

Stock Code: 200771

Stock ID: Hangqilun B

Announcement No. :2021-79

# **Hangzhou Steam Turbine Co., Ltd.**

## **The Semi-Annual Financial Report 2021**

(Stock Code: **200771**)



**August ,2021**

## I. Auditors' Report

Whether the semi-annual financial report had been audited?

The Semi-annual Financial Report is not audited.

## II. The Financial Statements

All figures in the Notes to the Financial Statements are in RMB.

## 1. Consolidated Balance Sheet

Prepared by: Hangzhou Steam Turbine Co., Ltd

In RMB

Items	June 30,2021	December 31,2020
Current asset:		
Monetary fund	1,453,242,706.35	1,829,481,187.49
Settlement provision		
Outgoing call loan		
Transactional financial assets	1,157,757,871.22	1,021,681,809.34
Derivative financial assets		
Notes receivable	176,809,390.23	118,107,076.67
Account receivable	2,012,036,037.78	1,618,798,305.46
Financing of receivables	994,303,517.76	774,663,468.76
Prepayments	377,611,163.55	577,604,707.85
Insurance receivable		
Reinsurance receivable		
Provisions of Reinsurance contracts receivable		
Other account receivable	69,394,969.58	64,392,157.13
Including: Interest receivable		
Dividend receivable	43,605,292.60	43,605,292.60
Repurchasing of financial assets		
Inventories	2,060,650,883.02	2,171,753,113.46
Contract assets	520,392,893.88	486,569,325.17
Assets held for sales		
Non-current asset due within 1 year		
Other current asset	44,599,532.42	48,964,817.02
Total of current assets	8,866,798,965.79	8,712,015,968.35
Non-current assets:		
Loans and payment on other's behalf disbursed		

Creditor's right investment		
Other investment on bonds		
Long-term receivable		
Long term share equity investment	11,456,132.77	23,355,441.61
Other equity instruments investment	4,010,159,288.50	4,056,378,073.52
Other non-current financial assets	16,503,105.13	18,376,081.45
Property investment		
Fixed assets	1,243,170,988.41	1,094,505,770.45
Construction in progress	749,670,180.36	804,921,709.95
Production physical assets		
Oil & gas assets		
Use right assets		
Intangible assets	239,447,260.05	273,812,314.29
Development expenses		
Goodwill		
Long-germ expenses to be amortized		
Deferred income tax asset	403,832,897.72	409,288,564.79
Other non-current asset		
Total of non-current assets	6,674,239,852.94	6,680,637,956.06
Total of assets	15,541,038,818.73	15,392,653,924.41
Current liabilities		
Short-term loans	213,800,000.00	216,722,803.41
Loan from Central Bank		
Borrowing funds		
Transactional financial liabilities		
Derivative financial liabilities		
Notes payable	221,949,985.82	230,724,303.75
Account payable	1,449,034,434.34	1,207,797,820.78
Advance receipts		
Contract liabilities	2,885,791,451.36	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	116,928,909.51	116,400,157.12
Tax payable	308,211,889.42	281,909,641.60

Other account payable	29,405,321.95	75,212,591.46
Including: Interest payable	136,986.30	
Dividend payable		
Fees and commissions payable		
Reinsurance fee payable		
Liabilities held for sales		
Non-current liability due within 1 year	500,000.00	1,001,088.89
Other current liability	375,654,309.62	374,106,541.36
Total of current liability	5,601,276,302.02	5,375,061,939.42
Non-current liabilities:		
Reserve fund for insurance contracts		
Long-term loan	21,600,000.00	21,623,520.00
Bond payable		
Including: preferred stock		
Sustainable debt		
Lease liability		
Long-term payable	153,237,596.83	405,872,616.77
Long-term remuneration payable to staff		
Expected liabilities		
Deferred income	482,517,778.09	489,416,290.74
Deferred income tax liability	542,880,787.28	550,540,278.99
Other non-current liabilities		
Total non-current liabilities	1,200,236,162.20	1,467,452,706.50
Total of liability	6,801,512,464.22	6,842,514,645.92
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	153,617,619.65
Less: Shares in stock	144,078,948.09	144,078,948.09
Other comprehensive income	3,075,940,144.37	3,114,962,386.84
Special reserve	17,256,159.74	17,699,635.27

Surplus reserves	621,112,807.78	621,112,807.78
Common risk provision		
Retained profit	3,829,491,806.87	3,587,465,039.91
Total of owner's equity belong to the parent company	8,307,349,990.32	8,104,788,941.36
Minority shareholders' equity	432,176,364.19	445,350,337.13
Total of owners' equity	8,739,526,354.51	8,550,139,278.49
Total of liabilities and owners' equity	15,541,038,818.73	15,392,653,924.41

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

## 2. Parent Company Balance Sheet

Items	In RMB	
	June 30, 2021	December 31, 2020
Current asset:		
Monetary fund	1,010,374,772.01	1,068,802,728.63
Transactional financial assets	901,757,871.22	901,681,809.34
Derivative financial assets		
Notes receivable	61,084,607.08	2,386,000.00
Account receivable	1,568,204,111.11	1,233,324,781.52
Financing of receivables	661,017,748.20	560,214,105.19
Prepayments	289,949,436.91	435,233,928.27
Other account receivable	52,637,470.19	52,338,992.66
Including: Interest receivable		
Dividend receivable	43,605,292.60	43,605,292.60
Inventories	1,407,217,853.28	1,504,591,192.03
Contract assets	334,715,700.00	298,440,051.27
Assets held for sales		
Non-current asset due within 1 year		
Other current asset	-593,028.32	
Total of current assets	6,286,366,541.68	6,057,013,588.91
Non-current assets:		
Creditor's rights investment		
Other creditor's rights investment		
Long-term receivable		
Long term share equity investment	1,132,648,454.39	925,188,454.39
Other equity instruments investment	4,010,159,288.50	4,056,378,073.52
Other non-current financial assets	16,354,512.82	18,227,489.14
Property investment		
Fixed assets	511,605,844.23	353,788,891.57
Construction in progress	403,568,767.25	495,409,362.19
Production physical assets		0.00
Oil & gas assets		0.00
Use right assets		0.00
Intangible assets	127,258,895.59	163,116,618.58
Development expenses		0.00

Goodwill		0.00
Long-germ expenses to be amortized		0.00
Deferred income tax asset	347,326,769.70	355,670,069.60
Other non-current asset		
Total of non-current assets	6,548,922,532.48	6,367,778,958.99
Total of assets	12,835,289,074.16	12,424,792,547.90
Current liabilities		
Short-term loans	150,000,000.00	150,136,986.30
Transactional financial liabilities		
Derivative financial liabilities		
Notes payable		6,955,000.00
Account payable	1,001,125,650.51	820,258,129.08
Advance receipts		
Contract Liabilities	2,123,085,258.84	2,077,614,427.93
Employees' wage payable	85,557,235.69	67,025,966.88
Tax payable	271,712,428.46	240,368,823.36
Other account payable	27,725,139.15	56,602,697.52
Including: Interest payable	136,986.30	
Dividend payable		
Liabilities held for sales		
Non-current liability due within 1 year		
Other current liability	273,665,689.87	267,804,499.76
Total of current liability	3,932,871,402.52	3,686,766,530.83
Non-current liabilities:		
Long-term loan		
Bond payable		
Including: preferred stock		
Sustainable debt		
Lease liability		
Long-term payable	150,837,908.18	247,309,261.46
Long-term remuneration payable to staff		
Expected liabilities		
Deferred income	482,103,958.09	489,002,470.74
Deferred income tax liability	542,880,787.28	550,540,278.99

Other non-current liabilities		
Total non-current liabilities	1,175,822,653.55	1,286,852,011.19
Total of liability	5,108,694,056.07	4,973,618,542.02
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	144,078,948.09
Other comprehensive income	3,076,324,461.21	3,115,610,428.47
Special reserve	5,998,110.00	6,000,000.00
Surplus reserves	602,356,402.65	602,356,402.65
Retained profit	3,293,031,342.23	2,978,322,472.76
Total of owners' equity	7,726,595,018.09	7,451,174,005.88
Total of liabilities and owners' equity	12,835,289,074.16	12,424,792,547.90

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

### 3.Consolidated Income Statement

In RMB

Items	The first half year of 2021	The first half year of 2020
I. Income from the key business	2,966,020,451.07	2,021,667,426.27
Incl: Business income	2,966,020,451.07	2,021,667,426.27
Interest income		
Insurance fee earned		
Fee and commission received		
II. Total business cost	2,746,210,323.17	1,827,754,914.11
Incl: Business cost	2,158,596,271.56	1,411,473,466.88
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	14,472,540.93	10,846,939.80
Sales expense	76,767,307.50	60,320,227.44
Administrative expense	329,940,741.71	261,099,800.18
R & D costs	173,503,554.69	103,228,915.93
Financial expenses	-7,070,093.22	-19,214,436.12
Including: Interest expense	8,368,050.03	3,356,373.45
Interest income	7,141,624.05	14,883,294.02
Add: Other income	106,608,553.64	55,716,643.40
Investment gain ( "-"for loss )	158,196,305.47	118,388,068.47
Incl: investment gains from affiliates		
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	-1,796,914.44	-597,375.82
Credit impairment loss	17,027,776.46	-80,718,669.70
Impairment loss of assets	5,641,961.36	10,855,928.32
Assets disposal income	-25,751.14	247,052.27
III. Operational profit ( "-"for loss )	505,462,059.25	297,804,159.10
Add : Non-operational income	118,723,722.62	6,216,124.18
Less: Non-operating expense	79,947,694.04	4,178,810.71
IV. Total profit("-"for loss)	544,238,087.83	299,841,472.57
Less: Income tax expenses	69,766,786.53	30,545,431.68
V. Net profit	474,471,301.30	269,296,040.89
(I) Classification by business continuity		
1.Net continuing operating profit	474,471,301.30	269,296,040.89
2.Termination of operating net profit		
(II) Classification by ownership		
1.Net profit attributable to the owners of parent company	425,641,416.95	230,908,137.72
2.Minority shareholders' equity	48,829,884.35	38,387,903.17
VI. Net after-tax of other comprehensive income	-38,666,598.38	-122,468,038.54
Net of profit of other comprehensive income attributable to owner	-39,022,242.47	-122,474,780.71

s of the parent company.		
(I) Other comprehensive income items that will not be reclassified into gains/losses in the subsequent accounting period	-39,285,967.26	-122,479,780.31
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	-39,285,967.26	-122,479,780.31
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.	263,724.79	4,999.60
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	263,724.79	4,999.60
7.Other		
Net of profit of other comprehensive income attributable to Minority shareholders' equity	355,644.09	6,742.17
VII. Total comprehensive income	435,804,702.92	146,828,002.35
Total comprehensive income attributable to the owner of the parent company	386,619,174.48	108,433,357.01
Total comprehensive income attributable minority shareholders	49,185,528.44	38,394,645.34
VIII. Earnings per share		
(I) Basic earnings per share	0.58	0.31
(II)Diluted earnings per share	0.58	0.31

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

## 4. Income statement of the Parent Company

In RMB

Items	The first half year of 2021	The first half year of 2020
I. Income from the key business	1,887,026,653.89	1,148,712,572.64
Incl: Business cost	1,445,877,122.80	808,931,953.66
Business tax and surcharge	9,461,259.64	4,568,531.98
Sales expense	39,639,769.92	31,895,054.01
Administrative expense	227,123,091.22	194,237,408.24
R & D expense	112,889,389.79	56,990,534.25
Financial expenses	-6,661,202.38	-18,514,981.66
Including: Interest expenses	6,496,739.73	628,468.93
Interest income	4,450,243.67	11,826,317.27
Add: Other income	105,331,636.74	52,463,135.32
Investment gain ( "-"for loss )	315,026,146.53	230,963,096.02
Including: investment gains from affiliates		
Financial assets measured at amortized cost cease to be recognized as income		
Net exposure hedging income		
Changing income of fair value	-1,796,914.44	-597,375.82
Credit impairment loss	23,250,789.28	-62,592,863.13
Impairment loss of assets	3,822,083.02	1,119,478.84
Assets disposal income		247,056.74
II. Operational profit ( "-"for loss )	504,330,964.03	292,206,600.13
Add : Non-operational income	113,583,451.32	1,978,691.24
Less: Non -operational expenses	81,045,992.06	2,656,166.56
III. Total profit("-"for loss)	536,868,423.29	291,529,124.81
Less: Income tax expenses	39,422,315.20	10,297,132.71
IV. Net profit	497,446,108.09	281,231,992.10
1.Net continuing operating profit	497,446,108.09	281,231,992.10
2.Termination of operating net profit		
V. Net after-tax of other comprehensive income	-39,285,967.26	-122,479,780.31
(I) Other comprehensive income items that will not be reclassified into gains/losses in the subsequent accounting period	-39,285,967.26	-122,479,780.31
1.Re-measurement of defined benefit plans of changes in net debt or net a		

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	-39,285,967.26	-122,479,780.31
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	458,160,140.83	158,752,211.79
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    Person in charge of Accounting institute: Jin Can

## 5. Consolidated Cash flow statement

In RMB

Items	The first half year of 2021	The first half year of 2020
I. Cash flows from operating activities		
Cash received from sales of goods or rendering of services	2,156,808,992.59	1,728,815,809.43
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	7,360,655.36	5,387,680.16
Other cash received from business operation	17,186,143.02	65,325,817.64
Sub-total of cash inflow	2,181,355,790.97	1,799,529,307.23
Cash paid for purchasing of merchandise and services	1,240,857,453.26	862,580,281.24
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	455,997,823.77	418,895,651.22
Taxes paid	183,353,491.75	106,510,146.66
Other cash paid for business activities	124,066,009.48	84,578,536.08
Sub-total of cash outflow from business activities	2,004,274,778.26	1,472,564,615.20
Net cash generated from /used in operating activities	177,081,012.71	326,964,692.03
II. Cash flow generated by investing		
Cash received from investment retrieving		50,000,000.00
Cash received as investment gains	164,715,502.79	28,996,731.18
Net cash retrieved from disposal of fixed assets, intangible assets, and other long-term assets	82,509.20	17,924.42
Net cash received from disposal of subsidiaries or other operational units		
Other investment-related cash received	2,945,372,000.00	1,533,898,000.00
Sub-total of cash inflow due to investment activities	3,110,170,011.99	1,612,912,655.60
Cash paid for construction of fixed assets, intangible assets and other long-term assets	148,677,713.70	158,051,359.80
Cash paid as investment		0.00
Net increase of loan against pledge		
Net cash received from subsidiaries and other operational units		

