandise, saleable material and other saleable merchandise inventory, their cashable net values are recognized by their estimated sale price in normal operation deducting estimated sale expenses and related taxes; for material inventory which need processing, its cashable net value are recognized by the estimated sale prices of its finished products in normal operation deducting the estimated cost, sale expenses and related taxes due to the end of processing; At the balance sheet day, for inventory item which part has contract price and part has no contract price, the cashable net value is accounted separately, and recognize the inventory impairment provision or returnable cash..

(4) Inventory system

Inventory system: perpetual inventory system

(5) Amortization of low-value consumables and packaging materials

1.Low price consumable

Basis of amortizing: one-off

2.Packaging materials

Basis of amortizing: one-off

16.Contract assets

According to the relationship between performance obligation and customer payment, the company lists contract assets or contract liabilities in the balance sheet. The company will offset the contractual assets and contractual liabilities under the same contract and list them in net amount.

The company lists the right to receive consideration from customers unconditionally (that is, only depending on the passage of time) as receivables, and lists the right to receive consideration after transferring goods to customers (which depends on factors other than the passage of time) as contract assets.

The Company's obligation to transfer goods to customers for received or receivable consideration from customers is listed as a contractual liability.

17.Contract cost

None

18.Held-for-sale asset

None

19.Creditor's rights investment

None

20.Other Creditor's rights investment

None

21.Long-term account receivable

None

22. Long-term equity investment

1. Recognition of common control and substantial influence

According to the contract, if the invested enterprise's main finance and operation policy need to be agreed by the other investing party, the investment is common control investment; if only have participating decision rights in invested enterprise's main finance and operation policy but have no own control or common control with other investing part, the investment is investment with substantial influence.

2. Recognition of initial investment costs

(1) For the long-term equity investment formed by corporate merger under common control, if it is the long-term equity investment obtained from the corporate merger by paying cash, transferring non-cash asset, bear liability and issuing equity securities, the share of book value of owner's equity of the merged party on the merger date shall be taken as the initial investment cost. The asset reserve is adjusted according to the difference between the initial investment cost of long-term equity investment and the book value of paid combined consideration or issued securities; if the capital is not enough for deduction, the remain earnings are adjusted.

Recognition of "one-off" trade when long-term equity investment is composed by merger of entities under common control by multiple steps.

Transactions under an "one-off" trade are accounted as a common trade of ownership.

Transactions which are not "one-off" trades are recognized for their initial investment cost basing on the share of book value of net asset in the consolidated financial statement of the entities acquired. Balance between the initial investment cost and the book value of the long-term equity investment before merger and the premium paid for the new shares after merger, is adjusted to capital reserves; when the capital reserve is not enough to offset, retained profit shall be adjusted thereof.

(2) For the long-term equity investments formed by merger of enterprises under different control, the initial investment cost is recognized by the fair value of combined consideration on purchasing day and related expenses. Long-term equity investment formed by acquisition of entities under different control by trade in multiple stages are accounted separately in the financial statements and consolidated financial statements.

1) In individual financial account, the sum of book value of original equity investment plus new investment cost is recognized as the initial investment cost on cost basis.

2) Recognition of "one-off" trade in consolidated financial statements

Transactions under an "one-off" trade are accounted as a common trade of ownership. Transactions which are not "one-off" trades are re-measured for their fair value at the day of acquisition. Balance between the fair value and the book value of the long-term equity investment is adjusted to current investment gains; other gains from equity on equity basis before the acquisition day are written over to current gains of at the day of acquisition, but not the

gains from re-calculating of changes in net liability or asset by the invested entity.

(3) Formed by means other than entity merger:

Acquired by cash payment – initial investment cost is the actual amount of payment;

Acquired by issuing of equity certificates – initial investment cost is the fair value of equity certificate issued;

Acquired by debtor restructuring – initial cost recognized as according to the Enterprise Accounting Standard No.12 – Debtor restructuring;

Acquired by trading of non-monetary asset - initial cost recognized as according to the Enterprise Accounting Standard No.7 – Trade of non-monetary assets;

3. Subsequent measurement and recognition of gain/loss

Cost basis is adopted in accounting of long-term equity investment in entities under substantial control of the Company; while equity basis is adopted in accounting of investment in affiliates and joint-ventures.

4. Treatment of disposal of subsidiaries by stages till losing of control power

(1) Individual account

The difference between the book value and the actual purchase price of the disposed equity is recorded into the current profit and loss. With regard to the remaining equity, which still has a significant impact on the invested entity or exercises joint control with other parties, it shall be converted to equity accounting; if the entity under investment can no longer be controlled, jointly controlled or significantly affected, it shall be recognized as a financial asset, Accounting shall be carried out in accordance with the relevant provisions of Accounting Standards for Enterprises No. 22-recognition and Measurement of Financial Instruments.

(2) Basis of Consolidated Financial Statements

1) Losing of controlling power on a subsidiary through disposal of equity by multiple trades, and not recognized as “one-off” trade:

Before losing of control power, the balance of disposal consideration and the share of net asset attributable to the Company on continued basis since purchasing or merger, is adjusted to capital reserves (capital premium), whereas if the capital premium is not enough to offset the amount, retained profit will be offset at corresponding amount.

At losing of control power over a former subsidiary, the retained equity shares shall be re-calculated according to the fair value at the day of losing power. Sum of the consideration obtained from disposal and fair value of the retained equity shares, less the share of net asset attributable to the Company on continued basis since purchasing or merger, is accounted into investment gains of the period when the control power is disposed, and goodwill shall be offset meanwhile. Other gains related to the equities in formal subsidiary shall be written over to current investment gains at the period when control power was disposed.

2) Losing of controlling power on a subsidiary through disposal of equity by multiple trades, and recognized as “one-off” trade:

The multiple trades are treated as one trade that causes losing of control power on a subsidiary. However, the balance between the consideration received from each trade and corresponding share of net asset is recognized as other gains in the consolidated accounts, and transferred collectively to gain/loss account of the period in which the control power was lost.

23. Investment property

The measurement mode of investment property

Not applicable

24. Fixed assets

1. Conditions for fixed asset recognition

Fixed assets is defined as the tangible assets which are held for the purpose of producing goods, providing services, lease or for operation & management, and have more than one year of service life. Fixed assets are recognized at satisfying of great possibility of benefit inflow and costs are accountable.

2. Depreciation

Categories	Basis of depreciation	Depreciation age (year)	Retain value rate	Annual depreciation ratio
Houses & buildings	Straight average on period	20-30	4	4.8-3.2
Equipment & machinery	Straight average on period	8-15	4	12-6.4
Transportation equipment	Straight average on period	4-8	4	24-12
Office equipment	Straight average on period	5	4	19.2

(3) Recognition basis, valuation and depreciation method for financing leased fixed assets

25. Construction in process

1. Construction in process is recognized on the basis of characteristics: very possible economic benefit flow in, cost can be measured reliably. Since the date when the construction in process reaches its useful status as expected, the construction in process is measured by the happened cost Since the date when the construction in process reaches its useful status as expected.

2. When the construction in process reaches its useful status as expected, it is transferred into fixed asset at actual cost. If the construction in process has reached useful status but with completion of project settlement process, it is transferred to fixed asset at the value estimated, and adjustment will happen after completion of project settlement process but no adjustment on depreciation provided previously.

26. Loan expenses

1. Capitalizing of loan expenses

Loan expenses occurred in the Company, which can be categorized to purchasing or construction of assets satisfying the conditions of capitalization, shall be capitalized and accounted into capital costs; while other loan expenses are recognized as expenses and recorded into current income account.

2. Capitalization period of loan expenses

(1) Capitalization started as soon as all of these conditions are satisfied: 1) Capital expenditures have occurred; 2) Loan expenses have occurred; 3) Necessary purchasing or construction processes have been started to make the asset usable or sellable.

(2) If irregular interruption occurred in the purchasing or construction process of the assets satisfying the capitalizing conditions, and suspended for over successive three months, capitalizing of loan expenses is suspended; loan expenses occurred during the suspension period are recognized as current expenses until the purchasing or construction process resumes.

(3) Capitalizing of loan expenses is terminated as soon as the asset satisfying the capitalizing conditions reaches the state of usable or sellable as expected.

3. Rates and amounts of loan expense capitalization

Special loans raised for purchasing or construction of assets satisfying the conditions of capitalization, interest to be capitalized will be the actual interest expenses occurred in the current period of loan (including the discount, premium, or amortizing decided on actual interest rate basis), less the interest income from the unused loans in bank account or provisional investment gains; common loans used for purchasing or construction of assets satisfying the conditions of capitalization, the interest to be capitalized will be the weighted average of balance over special loans multiply capitalization rate of common loans.

27. Biological assets

None

28. Oil-gas assets

None

29. Assets of the right to use

None

30. Intangible assets

(1) Pricing Method, service life and impairment test

1. Intangible assets are land using rights, patents, and non-patent technologies, which are measured at cost basis.
2. For intangible assets with limited useful life, during the use life it is amortized according to the anticipating implementation method of the economic benefit of the intangible asset systematically and reasonably. If can't recognize the anticipating implementation method, the straight basis is deployed.

Items	Amorting years
Land using right	50
Patent	5-20
Software	5

(2) Accounting policy for internal research and development expenditure

Expenditures of internal researching projects are accounted into current term gain and loss when happens. The development period expenditures are recognized as intangible assets when fulfill following conditions: (1) The intangible asset is completed and technically possible to be used or sold; (2) With intention to complete the intangible asset for purpose of use or sale; (3) Evidence showing that there are markets or the products produced with using of the intangible asset, or markets of the intangible asset itself, by which the intangible asset may produce financial benefits. Intangible assets used inside the Company must be approved for their usable characters. (4) Developing of the intangible assets are supported by sufficient technical, financial, and other resources, and the intangible assets can be used or sold. (5) Expenditures occurred in developing of the intangible asset may be reliably measured.

31. Impairment of partial long-term assets

For those long-term assets such as equity investment, fixed assets measured on cost basis, construction-in-process, intangible assets with limited service life, their recoverable amount shall be evaluated as soon as there was

evidence indicating impairment at the balance sheet day. For intangible assets such as goodwill from merger or intangible assets with uncertain service lives, impairment test is performed each year whatever there is evidence of impairment or not. Impairment test on goodwill is performed on combination of related assets.

When the result of prediction shows that the recoverable amount is lower than its book value, the balance shall be provided impairment provision and accounted into current gain/loss.

32. Long-term amortizable expenses

None

33. Contract Liabilities

For details, please refer to Section XII, V 16 Contract Assets of this report.

34. Employees' wage

1. Accounting of short-term wages

In the fiscal period when an employee is providing services, short-term wages actually occurred is recognized as liability, and recorded into current gain/loss account or cost of related asset.

2. Accounting of stipulated beneficiary plan is on following steps:

1) On basis of expected accumulation of welfare, estimations on population variables and financial variables, calculating of liabilities from stipulated beneficiary plan, and recognition of the period of related liabilities, are performed on basis of non-bias and accordance actuary. Meanwhile, discount is performed on the liabilities from stipulated beneficiary plan to recognize the current value and service cost of the liabilities from the stipulated beneficiary plan.

2) When there is asset involved in the stipulated beneficiary asset, the deficit or premium from the balance of the current value of liabilities of stipulated beneficiary plan over their fair values is recognized as its net liability or net asset. When there is a premium with a stipulated beneficiary plan, the lower one between the premium and the upper limit of the asset is recognized as the net asset of such stipulated beneficiary asset;

3) At end of period, employees' wages from stipulated beneficiary plan are recognized by three parts including service cost, net interest of net liability or net asset, and recalculated net asset or liability variation. The first two are recorded into current gain/loss or related asset cost, the third is recorded to other gains, which will not be written back to gain/loss in successive fiscal periods, but the amount can be transferred with the range of equity.

3. Accounting of dismissing welfare

Welfares for employees who are dismissed, the earlier one of the following is recognized as employee wage liability, and recorded to current gain /loss:

(1) When the Company cannot, on its own call only, retrieve the dismissing welfare provided by dismissing of service plan or suggestion;

(2) When the costs or expenses related to restructuring involved in the dismissing welfare are recognized by the Company.

4. Accounting of other long-term employees' welfares

As of long-term welfares provided to the employees, those which satisfy conditions of the stipulated saving plan are treated according to related regulations of stipulated saving plan; those which other than the aforesaid, are treated according to the stipulated beneficiary plan. In viewing of simplifying accounting treatment, employee wage costs are recognized as service costs, the net amounts of interests of other long-term welfare net liability or asset, along with recalculated variations of the both are recorded to the related gain/loss or cost of related asset.

35. Lease liabilities

None

36. Expected liabilities

(1) When it is very much likely to cause economic interests which can be reliably calculated outflow from the company to fulfill the obligation which is due to giving security outside, contentious matter, quality guarantee of products, onerous contract and other contingency, the company will regard the obligation as anticipation liabilities.

(2) The company will make an initial measurement of anticipation liabilities according to needed expense of best estimation when fulfilling related obligations and check the book value of anticipation liabilities on the balance sheet date.

37.Share-based Payment

None

38 . Other financial instruments such as preferred shares and perpetual capital securities

None

39.Revenues

Accounting policies used for revenue recognition and measurement

1. Recognizing of revenue

Since the starting date of the contract, the company shall evaluate the contract, identifies each individual performance obligation contained in, and determines whether each individual performance obligation is performed within a certain period of time or at a certain point of time.

The performance obligation is defined as fulfillment within a certain period of time if one of the following conditions is met, otherwise, it is defined as fulfilled at a certain point in time: (1) The customer obtains and consumes the economic benefits brought by the company's performance while the company performs the contract; (2) The customer can control the goods under manufacturing or services during the company's performance; (3) The goods or services produced during the company's performance have irreplaceable uses, and the company has the right to accumulate for the completed performances during the entire contract period.

For obligations performed within a certain period of time, the company recognizes revenue in accordance with the performance progress in that period. If the performance progress cannot be reasonably determined, and the cost incurred is expected to be compensated, the revenue shall be recognized according to the amount of the cost incurred until the performance progress can be reasonably determined. For obligations performed at a certain point in time, revenue shall be recognized at the point when the customer obtains control of the relevant goods or services. When judging whether the customer has obtained control of the product, the company shall consider the following points: (1) The company has the current right to receive payment for the product, that is, the customer

has the current payment obligation for the product; (2) The company has transferred the legal ownership of the product to the customer, that is, the customer has the legal ownership of the product; (3) The company has transferred the physical product to the customer, that is, the customer has physically taken possession of the product; (4) The company has transferred the main risks and rewards on the ownership of the product to the customer, that is, the customer has obtained the main risks and rewards on the ownership of the product; (5) the customer has accepted the product; (6) other signs that the customer has obtained control of the product.

2. Principle of income measurement

(1) The company shall measure revenue based on the transaction price allocated to each individual performance obligation. The transaction price is the amount of consideration that the company expects to be entitled to receive due to the transfer of goods or services to customers, while does not include payments received on behalf of third parties and payments expected to be returned to customers.

(2) If there is variable consideration in the contract, the company shall determine its best estimate according to the expected value or the most likely amount, but the transaction price including the variable consideration shall not exceed the accumulated amount that, if relevant uncertainty is eliminated, will most likely have no significant reversal.

(3) If there is any significant financing component in the contract, the company shall determine the transaction price based on the amount payable in cash when the customer assumes control of the goods or services. The difference between transaction price and contract consideration shall be amortized through effective interest method during the contract period. (4) If the contract contains two or more performance obligations, the company shall, on date of the contract, allocate the transaction price to each individual obligation item in accordance with the relative proportion of the separate selling price of promised goods.

3. Specific methods of revenue recognition

The company's selling of steam turbines, gas turbine or spare parts shall belong to the performance of obligation at a certain point in time.

Domestic sales revenue is recognized when the Company has delivered the product in accordance with the contract and obtained the receipt confirmed by the purchaser, with received the payment or obtained the right to receive payment and the relevant economic benefits are likely to flow in. Export sales revenue is recognized when the Company has declared the product in accordance with the contract and obtained the export goods declaration form and the bill of lading, with received the payment or obtained the right to receive payment and the relevant economic benefits are likely to flow in.

The adoption of different business models in similar businesses leads to differences in accounting policies for revenue recognition

40. Government subsidy

1. Government subsidies are recognized while they meet the following conditions at the same time: (1) the Company can meet the conditions attached to the government subsidies; (2) the Company can receive government subsidies. Where government subsidies are monetary assets, they shall be measured by the amount received or receivable. Where government subsidies are non-monetary assets, they shall be measured by the fair value; if the fair value cannot be reliably obtained, they shall be measured by the nominal amount.

2. Recognition basis and accounting of asset-related government subsidy

Government subsidies used for formation of long-term assets through purchase, construction or any other method as stipulated by government documents fall into the category of asset-related government subsidies. If government subsidies are not defined in the government documents, a judgment shall be made on the ground of essential conditions for obtaining the subsidies, among which, ones with an essential condition of formation of long-term assets through purchase, construction or any other method shall be asset-related government subsidies. For government subsidies related to assets, the book value of the relevant assets is deducted or the deferred income is recognized. Where such subsidies are recognized as deferred income, the relevant assets shall, within the useful life of the relevant assets, be reasonably recognized, The method of the system shall be recorded into profit and loss by stages. The government subsidy measured according to the nominal amount shall be directly accounted for in the profits and losses of the current period. Where the relevant assets are sold, transferred, scrapped or damaged before the end of their useful life, Transfer the undistributed balance of deferred income to the current profit or loss of asset disposal.

3. Recognition basis and accounting of income-related government subsidy

A government subsidy other than an asset-related government subsidy is divided into profit-related government subsidies. It is difficult to distinguish between asset-related and revenue-related government subsidies that include both asset-related and revenue-related components. Overall classification as government subvention related to income. Than asset-related subsidies are recognized as income-related government subsidies. Those, which are used to cover costs or losses in subsequent periods, are recognized as deferred income and accounted to current gain/loss to the periods of related expenses. Those, which are used to makeup expenses or losses already occurred, are recorded to current gain/loss account.

4. Government subsidies related to routine business activities of the Company shall be included into other incomes or offset relevant costs and expenses by nature of economic business. Government subsidies irrelevant to routine activities of the Company shall be included into the non-operating receipt and disbursement.

5. Accounting treatment method for interest subsidies for policy-based preferential loans

(1) If the finance allocates interest subsidy funds to a lending banks that serves a loan to the Company at a policy-based preferential rate, the actual debit amount received shall be seen as the entry value of loan and relevant loan costs shall be worked out pursuant to the loan principal and the policy-based preferential rate.

(2) If the finance directly allocates interest subsidy funds to the Company, corresponding interest subsidies shall offset relevant loan costs.

41. Deferred income tax assets/ deferred income tax liabilities

1. Deferred income tax liabilities or assets are recognized at proper rate in the term of retrieving the assets or paying the liabilities according to difference (for not recognized assets and liabilities which tax basis can be recognized, the difference is between the tax basis and the book value) between book value of the assets or liabilities and the tax basis.

2. Deferred income tax assets are recognized limitedly by the income tax which very possibly deduct deductible temporary difference. At balance sheet day, the not-yet recognized deferred income tax assets in previous fiscal term are recognized if have evidence to prove there is enough income tax very possibly to deduct deductible

temporary difference.

3. At the balance sheet day, verification will be performed on the book value of differed income tax assets. If it is not possible to obtain enough taxable income to neutralize the benefit of differed income tax assets, then the book value of the differed income tax assets shall be reduced. Whenever obtaining of taxable income became possible, the reduced amount shall be restored.

4. Current income tax and differed income tax are accounted into current gain/loss account as income tax expenditures or gains, but exclude the following income taxes: (1) Merger of enterprises; (2) Transactions or events recognized directly in owners' equity.

42. Lease

(1) Accounting of operational lease

When the Company is the lessee, the amount is recorded to asset cost or recognized as gain/loss of current period on straight basis to the periods of lease. Initial direct expenses are accounted into current gain/loss. Contingent rentals are recorded to current gain/loss at actual occurrence.

When the Company is the leaser, the amount is recorded to current gain/loss at straight basis to the periods of lease. Initial direct expenses are recorded to current gain/loss other than those with greater amount which are capitalized and recorded to gain/loss of different periods. Contingent rentals are recorded to current gain/loss at actual occurrence.

