

Stock Code: 200771

Stock ID: Hangqilun B

Announcement No.: 2022-18

Hangzhou Steam Turbine Co., Ltd.

2021 Annual Report

(Stock Code: 200771)



March 2022

I. Important Notice , Table of Contents, and Definitions

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

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

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

This Report contains prospective descriptions, which doesn't constitute substantial commitment to investors. Investors are requested to be aware of the risks attached to their investment decisions. For the risks existing in the Company's operation, please refer to the section "Prospects for the future development of the Company" in Section III "Management Discussion & Analysis".

The company's designated information disclosure media are: Shanghai Securities News (Chinese), Securities Times (Chinese), Hong Kong Commercial Daily (English), <http://www.cninfo.com.cn> (In English and Chinese), all information of the company is subject to the information published in the above selected media. Investors are advised to pay attention to investment risks.

The profit distribution proposal reviewed and approved by the boarding meeting was summarized as follows: In 2021, with the total share capital of 754,010,400 shares at the end of the year deducting 111,800 treasury shares repurchased as of date of record by Company, that is, 753,898,600 shares, the Company would distribute cash dividend to all the shareholders at the rate of CNY 4.0 for every 10 shares (including tax), 3 bonus shares (including tax), and no reserve would be converted into share capital.

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Documents available for inspection

(I) Financial Statements signed and sealed by the Chairman of the Board , chief accountant and director of the financial division.

(II) All the originals of the Company's documents and public notices disclosed in the newspapers designated by China Securities Regulatory Commission in the report period;

(III) Original copy of Resolutions of the Meeting of Board.

Definition

Terms to be defined	Refers to	Definition
Company, the Company	Refers to	Hangzhou Steam Turbine Co., Ltd.
The Group, Hangqi Group	Refers to	Hangzhou Steam Turbine Power Group Co., Ltd.
Hangzhou SASAC	Refers to	State-owned Assets Supervision and Administration Commission of Hangzhou Municipal People's Government
Hangzhou Capital	Refers to	Hangzhou State-owned Capital Investment and Operation Co., Ltd.
The report period, the current period, the current year	Refers to	January 1,2021-December 31,2021
Zhongneng Co.	Refers to	Hangzhou Zhongneng Steam Turbine Power Co., Ltd. – the holding subsidiary of the Company
Casting Co.	Refers to	Hangzhou Steam Turbine Casting Co., Ltd.
Packaged Tech. Co.	Refers to	Zhejiang Steam Turbine Packaged Technology Development Co., Ltd.
Machinery Co.	Refers to	Hangzhou Steam Turbine Machinery Equipment Co., Ltd.
Auxiliary Machine Co.	Refers to	Hangzhou Steam Turbine Auxiliary Machinery Co., Ltd.
Turbine Co.	Refers to	Zhejiang Turbine Import & Export Co., Ltd.
Heavy Industry Co.	Refers to	Hangzhou Steam Turbine Heavy Industry Co., Ltd.
Zhongrun Company	Refers to	Zhejiang Zhongrun Gas Turbine technology Co., Ltd.
New Energy Company	Refers to	Hangzhou Steam Turbine New Energy Co., Ltd.
Sales Company	Refers to	Hangzhou Steam Turbine Automobile Sales Service Co., Ltd.
China Mechanical Institute Company	Refers to	China mechanical and Electrical Institute -HSTG (Hangzhou) United Institutes Co., Ltd
Ranchuang Company	Refers to	Zhejiang Ranchuang Turbine mechanical Co., Ltd.
The Board of Directors	Refers to	The Board of Directors of Hangzhou Steam Turbine Co., Ltd.
The Supervisory Committee	Refers to	The Supervisory Committee of Hangzhou Steam Turbine Co., Ltd.
The Shareholders' Meeting	Refers to	The Board of Directors of Hangzhou Steam Turbine Co., Ltd.
RMB, RMB0'000, RMB000'000'000	Refers to	RMB Yuan, RMB10 thousand Yuan, RMB100 million Yuan
MW	Refers to	Unit of power: 1000KW
PLM	Refers to	Product life circle management information system
MES	Refers to	Manufacturing execution system
ERP	Refers to	Enterprise Resources Planning
WMS	Refers to	Warehouse management system
CRM	Refers to	customer relationship management
SRM	Refers to	Supplier relationship management
CNAS	Refers to	China National Accreditation Service For Conformlty Assessment

II. Basic Information of the Company and Financial index

I. Basic Information

Stock ID	Hangqilun B	Stock Code	200771
Stock Exchange Listed	Shenzhen Stock Exchange		
Company Name in Chinese	杭州汽轮机股份有限公司		
Short form of Company Name in Chinese	杭汽轮		
Name in English	HANGZHOU STEAM TURBINE CO.,LTD		
Abbreviation in English	HTC		
Legal representative:	Zheng Bin		
Reg. Add.	Building 1, No.608, Kangxin Road, Economic & Technological Development Zone, Yuhang District, Hangzhou City, Zhejiang		
Post Code	311106		
Historical change of the company's registered address	May 2021, The registered address of the company has been changed from No.357, Shiqiao Road, Hangzhou city, Zhejiang Province to Building 1, No.608, Kangxin Road, Economic and Technological Development Zone, Yuhang District, Hangzhou City, Zhejiang		
Office address	No.1188, Dongxin Road, Hangzhou , Zhejiang		
Post code of the office address	310022		
Internet Web Site	www.htc.cn		
E-mail	lgw@htc.cn		

II. Contact person and contact manner

	Board secretary	Securities affairs Representative
Name	Li Guiwen	Li Xiaoyang
Address	No.1188, Dongxin Road, Hangzhou , Zhejiang	No.1188, Dongxin Road, Hangzhou , Zhejiang
Tel.	0571-85780058	0571-85780438
Fax.	0571-85780433	0571-85780433
Email.	lgw@htc.cn	lixiaoyang@htc.cn

III. Place for information disclosure

Press media for information disclosure	www.szse.cn
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Web address for the annual report as assigned by CSRC.	Securities Times, Shanghai Securities Daily, Hong Kong Commercial Daily and www.info.com.cn
The place where the Annual report is prepared and placed	Office of the Board of directors

IV. Changes in Registration

Organization code	913300007042026204
Change of main business since listed	<p>The original scope of main businesses of the Company: The design and manufacturing of steam turbine, gas turbine, other rotating and to-and-fro machinery and auxiliary equipment, and spare parts and components, sales of self-manufactured products and the providing of relevant after-sales service and import & export service.</p> <p>In July 2008, the business scope was modified to: Design and manufacturing of steam turbine, gas turbine, other rotating and to-and-fro machinery and auxiliary equipment, and spare parts and components, sales of self-manufactured products and the providing of relevant after-sales service; sales and import & export of power plant, industrial driving, industrial turbine equipment and complete equipment. For those involve in quota or licensing shall follow legal procedures.</p> <p>In March 2009, the business scope was modified to: Design and manufacturing of steam turbine, gas turbine, other rotating and to-and-fro machinery and auxiliary equipment, and spare parts and components, sales of self-manufactured products and the providing of relevant after-sales service; sales and import & export of power plant, industrial driving, industrial turbine equipment and complete equipment.</p> <p>In December 2016, the business scope was modified to: Design and manufacturing of steam turbine, gas turbine, other rotating and to-and-fro machinery and auxiliary equipment, and spare parts and components, sales of self-manufactured products and the providing of relevant after-sales service; sales and import & export of power plant, industrial driving, industrial turbine equipment ,complete equipment and Energy conservation and environmental protection projects.</p>
Change of holding shareholder (if any)	<p>Hangzhou Steam Turbine Power Group Co., Ltd. is the controlling shareholder of the Company, and the actual controller of the Company is the State-owned Assets Supervision and Administration Commission of Hangzhou Municipal People's Government. On December 2020, Hangzhou SASAC transferred 90% of the shares of Hangzhou Steam Turbine Group held by itself to its wholly-owned company Hangzhou State-owned Capital Investment and Operation Co., Ltd., thus Hangzhou Capital became the indirect controlling shareholder of the company, and neither the direct controlling shareholder nor the actual controller of the company changed.</p>

V. Miscellaneous information

CPA hired by the Company

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

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

Applicable Not applicable

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

Applicable Not applicable

VI.Summary of Accounting data and Financial index

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

Yes No

Retroactive adjustment or restatement of causes

Merger of enterprises under the same control

	2021	2020		Changed over last year (%)	2019	
		Before adjustment	After adjustment	After adjustment	Before adjustment	After adjustment
Operating revenue (Yuan)	5,788,288,588.91	4,496,445,244.55	4,762,315,089.10	21.54%	4,279,848,518.81	4,651,946,726.63
Net profit attributable to the shareholders of the listed company (Yuan)	649,992,474.56	459,345,443.38	476,268,110.63	36.48%	345,138,064.00	337,347,736.45
Net profit after deducting of non-recurring gain/loss attributable to the shareholders of listed company (Yuan)	428,122,980.65	372,697,902.88	372,697,902.88	14.87%	302,012,173.45	302,012,173.45
Cash flow generated by business operation, net (Yuan)	71,809,489.02	454,416,600.69	628,885,775.12	-88.58%	432,255,831.23	478,743,410.42
Basic earning per share(Yuan/Share)	0.88	0.62	0.64	37.50%	0.46	0.45
Diluted gains per share(Yuan/Share)	0.88	0.62	0.64	37.50%	0.46	0.45
Net asset earning ratio (%)	8.01%	6.24%	6.43%	1.58%	5.48%	5.31%
	End of 2021	End of 2020		Changed over	End of 2019	

				last year (%)		
		Before adjustment	After adjustment	After adjustment	Before adjustment	After adjustment
Gross assets (Yuan)	16,319,667,628.76	15,392,653,924.41	16,375,832,611.51	-0.34%	12,600,115,579.96	13,809,675,082.80
Net assets attributable to shareholders of the listed company (Yuan)	7,927,485,773.65	8,104,788,941.36	8,163,905,778.62	-2.90%	6,607,496,148.58	6,651,190,318.58

The lower of the company's net profit before and after the deduction of non-recurring gains and losses in the last three fiscal years is negative, and the auditor's report of the previous year shows that the Company's going concern ability is uncertain.

Yes No

The lower of the net profit before and after the deduction of the non-recurring gains and losses is negative.

Yes No

VII. The differences between domestic and international accounting standards

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

Applicable Not applicable

No difference in the reporting period.

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

Applicable Not applicable

No difference in the reporting period.

VIII. Main Financial Index by Quarters

In RMB

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

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

Yes No

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

Applicable Not applicable

In RMB

Items	Amount (2021)	Amount (2020)	Amount (2019)	Notes
Non-current asset disposal gain/loss(including the write-off part for which assets impairment provision is made)	-77,159,058.06	-20,964,286.32	-12,341,200.47	It is mainly the delivery loss of relocated assets due to the relocation and transfer of real estate and land in this period.
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.	129,850,767.59	38,013,637.22	44,701,311.40	It is mainly the net government subsidies recognized by the Company for relocation compensation in the Shiqiao Road factory area.
Income from the exceeding part between investment cost of the Company paid for obtaining subsidiaries, associates and joint-ventures and recognizable net assets fair value attributable to the Company when acquiring the investment		1,149,217.06		
Debt restructuring profit or loss	1,617,382.00	3,350,920.00	-508,672.84	
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	-29,001,203.15	27,026,646.93	-4,054,604.10	
Gain and loss arising from contingent matters irrelevant with the Company's normal operation business		32,202,504.57	-32,202,504.57	
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	75,295,281.43	53,211,692.31	74,013,529.88	It is mainly the income of main bank wealth management

connection with the Company's normal business				products and the net income from the sale of convertible bonds of Hangzhou Bank.
Reverse of the provision for impairment of accounts receivable undergoing impairment test individually	3,600,000.00			
Operating income and expenses other than the aforesaid items	123,214,403.44	-2,606,122.77	6,335,775.38	It is mainly due to the compensation paid by Sinosteel Equipment Co., Ltd. received by Turbine Company.
Other non-operating income and expenditure beside for the above items				
Less: Influenced amount of income tax	13,388,887.75	12,239,646.17	17,931,245.32	
Amount of influence of minority interests (After tax)	-7,840,808.41	15,574,355.08	22,676,826.36	
Total	221,869,493.91	103,570,207.75	35,335,563.00	--

Details of other profit and loss items that meet the non-recurring profit and loss definition

Applicable Not applicable

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

Applicable Not applicable

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

III. Management Discussion & Analysis

I. Industry information of the Company during the reporting period

2021 is the first year of the 14th Five-Year Plan, during which China's economy was gradually recovering and growing steadily under the background of the continuous influence of the global epidemic and the increasingly complicated international environment. The gross domestic product (GDP) increased by 8.1% over the previous year, with an average growth rate of 5.1% in two years, ranking among the top economies in the world; The economy reached RMB 114.4 trillion, ranking second in the world.

In terms of the main segments of the Company's products, in 2021, under the influence of the "dual control of total energy consumption and intensity" policy, the price of energy products was increasing, the oil and chemical industries generally recovered, and the economic performance of the whole industry exceeded expectations. According to the data released by China Petroleum and Chemical Industry Federation, in 2021, the industrial added value of enterprises above designated size in the whole industry increased by 5.3% year-on-year, of which the accumulated revenue and profits of the oil refining industry were RMB 4.4 trillion and RMB 187.4 billion, up by 30.1% and 318.2% year-on-year, respectively; The accumulated revenues and profits of the chemical industry were RMB 8.7 trillion and RMB 793.22 billion, respectively, up by 31.1% and 85.4% year-on-year, creating a record high. In the chemical industry, except for coal chemical industry, all other sub-sectors were profitable. According to the National Bureau of Statistics, in 2021, China's crude oil processing capacity reached 703 million tons, up 4.3% year-on-year; The output of refined oil was 357 million tons, up 7.9% year on year. During the reporting period, the investment in new projects in petrochemical industry decreased, but the large-scale integrated refining and chemical projects were still in the growth stage, and the industry was progressing towards large-scale, integration, clustering and large-scale development pattern. The coal chemical industry was gradually eliminated the industrial chain with high energy consumption, and the market demand of traditional coal chemical equipment was shrinking. The new coal chemical industry advocated the development in the direction of high-end, green, intelligent and integrated, and strove to build a clean, low-carbon, safe and efficient energy system. However, under the control of the domestic "double carbon" goal and "two-high" policy, new projects were strictly approved, with difficulty to continuously expand production capacity.

In 2021, the power industry was running smoothly, and the annual power consumption growth rate achieved a double-digit growth, with the power generation exceeding 8 trillion kWh. The installed power structure continued its green and low-carbon development trend, and the power investment continued to increase. In 2021, the installed power generation capacity in China was about 2.38 billion kilowatts, up by 7.9% year-on-year, including, 391 million kilowatts for hydropower, 328 million kilowatts for wind power, 306 million kilowatts for photovoltaic power, and 37.98 million kilowatts for biomass, up by 5.6%, 16.6%, 20.9% and 28.7% respectively. During the reporting period, with the promotion of the national "double carbon" policy and the implementation of targeted policy details in each province in the second half of the year, the power industry continued to increase its efforts to eliminate backward production capacity, encourage regional central heating and promote energy conservation and consumption reduction.

In 2021, China entered the critical period and window period to realize the goal of double carbon. The Central Committee of the Communist Party of China and the State Council issued the Opinions on Fully, Accurately and Comprehensively Implementing the New Development Concept to Well Ensure Emission Peak and Carbon Neutralization Goals, and the State Council issued the Peak Emission Action Plan by 2030, which together constitute the top-level design that runs through the two stages of peak emission and carbon neutrality. The promulgation of a series of policies will accelerate the pace of China's energy structure adjustment and scientific and technological innovation, and force high-energy consumption industries to deeply study low-carbon ways and

promote industrial transformation.

II. Main Business the Company is Engaged in During the Report Period

As the leading provider of turbo machinery equipment and relevant service in China, our company is mainly famous for designing and producing rotating turbo machinery like industrial steam turbines and gas turbines. Our company, one of the major companies drafting the industrial standard in Chinese domestic industry of industrial steam turbine, has developed into the biggest base to research, develop and produce industrial steam turbines in China and ranks first among industrial steam turbine producers in terms of the market occupancy. Holding the principle “our products should be based on clients’ demands” as our business mode and characteristic, our company designs and produces in accordance with every client’s personal demands so as to meet personalized needs in engineering projects to the utmost. To realize the fast research and development of our products, our company has adopted the advanced modular design technique and, on the other hand, introduces information technique to assist the collaborative production to achieve the resource saving and flexible production. In addition, our company also provides our clients with relevant service such as engineering programs, general engineering contracting, operation and maintenance of our products as well as remote control and so on.