Other cash paid for investment activities	3,080,572,000.00	1,913,998,000.00
Sub-total of cash outflow due to investment activities	3,229,249,713.70	2,072,049,359.80
Net cash flow generated by investment	-119,079,701.71	-459,136,704.20
III.Cash flow generated by financing		
Cash received as investment	320,000.00	
Including: Cash received as investment from minor shareholders		
Cash received as loans	153,800,000.00	177,700,000.00
Other financing –related cash received		
Sub-total of cash inflow from financing activities	154,120,000.00	177,700,000.00
Cash to repay debts	157,000,000.00	77,800,000.00
Cash paid as dividend, profit, or interests	261,623,802.62	82,634,116.70
Including: Dividend and profit paid by subsidiaries to minor shareholders		
Other cash paid for financing activities	155,000,000.00	75,745,129.13
Sub-total of cash outflow due to financing activities	573,623,802.62	236,179,245.83
Net cash flow generated by financing	-419,503,802.62	-58,479,245.83
IV. Influence of exchange rate alternation on cash and cash equivalents	-3,240,367.62	6,747,263.44
V.Net increase of cash and cash equivalents	-364,742,859.24	-183,903,994.56
Add: balance of cash and cash equivalents at the beginning of term	1,710,208,279.45	1,645,907,650.92
VI ..Balance of cash and cash equivalents at the end of term	1,345,465,420.21	1,462,003,656.36

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

## 6. Cash flow statement of the Parent Company

In RMB

Items	The first half year of 2021	The first half year of 2020
I.Cash flows from operating activities		
Cash received from sales of goods or rendering of services	1,347,455,018.07	1,009,834,279.72
Tax returned	2,194,465.42	4,056.54
Other cash received from business operation	6,242,968.48	49,456,848.95
Sub-total of cash inflow	1,355,892,451.97	1,059,295,185.21
Cash paid for purchasing of merchandise and services	782,527,824.96	502,853,109.86
Cash paid to staffs or paid for staffs	292,113,266.18	285,820,623.95
Taxes paid	102,628,455.90	25,792,568.08
Other cash paid for business activities	44,154,055.08	26,431,269.07
Sub-total of cash outflow from business activities	1,221,423,602.12	840,897,570.96

Net cash generated from /used in operating activities	134,468,849.85	218,397,614.25
II. Cash flow generated by investing		
Cash received from investment retrieving	0.00	50,000,000.00
Cash received as investment gains	315,030,313.20	141,288,093.65
Net cash retrieved from disposal of fixed assets, intangible assets, and other long-term assets	0.00	0.00
Net cash received from disposal of subsidiaries or other operational units	0.00	0.00
Other investment-related cash received	2,147,572,000.00	625,000,000.00
Sub-total of cash inflow due to investment activities	2,462,602,313.20	816,288,093.65
Cash paid for construction of fixed assets, intangible assets and other long-term assets	100,388,842.40	70,383,582.14
Cash paid as investment	207,460,000.00	0.00
Net cash received from subsidiaries and other operational units	0.00	0.00
Other cash paid for investment activities	2,147,572,000.00	1,045,000,000.00
Sub-total of cash outflow due to investment activities	2,455,420,842.40	1,115,383,582.14
Net cash flow generated by investment	7,181,470.80	-299,095,488.49
III. Cash flow generated by financing		
Cash received as investment		
Cash received as loans	100,000,000.00	100,000,000.00
Other financing –related ash received		
Sub-total of cash inflow from financing activities	100,000,000.00	100,000,000.00
Cash to repay debts	100,000,000.00	
Cash paid as dividend, profit, or interests	190,111,389.72	535,318.25
Other cash paid for financing activities	0.00	73,364,395.79
Sub-total of cash outflow due to financing activities	290,111,389.72	73,899,714.04
Net cash flow generated by financing	-190,111,389.72	26,100,285.96
IV. Influence of exchange rate alternation on cash and cash equivalents	-3,041,237.94	6,556,443.98
V. Net increase of cash and cash equivalents	-51,502,307.01	-48,041,144.30
Add: balance of cash and cash equivalents at the beginning of term	1,023,812,557.30	967,501,994.48
VI ..Balance of cash and cash equivalents at the end of term	972,310,250.29	919,460,850.18

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

## 7. Consolidated Statement on Change in Owners' Equity

Amount in this period

In RMB

Items	The first half year of 2021														
	Owner's equity Attributable to the Parent Company													Minor shareholders' equity	Total of owners' equity
	Share Capital	Other Equity instrument			Capital reserves	Less: Shares in stock	Other Comprehensive Income	Specialized reserve	Surplus reserves	Common risk provision	Retained profit	Other	Subtotal		
I.Balance at the end of last year	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
II.Balance at the beginning of current year	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
III.Changed in the current year							-39,022,242.47	-443,475.53			242,026,766.96		202,561,048.96	-13,173,972.94	189,387,076.02
(I) Total comprehensive income							-39,022,242.47				425,641,416.95		386,619,174.48	49,185,528.44	435,804,702.92
(II) Investment or decreasing of capital by owners														6,241,321.65	6,241,321.65
1.Ordinary shares invested by shareholders														6,241,321.65	6,241,321.65
(III) Profit allotment											-183,614,649.99		-183,614,649.99	-68,180,370.00	-251,795,019.99
1.Providing of surplus reserves															
2.Providing of common risk provisions															
3. Allotment to the owners (or shareholders)											-183,614,649.99		-183,614,649.99	-68,180,370.00	-251,795,019.99
(V)Special reserves								-443,475.53					-443,475.53	-420,453.03	-863,928.56
1. Provided this year								1,778,581.54					1,778,581.54	29,700.15	1,808,281.69
2. Used this term								-2,222,057.07					-2,222,057.07	-450,153.18	-2,672,210.25
IV. Balance at the end of this term	754,010,400.00				153,617,619.65	144,078,948.09	3,075,940,144.37	17,256,159.74	621,112,807.78		3,829,491,806.87		8,307,349,990.32	432,176,364.19	8,739,526,354.51

Amount in last year

In RMB



Items	The first half year of 2020														
	Owner’s equity Attributable to the Parent Company													Minor shareholders’ equity	Total of owners’ equity
	Share Capital	Other Equity instrument			Capital reserves	Less: Shares in stock	Other Comprehensive Income	Specialized reserve	Surplus reserves	Common risk provision	Retained profit	Other	Subtotal		
Preferred stock		Sustainable debt	Other												
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
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						73,364,395.79	-122,474,780.71	-218,142.40			82,147,642.72		-113,909,676.18	-42,871,915.67	-156,781,591.85
（1）Total comprehensive income							-122,474,780.71				230,908,137.72		108,433,357.01	38,394,645.34	146,828,002.35
（II）Investment or decreasing of capital by owners						73,364,395.79							-73,364,395.79		-73,364,395.79
1.Ordinary shares invested by shareholders						73,364,395.79							-73,364,395.79		-73,364,395.79
（III）Profit allotment											-148,760,495.00		-148,760,495.00	-81,063,160.00	-229,823,655.00
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	-81,063,160.00	-229,823,655.00
(V). Special reserves								-218,142.40					-218,142.40	-203,401.01	-421,543.41
1. Provided this year								838,616.00					838,616.00	19,739.28	858,355.28
2. Used this term								-1,056,758.40					-1,056,758.40	-223,140.29	-1,279,898.69
Other															
IV. Balance at the end of this term	754,010,400.00				152,973,219.65	73,364,395.79	1,661,720,375.63	18,106,330.88	621,112,807.78		3,359,027,734.25		6,493,586,472.40	408,607,577.36	6,902,194,049.76

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

Amount in this period

In RMB

Items	The first half year of 2021											
	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	144,078,948.09	3,115,610,428.47	6,000,000.00	602,356,402.65	2,979,199,884.13		7,452,051,417.25
II.Balance at the beginning of current year	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	2,979,199,884.13		7,452,051,417.25
III.Changed in the current year							-39,285,967.26	-1,890.00		313,831,458.10		274,543,600.84
(I) Total comprehensive income							-39,285,967.26			497,446,108.09		458,160,140.83
(III) Profit allotment										-183,614,649.99		-183,614,649.99
1.Providing of surplus reserves												
2. Allotment to the owners (or shareholders)										-183,614,649.99		-183,614,649.99
3. Other												
(V) Special reserves								-1,890.00				-1,890.00
1. Provided this year								1,570,108.88				1,570,108.88
2. Used this term								-1,571,998.88				-1,571,998.88
(VI) Other												
IV. Balance at the end of this term	754,010,400.00				138,953,250.09	144,078,948.09	3,076,324,461.21	5,998,110.00	602,356,402.65	3,293,031,342.23		7,726,595,018.09

Amount in last year

In RMB

Items	The first half year of 2020											
	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
		Preferr ed stock	Sustai nable debt	Oth er								
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
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						73,364,395.79	-122,479,780.31			132,471,497.10		-63,372,679.00
(I) Total comprehensive income							-122,479,780.31			281,231,992.10		158,752,211.79
(II) Investment or decreasing of capital by owners						73,364,395.79						-73,364,395.79
1. Ordinary Shares invested by shareholders						73,364,395.79						-73,364,395.79
2. Holders of other equity instruments invested capital												
3.Amount of shares paid and accounted as owners' equity												
(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
(V) Special reserves												
1. Provided this year								700,061.12				700,061.12
2. Used this term								-700,061.12				-700,061.12
(VI) Other												
IV. Balance at the end of this term	754,010,400.00				138,953,250.09	73,364,395.79	1,662,029,639.60	6,000,000.00	602,356,402.65	2,842,167,923.53		5,932,153,220.08

### 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.

Main Products: Industrial Steam Turbine.

These Financial Statements are released upon approval at the 16th meeting of the 8th term of Board held on August 30, 2021.

19 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 X 8(1) of Financial statement notes

Change of combination scope

1. Business combination under different control in the current period

Name	Time and place of gaining the stock right	Cost of gaining the stock rights	Proportion of stock rights	Way to gain the stock rights	Purchase date	Recognition basis of purchase date	Income of acquiree during the purchase date to period-end	Net profits of acquiree during the purchase date to period-end
Zhejiang Zhongrun Gas Turbine Technology Co., Ltd.	January 4, 2021	12,600,000.00	51.99%	Capital contribution and equity transfer of original shares	January 4, 2021	Note	3,289,613.51	-1,171,962.83

Note: Basis for determining the purchase date: On April 15, 2020, Turbine Company invested RMB 12.6 million and acquired 51.99% equity of Zhejiang Zhongrun Gas Turbine Technology Co., Ltd., but only one of the 3 directors of Zhongrun Company was from the Turbine Company, which still failed to meet the actual control conditions. On January 4, 2021, after the change of the articles of association of Zhongrun Company, three of the 5 directors of Zhongrun Company were from the Turbine Company and had its actual control right. Therefore, January 4, 2021 is determined as the actual purchase date.

### IV. Basis of compiling the financial statement

(1) Basis of compiling

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

(2) 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 incom.

#### **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

Measurement is conducted in accordance with the relevant provisions of the Accounting Standards for Business Enterprises No.23-Transfer of Financial Assets.

③ Financial guarantee contracts that do not belong to the case of 1) or 2) above, and loan commitments that do not belong to 1) above and lend at below market interest rates

After initial recognition, subsequent measurement shall be made according to the higher of the following two amounts: ① Loss reserve amount determined according to the impairment provisions of financial instruments; ② The balance of the initial recognized amount after deducting the accumulated amortization amount determined in accordance with relevant provisions of Accounting Standards for Business Enterprises No.14-Income.

④ Financial liabilities measured in amortized cost

The real interest rate method is adopted to measure in amortized cost. Gains or losses arising from financial

liabilities measured in amortized cost that are not part of any hedging relationship are included in current profits and losses when derecognized and amortized according to the effective interest rate method.

#### 4) Termination of recognition of financial assets and financial liabilities

① Financial assets are derecognized when one of the following conditions is met:

I. The contractual right to receive cash flow from the financial asset is terminated;

II. 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

#### (4) Method for determining the fair value of financial assets and financial liabilities

The company adopts valuation techniques which are applicable under current circumstances and supported by sufficient available data and other information to determine the fair value of relevant financial assets and financial liabilities. The company divides the input values used by valuation technology into the following levels and uses them in turn:

1) The input values at the first level are that the company can obtain unadjusted quotations of the same assets or liabilities in the active market on the measurement date;

2) The input values at the second level are directly or indirectly observable input values of related assets or liabilities except the input value at the first level, including: quotations of similar assets or liabilities in active markets; Quotations for the same or similar assets or liabilities in inactive markets; Other observable input values besides quotation, such as observable interest rate and yield curve during normal quotation interval; Input value of



market verification, etc.;

3) The input values at third level are unobservable input values of related assets or liabilities, including interest rates and stock volatility that cannot be directly observed or verified by observable market data, future cash flows of abandonment obligations undertaken in business combination, and financial forecasts made using their own data, etc.

#### (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	Refer to the historical credit loss experience, combine the current situation and the forecast of the future economic situation, compile a

	scope of the consolidated financial statements	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——a Taking aging as the credit risk characteristic, combine receivables except the related party receivables within the scope of the consolidated financial statements 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.