(2) Accounting Method for Financing Leases

43. Other significant accounting policies and estimates

Work safety costs

The Company withdraws and includes work safety costs into relevant product costs or current profits and loss and the subject of "special reserve" as per Measures for Management of Enterprise Withdrawal and Use of Work Safety Costs (Cai Qi [2012] No.16) jointly promulgated by Ministry of Finance and State Administration of Work Safety. As work safety costs withdrawn are used, ones attributable to the cost disbursement shall directly offset special reserve. To form fixed assets, the disbursement incurred for inclusion into the subject of "construction in progress" shall be recognized as fixed assets when safety projects are completed and available for use as expected; meanwhile, costs for forming fixed assets shall offset special reserve, cumulative depreciation in the corresponding amount shall be recognized and depreciation shall no longer be withdrawn for the fixed assets in the following period.

44. Change of main accounting policies and estimations

(1) Change of main accounting policies

Applicable Not applicable

Contents and causes of changes in accounting policies	Approval procedure	Remarks
The company will, since January 1, 2020, implement the "Accounting Standards for Business Enterprises No. 14-Revenue" revised by the Ministry of Finance	The fourth resolution of the eighth meeting of board of directors	

(hereinafter referred to as the new revenue standards). In accordance with relevant regulations for convergence of the old and new standards, the comparable period information is not adjusted, and the cumulative impact from new standards on the first implementation date is retrospectively adjusted to the amount of retained earnings and other related items in the financial statements at the beginning of the reporting period.		
Since January 1, 2020, the company has implemented the Interpretation of Accounting Standards for Business Enterprises No.13 promulgated by the Ministry of Finance in 2019, and this accounting policy change is handled by the future applicable law.		

1. The company will, since January 1, 2020, implement the "Accounting Standards for Business Enterprises No. 14-Revenue" revised by the Ministry of Finance (hereinafter referred to as the new revenue standards). In accordance with relevant regulations for convergence of the old and new standards, the comparable period information is not adjusted, and the cumulative impact from new standards on the first implementation date is retrospectively adjusted to the amount of retained earnings and other related items in the financial statements at the beginning of the reporting period.

The main impacts of implementing the new income standards on the financial statements of the company on January 1, 2020 are as follows:

Items	Balance sheet		
	December 31,2019	Adjustment impact of new income standards	January 1,2020
Account receivable	2,025,081,342.74	-545,043,494.83	1,480,037,847.91
Contract assets		545,043,494.83	545,043,494.83
Advance receipts	2,818,130,397.17	-2,818,130,397.17	
Contract Liabilities		2,496,129,669.77	2,496,129,669.77
Other current Liabilities		322,000,727.40	322,000,727.40

2. Since January 1, 2020, the company has implemented the Interpretation of Accounting Standards for Business Enterprises No.13 promulgated by the Ministry of Finance in 2019, and this accounting policy change is handled by the future applicable law.

(2) Change of main accounting estimations

Applicable Not applicable

(3) Adjustments to the Financial Statements at the Beginning of the First Execution Year of any New Standards Governing Financial Instruments, Revenue or Leases from year 2020

Applicable Not applicable

Whether need to adjust the balance sheet account at the beginning of the year

Yes No

Consolidated balance sheet

In RMB

Items	December 31,2019	January 1,2020	Amount involved in the
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			adjustment
Current asset :			
Monetary fund	1,756,320,237.50	1,756,320,237.50	-
Settlement provision			-
Outgoing call loan			-
Transactional financial assets	854,210,990.44	854,210,990.44	-
Derivative financial assets			-
Notes receivable	46,484,259.65	46,484,259.65	-
Account receivable	2,025,081,342.74	1,480,037,847.91	-545,043,494.83
Financing of receivables	680,279,893.94	680,279,893.94	-
Prepayments	388,562,447.80	388,562,447.80	-
Insurance receivable			-
Reinsurance receivable			-
Provisions of Reinsurance contracts receivable			-
Other account receivable	45,520,789.89	45,520,789.89	-
Including: Interest receivable			-
Dividend receivable	27,827,292.60	27,827,292.60	-
Repurchasing of financial assets			-
Inventories	2,051,290,269.07	2,051,290,269.07	-
Contract assets		545,043,494.83	545,043,494.83
Assets held for sales			-
Non-current asset due within 1 year			-
Other current asset	71,592,063.09	71,592,063.09	-
Total of current assets	7,919,342,294.12	7,919,342,294.12	-
Non-current assets			
Loans and payment on other's behalf disbursed			-
Creditor' rights investment			-
Other creditor's rights investment			-
Long-term receivable			-
Long term share equity investment	22,129,585.83	22,129,585.83	-
Other equity instruments	2,490,376,886.96	2,490,376,886.96	-

investment			
Other non-current financial assets	142,244,014.16	142,244,014.16	-
Property investment			-
Fixed assets	724,702,558.18	724,702,558.18	-
Construction in progress	799,410,358.84	799,410,358.84	-
Production physical assets			-
Oil & gas assets			-
Use right assets			-
Intangible assets	275,140,367.22	275,140,367.22	-
Development expenses			-
Goodwill			-
Long-germ expenses to be amortized			-
Deferred income tax asset	226,769,514.65	226,769,514.65	-
Other non-current asset			-
Total of non-current assets	4,680,773,285.84	4,680,773,285.84	-
Total of assets	12,600,115,579.96	12,600,115,579.96	-
Current liabilities			
Short-term loans	97,840,187.21	97,840,187.21	-
Loan from Central Bank			-
Borrowing funds			-
Transactional financial liabilities			-
Derivative financial liabilities			-
Notes payable	227,961,541.12	227,961,541.12	-
Account payable	1,030,408,716.74	1,030,408,716.74	-
Advance receipts	2,818,130,397.17	0.00	-2,818,130,397.17
Contract liabilities		2,496,129,669.77	2,496,129,669.77
Selling of repurchased financial assets			-
Deposit taking and interbank deposit			-
Entrusted trading of securities			-
Entrusted selling of securities			-

Employees' wage payable	96,205,949.57	96,205,949.57	-
Tax payable	34,521,756.98	34,521,756.98	-
Other account payable	82,148,405.19	82,148,405.19	-
Including: Interest payable			-
Dividend payable			-
Fees and commissions payable			-
Reinsurance fee payable			-
Liabilities held for sales			-
Non-current liability due within 1 year	200,319.30	200,319.30	-
Other current liability		322,000,727.40	322,000,727.40
Total of current liability	4,387,417,273.28	4,387,417,273.28	-
Non-current liabilities:			
Reserve fund for insurance contracts			-
Long-term loan	22,435,762.23	22,435,762.23	-
Bond payable			-
Including: preferred stock			-
Sustainable debt			-
Lease liability			-
Long-term payable	730,460,508.59	730,460,508.59	-
Long-term remuneration payable to staff			-
Expected liabilities	32,202,504.57	32,202,504.57	-
Deferred income	51,713,417.61	51,713,417.61	-
Deferred income tax liability	316,910,472.07	316,910,472.07	-
Other non-current liabilities			-
Total non-current liabilities	1,153,722,665.07	1,153,722,665.07	-
Total of liability	5,541,139,938.35	5,541,139,938.35	-
Owners' equity			
Share capital	754,010,400.00	754,010,400.00	-
Other equity instruments			-
Including: preferred stock			-
Sustainable debt			-

Capital reserves	152,973,219.65	152,973,219.65	-
Less: Shares in stock			-
Other comprehensive income	1,784,195,156.34	1,784,195,156.34	-
Special reserve	18,324,473.28	18,324,473.28	-
Surplus reserves	621,112,807.78	621,112,807.78	-
Common risk provision			-
Retained profit	3,276,880,091.53	3,276,880,091.53	-
Total of owner's equity belong to the parent company	6,607,496,148.58	6,607,496,148.58	-
Minority shareholders' equity	451,479,493.03	451,479,493.03	-
Total of owners' equity	7,058,975,641.61	7,058,975,641.61	-
Total of liabilities and owners' equity	12,600,115,579.96	12,600,115,579.96	-

Parent Company Balance Sheet

In RMB

Items	December 31,2019	January 1,2020	Amount involved in the adjustment
Current asset :			
Monetary fund	1,017,072,165.81	1,017,072,165.81	
Transactional financial assets	532,040,990.44	532,040,990.44	
Derivative financial assets			
Notes receivable	4,712,981.35	4,712,981.35	
Account receivable	1,470,224,608.96	1,080,500,893.98	-389,723,714.98
Financing of receivables	376,974,822.75	376,974,822.75	
Prepayments	222,187,452.27	222,187,452.27	
Other account receivable	31,067,688.80	31,067,688.80	
Including: Interest receivable			
Dividend receivable	27,827,292.60	27,827,292.60	
Inventories	1,402,933,995.29	1,402,933,995.29	
Contract assets		389,723,714.98	389,723,714.98
Assets held for sales			
Non-current asset due within 1 year			
Other current asset	30,332,464.25	30,332,464.25	

Total of current assets	5,087,547,169.92	5,087,547,169.92	
Non-current assets:			
Creditor's rights investment			
Other Creditor's rights investment			
Long-term receivable			
Long term share equity investment	897,978,418.75	897,978,418.75	
Other equity instruments investment	2,490,376,886.96	2,490,376,886.96	
Other non-current financial assets	119,345,893.13	119,345,893.13	
Property investment			
Fixed assets	413,089,308.63	413,089,308.63	
Construction in progress	246,387,266.69	246,387,266.69	
Production physical assets			
Oil & gas assets			
Use right assets			
Intangible assets	161,688,374.81	161,688,374.81	
Development expenses			
Goodwill			
Long-germ expenses to be amortized			
Deferred income tax asset	174,060,251.09	174,060,251.09	
Other non-current asset			
Total of non-current assets	4,502,926,400.06	4,502,926,400.06	
Total of assets	9,590,473,569.98	9,590,473,569.98	
Current liabilities			
Short-term loans			
Transactional financial liabilities			
Derivative financial liabilities			
Notes payable	10,000,000.00	10,000,000.00	
Account payable	623,426,940.99	623,426,940.99	
Advance receipts	1,908,382,258.12		-1,908,382,258.12

Contract Liabilities		1,690,479,456.21	1,690,479,456.21
Employees' wage payable	49,620,330.21	49,620,330.21	
Tax payable	3,776,368.66	3,776,368.66	
Other account payable	54,954,443.47	54,954,443.47	
Including: Interest payable			
Dividend payable			
Liabilities held for sales			
Non-current liability due within 1 year			
Other current liability		217,902,801.91	217,902,801.91
Total of current liability	2,650,160,341.45	2,650,160,341.45	
Non-current liabilities:			
Long-term loan			
Bond payable			
Including: preferred stock			
Sustainable debt			
Lease liability			
Long-term payable	545,357,990.20	545,357,990.20	
Long-term remuneration payable to staff			
Expected liabilities	32,202,504.57	32,202,504.57	
Deferred income	50,316,362.61	50,316,362.61	
Deferred income tax liability	316,910,472.07	316,910,472.07	
Other non-current liabilities			
Total non-current liabilities	944,787,329.45	944,787,329.45	
Total of liability	3,594,947,670.90	3,594,947,670.90	
Owners' equity			
Share capital	754,010,400.00	754,010,400.00	
Other equity instruments			
Including: preferred stock			
Sustainable debt			
Capital reserves	138,953,250.09	138,953,250.09	
Less: Shares in stock			
Other comprehensive income	1,784,509,419.91	1,784,509,419.91	
Special reserve	6,000,000.00	6,000,000.00	

Surplus reserves	602,356,402.65	602,356,402.65	
Retained profit	2,709,696,426.43	2,709,696,426.43	
Total of owners' equity	5,995,525,899.08	5,995,525,899.08	
Total of liabilities and owners' equity	9,590,473,569.98	9,590,473,569.98	

(4) Retrospective Restatement of Previous Comparative Data due to the First Execution of any New Standards Governing Financial Instruments or Leases from year 2020

Applicable Not applicable

45.Other

VI. Taxation

1. Main categories and rates of taxes

Category of taxes	Tax base	Tax rate
VAT	The output tax is calculated on the basis of the income from sales of goods and taxable services calculated according to the provisions of the tax law. After deducting the input tax allowed to be deducted in the current period, the difference is the VAT payable	13%, 6%
City maintenance and construction tax	Turnover tax payable	5%, 7%
Enterprise income tax	Amount of income taxable	15%, 20%, 25%
House tax	For those on price basis, taxes are paid at 1.2% of the balance of original value of the property after deducting of 30%; for those on rental basis, taxes are paid at 12% of the rental.	1.2%, 12%
Educational surcharge	Turnover tax payable	3%
Local education additional	Turnover tax payable	2%

Notes of the disclosure situation of the taxpaying bodies with different enterprises income tax rate

Name	Income tax rate
The Company , Zhongneng Company, Packaged Tech. Company,Casting Company,	15%

Zhejiang Huayuan Steam Turbine Machinery Co.,Ltd. and Hangzhou Guoneng Steam Turbine Engineering Co.,Ltd.	
Kunming Hangzhong Steam Turbine Power Technology Service C., Ltd., Guangxi Hangzhong Steam Turbine Technology Service Co., Ltd., Tangshan Hangneng Steam Turbine Power Service Co., Ltd.,Jilin Hangzhong Steam Turbine Technology Service Co., Ltd., Chengdu Hangzhongneng Technology Co., Ltd.,Urumqi Hangzhong Steam Turbine Technology Service Co., Ltd. and Luoyang Hangqi Steam Turbine Technology Service Co., Ltd.	20%
Hangzhou Zhongneng Steam Turbine Power (Indonesia) Co., Ltd.	Hangzhou Zhongneng Steam Turbine Power (Indonesia) Co., Ltd. registered in Indonesia overseas subsidiaries, the applicable local relevant tax laws and regulations.
Other Subsidiary (Domestic)	25%

2. Preferential tax

1. According to the document “Notice for Qualification of High-tech Enterprises” (GKHZD(2020)No.251) issued by Department of Science and Technology High-tech Development Center, the Company along with Hangzhou Zhongneng Steam Turbine Power Co., Ltd. ,Zhejiang Packaged Technologies Development Co., Ltd., Zhejiang Huayuan Steam Turbine Machinery Co.,Ltd. and Hangzhou Guoneng Steam Turbine Engineering Co.,Ltd. – subsidiaries of the Company, were qualified as high-tech enterprises for term of three years. As the result of the re-examination on 2020 high-tech enterprises has not yet been determined, the corporate income tax is temporarily reduced at a 15% tax rate.

2. According to the document “Notice for Qualification of High-tech Enterprises” (GKHZD [2020] No.32) issued by Department of Science and Technology High-tech Development Center, the Company along with The Casting Company – subsidiaries of the Company, were qualified as high-tech enterprises for term of three years. Therefore they enjoy 15% of tax for 2020.

3. According to the Notice on Implementing the Policy of Inclusive Tax Relief for Small and Micro Enterprises (CS [2019] No.13) of the Ministry of Finance and the State Administration of Taxation, the subsidiary companies Kunming Hangzhonneng Steam Turbine Power Technology Service Co., Ltd., Guangxi Hangzhonneng Steam Turbine Technology Service Co., Ltd., Tangshan Hangneng Steam Turbine Power Technology Service Co., Ltd., Jilin Hangzhongneng Steam Turbine Power Technology Service Co., Ltd., Urumqi Hangzhonneng Steam Turbine Technology Service Co., Ltd. and Luoyang Hangqi Steam Turbine Technology Service Co., Ltd. shall adopt preferential tax policies for small profit-making enterprises in 2020. For the part of annual taxable income not exceeding 1 million yuan, it shall be included in the taxable income by 25%, and the enterprise income tax shall be calculated and paid at 20%; For the part with an annual taxable income over 1 million yuan but less than 3 million yuan, it shall be included in the taxable income by 50%, and the enterprise income tax shall be calculated and paid at 20%.

3.Other

VII. Notes to the Consolidated Financial Statements

1.Monetary funds

In RMB

Items	End of term	Beginning of term
Cash in stock	141,788.02	272,578.83
Bank deposit	1,710,528,295.66	1,680,635,443.37
Other monetary fund	118,811,103.81	75,412,215.30
Total	1,829,481,187.49	1,756,320,237.50
Incl: Total of accounts saved overseas	7,598,393.25	11,220,811.11

Other note

At the end of the period, bank deposits include RMB 28,000.00 of ETC deposit with restricted use and RMB 474,344.07 of funds frozen due to the expiration of certificates. Other monetary funds at the end of the period include RMB 117,813,763.97 of bank acceptance bill deposit with restricted use, RMB 956,800.00 of guarantee deposit, RMB 5,076.54 of balance of special account for repurchasing treasury shares with unrestricted use, and RMB 35,463.30 of interest on unrestricted deposit which can be transferred at any time.

2. Transactional financial assets

In RMB

Items	End of term	Beginning of term
Financial assets measured at fair value through profit or loss	1,021,681,809.34	854,210,990.44
Of which :		
Equity instrument investment	1,681,809.34	2,040,990.44
Financing product	1,020,000,000.00	852,170,000.00
Of which:		
Total	1,021,681,809.34	854,210,990.44

3. Derivative financial assets

None

4. Notes receivable

(1) Notes receivable listed by category

In RMB

Items	End of term	Beginning of term
Bank acceptance bill	95,760,020.23	30,437,261.72
Trade acceptance bill	22,347,056.44	16,046,997.93
Total	118,107,076.67	46,484,259.65

In RMB

Category	End of term					Beginning of term				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Proportion (%)	Amount	Proportion (%)		Amount	Proportion (%)	Amount	Proportion (%)	
Including:										
Accrual of bad debt provision by portfolio	123,909,376.92	100.00%	5,802,300.25	4.68%	118,107,076.67	47,328,838.49	100.00%	844,578.84	1.78%	46,484,259.65
Of which:										
Bank acceptance	95,760,020.23	77.28%			95,760,020.23	30,437,261.72	64.31%			30,437,261.72
Commercial acceptance	28,149,356.69	22.72%	5,802,300.25	20.61%	22,347,056.44	16,891,576.77	35.69%	844,578.84	5.00%	16,046,997.93
Total	123,909,376.92	100.00%	5,802,300.25	4.68%	118,107,076.67	47,328,838.49	100.00%	844,578.84	1.78%	46,484,259.65

Accrual of bad debt provision by single item: None

Accrual of bad debt provision by portfolio: 5,802,300.25

In RMB

Name	End of term		
	Book balance	Bad debt provision	Proportion%
Commercial acceptance by portfolio term	28,149,356.69	5,802,300.25	20.61%
Total	28,149,356.69	5,802,300.25	--

(2) Accounts receivable withdraw, reversed or collected during the reporting period

The withdrawal amount of the bad debt provision:

In RMB

Category	Opening balance	Amount of change in the current period				Closing balance
		Accrual	Reversed or collected amount	Write-off	Other	
Commercial acceptance by portfolio term	844,578.84	4,957,721.41				5,802,300.25
Total	844,578.84	4,957,721.41				5,802,300.25

Of which the significant actual write-off accounts receivable:

Applicable Not applicable

(3) Notes receivable pledged by the Company at the end of the period

None

(4) Notes receivable which had endorsed by the Company or had discounted and had not due on the balance sheet date at the period-end

In RMB

Items	Amount of recognition termination at the period-end	Amount of not terminated recognition at the period-end
Bank acceptance bill	54,507,676.21	
Commercial acceptance		2,898,670.97
Total	54,507,676.21	2,898,670.97

(5) Notes transferred to accounts receivable because drawer of the notes fails to executed the contract or agreement

None

(6) The actual write-off accounts receivable

None

5. Accounts receivable

(1) Accounts receivable disclosed by category

In RMB

Category	End of term					Beginning of term				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Proportion %	Amount	Proportion %		Amount	Proportion %	Amount	Proportion %	
Accrual of bad debt provision by single item	2,817,017.89	0.11%	2,817,017.89	100.00%		3,047,721.94	0.12%	3,047,721.94	100.00%	
Including:										
Accrual of bad debt provision by portfolio	2,607,988,316.42	99.89%	989,190,010.96	37.93%	1,618,798,305.46	2,466,951,409.92	99.88%	986,913,562.01	40.01%	1,480,037,847.91
Including:										
Total	2,610,805,334.31	100.00%	992,007,028.85	38.00%	1,618,798,305.46	2,469,999,131.86	100.00%	989,961,283.95	40.08%	1,480,037,847.91