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

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

As the major producer of industrial equipments in China, our company is mainly benefited from the

following factors in terms of the elements driving our business performance:

1. On the basis of market demands. The relevant market demands fluctuate differently due to various business condition and investment cycles in different industrial fields. The company further made more specified positions toward the market for the products, implemented the differentiated marketing strategy, and integrated the business sectors and tapped into the potential, According to different customers' needs, it has further consolidated the original market position and broadened the market share in new fields through precise matching and precise policies.

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

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

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

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

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

III. Analysis On core Competitiveness

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

Secondly .The advantages of solutions. The modular design of industrial steam turbine and the production pattern featuring parallelization production enable our company to give considerations to the cost, date of delivery and clients' demands in the process of production in accordance with clients' personalized designs, thereby making

our company capable of advancing with the development trend of individual requirements. Our company has always been devoting to the localization in terms of the gas turbine business so as to achieve the localized one-stop service step by step including the sale, production, installation, debugging, operation, training and after-sale service. Our company has always been striving to provide clients with the complete equipment of gas turbine power station and the efficient total solutions.

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

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

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

IV. Main business analysis

(1)General

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

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

1. Focus on market

During the reporting period, in the face of the severe market situation and fierce competition pattern under

the "double carbon" policy, the Company stabilized the industry-driven market by strengthening "sales around the front" and deepening the plate linkage mechanism. Its typical projects included 7 sets of units in Ningxia Baofeng Phase III coal-to-methanol project, caprolactam project of Sinopec Baling Petrochemical Company and the oil refining to chemical supporting project of Sinopec Anqing Petrochemical. By seizing the investment opportunity of thermal power generation, it strove to compete for the industrial power generation market, and the contract undertaking in the power generation field increased compared with the same period of last year, and it was successively awarded with the Smart Energy Center Project of Yiwu High-tech Zone of BR Energy, the 50MW Back Pressure Power Generation Project of Jiahua Energy, the Low-voltage Waste Heat Power Generation Project of Pengwei Petrochemical, etc. By accurately predicting the industry background of "refining control and chemical increase", it found out the development direction of new material market and opened up new markets. It gained gradual improvement in gas turbine market, and it successfully signed contract on Huadian Jiangdu Natural Gas Distributed Energy Project, Haining Guangyao Natural Gas Distributed Energy Project and Asia Symbol Paper Self-provided Power Station Project, etc.

2. Digital empowerment

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

3. Transformation and upgrading

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

4. Strengthen enterprise with talents

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

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

5. High quality development

During the reporting period, the Company accelerated scientific research and achieved fruitful product development. The Company emphasized product efficiency improvement, parameter improvement, technology update and product development, and focused on difficult projects in the fields of large air separation, large ethylene, subcritical, high back pressure and low-pressure waste heat utilization, etc., and accepted 29 key research projects and completed the approval of 38 new product development and key research projects, including 15 new products, creating a record high. The Company's two projects, namely "R&D and Application of Steam Turbine for Nuclear Island Emergency Auxiliary Feed Water Pump" and "Low-quality Energy Efficient Utilization Technology and Application", won the first prize of Zhejiang Machinery Industry Federation's 2021 Science and Technology Award; "R&D and Application of Key Technologies for Efficient and Reliable Blades of Industrial Steam Turbines" won the first prize of Provincial Scientific and Technological Progress; "The Last Blade of Low-pressure Stage Group of Large-flow Air-cooled Steam Turbine" won the China Patent Excellence Award; "1.5 million tons/year Industrial Steam Turbine for Driving Ethylene Plant" won the title of the First Set of International Equipment in Zhejiang Manufacturing Industry. During the reporting period, the Company comprehensively promoted world-class benchmarking in combination with management innovation, realized management improvement, and promoted the decomposition and tracking of the strategic objectives of the 14th Five-Year Plan according to the requirements of enterprise transformation and upgrading and high-quality development, so as to ensure the steady implementation and optimization and improvement of the strategy.

(2) Revenue and cost

1. Component of Business Income

In RMB

	2021		2020		Increase /decrease
	Amount	Proportion	Amount	Proportion	
Total operating revenue	5,788,288,588.91	100%	4,762,315,089.10	100%	21.54%
On Industry					
Boiler and power machine manufacture	5,310,076,826.69	91.74%	4,273,794,908.16	89.74%	24.25%
Other	478,211,762.22	8.26%	488,520,180.94	10.26%	-2.11%
On product					
Industrial steam turbine and its accessories	4,779,343,162.52	82.57%	3,857,031,725.18	80.99%	23.91%
Part	460,199,251.65	7.95%	361,838,901.92	7.60%	27.18%
Hydro-generator set	70,534,412.52	1.22%	54,924,281.06	1.15%	28.42%
Engineering service	149,654,313.59	2.59%	73,698,221.21	1.55%	103.06%
Other	328,557,448.63	5.67%	414,821,959.73	8.71%	-20.80%
On Area					
Domestic	5,542,046,290.01	95.75%	4,659,425,434.38	97.84%	18.94%

Overseas	246,242,298.90	4.25%	102,889,654.72	2.16%	139.33%
Sub-sale model					
Direct selling	5,788,288,588.91	100.00%	4,762,315,089.10	100.00%	21.54%

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

Applicable Not applicable

In RMB

	Turnover	Operation cost	Gross profit rate(%)	Increase/decrease of revenue in the same period of the previous year(%)	Increase/decrease of business cost over the same period of previous year (%)	Increase/decrease of gross profit rate over the same period of the previous year (%)
On Industry						
Boiler and power machine manufacture	5,310,076,826.69	3,709,796,733.03	30.14%	24.25%	28.42%	-2.27%
On product						
Industrial steam turbine and its accessories	4,779,343,162.52	3,369,080,526.65	29.51%	23.91%	27.90%	-2.20%
On Area						
Domestic	5,542,046,290.01	3,929,322,456.12	29.10%	18.94%	22.94%	-2.31%
Sub-sale model						
Direct selling	5,788,288,588.91	4,091,955,492.69	29.31%	21.54%	25.39%	-2.17%

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

Applicable Not applicable

3. Whether the Company's Physical Sales Income Exceeded Service Income

Yes No

Business categories	Items	Unit	2021	2020	Change over same period last year
Steam turbine	Sales	Set/package	425	384	10.68%
	Output	Set/package	420	388	8.25%
	Inventory	Set/package	184	189	-2.65%
Gas turbine, compressor	Sales	Set/package	5	2	150.00%
	Output	Set/package	5	2	150.00%
	Inventory	Set/package	0	0	

Compressor	Sales	Set/package	7	4	75.00%
	Output	Set/package	8	4	100.00%
	Inventory	Set/package	8	7	14.29%
Electric generator	Sales	Set/package	118	127	-7.09%
	Output	Set/package	126	129	-2.33%
	Inventory	Set/package	73	65	12.31%

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

Applicable Not applicable

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

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

Applicable Not applicable

5. Component of business cost

Products category

In RMB

Products category	Items	2021		2020		Increase/Decrease (%)
		Amount	Proportion in the operating costs (%)	Amount	Proportion in the operating costs (%)	
Industrial steam turbine and its accessories	---	3,369,080,526.65	82.33%	2,634,136,189.72	80.72%	27.90%
Part	---	268,252,260.97	6.56%	204,409,114.97	6.26%	31.23%
Hydro-generator set	---	72,463,945.41	1.77%	50,192,957.81	1.54%	44.37%
Engineering service	---	144,392,125.53	3.53%	75,822,166.00	2.32%	90.44%
Other	---	237,766,634.13	5.81%	298,692,237.14	9.15%	-20.40%
Subtotal		4,091,955,492.69	100.00%	3,263,252,665.64	100.00%	25.39%

Note:

After the company acquired the equity of related companies affiliated to Hangzhou Steam Turbine Group, the relevant date are listed according to the same caliber data.t

6. Whether Changes Occurred in Consolidation Scope in the Report Period

Yes No

Please refer to Section VI(7) of this report for details. Explanation on the changes in the scope of the consolidated

statement compared with the financial report of the previous year.

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

Applicable Not applicable

8.Situation of Main Customers and Main Supplier

Information of Main sales customers

Total sales amount to top 5 customers (Yuan)	2,010,404,293.65
Proportion of sales to top 5 customers in the annual sales(%)	34.73%
Proportion of the sales volume to the top five customers in the total sales to the related parties in the year	0.00%

Information of the Company's top 5 sales customers

No	Name	Amount (RMB)	Proportion
1	Customer 1	863,528,660.95	14.92%
2	Customer 2	535,852,774.32	9.26%
3	Customer 3	238,698,964.53	4.12%
4	Customer 4	204,182,300.88	3.53%
5	Customer 5	168,141,592.97	2.90%
Total	--	2,010,404,293.65	34.73%

Other notes

Applicable Not applicable

Principal suppliers

Total purchase of top 5 Suppliers (Yuan)	1,073,389,974.59
Percentage of total purchase of top 5 suppliers In total annual purchase(%)	20.72%
Proportion of purchase amount from the top 5 suppliers in the total purchase amount from the related parties in the year	0.00%

Information about the top 5 suppliers

No	Name	Amount (RMB)	Proportion
1	Supplier 1	565,892,014.16	10.92%
2	Supplier 2	198,224,188.50	3.83%
3	Supplier 3	187,109,004.60	3.61%
4	Supplier 4	65,850,671.04	1.27%
5	Supplier 5	56,314,096.29	1.09%
Total	--	1,073,389,974.59	20.72%

Other notes

□ Applicable √ Not applicable

(3)Expenses

In RMB

	2021	2020	Increase/Decrease(%)	Notes
Sale expenses	202,868,557.82	234,574,261.47	-13.52%	No major changes
Administration expenses	660,284,323.30	545,097,001.83	21.13%	It is mainly due to performance growth and employee salary growth; In the same period last year, it is entitled to social security relief due to "pandemic".
Financial expenses	9,748,924.22	49,179,344.24	-80.18%	It is mainly due to the decrease of net exchange loss in the current period
R & D cost	350,216,635.11	233,881,231.71	49.74%	It is mainly due to the increase of R&D investment in this period.

(4) Research and Development

√ Applicable □ Not applicable

Name of main R&D project	Project purpose	Project progress	Goal to be achieved	Expected impact on the future development of the Company
Development of steam turbine with subcritical parameters EUNG80/63	Improve the technical reserve of the Company's models by developing EUNG80/63 model, which can increase the power generation and reduce the energy consumption, which accords with the energy saving and emission reduction policy advocated by China.	Currently under development.	Developed a new EUNG80/63 model.	Improve the power generation of steam turbines, reduce energy consumption, improve the competitiveness of the Company's products and enrich the technical reserves of the Company's models.
Development of HNKS40/50 steam turbine for large syngas compressor	Overcome the industrial steam turbine used in the field of high-power and high-speed reaction large-scale syngas, conform to the market development trend, further improve the Company's design system and strengthen the Company's competitiveness in the field of syngas.	Currently under development	Overcome the industrial steam turbine used in the field of high-power and high-speed reaction large-scale syngas.	Meet the needs of the market, conform to the market development trend, broaden and supplement the Company's design system, steadily enhance the Company's strength, and achieve a technological superiority position in the project competition in this field.
Laboratory capacity improvement and CNAS	Through CNAS certification, improve the ability level of the laboratory, which indicates that the laboratory has the technical ability to provide testing services according to	Currently being certified.	Obtained CNAS certification.	Improve the laboratory level of the Company, have the technical ability to provide testing services according to internationally

certification	internationally recognized standards.			recognized standards, and be able to better serve international customers and gain recognition from international customers.
Construction of digital factory in production base	Through the digital transformation of Hangzhou Steam Turbine Manufacturing Base, achieve the purpose of construction of Hangzhou Steam Turbine Digital Factory.	Currently under construction.	Build a digital factory.	With the help of the construction of digital factory, Hangzhou Steam Turbine can realize the digitalization and intelligence of manufacturing process, and then realize the intelligence of the whole process of product design, technology, manufacturing and service, and progress towards the era of intelligent manufacturing.
Development of NK50/1.7 steam turbine for high speed condensation power generation	The development of NK50/1.7 new model makes up the gap between high-speed power generation series GK1.3 and GK2.1, and enriches the Company's technical reserves.	Currently under development.	Developed a new NK50/1.7 model.	This series of high-speed power generation steam turbines has high efficiency and low cost, which greatly promotes the Company to achieve business growth, increase profits and expand the power generation market.

Company's research and development personnel situation

	2021	2020	Increase /decrease
Number of Research and Development persons (persons)	762	949	-19.70%
Proportion of Research and Development persons	19.01%	23.98%	-4.97%
Academic structure of R&D personnel	—	—	—
Bachelor	218	174	25.29%
Master	426	582	-26.80%
Other	118	193	-38.86%
Age composition of R&D personnel	—	—	—
Under 30 years old	88	104	-15.38%
30-40 years old	401	493	-18.66%
Over 40 years old	273	352	-22.44%

The Company's R & D investment situation

	2021	2020	Increase /decrease

Amount of Research and Development Investment (Yuan)	350,216,635.11	233,881,231.71	49.74%
Proportion of Research and Development Investment of Operation Revenue	6.05%	4.91%	1.14%
Amount of Research and Development Investment Capitalization (Yuan)	0	0	0
Proportion of Capitalization Research and Development Investment of Research and Development Investment			

Reasons and influence of significant changes in R&D personnel composition of the Company

Applicable Not applicable

The main reason for the change in the number and composition of R&D personnel is that the company will start to reduce statistical auxiliary R&D personnel in 2021, highlighting the front-line R&D personnel.

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

Applicable Not applicable

Reasons for the drastic change of capitalization rate of R&D investment and its rationality explanation

Applicable Not applicable

(5) Cash Flow

In RMB

Items	2021	2020	Increase/Decrease(%)
Subtotal of cash inflow received from operation activities	5,423,863,579.31	4,599,935,940.49	17.91%
Subtotal of cash outflow received from operation activities	5,352,054,090.28	3,971,050,165.37	34.78%
Net cash flow arising from operating activities	71,809,489.03	628,885,775.12	-88.58%
Subtotal of cash inflow received from investing activities	4,670,633,768.49	3,882,568,833.97	20.30%
Subtotal of cash outflow for investment activities	4,863,666,686.48	3,942,727,996.47	23.36%
Net cash flow arising from investment activities	-193,032,917.99	-60,159,162.50	-220.87%
Subtotal cash inflow received from financing activities	540,815,995.86	410,800,000.00	31.65%
Subtotal cash outflow for financing activities	799,379,929.92	829,790,258.00	-3.66%

Net cash flow arising from financing activities	-258,563,934.06	-418,990,258.00	38.29%
Net increase in cash and cash equivalents	-382,815,680.03	126,841,422.98	-401.81%

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

√Applicable □ Not applicable

In RMB

Items	2021	2020	Increase/Decrease(%)	Reason
Net cash generated from /used in operating activities	71,809,489.02	628,885,775.12	-88.58%	Mainly due to the year-on-year increase in various taxes and fees paid in the current period gas turbine procurement
Net cash flow generated by investment	-193,032,917.99	-60,159,162.50	-220.87%	Mainly due to the increase in cash paid for the acquisition of equity interests in several companies under the same control in the current period.
Net cash flow generated by financing	-258,563,934.06	-418,990,258.00	38.29%	Mainly due to the increase in the net amount of bank loans in the current period and the repurchase of treasury shares in the same period of the previous year.
Net increase of cash and cash equivalents	-382,815,680.03	126,841,422.98	-401.81%	Mainly due to the increase in net cash flow from operating activitiesh paid for employees.

Explanation of significant difference between cash flow from operating activities and net profit during the reporting period

√Applicable □ Not applicable

It is mainly due to the payment of various taxes and fees of RMB 415 million that do not affect the net profit of the current period,and gas turbine procurement increased year on year.