## 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 X(5)-10 Financial instrument of this report.

#### 12. Account receivable

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

#### 13. Financing of receivables

For details, please refer to Section X(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 X(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

For details, please refer to Section X (5) 42 Lease.

### 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	Amortizing years
Land using right	50
Patent rights and proprietary technology	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 X (5) 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

For details, please refer to Section X (5) 42 Lease.

## 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

None

#### 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

☐ Applicable ☒ Not applicable

### (2) Accounting Method for Financing Leases

☐ Applicable ☒ Not applicable

### (3) Recognition Method and Accounting Method of Leasing under New Leasing Standards

☒ Applicable ☐ Not applicable

#### 1) Company as the Lessee

On the start date of the lease term, the company will recognize the lease with a lease term of no more than 12 months and without the purchase option as a short-term lease; and recognize the lease with lower value when a single leased asset is a brand-new asset as a low-value asset lease. If the company subleases or expects to sublet the leased assets, the original lease shall not be deemed as low-value asset lease.

For all short-term leases and low-value asset leases, the company will calculate the lease payment amount into the relevant asset cost or current profits and losses according to the straight-line method in each period of the lease term.

In addition to the above-mentioned short-term leases and low-value asset leases with simplified processing, the company recognizes the right to use assets and lease liabilities for leases on the start date of the lease term.

#### ① Right-to-use assets

The right-to-use assets are initially measured according to the cost, which includes: i. The initial measurement amount of lease liabilities; ii. If there is lease incentive for the lease payment issued on or before the start date of the lease term, the amount related to the lease incentive enjoyed shall be deducted; iii. Initial direct expenses incurred by the lessee; iv. The estimated costs that the lessee will incur for dismantling and removing the leased assets, restoring the leased assets' site or restoring the leased assets to the state agreed in the lease terms.

The company depreciates the right-to-use assets according to the straight-line method. If it can be reasonably determined that the ownership of the leased asset is acquired at the expiration of the lease term, the company shall accrue depreciation within the remaining service life of the leased asset. If it is impossible to reasonably determine that the ownership of the leased asset can be acquired at the expiration of the lease term, the company shall accrue depreciation within the shorter of the lease term and the remaining service life of the leased asset.

#### ② Lease liabilities

On the lease start date, the company recognizes the present value of the unpaid lease payment as the lease liability. When calculating the present value of the lease payment amount, the lease inclusive interest rate is used

as the discount rate. If the lease inclusive interest rate cannot be determined, the company's incremental loan interest rate is used as the discount rate. The difference between the lease payment amount and its present value is considered as unrecognized financing expense, and the interest expense is recognized according to the discount rate for recognizing the present value of the lease payment amount in each period of the lease term, which is included in the current profits and losses. The variable lease payments that are not included in the measurement of lease liabilities are included in the current profits and losses when they actually occur.

After the start of the lease term, when the actual fixed payment amount changes, the estimated payable amount of the guarantee residual value changes, the index or ratio used to determine the lease payment amount changes, and the evaluation result or actual exercise situation of the purchase option, renewal option or termination option changes, the company will re-measure the lease liability according to the present value of the changed lease payment amount, and adjust the book value of the right-to-use assets accordingly. If the book value of the right-to-use assets has been reduced to zero, but the lease liability still needs to be further reduced, the remaining amount will be included in the current profits and losses.

## 2) Company as the Lessor

On the lease start date, the company classifies the lease with almost all risks and rewards related to the ownership of leased assets transferred as financial lease, and all other leases as operating leases.

### ① Operating lease

During each period of the lease term, the company recognizes the lease receipts as lease income according to the straight-line method, and the initial direct expenses incurred are capitalized and allocated on the same basis as the lease income recognition, and are included in the current profits and losses by stages. The variable lease payments related to operating leases that are not included in the lease receipts obtained by the company are included in the current profits and losses when they actually occur.

### ② Financing lease

On the start date of the lease term, the company recognizes the receivable financing lease payments according to the net lease investment (the sum of the unsecured residual value and the present value of the lease receipts that have not been received at the start date of the lease term), and derecognizes the financing lease assets. During each period of the lease term, the company calculates and recognizes the interest income according to the interest rate included in the lease.

The variable lease payments obtained by the company that are not included in the measurement of net lease investment are recorded into the current profits and losses when they actually occur.

## 3) After-sale leaseback

### ① Company as the Lessee

According to the *Accounting Standards for Business Enterprises No.14-Income*, the company evaluates and determines whether the asset transfer in the after-sale leaseback transaction is a sale.

If the asset transfer in the after-sale leaseback transaction is a sale, the company shall measure the right-to-use assets formed by the after-sale leaseback according to the part of the book value of the original assets related to the right-to-use acquired by leaseback, and only recognize the related gains or losses for the rights transferred to the lessor.

If the asset transfer in the after-sale leaseback transaction is not a sale, the company will continue to recognize the transferred asset, and at the same time recognize a financial liability equal to the transfer income, and conduct accounting treatment on the financial liability in accordance with *Accounting Standards for Business Enterprises No.22-Recognition and Measurement of Financial Instruments*.

### ② Company as the Lessor

According to the *Accounting Standards for Business Enterprises No.14-Income*, the company evaluates and determines whether the asset transfer in the after-sale leaseback transaction is a sale.

If the asset transfer in the after-sale leaseback transaction is a sale, the company shall conduct accounting treatment on asset purchase according to other applicable accounting standards for enterprises, and conduct accounting treatment on asset lease according to *Accounting Standards for Enterprises No.21-Lease*.

If the asset transfer in the after-sale leaseback transaction is not a sale, the company will not recognize the transferred asset, but recognize a financial asset equal to the transfer income, and conduct accounting treatment on the financial asset in accordance with *Accounting Standards for Business Enterprises No.22-Recognition and Measurement of Financial Instruments*.

#### 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 Ministry of Finance promulgated the New Leasing Standards in December 2018. According to the requirements of the Ministry of Finance, for enterprises listed at home and abroad and enterprises listed overseas and adopting international financial reporting standards or accounting standards for business enterprises to prepare financial statements, the New Leasing Standards will be implemented as of January 1, 2019; For other enterprises that implement the Accounting Standards for Business Enterprises, the New Leasing Standards shall be implemented as of January 1, 2021. According to the documents of the Ministry of Finance, the company changed its accounting policies accordingly.	The fourth resolution of the eighth meeting of board of directors	

1) The company will, since January 1, 2021, implement the "Accounting Standards for Business Enterprises No.21-lease" revised by the Ministry of Finance (hereinafter referred to as the new lease 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.

2) According to the relevant provisions of the New Leasing Standards, all the leases of the Company are short-term leases, that is, leases with a lease period of no more than 12 months. It meets the conditions of simplified processing, so it is not required to adjust the financial statements.

(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 2021

☒ Applicable ☐ Not applicable

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

☐ Yes ☒ No

Explanation of the reasons why there is no need to adjust the balance sheet accounts at the beginning of the year:

According to the relevant provisions of the "No. 21 Accounting Standards for Business Enterprises -Leases", the Company's lease items are all short-term leases, that is, the lease term of the leases is no more than 12 months, which meets the conditions for simplified processing, thus there is no need to adjust the financial statements.

(4) Retrospective Restatement of Previous Comparative Data due to the First Execution of any New Standards Governing Financial Instruments or Leases from year 2021

☐ 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, Zhejiang Huayuan Steam Turbine Machinery Co., Ltd. and Hangzhou Guoneng Steam Turbine Engineering Co., Ltd.	15%
Kunming Hangzhong Steam Turbine Power Technology Service Co., 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.	10%
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 January -June 2021 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 January -June 2021.

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 and the Announcement on

the Implementation of Preferential Income Tax Preferential Policies for Small and Micro Enterprises and Individual Industrial and Commercial Businesses (Finance and Taxation No.12,2021), 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 January -June 2021. 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 10%; 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	78,942.87	141,788.02
Bank deposit	1,345,314,409.81	1,710,528,295.66
Other monetary fund	107,849,353.67	118,811,103.81
Total	1,453,242,706.35	1,829,481,187.49
Incl: Total of accounts saved overseas	8,208,030.18	7,598,393.25
The total amount of money that has restrictions on use due to mortgage , pledge or freezing	107,777,286.14	119,272,908.04

At the end of the period, the bank deposits include RMB 2,000.00 of ETC deposit with limited use. At the end of the period, other monetary funds included RMB 106,818,486.14 of restricted bank acceptance bill, RMB 956,800.00 of guarantee deposit, RMB 5018.87 of unrestricted deposit investment and RMB 69048.66 of unrestricted deposit interest that can be transferred and used 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	1,157,757,871.22	1,021,681,809.34
Of which :		
Equity instrument investment	1,757,871.22	1,681,809.34

Financing product	1,156,000,000.00	1,020,000,000.00
Of which:		
Total	1,157,757,871.22	1,021,681,809.34

## 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	95,147,376.54	95,760,020.23
Commercial acceptance	81,662,013.69	22,347,056.44
Total	176,809,390.23	118,107,076.67

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 (%)	
Of which:										
Accrual of bad debt provision by portfolio	200,868,032.04	100.00%	24,058,641.81	11.98%	176,809,390.23	123,909,376.92	100.00%	5,802,300.25	4.68%	118,107,076.67
Of which:										
Bank acceptance	95,147,376.54	47.37%			95,147,376.54	95,760,020.23	77.28%			95,760,020.23
Commercial acceptance	105,720,655.50	52.63%	24,058,641.81	22.76%	81,662,013.69	28,149,356.69	22.72%	5,802,300.25	20.61%	22,347,056.44
Total	200,868,032.04	100.00%	24,058,641.81	11.98%	176,809,390.23	123,909,376.92	100.00%	5,802,300.25	4.68%	118,107,076.67

Accrual of bad debt provision by single item: 24,058,641.81 yuan

In RMB

Name	End of term		
	Book balance	Bad debt provision	Proportion%

Commercial acceptance	105,720,655.50	24,058,641.81	22.76%
Total	105,720,655.50	24,058,641.81	--

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

(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	5,802,300.25	18,256,341.56		0.00	0.00	24,058,641.81
Total	5,802,300.25	18,256,341.56				24,058,641.81

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

In RMB

Items	Amount
Commercial acceptance	35,800,000.00
Total	35,800,000.00

(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	15,891,907.68	0.00
Commercial acceptance	0.00	17,721,232.32
Total	15,891,907.68	17,721,232.32

(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	0.09%	2,817,017.89	100.00%		2,817,017.89	0.11%	2,817,017.89	100.00%	
Including:										
Accrual of bad debt provision by portfolio	2,967,127,270.58	99.91%	955,091,232.80	32.19%	2,012,036,037.78	2,607,988,316.42	99.89%	989,190,010.96	37.93%	1,618,798,305.46
Including:										
Total	2,969,944,288.47	100.00%	957,908,250.69	32.25%	2,012,036,037.78	2,610,805,334.31	100.00%	992,007,028.85	38.00%	1,618,798,305.46

Accrual of bad debt provision by single item:

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 portfolio: 955,091,232.80 yuan

In RMB

Name	Closing balance
------	-----------------

	Book balance	Bad debt provision	Proportion
Accrual of bad debt provision by portfolio	2,967,127,270.58	955,091,232.80	32.19%
Total	2,967,127,270.58	955,091,232.80	--

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)	1,243,132,900.47
1-2 years	485,067,073.89
2-3 years	391,636,887.22
Over 3 years	850,107,426.89
3-4 years	245,858,239.59
4-5 years	110,756,232.68
Over 5 years	493,492,954.62
Total	2,969,944,288.47

(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	2,817,017.89					2,817,017.89
Accrual of bad debt provision by portfolio	989,190,010.96	-31,576,749.61	2,522,028.55			955,091,232.80
Total	992,007,028.85	-31,576,749.61	2,522,028.55			957,908,250.69

## (3) The actual write-off accounts receivable

None

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

Name	Closing balance	Proportion%	Bad debt provision
Customer 1	764,736,822.16	25.75%	234,378,296.89
Customer 2	342,207,279.90	11.52%	27,164,908.97
Customer 3	225,264,896.36	7.58%	108,301,694.91
Customer 4	60,610,034.00	2.04%	22,458,377.21
Customer 5	43,827,686.19	1.48%	4,039,049.44
Total	1,436,646,718.61	48.37%	

## (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

## 6. Financing of receivables

In RMB

Items	End of term	Beginning of term
Notes receivable	994,303,517.76	774,663,468.76
Total	994,303,517.76	774,663,468.76

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

## 7. Prepayments

## (1) Age analysis

In RMB

Aging	End of term	Beginning of term
-------	-------------	-------------------

	Book balance	Proportion(%)	Book balance	Proportion(%)
Within 1 year	334,925,965.68	89.81%	505,778,971.10	87.56%
1-2 years	21,307,142.28	5.09%	46,784,353.50	8.10%
2-3 years	15,015,400.00	3.59%	17,087,017.61	2.96%
Over 3 years	6,362,655.59	1.51%	7,954,365.64	1.38%
Total	377,611,163.55	--	577,604,707.85	--

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

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

Name	Amount	Proportion(%)
SIEMENS (CHINA) LIMITED	138,537,020.00	36.69%
China United Engineering Co., Ltd.	86,985,412.00	23.04%
Mitsubishi Hitachi Electric Gas Engine Service (Nanjing) Co., Ltd	41,309,723.26	10.94%
Shanghai Jiye Thermal Energy Technology Co., Ltd.	28,896,140.00	7.65%
Wuxi Zhongding Integration Technology Co., Ltd.	22,190,000.00	5.88%
Total	317,918,295.26	84.20%

## 8. Other account receivable

In RMB

Nature	Closing balance	Opening balance
Dividend receivable	43,605,292.60	43,605,292.60
Other receivable	25,789,676.98	20,786,864.53
Total	69,394,969.58	64,392,157.13

(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	43,605,292.60
Total	43,605,292.60	43,605,292.60