[Note] The differences between the opening period and the end of the previous year (31 December 2019) are detailed in section XII. (5) 44 of the present report on changes in significant accounting policies and accounting estimates

Accrual of bad debt provision by single item: 2,817,017.89

In RMB

Name	Closing balance			
	Book balance	Bad debt provision	Proportion	Reason
Dabi Oleo	2,817,017.89	2,817,017.89	100.00%	Not expected to be recovered
Total	2,817,017.89	2,817,017.89	--	--

Accrual of bad debt provision by single item:

In RMB

Name	Closing balance			
	Book balance	Bad debt provision	Proportion	Reason
Accrual of bad debt provision by portfolio:989,190,010.97				

Accrual of bad debt provision by portfolio:989,190,010.97

In RMB

Name	Closing balance		
	Book balance	Bad debt provision	Proportion
Accrual of bad debt provision by portfolio	2,607,988,316.42	989,190,010.96	37.93%
Total	2,607,988,316.42	989,190,010.96	--

Note: None

Accrual of bad debt provision by portfolio:989,190,010.97

In RMB

Name	Closing balance		
	Book balance	Bad debt provision	Proportion

Note:

Relevant information of the provision for bad debts will be disclosed with reference to the disclosure method of other receivables if the provision for bad debts of bills receivable is accrued according to the general model of expected credit loss:

Applicable Not applicable

Disclosure by aging

In RMB

Aging	Closing balance
Within 1 year (Including 1 year)	893,410,798.71
1-2 years	460,017,694.82
2-3 years	384,133,501.48
Over 3 years	873,243,339.30
3-4 years	171,984,339.18
4-5 years	104,451,253.88
Over 5 years	596,807,746.24
Total	2,610,805,334.31

(2) Accounts receivable withdraw, reversed or collected during the reporting period

The withdrawal amount of the bad debt provision:

In RMB

Category	Opening balance	Amount of change in the current period				Closing balance
		Accrual	Reversed or collected amount	Write-off	Other	
Accrual of bad debt provision by single item	3,047,721.94	-230,704.05				2,817,017.89
Accrual of bad debt provision by portfolio	986,913,562.01	5,321,016.77	1,371,732.73	3,708,760.05	707,540.50	989,190,010.96
Total	989,961,283.95	5,090,312.72	1,371,732.73	3,708,760.05	707,540.50	992,007,028.85

Of which the significant amount of the reversed or collected part during the reporting period

In RMB

Name	Amount	Way
Changsha Seal Turbine Machinery Co., Ltd.	1,125,732.73	Bank deposit recovery
Maanshan Iron & Steel Co., Ltd.	246,000.00	Bank deposit recovery
Total	1,371,732.73	--

(3) The actual write-off accounts receivable

In RMB

Items	Amount
Accrual of bad debt provision by portfolio	3,708,760.05

The significant actual write-off accounts receivable for the current period

In RMB

Name	Nature of account receivable	Amount written off	Reason for written off	Verification procedures	Arising from related transactions (Y/N)
Sichuan Coal Gasification Co., Ltd.	Goods	1,425,000.00	Uncollectible amount	The examined and adopted to General Manager Office	No
Hangzhou Huada Technology Instrument Equipment Co., Ltd.	Goods	920,000.00	Uncollectible amount	The examined and adopted to General Manager Office	No
Fengfeng Mining Area Shuxin Material Co., Ltd.	Goods	595,000.00	Uncollectible amount	The examined and adopted to General Manager Office	No
Xinjiang Xinlianxin Energy Chemical Co., Ltd.	Goods	240,000.00	Uncollectible amount	The examined and adopted to General Manager Office	No
Longkou Jungle Thermal Power Co., Ltd.	Goods	226,961.28	Uncollectible amount	The examined and adopted to General Manager Office	No
Chongqing General Industry (Group) Co., Ltd.	Goods	225,000.00	Uncollectible amount	The examined and adopted to General Manager Office	No
Other	Goods	76,798.77	Uncollectible amount	The examined and adopted to General Manager Office	No
Total	--	3,708,760.05	--	--	--

(4) The ending balance of account receivables owed by the imputation of the top five parties

In RMB

Name	Amount	Proportion(%)	Bad debt provision
Client 1	779,443,373.02	29.85%	276,283,713.98
Client 2	210,346,611.89	8.06%	146,320,638.53
Client 3	86,675,052.37	3.32%	8,744,374.52
Client 4	58,311,386.93	2.23%	3,401,913.22
Client 5	43,217,011.76	1.66%	43,217,011.76
Total	1,177,993,435.97	45.12%	

(5) Account receivable which terminate the recognition owing to the transfer of the financial assets

(6)The amount of the assets and liabilities formed by the transfer and the continues involvement of accounts receivable

Other note

6. Financing of receivables

In RMB

Items	End of term	Beginning of term
Notes receivable	774,663,468.76	680,279,893.94
Total	774,663,468.76	680,279,893.94

Changes in the current period of receivables financing and fair value

Applicable Not applicable

Relevant information of the financing provision for bad debts will be disclosed with reference to the disclosure method of other receivables if the provision for bad debts of bills receivable is accrued according to the general model of expected credit loss:

Applicable Not applicable

Other note:

(1) Accounts receivable financing with combined provision for impairment

Items	End of term		
	Book balance	Bad debt provision	Proportion
Bank acceptance bill portfolio	774,663,468.76		
Subtotal	774,663,468.76		

(2) Notes receivable pledged by the Company at the end of the period

Items	Pledged amount
Bank acceptance bill portfolio	47,724,281.92
Subtotal	47,724,281.92

(3) Notes receivable which had endorsed by the Company or had discounted and had not due on the balance sheet date at the period-end

In RMB

Items	Amount of recognition termination at the period-end
Bank acceptance bill	652,386,470.93
Subtotal	652,386,470.93

The acceptor of the bank acceptance bill is a commercial bank, because the commercial bank has high credit, the possibility of the bank acceptance bill not being paid at maturity is low, so the company has endorsed or discounted the bank acceptance bill to terminate the confirmation. However, if the bill is not paid at maturity, the company shall remain jointly and severally liable to the holder under the provisions of the bill act.

7. Prepayments

(1) Age analysis

In RMB

Age	End of term		Beginning of term	
	Book balance	Proportion(%)	Book balance	Proportion(%)
Within 1 year	505,778,971.10	87.56%	350,460,871.05	90.19%
1-2 years	46,784,353.50	8.10%	29,444,937.03	7.58%
2-3 years	17,087,017.61	2.96%	3,055,563.05	0.79%
Over 3 years	7,954,365.64	1.38%	5,601,076.67	1.44%
Total	577,604,707.85	--	388,562,447.80	--

Notes of the reasons of the prepayment ages over 1 year with significant amount but failed settled in time

Note

(2) Top 5 of the closing balance of the prepayment collected according to the prepayment target

Name	Amount	Proportion(%)
SIEMENS (CHINA) LIMITED	159,128,880.00	27.55
Jiangsu Shuangliang Cooling System Co., Ltd.	61,903,944.74	10.72
Siemens Industrial Turbomachinery AB	59,312,713.70	10.27
Mitsubishi Hitachi Electric Gas Engine Service (Nanjing) Co., Ltd	30,882,994.15	5.35
Kailuowen thermal Power technology (Jiangsu) Co., Ltd.	19,364,627.00	3.35
Subtotal	330,593,159.59	57.24

Other note:

8. Other account receivable

In RMB

Nature	Closing balance	Opening balance
Dividend receivable	43,605,292.60	27,827,292.60
Other	20,786,864.53	17,693,497.29
Total	64,392,157.13	45,520,789.89

(1) Interest receivable

1) Classification of interest receivable

In RMB

Nature	Closing balance	Opening balance
--------	-----------------	-----------------

2) Significant overdue interest

In RMB

Unit	Closing balance	Time	Reason	Whether or not the impairment and the basis for its determination
------	-----------------	------	--------	---

Other note:

3) Bad-debt provision

Applicable Not applicable

(2) Dividend receivable

(1) Dividend receivable

In RMB

Items	End of term	Beginning of term
Hangzhou Bank	43,605,292.60	27,827,292.60
Total	43,605,292.60	27,827,292.60

2) Significant dividend receivable aged over 1 year

In RMB

Items	Closing balance	Aging	Reason	Whether occurred impairment and its judgment basis
Hangzhou Bank	27,827,292.60	The balance of 1-2 years is 11,270,000.00 yuan. The balance of 2-3 years is 9,657,292.60 yuan, The balance of over 3 years is 6,900,000.00 years	Equity pledge	No
Total	27,827,292.60	--	--	--

3) Bad-debt provision

 Applicable Not applicable

Other note:

(3) Other accounts receivable

1) Other accounts receivable classified by the nature of accounts

In RMB

Nature	Closing book balance	Opening book balance
Accrual of bad debt provision by single term		
Accrual of bad debt provision by portfolio:	35,240,866.98	32,955,532.35
Total	35,240,866.98	32,955,532.35

2) Bad-debt provision

In RMB

Bad Debt Reserves	Stage 1	Stage 2	Stage 3	Total
	Expected credit losses over the next 12 months	Expected credit loss over life (no credit impairment)	Expected credit losses for the entire duration (credit impairment occurred)	
Balance as at January 1, 2020	724,820.99	254,659.24	14,282,554.83	15,262,035.06
Balance as at January 1, 2020	—	—	—	—

in current				
—Transfer to stage II	-180,915.22	180,915.22		
—Transfer to stage III		-132,780.59	132,780.59	
Provision in the current period	305,556.89	59,036.57	-510,609.07	-146,015.61
Write - off in the current period			662,017.00	662,017.00
Balance as at December 31, 2020	849,462.66	361,830.44	13,242,709.35	14,454,002.45

Loss provision changes in current period, change in book balance with significant amount

Applicable Not applicable

Disclosure by aging

In RMB

Aging	Closing balance
Within 1 year(Including 1 year)	16,989,253.14
1-2 years	3,618,304.36
2-3 years	1,327,805.88
Over 3 years	13,305,503.60
3-4 years	778,315.49
4-5 years	749,049.07
Over 5 years	11,778,139.04
Total	35,240,866.98

3) Accounts receivable withdraw, reversed or collected during the reporting period

The withdrawal amount of the bad debt provision:

In RMB

Category	Opening balance	Amount of change in the current period				Closing balance
		Accrual	Reversed or collected amount	Write-off	Other	
Accrual of bad debt provision by portfolio:	15,262,035.06	-146,015.61		662,017.00		14,454,002.45
Total	15,262,035.06	-146,015.61		662,017.00		14,454,002.45

Where the current bad debts back or recover significant amounts:

In RMB

Name	Amount	Way
------	--------	-----

4) The actual write-off accounts receivable

In RMB

Items	Amount
Other receivable account	662,017.00

The significant actual write-off other accounts receivable for the current period

In RMB

Name	Nature of account receivable	Amount written off	Reason for written off	Verification procedures	Arising from related transactions (Y/N)
Shanxi Electric Power Construction First Company	Provisional payment receivable	500,000.00	Uncollectible amount	The examined and adopted to General Manager Office	No
Hangzhou Xihu Electric Power Technology Co., Ltd.	Provisional payment receivable	159,000.00	Uncollectible amount	The examined and adopted to General Manager Office	No
Zhejiang Gongli Construction Co., Ltd.	Provisional payment receivable	3,017.00	Uncollectible amount	The examined and adopted to General Manager Office	No
Total	--	662,017.00	--	--	--

Other note:

5) Top 5 of the closing balance of the other accounts receivable collated according to the arrears party

In RMB

Name	Nature	Closing balance	Aging	Proportion of the total year end balance of the accounts receivable	Closing balance of bad debt provision
Shanghai Customs Waigaoqiao Office	Deposit	3,710,320.94	Over 5 years	10.53%	3,710,320.94
Suzhou Weicheng Tender Service Co., Ltd.	Deposit	2,210,000.00	Within 1 year	6.27%	110,500.00
Hangzhou Ganghua Gas Co., Ltd.	Deposit	1,400,000.00	The Balance of Within 1 year is 800,000.00 yuan, The	3.97%	570,000.00

			Balance of 2-3 is 100,000.00 yuan, The Balance of Over 5 year is 500,000.00 yuan		
Shandong Jinan Power Generation Equipment Plant Co., Ltd.	Temporary payment receivable	1,360,000.00	Over 5 year	3.86%	1,360,000.00
Sinopec International Business Co., Ltd. Wuhan Bidding Center	Deposit	1,250,100.00	Within 1 year	3.55%	62,505.00
Total	--	9,930,420.94	--	28.18%	5,813,325.94

6) Accounts receivable involved with government subsidies

None

7) Other account receivable which terminate the recognition owing to the transfer of the financial assets

None

8) The amount of the assets and liabilities formed by the transfer and the continues involvement of other accounts receivable

None

9. Inventories

Whether the company need to comply with the disclosure requirements of the real estate industry

No

(1) Category of Inventory

In RMB

Items	Closing book balance			Opening book balance		
	Book balance	Provision for inventory impairment	Book value	Book balance	Provision for inventory impairment	Book value
Raw materials	555,853,674.67	126,037,190.21	429,816,484.46	496,493,898.48	102,764,892.59	393,729,005.89
Goods in progress	873,917,291.98	62,846,628.97	811,070,663.01	777,309,981.82	62,335,747.40	714,974,234.42

Stock goods	1,077,831,518.71	146,965,552.72	930,865,965.99	1,067,164,081.98	124,577,053.22	942,587,028.76
Total	2,507,602,485.36	335,849,371.90	2,171,753,113.46	2,340,967,962.28	289,677,693.21	2,051,290,269.07

(2) Falling price reserves of inventory

In RMB

Items	Opening balance	Increased amount		Decreased amount		Closing balance
		Withdrawal	Reverse or write-off	Reverse or write-off	Other	
Raw materials	102,764,892.59	26,557,941.96		3,285,644.34		126,037,190.21
Goods in progress	62,335,747.40	510,881.57				62,846,628.97
Stock goods	124,577,053.22	31,340,311.31		8,951,811.81		146,965,552.72
Total	289,677,693.21	58,409,134.84		12,237,456.15		335,849,371.90

The specific basis for determining the net realizable value, and the reasons for reversing or reselling the inventory depreciation reserve in the current period

Items	Specific basis for determining net realizable value	Current write-off Reason for provision for inventory
Raw materials	The net realizable value shall be recognized by the amount of the estimated selling prices minus the estimated selling costs and relevant taxes and dues	Used for current production and use and sales realization
Goods in process and commodity stocks	The net realizable value shall be recognized by the amount of the estimated selling prices minus the estimated selling costs and relevant taxes and dues, wherein regarding suspended projects expected not be to be recovered or projects whose sales agreements are released, the net realizable value shall be recognized by the expected recoverable compensation	Current realized sales

(3) Notes of the closing balance of the inventory which includes capitalized borrowing expenses

(4) Completed unsettled assets formed from the construction contract at the period-end

10.Contact assets

In RMB

Items	Year-end balance			Year-beginning balance (Note)		
	Book balance	Bad debt provision	Book value	Book balance	Bad debt provision	Book value
Quality guarantee	545,823,724.87	59,254,399.70	486,569,325.17	589,183,758.15	44,140,263.32	545,043,494.83
Total	545,823,724.87	59,254,399.70	486,569,325.17	589,183,758.15	44,140,263.32	545,043,494.83

[Note] The differences between the opening period and the end of the previous year (31 December 2019) are detailed in section XII. (5) 44 of the present report on changes in significant accounting policies and accounting estimates

Relevant information of the financing provision for bad debts will be disclosed with reference to the disclosure method of other receivables if the provision for bad debts of bills receivable is accrued according to the general model of expected credit loss:

Applicable Not applicable

Provision for impairment of contract assets in the current period

In RMB

Items	Current accrual	Change amount	Reversal/write-off current period	in Reason
Accrual by single item				
Accrual by portfolio	15,114,136.38			Accrual by aging
Total	15,114,136.38			--

Other note:

11. Assets divided as held-to-sold

None

12. Non-current assets due within 1 year

None

13. Other current assets

In RMB

Items	End of term	Beginning of term
Input tax deductible	39,814,956.16	65,719,458.12
Prepaid income tax	6,437,194.30	1,771,366.76
Rent charge	1,897,814.76	4,101,238.21
Treasury bonds	814,851.80	
Total	48,964,817.02	71,592,063.09

Other note:

14. Creditor's right investment: None

15. Other Creditor's right investment: None

16. Long-term accounts receivable : None**17. Long-term equity investment**

In RMB

Investees	Opening balance	Increase /decrease							Closing balance	Closing balance of impairment provision
		Additional investment	Decrease investment	Other comprehensive income	Changes in other equity	Cash bonus or profits announced to issue	Withdrawal of impairment provision	Other		
I. Joint venture										
2. Affiliated Company										
Zhejiang Zhongrun Gas turbine technology Co., Ltd.	10,883,488.70	1,360,000.00		-2,137,796.92				1,793,617.06	11,899,308.84	
Zhejiang Ranchuang Turbine Machinery Co., Ltd.	11,246,097.13			210,035.64					11,456,132.77	
Subtotal	22,129,585.83	1,360,000.00		-1,927,761.28				1,793,617.06	23,355,441.61	
Total	22,129,585.83	1,360,000.00		-1,927,761.28				1,793,617.06	23,355,441.61	

Other note

[Note] Where, RMB 1,149,217.06 is the income generated by the subsidiary turbine company's investment cost due to its obtaining of the joint venture Zhejiang Zhongrun Gas Turbine Technology Co., Ltd., which is less than the fair value of the identifiable net assets of the investee when obtaining the investment; For details of RMB 644,400.00, please refer to Note V (I) 34(2) of the financial statements

18. Other equity instruments investment

In RMB

Items	End of term	Beginning of term
Hangzhou Bank	4,056,378,073.52	2,490,376,886.96
Total	4,056,378,073.52	2,490,376,886.96

Itemized disclosure of the current non - trading equity instrument investment

In RMB

Name	Recognized	Accumula	Accumulat	Amount of other	Reasons for being measured at fair value	Reasons
------	------------	----------	-----------	-----------------	--	---------

	dividend income	ting profit	ing profit	comprehensive income transferred to retained earnings	and whose changes are included in other comprehensive income	for other compreh ensive income transferr ed to retained earnings
Hangzhou Bank	95,156,322.10				The shares of Hangzhou Bank Co., Ltd. held by the company cannot pass the contract cash flow characteristic test, but the company does not hold the equity instrument for the purpose of trading, so it is designated as a financial asset measured at fair value and its changes are included in other comprehensive income.	