V. Analysis of Non-core Business

√Applicable □Not applicable

In RMB

	Amount	Proportion in total profit	Explanation of cause	Sustainable (yes or no)
Other income	202,548,518.03	24.33%	Mainly due to the recognition of other	—

			income in the relocation compensation	
Investment income	168,937,379.22	20.29%	It is mainly due to the dividends of Hangzhou Bank, convertible bond and the investment income of wealth management products this year	—
Non-operating income	134,352,975.28	16.14%	It is mainly due to the cancellation of the gas turbine contract with Huoqiu project with Sinosteel Equipment & Engineering Co., Ltd., and confirmed loss compensation of RMB 109 million.	—
Non-operating expenses	88,887,299.33	10.68%	It is mainly due to the relocation loss recognized by the transfer of assets in the current period.	—

VI. Condition of Asset and Liabilities

(1) Condition of Asset Causing Significant Change

In RMB

	End of 2021		End of 2020		Proportion increase/decrease	Notes to the significant change
	Amount	Proportion in the total assets(%)	Amount	Proportion in the total assets(%)		
Monetary fund	1,622,883,247.79	9.94%	1,999,509,842.32	12.21%	-2.27%	—
Accounts receivable	1,997,950,120.70	12.24%	1,668,235,154.01	10.19%	2.05%	—
Contract assets	583,026,649.99	3.57%	535,880,910.51	3.27%	0.30%	—
Inventories	3,041,643,747.35	18.64%	2,306,574,195.23	14.09%	4.55%	—
Investment real estate	6,903,986.07	0.04%	7,949,408.86	0.05%	-0.01%	—
Long-term equity investment		0.00%	11,899,308.84	0.07%	-0.07%	—
Fixed assets	1,658,423,191.83	10.16%	1,309,749,127.82	8.00%	2.16%	—
Construction in process	517,835,956.11	3.17%	805,277,593.08	4.92%	-1.75%	—
Use right assets	30,437,778.92	0.19%	28,461,441.04	0.17%	0.02%	—
Short-term borrowing	250,065,920.45	1.53%	252,777,667.03	1.54%	-0.01%	—
Contract liabilities	3,052,515,293.06	18.70%	2,949,234,639.55	18.01%	0.69%	—
Long-term borrowing	180,830,007.55	1.11%	21,623,520.00	0.13%	0.98%	—

Lease liabilities	22,575,754.77	0.14%	22,193,743.68	0.14%	0.00%	—
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Overseas assets account for a relatively high proportion.

Applicable Not applicable

(2) Asset and Liabilities Measured by Fair Value

Applicable Not applicable

In RMB

Items	Opening amount	Gain/Loss on fair value change in the reporting period	Cumulative fair value change recorded into equity	Impairment provisions in the reporting period	Purchased amount in the reporting period	Sold amount in the reporting period	Other changes	Closing amount
Financial assets								
Financial assets								
1. Transactional financial assets (Excluding Derivative financial assets)	1,021,681,809.34	46,343,202.48	45,155,792.02		4,383,572,000.00	4,490,951,752.00		960,645,259.82
2. Derivative financial assets								
3. Other creditor's rights investment								
4. Other Equity Instrument Investment	4,056,378,073.52	-570,937,932.60	3,094,486,100.92					3,485,440,140.92
5. Other non-current financial assets	16,046,102.59	-1,104,976.32	-7,331,407.69			148,592.31		14,792,533.96
6. Financing of receivable	823,598,830.55						-6,945,619.34	816,653,211.21

Subtotal of financial assets	5,917,704,816.00	-525,699,706.44	3,132,310,485.25		4,383,572,000.00	4,491,100,344.31	-6,945,619.34	5,277,531,145.91
Total	5,917,704,816.00	-525,699,706.44	3,132,310,485.25		4,383,572,000.00	4,491,100,344.31	-6,945,619.34	5,277,531,145.91
Financial Liability	0.00	0.00						0.00

Other changes

None

Did great change take place in measurement of the principal assets in the reporting period ?

Yes No

(3) Restricted asset rights as of the end of this Reporting Period

(1) Assets with restricted ownership or access rights

Items	End of Book value	Reason
Monetary fund	155,344,279.72	Utilized for issuing bank acceptance bill and L/G
Notes receivable	9,004,000.00	Utilized for issuing bank acceptance bill
Financing receivable	89,200,929.14	Utilized for issuing bank acceptance bill
Fixed assets	158,941,353.35	Utilized for pledging to obtain the bank loan
Intangible assets	53,001,884.15	Utilized for pledging to obtain the bank loan
Total	465,492,446.36	

VII. Investment situation

1. General

Applicable Not applicable

Investment Amount in 2021(Yuan)	Investment Amount in 2020(Yuan)	Change rate
551,836,405.09	467,012,502.84	18.16%

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

Applicable Not applicable

In RMB

Name of the Company Invested	Main Businesses	Investment Way	Investment Amount	Share Proportion %	Capital Source	Partner	Investment Horizon	Product Type	Progress up to Balance Sheet Date	Anticipated Income	Gain or Less or the Current Investment	Whether to Involve in Lawsuit	Date of Disclosure	Disclosure Index
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New Energy Company	Construction businesses	Purchase	21,686,489.39	100.00%	Self fund		Long-term	Engineering service	Completed		3,924,217.16	No	2021-11-4	
Sales Company	Transportation industry	Purchase	28,200,000.00	30.00%	Self fund	Other Natural person	Long-term	Transportation services	Completed		728,882.57	No	2021-11-4	
China Mechanical Institute Company	Commerce	Purchase	1,390,093.91	55.00%	Self fund	Zhejiang Branch of Mechanical Science Research Institute Co., Ltd	Long-term	Steam turbine R & D service	Completed		-2,460.18	No	2021-11-4	
Ranchuan Company	Commerce	Purchase	10,139,132.68	85.60%	Self fund	Zhejiang Branch of Mechanical Science Research Institute Co., Ltd., Hunan Chongde Industrial Technology Co., Ltd.,	Long-term	Gas turbine R & D services	Completed		-8,010.99	No	2021-11-4	http://www.cninfo.com.cn (Announcement No.:2021-95)

						Hengfe ng Tools Co., Ltd., Zhejia ng Institut e of Mecha nical Scienc e Resear ch Institut e Branch Co., Ltd., Zhejia ng Hengyi ng Power Techno logy Co., Ltd., Hangz hou Bohua Laser Techno logy Co., Ltd								
Hangfa Company	Manufa cturing	Purch ase	280,119, 027.01	100.00 %	Self fund and Loan for financ ial	Hangz hou Xunen g Enterp rise Manag	Long- term	Generat or	Comp leted		-5,329, 140.93	No	2021-11-4	http://www.cninfo.com.cn (An nouncement No.:2021-95)

					institutions	Consulting Partnership (limited partnership), other natural persons								
Packaged Tech. Co.	Commerce	Capital increase	10,200,000.00	75.855%	Self fund	Ningbo Huayi Industry & Trade Co., Ltd., other natural persons	Long-term	Instrument control equipment	Completed	4,565,736.84	No	2021-11-4	http://www.cninfo.com.cn (Announcement No.:2021-95)	
Total	--	--	351,734,742.99	--	--	--	--	--	--	3,879,224.47	--	--	--	

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

√ Applicable □ Not applicable

In RMB

Project name	Investment method	Fixed investments or not	Industry involved in investment projects	Investment amount in this reporting period	Accrued Actual Investment Amount up to the End of Reporting Period	Capital Source	Project schedule	Anticipated income	Accrued Realized Income up to the End of Reporti	Reasons for not Reaching the Planned Schedule and Anticipated	Disclosure date	Disclosure Index

									ng	Income		
									Period			
New plant project	Self-built	Yes	General equipment manufacturing	184,947,417.69	1,463,689,994.06	Self fund	95.75%			No		
Total	--	--	--	184,947,417.69	1,463,689,994.06	--	--			--	--	--

4. Investment of Financial Asset

(1) Securities investment

√ Applicable □ Not applicable

In RMB

Security category	Security code	Stock Abbreviation:	Initial investment cost	Mode of accounting measurement	Book value at the beginning of the reporting period	Changes in fair value of the this period	Cumulative fair value changes in equity	Purchase amount in the this period	Sale amount in the this period	Gain/losses of the reporting period	Book value balance at the end of the reporting period	Accounting items	Source of the shares
Domestic and foreign stocks	600926	Hangzhou Bank	390,954,040.00	FVM	4,056,378,073.52	-570,937,932.60	3,094,486,100.92			95,156,322.10	3,485,440,140.92	Other equity Instrument investment	Self funds
Domestic and foreign stocks	000912	LUTIANHUA	2,869,219.80	FVM	1,681,809.34	963,450.48	-223,959.98			963,450.48	2,645,259.82	Financial assets transaction	Debt restructuring
Convertible bonds	110079	Hangyin convertible bonds	687,572,000.00	FVM		45,379,752.00	45,379,752.00	687,572,000.00	732,951,752.00	45,379,752.00		Financial assets transaction	Self funds
Other securities investments held at the end of the term				--								--	--
Total			1,081,3	--	4,058,0	-524,59	3,139,6	687,572	732,951	141,499	3,488,0	--	--

	95,259. 80		59,882. 86	4,730.1 2	41,892. 94	,000.00	,752.00	,524.58	85,400. 74		
Disclosure Date of Announcement on Securities Investment Approved by the Board of Directors											
Disclosure Date of Announcement on Securities Investment Approved by the Shareholders Meeting(If any)											

(2) Investment in Derivatives

Applicable Not applicable

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

5.Application of the raised capital

Applicable Not applicable

None

VIII. Sales of major assets and equity

(1) Sales of major assets

Applicable Not applicable

The Company had no sales of major assets in the reporting period.

(2)Sales of major equity

Applicable Not applicable

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

Applicable Not applicable

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

In RMB

Company name	Type	Main business	Registered capital	Total assets	Net assets	Turnover	Operating profit	Net Profit
Auxiliary Machine Co.	Subsidiaries	Manufacturing	80,000,000.00	811,891,149.20	320,335,328.77	604,581,929.89	95,281,126.31	84,567,191.43
Packaged Tech. Co.	Subsidiaries	Commerce & trade	51,000,000.00	302,392,408.49	125,769,770.51	275,556,715.10	22,578,126.81	19,607,516.09

Machinery Co.	Subsidiaries	Manufacturing	30,000,000.00	312,057,989.48	196,903,072.09	305,270,504.99	90,121,564.67	74,265,964.44
Turbine Co.	Subsidiaries	Commerce & trade	20,000,000.00	138,688,901.94	61,666,029.23	156,925,298.96	-2,224,947.55	-1,336,535.20
Zhongneng Company	Subsidiaries	Manufacturing	92,500,000.00	1,814,719,437.07	60,642,167.00	1,374,266,364.91	3,774,279.86	5,949,744.78
Casting Company	Subsidiaries	Manufacturing	29,500,000.00	610,490,637.79	295,069,037.94	502,362,854.32	28,205,843.75	28,136,543.47
New Energy Company	Subsidiaries	Construction business	200,000,000.00	316,175,242.59	-23,848,678.47	177,979,557.45	15,386,091.13	11,319,222.30
Sales Company	Subsidiaries	Transportation industry	5,000,000.00	122,732,502.05	48,168,090.24	227,668,616.83	15,547,619.28	10,861,889.02
China Mechanical Institute Company	Subsidiaries	Commerce & trade	1,000,000.00	2,793,081.72	2,784,196.58	3,614,549.00	494,458.19	755,007.44
Ranchuang Company	Subsidiaries	Commerce & trade	24,250,000.00	39,661,022.19	24,961,637.02	0.00	599,482.14	588,572.59

Subsidiaries obtained or disposed in the reporting period

√ Applicable □ Not applicable

Company name	Means of acquisition and disposal of subsidiaries during the reporting period	Impact on overall production, operation and performance
Zhongrun Company	Business consolidation under the same control	No significant impact
New Energy Company	Business consolidation under the same control	No significant impact
Sales Company	Business consolidation under the same control	No significant impact
China Mechanical Institute Company	Business consolidation under the same control	No significant impact
Ranchuang Company	Business consolidation under the same control	No significant impact
Hangfa Company	Business consolidation under the same control	No significant impact
Anhui Casting Company	Newly established	No significant impact
Kunming Hangzhong Steam Turbine Technology Service Co., Ltd.	Cancelled	No significant impact

Shijiazhuang Hangneng Steam Turbine Technology Service Co., Ltd.	Cancelled	No significant impact
Urumqi Hangzhong Steam Turbine Technology Service Co., Ltd.	Cancelled	No significant impact
Tangshan Hangzhongneng Steam Turbine Technology Service Co., Ltd.	Cancelled	No significant impact
Guangxi Hangzhongneng Steam Turbine Technology Service Co., Ltd.	Cancelled	No significant impact
Jilin Hangzhongneng Steam Turbine Technology Service Co., Ltd.	Cancelled	No significant impact
Chengdu Hangzhongneng Technology Co., Ltd.	Cancelled	No significant impact
Luoyang Hangqi Steam Turbine Technology Service Co., Ltd.	Cancelled	No significant impact
Heavy Industry Co.	M & A	No significant impact

Note

X. Structured subject situation controlled by the company

Applicable Not applicable

XI. Prospect for future development of the Company

(I) Development strategy and business plan for 2022

2022 is a crucial year for the Company to promote the reform of state-owned enterprises and implement the "14th Five-Year Plan", and it is a vital year as a link between past and future and the future and to achieve high-efficiency and high-quality development. In 2022, the Company will further consolidate the market, steadily promote business transformation and resource integration, accelerate innovative development and digital transformation, and strive to promote the high-quality development of the enterprise.

1. Consolidate the market

Strengthen the joint sales of drive power generation, realize the complementation and sharing of market resources, strengthen the promotion of thermal power market, compete for the contract orders of small and medium-sized drives, expand new fields such as waste heat power generation, tap the potential demand of thermal power and coal chemical industry market, and progress on the road of coordinated development of traditional plate and new energy plate.

Pay attention to the evolution direction of environmental protection policy and the trend of energy market, seize the window period of carbon reduction and emission decrease in stock market, and actively expand the market of complete works and services. Focus on the quality of contract performance, speed up inventory clearing,

strengthen the dynamic control of production and sales linkage, ensure the stability of sales revenue, and lay a solid foundation for the Company's "14th Five-Year Plan" development.

2. Digital leading

Deepen data thinking, realize traditional business datamation, and make data the core resource and asset of enterprises. Promote the hardware guarantee, transformation and upgrading of the Company's PLM, MES, CRM, SRM and other information systems. Well ensure ERP project implementation, accelerate ERP application integration, promote enterprise management innovation, and cultivate the Company's own ERP O&M team. Build a production control system, realize digitalization and visualization of the whole process, carry out emerging projects such as quality traceability and 5G+ technology, improve the inter-departmental administrative efficiency of the enterprise and reduce operating costs.

Continue to promote the protection capability of information security system and the guarantee of information infrastructure construction, and realize the general trend of O&M technology intelligence. Complete the selection and application of the Company's cloud design platform, explore the application of the industrial Internet to effectively reduce costs and increase efficiency, and speed up the challenge of digital visualization with high requirements in industrial field. Accelerate the pace of intelligent manufacturing, continue to well ensure the wide application of rotor intelligent manufacturing, explore intelligent manufacturing schemes for blades, shell parts and toxic and harmful types of work, and promote the construction of intelligent factories.

3. Format transformation

Further promote the implementation of the key account management system and major service framework. With the development of stock market and the expansion of new energy business as carriers, improve the quality of full-cycle technical service of core users. Relying on the construction of "Joint Development Center for Innovation and Efficiency Technology of Petrochemical Rotating Equipment", improve the enterprise-level database, formulate an efficient inspection mechanism, optimize the online diagnosis system, strengthen the data analysis function, provide targeted and personalized aggregation services for core users, effectively promote the digital empowerment of marketing business and promote the process of business integration.

Explore the low-carbon blue ocean market and add green power. Make good use of the diversified development of new energy company design and general contracting qualification, and gradually expand to EPC, so as to further enrich the product line. Extend the after-sales service business from single product service to diversified product set growth service, increase the added value of products and services, create value for customers, and well build an ecosystem for O&M services.

4. Innovative development

Take design cost reduction as the major technical development direction in the future. Promote systematic, integrated and complete R&D mode to meet personalized market demand, seize the market opportunities of large air separation unit and large ethylene unit, attach importance to the market of thermoelectric transformation, optimize

the efficiency of back pressure generator unit, expand the high-efficiency utilization technology and application demonstration for low-quality energy, and well ensure technology promotion and unit development for low-pressure ultra-low-pressure waste heat steam utilization, as well as the coverage of practical application stage.