2) Significant dividend receivable aged over 1 year

In RMB

Items	Closing balance	Aging	Reason	Whether occurred
-------	-----------------	-------	--------	------------------



				impairment and its judgment basis
Hangzhou Bank	43,605,292.60	The balance of 1-2 years is 15778000 yuan, The balance of 2-3 years is 11,270,000.00 yuan, The balance of over 3 years is 16557292.60 yuan.	Equity pledge, The formalities for lifting the ban have not been completed.	No
Total	43,605,292.60	--	--	--

## 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:	38,429,854.43	35,240,866.98
Total	38,429,854.43	35,240,866.98

## 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, 2021	849,462.66	361,830.44	13,242,709.35	14,454,002.45
Balance as at January 1, 2021 in current	—	—	—	—
	-23,730.76	23,730.76		
—Transfer to stage III		-29,293.70	29,293.70	
Provision in the current period	243,751.42	-20,485.46	-2,037,090.96	-1,813,825.00
Balance as at June 30, 2021	1,069,483.32	335,782.04	11,234,912.09	12,640,177.45

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)	21,916,242.99
1-2 years	3,413,449.84
2-3 years	2,096,119.00
Over 3 years	11,004,042.60
3-4 years	689,689.49
4-5 years	760,220.07
Over 5 years	9,554,133.04
Total	38,429,854.43

## 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:	14,454,002.45	-1,813,825.00				12,640,177.45
Total	14,454,002.45	-1,813,825.00				12,640,177.45

## 4) The actual write-off of the other accounts receivable

None

## 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	9.65%	3,710,320.94
Beijing No.1 Intermediate People's Court	Temporary payment receivable	1,306,350.00	Within 1 year	3.40%	65,317.50

Zhejiang Wansheng Canal Steel and Cable Co., Ltd.	Temporary payment receivable	1,255,101.08	Within 1 year	3.27%	62,755.05
Huadian Tendering Co., Ltd.	Deposit	950,000.00	Within 1 year	2.47%	47,500.00
Shandong Shaohua Project Management Co., Ltd.	Deposit	800,000.00	Within 1 year	2.08%	40,000.00
Total	--	8,021,772.02	--	20.87%	3,925,893.49

## 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	555,922,915.64	126,037,190.21	429,885,725.43	555,853,674.67	126,037,190.21	429,816,484.46
Goods in progress	597,681,174.91	62,846,628.97	534,834,545.94	873,917,291.98	62,846,628.97	811,070,663.01
Stock goods	1,227,251,004.38	131,320,392.73	1,095,930,611.65	1,077,831,518.71	146,965,552.72	930,865,965.99
Total	2,380,855,094.93	320,204,211.91	2,060,650,883.02	2,507,602,485.36	335,849,371.90	2,171,753,113.46

## (2) Falling price reserves of inventory

In RMB

Items	Opening balance	Increased amount		Decreased amount		Closing balance
		Withdrawal	Other	Reverse or write-off	Other	
Raw materials	126,037,190.21					126,037,190.21
Goods in progress	62,846,628.97					62,846,628.97
Stock goods	146,965,552.72	1,772,402.80		17,417,562.79		131,320,392.73
Total	335,849,371.90	1,772,402.80		17,417,562.79		320,204,211.91

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

None

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

None

#### 10. Contract assets

In RMB

Items	Year-end balance			Year-beginning balance		
	Book balance	Bad debt provision	Book value	Book balance	Bad debt provision	Book value
Quality guarantee	570,713,216.78	50,320,322.90	520,392,893.88	545,823,724.87	59,254,399.70	486,569,325.17
Total	570,713,216.78	50,320,322.90	520,392,893.88	545,823,724.87	59,254,399.70	486,569,325.17

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 in current period	Reason
Accrual by single item	0.00			
Accrual by portfolio	-8,934,076.80			Accrual by aging
Total	-8,934,076.80	0.00	0.00	--

## 11. Assets divided as held-to-sold

None

## 12. Non-current assets due within 1 year

None

## 13. Other current assets

In RMB

Items	Year-end balance	Year-beginning balance
VAT to be deducted	44,025,878.35	39,814,956.16
Input tax deductible		
Prepaid income tax	1,270,811.36	6,437,194.30
Rent charge		1,897,814.76
Profit and loss of property to the disposed	-697,157.29	
Treasury bonds		814,851.80
Total	44,599,532.42	48,964,817.02

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
		Addition investment	Decrease in investment	Profits and losses on investments Recognized under the equity method	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	11,899,308.84								-11,899,308.84		

Gas turbine technology Co., Ltd.											
Zhejiang Ranchuan g Turbine Machinery Co., Ltd.	11,456,132.77									11,456,132.77	
Subtotal	23,355,441.61								-11,899,308.84	11,456,132.77	
Total	23,355,441.61								-11,899,308.84	11,456,132.77	

## 18. Other equity instruments investment

In RMB

Items	Closing balance	Opening balance
Hangzhou Bank	4,010,159,288.50	4,056,378,073.52
Total	4,010,159,288.50	4,056,378,073.52

## Itemized disclosure of the current non - trading equity instrument investment

In RMB

Name	Recognized dividend income	Accumulating profit	Accumulating profit	Amount of other comprehensive income transferred to retained earnings	Reasons for being measured at fair value and whose changes are included in other comprehensive income	Reasons for other comprehensive income transferred 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	Closing balance	Opening balance
Classified as financial assets measured by fair value and whose changes are included in the current profit and loss	16,503,105.13	18,376,081.45
Total	16,503,105.13	18,376,081.45

#### 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	Closing balance	Opening balance
Fixed assets	1,243,170,988.41	1,094,505,770.45
Total	1,243,170,988.41	1,094,505,770.45

(1) Details

In RMB

Items	Houses & buildings	Machinery equipment	Transportation equipment	Office equipment	Total
I. Original price					
1. Balance at period-beginning	1,163,341,053.88	804,685,905.45	26,557,841.58	52,653,676.15	2,047,238,477.06
2. Increase in the current period	371,928.16	223,696,789.77	989,703.71	1,631,198.14	226,689,619.78
(1) Purchase	0.00	3,307,531.09	952,163.71	625,294.72	4,884,989.52

( 2 )	371,928.16	212,973,169.01	0.00	826,808.61	214,171,905.78
Transferred from construction in progress					
(3)Increased of Enterprise Combination	0.00	7,416,089.67	37,540.00	179,094.81	7,632,724.48
					0.00
3.Decreased amount of the period	181,399,807.73	523,025.82	1,508,269.95	860,242.26	184,291,345.76
( 1 ) Dispose	181,399,807.73	523,025.82	1,508,269.95	860,242.26	184,291,345.76
			0.00		0.00
4. Balance at period-end	982,313,174.31	1,027,859,669.40	26,039,275.34	53,424,632.03	2,089,636,751.08
II.Accumulated amortization					0.00
1.Opening balance	245,275,984.77	646,156,116.39	20,552,799.62	35,903,312.81	947,888,213.59
2.Increased amount of the period	16,994,571.95	19,975,638.03	551,835.64	1,812,769.80	39,334,815.42
(1) Withdrawal	16,994,571.95	19,975,638.03	551,835.64	1,812,769.80	39,334,815.42
					0.00
3.Decrease in the reporting period	138,092,408.51	976,525.42	975,731.22	712,601.19	140,757,266.34
( 1 ) Disposal	138,092,408.51	976,525.42	975,731.22	712,601.19	140,757,266.34
					0.00
4.Closing balance	124,178,148.21	665,155,229.00	20,128,904.04	37,003,481.42	846,465,762.67
III. Impairment provision					0.00
1.Opening balance	1,504,928.24	3,263,331.46	0.00	76,233.32	4,844,493.02
2.Increase in the reporting period	0.00	0.00	0.00	0.00	0.00
( 1 ) Withdrawal					0.00
					0.00
3.Decrease the reporting period	1,504,928.24	3,263,331.46	0.00	76,233.32	4,844,493.02
( 1 ) Disposal	1,504,928.24	3,263,331.46	0.00	76,233.32	4,844,493.02
					0.00
4. Closing balance	0.00	0.00	0.00	0.00	0.00
IV. Book value					0.00
1.Book value of the period-end	858,135,026.10	362,704,440.40	5,910,371.30	16,421,150.61	1,243,170,988.41
2.Book value of the period-begin	916,560,140.87	155,266,457.60	6,005,041.96	16,674,130.02	1,094,505,770.45

## (2) List of temporarily idle fixed assets

None



## (3) Fixed assets leased in from financing lease

None

## (4) Details of fixed assets failed to accomplish certification of property

In RMB

Items	Book value	Reason
Steam turbine power Building	188,915,073.76	In process
Steam Turbine Heavy Industry Plant -Complete sets of factory	119,176,700.79	In process
Steam Turbine Heavy Industry Plant -Jingzi Large Workshop	96,527,022.05	In process
Steam Turbine Heavy Industry Plant -Rotor workshop	77,131,911.33	In process
Steam Turbine Heavy Industry Plant -Small and Medium Welding Heat Treatment Workshop	68,625,345.20	In process
Steam Turbine Heavy Industry Plant -Complete Plant	38,566,977.82	In process
Steam Turbine Heavy Industry Plant -Distribution Centre	36,342,957.89	In process
Steam Turbine Heavy Industry Plant -Canteen and Staff Activity Centre	17,697,414.06	In process
Steam Turbine Heavy Industry Plant -Joint station	10,019,907.70	In process
Subtotal	653,003,310.60	

## (5) Liquidation of fixed assets

None

## 22. Construction in progress

In RMB

Items	Closing balance	Opening balance
Construction in progress	749,670,180.36	804,921,709.95
Total	749,670,180.36	804,921,709.95

## (1) List of construction in progress

In RMB

Items	Closing balance	Opening balance
-------	-----------------	-----------------

	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
New Plant project	727,823,457.45		727,823,457.45	784,750,054.12		784,750,054.12
Software project	4,735,700.77		4,735,700.77	2,995,615.18		2,995,615.18
Other project	13,846,465.51		13,846,465.51	13,821,041.54		13,821,041.54
Prepayment for equipment or projects	3,264,556.63		3,264,556.63	3,354,999.11		3,354,999.11
Total	749,670,180.36		749,670,180.36	804,921,709.95		804,921,709.95

## (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	784,750,054.12	155,073,874.42	212,000,471.09		727,823,457.45	82.72%	82.72%	9,828,064.02	857,666.68	1.20%	Other
Software project		2,995,615.18	1,740,085.59	0.00	0.00	4,735,700.77						Other
Other project		13,821,041.54	2,106,416.18	2,080,992.21		13,846,465.51						Other
Prepayment for equipment or projects		3,354,999.11		90,442.48		3,264,556.63						Other
Total	173,328.76	804,921,709.95	158,920,376.19	214,171,905.78	0.00	749,670,180.36	--	--	9,828,064.02	857,666.68		--

## (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		12,986,647.20	345,594,393.49
2. Increase in the current period	0.00	0.00		8,402,203.09	8,402,203.09
(1) Purchase	0.00	0.00		402,203.09	402,203.09
(2) Internal Development	0.00	0.00		0.00	0.00
(3) Increased of Enterprise Combination	0.00	0.00		8,000,000.00	8,000,000.00
3. Decreased amount of the period	59,022,553.08	0.00		0.00	59,022,553.08
(1) Disposal	59,022,553.08	0.00		0.00	59,022,553.08
4. Closing balance	273,275,759.25	309,433.96		21,388,850.29	294,974,043.50
II. Accumulated amortization					
1. Opening balance	68,432,571.28	269,390.78		3,080,117.14	71,782,079.20

2.Increased amount of the period	2,657,103.86	2,735.10		5,598,353.02	8,258,191.98
(1) Withdrawal	2,657,103.86	2,735.10		5,598,353.02	8,258,191.98
3.Decreased amount of the period	24,513,487.73	0.00		0.00	24,513,487.73
(1) Disposal	24,513,487.73	0.00		0.00	24,513,487.73
4.Closing balance	46,576,187.41	272,125.88		8,678,470.16	55,526,783.45
III. Impairment provision					
1.Opening balance					
2.Increased amount of the period				0.00	
(1) Withdrawal					
3.Decreased amount of the period				0.00	
(1) Disposal					
4.Closing balance				0.00	
IV. Book value					
1.Closing book value	226,699,571.84	37,308.08		12,710,380.13	239,447,260.05
2.Opening book value	263,865,741.05	40,043.18		9,906,530.06	273,812,314.29

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

None

## 27. R&D expenses

None

## 28. 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	1,362,704,341.43	210,360,768.60	1,409,307,333.29	217,500,327.81
Internal trade profit not realized	63,380,089.05	10,486,668.31	53,583,539.53	8,037,530.93
Revenue from changes in fair value generated by financial assets classified at fair value through profit or loss	36,743,016.67	5,511,452.50	34,946,102.23	5,241,915.33
Temporary difference such as amortizing of software expense	708,010.50	106,201.59	708,010.50	106,201.59
Relocation compensation	1,180,347,608.38	177,367,806.72	1,187,246,121.02	178,402,589.13
Total	2,643,883,066.03	403,832,897.72	2,685,791,106.57	409,288,564.79

## (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	3,619,205,248.50	542,880,787.28	3,665,424,033.52	549,813,605.04
Accumulated depreciation			4,844,493.02	726,673.95
Total	3,619,205,248.50	542,880,787.28	3,670,268,526.54	550,540,278.99

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

In RMB

Items	Deferred Income Tax Assets or Liabilities at the End of Report Period	Temporarily Deductable or Taxable Difference at the End of Report Period	Deferred Income Tax Assets or Liabilities at the Beginning of Report Period	Temporarily Deductable or Taxable Difference at the Beginning of Report Period
Deferred income tax assets		403,832,897.72		409,288,564.79
Deferred income tax liabilities		542,880,787.28		550,540,278.99

## (4) Details of income tax assets not recognized

Items	Balance in year-end	Balance in year-begin
Deductible temporary difference	-806.22	2,904,262.90
Deductible loss	1,445,971.69	11,420.89
Total	1,445,165.47	2,915,683.79