Other note:

19. Other non-current Financing assets

In RMB

Items	End of term	Beginning of term
Classified as financial assets measured by fair value and whose changes are included in the current profit and loss	18,376,081.45	142,244,014.16
Total	18,376,081.45	142,244,014.16

Other note: The project is invested in equity instruments

20. Investment property

(1) Investment property adopted the cost measurement mode

Applicable Not applicable

(2) Investment property adopted fair value measurement mode

Applicable Not applicable

(3) Details of investment property failed to accomplish certification of property

None

21. Fixed assets

In RMB

Items	End of term	Beginning of term
Fixed assets	1,094,505,770.45	724,702,558.18
Total	1,094,505,770.45	724,702,558.18

(1) Details

In RMB

Items	Houses & buildings	Machinery equipment	Transportation equipment	Office equipment	Total
I. Original price					
1. Balance at period-beginning	723,688,582.73	1,017,986,468.77	27,373,257.78	98,848,619.12	1,867,896,928.40
2. Increase in the current period	443,508,427.66	9,061,869.40	2,107,569.73	8,335,437.46	463,013,304.25
(1) Purchase		2,705,195.45	2,107,569.73	2,266,387.36	7,079,152.54
(2) Transferred from construction in progress	443,508,427.66	6,356,673.95		6,069,050.10	455,934,151.71
(3) Increased of Enterprise Combination					
3. Decreased amount of the period	3,855,956.51	222,362,432.72	2,922,985.93	54,530,380.43	283,671,755.59
(1) Dispose	3,855,956.51	222,362,432.72	2,922,985.93	54,530,380.43	283,671,755.59
4. Balance at period-end	1,163,341,053.88	804,685,905.45	26,557,841.58	52,653,676.15	2,047,238,477.06
II. Accumulated amortization					
1. Opening balance	223,930,021.17	811,201,684.42	20,847,765.51	81,033,928.62	1,137,013,399.72
2. Increased amount of the period	21,500,201.85	39,081,808.17	2,460,117.72	4,532,699.20	67,574,826.94
(1) Withdrawal	21,500,201.85	39,081,808.17	2,460,117.72	4,532,699.20	67,574,826.94
3. Decrease in the reporting period	154,238.25	204,127,376.20	2,755,083.61	49,663,315.01	256,700,013.07
(1) Disposal	154,238.25	204,127,376.20	2,755,083.61	49,663,315.01	256,700,013.07

4.Closing balance	245,275,984.77	646,156,116.39	20,552,799.62	35,903,312.81	947,888,213.59
III. Impairment provision					
1.Opening balance	1,504,928.24	3,600,121.12		1,075,921.14	6,180,970.50
2.Increase in the reporting period					
(1) Withdrawal					
3.Decrease the reporting period		336,789.66		999,687.82	1,336,477.48
(1) Disposal		336,789.66		999,687.82	1,336,477.48
4. Closing balance	1,504,928.24	3,263,331.46		76,233.32	4,844,493.02
IV. Book value					
1.Book value of the period-end	916,560,140.87	155,266,457.60	6,005,041.96	16,674,130.02	1,094,505,770.45
2.Book value of the period-begin	498,253,633.32	203,184,663.23	6,525,492.27	16,738,769.36	724,702,558.18

(2) List of temporarily idle fixed assets

None

(3) Fixed assets leased in from financing lease

None

(4) Fixed assets leased out from operation lease

None

(5) Details of fixed assets failed to accomplish certification of property

In RMB

Items	Book value	Reason
Steam turbine power Building	207,276,289.75	In process
Steam Turbine Heavy Industry Plant -Complete sets of factory	121,116,995.05	In process
Steam Turbine Heavy Industry Plant -Jingzi Large Workshop	98,098,561.00	In process
Steam Turbine Heavy Industry Plant	78,387,682.00	In process

-Rotor workshop		
Steam Turbine Heavy Industry Plant -Small and Medium Welding Heat Treatment Workshop	69,742,622.00	In process
Steam Turbine Heavy Industry Plant -Complete Plant	42,169,981.00	In process
Steam Turbine Heavy Industry Plant -Distribution Centre	36,934,651.00	In process
Steam Turbine Heavy Industry Plant -Canteen and Staff Activity Centre	17,985,542.45	In process
Steam Turbine Heavy Industry Plant -Joint station	10,183,040.00	In process
Subtotal	681,895,364.25	

Other note

(6) Liquidation of fixed assets

22. Construction in progress

In RMB

Items	End of term	Beginning of term
Construction in progress	804,921,709.95	799,410,358.84
Total	804,921,709.95	799,410,358.84

(1) List of construction in progress

In RMB

Items	End of term			Beginning of term		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
New Plant project	784,750,054.12		784,750,054.12	770,118,198.38		770,118,198.38
Software project	2,995,615.18		2,995,615.18	7,779,939.24		7,779,939.24
Other project	13,821,041.54		13,821,041.54	13,337,401.59		13,337,401.59
Prepayment for equipment or projects	3,354,999.11		3,354,999.11	8,174,819.63		8,174,819.63
Total	804,921,709.95		804,921,709.95	799,410,358.84		799,410,358.84

(2) Changes of significant construction in progress

In RMB

Name of project	Budget	Opening balance	Increase	Transferred to fixed assets	Other decrease	End balance	Proportion %	Project process	Capitalization of interest	Including: capitalization of interest this period	Capitalization of interest rate (%)	Source of funding
New Plant project	173,328.76	770,118,198.38	455,701,379.74	441,069,524.00		784,750,054.12	72.03%	70.00%	8,970,397.34	2,318,970.94	1.20%	Other
Software project	797.00	7,779,939.24	782,675.96		5,567,000.02	2,995,615.18						Other
Other project		13,337,401.59	9,523,717.66	9,040,077.71		13,821,041.54						Other
Prepayment for equipment or projects		8,174,819.63	1,004,729.48	5,824,550.00		3,354,999.11						Other
Total	174,125.76	799,410,358.84	467,012,502.84	455,934,151.71	5,567,000.02	804,921,709.95	--	--	8,970,397.34	2,318,970.94		--

(3) List of the withdrawal of the impairment provision of the construction in progress

None

(4) Engineering material

None

23. Productive biological assets

(1) Productive biological assets measured at cost methods

 Applicable Not applicable

(2) Productive biological assets measured at fair value

 Applicable Not applicable**24. Oil and gas assets** Applicable Not applicable

25. Right to use assets

None

26. Intangible assets

(1) Information

In RMB

Items	Land using right	Patent	Non patent technology	Software	Total
I. Original price					
1. Balance at period-beginning	332,298,312.33	309,433.96		6,203,204.75	338,810,951.04
2. Increase in the current period				6,783,442.45	6,783,442.45
(1) Purchase				6,783,442.45	6,783,442.45
(2) Internal Development					
(3) Increased of Enterprise Combination					
3. Decreased amount of the period					
(1) Disposal					
4. Closing balance	332,298,312.33	309,433.96		12,986,647.20	345,594,393.49
II. Accumulated amortization					
1. Opening balance	61,769,705.92	263,920.58		1,636,957.32	63,670,583.82
2. Increased amount of the period	6,662,865.36	5,470.20		1,443,159.82	8,111,495.38
(1) Withdrawal	6,662,865.36	5,470.20		1,443,159.82	8,111,495.38
3. Decreased amount of the period					
(1) Disposal					

4.Closing balance	68,432,571.28	269,390.78		3,080,117.14	71,782,079.20
III. Impairment provision					
1.Opening balance					
2.Increased amount of the period					
(1) Withdrawal					
3.Decreased amount of the period					
(1) Disposal					
4.Closing balance					
IV. Book value					
1.Closing book value	263,865,741.05	40,043.18		9,906,530.06	273,812,314.29
2.Opening book value	270,528,606.41	45,513.38		4,566,247.43	275,140,367.22

(2) Details of fixed assets failed to accomplish certification of land use right

None

27. R&D expenses

None

28. Goodwill

(1) Book value of goodwill: None

(2) Provision for impairment of goodwill: None

29. Long-term amortized expenses

None

30. Deferred income tax assets/deferred income tax liabilities

(1) Deferred income tax assets had not been off-set

In RMB

Items	Balance in year-end		Balance in year-begin	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Provision for Asset Impairment	1,409,307,333.29	217,500,327.81	1,342,544,151.28	207,111,114.23
Internal trade profit not realized	53,583,539.53	8,037,530.93	49,610,648.35	8,942,918.26
Revenue from changes in fair value generated by financial assets classified at fair value through profit or loss	34,946,102.23	5,241,915.33	37,770,873.39	5,665,631.00
Estimated liabilities			32,202,504.57	4,830,375.69
Temporary difference such as amortizing of software expense	708,010.50	106,201.59	1,463,169.81	219,475.47
Relocation compensation [note]	1,187,246,121.02	178,402,589.13		
Total	2,685,791,106.57	409,288,564.79	1,463,591,347.40	226,769,514.65

(2) Deferred income tax liabilities had not been off-set

In RMB

Items	Balance in year-end		Balance in year-begin	
	Deductible temporary difference	Deferred income tax liabilities	Deductible temporary difference	Deferred income tax liabilities
Changes in fair value of investments in other equity instruments	3,665,424,033.52	549,813,605.04	2,099,422,846.96	314,913,427.04
Revenue from changes in fair value generated by financial assets classified at fair value through profit or loss			4,526,027.39	678,904.11
Accumulated depreciation	4,844,493.02	726,673.95	6,180,970.50	927,145.57
Deferred income			1,574,345.96	390,995.35
Total	3,670,268,526.54	550,540,278.99	2,111,704,190.81	316,910,472.07

(3) Deferred income tax assets and liabilities are presented as net amount after neutralization

In RMB

Items	Deferred Income Tax	Temporarily Deductable	Deferred Income Tax	Temporarily Deductable
-------	---------------------	------------------------	---------------------	------------------------

	Assets or Liabilities at the End of Report Period	or Taxable Difference at the End of Report Period	Assets or Liabilities at the Beginning of Report Period	or Taxable Difference at the Beginning of Report Period
Deferred income tax assets		409,288,564.79		226,769,514.65
Deferred income tax liabilities		550,540,278.99		316,910,472.07

(4)Details of income tax assets not recognized

In RMB

Items	End of term	Beginning of term
Deductible provisional differences	2,904,262.90	3,522,673.60
Deductible losses	11,420.89	3,363,565.02
Total	2,915,683.79	6,886,238.62

(5) The un-recognized deductible losses of deferred income tax assets will due in the following years:

In RMB

Year	End of term	Beginning of term	Remark
2021		507,583.48	
2022	11,420.89	2,762,296.57	
2023		93,489.37	
2024		195.60	
Total	11,420.89	3,363,565.02	--

Other note:

31.Other Non-current assets: None**32. Short-term borrowings**

(1) Category of short-term borrowings

In RMB

Items	End of term	Beginning of term
Mortgage Borrowings	38,846,473.78	60,085,066.67
Guarantee Borrowing	177,876,329.63	37,755,120.54
Total	216,722,803.41	97,840,187.21

Note:

(2) List of the short-term borrowings overdue but not return

None

33. Transactional financial liabilities

None

34. Derivative financial liability

None

35. Notes payable

In RMB

Items	End of term	Beginning of term
Bank acceptance bill	230,724,303.75	227,961,541.12
Total	230,724,303.75	227,961,541.12

The total amount of outstanding notes payable at the end of this period is RMB .

36. Accounts payable

(1) List of accounts payable

In RMB

Items	End of term	Beginning of term
Goods	1,050,592,796.72	949,134,466.43
Equipment and Engineering	128,847,988.84	53,476,522.58
Other	28,357,035.22	27,797,727.73
Total	1,207,797,820.78	1,030,408,716.74

(2) Notes of the accounts payable aging over one year

None

37. Advances received

(1) List of Advances received

In RMB

Items	End of term	Beginning of term
Goods		0.00

Total		0.00
-------	--	------

[Note] The differences between the opening period and the end of the previous year (31 December 2019) are detailed in section XII. (5) 44 of the present report on changes in significant accounting policies and accounting estimates

(2) Notes of the accounts payable aging over one year

None

38.Contract liabilities

In RMB

Items	End of term	Beginning of term
Goods	2,871,186,991.05	2,496,129,669.77
Total	2,871,186,991.05	2,496,129,669.77

[Note] The differences between the opening period and the end of the previous year (31 December 2019) are detailed in section XII. (5) 44 of the present report on changes in significant accounting policies and accounting estimates

39. Payroll payable

(1) List of Payroll payable

In RMB

Items	Beginning of term	Increased this period	Decreased this period	End of term
Short-term compensation	71,207,361.75	697,008,672.91	678,256,316.34	89,959,718.32
Post-employment benefits - defined contribution plans	24,998,587.82	59,910,887.44	58,469,036.46	26,440,438.80
Dismissal welfare		42,150,675.30	42,150,675.30	
Total	96,205,949.57	799,070,235.65	778,876,028.10	116,400,157.12

(2) Presentation of short-term compensation

In RMB

Items	Opening balance	Increase	Decrease	Closing balance
(1) Salary, bonus, allowance and subsidy	53,459,703.08	558,789,532.31	540,321,579.81	71,927,655.58
(2) Employee benefits		32,836,934.65	32,836,934.65	
(3) Social insurance expenses	7,315,733.29	40,584,736.57	40,482,283.05	7,418,186.81
Including: medical insurance premium	6,806,787.26	39,561,727.52	39,018,659.15	7,349,855.63
Work-related injury insurance	106,621.82	760,728.71	799,019.35	68,331.18

premium				
Maternity insurance premium	402,324.21	262,280.34	664,604.55	
(4) Housing fund	104,323.96	53,026,725.00	53,039,240.00	91,808.96
(5) Labor union expenditures and employee education expenses	10,327,601.42	11,770,744.38	11,576,278.83	10,522,066.97
Total	71,207,361.75	697,008,672.91	678,256,316.34	89,959,718.32

(3) List of drawing scheme

In RMB

Items	Opening balance	Increase	Decrease	Closing balance
1.Basic pension insurance	4,734,914.56	33,876,344.02	35,417,305.27	3,193,953.31
2. Unemployment insurance	171,523.17	1,203,048.42	1,260,501.83	114,069.76
3. Enterprise annual fee	20,092,150.09	24,831,495.00	21,791,229.36	23,132,415.73
Total	24,998,587.82	59,910,887.44	58,469,036.46	26,440,438.80

40. Taxes Payable

In RMB

Items	End of term	Beginning of term
VAT	55,676,116.89	7,102,002.57
Enterprise Income tax	208,118,129.72	16,168,061.29
Individual Income tax	2,438,046.35	1,471,876.19
City Construction tax	6,111,245.89	702,531.26
Property tax	1,427,604.15	5,020,068.01
Land use tax	3,407,434.59	3,152,220.40
Education subjoin	2,618,495.23	312,788.18
Locality Education subjoin	1,745,663.49	208,525.44
Other	366,905.29	383,683.64
Total	281,909,641.60	34,521,756.98

Other note:

41.Other account payable

In RMB

Items	End of term	Beginning of term
Other account payable	75,212,591.46	82,148,405.19

Total	75,212,591.46	82,148,405.19
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(1) Interest payable

None

(2) Dividends payable

None

(3) Other account payable: None

(1) Other accounts payable listed by nature of the account

In RMB

Items	End of term	Beginning of term
Deposit	17,621,478.00	13,661,447.55
Provisional account payable	55,896,456.04	66,817,647.74
Other	1,694,657.42	1,669,309.90
Total	75,212,591.46	82,148,405.19

② Significant other payables for over 1 year

None

42. Liabilities classified as holding for sale

None

43. Non-current liabilities due within 1 year

In RMB

Items	End of term	Beginning of term
Long-term Borrowing loans due within 1 year	1,001,088.89	200,319.30
Total	1,001,088.89	200,319.30

Other note:

44. Other current liabilities

In RMB

Items	End of term	Beginning of term (Note)
Output tax to be transferred	370,383,121.84	322,000,727.40
Maintenance and renovation costs	3,723,419.52	
Total	374,106,541.36	322,000,727.40

[Note] The differences between the opening period and the end of the previous year (31 December 2019) are detailed in section XII. (5) 44 of the present report on changes in significant accounting policies and accounting estimates

45. Long-term borrowing

(1) Category of long-term loan

In RMB

Items	End of term	Beginning of term
Mortgage loan	21,623,520.00	12,519,956.60
Guarantee loan		9,915,805.63
Total	21,623,520.00	22,435,762.23

46. Bonds payable

None

47. Lease liability

None

48. Long-term payable

In RMB

Items	End of term	Beginning of term
Long term account payable	156,493,666.66	183,554,599.99
Special Payable	249,378,950.11	546,905,908.60
Total	405,872,616.77	730,460,508.59

(1) Long-term payable listed by nature of the account

In RMB

Items	End of term	Beginning of term
CDB investment fund	155,000,000.00	182,000,000.00
Income payable of CDB	1,163,666.66	1,224,599.99

Drawing in administrative restructuring	330,000.00	330,000.00
Total	156,493,666.66	183,554,599.99

Other notes:

According to the relevant agreement of the National Development Fund Investment Contract (hereinafter referred to as the Investment Contract) jointly signed by the Company, National Development Fund Co., Ltd. (hereinafter referred to as the NDF), Hangzhou Steam Turbine Industry Co., Ltd. and Hangzhou Steam Turbine Group, the NDF invested RMB 208,000,000.00 in Hangzhou Steam Turbine Industry Co., Ltd., the subsidiary, The NDF obtains 1.2% of the proceeds through dividends or repurchasing premium each year for the above investment; According to the investment contract, Hangzhou Turbine Group will buy back its stake in the turbine heavy industry company by stages from 2019 to the national development fund. In addition, according to the share transfer agreement in the buyback stage, Hangzhou Turbine Group will resell the shares to the company at the same price after buyback. Hangzhou Turbine Group has bought back the investment of 26,000,000.00 yuan from the national development fund and resold it to the company at the same price. Turbine Heavy Industry Company received the above-mentioned investment from CDI Development Fund on December 27, 2016. According to the relevant investment return agreement in the investment contract, the Company will report it as long-term payables when preparing the consolidated financial statements.

As of December 31, 2020, Hangzhou Turbine Group has repurchased the investment of RMB 53,000,000.00 from the National Development Fund and resold it to the Company at the same price; The accumulative recognized payable income of this investment is RMB 9,826,000.00, of which the recognized payable income in this period is RMB 2,319,800.00.

(2) Special Payable

In RMB

Items	Beginning of term	Increased this period	Decreased this period	End of term	Reason
Compensation for relocation	545,401,106.60	230,986,467.90	529,444,631.26	246,942,943.24	
Funding for Personnel Training	1,504,802.00	2,069,109.89	1,137,905.02	2,436,006.87	
Total	546,905,908.60	233,055,577.79	530,582,536.28	249,378,950.11	--

Other note:

The increase in compensation for relocation in this period is the fourth compensation for relocation received by the company according to the overall relocation plan of Hangzhou Municipal Government; The decrease in the current period is caused by the use of compensation for relocation, of which the corresponding part of the relocation expenses of RMB 88,375,107.26 in the current period is transferred to other income; The corresponding part of the fixed assets of RMB 441,069,524.00 used in this period was transferred to deferred revenue. See Note XIII (II) of the financial statements for details.

49. Long term payroll payable

None

50. Estimated liabilities

In RMB

Items	End of term	Beginning of term	Reason
Proceedings without judgment		32,202,504.57	
Total		32,202,504.57	--

Other explanations, including relevant important assumptions and estimation explanations of important estimated liabilities:

On September 5, 2018, due to disputes over engineering and product quality, Henan Junhua Development Co., Ltd. sued the Company and Xi'an Shangu Power Co., Ltd. in Zhumadian Intermediate People's Court of Henan Province, demanding compensation for its losses of RMB 44 million, equipment repair costs of RMB 2.2 million, and related legal fees and other expenses. On May 22, 2019, the Intermediate People's Court of Zhumadian City in Henan Province ruled against the Company, involving a compensation amount of 32.225 million yuan. The Company refused to accept the judgment and appealed to the Henan Higher People's Court. According to the civil ruling ((2019) YMZ No.918) made by the Henan Higher People's Court in January 2020, it ruled that the first-instance judgment of Zhumadian Intermediate People's Court was revoked and the case was remanded for retrial. On March 13, 2021, Henan Junhua Development Co., Ltd. applied to Zhumadian Intermediate People's Court for withdrawal of the lawsuit, which was granted by the court. In this period, the estimated liabilities accrued in the previous year were reversed by RMB 32,202,504.57, and the non-operating income was increased by RMB 32,202,504.57 accordingly.

51. Deferred income

In RMB

Items	Beginning of term	Increased this period	Decreased this period	End of term	Reason
Government Subsidy	51,713,417.61	529,444,631.26	91,741,758.13	489,416,290.74	Receive government subsidies
Total	51,713,417.61	529,444,631.26	91,741,758.13	489,416,290.74	--

Details of government subsidies

Please refer to Note V (IV) 3 of the Financial Statements for details of the amount of government subsidies included in the current profits and losses.

52. Other non-current liabilities

None

53. Stock capital

In RMB

	Balance Year-beginning	Increase/decrease this time (+, -)					Balance year-end
		Issuing of new share	Bonus shares	Transferred from reserves	Other	Subtotal	
Total of capital shares	754,010,400.00						754,010,400.00

54. Other equity instruments

None

55. Capital reserves

In RMB

Items	Year-beginning balance	Increase in the current period	Decrease in the current period	Year-end balance
Capital premium	92,942,694.56			92,942,694.56
Other capital reserves	60,030,525.09	644,400.00		60,674,925.09
Total	152,973,219.65	644,400.00		153,617,619.65

Other note

Turbine Company, a subsidiary of the subsidiary turbine company, increased its capital by 10 million yuan in 2018. The paid-in capital of Turbine Company reached 1.36 million yuan in the current period, resulting in an increase of 644,400 yuan in the fair value share of the identifiable net assets of the investee compared with the book value of the original investment. The turbine company made adjustment accordingly to increase its long-term equity investment and capital reserve-other capital reserve by 644,400 yuan.