Continue to promote the development of supercritical carbon dioxide prototype, and promote the upgrade of steam turbine unit container 2.0. Improve the digital delivery capacity building, carry out the three-dimensional layout pilot, and complete the version change and update of the random data.

Complete implementation verification of technical improvement with low vibration index and CNAS certification of physical and chemical laboratory. Continuously optimize and improve the control measures of self-inspection and quality spot check in the processing and assembly stages, ensure the closed-loop verification of quality problems, strictly implement the quality assessment system, and help the manufacturing capacity to step up.

(II) Possible risk factors

1. Market risk

Due to overcapacity of domestic steam turbine industry, market competition has intensified. The national goal of "peak emission and carbon neutrality" will have a profound impact on high-emission industries such as petrochemical, steel, electric power and building materials, and the Company's product sales will be further impacted. The Company will rely on technological innovation, highlight core technological advantages, expand marketing channels, innovate marketing working modes, improve product quality and terminal service capabilities, strive to increase added value of products, actively tap potential demand, and actively respond to and resolve market risks.

2. Contract execution risk

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

3. Accounts receivable risk

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

4. Exchange rate risk

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

and adopt appropriate exchange rate risk management tools to minimize exchange loss.

5. The company's profitability decline risk

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

6. Overseas market risk

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

7. Impact of pandemic

The threat of COVID-19 will continue, and there is uncertainty in economic development. If the pandemic intensifies, the adverse impact on the Company's business development will correspondingly increase, and the implementation of the contract projects that the Company has undertaken will also be affected to some extent. The Company will constantly adapt to and reduce the adverse effects caused by the pandemic in combination with the development and changes of the pandemic.

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

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

Applicable Not applicable

Reception time	Place of reception	Way of reception	Types of visitors	Visitors received	Main contents discussed and information provided	Basic index
November 22, 2021	No.204 Meeting Room, 2/F, Turbine Power Building, of the Company	Field research	Individual	Individual investor	The company's acquisition of part of the equity assets of the controlling shareholder's subsidiary company and related transactions	Information on research activities of Hangqilun B, No. 2021-01

IV. Corporate Governance

I. General situation

(1) Standardized operation of corporate governance structure

In accordance with the "company law" provisions, The Company has its executive, decision making and supervisory bodies operated strictly according to the Articles of Association, Shareholders' Meeting Criteria, Board Meeting Criteria, and Supervisory Committee Criteria. Meetings were held by legal procedures, Corporate governance in accordance with the relevant provisions of the laws and regulations of China Securities Regulatory Commission and the Shenzhen Stock Exchange. During the reporting period, the company organized 12 meetings of the board of directors, 8 meetings of the board of supervisors, 5 meetings of shareholders, 9 meetings of special committees of the board of directors and 2 annual report communication Meetings. In strict accordance with the Articles of Association of the Company and relevant laws and regulations, the Company deliberates and makes decisions on major business matters. The Company insists on integrating the Party building work into the economic work. When making administrative decisions, the opinions of the Party Committee meeting shall be heard in advance, and the powers and responsibilities of the Party committee meeting, the general manager's office meeting, the board of directors, the board of supervisors and the shareholders' meeting shall be clarified.

During the reporting period, the Company reviewed its periodic reports, internal control self-assessment reports, appointment of accounting firms, foreign investment, guarantees, related party transactions, bank credit loans, entrusted wealth management, asset impairment and write-off, absorption and merger of steam turbine heavy industries, equity incentives, acquisition of equity of subsidiaries of the Group and other important business and governance activities, went through the examination and approval procedures for important matters, supervised the Company's business activities and ensured its compliance.

(2) Effectiveness of organization

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

(3) Basis for material decisions

The Company has setup practical rules for all material aspects of management, including but not limited to, external investment, trusteeship, related transactions, information disclosure, investors' relationship, information insider, executive shares, and management of controlled subsidiaries. These documents of rules were constantly revised and improved to maintain effectiveness upon changing situation. In the report period,

According to the Company Law of the People's Republic of China, and other relevant regulations of China Securities Regulatory Commission and Shenzhen Stock Exchange, and in combination with the actual situation of the Company, it revised the Articles of Association and the Remuneration Management System for Directors and Senior Managers.

(4) Establishing of internal control system

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

(5) Corporate Information Disclosure and Transparency

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

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

Yes No

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

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

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

1. On business operations

The Company's majors of design, manufacture, sale business of industrial steam turbine was independent from the holding company (Hangzhou Steam Turbine Power Group).

2. On personnel management

The Company kept independence with the holding shareholders on the aspects of human resource and remuneration management. the Company's management was employed and gotten salary exclusively in the Company instead of any management duty in the holding-share share holders except the duty of chairman of the Board. The Company's accountant shad no part-time job in their parent company or related companies.

3. On capital operation

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

4. On organization structure

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

5. On accounting management

The Company had independent accounting department, and established independent account re-calculation system

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

6. In legal aspect

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

III. Competition situations of the industry

Applicable Not applicable

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

1. Annual General Meeting

Sessions	Type	Investor participation ratio	Meeting Date	Disclosure date	Disclosure index
2020 Shareholders' general meeting	Shareholders' Meeting	71.29%	May 10,2021	May 11,2021	The meeting examined and adopted the Proposal of the 2020 annual report
The 1st Provisional Shareholders' Meeting 2021	Provisional Shareholders' Meeting	70.14%	July 23,2021	July 24,2021	The meeting examined and adopted the Proposal on amending the Company's Article of Association, the Proposal on Supplementing the Supervisor of the Company's Eighth Supervisory Committee
The 2nd Provisional Shareholders' Meeting 2021	Provisional Shareholders' Meeting	74.24%	August 27,2021	August 28,2021	The meeting examined and adopted the Proposal on the Company's 2021 Restricted Stock Incentive Plan and its summary, The Proposal on Administrative Measures for the Evaluation of the Implementation of the Company's 2021 Restricted Stock Incentive Plan, The Proposal on requesting the general meeting of shareholders

					to authorize the board of directors to handle matters related to the 2021 restricted stock incentive plan
The 3rd Provisional Shareholders' Meeting 2021	Provisional Shareholders' Meeting	69.27%	October 15,2021	October 16,2021	The meeting examined and adopted the Proposal on the Absorption and merger of the wholly-owned Subsidiaries
The 4th Provisional Shareholders' Meeting 2021	Provisional Shareholders' Meeting	68.79%	November 22,2021	November 23,2021	The meeting examined and adopted the Proposal on provide Credit guarantee for Zhongneng Company

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

Applicable Not applicable

V. Information about Directors, Supervisors and Senior Executives

(1) Basic situation

Name	Positions	Office status	Sex	Age	Starting date of tenure	Expiry date of tenure	Shares held at the year-begin(share)	Stock options	Number of restricted shares granted(shares)	The number of shares held in the current period(shares)	Number of shares reduced in the current period(shares)	Other changes(shares)	Number of shares held at the end of the period(shares)	Reasons for increase or decrease of shares
Zheng Bin	Board chairman	In office	Male	57	May 18,2016	December 9,2022	0	0	250,000	0	0	0	250,000	Equity incentive
Ye Zhong	Director, GM	In office	Male	53	June 19,2004	December 9,2022	0	0	250,000	0	0	0	250,000	Equity incentive
Yang Yongming	Vice Chairman	In office	Male	57	June 24,2013	December 9,2022	0	0	200,000	0	0	0	200,000	Equity incentive
Wang Gang	Director, Deputy GM	In office	Male	49	June 30,2017	December 9,2022	0	0	200,000	0	0	0	200,000	Equity incentive
Pan Xiaohui	Director	In office	Male	43	May 10,2021	December 9,2022	0	0	0	0	0	0	0	
Gu Xinjian	Independent Director	In office	Male	65	May 18,2016	December 9,2022	0	0	0	0	0	0	0	
ZhangXiaoyan	Independent Director	Dimission	Female	49	December 4,2015	December 17,2021	0	0	0	0	0	0	0	
Chen Danhong	Independent Director	In office	Female	57	May 18,2016	December 9,2022	0	0	0	0	0	0	0	
Zhang Hejie	Independent Director	In office	Male	62	December 10,2019	December 9,2022	0	0	0	0	0	0	0	

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Li Shijie	Chairman of the Supervisory Committee	Dimission	Male	52	June 24,2013	July 7, 9,2021	0	0	200,000	0	0	0	200,000	Equity incentive
Wang Xiaohui	Supervisor	Dimission	Male	54	June 24,2013	July 8,,2021	100,676	0	100,000	0	0	0	200,676	Equity incentive
Ying Gonghua	Supervisor	Dimission	Male	56	December 10,2019	July 8,2021	43,403	0	100,000	0	0	0	143,403	Equity incentive
Zhang Weijie	Chairman of the Supervisory Committee	In office	Female	36	July 23,2021	December 9,2022	0	0	0	0	0	0	0	
Lu Jianhua	Employee Supervisor	In office	Male	60	August 15,2004	December 9,2022	0	0	0	0	0	0	0	
Fang Yin	Employee Supervisor	In office	Male	60	February 16,2012	December 9,2022	0	0	0	0	0	0	0	
Kong Jianqiang	Deputy General Manager, Chief engineer	In office	Male	51	June 24,2013	December 9,2022	0	0	200,000	0	0	0	200,000	Equity incentive
Li Jiansheng	Deputy General Manger	In office	Male	58	December 5,2014	December 9,2022	0	0	200,000	0	0	0	200,000	Equity incentive
Wang Zhengrong	Deputy General Manger	In office	Male	51	June 9,2017	December 9,2022	0	0	200,000	0	0	0	200,000	Equity incentive
Zhao Jiamao	Deputy General Manger, Chief accountant	In office	Male	46	January 1,2018	December 9,2022	0	0	200,000	0	0	0	200,000	Equity incentive
Li Guiwen	Deputy GM, secretary of the board	In office	Female	51	JANUARY 9,2019	December 9,2022	0	0	200,000	0	0	0	200,000	Equity incentive
Total	--	--	--	--	--	--	144,079		2,300,000				2,444,079	--

During the reporting period, whether there is dismissal of directors and supervisors and decruitment of senior managers

Yes No

Changes of directors, supervisors and senior executives

Applicable Not applicable

Name	Positions	Types	Date	Reason
Kong Jianqiang	Director	Dimission	July 8,2021	Due to company work needs
Li Guiwen	Director	Dimission	July 8,2021	Due to company work needs
Li Guiwen	Deputy GM	Appointed	February 6,2021	Due to company work needs
Pan Xiaohui	Director	Elected	May 10,2021	In order to improve the corporate governance structure
Zhang Xiaoyan	Director	Dimission	December 17,2021	Served as an independent director of the company for 6 consecutive years
Li Shijie	Supervisor	Dimission	July 7,2021	Due to company work needs
Ying Gonghua	Supervisor	Dimission	July 8,2021	Due to company work needs
Wang Xiaohui	Supervisor	Dimission	July 8,2021	Due to company work needs
Zhang Weijie	Supervisor	Elected	July 23,2021	In order to improve the corporate governance structure
Wang Gang	Deputy GM	Appointment	July 12,2021	Due to company work needs

(2) Posts holding

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

(1) Director

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

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

Mr. Yang Yongming, born in November 1964, CCP member, university graduate, certified senior economist. Currently he's the vice general manager of Hangzhou Steam Turbine Power Group Co., Ltd. He used to be the vice director and director of Sales Administration Departments of the Company; Since 2013, he served as vice general manager, general manager, and vice chairman of Hangzhou Dongfeng Shipyard Ltd. Currently he's the vice general manager of Hangzhou Steam Turbine Power Group Co., Ltd. and the Vice Chairman of the 6th term of Board of the Company. He was elected as Vice Chairman of the 7th term of board of directors on May 2016. Currently is the 8th vice chairman of the company.

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

Mr. Pan Xiaohui, born in November 1978, a member of the Communist Party of China, is a senior accountant with a university degree. He joined the Hangzhou Municipal Finance Bureau in 2003 and served successively as a section member, deputy division chief of Comprehensive Office and division chief of account of Bureau of Financial Supervision and Inspection of Hangzhou Municipal Finance Bureau. From February 2021, Currently is the 8th Director of the company.

Ms Chen Danhong, born in October 1964, was graduated from Hangzhou Business College, majoring statistics. She was former assistant in Shanghai Economic Management College, section chief in accounting section of financial department from Zhejiang Gongshang University, General Manager in Planning and Finance Department and HR Manager of New China Life Insurance Co., Ltd.Zhejiang Branch, Executive Vice President of Zhejiang Zhongye Holdings Group Co., Ltd., CEO of Daodao Group Co., Ltd., and Deputy General Manager and Chief Financial Officer of Zhejiang Arch of Triumph Macao Doulao Holding Group Co., Ltd. She was special professional ethos supervisor in Zhejiang Provincial Office,SAT, CPPCC member in West Lake District, and Special Auditor of Audit Bureau in West Lake District.She served as Independent director of Hangzhou Cable Co., Ltd.(603618), On May 2016, she was elected as the seventh Board of Directors Independent Director of the company. Currently is the 8th Independent director of the company.

Mr Gu Xinjian, born in July 1956, was doctor of engineering, as a professor in Modern Manufacturing Technology Research Institute of Zhejiang University, and a doctoral supervisor. He was the Deputy Director in Center for Innovation Management and Sustainable Competitiveness of Zhejiang University, and Director of Patents And Standards Strategic Institute. He served as vice Chairman of the professional Committee of intelligent Manufacturing of the Chinese Society of Artificial Intelligence and the Professional Committee of Group and intelligent Integration technology of the Chinese society of Mechanical Engineering, Member of the National Technical Committee for Automation Systems and Integration Standardization and Chairman of the Technical Committee for Industrial Data Sub-Committee.From August 1987 until now, he devoted himself to research and education work in Mechanical Engineering Department of Zhejiang University, primarily engaged in researching

manufacturing informatization, enterprise modeling, networked manufacturing, advanced manufacturing systems mode, and mechanical manufacturing systems engineering. On May 18, 2016, he was elected as the seventh Board of Directors Independent Director of the company. Currently is the 8th Independent director of the company.

Mr. Zhang Hejie, born in January 1958, holds a master's degree in philosophy, a doctorate in management, a visiting scholar at the University of Cambridge, and a professor and doctoral tutor at the School of Economics and Management of Zhejiang University of Technology. the Communication Review Expert of the National Natural Science Foundation. Currently is the 8th Independent director of the company.

(II) The Supervisors

Ms. Zhang Weijie, senior accountant. Served as the Project Manager of Pan-China Certified Public Accountants; Full-time Supervisor and Chief Financial Officer of the State-owned Assets Supervision and Administration Commission of Hangzhou Municipal People's Government; Head of Financial Special Group of Hangzhou State-owned Capital Investment and Operation Co., Ltd. She is currently the Employee Director and Director of Finance Management Dept of Hangzhou Capital, the Chairman of Hangzhou Steam Turbine Power Group Co., Ltd, and the Chairman of the Eighth Board of Supervisors of the Company.

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

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

(III) Senior Executives

Profiles of General Manager Ye Zhong, Deputy General manager Wang Gang are available among the directors above.

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

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

the Deputy general manager of the Company since December 2014.

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

Mr. Zhao Jiamao, born in March 1975, member of the Communist Party of China, university degree, certified public accountant and senior accountant. He joined Hangzhou Steam Turbine Power Group Co., Ltd. Finance Office in 1995 and was once the Vice Minister of Finance of Hangzhou Steam Turbine Power Group Co., Ltd., Chief Accountant, Deputy General Manager and General Manager of Hangzhou Steam Turbine Power Technology Co., Ltd. In December 2014, he was the Deputy Chief Accountant and Chief Financial Officer of the Company. Since March 2016, he has been the General Manager Assistant, the Director of Asset Management Department and the Finance Department and the Contract Department. Mr. Zhao was engaged the Deputy general manager and Chief accounting of the Company since January 2018.