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

Year	Balance in year-end	Balance in year-begin	Remark
2022	11,420.89	11,420.89	
2023			
2024			
2025			
2026	1,434,550.80		
Total	1,445,971.69	11,420.89	--

31. Other Non-current assets: None

32. Short-term borrowings

## (1) Category of short-term borrowings

In RMB

Items	Closing balance	Opening balance
Pledge borrowings	0.00	0.00
Mortgage Borrowings	48,800,000.00	38,846,473.78
Guarantee Borrowing	165,000,000.00	177,876,329.63
Credit borrowings	0.00	0.00
Total	213,800,000.00	216,722,803.41

## (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	Closing balance	Opening balance
Bank acceptance bill	221,949,985.82	230,724,303.75
Total	221,949,985.82	230,724,303.75

## 36. Accounts payable

## (1) List of accounts payable

In RMB

Items	Closing balance	Opening balance
Goods	1,389,192,467.21	1,078,949,831.94
Equipment and Engineering	59,841,967.13	128,847,988.84
Total	1,449,034,434.34	1,207,797,820.78

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

None

## 37. Advances received

None

## 38. Contract liabilities

In RMB

Items	Closing balance	Opening balance
Goods	2,885,791,451.36	2,871,186,991.05
Total	2,885,791,451.36	2,871,186,991.05

## 39. Payroll payable

## (1) List of Payroll payable

In RMB

Items	Beginning of term	Increased this period	Decreased this period	End of term
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Short-term compensation	89,959,718.32	405,202,754.35	398,283,429.98	96,879,042.69
Post-employment benefits - defined contribution plans	26,440,438.80	49,990,735.04	56,381,307.02	20,049,866.82
Total	116,400,157.12	455,193,489.39	454,664,737.00	116,928,909.51

## (2) Presentation of short-term compensation

In RMB

Items	Opening balance	Increase	Decrease	Closing balance
(1) Salary, bonus, allowance and subsidy	71,927,655.58	324,495,541.16	324,630,379.68	71,792,817.06
(2) Employee benefits		16,405,525.53	12,448,218.15	3,957,307.38
(3) Social insurance expenses	7,418,186.81	26,646,737.50	24,185,144.60	9,879,779.71
Including: medical insurance premium	7,349,855.63	25,962,400.06	23,602,420.32	9,709,835.37
Work-related injury insurance premium	68,331.18	683,347.32	581,734.16	169,944.34
Maternity insurance premium		990.12	990.12	0.00
(4) Housing fund	91,808.96	28,298,940.00	28,295,202.00	95,546.96
(5) Labor union expenditures and employee education expenses	10,522,066.97	9,356,010.16	8,724,485.55	11,153,591.58
6. Short-term paid absence	0.00			0.00
7. Short-term profit-sharing plan	0.00			0.00
Total	89,959,718.32	405,202,754.35	398,283,429.98	96,879,042.69

## (3) List of drawing scheme

In RMB

Items	Opening balance	Increase	Decrease	Closing balance
1. Basic pension insurance	3,193,953.31	34,670,763.25	29,633,870.80	8,230,845.76
2. Unemployment insurance	114,069.76	1,218,973.79	1,037,005.22	296,038.33
3. Enterprise annual fee	23,132,415.73	14,100,998.00	25,710,431.00	11,522,982.73
Total	26,440,438.80	49,990,735.04	56,381,307.02	20,049,866.82



Other note:

#### 40. Taxes Payable

In RMB

Items	Closing balance	Opening balance
VAT	74,954,098.43	55,676,116.89
Enterprise Income tax	228,645,004.69	208,118,129.72
Individual Income tax	1,273,035.43	2,438,046.35
City Construction tax	1,634,600.23	6,111,245.89
Property tax	350,463.35	1,427,604.15
Land use tax	98,643.50	3,407,434.59
Education subjoin	708,019.15	2,618,495.23
Locality Education subjoin	465,393.89	1,745,663.49
Other	82,630.75	366,905.29
Total	308,211,889.42	281,909,641.60

Other note:

#### 41. Other account payable

In RMB

Items	Closing balance	Opening balance
Interest payable	136,986.30	
Other account payable	29,268,335.65	75,212,591.46
Total	29,405,321.95	75,212,591.46

##### (1) Interest payable

In RMB

Items	Closing balance	Opening balance
Interest on short-term borrowings	136,986.30	
Total	136,986.30	

##### (2) Dividends payable

None

## (3) Other accounts payable

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

In RMB

Items	Closing balance	Opening balance
Deposit	6,898,102.41	17,621,478.00
Provisional account payable	18,543,859.73	55,896,456.04
Other	3,826,373.51	1,694,657.42
Total	29,268,335.65	75,212,591.46

## 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	Closing balance	Opening balance
Long-term Borrowing loans due within 1 year	500,000.00	1,001,088.89
Total	500,000.00	1,001,088.89

## 44. Other current-liabilities

In RMB

Items	Closing balance	Opening balance
Output tax to be transferred	372,267,097.23	370,383,121.84
Maintenance and renovation costs	3,387,212.39	3,723,419.52
Total	375,654,309.62	374,106,541.36

## 45. Long-term borrowing

## (1) Category of long-term loan

In RMB

Items	Closing balance	Opening balance
Mortgage borrowings	21,600,000.00	21,623,520.00
Total	21,600,000.00	21,623,520.00

## 46. Bonds payable

## (1) Bond payable

None

(2) Changes of bonds payable(Not including the other financial instrument of preferred stock and perpetual capital securities that classify as financial liability)

None

(3) Note to conditions and time of share transfer of convertible bonds

None

## (4) Other financial instruments that are classified as financial liabilities

None

## 47. Lease liability

None

## 48. Long-term payable

In RMB

Items	Closing balance	Opening balance
Long term account payable	330,000.00	156,493,666.66
Special Payable	152,907,596.83	249,378,950.11
Total	153,237,596.83	405,872,616.77

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

In RMB

Items	Closing balance	Opening balance
CDB investment fund		155,000,000.00
Income payable of CDB		1,163,666.66
Drawing in administrative restructuring	330,000.00	330,000.00
Total	330,000.00	156,493,666.66

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; From 2019 onwards, Hangzhou Steam Turbine Group repurchased its holding shares of Steam Turbine Heavy Industry Co., Ltd from CDB Development Fund in installments and resold them to the Company at the same price. As of the end of 2020, Hangzhou Steam Turbine Group has completed two phases of repurchase and returned the investment fund of RMB 53,000,000.00. The four parties re-signed the "Equity Transfer Agreement" on June 15, 2021. According to the latest agreement, Hangzhou Steam Turbine Group shall repurchase the remaining shares of Steam Turbine Heavy Industry Co., Ltd held by CDB Development Fund in advance and resell them to the Company at the same price. As of June 30, 2021, Hangzhou Steam Turbine Group has completed the early repurchase work and returned all remaining investment funds of RMB 155,000,000.00. This investment has accumulatively recognized a payable income of RMB 10,683,666.68, of which RMB 857,666.68 is recognized for the current period.

## (2) Special Payable

In RMB

Items	Beginning of term	Increased this period	Decreased this period	End of term	Reason
Compensation for relocation	246,942,943.24		96,605,806.14	150,337,137.10	
Funding for Personnel Training	2,436,006.87	557,290.00	422,837.14	2,570,459.73	
Total	249,378,950.11	557,290.00	97,028,643.28	152,907,596.83	--

Other note:

The decrease in the current period is caused by the use and carry-over of compensation for expropriation and relocation, in which the corresponding part of the relocation expenses of RMB 96,605,806.14 in the current period is transferred to other income.

49. Long term payroll payable

None

50. Estimated liabilities

None

51. Deferred income

In RMB

Items	Beginning of term	Increased this period	Decreased this period	End of term	Reason
Government Subsidy	489,416,290.74	96,605,806.14	103,504,318.79	482,517,778.09	Receive government subsidies
Total	489,416,290.74	96,605,806.14	103,504,318.79	482,517,778.09	--

Details of government subsidies

Please refer to Note X (7)84 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	60,674,925.09			60,674,925.09
Total	153,617,619.65			153,617,619.65

## 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

## 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	3,115,610.428.47	-46,218,785.02	0.00	0.00	-6,932,817.76	-39,285,967.26	0.00	3,076,324,461.21
Including: Changes in fair value of investments in other equity instruments	3,115,610.428.47	-46,218,785.02			-6,932,817.76	-39,285,967.26		3,076,324,461.21
II. Other Comprehensive income that will be reclassified subsequently to profit or loss	-648,041.63	619,368.88	0.00	0.00	0.00	263,724.79	355,644.09	-384,316.84
<b>Including: Difference of translating of foreign currency accounts</b>	-648,041.63	619,368.88				263,724.79	355,644.09	-384,316.84
Total of other comprehensive income	3,114,962.386.84	-45,599,416.14	0.00	0.00	-6,932,817.76	-39,022,242.47	355,644.09	3,075,940,144.37

## 58. Special reserves

In RMB

Items	Beginning of term	Increased this period	Decreased this period	End of term
Labor safety expenses	17,699,635.27	1,778,581.54	2,222,057.07	17,256,159.74
Total	17,699,635.27	1,778,581.54	2,222,057.07	17,256,159.74

## 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

## 60. Retained profit

In RMB

Items	Amount of this period	Amount of last period
After adjustments: Retained profits at the period beginning	3,587,465,039.91	3,276,880,091.53
Add: Net profit belonging to the owner of the parent company	425,641,416.95	459,345,443.38
Less: Common stock dividend payable	183,614,649.99	148,760,495.00
Retained profit at the end of this term	3,829,491,806.87	3,587,465,039.91

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 0.00.

(2) As the change of the accounting policy, the affected beginning undistributed profits are RMB 0.00.

(3) As the correction of significant accounting error, the affected beginning undistributed profits are RMB 0.00.

(4) As the change of consolidation scope caused by the same control, the affected beginning undistributed profits are RMB 0.00.

## 61. Business income and Business cost

In RMB

Items	Amount of this period		Amount of last period	
	Income	Cost	Income	Cost
Main Business	2,950,865,460.38	2,111,754,998.28	2,014,106,118.81	1,406,690,502.53
Other	15,154,990.69	46,841,273.28	7,561,307.46	4,782,964.35
Total	2,966,020,451.07	2,158,596,271.56	2,021,667,426.27	1,411,473,466.88

Information related to performance obligations:

The Company's sales segment has entered into legal and effective sales contracts/orders with the customers. The

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

Information related to the transaction price apportioned to the residual performance obligation:

The income corresponding to the performance obligations that have not been performed or have been performed incompletely but the contract has been signed at the end of the reporting period is RMB5,878,606,742.67.

## 62. Taxes and surcharges

In RMB

Items	Amount of this period	Amount of last period
City maintenance and construction tax	7,619,760.82	5,680,290.68
Education surtax	3,316,095.14	2,463,698.33
House tax	564,024.62	348,901.29
Land use tax	-58,880.85	98,643.50
vehicle and vessel tax	24,024.77	23,420.08
Stamp tax	794,169.94	589,540.08
Locality Education surcharge	2,213,346.49	1,642,445.84
Total	14,472,540.93	10,846,939.80

## 63. Sales expense

In RMB

Items	Amount of this period	Amount of last period
Employees' remunerations	32,466,137.73	31,552,848.27
Transportation		
Travel expenses	11,993,591.77	7,154,671.71
Business reception expenses	6,619,365.08	3,275,416.18
Consulting service fee	11,298,490.90	12,063,577.89
Conferences	431,217.85	497,005.86
Three charge	9,567,390.40	2,318,038.13
Advertising fee	719,647.22	213,848.82
Office expenses	513,590.13	434,985.47
Unit premium	498,385.84	199,193.37
Other	2,659,490.58	2,610,641.74
Total	76,767,307.50	60,320,227.44



## 64. Administrative expense

In RMB

Items	Amount of this period	Amount of last period
Employees' remunerations	229,598,860.23	161,494,325.81
Enterprise relocation costs	18,805,207.57	50,087,508.78
Asset depreciation and amortizing	12,347,434.02	13,405,445.30
Business reception expenses	1,554,270.94	1,212,732.17
Rental fee, House rental, property management, water and power	15,974,177.40	8,307,176.25
Traveling fees	2,757,693.74	2,136,128.58
Material, low-value-consumable	3,166,168.88	1,004,457.29
Office expenses	1,431,960.79	1,343,574.69
Repair costs	2,927,179.65	4,308,076.64
Transpiration expenses	5,954,609.64	3,061,654.14
Other	35,423,178.85	14,738,720.53
Total	329,940,741.71	261,099,800.18

## 65. R&amp;D Expense

In RMB

Items	Amount of this period	Amount of last period
Labor cost	70,539,455.40	53,727,113.87
Direct materials	88,979,831.98	41,609,825.30
Depreciation expenses	7,520,157.04	6,079,964.29
Test and inspection fee	639,897.34	106,249.26
Commissioned research & development	405,660.36	0.00
Other	5,418,552.57	1,705,763.21
Total	173,503,554.69	103,228,915.93

## 66. Financial expenses

In RMB

Items	Amount of this period	Amount of last period
Interest expense	8,304,393.46	3,356,373.45
Less: Incoming interests	7,229,636.28	14,883,294.02

Exchange gains/losses	-9,407,466.51	-8,469,678.49
Commission	1,198,441.69	1,027,188.78
Other	64,174.42	-245,025.84
Total	-7,070,093.22	-19,214,436.12

## 67. Other income

In RMB

Items	Amount of this period	Amount of last period
Government subsidies	106,346,991.82	55,591,999.22
Individual tax commission refunds	261,561.82	124,644.18
Total	106,608,553.64	55,716,643.40