56. Treasury stock

In RMB

Items	Year-beginning balance	Increase in the current period	Decrease in the current period	Year-end balance
Treasury stock		144,078,948.09		144,078,948.09
Total		144,078,948.09		144,078,948.09

Other note:

According to the Proposal on Repurchase of Company Shares reviewed and approved at the Second Extraordinary General Meeting of Shareholders held on December 10, 2019, the company repurchased at a price

not exceeding HK\$ 9.5 per share (inclusive), with the total repurchase funds not less than HK\$ 160 million (inclusive) and not more than HK\$ 320 million (inclusive). The specific repurchase amount shall be subject to the funds actually used to repurchase shares at the expiration of repurchase period. The implementation period of share repurchase is within 12 months from the date of adoption of the share repurchase plan.

The company implemented share repurchase for the first time on February 28, 2020. As of December 31, 2020, the company has completed share repurchase, and actually repurchased 19,551,800 shares, accounting for 2.59% of the company's total share capital. The highest repurchase price is HK\$ 9.17 per share, the lowest repurchase price is HK\$ 7.22 per share. The total amount of funds used is HK\$ 160,734,718.28, equivalent to RMB 144,078,948.09, which is included in the current treasury stock.

57. Other comprehensive income

In RMB

Items	Opening balance	Occurred current term						Closing balance
		Amount incurred before income tax	Less: Amount transferred into profit and loss in the current period that recognized into other comprehensive income in prior period	Less: Prior period included in other composite income transfer to retained income in the current period	Less: Income tax expenses	After-tax attribute to the parent company	After-tax attribute to minority shareholder	
1. Other comprehensive income that cannot be reclassified in the loss and gain in the future	1,784,195,156.34	1,565,217,294.58			234,900,178.00	1,330,767,230.50	-450,113.92	3,114,962,386.84
Changes in fair value of investments in other equity instruments	1,784,509,419.91	1,566,001,186.56			234,900,178.00	1,331,101,008.56		3,115,610,428.47
Difference of translating of foreign currency accounts	-314,263.57	-783,891.98				-333,778.06	-450,113.92	-648,041.63
Total of other comprehensive income	1,784,195,156.34	1,565,217,294.58			234,900,178.00	1,330,767,230.50	-450,113.92	3,114,962,386.84

58. Special reserves

In RMB

Items	Beginning of term	Increased this period	Decreased this period	End of term
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Labor safety expenses	18,324,473.28	2,335,261.60	2,960,099.61	17,699,635.27
Total	18,324,473.28	2,335,261.60	2,960,099.61	17,699,635.27

Other note, including changes and reason of change:

1) The decrease in the current period is due to the safety production expenses extracted by the company for the purchase of safety protection articles and equipment.

2) On December 5, 2016, Upon the application of the Company and the approval of Hangzhou Safety Production Supervision and Administration Bureau (HSPSAB), the minimum reserved amount for the collection and use of the safety production cost of the Company and its subsidiaries is RMB 20 million. If the safety production costs that have been withdrawn in previous years have exceeded the minimum reserved amount, it will no longer be reduced; if the safety production costs for the subsequent years are less than the above-mentioned minimum reserved amount, withdraw in the current year to compensate up to the minimum reserved amount.

59. Surplus reserves

In RMB

Items	Beginning of term	Increased this period	Decreased this period	End of term
Statutory surplus reserves	621,112,807.78			621,112,807.78
Total	621,112,807.78			621,112,807.78

Note:

60. Retained profit

In RMB

Items	Amount of this period	Amount of last period
After adjustments: Retained profits at the period beginning	3,276,880,091.53	3,082,544,107.52
Add: Net profit belonging to the owner of the parent company	459,345,443.38	345,138,064.00
Common stock dividend payable	148,760,495.00	150,802,079.99
Retained profit at the end of this term	3,587,465,039.91	3,276,880,091.53

As regards the details of adjusted the beginning undistributed profits

(1) As the retroactive adjustment on Enterprise Accounting Standards and its related new regulations, the affected beginning undistributed profits are RMB 0.

(2) As the change of the accounting policy, the affected beginning undistributed profits are RMB 0.

(3) As the correction of significant accounting error, the affected beginning undistributed profits are RMB 0.

(4) As the change of consolidation scope caused by the same control, the affected beginning undistributed profits are RMB 0.

(5) Other adjustment of the total affected beginning undistributed profits are RMB 0.

61. Business income and Business cost

In RMB

Items	Amount of this period		Amount of last period	
	Income	Cost	Income	Cost
Main Business	4,469,227,317.60	3,047,365,191.73	4,253,794,322.62	2,936,302,882.50
Other	27,217,926.95	22,974,048.10	26,054,196.19	25,915,782.82
Total	4,496,445,244.55	3,070,339,239.83	4,279,848,518.81	2,962,218,665.32

Whether the net profit before and after deducting non-recurring gains and losses is negative after audit

Yes No

Information related to performance obligations:

The Company's sales link has entered into a legal and effective sales contract/order with the customer. The contract/order clarifies the terms of the subject product, specification model, transaction quantity, unit price, settlement method, delivery obligation, etc., and the performance obligation is clear, and it is the single performance obligation at a single point in time. The transaction prices of the Company's various product contracts/orders are clear, and the Company will confirm revenue after fulfilling the relevant performance obligations in accordance with the contract/order related agreements.

Information related to transaction value assigned to residual performance obligations:

At the end of the reporting period, the amount of revenue corresponding to the contract that have been signed but not yet fulfilled obligation or not fulfilled obligation is 5,996,710,000.00RMB.

62. Taxes and surcharges

In RMB

Items	Amount of this period	Amount of last period
Urban maintenance and construction tax	16,238,204.65	13,203,646.68
Educational surtax	7,063,932.39	5,749,992.68
House tax	2,066,301.84	5,567,388.14
Land royalties	3,407,434.71	3,103,464.62
Stamp tax	1,548,618.16	1,682,230.44
Locality Education surcharge	4,709,288.72	3,833,328.28
vehicle and vessel tax	58,533.56	60,140.00

Total	35,092,314.03	33,200,190.84
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63. Sales expense

In RMB

Items	Amount of this period	Amount of last period
Employees' remunerations	87,968,449.66	81,532,239.92
Transportation	59,268,631.13	58,615,791.76
Travel expenses	20,075,475.64	28,641,439.76
Business reception expenses	11,478,448.33	9,130,353.95
Consulting service fee	25,358,674.76	20,848,906.04
Conferences	2,020,017.09	1,887,976.28
Three charge	10,719,101.31	5,746,645.50
Advertising fee	616,212.81	1,726,599.73
Other	5,056,801.98	6,131,967.27
Total	222,561,812.71	214,261,920.21

64. Administrative expense

In RMB

Items	Amount of this period	Amount of last period
Employees' remunerations	302,106,116.30	325,298,869.95
Business reception expenses	3,168,446.20	3,185,663.43
Asset depreciation and amortizing	25,848,369.26	28,358,046.24
Rental fee, House rental, property management, water and power	18,535,124.06	40,347,951.69
Traveling fees	5,955,899.44	9,869,881.73
Material, low-value-consumable	3,629,882.95	4,666,623.23
Office expenses	8,464,607.46	8,405,808.39
Repair costs	9,969,105.84	5,229,479.63
Enterprise relocation costs [Note]	66,131,057.32	5,476,958.99
Other	55,589,074.13	58,146,306.19
Total	499,397,682.96	488,985,589.47

Other note:

Note: Relocation expenses mainly include personnel placement expenses, rental expenses, transportation expenses, etc.

65. R&D Expense

In RMB

Items	Amount of this period	Amount of last period
Labor cost	117,081,757.49	95,452,784.47
Direct materials	74,703,271.30	54,972,136.64
Depreciation expenses	9,851,176.94	11,540,310.80
Test and inspection fee	1,746,147.14	6,317,781.89
Commissioned research & development	554,709.65	777,669.91
Other	3,910,985.44	3,110,977.89
Total	207,848,047.96	172,171,661.60

66. Financial expenses

In RMB

Items	Amount of this period	Amount of last period
Interest expense	7,012,513.74	9,963,292.02
Less: Incoming interests	21,990,927.98	29,571,034.30
Exchange gains/losses	32,371,020.32	-2,891,900.39
Commission	2,369,598.05	2,367,011.49
Total	19,762,204.13	-20,132,631.18

67. Other income

In RMB

Items	Amount of this period	Amount of last period
Government subsidies related to assets	3,366,650.87	3,714,727.94
Government subsidies related to income	100,778,043.67	40,986,583.46
Individual tax commission refunds	588,962.89	1,601,529.43
Total	104,733,657.43	46,302,840.83

68. Investment income

In RMB

Items	Amount of this period	Amount of last period
Long-term equity investment income by equity method	-1,927,761.28	-1,500,653.46
Revenue from changes in fair value generated	716,981.13	2,763,749.82

by financial assets classified at fair value through Other comprehensive income		
Dividend income from other equity instrument investments during the holding period	95,156,322.10	67,968,801.50
The disposal is classified as the investment income of financial assets measured at fair value and recorded in the profits and losses of the current period	50,386,921.15	81,635,088.21
Investment income from the disposal of receivables financing	-1,519,778.29	-2,875,051.16
Debt restructuring gains	3,350,920.00	
Total	146,163,604.81	147,991,934.91

69. Net exposure hedging income

None

70. Gains on the changes in the fair value

In RMB

Source	Amount of this period	Amount of last period
Transactional Financial assets	-359,181.10	-828,229.36
Other non-current financial assets	3,183,952.26	-7,236,616.64
Total	2,824,771.16	-8,064,846.00

Other note:

71. Credit impairment loss

In RMB

Source	Amount of this period	Amount of last period
Losses on bad debt	-9,902,018.52	19,024,730.60
Total	-9,902,018.52	19,024,730.60

Other note:

72. Losses from asset impairment

In RMB

Items	Amount of this period	Amount of last period
I. Losses on bad debt	-58,409,134.84	-116,698,877.20

XII. Loss of impairment of contract assets	-15,114,136.38	
Total	-73,523,271.22	-116,698,877.20

73. Asset disposal income

In RMB

Source	Amount of this period	Amount of last period
Profits of disposal of fixed assets	383,003.71	420,395.37
Total	383,003.71	420,395.37

74. Non-operating income

In RMB

Items	Amount of this period	Amount of last period	Recorded in the amount of the non-recurring gains and losses
Debt restructuring gains		167,400.00	
Loss of non-current assets: obsolescence gain	94,219.18	9.62	94,219.18
Projected liabilities charged	32,202,504.57		32,202,504.57
Compensation income	11,866,833.45	3,374,198.02	11,866,833.45
No payment required	217,266.60	5,235,595.18	217,266.60
Equity gains	1,149,217.06		1,149,217.06
Other	482,478.93	476,019.10	482,478.93
Total	46,012,519.79	9,253,221.92	46,012,519.79

75. Non-operational expenditure

In RMB

Items	Amount of this period	Amount of last period	Recorded in the amount of the non-recurring gains and losses
Debt restructuring loss		676,072.84	
Donations	227,709.00	270,000.00	227,709.00
Non-current assets scrapping loss	21,441,509.21	12,761,605.46	21,441,509.21
Estimated liabilities		32,202,504.57	
Compensation expenses	15,457,340.92	3,984,748.73	15,457,340.92
Fine, late payment	4,580.61	90,388.08	4,580.61

Other	72,034.12	6,429.54	72,034.12
Total	37,203,173.86	49,991,749.22	37,203,173.86

Other note:

The loss of non current assets damaged and scrapped due to relocation in the current period is 21357861.81 yuan.

76. Income tax expenses

(1) Details

In RMB

Items	Amount of this period	Amount of last period
Income tax of current term	252,203,467.93	62,875,287.21
Deferred income tax	-183,789,421.22	-11,841,336.31
Total	68,414,046.71	51,033,950.90

(2) Adjustment process of accounting profit and income tax expenses

In RMB

Items	Amount of this period
Total profit	620,933,036.23
Income tax expense at statutory / applicable tax rates	93,139,955.43
Effect of different tax rates applicable to subsidiaries	6,406,351.37
Adjustment for income tax in prior year	523,865.06
Income not subject to tax	-15,614,448.32
Expenses not deductible for tax purposes	2,029,806.62
Impact of deductible losses on the use of previously unrecognized deferred income tax assets	-1,245,315.32
The current period does not affect the deferred tax assets recognized deductible temporary differences or deductible loss	24,816.14
Super deduction of R&D expenses	-16,558,088.06
Impact of additional deductions for persons with disabilities	-319,693.02
Changes in the balance of deferred income tax assets at the beginning of the tax rate adjustment	26,796.81
Income tax expenses	68,414,046.71

77. Other Comprehensive income

See notes.

78. Notes Cash flow statement

(1) Other cash received from operating activities

In RMB

Items	Amount of this period	Amount of last period
Deposit interest	21,991,757.05	29,372,201.11
Government subsidies received	13,923,104.17	20,420,934.58
Recovery of operating bank deposits	408,828,449.05	313,730,733.94
Receipt of operating current account	4,942,740.84	13,652,789.41
Other	1,098,891.29	592,812.86
Total	450,784,942.40	377,769,471.90

(2) Other cash paid for Operating activities

In RMB

Items	Amount of this period	Amount of last period
Payment cash sales expenses	130,603,031.21	132,909,441.63
Payment cash Management expenses	113,381,018.73	123,097,888.63
Payment cash R & D cost	6,211,842.23	12,990,779.60
Payment cash financial expenses	2,247,828.34	2,369,651.49
Payment of operational bank deposits	224,080,912.16	172,784,920.53
Payment of business transactions	17,961,001.26	2,294,864.12
Other	6,367,932.72	568,779.54
Total	500,853,566.65	447,016,325.54

(3) Other investment-related cash received

In RMB

Items	Amount of this period	Amount of last period
Repurchasing of trusteeship	3,391,068,000.00	3,121,502,000.00
Receipt of levy and relocation compensation	230,986,467.90	314,548,452.88

Total	3,622,054,467.90	3,436,050,452.88
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(4) Other cash paid for investment activities

In RMB

Items	Amount of this period	Amount of last period
Purchasing of financial products	3,559,712,851.80	2,816,802,000.00
Total	3,559,712,851.80	2,816,802,000.00

(5) Other cash paid for Financing activities

None

(6) Other cash paid relevant to financing activities

In RMB

Items	Amount of this period	Amount of last period
Payment of CDB investment interest	2,441,666.67	2,574,866.67
Return of CDB Fund investment	27,000,000.00	26,000,000.00
Repurchase stocks	144,078,948.09	
Total	173,520,614.76	28,574,866.67

79. Supplement Information for cash flow statement

(1) Supplement Information for cash flow statement

In RMB

Supplementary Info.	Amount of this period	Amount of last period
I. Adjusting net profit to cash flow from operating activities	--	--
Net profit	552,518,989.52	426,346,822.86
Add: Impairment loss provision of assets	83,425,289.74	97,674,146.60
Depreciation of fixed assets, oil and gas assets and consumable biological assets	67,658,911.58	73,252,847.85
Depreciation of Use right assets		
Amortization of intangible assets	8,111,495.38	7,563,568.15
Amortization of Long-term deferred expenses		
Loss on disposal of fixed assets, intangible assets and other long-term deferred assets	-383,003.71	-420,395.37
Fixed assets scrap loss	21,347,290.03	12,761,595.84
Loss on fair value changes	-2,824,771.16	8,064,846.00

Financial cost	39,384,363.13	7,000,200.95
Loss on investment	-144,332,463.10	-150,866,986.07
Decrease of deferred income tax assets	-182,519,050.14	-12,806,807.42
Increased of deferred income tax liabilities	-1,270,371.08	965,471.11
Decrease of inventories	-178,871,979.23	19,753,410.36
Decrease of operating receivables	-469,200,271.99	-260,102,076.35
Increased of operating Payable	662,633,217.86	206,531,660.60
Other	-1,261,046.14	-3,462,473.88
Net cash flows arising from operating activities	454,416,600.69	432,255,831.23
II. Significant investment and financing activities that without cash flows:	--	--
Conversion of debt into capital		
Convertible corporate bonds maturing within one year		
Financing of fixed assets leased		
3. Movement of cash and cash equivalents:	--	--
Ending balance of cash	1,710,208,279.45	1,645,907,650.92
Less: Beginning balance of cash equivalents	1,645,907,650.92	1,262,186,817.20
Add: End balance of cash equivalents		
Less: Beginning balance of cash equivalents		
Net increase of cash and cash equivalent	64,300,628.53	383,720,833.72

(2) Net Cash paid of obtaining the subsidiary

None

(3) Net Cash receive of disposal of the subsidiary

None

(4) Component of cash and cash equivalents

In RMB

Items	End of term	Beginning of term
I. Cash	1,710,208,279.45	1,645,907,650.92
Of which: Cash in stock	141,788.02	272,578.83
Bank savings could be used at any time	1,710,025,951.59	1,645,633,443.37
Other monetary capital could be used at any	40,539.84	1,628.72

time		
III. Balance of cash and cash equivalents at the period end	1,710,208,279.45	1,645,907,650.92

80. Note of statement of changes in the owner's equity

Explain "other" project name and adjustment amount of the adjustment of closing balance in previous year, etc.

None

81. Assets with limitation on ownership or using rights

In RMB

Items	Closing book value	Causation o limitation
Monetary capital	119,272,908.04	Used as security for issuing of acceptance bill and bill of guarantees
Transactional Financial Assets	1,681,809.34	In a lock-up period
Financing receivable	47,724,281.92	Used as security for issuing of acceptance drafts and bill
Dividend receivable	43,605,292.60	Collateral for obtaining bank loans and investment funds from CDB
Other equity instrument investment	672,593,600.00	Collateral for obtaining bank loans and investment funds from CDB
Fixed assets	514,038,703.77	Collateral for obtaining bank loans and investment funds from CDB
Construction in process	265,737,787.54	Collateral for obtaining bank loans and investment funds from CDB
Intangible assets	81,934,866.93	Collateral for obtaining bank loans and investment funds from CDB
Total	1,746,589,250.14	--

82. Monetary items in foreign currencies

(1) Foreign currency monetary items

In RMB

Items	Balance at end of period	Exchange rate	Translated to RMB at end of period
Monetary capital	--	--	353,523,536.34
Incl: USD	50,373,884.74	6.5249	328,684,560.54
Euro	2,166,509.05	8.025	17,386,235.13
HKD	5.51	0.8416	4.64

Rupiah	15,621,560,649.00	0.000464	7,248,404.14
Yen	3,231,259.00	0.063236	204,331.89
Account receivable	--	--	166,924,169.79
Incl: USD	24,360,662.92	6.5249	158,950,889.45
Euro	455,784.14	8.025	3,657,667.73
HKD			
Rupiah	8,793,655,225.00	0.000464	4,080,256.03
SGD	47,726.12	4.9314	235,356.58
Other receivable			3,262,450.00
Incl: USD	500,000.00	6.5249	3,262,450.00
Contract assets			2,179,855.95
Incl: USD	310,530.00	6.5249	2,026,177.20
Euro	19,150.00	8.025	153,678.75
Account payable			14,653,406.04
Incl: Euro	818,588.86	8.025	6,569,175.60
Rupiah	7,919,052,274.00	0.000464	3,674,440.25
USD	536,779.96	6.5249	3,502,435.56
Swing franc	116,500.00	7.4006	862,169.90
Yen	714,541.30	0.063236	45,184.73
Long-term Loans	--	--	
Incl: USD			
Euro			
HKD			

(2) Note to overseas operating entities, including important overseas operating entities, which should be disclosed about its principal business place, function currency for bookkeeping and basis for the choice. In case of any change in function currency, the cause should be disclosed.