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

Office taking in shareholder companies

Applicable Not applicable

Names of the persons in office	Names of the shareholders	Titles engaged in the shareholders	Sharing date of office term	Expiry date of office term	Does he /she receive remuneration or allowance from the shareholder
Zhang Weijie	Hangzhou Steam Turbine Power Group Co., Ltd.	Board chairman	2021-12-31		

Offices taken in other organizations

Applicable Not applicable

Name of the persons in office	Name of other organizations	Titles engaged in the other organizations	Starting date of office term	Expiry date of office term	Does he/she receive remuneration or allowance from other organization
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Ye Zhong	Hangzhou Zhongneng Steam Turbine Power Co., Ltd.	Board chairman	February 1,2010		No
Ye Zhong	New Energy Company	Board chairman	December 23,2014		No
Yang Yongming	Sales Company	Board chairman	June 29,2017		No
Yang Yongming	Guangdong Huaxing Bank Co., Ltd.	Director	September 28,2017		No
Yang Yongming	Hangzhou Heat Group Limited by Share Ltd.	Director	January 25,2022		No
Wang Gang	Hangzhou Zhongneng Steam Turbine Power Co., Ltd.	Chairman of Supervisory Committee	April 25,2018		No
Wang Gang	Hangzhou Steam Turbine Casting Co., Ltd.	Director	June 21,2017		No
Kong Jianqiang	China mechanical and Electrical Institute -HSTG (Hangzhou) United Institutes Co., Ltd.	Director	December 8,2020		No
Kong Jianqiang	Hangzhou Steam Turbine Auxiliary Machine Co., Ltd.	Board chairman	June 21,2017		No
Li Jiansheng	Hangzhou Steam Turbine Casting Co.,Ltd.	Board chairman	April 1,2020		No
Li Jiansheng	Hangzhou Steam Turbine Auxiliary Machine Co., Ltd.	Director	April 3,2014		No
Wang Zhengrong	Hangzhou Steam Turbine Mechanical Equipment Co., Ltd	Board chairman	June 21,2017		No
Wang Zhengrong	Hangzhou Zhongneng Steam Turbine Power Co., Ltd.	Director	July 1,2013		No
Wang Zhengrong	Hangzhou Steam Turbine New Energy Co., Ltd.	Director	November 30,2021		No
Zhao Jiamao	Zhejiang Turbine Import & Export Co., Ltd.	Executive director	June 2,2020		No
Zhao Jiamao	Hangzhou Zhongneng Steam Turbine Power Co., Ltd.	Director	March 12,2018		No
Zhao Jiamao	Hangzhou Steam Turbine New Energy Co., Ltd.	Supervisor	November 30,2021		No
Li Guiwen	Zhejiang Packaged Technology Development Co., Ltd.	Board chairman	April 1,2020		No

Punishments to the current and leaving board directors, supervisors and senior managers during the report period by securities regulators in the recent three years

□ Applicable √Not applicable

(3) Remuneration to directors, supervisors and senior executives

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

The remuneration plan for directors and executives was examined at the meeting. The Remuneration and Assessment Committee of the Board conducted assessment on the performances of the directors and executives, Assessment principles and procedures determined in accordance with the executive compensation management system of directors(revised in 2021), The plan is subject to examination of the meeting of the Board.

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

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

In RMB10,000

Name	Position	Sex	Age	Statue of duty	Total of reward from the Company(Pre-tax)	Actual reward in total at end of report term
Zheng Bin	Chairman	Male	57	In Office	35.00	No
Ye Zhong	Director, GM	Male	53	In Office	64.63	No
Yang Yongming	Vice Chairman	Male	57	In Office	28.00	No
Wang Gang	Director, Deputy GM	Male	49	In Office	107.00	No
Pan Xiaohui	Director	Male	43	In Office		Yes
Gu Xinjian	Independent Director	Male	65	In Office	15.00	No
Chen Danhong	Independent Director	Female	57	In Office	15.00	No
Zhang Xiaoyan	Independent Director	Female	49	Dimission	15.00	No
Zhang Hejie	Independent Director	Male	63	In Office	15.00	No
Li Shijie	Chairman of the Supervisory Committee	Male	52	Dimission		Yes
Wang Xiaohui	Supervisor	Male	54	Dimission		Yes
Zhang Weijie	Chairman of the Supervisory Committee	Female	36	In Office		Yes
Ying Gonghua	Supervisor	Male	56	Dimission	49.68	No
Lu Jianhua	Employee Supervisor	Male	60	In Office	46.21	No
Fang Yin	Employee Supervisor	Male	60	In Office	39.11	No

Kong Jianqiang	Deputy GM, Chief engineer	Male	51	In Office	107.00	No
Li Jiansheng	Deputy GM	Male	58	In Office	113.14	No
Wang Zhengrong	Deputy GM,	Male	51	In Office	107.00	No
Zhao Jiamao	Deputy General Manger, Chief accountant	Male	46	In Office	106.50	No
Li Guiwen	Deputy GM, secretary of the board	Female	51	In Office	106.90	No
Total					970.17	

Note: From January to June 2021, Zheng Bin and Yang Yongming Will be paid in Hangzhou Steam Turbine Group, and will be paid in the company from July 2021. During their tenure as supervisors, Li Shijie and Wang Xiaohui both received remuneration from Hangzhou Steam Turbine Group.

VI. Performance of directors' duties during the reporting period

(1) Information of the board meetings during the reporting period

Session	Convening date	Disclosure date	Meeting resolution
The 9th meeting of the 8th term of Board	February 5,2021	Febraury 6 ,2021	The meeting examined and adopted the proposal to engage Ms. Li Guiwen the Deputy General Manager, the Proposal on Adjusting the Organizational Structure of the Company, the Proposal on the Estimated Amount of Related Transactions of the Company of 2021
The 10th meeting of the 8th term of Board	April 15,2021	April 16,2021	The meeting examined and adopted the Work Report of the General Manager 2020, The Work Report of the Board 2020, The Company's "14th Five-Year" Development Strategy Planning Outline, Annual Report 2020 and Summary, The Financial Report 2020, The Internal Control Introspective Report 2020, The Proposal of the provision for impairment of assets of 2020, The Proposal on the Write-offs Asset of 2020, The Dividend Plan 2020, The Proposal to extend the service of Pan-China CPA as auditor of the Company for year 2021, The Proposal on Changes in Accounting Policies, The Proposal on the use of idle funds for short-term and medium-term financial management by the company in 2021, The Proposal of Remunerations for Directors and Executives for Year 2020, The Proposal on Change of Registered Address and Amending of Articles of Association, The Proposal of calling the Shareholders' Annual Meeting 2020, The Proposal on Amending the "Remuneration Management System for Directors and Senior Executives", The

			Proposal on Supplementing Non-Independent Directors of the Company's Eighth Board of Directors.
The 11th meeting of the 8th term of Board	April 21,2021	April 22,2021	The meeting examined and adopted the proposal on Authorizing managers to dispose of convertible bonds of Bank of Hangzhou
The 12th meeting of the 8th term of Board	April 26,2021	April 27,2021	The meeting examined and adopted the Full Text and Official Text of the First Quarterly Report 2021
The 13th meeting of the 8th term of Board	July 6,2021	July 7,2021	The meeting examined and adopted the Proposal to adjust the members of the special committees of the board of directors, The Proposal on amending the articles of association of the Company.
The 14th meeting of the 8th term of Board	July 11,2021	July 12,2021	The meeting examined and adopted the Proposal on Appointment of Deputy General Manager of the Company, The Proposal on the Adjustment of the Company's Organizational Structure,, The Company's 2021 Restricted Stock Incentive Plan (Draft) and its summary, Administrative Measures for the Evaluation of the Implementation of the Company's 2021 Restricted Stock Incentive Plan, The Proposal on requesting the general meeting of shareholders to authorize the board of directors to handle matters related to the 2021 restricted stock incentive plan.
The 15th meeting of the 8th term of Board	August 11,2021	August 12,2021	The meeting examined and adopted the Proposal of calling the Second provisional Shareholders' General Meeting of 2021
The 16th meeting of the 8th term of Board	August 30,2021	August 31,2021	The meeting examined and adopted the Semi-annual Report 2021 and the Summary,The Proposal on Granting Restricted Stocks to Incentive Objects for the First Time
The 17th meeting of the 8th term of Board	September 27,2021	September 28,2021	The meeting examined and adopted the Proposal on Casting Company's Investment in Fan'chang Casting Project,the Proposal on the Absorption and merger of the wholly-owned Subsidiaries, the Proposal on the proposed purchase of liability insurance of directors, supervisors and senior management personnel, <i>the Proposal of calling the Third Provisional Shareholders' General Meeting 2021.</i>
The 18th meeting of the 8th term of Board	October 20,2021	October 21,2021	The meeting examined and adopted the Third Quarterly Report 2021
The 19th meeting of the 8th term of Board	November 4,2021	November 5,2021	The meeting examined and adopted the Proposal on the Acquisition of Some Equity Assets and Related Transactions of Subsidiaries of Controlling Shareholders

			, the Proposal on provide Credit guarantee for Zhongneng Company, the Proposal of calling the Fourth Provisional Shareholders' General Meeting of 2021
The 20th meeting of the 8th term of Board	December 16,2021	December 17,2021	The meeting examined and adopted the Proposal on Granting Reserved Restricted Shares to Incentive Objects, the Proposal of Engaging the Company's Securities affairs , Proposal on Adding Li Hao as an Independent Director of the Eighth Board of Directors of the Company, the Proposal of calling the First provisional Shareholders' General Meeting of 2022.

(2) Attendance of directors at the board meetings and the general meeting of shareholders

Attendance of directors at the board meetings and the general meeting of shareholders							
Name of director	Number of board meetings attended during the reporting period	Number of board meetings attended in person	Number of board meetings attended by means of communication	Number of board meetings attended by proxy	Number of board meetings absent from	Whether to attend the board meeting in person twice in a row	General meetings of shareholders attended
Zheng Bin	12	6	6	0	0	No	5
Ye Zhong	12	6	6	0	0	No	5
Yang Yongming	12	6	6	0	0	No	5
Wang Gang	12	6	6	0	0	No	5
Pan Xiaohui	8	4	4	0	0	No	4
Gu Xinjian	12	6	6	0	0	No	5
Chen Danhong	12	6	6	0	0	No	5
Zhang Xiaoyan	11	6	5	0	0	No	5
Zhang Hejie	12	6	6	0	0	No	5

Explanation of failure to attend the board meeting in person twice in a row

(3) Directors' objections to related matters of the Company

Whether the director raises any objection to the relevant matters of the Company

Yes No

During the reporting period, the directors did not raise any objection to the relevant matters of the Company.

(4) Other descriptions of directors' performance of duties

Whether the directors' suggestions on the Company have been adopted

Yes No

The director's statement on whether the relevant suggestions of the Company have been adopted or not

During the reporting period, according to the provisions of the *Company Law*, the *Securities Law*, the *Articles of Association* and other laws and regulations, the directors paid attention to the standardization of the Company's operation, and put forward reasonable suggestions based on the long-term development of the Company in the process of periodic reports, equity incentives, acquisition of equity of subsidiaries of Hangzhou Steam Turbine Group, etc. from the perspective of the Company's interests. The Company listened carefully to the suggestions of directors, organized relevant personnel to evaluate and verify related matters, and fully utilized the leadership role of directors in scientific decision-making and standardized management.

VII. Situation of special committees under the Board of Directors during the reporting period

Committee name	Member information	Number of meetings convened	Convening date	Meeting content	Put forward important opinions and suggestions	Other information of duty performance	Details of objections (if any)
Audit Committee	Chen Danhong (Convenor) ,Zhang Xiaoyan, Gu Xinjian, Zhang Hejie, Ye Zhong	2	March 10,2021	Communicated annual report audit matters in the Audit Committee, Accounting Firm with independent directors	No	No	
			April 7,2021	To review and approve the full text and abstract of the 2020 Annual Report, 2020 Financial Accounting Report, 2020 Report on Assets Impairment Provision and Bad Debt Provision, 2020 Write-off of Assets Losses, 2020 Profit Distribution Plan, Proposal on 2020 Work Evaluation and 2021 Re-employment of Pan-China Certified Public Accountants, Proposal on Changing Accounting Policies of the Company, and Proposal on 2021 Company Proposal for Subsidiaries to Use Idle Funds for Short- and Medium-term Financial Management, 2020 Internal Control Self-evaluation Report, 2020 Internal Audit Work Summary and 2021 Internal Audit Plan	No	No	
Nomination committee	Zhang Xiaoyan(Convenor) ,Gu Xinjian, Chen Danhong, Zhang Hejie, Zheng Bin	4	February 6,2021	Reviewed and approved the Proposal on Nominating the Deputy General Manager of the Company	No	No	
			April 15,2021	Reviewed and approved the Proposal on Nominating Pan Xiaohui as a Candidate	No	No	

				for Director			
			July 10,2021	Reviewed and approved the Proposal on Nominating Wang Gang as the Deputy General Manager of the Company	No	No	
			December 16,2021	Reviewed and approved the Proposal on Nominating Li Hao as a Candidate for Independent Director of the Company	No	No	
Strategy Committee	Zheng Bin(Convenor) ,Zhang Xiaoyan, Gu Xinjian, Chen Danhong, Zhng Hejie	1	April 7,2021	Discussed the Outline of the 14th Five-Year Development Strategic Plan	No	No	
Remuneration and Assessment Committee	Zhang Hejie(Convenor) ,Zhang Xiaoyan, Gu Xinjian, Chen Danhong, Pan Xiaohui	2	April 7,2021	Discussed the 2020 Remuneration Plan for Directors and Senior Managers and revised the Remuneration Management System for Directors and Senior Managers	No	No	
			July 11,2021	Discussed the 2021 Restricted Stock Incentive Plan (Draft) and its summary and Administrative Measures for the Evaluation of the Implementation of the Company's 2021 Restricted Stock Incentive Plan	No	No	

VIII.The working status of the board of supervisors

The board of supervisors finds out whether the company has risks during the monitoring activities during the reporting period

Yes No

The Supervisory Committee has no objection to the supervision matters during the reporting period.

IX. Particulars about employees.

(1)Number of staff, professional structure and educational background

Number of in-service staff of the parent company(person)	2077
Number of in-service staff of the main subsidiaries(person)	1931
The total number of the in-service staff(person)	4008
The total number of staff receiving remuneration in the current period(person)	4008
Retired staff with charges paid by the parent company and main	30

subsidiaries (person)	
Professional	
Category	Number of persons (person)
Production	2260
Sales	342
Tech	889
Finance	83
Administration	434
Total	4008
Education	
Category	Number of persons (person)
Master's Degree	319
Bachelor	1490
College diploma	813
High school and below	1386
Total	4008

2.Particulars about the employees:

Under the premise of considering the annual benefit, with the level of competition, the ability to pay of enterprises, price levels and other factors, in 2021 the company adequate remuneration be adjusted according to the value of the unpaid position, according to the performance of the performance fee, adhere to labor distribution, taking into account efficiency and equity, the maximum level of protection of the interests of employees, to achieve a win-win business and employees. Company on a monthly basis, full and timely payment of wages, overtime pay in accordance with national regulations, on a monthly basis.

3. Educational training for employees:

In 2021, the staff education and training work strived for realize the goal of “Talents invigorate enterprises”, and set the work objectives of training and optimizing the “the three teams namely the management team, the professional and technical personnel team and the high-skilled personnel team”, and upon combining with the company’s strategic goals and the departmental performance targets and the employees’ development goals, it well did the annual training work, formulated the “2021 Company Education and training Plan”, implemented various training programs in an orderly manner as required, continuously improved the staff’s business level and comprehensive capabilities and made contributions to the company’s stable operation. In terms of the funding, the company drew 2.5% of the total salary as the staff education fund, which effectively guaranteed the expenditure of the training program. According to statistics, 108 training classes were held in 2021, the person-time of staff received trainings reached 4600. For 2022, the company plans to carry out 160 training programs in aspects of management, engineering technology, operation skills, quality, environment and safety education.