## 68. Investment income

In RMB

Items	Amount of this period	Amount of last period
Long-term equity investment income by equity method	-6,491,695.59	-944,417.34
Dividend income from other equity investments during the holding period	95,156,322.10	95,156,322.10
Interest income from creditor's rights investment during the holding period	3,148.20	
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		716,981.13
Investment income from other equity investments during the holding period		
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	69,528,530.76	23,459,182.58
Total	158,196,305.47	118,388,068.47

## 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
Revenue from changes in fair value generated by financial assets classified at fair value through profit or loss	-1,796,914.44	-597,375.82
Total	-1,796,914.44	-597,375.82

## 71. Credit impairment loss

In RMB

Source	Amount of this period	Amount of last period
Losses on bad debt	17,027,776.46	-80,718,669.70
Total	17,027,776.46	-80,718,669.70

## 72. Losses from asset impairment

In RMB

Items	Amount of this period	Amount of last period
II. Loss of inventory value and impairment of contract performance costs	-1,772,402.80	
XII. Loss of impairment of contract assets	7,414,364.16	10,855,928.32
Total	5,641,961.36	10,855,928.32

## 73. Asset disposal income

In RMB

Source	Amount of this period	Amount of last period
Profits of disposal of fixed assets	-25,751.14	247,052.27
Total	-25,751.14	247,052.27

## 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
Loss of non-current assets: obsolescence gain	126,309.16		126,309.16

Compensation income	117,439,736.00	4,631,112.82	117,439,736.00
No payment required	902,165.95	1,240,080.10	902,165.95
Equity gains			0.00
Other	255,511.51	344,931.26	250,557.80
Total	118,723,722.62	6,216,124.18	118,718,768.91

## Government subsidy reckoned into current gains/losses

In RMB

Items	Issuing body	Issuing reason	Nature	Whether the impact of subsidies on the current profit and loss	Whether special subsidies	Amount of current period	Amount of previous period	Assets-related/income-related
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Other note:

## 75. Non-operational expenses

In RMB

Items	Amount of this period	Amount of last period	Recorded in the amount of the non-recurring gains and losses
Donations	10,000.00	77,709.00	10,000.00
Debt restructuring loss		115,229.71	0.00
Non-current assets scrapping loss	73,136,420.42	395,264.37	73,136,420.42
Compensation expenses	6,694,518.46	3,561,655.09	6,694,518.46
Estimated liabilities			0.00
Fine, late payment	1,537.61	3,462.40	1,537.61
Special investment for water conservancy construction			0.00
Other	105,217.55	25,490.14	105,217.55
Total	79,947,694.04	4,178,810.71	79,947,694.04

Other note:

## 76. Income tax expenses

(1) Details

In RMB

Items	Amount of this period	Amount of last period
Income tax of current term	61,722,582.62	40,874,307.40
Deferred income tax	8,044,203.91	-10,328,875.72
Total	69,766,786.53	30,545,431.68

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

In RMB

Items	Amount of this period
Total profit	544,238,087.83
Income tax expenses calculated on legal / applicable tax rate	81,635,713.18
Effect of different tax rates applicable to subsidiaries	1,580,363.40
Adjustment for income tax in prior year	253,933.43
Influence of non taxable income	-14,273,448.32
Impact of non-deductible costs, expenses and losses	7,600,466.93
Impact of deductible losses on the use of previously unrecognized deferred income tax assets	0.00
The current period does not affect the deferred tax assets recognized deductible temporary differences or deductible loss	71,525.98
Super deduction of R&D expenses	-7,101,768.07
Income tax expenses	69,766,786.53

Other note

## 77. Other Comprehensive income

For details, please refer to Section X(7)-57 Other comprehensive income

## 78. Notes Cash flow statement

## (1) Other cash received from operating activities

In RMB

Items	Amount of this period	Amount of last period
Court freezing of deposits		35,000,000.00

Deposit interest	7,102,510.37	14,883,294.02
Government subsidies received	2,770,968.13	7,103,735.64
Tender and other margin	5,080,612.30	6,080,914.51
Receipt of operating current account	1,653,143.54	1,229,295.31
Other	578,908.68	1,028,578.16
Total	17,186,143.02	65,325,817.64

## 2. Other cash paid for Operating activities

In RMB

Items	Amount of this period	Amount of last period
Transportation	5,579,756.61	2,716,781.40
Travel expenses	16,504,651.54	10,926,514.53
Business trips	8,211,316.21	4,510,515.68
Maintaining	2,693,953.97	2,152,993.76
Property management and civil services	16,948,291.60	5,187,945.81
Deposit for bidding and others	4,175,435.30	9,105,081.51
Office expenses	1,807,090.80	2,045,990.41
Conferences	591,395.94	455,082.31
Consulting service fee	8,926,333.61	4,671,841.14
Transportation and vehicles	1,767,851.20	1,455,786.99
Other	56,859,932.70	41,350,002.54
Total	124,066,009.48	84,578,536.08

## 3. Other investment-related cash received

In RMB

Items	Amount of this period	Amount of last period
Repurchasing of trusteeship	2,257,800,000.00	1,533,898,000.00
Sell convertible bonds	687,572,000.00	
Total	2,945,372,000.00	1,533,898,000.00

## (4) Other cash paid for investment activities

In RMB

Items	Amount of this period	Amount of last period
Purchasing of financial products	2,393,000,000.00	1,913,998,000.00

Purchasing of convertible bonds	687,572,000.00	
Total	3,080,572,000.00	1,913,998,000.00

## (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		2,380,733.34
Repurchase stocks		73,364,395.79
Return of CDB Fund investment	155,000,000.00	
Total	155,000,000.00	75,745,129.13

## 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	474,471,301.30	269,296,040.89
Add: Impairment loss provision of assets	-22,669,737.82	69,862,741.38
Depreciation of fixed assets, oil and gas assets and consumable biological assets	39,334,815.42	33,992,427.93
Depreciation of Use right assets		
Amortization of intangible assets	8,258,191.98	3,988,647.81
Amortization of Long-term deferred expenses		
Loss on disposal of fixed assets, intangible assets and other long-term deferred assets	25,751.14	-247,052.27
Fixed assets scrap loss	73,010,111.26	395,264.37
Loss on fair value changes	1,796,914.44	597,375.82
Financial cost	-1,103,073.05	-5,113,305.04
Loss on investment	-158,196,305.47	-118,388,068.47
Decrease of deferred income tax assets	5,455,667.07	-10,920,421.52

Increased of deferred income tax liabilities	-7,659,491.71	-22,269,196.75
Decrease of inventories	104,708,982.24	-207,394,199.77
Decrease of operating receivables	-638,514,760.58	-167,471,610.97
Increased of operating Payable	298,606,122.02	480,854,191.02
Other	-443,475.53	-218,142.40
Net cash flows arising from operating activities	177,081,012.71	326,964,692.03
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	1,345,465,420.21	1,462,003,656.36
Less: Beginning balance of cash equivalents	1,710,208,279.45	1,645,907,650.92
Add: End balance of cash equivalents		
Less: Beginning balance of cash equivalents		
Net increase of cash and cash equivalent	-364,742,859.24	-183,903,994.56

## (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	Year-end balance	Year-beginning balance
I.Cash	1,345,465,420.21	1,710,208,279.45
Of which: Cash in stock	49,682.89	141,788.02
Bank savings could be used at any time	1,345,341,669.79	1,710,025,951.59
Other monetary capital could be used at any time	74,067.53	40,539.84
A central bank deposit available for payment		
Deposit of inter-bank funds		



Debit and release of interbank money		
II. Cash equivalents		
Including: Bond investment due in three months		
III. Balance of cash and cash equivalents at the period end	1,345,465,420.21	1,710,208,279.45
Including : Use of restricted cash and cash equivalents by parent or group subsidiaries		

Other note:

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

None

#### 81. Assets with limitation on ownership or using rights

In RMB

Items	Closing book value	Causation o limitation
Monetary funds	107,777,286.14	Used as security for issuing of acceptance bill and bill of guarantees
Notes receivable	35,800,000.00	Used as security for issuing of acceptance drafts and bill
Fixed assets	505,334,979.41	Utilized for pledging to obtain the bank loan, Utilized for guaranteeing the investment loan for China Development Funds, The formalities for lifting the ban have not been completed.
Intangible assets	80,937,896.54	Utilized for pledging to obtain the bank loan, Utilized for guaranteeing the investment loan for China Development Funds, The formalities for lifting the ban have not been completed.
Construction in process	295,194,303.14	Utilized for guaranteeing the investment loan for China Development Funds, The formalities for lifting the ban have not been completed.
Fransaction financial assets	1,757,871.22	In a lock-up period
Dividend receivable	43,605,292.60	Utilized for guaranteeing the investment loan for China Development Funds, The formalities for lifting the ban have not been completed.
Other equity instrument investment	664,930,000.00	Utilized for guaranteeing the investment loan for China Development Funds, The formalities for lifting the ban have not been completed.
Financing receivable	52,031,517.98	Used as security for issuing of acceptance drafts and bill

Total	1,787,369,147.03	--
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Other note:

As mentioned in VII. 48 (1) of Section X of this report: as of June 30, 2021, Hangzhou Steam Turbine Group has repurchased all the remaining shares of Steam Turbine Heavy Industry Co., Ltd held by CDB Development Fund in advance and resold it to the Company at the same price, which totaled in 208,000,000.00 yuan. The guarantee provided by the Company and Steam Turbine Heavy Industry Co., Ltd for the performance of the equity transfer obligation by Hangzhou Steam Turbine Group was also released accordingly. However, since the lifting procedures have not been completed by the end of the current period, the Company holds 45.08 million shares of Hangzhou Bank Co., Ltd with a book value of 664,930,000.00 yuan and the dividends receivable of 43,605,292.60 yuan, and the land use rights with a book value of RMB 62,964,423.45, the fixed assets with a book value of RMB 434,012,411.62 and the construction in progress with a book value of RMB 295,194,303.14 held by Steam Turbine Heavy Industry Company are still subject to restrictions for use.

## 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	--	--	296,920,484.17
Incl: USD	42,506,119.91	6.460100	274,593,785.23
Euro	1,834,710.30	7.686200	14,101,950.32
HKD	5.51	0.831216	4.58
YEN	286,059.00	0.058428	16,713.86
Rupiah	18,403,655,102.56	0.000446	8,208,030.18
Account receivable	--	--	172,867,051.61
Incl: USD	25,078,914.85	6.460100	162,012,297.82
Euro	1,206,475.99	7.686200	9,273,215.75
HKD			
Rupiah	3,032,116,164.06	0.000446	1,352,323.81
SGD	47,726.12	4.802700	229,214.23
Long-term Loans	--	--	
Incl: USD			
Euro			
HKD			
Account payable			146,410,741.58

Incl: USD	711,090.96	6.460100	4,593,718.71
Euro	17,765,518.86	7.686200	136,549,331.06
Rupiah	8,542,584,280.00	0.000446	3,809,992.59
YEN	24,948,641.30	0.058428	1,457,699.22

Other note:

(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

None

#### (2) Government subsidy return

☐ Applicable ☒ Not applicable

Other note:

#### (1) Detail

##### 1) Asset-related government subsidies

Items	Beginning	Current subsidy increase	Current amortization	Ending	Current amortization n
	Deferred income			Deferred income	
Financial subsidy for industrial projects	172,680.00			172,680.00	Other income
Subsidy for casting and forging projects	172,680.00			172,680.00	Other income
Financial subsidy for recycling economy	68,460.00			68,460.00	Other income
Land requisition and demolishing compensation-complete plant of heavy industry	480,314,032.84		6,451,247.40	473,862,785.44	Other income
Land requisition and demolishing compensation-heavy industry equipment	8,688,437.90		447,265.25	8,241,172.65	Other income

Subtotal	489,416,290.74	0.00	6,898,512.65	482,517,778.09	
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2) Income-related government subsidies used for compensation of relevant costs and expenses or losses incurred in the Company

Items	Amount	Project	Amount included in current profit and loss
Land requisition and demolishing compensation-removal cost	96,605,806.14	Other income	96,605,806.14
The first (set of) bonus in key fields of equipment manufacturing industry in Zhejiang Province	949,420.00	Other income	949,420.00
The state will mainly support subsidies for high and new technologies	500,000.00	Other income	500,000.00
Science and technology innovation leading talent award for ten thousand people plan	283,656.39	Other income	283,656.39
Newly identified research and development center reward	200,000.00	Other income	200,000.00
Outstanding contribution award of "average output on per mu"	200,000.00	Other income	200,000.00
Patent incentive rewards	127,536.00	Other income	127,536.00
Proportional employment subsidies for disabled persons	59,295.00	Other income	59,295.00
Energy "double control" target assessment award	36,064.94	Other income	36,064.94
Subsidies for operation in lieu of training	42,000.00	Other income	42,000.00
Newly identified provincial science and technology type of small and medium-sized enterprises to reward	50,000.00	Other income	50,000.00
Other incidental government subsidies	394,700.70	Other income	394,700.70
Subtotal	99,448,479.17		99,448,479.17

(2) The current amount of government subsidies included into the current profits and loss is RMB106,346,991.82.

85.Other : None

## VIII. Changes of merge scope

### 1. Business merger not under same control

#### (1) Business merger not under same control in reporting period

In RMB

Name	Time and place of gaining the stock right	Cost of gaining the stock rights	Proportion of stock rights	Way to gain the stock rights	Purchase date	Recognition basis of purchase date	Income of acquiree during the purchase date to period-end	Net profits of acquiree during the purchase date to period-end
Zhejiang Zhongrun Gas Turbine Technology Co., Ltd.	January 4, 2021	12,600,000.00	51.99%	Capital contribution and equity transfer of original shares	January 4, 2021	Note	3,289,613.51	-1,171,962.83

Note: Basis for determining the purchase date: On April 15, 2020, Turbine Company invested RMB 12.6 million and acquired 51.99% equity of Zhejiang Zhongrun Gas Turbine Technology Co., Ltd., but only one of the 3 directors of Zhongrun Company was from the Turbine Company, which still failed to meet the actual control conditions. On January 4, 2021, after the change of the articles of association of Zhongrun Company, three of the 5 directors of Zhongrun Company were from the Turbine Company and had its actual control right. Therefore, January 4, 2021 is determined as the actual purchase date.