Applicable Not applicable

83. Arbitrage

Arbitrage According to arbitrage category to disclose arbitrage item, relevant arbitrage tools and the arbitrated risk qualitative and quantitative information:

84. Government subsidy

1) Government subsidies related to assets

In RMB

Items	Amount	Project	Amount included in current profit and loss
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(2) Government subsidy return

□ Applicable √ Not applicable

Other note:

(1) Detail

1) Asset-related government subsidies

Items	Beginning Deferred income	Current subsidy increase	Current amortization	Ending Deferred income	Current amortization Item presentation
Financial subsidy for industrial projects	201,460.00		28,780.00	172,680.00	Other income
Subsidy for casting and forging projects	201,460.00		28,780.00	172,680.00	Other income
Financial subsidy for recycling economy	79,870.00		11,410.00	68,460.00	Other income
Financial subsidy for casting and forging projects	914,265.00		914,265.00		Other income
Land requisition and demolishing compensation-complete plant of heavy industry	40,595,635.04	441,069,524.00	1,351,126.20	480,314,032.84	Other income
Land requisition and demolishing compensation-heavy industry equipment	9,720,727.57		1,032,289.67	8,688,437.90	Other income
Subtotal	51,713,417.61	441,069,524.00	3,366,650.87	489,416,290.74	

2) Income-related government subsidies used for compensation of relevant costs and expenses or losses incurred in the Company

Items	Amount	Item presentation
Land requisition and demolishing compensation-removal cost	88,375,107.26	Other income
The first (set of) bonus in key fields of equipment manufacturing industry in Zhejiang Province	2,611,500.00	Other income
Social security refund	2,790,482.04	Other income

Financial subsidy for green enterprise development	1,645,400.00	Other income
Basic electricity subsidy	964,248.00	Other income
Special award and supplement funds for enterprise structure adjustment	904,800.00	Other income
Equipment contracting qualification certification award	800,000.00	Other income
Subsidies for operation in lieu of training	678,040.00	Other income
Performance reward for high-level talents	396,286.18	Other income
Science and technology innovation leading talent award for ten thousand people plan	271,657.00	Other income
Patent incentive rewards	266,280.00	Other income
Outstanding contribution award of "average output on per mu"	200,000.00	Other income
Foreign trade exhibition subsidy	190,900.00	Other income
Science and technology award	184,000.00	Other income
Energy "double control" target assessment award	155,515.00	Other income
Skill master studio award	100,000.00	Other income
Funding for personnel training	40,721.95	Other income
Other incidental government subsidies	203,106.24	Other income
Subtotal	100,778,043.67	

(2) The current amount of government subsidies included into the current profits and loss is RMB 104,144,694.54.

85.Other : None

VIII. Changes of merge scope

1. Business merger not under same control

None

2. Business combination under the same control

None

(1) Business Combination under the same control during the reporting period

None

(2) Combined cost

None

(3) The book value of the assets and liabilities of the merged party on the date of consolidation

None

3. Counter purchase

None

4. The disposal of subsidiary

Whether there is a single disposal of the investment to subsidiary and lost control

 Yes No

Whether there are multiple transactions step by step dispose the investment to subsidiary and lost control in reporting period

 Yes No

5. Other reasons for the changes in combination scope

Notes to reasons for the changes in combination scope (Newly established subsidiary and subsidiary of liquidation) and relevant information:

Reduced scope of consolidation:

Name	Equity disposal method	Equity disposal point	Net assets on disposal date	Net profit from opening to disposal date
Hangzhou Kaineng Forging Co., Ltd.	Withdraw	April 15,2020	3,223,519.61	-716.40

6.Other :None

IX. Equity in other entities

1. Equity in subsidiary

(1) The structure of the enterprise group

Name of the subsidiaries	Main business location	Reg. Add.	Business property	Share proportion %	Way of obtain
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				Direct	Indirect	
Zhejiang Steam Turbine Packaged Technologies Development Co., Ltd.	Hangzhou Zhejiang	Hangzhou Zhejiang	Commerce	70.86%		Incorporation
Hangzhou Zhongneng Steam Turbine Power Co., Ltd.	Hangzhou Zhejiang	Hangzhou Zhejiang	Manufacturing	60.83%		Incorporation
Hangzhou Steam Turbine Casting Co., Ltd.	Hangzhou Zhejiang	Hangzhou Zhejiang	Manufacturing	38.03%		Incorporation
Hangzhou Steam Turbine Machinery Equipment Co., Ltd.	Hangzhou Zhejiang	Hangzhou Zhejiang	Manufacturing	52.00%		Incorporation
Hangzhou Steam Turbine Auxiliary Machinery Co., Ltd. (Auxiliary Machinery Co.)	Hangzhou Zhejiang	Hangzhou Zhejiang	Manufacturing	87.53%		Incorporation
Zhejiang Turbine Import & Export Co., Ltd. (Turbine Co.)	Hangzhou Zhejiang	Hangzhou Zhejiang	Commerce	100.00%		Incorporation
Hangzhou Steam Turbine Heavy Industry Co., Ltd.	Hangzhou Zhejiang	Hangzhou Zhejiang	Manufacturing	100.00%		Incorporation

Basis for holding 50% or less than 50% of the voting power but still controlling the invested organizations

In December 2018, the subsidiary Casting Company introduced external strategic investors, leading to a decrease in the shareholding ratio of the Company from 51% to 38.03%. Since the Company still held more than 1/3 of shares and took three seats in the board of five directors, it still had power of control over the Casting & Forging Company.

2. Major non-fully-Owned subsidiaries

In RMB

Name of the subsidiaries	Share portion of minor shareholders	Gains/loss of the period attributable to minor shareholders	Dividend announced in the period to minor shareholders	Balance of equity of minor shareholders at end of period
Zhejiang Steam Turbine Packaged Technologies Development Co., Ltd.	29.14%	9,693,232.67	11,891,160.00	39,859,341.46
Hangzhou Zhongneng Steam turbine Power Co., Ltd.	39.17%	24,422,315.02	45,132,000.00	126,589,857.34

Hangzhou Steam Turbine Casting Co., Ltd.	61.97%	24,139,794.75	12,393,220.00	154,999,503.92
Hangzhou Steam Turbine Machinery Equipment Co., Ltd.	48.00%	35,268,269.54	28,800,000.00	87,665,811.66
Hangzhou Steam Turbine Auxiliary Machinery Co., Ltd.	12.47%	9,154,501.30		36,235,822.75

3. Material financial information of major non-fully-owned subsidiaries

In RMB

Subsidiaries Name	End of term						Beginning of term					
	Current assets	Non-current assets	Total of assets	Current liabilities	Non-current liabilities	Total of liability	Current assets	Non-current assets	Total of assets	Current liabilities	Non-current liabilities	Total of liability
Zhejiang Steam Turbine Packaged Technologies Development Co., Ltd.	335,835,538.47	7,867,345.88	343,702,884.35	206,940,629.93		206,940,629.93	325,685,155.57	8,209,255.66	333,894,411.23	189,590,803.82		189,590,803.82
Hangzhou Zhongneng Steam turbine Power Co., Ltd.	1,109,237,142.17	69,769,998.20	1,179,007,140.37	877,661,499.09	330,000.00	877,991,499.09	1,168,147,686.49	70,569,360.17	1,238,717,046.66	887,176,126.37	330,000.00	887,506,126.37
Hangzhou Steam Turbine Casting Co., Ltd.	413,618,493.18	148,061,570.82	561,680,064.00	271,003,586.47	22,037,340.00	293,040,926.47	387,332,497.08	158,618,200.30	545,950,697.38	271,808,868.65	23,832,817.23	295,641,685.88
Hangzhou Steam Turbine	278,552,028.79	27,278,024.91	305,830,053.70	121,123,257.40	2,069,688.65	123,192,946.05	275,472,861.67	30,235,342.07	305,708,203.74	134,998,739.23	1,547,918.40	136,546,657.63

Machinery Equipment Co., Ltd.												
Hangzhou Steam Turbine Auxiliary Machinery Co., Ltd.	773,794,591.67	78,925,539.42	852,720,131.09	533,228,574.23	3,723,419.52	536,951,993.75	659,359,841.29	103,773,643.18	763,133,484.47	520,777,546.84		520,777,546.84

In RMB

Subsidiaries Name	Amount of current period				Amount of previous period			
	Turnover	Net profit	Total Misc Gains	Cash flow for business activities	Turnover	Net profit	Total Misc Gains	Cash flow for business activities
Zhejiang Steam Turbine Packaged Technologies Development Co., Ltd.	231,015,559.55	33,258,647.01	33,258,647.01	56,544,644.69	230,935,067.64	65,397,490.27	65,397,490.27	38,327,225.88
Hangzhou Zhongneng Steam turbine Power Co., Ltd.	1,129,030,724.58	57,185,783.61	57,185,783.61	-12,791,541.07	965,327,582.35	45,365,006.05	45,365,006.05	138,646,142.44
Hangzhou Steam Turbine Casting Co., Ltd.	440,567,136.33	38,954,001.53	38,954,001.53	47,073,898.27	399,826,617.21	6,380,539.56	6,380,539.56	8,622,853.35
Hangzhou Steam	306,725,335.41	73,475,561.54	73,475,561.54	59,196,312.51	260,189,124.48	60,159,163.03	60,159,163.03	85,666,692.51

Turbine Machinery Equipment Co., Ltd.								
Hangzhou Steam Turbine Auxiliary Machinery Co., Ltd.	641,491,513.58	73,412,199.71	73,412,199.71	69,737,086.31	580,199,593.39	39,047,221.22	39,047,221.22	10,012,475.18

(4) Significant restrictions of using enterprise group assets and pay off enterprise group debt

None

(5) Provide financial support or other support for structure entities incorporate into the scope of consolidated financial statements

None

2. The transaction of the Company with its owner's equity share changed but still controlling the subsidiary

(1) Significant joint venture arrangement or associated enterprise

None

(2) Affect of the transaction on the minority equity and owner's equity attributable to the parent company

None

3. Equity in joint venture arrangement or associated enterprise

(1) Significant joint venture arrangement or associated enterprise

None

(2) Main financial information of significant joint venture

None

(3) Main financial information of significant associated enterprise

None

(4) Summary financial information of insignificant joint venture or associated enterprise

In RMB

	Year-end balance/ Amount of current period	Year-beginning balance/ Amount of previous period

Joint venture:	--	--
Total amount of the pro rata calculation of the following items	--	--
Associated enterprise:	--	--
Total book value of the investment	23,355,441.61	22,129,585.83
Total amount of the pro rata calculation of the following--Net profit ms	--	--
-Nit profit	-1,927,761.28	-1,500,653.46
--Total comprehensive income	-1,927,761.28	-1,500,653.46

(5) Note to the significant restrictions of the ability of joint venture or associated enterprise transfer funds to the Company

None

(6) The excess loss of joint venture or associated enterprise

None

(7) The unrecognized commitment related to joint venture investment

None

(8) Contingent liabilities related to joint venture or associated enterprise investment

None

4. Significant common operation

None

5. Equity of structure entity not including in the scope of consolidated financial statements

None

6. Other

X. Risks related to financial instruments

The objective of the Company's risk management is to achieve a balance between the risk and gains. Constrain the negative influence on business operation to the lowest limit, and maximum the interests of shareholders and other equity holders. With regard to this target, the basic policies of the Company are; locate and analyse the risks, set appropriate bottom line for risks, and manage and monitor on each risk and constrain them in a certain extent.

Risks attached to financial instruments are mainly credit risks, liquidity risks, and market risks.

The following risk managing policies have been examined and approved by the management:

(I) Credit risks

Credit risks are introduced when one party of the financial instrument failed to exercise its liabilities and then caused financial loss to another.

1. Credit risk management practice

(1) Evaluation method of credit risk

On each balance sheet date, the company evaluates whether the credit risk of relevant financial instruments has increased significantly since the initial confirmation. When determining whether the credit risk has increased significantly since the initial confirmation, the company considers to obtain reasonable and reliable information without unnecessary extra costs or efforts, including qualitative and quantitative analysis based on historical data, external credit risk rating and forward-looking information. Based on a single financial instrument or a combination of financial instruments with similar credit risk characteristics, the company compares the risk of default of financial instruments on the balance sheet date with the risk of default on the initial confirmation date to determine the change of default risk of financial instruments during their expected duration.

When one or more of the following quantitative and qualitative criteria are triggered, the company believes that the credit risk of financial instruments has increased significantly:

1) The quantitative standard is mainly that the probability of default for the remaining duration on the balance sheet date rises by more than a certain proportion compared with the initial confirmation;

2) Qualitative criteria mainly include significant adverse changes in the debtor's operation or financial situation, changes in existing or expected technology, market, economic or legal environment, and significant adverse effects on the debtor's repayment ability of the company.

(2) Definition of default and credit impairment assets

When a financial instrument meets one or more of the following conditions, the company defines the financial asset as having defaulted, and its criteria are consistent with the definition of having incurred credit impairment:

1) The debtor has major financial difficulties;

2) The debtor violates the binding provisions on the debtor in the contract;

3) The debtor is likely to go bankrupt or undergo other financial restructuring;

4) The creditor gives concessions that the debtor will not make under any other circumstances due to economic or contractual considerations related to the debtor's financial difficulties.

2. Measurement of expected credit loss

Key parameters of expected credit loss measurement include default probability, loss given default and default risk exposure. The company considers the quantitative analysis and forward-looking information of historical statistical data (such as counterparty rating, guarantee method, collateral type, repayment method, etc.) to establish default probability, loss given default and default risk exposure models.

3. Please refer to Notes V (I)3, V (I)4, V (I)7 and V(I)9 of these financial statements for details of the reconciliation statement of the opening balance and closing balance of the financial instrument loss reserve.

4. Credit risk exposure and credit risk concentration

The company's credit risk mainly comes from monetary funds and receivables. In order to control the above-mentioned related risks, the company has taken the following measures respectively.

(1) Monetary fund

The company deposits bank deposits and other monetary funds in financial institutions with high credit rating, so its credit risk is low.

(2) Account receivable

The Company performs credit assessment on the clients on periodic and constant basis. Results suggested by the assessment are used by the Company to determine clients with higher ranks and to overlook the rest. This was conducted to avoid risks brought by material bad debts.

As the Company only does business with recognized and reputable third parties, so no collateral is needed. Credit risks are centralized managed in accordance with customers. As of December 31, the Company has a characteristic of specific credit risk concentration. 45.12% (December 31, 2019: 36.59%) of the Company's accounts receivable comes from the top five customers. The Company does not hold any collateral or other credit enhancement for the balance of accounts receivable.

The maximum credit risk exposure the company is subject to is the book value of each financial asset in the balance sheet.

(II) Liquidation risks

Liquidation risks are the possibilities of short in cash at fulfilling liabilities of payment or settlement for financial assets. They may be caused by failing to cash financial assets at fair value instantly; debtors' failing of paying debts due; debts due before schedule; or failing of generating expected cash flow.

To handle these risks, the Company adopted multiple measures such as note clearance and bank loans. Long-term and short-term financing approaches were used to maintain balance between constancy and flexibility. The Company has obtained credit from multiple banks to satisfy the needs of business operation and capital output.

Categorizing of financial liabilities on remained period to due

Items	End of term				
	Book value	Contract amount not discounted	within 1 year	1-3 years	Over 3 years
Short-term loans	216,722,803.41	220,397,679.44	220,397,679.44		
Notes payable	230,724,303.75	230,724,303.75	230,724,303.75		
Account payable	1,207,797,820.78	1,207,797,820.78	1,207,797,820.78		
Other payable	75,212,591.46	75,212,591.46	75,212,591.46		
Non-current liabilities due to 1 year	1,001,088.89	1,029,672.22	1,029,672.22		
Long-term loan	21,623,520.00	23,257,288.89	856,128.00	22,401,160.89	
Long-term payable(Note)	156,163,666.66	161,300,000.00	28,860,000.00	56,748,000.00	75,692,000.00
Subtotal	1,909,245,794.95	1,919,719,356.54	1,764,878,195.65	79,149,160.89	75,692,000.00

(Continued)

Items	Beginning of term				
	Book value	Contract amount not discounted	within 1 year	1-3 years	Over 3 years

Short-term loans	97,840,187.21	99,448,165.24	99,448,165.24		
Notes payable	227,961,541.12	227,961,541.12	227,961,541.12		
Account payable	1,030,408,716.74	1,030,408,716.74	1,030,408,716.74		
Other payable	82,148,405.19	82,148,405.19	82,148,405.19		
Non-current liabilities due to 1 year	200,319.30	205,283.05	205,283.05		
Long-term loan	22,435,762.23	23,820,343.69		23,820,343.69	
Long-term payable(Note)	183,554,599.99	190,484,000.00	29,184,000.00	57,396,000.00	103,904,000.00
Subtotal	1,644,549,531.78	1,654,476,455.03	1,469,356,111.34	81,216,343.69	103,904,000.00

Note: Exclusive of special accounts receivable

(III) Market risks

Market risks are those brought by change of fair value or expectable cash flow of financial instruments due to change of market prices, mainly interest risks and exchange rate risks.

1. Interest risks

Interest risks are those brought by change of fair value or expectable cash flow of financial instruments due to change of interest rates, mainly regards the loans at floating interest rates.

Fixed-rate interest-bearing financial instruments expose the Company to fair value interest rate risks, while floating-rate interest-bearing financial instruments expose the Company to cash flow interest rate risks. The Company determines the ratio of fixed interest rate to floating interest rate financial instruments according to the market environment, and maintains an appropriate portfolio of financial instruments through regular review and monitoring. The cash flow interest rate risk faced by the Company is mainly related to the bank borrowings with floating interest rates.

As of December 31, 2020, the company's bank borrowings with floating interest rate were RMB 22,600,000.00 (December 31, 2019: RMB 19,000,000.00). Under the assumption that other variables remain unchanged, assuming that the interest rate changes by 50 benchmark points, there will be no significant impact on the company's total profits and shareholders' equity.

2. Foreign currency risks

Foreign currency risks (exchange rate risks) are those caused by change of fair value or expectable cash flow of financial instruments due to fluctuation of exchange rates. These risks are mainly related to foreign currency assets and liabilities. The Company operates in mainland China and mostly uses RMB as standard currency, therefore no major risks regarding exchange rates. For details of foreign currency assets and liabilities, please go to the descriptions in the notes to the consolidated financial statements.

Details of the company's foreign currency monetary assets and liabilities at the end of the period are described in note V (IV) 2 to the Financial Statements.

XI. The disclosure of the fair value

1. Closing fair value of assets and liabilities calculated by fair value

In RMB

Items	Closing fair value			
	Fair value measurement items at level 1	Fair value measurement items at level 2	Fair value measurement items at level 3	Total
Consistent fair value measurement	--	--	--	--
1. Transactional financial assets and other non-current financial assets	1,681,809.34		1,038,376,081.45	1,040,057,890.79
Financial assets classified as fair value through profit or loss	1,681,809.34		1,038,376,081.45	1,040,057,890.79
Financing product			1,020,000,000.00	1,020,000,000.00
Equity instrument investment	1,681,809.34		18,376,081.45	20,057,890.79
2. Financing receivable			774,663,468.76	774,663,468.76
3. Other equipment instrument investment			814,851.80	814,851.80
4. Investment in other equity instruments	4,056,378,073.52			4,056,378,073.52
Total liabilities of consistent fair value measurement	4,058,059,882.86		1,813,854,402.01	5,871,914,284.87
II. Non-continuous fair value measurement	--	--	--	--

2. Market price recognition basis for consistent and inconsistent fair value measurement items at level 1

The company adopts unadjusted quotations on active markets for the same assets that can be obtained on the measurement date.

3. Continuous and non-continuous third-level fair value measurement items, using valuation techniques and qualitative and quantitative information on important parameters

1. For held short-term wealth management products with floating income and equity instrument investments, the company adopted valuation techniques for fair value measurement, mainly using a discounted future cash flow model.

2. Financing of receivables means that the measurement mode held by the company is bills receivable that are measured at fair value and whose changes are included in other comprehensive income. Cost represents the best

estimate of fair value, so the cost is used to confirm its fair value .

4. Sensitiveness analysis on unobservable parameters and adjustment information between opening and closing book value of consistent fair value measurement items at level 3

None

5. Explain the reason for conversion and the policy governing when the conversion happens if conversion happens among consistent fair value measurement items at different levels

None

6. Changes in the valuation technique in the current period and the reason for change

None

7. Fair value of financial assets and liabilities not measured at fair value

None

8. Other

None

XII. Related party and related Transaction

1. Information related to parent company of the Company

Name of the parent company	Registered place	Business nature	Registered capital	Shareholding ratio in the Company (%)	Voting ratio in the Company (%)
Hangzhou Steam Turbine Group	Hangzhou China	Manufacturing	800 million yuan	63.64%	63.64%

Hangzhou Municipal Government State-owned Asset Supervisory Committee is the ultimate controller of the Company.

2.Subsidiaries of the enterprise

For details of subsidiaries please go to the statement of equities in other entities.

3. Situation of joint ventures and associated enterprises

For details of joint ventures and associated enterprises please go to the statement of equities in other entities.