4. Outsourcing situation

Applicable Not applicable

X. Specification of profit distribution and capitalizing of common reserves

Formulation, implementation or adjustment of the profit distribution policy, especially the cash dividend policy during the reporting period

Applicable Not applicable

(1) Company dividend policy principle: The Company's profit distribution policy maintains its continuity and stability, with full attention to the reasonable return on investment for investors, and consideration of the long-term interests of the Company, the overall interests of all shareholders and the sustainable development of the Company;

(2) Cash dividend priority: The Company can distribute dividends by cash, stock or by combination of both. On the premise that the Company is profitable and has sufficient cash flow to meet its sustainable operation and long-term development, the Company will give priority to the profit distribution method of cash dividend;

(3) Listen to the opinions and demands of independent directors and minority shareholders: the Board of Directors of the Company fully considers the development stage, profit scale, cash flow status and current capital demand of the Company, and formulates a specific dividend plan based on the opinions of shareholders, especially minority shareholders, which is submitted to the General Meeting of Shareholders of the Company for deliberation after the independent directors express their independent opinions; When the General Meeting of Shareholders of the Company deliberates the specific cash dividend plan, it shall actively communicate and exchange with shareholders, especially minority shareholders, through various channels, fully listen to the opinions and demands of minority shareholders, and timely address to their concerns;

(4) Dividend period: In principle, the Company implements profit distribution on an annual basis. The Company announces the dividend plan within four months after each fiscal year, and implements the distribution plan within two months after the General Meeting of Shareholders approves it;

(5) Dividend ratio: On the premise that the Company is profitable and the cash can meet its continuous operation and long-term development, the accumulated profit distributed by the Company in cash in the last three years is not less than 30% of the annual distributable profit realized in the last three years;

(6) Decision-making procedure of dividend plan: According to the *Articles of Association*, the dividend plan of the Company is proposed by the Board of Directors, and submitted to the General Meeting of Shareholders of the Company for deliberation after being reviewed and approved by the Board of Directors and expressed opinions on by independent directors;

(7) Adjustment procedure of dividend policy: If the Company is required to adjust the profit distribution policy according to the needs of production and operation, investment planning and long-term development, the adjusted profit distribution policy shall not violate the relevant regulations of China Securities Regulatory Commission and the stock exchange. Opinions of independent directors and the board of supervisors shall be solicited in advance for the proposal for adjusting the profit distribution policy, which shall be submitted to the Company's General Meeting of Shareholders after deliberation by the Company's Board of Directors, and be implemented only after more than two-thirds of the voting rights held by shareholders present at the General Meeting of Shareholders.

Special description of cash dividend policy	
Whether it meets the requirements of the Articles of Association or the resolution of the general meeting of shareholders:	Yes
Whether the dividend standard and proportion are explicit and clear:	Yes
Whether the relevant decision-making procedures and mechanisms are complete:	Yes
Whether the independent directors have performed their duties and played their due role:	Yes
Whether the minority shareholders have the opportunity to fully express their opinions and demands, and whether their legitimate rights and interests have been fully protected:	Yes
Whether the cash dividend policy is adjusted or changed, and whether the conditions and procedures are compliant and transparent:	Yes

During the reporting period, the Company made a profit and the profit available to shareholders of the parent company was positive, but no cash dividend distribution plan was put forward.

Applicable Not applicable

Profit distribution and capitalization of capital reserve during the reporting period

Applicable Not applicable

Bonus shares for every ten shares(Shares)	3
Cash dividend for every ten shares (Yuan)(Tax-included)	4.00
A total number of shares as the distribution basis(shares)	753,898,600
Cash dividend amount (yuan, including tax)	301,559,440.00
Other means (such as repurchase of shares) cash dividend amount (yuan)	0.00
Total cash dividend (yuan, including tax)	301,559,440.00
Distributable profit (yuan)	3,493,193,115.19
Proportion of cash dividend in the distributable profit	57.14%
Cash dividend distribution policy	
Where the distribution of profits is carried out in the company's development stage that belongs to a mature stage and there is significant capital expenditure arrangement, the proportion of cash dividends in this profit distribution shall be at least 40%.	
Details of profit distribution or reserve capitalization plan	
In 2021, with the total share capital of 754,010,400 shares at the end of the year deducting 111,800, that is, the base is 753,898,600, the Company would distribute cash dividend to all the shareholders at the rate of CNY 4.0 for every 10 shares (with tax inclusive), 3 bonus shares (including tax) and no reserve would be converted into share capital. The profit distribution does not involve treasury shares repurchased by the Company.	

XI. Implementation Situation of Stock Incentive Plan of the Company, Employee Stock Ownership Plan or Other Employee Incentive Measures

Applicable Not applicable

(1) Equity incentive

(I) On July 11, 2021, the 14th Meeting of the Eighth Board of Directors reviewed and approved the Proposal

on the Company's Restricted Stock Incentive Plan (Draft) in 2021 and its Summary, the Proposal on the Company's Implementation Assessment Management Measures for the Restricted Stock Incentive Plan in 2021, and the Proposal on Requesting the General Meeting of Shareholders to Authorize the Board of Directors to Handle Matters Related to the Restricted Stock Incentive Plan in 2021, and the Ninth Meeting of the Eighth Supervisors of the Company reviewed and approved the above related proposals. The Company disclosed related announcements such as the Restricted Stock Incentive Plan (Draft) and its Summary in 2021, the Implementation Assessment Management Measures for the Restricted Stock Incentive Plan in 2021, the Incentive Object List of the Restricted Stock Incentive Plan in 2021, the Self-inspection Form of Equity Incentive Plan, and the Legal Opinions of Shanghai Allbright Law Offices on the 2021 Restricted Stock Incentive Plan of Hangzhou Steam Turbine Co., Ltd.

Independent directors of the Company expressed their independent opinions on whether the equity incentive plan is conducive to the sustainable development of the Company and whether there is any harm to the interests of the Company and all shareholders.

(II) On August 12, 2021, the Company disclosed the Announcement on the Approval of Equity Incentive Plan by Hangzhou SASAC. 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 23, 2021, the Company disclosed the Publicity and Verification Opinions of the Board of Supervisors of the Company on the List of Incentive Objects of Restricted Stock Incentive Plan. The Board of Supervisors of the Company believes that the incentive objects listed in this incentive plan comply with the Administrative Measures, Trial Measures, Notice and other laws, regulations, normative documents and the scope and conditions of incentive objects stipulated in the Incentive Plan (Draft), and there is no circumstances that forbids to be incentive objects, and its qualification as the incentive objects of this incentive plan is legal and effective.

On August 23, 2021, the Company disclosed the Independent Financial Advisor's Report of CITIC Securities Co., Ltd. on the Restricted Stock Incentive Plan (Draft) in 2021 of Hangzhou Steam Turbine Co., Ltd.

(IV) On August 27, 2021, the Company held the Second provisional Shareholders' General Meeting in 2021, which reviewed and approved the Proposal on the Company's Restricted Stock Incentive Plan in 2021 and its Summary, the Proposal on the Company's Implementation Assessment Management Measures for the Restricted Stock Incentive Plan in 2021, and the Proposal on Requesting the General Meeting of Shareholders to Authorize the Board of Directors to Handle Matters Related to the Restricted Stock Incentive Plan in 2021.

Meanwhile, the Company disclosed the Self-inspection Report on Insider Information of Restricted Stock Incentive Plan in 2021 and Stock Trading of Incentive Objects.

(V) On August 30, 2021, the Company convened the 16th Meeting of the Eighth Board of Directors and the 11th Meeting of the Eighth Board of Supervisors, and respectively reviewed and approved the Proposal on Granting Restricted Stocks to Incentive Objects for the First Time. The Board of Directors of the Company considered that the granting conditions of restricted stocks stipulated in this incentive plan had been fulfilled, and

agreed to grant 18.17 million restricted stocks to 457 incentive objects who meet the granting conditions on September 1, 2021 for the first time, at a price of HK\$ 6.825 per share. The Board of Supervisors of the Company verified the list of incentive objectives again and issued a clear consent opinion. Independent directors of the Company expressed their agreed independent opinions on this.

(VI) On October 22, 2021, the Company completed the registration of granting restricted shares for the first time, with 455 people registered for the first time and 18,060,000 shares registered.

(VII) On December 16, 2021, the 20th Meeting of the 8th Board of Directors and the 13th Meeting of 8th Board of Supervisors of the Company reviewed and approved the Proposal on Granting Reserved Restricted Shares to Incentive Objects.. it is agreed that December 16, 2021 will be reserved for granting restricted shares, and 1,380,000 restricted shares will be granted to 37 eligible incentive objects at a grant price of HK\$ 6.825 per share. Independent directors of the Company expressed independent opinions on relevant proposals of the Board of Directors

(VIII) On January 14, 2022, the Company completed the registration of reserved grant of restricted shares, with 37 registered shareholders reserved and 1,380,000 registered shares.

Evaluation mechanism and incentives of senior managers

√ Applicable □ Not applicable

In shares

Name	Position	Number of exercisable shares during the reporting period	Number of exercised shares during the reporting period	Exercise price of exercised shares during the reporting period (RMB/share)	Market price at the end of the reporting period (RMB/share)	Number of restricted stocks held at the beginning	Number of unlocked shares in the current period	Number of newly granted restricted stocks during the reporting period	Grant price of restricted stock (RMB/share)	Number of restricted stocks held at the end of the period
Zheng Bin	Board Chairman	0	0		13.2288	0	0	250,000	5.6764	250,000
Ye Zhong	Director, GM	0	0		13.2288	0	0	250,000	5.6764	250,000
Yang Yongming	Vice Board Chairman	0	0		13.2288	0	0	200,000	5.6764	200,000
Wang Gang	Director, Deputy GM	0	0		13.2288	0	0	200,000	5.6764	200,000
Li Guiwen	Deputy GM, secretary of the board	0	0		13.2288	0	0	200,000	5.6764	200,000
Kong Jianqiang	Deputy GM, Chief Engineer	0	0		13.2288	0	0	200,000	5.6764	200,000
Li	Deputy GM	0	0		13.2288	0	0	200,000	5.6764	200,000

Jiansheng										
Wang Zhengrong	Deputy GM	0	0	13.2288	0	0	200,000	5.6764	200,000	
Zhao Jiamao	Deputy, GM, Chief accountant	0	0	13.2288	0	0	200,000	5.6764	200,000	
Li Shijie	Deputy Secretary of the Party Committee and Chairman of the Trade union	0	0	13.2288	0	0	200,000	5.5660	200,000	
Cai Weijun	Secretary of the Commission for discipline inspection	0	0	13.2288	0	0	200,000	5.6764	200,000	
Total	--	0	0	--	--	0	2,300,000	--	2,300,000	

Evaluation mechanism and incentive situation of senior managers

The Company conducts performance appraisal for senior managers according to the Management Measures for the Implementation of Restricted Stock Incentive Plan in 2021, Detailed Rules for Performance Appraisal of Restricted Stock Incentive Objects of Hangzhou Steam Turbine Co., Ltd. (Trial) and the Remuneration Management System for Directors and Senior Managers of the Company.

(2) Implementation of ESOP

Applicable Not applicable

(3) Other employee incentives

Applicable Not applicable

XII. Construction and implementation of internal control system during the reporting period

(1) Construction and implementation of internal control

According to Basic Standards for Internal Control of Enterprises, Guidelines for Application of Internal Control, Guidelines for Evaluation of Internal Control and Guidelines for Internal Control of Listed Companies issued by Shenzhen Stock Exchange, the Company formulated the Internal Control Manual of the Company, comprehensively combed the Company's business processes, identified key risk points, controlled the risk points according to the Company's actual situation, and the internal audit organization of the Company regularly evaluated the above control process and effect, and put forward rectification items and improvement suggestions. The Audit Committee of the Company guided and supervised the internal control of the Company.

During the reporting period, according to the identification of major internal control defects in the Company's financial report, there were no major internal control defects in the financial report on the base date of the internal control evaluation report.

According to the identification of major defects in the internal control of the Company's non-financial reports, the Company found no major defects in the internal control of non-financial reports on the base date of the internal control evaluation report.

There were no factors influencing the evaluation conclusion of internal control effectiveness between the base date of the internal control evaluation report and the date of issuance of the internal control evaluation report.

(2) Details of major internal control defects found during the reporting period

Yes No

XIII. Management and control of the Company's subsidiaries during the reporting period

Company name	Integration plan	Integration progress	Problems encountered in integration	Measures taken for solution	Solution progress	Subsequent planned solution
Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable

XIV. Internal control self-evaluation report or internal control audit report

(1) Self-evaluation report on internal control

Disclosure date of appraisal report on internal control	March 31, 2022	
Disclosure index of appraisal report on internal control	Disclosed by http://www.cninfo.com.cn dated March 31, 2022	
Proportion of total unit assets covered by appraisal in the total assets of the consolidated financial statements of the company	100.00%	
Proportion of total unit incomes covered by appraisal in the total business incomes of the consolidated financial statements of the company	100.00%	
Standards of Defects Evaluation		
Type	Financial Report	Non-financial Report
Standard	Deficiency characterized as below will be treated as fatal defects: To correct the fatal errors already published in the financial report (except for the retrospection and adjustments of previous years because of policies changing and other objective factors changing); fatal errors already discovered by auditor, unidentified in the current financial	(1) Punishment received by governments below provincial level (including provincial level) but no negative effects for our company's periodic report disclosure will be considered as a general deficiency; (2) or punishments from national governments above provincial level but no negative effects for our

	report; any fraud among top management; invalid monitoring to the financial report from audit committee and internal audit department.	company's periodic report disclosure will be considered as a significant deficiency; (3) external official disclosure has been already carried out and brought certain negative effects to our company's periodic report disclosure will be considered as a fatal deficiency.
Standards of Quantization	In accordance with the degree of importance of deficiency that may cause financial report errors, our company defined quantitative identification standard of financial report internal deficiency control as per the average of the last three-year total profit. 1) errors reported indicator < consolidating 3% of pre-tax profit, will be asserted as general deficiencies; (2) 3% of combined pre-tax profit \leq errors reported indicator < 5% of combined pre-tax profit, will be asserted as significant deficiencies; (3) errors reported indicator \geq 5% of combined pre-tax profit, will be asserted as fatal deficiencies.	1) Losses < consolidating 3% of pre-tax profit, will be asserted as general deficiencies; (2) 3% of combined pre-tax profit \leq losses < 5% of combined pre-tax profit, will be asserted as significant deficiencies; (3) losses \geq 5% of combined pre-tax profit, will be asserted as fatal deficiencies.
Number of major defects in financial reporting (a)	0	
Number of major defects in non financial reporting (a)	0	
Number of important defects in financial reporting (a)	0	
Number of important defects in non financial reporting (a)	0	

(2) Internal Control audit report

√ Applicable Not applicable

Review opinions in the internal control audit report	
As far as our best understanding, Hangzhou Steam Turbine Co., Ltd. has been conducting effective internal control over its financial reporting system in all material aspects we observed as of December 31, 2021, and has been following with the Enterprise Internal Control Criteria.	
Disclosure of internal audit report	Disclosure
Disclosure date of audit report of internal control (full-text)	March 31,2022

Index of audit report of internal control (full-text)	Disclosed by http://www.cninfo.com.cn dated March 31, 2022
Internal audit report's opinion	Unqualified audit opinion
Non-financial reporting the existence of significant deficiencies	No

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

Yes No

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

Yes No

XV. Rectification of self-examination problems in special governance actions of listed companies

None

V. Environmental & Social Responsibility

I. Significant environmental issues

Whether the Company or any of its subsidiaries is identified as a key polluter by the environment authorities

Yes No

Administrative penalties for environmental problems during the reporting period

Name of company or subsidiary	Reasons for punishment	Violation situation	Penalty result	Impact on the production and operation of listed companies	Company's rectification measures
Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable

Prevention and control of pollution facilities construction and operation

None

Administrative penalties for environmental problems during the reporting period

Applicable Not applicable

Reasons for not disclosing other environmental information

(I) Environmental protection

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

The company also continues to promote the awareness of social responsibility in the process of product design and process design, and embodies the concept of green environmental protection in the design process. The product design process fully considers the possibility of environmental pollution and the impact on occupational health, meets the international environmental protection requirements, reduces noise, reduces emissions, and uses harmless materials and processes. For example, by taking measures such as sound insulation enclosure, the running noise of steam turbine can meet the standard. Set up thermal insulation layer to reduce its thermal radiation to a safe level. In all kinds of nonmetallic materials used in steam turbines, components harmful to human body are eliminated.

(II) Energy conservation and emission reduction

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

II. Social responsibilities

For details of the Company's social responsibility report, please refer to the Social Responsibility Report of Hangzhou Steam Turbine Co., Ltd. for 2019-2021 published by the Company on CNINF (<http://www.cninfo.com.cn>) on March 31, 2022.

III. Consolidate and expand the achievements of poverty alleviation and rural revitalization

The Company participated in the assistance activities of "Connecting Villages and Towns" in Hangzhou, and from 2017 to 2021, it provided assistance activities to Zitong Town, Chun'an County with an annual fund of RMB 150,000.