#### (2) Combined cost and Goodwill

None

#### (3) The identifiable assets and liabilities of acquiree at purchase date

In RMB

	Fair value of the purchase date	Book value of the purchase date
Monetary fund	1,275,088.15	1,275,088.15
Inventories	860,531.28	860,531.28
Fixed assets	5,835,202.38	5,835,202.38
Intangible assets	3,533,333.13	3,533,333.13
Account receivable	354,228.02	354,228.02
Prepayments	22,090.00	22,090.00
Other account receivable	31,074.75	31,074.75

Contract assets	223,382.45	223,382.45
Other current asset	410,226.94	410,226.94
Long-germ expenses to be amortized	3,520.00	3,520.00
Total of assets	12,548,677.10	12,548,677.10
Account payable	1,062,521.42	1,062,521.42
Employees' wage payable	132,221.40	132,221.40
Tax payable	9,569.38	9,569.38
Other account payable	15,430.00	15,430.00
Total of liability	1,219,742.20	1,219,742.20
Share capital	27,000,000.00	27,000,000.00
Retained profit	-15,671,065.10	-15,671,065.10
Total of net assets	11,328,934.90	11,328,934.90

(4) The profit or loss from equity held by the date before acquisition in accordance with the fair value measured again、

Whether there is a transaction that through multiple transaction step by step to realize enterprises merger and gaining the control during the reporting period

☐ Yes ☒ No

(5) Note to merger could not be determined reasonable consideration or Identifiable assets, Fair value of liabilities of the acquiree at acquisition date or closing period of the merge

(6) Other note

## 2. Business combination under the same control

None

## 3. Counter purchase

Basic information of trading, the basis of transactions constitute counter purchase, the retain assets , liabilities of the listed companies whether constituted a business and its basis, the determination of the combination costs, the amount and calculation of adjusted rights and interests in accordance with the equity transaction process.

## 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:

6.Other

2.Other

### IX. Equity in other entity

#### 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
				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.,	Hangzhou Zhejiang	Hangzhou Zhejiang	Manufacturing	87.53%		Incorporation

Ltd. (Auxiliary Machinery Co.)						
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 half or less voting rights but still controlling the investee, and holding more than half voting rights but not controlling the investee

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 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%	3,023,308.61	8,918,370.00	33,958,453.29
Hangzhou Zhongneng Steam turbine Power Co., Ltd.	39.17%	14,294,570.66	20,486,000.00	130,993,555.85
Hangzhou Steam Turbine Casting Co., Ltd.	61.97%	9,655,607.77		161,399,613.33
Hangzhou Steam Turbine Machinery Equipment	48.00%	17,319,600.45	28,800,000.00	76,185,412.11



Co., Ltd.				
Hangzhou Steam Turbine Auxiliary Machinery Co., Ltd.	12.47%	5,099,456.21	9,976,000.00	30,415,642.50

### 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 Package and Technologies Development Co., Ltd.	288,481,653.73	7,672,433.41	296,154,087.14	179,618,497.29	0.00	179,618,497.29	335,835,538.47	7,867,345.88	343,702,884.35	206,940,629.93		206,940,629.93
Hangzhou Zhongneng Steam turbine Power Co., Ltd.	1,147,213,167.65	71,163,278.91	1,218,376,446.56	932,043,800.97	330,000.00	932,373,800.97	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
Hangzhou Steam Turbine Casting Co., Ltd.	442,514,285.22	144,167,687.55	586,681,972.77	280,810,077.88	22,013,820.00	302,823,897.88	413,618,493.18	148,061,570.82	561,680,064.00	271,003,586.47	22,037,340.00	293,040,926.47
Hangzhou Steam Turbine	259,748,914.05	28,696,501.96	288,445,416.01	127,656,118.77	2,069,688.65	129,725,807.42	278,552,028.79	27,278,024.91	305,830,053.70	121,123,257.40	2,069,688.65	123,192,946.05

Machine ry Equipme nt Co., Ltd.												
Hangzho u Steam Turbine Auxiliar y Machine ry Co., Ltd.	681,315, 984.99	77,585,8 24.01	758,901, 809.00	478,852, 664.49	3,387,21 2.39	482,239, 876.88	773,794, 591.67	78,925,5 39.42	852,720, 131.09	533,228, 574.23	3,723,41 9.52	536,951, 993.75

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 Technologie s Developmen t Co., Ltd.	136,214,923.7 4	10,373,335.4 3	10,373,335.4 3	28,261,637.1 8	88,950,190.73	18,180,159.4 2	18,180,159.4 2	50,678,440.3 3
Hangzhou Zhongneng Steam turbine Power Co., Ltd.	655,360,470.2 2	35,766,530.5 5	36,385,899.4 3	-360,851.38	463,773,371.5 4	26,262,274.4 3	26,274,016.2 0	48,380,466.3 1
Hangzhou Steam Turbine	248,488,984.2 0	15,582,080.8 0	15,582,080.8 0	300,247.84	188,039,370.6 2	13,810,994.9 4	13,810,994.9 4	-2,650,207.83

Casting Co., Ltd.								
Hangzhou Steam Turbine Machinery Equipment Co., Ltd.	148,512,198.03	36,082,500.94	36,082,500.94	26,439,043.23	131,998,141.54	26,242,201.36	26,242,201.36	10,784,295.08
Hangzhou Steam Turbine Auxiliary Machinery Co., Ltd.	281,813,987.54	40,893,794.78	40,893,794.78	-4,085,908.95	307,652,062.40	25,359,176.36	25,359,176.36	3,444,358.68

(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

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	Year-beginning balance/ Amount of
--	-------------------------------------	-----------------------------------

	period	previous period
Joint venture:	--	--
Total amount of the pro rata calculation of the following items	--	--
Associated enterprise:	--	--
Total book value of the investment	11,456,132.77	23,355,441.61
Total amount of the pro rata calculation of the following--Net profit ms	--	--
-Net profit	-129,987.83	-944,417.34
--Total comprehensive income	-129,987.83	-944,417.34

Other note

(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

Related notes to structure entity not including in the scope of consolidated financial statements

#### 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 X (7)4,5,8 and 10 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 June 30,2021, the Company has a characteristic of specific credit risk concentration. 48.37% (June 30,2020: 37.69%) 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	213,800,000.00	219,335,846.22	219,335,846.22		
Notes payable	221,949,985.82	221,949,985.82	221,949,985.82		
Account payable	1,449,034,434.34	1,449,034,434.34	1,449,034,434.34		
Other payable	29,405,321.95	29,405,321.95	29,405,321.95		
Non-current liabilities due to 1 year	500,000.00	509,418.89	509,418.89		
Long-term loan	21,600,000.00	23,664,184.89	-	23,664,184.89	
Long-term payable(Note)					
Subtotal	1,936,289,742.11	1,943,899,192.11	1,920,235,007.22	23,664,184.89	-

(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 June 30, 2021, the company's bank borrowings with floating interest rate were RMB 5,000,000.00 (June 30, 2020: 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 X (7)82 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	1,757,871.22		1,172,503,105.13	1,174,260,976.35
1. Financial assets classified as fair value through profit or loss	1,757,871.22		1,172,503,105.13	1,174,260,976.35
(1) Financing product			1,156,000,000.00	1,156,000,000.00
(2) Equity instrument investment	1,757,871.22		16,503,105.13	18,260,976.35
(II) Financing receivable			994,303,517.76	994,303,517.76
(III) Other equipment instrument investment	4,010,159,288.50			4,010,159,288.50
Total assets of consistent fair value measurement	4,011,917,159.72		2,166,806,622.89	6,178,723,782.61
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. Valuation technique adopted and nature and amount determination of important parameters for consistent and inconsistent fair value measurement items at level 2

None

4. Valuation technique adopted and nature and amount determination of important parameters for consistent and inconsistent fair value measurement items at level 3

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 better estimate of fair value, so the cost is used to confirm its fair value .

5. Sensitiveness analysis on unobservable parameters and adjustment information between opening and closing book value of consistent fair value measurement items at level 3

None

6. 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

7. Changes in the valuation technique in the current period and the reason for change

None

8. Fair value of financial assets and liabilities not measured at fair value

None

9. 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	Hangzhou China	Manufacturing	800 million yuan	63.64%	63.64%

Turbine Group					
---------------	--	--	--	--	--

Hangzhou Municipal Government State-owned Asset Supervisory Committee is the ultimate controller of the

## 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 Capital	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
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

## 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	Generators	64,548,826.45	174,627,000.00	No	80,787,433.63

Equipment Co., Ltd.					
Hangzhou Steam Turbine Industry & Trade Co., Ltd.	Grind fee, Bagging	7,104,497.55	15,900,000.00	No	7,148,374.71
China Electrical and Mechanical Institute-Hangzhou Turbine Group (Hangzhou) United Research Institute Co., Ltd.	Raw materials, Development ,design	1,551,804.00	4,430,000.00	No	775,896.30
Hangzhou Steam Turbine Engineering Co., Ltd.	Raw material, Technical service	0.00	0.00		613,207.55
Hangzhou Steam turbine Automobile sales service Co., Ltd.	Transportation , repair , etc.	30,313,726.88	68,720,000.00	No	31,678,281.96
Total		103,518,854.88	263,677,000.00		121,003,194.15

## 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	35,275,185.84	36,248,770.80
Hangzhou Hangfa Generating Equipment Co., Ltd.	Cast parts	5,994,952.11	5,135,196.02
Greenesol power systems PVT Ltd.	Part	434,687.41	114,322.52
Hangzhou Steam Turbine Group	Training fees, labour insurance costs	0.00	349.80
Hangzhou Steam Turbine Automobile Sales Service Co., Ltd.	Small amount materials	0.00	69.52
Total		41,704,825.36	41,498,708.66

## (2) Related trusteeship or contracting

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	House & Building	801,757.33	0.00
Total		801,757.33	0.00

The Company was lessee:

In RMB

Name of lessee	Category of leased assets	The lease income confirmed in this year	The lease income confirmed in last year
HSTG	House and building	0.00	614,470.42
Hangzhou Steam Turbine Industry & Trade Co., Ltd.	House and building	1,269,010.14	958,376.15
Hangzhou Steam Turbine Industry & Trade Co., Ltd.	Site leasing	358,490.57	153,250.00
Hangzhou Xiangjiang Technology Co., Ltd.	House and building	1,145,495.20	0.00
Hangzhou Steam Turbine Automobile Sales Service Co., Ltd.	Car rental	0.00	21,238.94
Total		2,772,995.91	1,747,335.51

#### (4) Related-party guarantee

The Company was guarantor

None

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 4, 2020	June 3, 2022	No
Hangzhou Steam Turbine Power Technology Co., Ltd.	5,644,000.00	March 9, 2021	September 9, 2021	No
Hangzhou Steam Turbine Power Technology Co., Ltd.	1,550,000.00	February 5, 2021	August 4, 2021	No
Total;	157,194,000.00			

## (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	0.00	225,663.72

## (7) Remunerations of key managements

In RMB

Items	Current term	Same period of last term
Remunerations of key managements	6,805,529.55	4,221,118.60

## (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 RMB101,995.13 this period.

② Hangzhou Turbine Group provided high and low allocation management services for the Company and its subsidiaries, and paid high and low allocation management fees of RMB 1,846,969.08 in the current period.

3) Hangzhou Steam Turbine Automobile Sales & Service Co., Ltd. provided transportation to the Company's employees and RMB1,340,238.40 was paid this period.

4) Hangzhou Steam Turbine Automobile Sales & Service Co., Ltd. provides site management services for the company. RMB1,166,933.96 is paid in this regard for the current period.

⑤ The Company has supplied water and electricity for Hangzhou Turbine Group, and received RMB 57,848.71 of water and electricity in the current period.

⑥ The Company provided property management services for Hangzhou Turbine Group, and received property management fees of RMB 67,644.08 in the current period.

## (2) Expenses paid on behalf the Company

During the current period, HSTG advanced the payment of RMB540,975.32 salaries for the company.

## (3) 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 June 30, 2021, 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 1,740,000,000.00 and till June 30, 2021, the balance of the financial management was RMB 740,000,000.00.