4. Other related parties

Name of the related parties	Relationship with the Company
-----------------------------	-------------------------------

Hangzhou State-owned Capital Investment and Operation Co., Ltd.	The parent company of Hangzhou Steam Turbine Group
Hangzhou Steam turbine Automobile sales service Co., Ltd.	Affiliate of the Group
Hangzhou Hangfa Power Generating Equipment Co., Ltd.	Affiliate of the Group
Hangzhou Steam Turbine Engineering Co., Ltd.	Affiliate of the Group
Hangzhou Steam Turbine Compressor Co., Ltd.	Affiliate of the Group
China Electrical and Mechanical Institute-Hangzhou Turbine Group (Hangzhou) United Research Institute Co., Ltd.	Affiliate of the Group
Hangzhou Steam Turbine Industry & Trade Co., Ltd.	Affiliate of the Group
Hangzhou Xiangjiang Technology Co., Ltd.	Affiliate of the Group
Hangzhou Steam Turbine Power Technology Co., Ltd.	Affiliate of the Group
Hangzhou Nanhua Wooden Packaging Co., Ltd.	Affiliate of the Group
Greenesol power systems PVT Ltd.	Shareholding enterprise
Hangzhou Bank	Shareholding enterprise
Hangzhou Oxygen Machine Group Co., Ltd	Affiliates of Hangzhou Capital
Hangzhou Hangzhou Oxygen Turbine Machinery Co., Ltd	Affiliates of Hangzhou Oxygen Company
Zhumadian Hangzhou Oxygen Gas Co. Ltd	Affiliates of Hangzhou Oxygen Company
Hangzhou Hangzhou Oxygen Air Separation Spare Parts Co., Ltd	Affiliates of Hangzhou Oxygen Company

Other note:

Hangzhou Nanhua Wooden Packaging Co., Ltd. had cancelled its industrial and commercial registration on November 20, 2019.

5.Related transaction

(1) Sale of goods/rendering of labor services/labor service offering

Purchase of goods and service

In RMB

Related parties	Content of related transaction	Amount of current period	Amount of previous period	Over the trading limit or not?	Amount of last period
Hangzhou Hangfa Generating Equipment Co., Ltd.	Generators	182,402,202.41	175,890,266.00	是	170,649,513.49
Hangzhou Steam turbine Automobile sales service Co., Ltd.	Transportation , repair , etc.	64,114,317.26	77,463,982.00	否	75,747,115.51
Hangzhou Steam Turbine Industry	Grind fee, Bagging	13,526,650.94	16,300,000.00	否	7,651,361.41

& Trade Co., Ltd.					
Hangzhou Nanhua Wooden Packaging Co., Ltd.	Packaging				7,475,986.05
Hangzhou Steam Turbine Engineering Co., Ltd.	Raw material, Technical service	2,815,912.51	860,000.00	是	10,560,435.79
China Electrical and Mechanical Institute-Hangzhou Turbine Group (Hangzhou) United Research Institute Co., Ltd.	Raw materials, Development ,design	2,575,133.31	2,000,000.00	是	633,256.20
Zhejiang Zhongrun Gas Turbine Technology Co., Ltd.	Part	779,192.90		是	3,321,336.56
Total		266,213,409.33	272,514,248.00		276,039,005.01

Related transactions regarding sales of goods or providing of services

In RMB

Related parties	Subjects of the related transactions	Current term	Same period of last term
Hangzhou Steam Turbine Engineering Co., Ltd.	Steam Turbine, Compressor, Installation service	61,274,628.99	38,100,415.44
Hangzhou Hangfa Generating Equipment Co., Ltd.	Cast parts	9,655,050.38	6,868,272.76
Greenesol power systems PVT Ltd.	Part	2,132,934.52	1,391,458.89
Hangzhou Steam Turbine Group	Training fees, labour insurance costs	18,866.78	1,405.80
Zhejiang Ranchuang Turbine Company	Training fees	6,719.81	
Hangzhou Steam Turbine Automobile Sales Service Co., Ltd.	Small amount materials	355.52	230.34
Total		73,088,556.00	46,361,783.23

(2) Related trusteeship/contract

None

(3) Information of related lease

- The company was lessee:

In RMB

Lessor	Category of leased assets	The lease income confirmed in this year	Category of leased assets
HSTG	Land use right	1,851,893.61	4,952,721.83
HSTG	Engineering Equipment	1,823,008.85	2,685,394.16
HSTG	House and Building	1,946,222.97	2,391,778.35
Hangzhou Steam Turbine Industry & Trade Co., Ltd.	House & Building	2,671,383.95	2,065,029.36
Hangzhou Steam Turbine Industry & Trade Co., Ltd.	Site leasing	1,462,358.49	348,623.85
Hangzhou Xiangjiang Technology Co., Ltd.	House & Building	95,457.93	
Hangzhou Steam Turbine Automobile Sales Service Co., Ltd.	Car rental	21,238.94	
Total		9,871,564.74	12,443,547.55

The Company was lessee:

None

(4) Related-party guarantee

The Company was guarantor

In RMB

Guarantor	Guarantee amount	Start date	End date	Execution accomplished or not
HSTG	155,000,000.00	December 28,2016	December 22,2026	No

The Company was secured party

In RMB

Guarantor	Guarantee amount	Start date	End date	Execution accomplished or not
HSTG	50,000,000.00	November 23,2020	October 29,2021	No
HSTG	100,000,000.00	June 9,2020	June 7,2021	No
Hangzhou Steam Turbine Power Technology Co., Ltd.	3,230,000.00	November 11,2020	May 11,2021	No
Hangzhou Steam Turbine Power Technology Co., Ltd.	14,400,000.00	December 14,2020	June 14,2021	No

Note

(1) The company and its subsidiaries as guarantors

As stated in Note 5 (I) 30(2)2 of the financial statement, Since 2019, In accordance with the *National Development Fund Investment Contract*, jointly signed by the Company, NDF, Turbine Industry Company and Hangzhou Steam Turbine Group, the investment of the NDF on Turbine Industry Company, RMB 208,000,000.00, is repurchased by the Hangzhou Steam Turbine Group, and the NDF asks the Company and Hangzhou Steam Turbine Group to provide guarantee for the fulfillment of Hangzhou Steam Turbine Group of the transferee equity obligations. The Company and Steam Turbine Company pledge to the NDF with a total of 45.08 million shares of Hangzhou Bank Co., Ltd. with book value of RMB672,593,600.00, Dividend Receivable of RMB43,605,292.60, Steam Turbine heavy Industry Co., Ltd. mortgaged the book value of 63,705,181.37 yuan of land use rights and book value of 441,069,524.00 yuan of fixed assets and book value of 265,737,787.54 yuan of construction in progress to the National Development Fund.

(5) Inter-bank lending of capital of related parties

None

(6) Related party asset transfer and debt restructuring

In RMB

Related party	Content	Current term	Same period of last term
Hangzhou Steam Turbine Automobile Sales Service Co., Ltd.	Purchase fixed assets	225,663.72	131,110.93

(7) Remunerations of key managements

In RMB

Items	Current term	Same period of last term
Remunerations of key managements	7,318,444.28	7,939,624.37

(8) Other related transactions

(1) Service and power supply

1) HSTG supplies water and power to the Company and some of the subsidiaries amounted to RMB 9,561,517.13 this period.

2) HSTG. provides property management services for its subsidiary which is Complete Technology Corporation, of which the fee of this period incurred in the property management is RMB2,204,485.53.

3) Hangzhou Steam Turbine Automobile Sales & Service Co., Ltd. provided transportation to the Company's employees and RMB2,184,648.80 was paid this period.

4) Hangzhou Steam Turbine Automobile Sales & Service Co., Ltd. provides site management services for the company. RMB1,906,415.10 is paid in this regard for the current period.

5) Hangzhou Steam Turbine Industry & Trade Co., Ltd. provides garbage clearance services for the company.

RMB 296,201.26 is paid in this regard for the current period.

6) Hangzhou Steam Turbine Industry & Trade Co., Ltd. provides site management services for the company. RMB1,185,286.79 is paid in this regard for the current period.

(2) Using of trademark

The Company pays RMB1,698,113.21 to HSTG for using of the registered trademark.

(3) Expenses paid on behalf the Company

During the current period, HSTG advanced the payment of RMB 878,770.07 salaries for the company. Advanced for paying the fees of 2,494.39 yuan for other payment.

(4) Bank credit and entrusted wealth-management

1) The Company applied for a line of credit of RMB 300 million to Shiqiao Sub-branch, Bank of Hangzhou Co., Ltd. and till December 31, 2020, the balance of loan under the line of credit was still RMB 50,000,000.000.

2) The Company entered into a financial management agent contract with Bank of Hangzhou Co., Ltd. in the cumulative amount of financial management of RMB 1,345,000,000.00 and till December 31, 2020, the balance of the financial management was RMB 890,000,000.00.

3)The company applied to Hangzhou Bank Co., Ltd. for bill discount in the current period, with an accumulated discount amount of 83,776,663.90 yuan, and a discount interest of 1,518,602.29 yuan.

6. Receivables and payables of related parties

(1) Receivables

In RMB

Name	Related party	End of term		Beginning of term	
		Book balance	Bad debt provision	Book balance	Bad debt provision
Notes receivable	Hangzhou Steam Turbine Engineering Co., Ltd.			3,000,000.00	
	Hangzhou Hangfa Generating Equipment Co., Ltd.			3,000,000.00	
Subtotal				6,000,000.00	
Account receivable	Hangzhou Steam Turbine Engineering Co., Ltd.	36,758,818.00	27,172,181.70	43,013,317.41	14,600,295.53
	Hangzhou Hangfa Generating Equipment Co., Ltd.	13,250,394.22	779,529.08	17,554,187.37	1,502,203.97
	Greenesol power systems PVT Ltd.	13,806,255.54	13,806,255.54	14,761,176.40	14,761,176.40
	Hangzhou Oxygen Co., Ltd	5,385,000.00	5,385,000.00		

	Hangzhou Hangzhou Oxygen Turbine Machinery Co., Lt	9,550,500.00	9,485,400.00		
	HSTG	158,500.00	158,500.00	158,936.29	158,521.81
	Hangzhou Steam Turbine Compressor Co., Ltd'	59,000.00	59,000.00	59,000.00	47,200.00
	Zhumadian Hangzhou Oxygen Gas Co. Ltd	14,800.00	740.00		
Subtotal		78,983,267.76	56,846,606.32	75,546,617.47	31,069,397.71
Financing receivable	Hangzhou Hangfa Generating Equipment Co., Ltd.	6,000,000.00			
Subtotal		6,000,000.00			
Prepayment	Hangzhou Hangfa Generating Equipment Co., Ltd.	1,290,000.00		3,020,960.00	
Subtotal		1,290,000.00		3,020,960.00	
Other receivable	Hangzhou Xiangjiang Technology Co., Ltd.	601,384.98	30,069.25		
	Hangzhou Steam Turbine Automobile Sales Service Co., Ltd.	69,694.56	3,484.73		
	HSTG	19,628.00	981.40	78,221.03	13,687.39
	Hangzhou Steam Turbine Industry & Trade Co., Ltd.	27,841.00	1,392.05		
Subtotal		718,548.54	35,927.43	78,221.03	13,687.39
Contract assets	Hangzhou Steam Turbine Engineering Co., Ltd.	6,087,500.00	387,500.00	1,568,300.00	138,230.00
Subtotal		6,087,500.00	387,500.00	1,568,300.00	138,230.00

(2) Payables

In RMB

Name	Related party	Amount at year	Amount at year beginning
Account payable	Hangzhou Hangfa Generating Equipment Co., Ltd.	85,515,939.33	81,467,799.85
	Hangzhou Steam Turbine Automobile Sales Service Co., Ltd.	22,854,634.24	16,258,569.66
	Hangzhou Steam Turbine Industry & Trade Co., Ltd.	1,105,678.64	4,249,563.88
	Hangzhou Steam Turbine Engineering Co., Ltd.	1,277,000.00	2,955,000.00
	Greenesol power systems PVT Ltd.	1,878,235.27	2,008,144.93

	HSTG		886,447.75
	Zhejiang Zhongrun Gas turbine technology Co., Ltd.	243,311.12	555,637.12
	China Electrical and Mechanical Institute-Hangzhou Turbine Group (Hangzhou) United Research Institute Co., Ltd.	242,457.32	120,209.00
Subtotal		113,117,255.92	108,501,372.19
Notes payable	Hangzhou Hangfa Generating Equipment Co., Ltd.		6,810,000.00
	Hangzhou Steam Turbine Industry & Trade Co., Ltd.	400,000.00	300,000.00
	Hangzhou Steam Turbine Automobile Sales Service Co., Ltd.	660,000.00	195,000.00
Subtotal		1,060,000.00	7,305,000.00
Contract liabilities	Hangzhou Steam Turbine Compressor Co., Ltd.		12,760,000.00
	Hangzhou Steam Turbine Engineering Co., Ltd.	28,459,288.00	12,024,769.03
	Hangzhou Steam Turbine Power Group Co., Ltd.	16,378,000.00	3,618,000.00
	Hangzhou Oxygen Air Separation Spare Parts Co., Ltd	167,015.00	
	Greenesol power systems PVT Ltd.	145,052.57	
Subtotal		45,149,355.57	28,402,769.03
Other payable	Hangzhou Steam Turbine Automobile Sales Service Co., Ltd	100,000.00	100,000.00
	HSTG	59,033.62	47,114.51
	Hangzhou Steam Turbine Industry & Trade Co., Ltd.	27,840.40	
Subtotal		186,874.02	147,114.51

7. Related party commitment

8. Other

XIII. Stock payment

None

XIV. Commitments

1. Significant commitments

Significant commitments at balance sheet date

1. External investment contracts engaged but not exercised or not fully exercised and related financial outflow
As stated in Note 5 (I) 29 (2)2 of the financial statement, As of December 31, 2020, Hangzhou Steam Turbine Group has bought back the investment of 53 million yuan from the national development fund and resold it to the company at the same price. According to the relevant agreements in the Investment Contract of the National Development Fund and the Equity Transfer Agreement in the repurchase phase, the remaining 155 million yuan of investment in the National Development Fund will need to be repurchased in phases within the next 6 years.

2. Outsourcing contracts engaged with large amounts and are under processing or preparation

As of December 31, 2020, Construction contracts and contracts which are performed or ready for being performed by the Company and its subsidiaries for the sake of plant construction are valued about RMB 304.1252 million.

3. With regard to bank letters of credit opened by the Company and its subsidiaries, the outstanding balance till December 31, 2020 is as follows:

Name	Bank	Currency	Amount	Way of guarantee
The Company	ICBC Banshan Branch	USD	77,219.00	Credit
The Company	ICBC Banshan Branch	Euro	14,967,650.00	Credit
The Company	ICBC Banshan Branch	Yen	49,192,000.00	Credit
The Company	ICBC Banshan Branch	Swing franc	116,500.00	Credit
The Company	ICBC Banshan Branch	Euro	484,895.00	Credit
The Company	China Bank Hangzhou Branch	USD	3,520,000.00	Credit
The Company	China Bank Hangzhou Branch	EURO	1,484,000.00	Credit
The Company	China CITIC Bank Hangzhou Branch	USD	2,800,345.00	Credit
The Company	China CITIC Bank Hangzhou Branch	EURO	1,011,000.00	Credit

4. With regard to bank letters of Guarantee opened by the Company and its subsidiaries, the outstanding balance till December 31, 2020 is as follows:

Name	Bank	Currency	Amount	Way of guarantee
The Company	ICBC Banshan Branch	RMB	67,918,631.03	Credit
The Company	ICBC Hangzhou Branch	RMB	100,278,781.00	Credit
The Company	Everbright Bank Hangzhou Qianjiang Branch	RMB	5,288,000.00	Credit
The Company	Hangzhou Bank Shiqiao Branch	RMB	900,000.00	Guarantee
The Company	China Bank Hangzhou Branch	USD	12,862,763.59	Credit
The Company	China Bank Hangzhou Branch	RMB	59,950,163.85	Credit
The Company	China Bank Hangzhou Branch	USD	888,000.00	Credit
The Company	China Bank Hangzhou Branch	RMB	33,105,790.50	Credit
Packaged Tech. Co.	Hangzhou Bank Shiqiao Branch	RMB	905,000.00	Guarantee
Packaged Tech. Co.	ICBC Wulin Branch	RMB	1,188,000.00	Credit
Guoneng Company	ICBC Banshan Branch	USD	3,658,693.70	Credit
Guoneng Company	ICBC Banshan Branch	EURO	218,050.00	Credit
Auxiliary Company	ICBC Banshan Branch	RMB	37,207,715.52	Credit
Machinery Co.	ICBC Banshan Branch	RMB	7,436,899.10	Credit
Turbine Co.	China CITIC Bank Chengxi Branch	RMB	18,567,666.47	Credit
Turbine Co.	ICBC Banshan Branch	RMB	6,350,000.00	Credit
Zhongneng Company	China bank Qiantangjiang Branch	RMB	67,798,736.60	Credit

(II). Contingency

(1) For details of guarantees provided for related parties, please refer to the notes for related parties and related transactions in the note X (II)3 to this financial statement.

(2) Litigation matters

On December 19, 2019, subsidiary Zhongneng Company filed a lawsuit with the Shanshan County People's

Court of Xinjiang Uygur Autonomous Region, requesting that Hesheng Electric Power (Shanshan) Co., Ltd. be ordered to pay the purchase price of 11,810,000.00 yuan and pay compensation for overdue payment (311,162.00 yuan from the bank's benchmark loan interest rate for the same period to the actual date of payment and 159,642.00 yuan from the date of the lawsuit temporarily), totaling 12,121,162.00 yuan. It sued Hesheng Electric Industry (Shanshan) Co., Ltd., demanding that it pay RMB 4,470,000.00 for goods and RMB 159,642.00 for compensation for late payment (calculated according to the benchmark loan interest rate of the bank for the same period to the actual payment date, and now temporarily calculated to the prosecution date), totaling RMB 4,629,642.00. On December 28, 2020, Shanshan County People's Court made a judgment and ordered Hesheng (Shanshan) Energy Management Co., Ltd. to issue Zhongneng Company's payment and overdue payment compensation totaling RMB 12,300,941.00, and bear the overdue payment compensation; It ordered Hesheng Electric Industry (Shanshan) Co., Ltd. to pay the purchase price of RMB 4,470,000.00 and bear the compensation for overdue payment. Both Hesheng (Shanshan) Energy Management Co., Ltd. and Hesheng Electric Power (Shanshan) Co., Ltd. refused to accept the judgment and appealed to the Intermediate People's Court of Turpan City, Xinjiang Uygur Autonomous Region. As of the submission date of the financial statements, the above cases are still under trial.

(2) The Company have no significant contingency to disclose, also should be stated

None

5.Other

XV. Events after balance sheet date

(I) Important non-adjusting events

None

2.Profit distribution

None

3. Sales return

None

4. Notes of other significant events

(1) Important non-adjusting matters

1. Important Litigation matters

In 2013, the subsidiary turbine company and Sinosteel Equipment Co., Ltd (hereinafter referred to as Sinosteel Equipment) signed the Supply Contract for M251S Gas Turbine Generator Unit, while the company also signed a corresponding supply contract with the turbine company. Due to a dispute between Sinosteel Equipment and its customer Anhui First Mining Dachang Metal Materials Co., Ltd., some of the supply contracts were terminated, resulting in the above-mentioned supply contracts between Sinosteel Equipment and the Company being unable to be performed. As the relevant procurement expenses of the company have already occurred, in

order to reduce the losses, the Company sued its subsidiary turbine company in April 2019, Apply to terminate the above supply contract, and meanwhile list Sinosteel Equipment Company as the third party in the lawsuit,demanding them to jointly compensate the company's losses of 208,110,331.00 yuan. On June 30, 2020, the Hangzhou Intermediate People's Court ruled that Turbo Company shall pay 100 million yuan n compensation to the Company. Sinosteel Equipment Company refused to accept the judgment and filed an appeal to the Zhejiang Higher People's Law. On December 24, 2020, Zhejiang Higher People's Court rejected the appeal filed by Sinosteel Equipment Company. In March 2021, Turbo Company and Sinosteel Equipment Company reached a settlement on the compensation for the project. Sinosteel Equipment Company paid 109 million yuan in compensation to Turbo Company, and Turbo Company paid 100 million yuan in compensation to the Company.