VI. Important Events

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

√Applicable □ Not applicable

Commitment	Commitment maker	Type	Contents	Time of making commitment	Period of commitment	Fulfillment
Other commitments made to minority shareholders	Hangzhou Turbine Power Group Co., Ltd., Hangzhou Turbine Power Technology Co., Ltd. and other transferors	Commitment to the transfer target company's accounts receivable recovery and other matters	http://www.cninfo.com.cn (Announcement No.: 2021-101 and 2021-102)	November 16, 2021		Under Fulfillment
Executed timely or not?	Yes					
If the commitments failed to complete the execution when expired, should specifically explain the reasons of unfulfillment and the net stage of the working plan	Not applicable					

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

□ Applicable √ Not applicable

No such cases in the reporting period.

III. Illegal provision of guarantees for external parties

□ Applicable √ Not applicable

No such cases in the reporting period.

IV. Explanation of the Board of Directors on the latest "Non-standard Audit Report"

□ Applicable √ Not applicable

V. Notes for “non-standard audit report” of CPAs firm during the Reporting Period by board of directors and supervisory board

Applicable Not applicable

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

Applicable Not applicable

1. The Company has implemented the revised Accounting Standards for Business Enterprises No.21-Leasing (hereinafter referred to as the new leasing standards) from January 1, 2021 (hereinafter referred to as the first implementation date).

(1) For the contracts existing before the first implementation date, the Company chooses not to re-evaluate whether they are leases or include leases.

(2) For the lease contract in which the Company is the lessee, the Company adjusts the retained earnings at the beginning of the reporting period and other related items in the financial statements according to the cumulative impact of the new leasing standards and the original standard on the first implementation date, and does not adjust the information in the comparable period. The specific treatment is as follows:

For the financial lease before the first implementation date, the Company measures the right-to-use assets and lease liabilities respectively on the first implementation date according to the original book value of the financial lease assets and the financial lease payments payable.

For the operating lease before the first implementation date, the Company measures the lease liabilities on the first implementation date according to the present value of the remaining lease payment discounted at the incremental borrowing rate on the first implementation date, and measures the right-to-use assets according to the amount equal to the lease liabilities, and makes necessary adjustments according to the prepaid rent.

On the first implementation date, the Company conducts impairment test on the right-to-use assets and makes corresponding accounting treatment according to the provisions of Note III (XVII) to this Financial Statement.

1) The main impacts of the implementation of the new leasing standards on the Company's financial statements on January 1, 2021 are as follows:

In RMB

Item	Balance Sheet		
	December 31,2020	Impact of new leasing standards adjustment	January 1,2021
Other current assets	50,652,585.75	-635,765.86	50,016,819.89
Right-to-use assets		28,461,441.04	28,461,441.04
Non-current liabilities due within one year	1,001,088.89	5,631,931.50	6,633,020.39
Lease liabilities		22,193,743.68	22,193,743.68

2) The weighted average value of the Company's incremental borrowing interest rate adopted for the lease liabilities included in the balance sheet on the first implementation date is 4.12%.

3) Simplification of operating lease before the first implementation date

① For lease contracts completed within 12 months after the first implementation date, the Company adopts

simplified method, and does not recognize the right-to-use assets and lease liabilities;

② When measuring lease liabilities, the Company adopts the same discount rate for lease contracts with similar characteristics;

③ The measurement of the right-to-use assets does not include the initial direct cost;

④ The Company determines the lease term according to the actual exercise of the option to renew or terminate the lease before the first implementation date and other latest information;

⑤ As an alternative to the impairment test of the right-to-use assets, the Company evaluates whether the contract containing lease is a loss contract before the first implementation date according to the Accounting Standards for Business Enterprises No.13-Contingencies, and adjusts the right-to-use assets according to the loss reserve amount included in the balance sheet date before the first implementation date;

⑥ For the lease change before the first implementation date, the Company makes accounting treatment according to the final arrangement of the lease change.

The above simplification has no significant impact on the Company's financial statements.

(3) For the operating lease contracts with low-value assets that existed before the first implementation date, the Company adopts simplified methods, and does not recognize the right-to-use assets and lease liabilities, and treats them according to the new leasing standards since the first implementation date.

(4) The lease contract of the Company as the lessor shall be accounted for according to the new leasing standards from the first implementation date.

2. Since January 26, 2021, the Company has implemented the Interpretation No.14 of Accounting Standards for Business Enterprises issued by the Ministry of Finance in 2021, and this change of accounting policy has no impact on the Company's financial statements.

3. Since December 31, 2021, the Company has implemented the "Relevant Presentation of Centralized Fund Management" in Interpretation No.15 of Accounting Standards for Business Enterprises promulgated by the Ministry of Finance, and this change of accounting policy has no impact on the Company's financial statements.

VII. Explain change of the consolidation scope as compared with the financial reporting of last year.

Applicable Not applicable

(I) Business merger not under the same control

1. Business merger not under the same control in the current period

(1) Basic information

In RMB

Name of the acquiree	Time of equity acquisition	Cost for equity acquisition	Equity acquisition ratio (%)	Equity acquisition method
Zhongrun Company	[Note]	11,899,308.84	51.99	Capital contribution, capital increase and equity transfer

(Continued)

Name of the acquiree	Acquisition date	Basis for determining the acquisition date	Income of the acquiree from the acquisition date to	Net profit of the acquiree from the date of purchase to the end of the period
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			the end of the period	
Zhongrun Company	2021.1.4	Gained control	5,786,975.59	-2,951,633.70

[Note] On April 17, 2020, the subsidiary Turbine Company acquired 6.99% equity of Zhongrun Company through equity transfer, and held 51.99% equity of Zhongrun Company in total as of that date.

(2) Other note

On January 4, 2021, Zhongrun Company's shareholders' meeting decided to amend the Articles of Association. Before this amendment, Zhongrun Company had 3 board members, with its subsidiaries Turbine Company, Zhejiang Tianquan Surface Technology Co., Ltd. and Ningbo Daxie Development Zone Huashun Industry & Trade Co., Ltd. each recommending one. The resolution of the Board of Directors shall be unanimously approved by all directors. After this revision, Zhongrun Company has 5 board members, 3 recommended by Turbine Company, 1 recommended by Zhejiang Tianquan Surface Technology Co., Ltd. and 1 by Ningbo Daxie Development Zone Huashun Industry & Trade Co., Ltd., and the resolutions of the Board of Directors shall be approved by half of all directors. Therefore, the Company has included it in the scope of consolidated financial statements since January 2021

2. Merger cost and goodwill

In RMB

Items	Zhongrun Company
Merger cost	12,221,508.84
Fair value of equity held before the acquisition date at the acquisition date	12,221,508.84
Total merger cost	12,221,508.84
Less: fair value share of identifiable net assets obtained	5,729,813.25
Investment loss [Note]	6,491,695.59

[Note] Turbine Company, a subsidiary company, merged with Zhongrun Company under the same control in the current period, and the difference between the cost of business merger and the fair value share of identifiable net assets of the acquiree of RMB 6,491,695.59 was the investment loss, which was included in the current profits and losses.

3. Identifiable assets and liabilities of the acquiree on the acquisition date

(1) Details

In RMB

Items	Zhongrun Company	
	Fair value at the acquisition date	Book value at the acquisition date
Assets		
Current assets	3,176,621.59	3,176,621.59
Non-current assets	9,372,055.51	9,372,055.51
Liabilities		
Current liabilities	1,219,742.20	1,219,742.20
Net assets	11,328,934.90	11,328,934.90
Less: Minority shareholders' equity	5,599,121.65	5,599,121.65

Net assets obtained	5,729,813.25	5,729,813.25
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The recognition method of the fair value of identifiable assets and liabilities

The fair values of identifiable assets and liabilities are assessed and determined by the Company's management according to the asset assessment report (TYPB Zi [2022] No.0099).

4. Profits or losses arising from remeasurement of equity held before the acquisition date according to fair value

In RMB

Name of the acquiree	Book value of equity originally held before the acquisition date at the acquisition date	Book value of equity originally held before the acquisition date at the acquisition date	Profits or losses arising from remeasurement of equity originally held before the acquisition date according to fair value	Methods and main assumptions for determining the fair value of the equity held before the acquisition date on the acquisition date	The amount of other comprehensive income and other changes in owner's equity related to the equity originally held before the acquisition date transferred to investment income/retained income
Zhongrun Company	12,221,508.84	5,729,813.25	-6,491,695.59	Asset Appraisal Report (TYPB Zi [2022] No.0099)	

(II) Business merger under the same control

1. Business merger under the same control in the current period

In RMB

Name of the mergee	Proportion of equity acquired in business merger	Basis for business merger under the same control	Merger date	Basis for determining the merger date
New Energy Company	80.775% [Note]	Under the control by Hangzhou Steam Turbine Group before and after the merger and such control is not temporary	2021-11-9	Complete the industrial and commercial change registration
Sales Company	30.00%		2021-11-11	
China Mechanical Institute Company	55.00%		2021-11-23	
Ranchuang Company	40.00% [Note]		2021-11-23	
Hangfa Company	85.00%		2021-11-9	

(Continued)

In RMB

Name of the mergere	Income of the mergee from the beginning of the current combination period to the merger date	Net profit of the mergee from the beginning of the current combination period to the merger date	Income of the mergee in the comparison period	Net profit of the mergee in the comparison period
New Energy Company	149,458,863.67	7,395,005.14	103,653,434.98	1,078,850.05

Sales Company	188,610,844.58	8,432,280.45	221,357,395.87	8,621,258.15
China Mechanical Institute Company	3,614,549.00	759,480.49	2,575,133.31	344,026.48
Ranchuang Company		597,931.22		460,570.72
Hangfa Company	182,619,803.38	-46,185,900.45	290,563,893.08	7,873,048.96

[Note] (1) Before the merger date, the Company held 15% equity of New Energy Company, and in the current period, 80.775% equity was acquired through enterprise merger under the same control, while 4.225% equity was acquired through minority equity acquisition, and 100% equity of New Energy Company was held in total on the merger date;

(2) Before the merger date, the Company held 45.60% equity of the Company, and in the current period, 40% equity was acquired through enterprise merger under the same control. On the merger date, 85.60% equity of Ranchuang Company was held in total;

(3) In the current period, Zhongneng Company, a subsidiary company, acquired 85% equity of Hangfa Company through enterprise merger under the same control, and acquired 15% of minority equity at the same time. 100% equity of Hangfa Company was held in total on the merger date.

2. Merger cost

In RMB

Items	New Energy Company	Sales Company	China Mechanical Institute Company	Ranchuang Company	Hangfa Company
Merger cost	20,608,543.31	28,200,000.00	1,390,093.91	21,867,906.69	238,101,172.96
Cash	20,608,543.31	28,200,000.00	1,390,093.91	10,139,132.68	238,101,172.96
Book value of equity acquired before the merger date				11,728,774.01	

3. Book value of the assets and liabilities of the mergee at the merger date

In RMB

Items	New Energy Company		Sales Company		China Mechanical Institute Company	
	Merger date	End of last period	Merger date	End of last period	Merger date	End of last period
Assets						
Monetary fund	33,589,914.95	40,569,332.78	15,501,453.30	20,033,191.99	1,003,348.30	1,185,634.20
Notes receivable						488,000.00
Account receivable	56,243,377.98	35,098,137.82	54,812,233.58	43,427,205.04	1,961,924.08	242,457.32
Financing of receivables	23,565,800.00	33,022,737.80	2,702,555.00	1,500,000.00		
Prepayments	10,087,834.14	8,699,648.50	1,333,702.76	392,444.61		366,380.00
Other account receivable	2,409,988.99	1,150,090.93	281,078.18	545,692.19		

Inventories	16,527,789.94	13,741,179.88	1,094,527.22	1,052,440.13		
Contract assets						
Other current asset	1,118,383.61	1,104,147.21	279,176.20	291,503.72		36,606.61
Long-term receivable	167,541,093.21	242,241,093.20				
Other non-current financial assets						
Property investment			13,989,564.41	14,897,525.04		
Fixed assets	5,448,177.71	14,814,604.89	17,937,519.22	18,166,503.25	3,901.86	6,787.49
Construction in progress			656,954.01	355,883.13		
Intangible assets	424,106.34	467,221.39	4,797,285.32	4,891,873.62		
Deferred income tax asset	15,261,735.86	20,035,173.46	846,472.47	560,115.12		
Liabilities						
Short-term loans						
Notes payable	46,963,029.38	31,791,800.73				
Account payable	24,676,627.21	32,643,315.77	57,145,994.47	48,891,509.41	161,100.00	280,000.00
Advance receipts	40,361,031.90	64,774,760.16	1,227,930.22	1,061,520.22		
Contract liabilities						
Employees' wage payable	302,650.49	3,716,383.27	942,334.02	831,364.51		
Tax payable	1,691,359.83	52,528.77	2,189,430.49	2,971,566.35	19,404.61	16,676.48
Other account payable	242,284,362.54	309,715,360.29	1,079,554.51	936,979.75		
Other current liability	3,827,183.32	3,532,265.95				
Long-term payable						
Expected liabilities						
Deferred income			5,908,796.29	6,615,236.38		
Net assets	-27,888,041.94	-35,283,047.08	45,738,481.67	44,806,201.22	2,788,669.63	2,029,189.14
Less: Minority shareholders' equity	-1,178,269.77	-1,490,708.74	32,016,937.17	31,364,340.85	1,254,901.33	913,135.11
Net assets obtained	-26,709,772.17	-33,792,338.34	13,721,544.50	13,441,860.37	1,533,768.30	1,116,054.03

(Continued)

In RMB

Items	Ranchuang Company		Hangfa Company	
	Merger date	End of last period	Merger date	End of last period
Assets				
Monetary fund	40,563,903.64	47,896,082.84	40,752,363.53	60,344,413.02
Notes receivable				
Account receivable			53,067,036.69	158,702,565.77
Financing of receivables			13,601,386.25	14,412,623.99
Prepayments		48,800.00	5,337,181.82	7,986,176.84
Other account receivable		855.00	12,862,762.67	4,416,041.94
Inventories			149,314,789.83	120,027,461.76
Contract assets			56,486,319.68	
Other current asset			96,000.00	255,511.19
Long-term receivable				
Other non-current financial assets			137,760.74	137,760.74
Property investment			6,979,407.17	7,356,528.53
Fixed assets	50,317.99	54,583.23	158,287,888.57	167,896,233.80
Construction in progress				
Intangible assets			35,928,778.95	36,753,683.25
Deferred income tax asset		11.25		
Liabilities				
Short-term loans			36,052,680.83	36,054,863.62
Notes payable			36,380,770.82	34,650,000.00
Account payable			189,733,165.45	193,512,312.79
Advance receipts			533,345.79	51,998,565.24
Contract liabilities			54,594,257.80	
Employees' wage payable		30,156.66	7,553,182.91	9,334,140.88
Tax payable	12,615.31	15,023.86	8,933,134.62	13,099,758.45
Other account payable	254,777.02	125,397.98	3,166,487.61	3,686,131.70
Other current liability			7,097,253.51	
Long-term payable			2,023,928.32	2,023,928.32
Expected liabilities			6,366,270.01	
Deferred income	15,375,833.65	23,456,689.39	128,333,278.75	135,659,479.90
Net assets	24,970,995.65	24,373,064.43	52,083,919.48	98,269,819.93

Less: Minority shareholders' equity	3,595,823.37	3,509,721.28	7,812,587.92	14,740,472.99
Net assets obtained	21,375,172.28	20,863,343.15	44,271,331.56	83,529,346.94

(V) Changes in the scope of merger due to other reasons

1. Increase of merger Scope

Company name	Equity acquisition method	Time of equity acquisition	Subscribed contribution amount	Ratio of contributions
Hanhui Casting Company	Newly established	2021.11.25	67 million yuan	67.00%

Note: On November 25, 2021, the subsidiary Casting and Forging Company and Wuhu Fanchang Chungu Industrial Investment Fund Co., Ltd. jointly invested in the establishment of Anhui Casting Company. As of December 31, 2021, the investors have not paid their capital contributions, and Anhui Casting Company has not yet started operations

2. Reduction of merger scope

In RMB

Company name	Equity disposal method	Time of equity disposal	Net assets at the disposal date	Net profit from beginning of the period to the disposal date
Kunming Hangzhong Steam Turbine Technology Service Co., Ltd.	Cancelled	2021.11.25	7,825,445.34	3,355,286.33
Shijiazhuang Hangneng Steam Turbine Technology Service Co., Ltd.	Cancelled	2021.12.15	6,224,126.00	1,136,869.87
Urumqi Hangzhong Steam Turbine Technology Service Co., Ltd.	Cancelled	2021.12.31	4,271,883.05	-90,645.42
Tangshan Hangzhongneng Steam Turbine Technology Service Co., Ltd.	Cancelled	2021.12.1	4,389,495.50	101,775.52
Guangxi Hangzhongneng Steam Turbine Technology Service Co., Ltd.	Cancelled	2021.12.28	2,520,015.55	23,134.73
Jilin Hangzhongneng Steam Turbine Technology Service Co., Ltd.	Cancelled	2021.12.31	3,775,367.90	1,108,026.30
Chengdu Hangzhongneng Technology Co., Ltd.	Cancelled	2021.12.29	570,141.94	-496,261.90
Luoyang Hangqi Steam Turbine Technology Service Co., Ltd.	Cancelled	2021.12.31	4,516,655.94	940,047.48
Heavy Industry Company(Note)	M & A	2021.12.10	1,006,529,090.99	2,106,291.93

[Note] On September 29, 2021, Due to the needs of business development, the Company signed a Merger Agreement with its subsidiary Hangzhou Steam Turbine Heavy Industry Co., Ltd., which was absorbed and merged on September 30, 2021 as the base date, and whose legal person status was cancelled.