3)The company applied to Hangzhou Bank Co., Ltd. for bill discount in the current period, with an accumulated discount amount of 8196,682,097.75 yuan, and a discount interest of 2,088,451.85 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
Account receivable	Hangzhou Steam Turbine Engineering Co., Ltd.	26,812,818.00	19,820,081.34	36,758,818.00	27,172,181.70
	Hangzhou Hangfa Generating Equipment Co., Ltd.	15,023,042.67	751,152.13	13,250,394.22	779,529.08
	Greenesol power systems PVT Ltd.	13,806,255.54	13,806,255.54	13,806,255.54	13,806,255.54
	Hangzhou Oxygen Co., Ltd	2,460,000.00	2,460,000.00	5,385,000.00	5,385,000.00
	Hangzhou Hangzhou Oxygen Turbine Machinery Co., Ltd	9,225,000.00	9,162,900.00	9,550,500.00	9,485,400.00
	HSTG	158,500.00	158,500.00	158,500.00	158,500.00
	Hangzhou Steam Turbine Compressor Co., Ltd	59,000.00	59,000.00	59,000.00	59,000.00
	Zhumadian Hangzhou Oxygen Gas Co. Ltd	14,800.00	1,480.00	14,800.00	740.00
Subtotal		67,559,416.21	46,219,369.01	78,983,267.76	56,846,606.32
Financing receivable	Hangzhou Hangfa Generating Equipment Co., Ltd.			6,000,000.00	
	Hangzhou Steam Turbine Engineering Co., Ltd.	7,000,000.00			
Subtotal		7,000,000.00		6,000,000.00	
Prepayment	Hangzhou Hangfa Generating Equipment Co., Ltd.	2,779,500.00		1,290,000.00	
	Hangzhou Steam Turbine Engineering Co., Ltd.	828,000.00		0.00	
Subtotal		3,607,500.00		1,290,000.00	
Other	Hangzhou Xiangjiang Technology	601,384.98	30,069.25	601,384.98	30,069.25

receivable	Co., Ltd.				
	Hangzhou Steam Turbine Automobile Sales Service Co., Ltd.	33,653.25	1,682.66	69,694.56	3,484.73
	HSTG	136,987.47	6,849.37	19,628.00	981.40
	Hangzhou Steam Turbine Industry & Trade Co., Ltd.	27,841.00	2,784.10	27,841.00	1,392.05
Subtotal		799,866.70	41,385.38	718,548.54	35,927.43
Contract assets	Hangzhou Steam Turbine Engineering Co., Ltd.	7,292,500.00	338,350.00	6,087,500.00	387,500.00
Subtotal		7,292,500.00	338,350.00	6,087,500.00	387,500.00

## (2) Payables

In RMB

Name	Related party	Amount at year	Amount at year beginning
Account payable	Hangzhou Hangfa Generating Equipment Co., Ltd.	70,549,730.20	85,515,939.33
	Hangzhou Steam Turbine Automobile Sales Service Co., Ltd.	21,103,331.46	22,854,634.24
	Hangzhou Steam Turbine Industry & Trade Co., Ltd.	4,393,560.72	1,105,678.64
	Hangzhou Steam Turbine Engineering Co., Ltd.	753,000.00	1,277,000.00
	Greenesol power systems PVT Ltd.	1,859,582.16	1,878,235.27
	HSTG	468,327.25	0.00
	China Electrical and Mechanical Institute-Hangzhou Turbine Group (Hangzhou) United Research Institute Co., Ltd.	1,140,192.60	242,457.32
Subtotal		100,267,724.39	112,873,944.80
Notes payable	Hangzhou Steam Turbine Industry & Trade Co., Ltd.	700,000.00	400,000.00
	Hangzhou Steam Turbine Automobile Sales Service Co., Ltd.	1,600,000.00	660,000.00
Subtotal		2,300,000.00	1,060,000.00
Contract liabilities		Hangzhou Steam Turbine Engineering Co., Ltd.	28,459,288.00
	Hangzhou Steam Turbine Power Group Co., Ltd.	29,652,336.28	16,378,000.00
	Hangzhou Oxygen Air Separation Spare Parts Co., Ltd	42,287.00	167,015.00
	Greenesol power systems PVT Ltd.	338,751.05	145,052.57
Subtotal		48,523,374.33	45,149,355.57

Other payable	Hangzhou Steam Turbine Automobile Sales Service Co., Ltd	100,000.00	100,000.00
	HSTG	685,318.72	59,033.62
	Hangzhou Steam Turbine Industry & Trade Co., Ltd.	0.00	27,840.40
Subtotal		785,318.72	186,874.02

7. Related party commitment

8. Other

### **XIII. Stock payment**

1. The Stock payment overall situation

☐ Applicable ☒ Not applicable

2. The Stock payment settled by equity

☐ Applicable ☒ Not applicable

3. The Stock payment settled by cash

☐ Applicable ☒ Not applicable

4. Modification and termination of the stock payment

5. Other

### **XIV. Commitments**

1. Importance commitment events

Important commitments of existence of balance sheet date

2. Contingency

(1) Significant contingency at balance sheet date

(2) The Company have no significant contingency to disclose, also should be stated

The was no significant contingency in the Company.



3.Other

#### **XIV. Post-balance-sheet events**

1. Significant events had not adjusted

None

2. Profit distribution

None

3. Sales return

None

4. Note to other matters after the balance sheet date

On July 11, 2021, the 14th Meeting of the Eighth Board of Directors of the Company reviewed and approved the Restricted Stock Incentive Plan (Draft) in 2021 and its summary and other related proposals. On August 12, 2021, the company received the Reply of Hangzhou Steam Turbine Co., Ltd. on Implementing the Restricted Stock Incentive Plan in 2021 (HGZK [2021] No.45), and Hangzhou SASAC agreed in principle that the company should implement the restricted stock incentive plan in 2021. On August 27, 2021, the second provisional shareholders' General meeting of the company in 2021 reviewed and approved the relevant proposals of the company's restricted stock incentive plan.

#### **XVI.Other significant events**

1. The accounting errors correction in previous period

None

2. Debt restructuring

None

3. Replacement of assets

(1) Non-monetary assets exchange

None

## (2) Other assets replacement

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	2,019,873,632.39	1,517,826,565.80
Castings and Forging	241,115,719.56	192,803,604.97
Auxiliary Engines	162,120,261.87	114,019,481.82
Complete set of waste heat power station	149,200,266.50	113,381,505.16
Part	296,997,837.47	142,783,966.82
Other	81,557,742.59	30,939,873.71
Subtotal	2,950,865,460.38	2,111,754,998.28

## (4) Other notes

None

## 7. Other important transactions and events have an impact on investors' decision-making

None

## 8. Other

None

**XVII. Notes of main items in the financial statements of the Parent Company**

## 1. Accounts receivable

## (1) Accounts receivable classified by category

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	2,318,945,293.87	100.00%	750,741,182.76	32.37%	1,568,204,111.11	2,028,542,002.24	100.00%	795,217,220.72	39.20%	1,233,324,781.52
Including:										
Total	2,318,945,293.87	100.00%	750,741,182.76	32.37%	1,568,204,111.11	2,028,542,002.24	100.00%	795,217,220.72	39.20%	1,233,324,781.52

Accrual of bad debt provision by portfolio: 750,741,182.76 yuan

In RMB

Name	End of term		
	Book balance	Bad debt provision	Proportion
Portfolio 1	2,318,945,293.87	750,741,182.76	32.37%
Total	2,318,945,293.87	750,741,182.76	--

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)	931,445,487.07
1-2 years	364,695,710.10
2-3 years	341,008,655.95
Over 3 years	681,795,440.75
3-4 years	189,429,742.41
4-5 years	90,235,978.57
Over 5 years	402,129,719.77
Total	2,318,945,293.87

(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	
Portfolio 1	795,217,220.72	-44,476,050.68				750,741,182.76
Total	795,217,220.72	-44,476,050.68				750,741,182.76

(3) The actual write-off accounts receivable

None

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

None

(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	43,605,292.60

Other	9,032,177.59	8,733,700.06
Total	52,637,470.19	52,338,992.66

(1) Interest receivable : None

1) Category of interest receivable

None

(2) Significant overdue interest

None

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	43,605,292.60
Total	43,605,292.60	43,605,292.60

2) Significant dividend receivable aged over 1 year

In RMB

Items	Closing balance	Aging	Reason	Whether occurred impairment and its judgment basis
Hangzhou Bank	43,605,292.60	The Balance of 1-2 year is 15,778,000.00 yuan, The Balance of 2-3 years is 11,270,000.00 yuan, The Balance of Over 3 years is 16,557,292.60 yuan.	Equity pledge	
Total	43,605,292.60	--	--	--

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	12,750,112.31	11,200,823.94
Provisional payment receivable	837,914.54	612,831.32
Other	323,463.60	1,703,075.58
Total	13,911,490.45	13,516,730.84

## 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, 1	404,506.46	36,300.59	4,342,223.73	4,783,030.78
Balance as at January 1, 2021 in current	—	—	—	—
——Transfer to stage II	-22,421.26	22,421.26	0.00	0.00
——Transfer to stage III	0.00	-22,293.70	22,293.70	0.00
Provision in the current period	78,890.86	44,714.95	-27,323.73	96,282.08
Balance as at June 30, 2021	460,976.06	81,143.10	4,337,193.70	4,879,312.86

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)	8,409,609.02
1-2 years	961,431.00
2-3 years	112,278.00
Over 3 years	4,428,172.43
3-4 years	140,174.99
4-5 years	6,004.00

Over 5 years	4,281,993.44
Total	13,911,490.45

## 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	4,783,030.78	96,282.08				4,879,312.86
Total	4,783,030.78	96,282.08				4,879,312.86

## 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	Aging	Percentage in total other receivable %	Bad debt provision
Shanghai Customs Waigaoqiao Office	Deposit in custom	3,710,320.94	Over 5 years	26.67%	3,710,320.94
Huadian Tendering Co., Ltd.	Deposit in custom	950,000.00	Within 1 year	6.83%	47,500.00
Shandong Shaohua Project Management Co., Ltd.	Deposit in custom	800,000.00	Within 1 year	5.75%	40,000.00
Hangzhou Golden Taurus Catering Co., Ltd.	Current account	700,000.00	Within 1 year	5.03%	35,000.00
Nantong Jiaying Thermal Power Co., Ltd.	Deposit in custom	700,000.00	Within 1 year	5.03%	35,000.00
Total	--	6,860,320.94		49.31%	3,867,820.94

## (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	1,121,192,321.62		1,121,192,321.62	913,732,321.62		913,732,321.62
Investments in associates and joint ventures	11,456,132.77		11,456,132.77	11,456,132.77		11,456,132.77
Total	1,132,648,454.39		1,132,648,454.39	925,188,454.39		925,188,454.39

#### (1) Investments in subsidiaries

In RMB

Company invested in	Beginning of term	Increase /decrease				Closing balance	Closing balance of impairment provision
		Add investment	Decreased investment	Withdrawn impairment provision	Other		
Turbine Company	20,000,000.00					20,000,000.00	
Hangzhou Heavy Industry	770,812,943.59	207,460,000.00				978,272,943.59	
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.	27,644,475.06					27,644,475.06	
Machinery Co.	7,968,000.00					7,968,000.00	
Casting Co.	11,220,000.00					11,220,000.00	
Total	913,732,321.62	207,460,000.00				1,121,192,321.62	



## (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	Gain/loss of 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 Ranchuang Turbine Machinery Co., Ltd.	11,456,132.77									11,456,132.77	
Subtotal	11,456,132.77									11,456,132.77	
Total	11,456,132.77									11,456,132.77	

## (3) Other note

## 4. Business income and Business cost

In RMB

Items	Amount of current period		Amount of previous period	
	Income	Cost	Income	Cost
Main business	1,874,781,657.52	1,397,535,102.84	1,143,805,459.09	788,681,371.84
Other	12,244,996.37	48,342,019.96	4,907,113.55	3,076,640.04
Total	1,887,026,653.89	1,397,535,102.84	1,148,712,572.64	791,758,011.88

Information related to performance obligations:

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

Information related to the transaction price apportioned to the residual performance obligation:

The income corresponding to the performance obligations that have not been performed or have been performed incompletely but the contract has been signed at the end of the reporting period is RMB4,084,277,300.00.

#### 5. Investment income

Items	In RMB	
	Occurred current term	Occurred in previous term
Long-term equity investment income by Cost method	153,319,630.00	120,936,840.00
Investment income from disposal of Long-term equity investment		-944,417.34
Dividend income from other equity instrument investments during the holding period	95,156,322.10	95,156,322.10
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	66,550,194.43	15,814,351.26
Total	315,026,146.53	230,963,096.02

#### 6. Other

### XVIII. Supplement information

#### 1. Particulars about current non-recurring gains and loss

√ Applicable □ Not applicable

Items	In RMB	
	Amount	Notes
Non-current asset disposal gain/loss	-73,072,277.48	
Tax refund, deduction and exemption that is examined and approved by authority exceeding or has no official approval document.	0.00	
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.	87,541,784.25	
Capital occupation charges on non-financial enterprises that are recorded into current gains and losses	0.00	
Gains due to that the investment costs for the Company to obtain subsidiaries, associates and joint ventures are lower than the enjoyable fair value of the identifiable net assets of the investees when making the investments	0.00	
Gain/loss on non-monetary asset swap	0.00	
Gain/loss on entrusting others with investments or asset management	0.00	
Asset impairment provisions due acts of God such as natural disasters	0.00	
Gains/losses of debt restructure	0.00	
Reorganization expenses, such as expenditure for allocation of employees and integration fee	0.00	

Gains/losses exceeding the fair value arising from transactions with obviously unfair prices	0.00	
Net gain and loss of the subsidiary under the common control and produced from enterprise consolidation from the beginning of the period to the consolidation date	0.00	
Gain and loss arising from contingent matters irrelevant with the Company's normal operation business	0.00	
Gain and loss from change of the fair value arising from transactional monetary assets, transactional financial liabilities as held as well as the investment income arising from disposal of the transactional monetary assets, transactional financial liabilities and financial assets available for sale excluding the effective hedging transaction in connection with the Company's normal business	71,421,557.92	
Reverse of the provision for impairment of accounts receivable undergoing impairment test individually	0.00	
Gain/loss from external entrusted loan	0.00	
Gain and loss arising from change in the fair value of the investment based real estate measure afterwards by means of fair value model	0.00	
Influence upon the current gains and losses from the once-and-for-all adjustment over the current gains and losses according to the taxation and accounting laws and regulations	0.00	
Income from custodian charge obtained from entrusted operation	0.00	
Operating income and expenses other than the aforesaid items	111,817,601.21	
Less: Influenced amount of income tax	30,157,870.60	
Amount of influence of minority interests (After tax)	422,511.63	
Total	167,128,283.67	--

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 common shareholders of the Company	5.19%	0.58	0.58
Net profit attributable to common shareholders of the Company after deduction of non-recurring profit and loss	3.15%	0.35	0.35

3. Differences between accounting data under domestic and overseas accounting standards

(1) Simultaneously pursuant to both Chinese accounting standards and international accounting standards disclosed in the financial reports of differences in net income and net assets.

☐ 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).Explanation of the reasons for the differences in accounting data under domestic and foreign accounting standards. If the data that has been audited by an overseas audit institution is adjusted for differences, the name of the overseas institution should be indicated

4.Other

Hangzhou Steam Turbine Co., Ltd.

Chairman of the Board: Zheng Bin

August 31, 2021