2.External investment

On November 25, 2020, the Company's first extraordinary general meeting of shareholders reviewed and approved the "Proposal on the Company's Proposal to Participate in the Subscribing of Convertible Bonds of Bank of Hangzhou". Proposal content: Bank of Hangzhou held a general meeting of shareholders on September 30, 2020, approved the "Proposal on Conditions for the Public Issuance of A-Share Convertible Corporate Bonds"-which will issue convertible bonds not exceeding 15 billion yuan to support the future business development of Bank of Hangzhou. This convertible bond issuance by Bank of Hangzhou grants the original shareholders a preemptive right of allotment, and the Company has a preemptive right to subscribe. Currently, Bank of Hangzhou has a total share capital of 5,930,200,432 shares. The Company holds 271,875,206 shares of Bank of Hangzhou. Therefore, the Company intends to participate in the subscription of the convertible bonds issued by Bank of Hangzhou at a shareholding ratio of 4.58%. According to the issuance scale of Bank of Hangzhou and the Company's shareholding situation, the Company's capital required to subscribe for the Bank of Hangzhou convertible bonds based on the allotment is estimated to be 687 million yuan. On March 29, 2021, the Company subscribed for 6,875,720 bank of Hangzhou convertible bonds through the trading system, with a unit price of 100 yuan per bond, and the subscription amount was 687,572,000.00 yuan. On April 2, 2021, the Bank of Hangzhou disclosed the "Announcement on the Results of Public Offering of Convertible Corporate Bonds". The Hangyin Convertible Bonds that the Bank of Hangzhou finally gave priority to the issuer's original ordinary shareholders (including ordinary shareholders with restricted sales-conditions) was 6,351,049,000 yuan, accounting for approximately 42.34% of the total issuance. The Company's subscription amount has been fully allotted, and the Company holds 6,875,720 Bank of Hangzhou convertible bonds.

Distribution of profits after balance sheet date

Profit or dividend proposed to be distributed	Based on the 2020 profit distribution plan reviewed and passed at the 10th meeting of the 8th Board of Directors on April 15 , 2021, In 2020, with the total share capital of 754,010,400 shares at the end of the year deducting treasury shares repurchased as of date of record by Company, the Company would distribute cash dividend to all the shareholders at the rate of CNY 2.5 for every 10 shares (with tax inclusive) , The afore-said profit distribution plan still needs to be reviewed and approved by the shareholders' general meeting.
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XVI. Other significant events

1. The accounting errors correction in previous period

None

2. Debt restructuring

None

3. Replacement of assets

None

4. Pension plan

None

5. Discontinuing operation

None

6. Segment information

(1) Recognition basis and accounting policies of reportable segment

None

(2) The financial information of reportable segment

None

(3) There was no reportable segment, or the total amount of assets and liabilities of each part of reportable segment, shall disclose the reason.

The Company is single in its business, which is mainly for production and sales of steam turbines, gas turbines and auxiliary turbines. The company's management regard these businesses as a whole to implement management so as to evaluate the business performance, thus there will be no report divisions. According to the product classifications of main business income and main business cost, the Company will make details for them as follows:

Items	Main Business Income	Main Business Cost
Industrial Steam Turbine	3,389,671,162.40	2,356,880,248.88
Castings and Forging	160,896,527.13	127,741,579.13

Auxiliary Engines	310,472,958.92	234,011,932.20
Part	321,384,293.41	187,440,132.04
Other	286,802,375.74	141,291,299.48
Subtotal	4,469,227,317.60	3,047,365,191.73

7. Other important transactions and events have an impact on investors' decision-making

None

8. Other

According to the planning of the Hangzhou Municipal Government, the property right bodies of 6 companies including Hangzhou Steam Turbine Group and Hangzhou Steam Turbine Company within the plant area of Hangzhou Steam Shiqiao Road factory area were included in the scope of the Expropriation and Relocation Planning. According to the Hangzhou Municipal People's Government's Minutes (Hangfu Minutes [2016] No. 87) on the relevant issues concerning the compensation for the relocation of the Steam Turbine Shiqiao road plant area and the spirit of the minutes (Hangfu Minutes [2016] No. 47) of the special meeting of Hangzhou Municipal people's Government on the relevant issues concerning speeding up the relocation of the Shiqiao Road Factory area of Hangzhou Steam Turbine and the Construction of the Hangzhou Steam Turbine Heavy Industry Project, Hangzhou Municipal Government, in accordance with the principle of "one factory, one policy", determines that the compensation for the overall relocation of the plant area of Hangzhou Steam Turbine Shiqiao road plant is RMB 1.815 billion, with the compensation contents include the compensation for physical assets such as buildings, structures, housing renovations, equipment, and land within the area of relocation, as well as personnel resettlement fees, compensation fees for shutdown loss and production stoppage loss and incentive fees, and the compensation agreement shall be signed by the Xiacheng Urban Construction Investment Group-the land-making main-body affiliated to Hangzhou Xiacheng District Municipal Government with each relocation unit.

On March 21, 2018, based on the evaluation opinion of Kunyuan Assets Appraisal Co., Ltd (No. 606-2017 Kunnyuan Appraisal Report, No. 609-2017 Kunnyuan Appraisal Report, No. 18-2018 Kunnyuan Appraisal Report,), the company signed the "Relocation Compensation Agreement for Non-residential Buildings on State-owned Land" with Xiacheng Urban Construction Investment Group, and determined that Xiacheng Urban Construction Investment Group shall make full monetary relocation compensation for the Company and its subsidiary the Machinery Company, with the total amount of compensation for various physical assets and expenses is RMB 1,305,950,300.00 (Including the incentive fee of RMB 34,892,770.00), and this aforementioned compensation shall be firstly collected by Hangzhou Steam Turbine Group.

The Company and its subsidiaries received relocation compensation of 230,986,467.90 yuan in the current period, and the total relocation compensation received is 853,093,408.06 yuan, all of which are listed as special payables. The Company and its subsidiaries incurred relocation expenses of 88,375,107.32 yuan in the current period, and the total relocation expenses are 112,157,942.63 yuan. The subsidiary steam turbine heavy industry company incurred an asset purchase and construction expenditure of 441,069,524.00 yuan in the current period, with an accumulated asset purchase and construction expenditure of 493,992,522.25 yuan. The corresponding special payables carried forward for the current period-relocation compensation of 529,444,631.32 yuan, which is transferred to deferred revenue. The balance of unused relocation compensation at the end of the period is 246,942,943.24 yuan.

As of December 31, 2020, the relocation plan of the Company and its subsidiaries has been basically completed. According to the relevant provisions of Article 17 and Article 19 of the Announcement of the State Administration of Taxation (No. 40-2012), the 2020 is the year of the time the relocation shall be completed, and the Company and its subsidiaries shall carry out relocation liquidation. For the enterprise income tax of 179,221,489.19 yuan for the relocation liquidation calculated by the tax agency engaged by the Company and its subsidiaries that shall be paid includes the tax corresponding to the relocation compensation that has not been received and has not been carried forward to other income and this tax amount shall be confirmed as a deferred income tax asset of 178,402,589.14 yuan.

XVII. Notes of main items in the financial statements of the Parent Company

1. Accounts receivable

(1) Accounts receivable classified by category

In RMB

Category	End of term					Beginning of term				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Proportion %	Amount	Proportion %		Amount	Proportion %	Amount	Proportion %	
Including										
Accrual of bad debt provision by portfolio	2,028,542,002.24	100.00%	795,217,220.72	39.20%	1,233,324,781.52	1,855,612,269.40	100.00%	775,111,375.42	41.77%	1,080,500,893.98
Including:										
Total	2,028,542,002.24	100.00%	795,217,220.72	39.20%	1,233,324,781.52	1,855,612,269.40	100.00%	775,111,375.42	41.77%	1,080,500,893.98

Accrual of bad debt provision by portfolio: 795,217,220.72

In RMB

Name	End of term		
	Book balance	Bad debt provision	Proportion
Associated transaction portfolio within the scope of consolidated financial statement	66,393,371.30		
Aging portfolio	1,962,148,630.94	795,217,220.72	40.53%
Total	2,028,542,002.24	795,217,220.72	--

Relevant information of the provision for bad debts will be disclosed with reference to the disclosure method of other receivables if the provision for bad debts of bills receivable is accrued according to the general model of expected credit loss:

Applicable Not applicable

Disclosure by aging

In RMB

Aging	End of term
Within 1 year (Including 1 year)	627,847,677.43
1-2 years	353,039,526.72
2-3 years	315,064,179.29
Over 3 years	732,590,618.80
3-4 years	131,237,969.68
4-5 years	88,533,946.44
Over 5 years	512,818,702.68
Total	2,028,542,002.24

(2) Accounts receivable withdraw, reversed or collected during the reporting period

The withdrawal amount of the bad debt provision:

In RMB

Category	Opening balance	Amount of change in the current period				Closing balance
		Accrual	Reversed or collected amount	Write-off	Other	
Accrual of bad debt provision by Single term						
Accrual of bad debt provision by portfolio	775,111,375.42	18,972,160.09	1,361,491.48		227,806.27	795,217,220.72
Total	775,111,375.42	18,972,160.09	1,361,491.48		227,806.27	795,217,220.72

(3) The actual write-off accounts receivable

None

(4) The ending balance of account receivables owed by the imputation of the top five parties

In RMB

Name	Amount	Proportion(%)	Bad debt provision
Client 1	745,334,727.98	36.74%	258,434,848.38
Client 2	208,663,283.49	10.29%	146,080,605.53
Client 3	86,675,052.37	4.27%	8,454,551.44
Client 4	58,311,386.93	2.87%	3,401,913.22
Client 5	23,271,127.34	1.15%	6,981,338.20
Total	1,122,255,578.11	55.32%	

(5) Account receivable which terminate the recognition owing to the transfer of the financial assets

None

(6)The amount of the assets and liabilities formed by the transfer and the continues involvement of accounts receivable

None

2. Other account receivable

In RMB

Nature	End of term	Beginning of term
Dividend receivable	43,605,292.60	27,827,292.60
Other	8,733,700.06	3,240,396.20
Total	52,338,992.66	31,067,688.80

(1) Interest receivable : None

(2) Dividend receivable

(1) Dividend receivable

In RMB

Items	End of term	Beginning of term
Hangzhou Bank	43,605,292.60	27,827,292.60
Total	43,605,292.60	27,827,292.60

2) Significant dividend receivable aged over 1 year

In RMB

Items	Closing balance	Aging	Reason	Whether occurred impairment and its judgment basis
Hangzhou Bank	27,827,292.60	The Balance of 1-2 year is 11,270,000.00 yuan, The Balance of 2-3 years is 9,657,292.60 yuan, The Balance of Over 3 years is 6,900,000.00 yuan.	Equity pledge	No
Total	27,827,292.60	--	--	--

3) Provision for bad debts

 Applicable Not applicable

(3) Other accounts receivable

(1) Other accounts receivable classified by the nature of accounts

In RMB

Nature	Closing book balance	Opening book balance
Deposit	11,200,823.94	6,599,993.65
Provisional payment receivable	612,831.32	473,078.04
Other	1,703,075.58	1,079,186.43
Total	13,516,730.84	8,152,258.12

2) Bad-debt provision

In RMB

Bad Debt Reserves	Stage 1	Stage 2	Stage 3	Total
	Expected credit losses over the next 12 months	Expected credit loss over life (no credit impairment)	Expected credit losses for the entire duration (credit impairment occurred)	
Balance as at January 1, 2020	122,993.39	29,895.89	4,758,972.64	4,911,861.92
Balance as at January 1, 2020 in current	—	—	—	—
— Transfer to stage II	-18,150.30	18,150.30		
— Transfer to stage III		-3,934.10	3,934.10	
Provision in the current period	299,663.37	-7,811.50	-420,683.01	-128,831.14

Balance as at December 31, 2020	404,506.46	36,300.59	4,342,223.73	4,783,030.78
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Loss provision changes in current period, change in book balance with significant amount

Applicable Not applicable

Disclosure by aging

In RMB

Aging	Closing balance
Within 1 year(Including 1 year)	8,702,960.56
1-2 years	363,005.85
2-3 years	39,341.00
Over 3 years	4,411,423.43
3-4 years	123,425.99
4-5 years	158,158.00
Over 5 years	4,129,839.44
Total	13,516,730.84

3) Accounts receivable withdraw, reversed or collected during the reporting period

The withdrawal amount of the bad debt provision:

In RMB

Category	Opening balance	Amount of change in the current period				Closing balance
		Accrual	Reversed or collected amount	Write-off	Other	
Accrual of bad debt provision by portfolio	4,911,861.92	-128,831.14				4,783,030.78
Total	4,911,861.92	-128,831.14				4,783,030.78

4) The actual write-off accounts receivable

None

(5) Top 5 of the closing balance of Other accounts receivable

In RMB

Name of the company	Account property	Book balance	Age	Percentage in total other receivable %	Bad debt provision
Shanghai Customs Waigaoqiao Office	Deposit in	3,710,320.94	Over 5 years	27.45%	3,710,320.94

	custom				
Suzhou Weicheng Tender Service Co., Ltd.	Deposit in custom	1,610,000.00	Within 1 year	11.91%	80,500.00
Sinopec International Business Co., Ltd. Wuhan Bidding Center	Deposit in custom	1,250,100.00	Within 1 year	9.25%	62,505.00
China Shenhua International Engineering Co., Ltd.	Deposit in custom	1,100,000.00	Within 1 year	8.14%	55,000.00
Nantong Jiaxing Thermal Power Co., Ltd.	Deposit in custom	700,000.00	Within 1 year	5.18%	35,000.00
Total	--	8,370,420.94	--	61.93%	3,943,325.94

(6) Account receivable involving government subsidies

None

(7) Other account receivable derecognized due to the transfer of financial assets

None

(8) Amount of transfer other account receivable and assets and liabilities formed by its continuous involvement.

None

3. Long-term share equity investment

In RMB

Items	End of term			Beginning of term		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Investments in subsidiaries	913,732,321.62		913,732,321.62	886,732,321.62		886,732,321.62
Investments in associates and joint ventures	11,456,132.77		11,456,132.77	11,246,097.13		11,246,097.13
Total	925,188,454.39		925,188,454.39	897,978,418.75		897,978,418.75

(1) Investments in subsidiaries

In RMB

Company	Beginning of term	Increase /decrease	Closing balance	Closing
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invested in		Add investment	Decreased investment	Withdrawn impairment provision	Other		balance of impairment provision
Turbine Company	20,000,000.00					20,000,000.00	
Hangzhou Heavy Industry	743,812,943.59	27,000,000.00				770,812,943.59	
Hangzhou Auxiliary Machine Co.	46,286,513.41					46,286,513.41	
Zhejiang Turbine Packaged Co.	29,800,389.56					29,800,389.56	
Zhongneng Co. Machinery Co.	27,644,475.06					27,644,475.06	
	7,968,000.00					7,968,000.00	
Casting Co.	11,220,000.00					11,220,000.00	
Total	886,732,321.62	27,000,000.00				913,732,321.62	

(2) Investments in associates and joint ventures

In RMB

Name	Opening balance	Increase /decrease in reporting period							Closing balance	Closing balance of impairment provision
		Add investment	Decrease investment	Adjustment of other comprehensive income	Other equity changes	Declaration of cash dividends or profit	Withdrawn impairment provision	Other		
I. Joint ventures										
II. Associated enterprises										
Zhejiang Ranchuan g Turbine Machinery Co., Ltd.	11,246,097.13			210,035.64					11,456,132.77	
Subtotal	11,246,097.13			210,035.64					11,456,132.77	
Total	11,246,097.13			210,035.64					11,456,132.77	

(3) Other note: Note

4. Business income and Business cost

In RMB

Items	Amount of current period		Amount of previous period	
	Income	Cost	Income	Cost
Main business	2,480,402,944.88	1,718,757,777.75	2,633,113,307.34	1,875,706,074.15
Other	10,916,285.22	5,702,643.04	26,584,251.85	16,003,960.38
Total	2,491,319,230.10	1,724,460,420.79	2,659,697,559.19	1,891,710,034.53

Information related to performance obligations:

The Company's sales link has entered into a legal and effective sales contract/order with the customer. The contract/order clarifies the terms of the subject product, specification model, transaction quantity, unit price, settlement method, delivery obligation, etc., and the performance obligation is clear, and it is the single performance obligation at a single point in time. The transaction prices of the Company's various product contracts/orders are clear, and the Company will confirm revenue after fulfilling the relevant performance obligations in accordance with the contract/order related agreements.

Information related to transaction value assigned to residual performance obligations:

At the end of the reporting period, the amount of revenue corresponding to the contract that have been signed but not yet fulfilled obligation or not fulfilled obligation is RMB4,700,000,000.00 yuan.

5. Investment income

In RMB

Items	Occurred current term	Occurred in previous term
Long-term equity investment income by Cost method	128,543,620.00	61,041,210.00
Investment income from disposal of Long-term equity investment	210,035.64	-153,902.87
Revenue from changes in fair value generated by financial assets classified at fair value through Other comprehensive income		1,320,462.15
Dividend income from other equity instrument investments during the holding period	95,156,322.10	67,968,801.50
The disposal is classified as the investment income of financial assets measured at fair value and recorded in the profits and losses of the current period	23,991,247.64	27,749,627.08
Revenue from changes in fair value generated by financial assets classified at fair value through Other comprehensive income	-1,518,602.29	-2,098,850.50
Debt restructuring gains	125,500.00	
Total	246,508,123.09	155,827,347.36

6. Other : None

XVIII. Supplement information

1. Particulars about current non-recurring gains and loss

√Applicable □Not applicable

In RMB

Items	Amount	Notes
Gains/losses from the disposal of non-current asset	-20,964,286.32	
Governmental subsidy calculated into current gains and loss (while closely related with the normal business of the Company, excluding the fixed-amount or fixed-proportion governmental subsidy according to the unified national standard)	38,013,637.22	
Income from the exceeding part between investment cost of the Company paid for obtaining subsidiaries, associates and joint-ventures and recognizable net assets fair value attributable to the Company when acquiring the investment	1,149,217.06	
Gain/loss from debt reorganization	3,350,920.00	
Gains or losses arising from contingencies other than those related to normal operating business	32,202,504.57	
In addition to normal business with the company effective hedging related business, holders of tradable financial assets, transactions and financial liabilities arising from changes in fair value gains and losses, as well as the disposal of trading of financial assets, trading financial liabilities and available-for-sale financial assets gains return on investment	53,211,692.31	
Other non-business income and expenditures other than the above	-2,606,122.78	
Less: Influenced amount of income tax	12,239,646.17	
Amount of influence of minority interests	5,470,375.39	
Total	86,647,540.50	--

For the Company's non-recurring gain/loss items as defined in the Explanatory Announcement No.1 on information disclosure for Companies Offering their Securities to the Public-Non-recurring Gains and Losses and its non-recurring gain/loss items as illustrated in the Explanatory Announcement No.1 on information Disclosure for Companies offering their securities to the public-non-recurring Gains and losses which have been defined as recurring gains and losses, it is necessary to explain the reason.

□Applicable √Not applicable

2. Return on equity (ROE) and earnings per share (EPS)

Profit as of reporting period	Weighted average ROE (%)	EPS (Yuan/share)	
		EPS-basic	EPS-diluted
Net profit attributable to commonshareholders of the Company	6.24%	0.62	0.62
Net profit attributable to common shareholders of the Company after deduction of non-recurring profit and loss	5.07%	0.50	0.50

3. Differences between accounting data under domestic and overseas accounting standards

(1) Differences of net profit and net assets disclosed in financial reports prepared under international and Chinese accounting standards

Applicable Not applicable

(2) Differences of net profit and net assets disclosed in financial reports prepared under overseas and Chinese accounting standards

Applicable Not applicable

(3) Explain reasons for the differences between accounting data under domestic and overseas accounting standards, for audit data adjusting differences had been foreign audited, should indicate the name of the foreign institutions

4. Other

XIII.Documents for Reference

- I. Annual Report 2020 with signature of the Chairman;
- II. Original copy of the Auditors' Report with the seals and signatures of the legal representative, CFO, Accounting Manager of the Company, and the Pan-China CPA and signed by certified accountants.
- III. All of the originals of the Company's documents and public notices publicized by the presses designated by China Securities Regulatory Commission in the report period;
- IV.Original copy of Resolutions of the 10th Meeting of the 8th Term of Board with signatures of directors.

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

April 17, 2021