VIII. Engagement/Disengagement of CPAs

CPAs currently engaged

Name of the domestic CPAs	Pan-China Certified Public Accountants (Special common partnership)
Remuneration for domestic accounting firm (In RMB 10,000)	116
Successive years of the domestic CPAs offering auditing services	23
Names of the certified public accountants from the domestic CPAs	Sheng Weiming, Ye Xianbin
Successive years of the domestic CPAs offering auditing services	5

Has the CPAs been changed in the current period

 Yes No

Engaging of CPA for internal auditing, financial consultants or sponsors

 Applicable Not applicable

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

IX. Situation of Facing Listing Suspension and Listing Termination after the Disclosure of the Yearly Report Applicable Not applicable**X. Relevant Matters of Bankruptcy Reorganization** Applicable Not applicable

No such cases in the reporting period.

XI. Matters of Important Lawsuit and Arbitration Applicable Not applicable

No such cases in the reporting period.

XII. Situation of Punishment and Rectification Applicable Not applicable

No such cases in the reporting period.

XIII. Credit Condition of the Company and its Controlling Shareholders and Actual Controllers Applicable Not applicable**XIV. Material related transactions**

1. Related transactions in connection with daily operation

 Applicable Not applicable

No such cases in the reporting period.

2. Related-party transactions arising from asset acquisition or sale

√ Applicable □ Not applicable

Related party	Related association	Type of related party transaction	Content of related party transaction	Pricing principle of related party transactions	Book value of transferred assets (RMB '0,000)	Evaluation value of transferred assets (RMB '0,000)	Transfer price (RMB '0,000)	Settlement method of related party transactions	Transaction profit and loss (RMB '0,000)	Disclosure date	Disclosure index
Hangzhou Steam Turbine Group, Hangzhou Guoyu Property Management Co., Ltd.(Note)	Holding subsidiaries of the Group and parent company	Business merger under the same control	The company acquired 80.775% equity of the new energy company held by Hangzhou Steam Turbine Group and its subsidiary Hangzhou Guoyu Property Management Co., Ltd.	Assessed valuation value	-3,614.56	2,060.85	2,060.85	Cash settlement	0.00	2021-11-4	http://www.cninfo.com.cn (Announcement No.:2021-95)
HSTG	Group Company	Business merger under the same control	The company acquired 30.00% equity of the sales company held by	Assessed valuation value	1,225.01	2,820.00	2,820.00	Cash settlement	0.00	2021-11-4	http://www.cninfo.com.cn (Announcement No.:2021-95)

			Hangzhou Steam Turbine Group								
HSTG	Group Company	Business merger under the same control	Subsidiary Zhongne ng Company acquired 85.00% equity of Hangfa Company held by Hangzhou Steam Turbine Group	Assessed valuation value	5,223.93	23,810.12	23,810.12	Cash settlement	0.00	2021-11-4	http://www.cninfo.com.cn (Announcement No.:2021-95)
HSTG	Group Company	Business merger under the same control	The company acquired 55.00% equity of China Mechanical Institute Company held by Hangzhou Steam Turbine Group	Assessed valuation value	126.34	139.01	139.01	Cash settlement	0.00	2021-11-4	http://www.cninfo.com.cn (Announcement No.:2021-95)
HSTG	Group Company	Business merger under the same control	The company acquired 40.00%	Assessed valuation value	998.61	1,013.91	1,013.91	Cash settlement	0.00	2021-11-4	http://www.cninfo.com.cn (Announcement No.:2021-95)

			equity of Ranchuan Company held by Hangzhou Steam Turbine Group)
Hangzhou Guoyu Property Management Co., Ltd	Holding subsidiary of parent company	Acquisition of minority shareholders' equity	The company acquired 5% equity of the complete set company held by Hangzhou Guoyu Property Management Co., Ltd.	Assessed valuation value	557.75	1,020.00	1,020.00	Cash settlement	0.00	2021-11-4	http://www.cninfo.com.cn (Announcement No.:2021-95)
Reasons for large difference between transfer price and book value or evaluation value (if any)				There was no difference in the transfer price from the assessed value							
Impact on the Company's operating results and financial status				No significant impact							
Performance realization during the reporting period, if performance agreement is involved in related transaction				Not applicable							

[Note] Hangzhou Steam Turbine Power Technology group Co., Ltd. changed its company name to Hangzhou Guoyu Property Management Co., Ltd. on January 13, 2022.

3. Related party transactions of joint outbound investment

Applicable Not applicable

No such cases in the reporting period.

4. Credits and liabilities with related parties

Applicable Not applicable

Whether there is any non-operating related creditor's rights and debts

Yes No

Creditor's rights receivable from related parties

Related party	Related association	Cause	Whether there is any occupation of non-operating funds	Opening balance (RMB '0,000)	New amount in current period (RMB '0,000)	Amount recovered in the current period (RMB '0,000)	Interest rate	Current interest (RMB '0,000)	Ending balance (RMB '0,000)

Debt payable to related parties

Related party	Related association	Cause	Opening balance (RMB '0,000)	New amount in current period (RMB '0,000)	Repayment amount in current period (RMB '0,000)	Interest rate	Current interest (RMB '0,000)	Ending balance (RMB '0,000)
HSTG	Group Company	Borrowing funds	309,254,400.43	11,729,618.51	80,984,018.94	3.85%	11,729,618.51	240,000,000
Influence of related debt on the Company's operating results and financial status		Due to the needs of production and operation, Hangzhou Steam Turbine Engineering Co., Ltd. (now renamed as New Energy Company) began to borrow funds from Hangzhou Steam Turbine Group in 2016. The debt has no significant impact on the company's operating results and financial status.						

5. Transactions with related finance company, especially one that is controlled by the Company

Applicable Not applicable

No such cases in the reporting period.

6. Transactions between the financial company controlled by the Company and related parties

Applicable Not applicable

There is no deposit, loan, credit or other financial business between the financial company controlled by the Company and related parties.

7. Other significant related-party transactions

Applicable Not applicable

XV. Significant contracts and execution

1. Entrustments, contracting and leasing

(1) Entrustment

Applicable Not applicable

No such cases in the reporting period.

(2) Contracting

Applicable Not applicable

No such cases in the reporting period.

(3) Leasing

Applicable Not applicable

No such cases in the reporting period.

2. Significant Guarantees

Applicable Not applicable

In RMB10,000

Outward guarantees offered by the Company and its subsidiaries (Excluding guarantee to the subsidiaries)										
Name of the Company	Relevant disclosure date/No. of the guaranteed amount	Amount of Guarantee	Date of happening (Date of signing agreement)	Actual amount of guarantee	Guarantee type	Guaranty (If any)	Counter-guarantee (If any)	Guarantee term	Complete implementation or not	Guarantee for associated parties (Yes or no)
Guarantee of the company for its subsidiaries										
Zhejiang Steam Turbine Packaged Technology Developm	April 24,2021	5,000	August 14,2021		The joint liability guaranty			Three years from the date of expiration of the principal debt	No	No

ent Co., Ltd.										
Hangzhou Steam Turbine Casting Co., Ltd.	May 27,2021	2,000	May 29,2021	1,000	The joint liability guaranty			Three years from the date of expiration of the principal debt	No	No
Hangzhou Zhongnen g Steam Turbine Power Co., Ltd.	November 4,2021	16,800	October 31,2021	16,800	The joint liability guaranty			Two years from the date of expiration of the principal debt	No	No
Total of guarantee for subsidiaries approved in the period(B1)			23,800	Total of actual guarantee for subsidiaries in the period (B2)						17,800
Total of guarantee for subsidiaries approved at period-end(B3)			23,800	Total of actual guarantee for subsidiaries at period-end(B4)						17,800
Guarantee of the subsidiaries for the controlling subsidiaries										
Name of the Company	Relevant disclosure date/No. of the guaranteed amount	Amount of Guarantee	Date of happening (Date of signing agreement)	Actual amount of guarantee	Guarantee type	Guaranty (If any)	Counter-guarantee (If any)	Guarantee term	Complete implementation or not	Guarantee for associated parties (Yes or no)
Hangzhou Guoneng Steam Turbine Engineering Co., Ltd.	July 20,2021	7,000	July 20,2021	1,640	The joint liability guaranty			Three years from the date of expiration of the principal debt	No	No
Hangzhou Guoneng Steam Turbine Engineering Co., Ltd.	July 20,2021	5,000	July 20,2021	2,416.34	The joint liability guaranty			Three years from the date of expiration of the principal debt	No	No
Hangzhou Guoneng Steam Turbine Engineering Co., Ltd.	July 20,2021	5,000	July 20,2021	4,997.35	The joint liability guaranty			Two years from the date of expiration of the principal debt	No	No
Total guarantee quota to			17,000	Total amount of						9,053.69

the subsidiaries approved in the reporting period (C1)		guarantee to the subsidiaries actually incurred in the reporting period (C2)	
Total guarantee quota to the subsidiaries approved at the end of the reporting period (C3)	17,000	Total balance of actual guarantee to the subsidiaries at the end of the reporting period (C4)	9,053.69
Total of Company's guarantee (namely total of the large three aforementioned)			
Total of guarantee in the Period (A1+B1+C1)	40,800	Total of actual guarantee in the Period (A2+B2+C2)	26,853.69
Total of guarantee at Period-end (A3+B3+C3)	40,800	Total of actual guarantee at Period-end (A4+B4+C4)	26,853.69
The proportion of the total amount of actually guarantee in the net assets of the Company(that is A4+B4+C4)			3.39%
Including			
Amount of guarantee for shareholders, actual controller and its associated parties (D)			0
The debts guarantee amount provided for the Guaranteed parties whose assets-liability ratio exceed 70% directly or indirectly (E)			16800
Proportion of total amount of guarantee in net assets of the company exceed 50% (F)			0
Total guarantee Amount of the abovementioned guarantees (D+E+F)			16800
Explanations on possibly bearing joint and several liquidating responsibilities for undue guarantees (If any)			No
Explanations on external guarantee against regulated procedures(If any)			No

Description of the guarantee with complex method

3.Situation of Entrusting Others for Managing Spot Asset

(1)Situation of Entrusted Finance

Applicable Not applicable

Overview of entrusted wealth-management during the reporting period

In RMB 10,000

Specific type	Source of funds for entrusted financial management	The Occurred Amount of Entrusted Wealth-management	Undue balance	Amount overdue	Un-recovered of overdue amount
Bank financing product	Self funds	152,000	95,800	0	0
Total		152,000	95,800	0	0

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

Applicable Not applicable

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

Applicable Not applicable

(2)Situation of Entrusted Loans

Applicable Not applicable

None

4. Other significant contract

Applicable Not applicable

None

XVI. Explanation on other significant events

Applicable Not applicable

XVII. Significant event of subsidiary of the Company

Applicable Not applicable

- Investment by Casting Company, The contents is detailed on September 28, 2021 at the website designated by the Shenzhen Stock Exchange ([http // www.cninfo.com.cn](http://www.cninfo.com.cn)). (Announcement No. 2021-82)
- Change of company name and business scope of engineering company, he contents is detailed on December 8, 2021 at the website designated by the Shenzhen Stock Exchange ([http // www.cninfo.com.cn](http://www.cninfo.com.cn)). (Announcement No. 2021-107)
- Turbine heavy industry completed the cancellation. The contents is detailed on December 14,2021 at the website designated by the Shenzhen Stock Exchange ([http // www.cninfo.com.cn](http://www.cninfo.com.cn)). (Announcement No. 2021-108)

VII. Change of share capital and shareholding of Principal Shareholders

1.Changes in share capital

1.Changes in share capital

In shares

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

Causes of Change of shares

 Applicable Not applicable

Approval of change of the shares

 Applicable Not applicable

Ownership transfer of share changes

 Applicable Not applicable

Influence on the basic EPS and diluted EPS as well as other financial indexes of net assets per share attributable to common shareholders of Company in latest year and period

 Applicable Not applicable

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

 Applicable Not applicable

2. Change of shares with limited sales condition

 Applicable Not applicable

In Shares

Shareholder Name	Initial Restricted Shares	Number of Unrestricted Shares This	Number of Increased Restricted	Restricted Shares in the End of	Reason for Restricted Shares	Date of Restriction Removal

		Term	Shares This Term	the Term		
Zheng Bin	0	250,000	0	250,000	Equity incentive restricted stocks	The limitations are lifted according to the relevant provisions of the 2021 restricted stock incentive plan
Ye Zhong	0	250,000	0	250,000	Equity incentive restricted stocks	The limitations are lifted according to the relevant provisions of the 2021 restricted stock incentive plan
Yang Yongming	0	200,000	0	200,000	Equity incentive restricted stocks	The limitations are lifted according to the relevant provisions of the 2021 restricted stock incentive plan
Wang Gang	0	200,000	0	200,000	Equity incentive restricted stocks	The limitations are lifted according to the relevant provisions of the 2021 restricted stock incentive plan
Kong Jianqiang	0	200,000	0	200,000	Equity incentive restricted stocks	The limitations are lifted according to the relevant provisions of the 2021 restricted stock incentive plan
Li Jiansheng	0	200,000	0	200,000	Equity incentive restricted stocks	The limitations are lifted according to the relevant provisions of the 2021 restricted stock incentive plan
Wang Zhengrong	0	200,000	0	200,000	Equity incentive restricted stocks	The limitations are lifted according to the relevant provisions of the 2021 restricted stock incentive plan
Zhao Jiamao	0	200,000	0	200,000	Equity incentive restricted stocks	The limitations are lifted according to the relevant provisions of the 2021 restricted stock incentive plan
Li Guiwen	0	200,000	0	200,000	Equity incentive restricted stocks	The limitations are lifted according to the relevant provisions of the 2021 restricted stock incentive plan
Cai Weijun	0	200,000	0	200,000	Equity incentive restricted stocks	The limitations are lifted according to the relevant provisions of the 2021 restricted stock incentive plan
Other	108,059	15,960,000	0	16,068,059	Equity incentive restricted stocks and Senior executive restricted stock	The limitations are lifted according to the relevant provisions of the 2021 restricted stock incentive plan
Total	108,059	18,060,000	0	18,168,059	--	--

II. Securities issue and listing

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

Applicable Not applicable

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

Applicable Not applicable

3.About the existing employees' shares

Applicable Not applicable

III. Particulars about the shareholders and substantial controller

1. Amount of shareholders and their shareholding position

In shares

Total number of common shareholders at the end of the reporting period	11,086	Total shareholders at the end of the month from the date of disclosing the annual report	11,034	The total number of preferred shareholders voting rights restored at period-end (if any)(Note 8)	0	Total preference shareholders with voting rights recovered at end of last month before annual report disclosed(if any)(Note8)	0
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Particulars about shares held above 5% by shareholders or top ten shareholders

Shareholders	Nature of shareholder	Proportion of shares held (%)	Number of shares held at period -end	Changes in reporting period	Amount of restricted shares held	Amount of un-restricted shares held	Number of share pledged/frozen	
							State of share	Amount
Hangzhou Steam Turbine Power Group Co., Ltd.	State-owned legal person	63.64%	479,824,800	0	479,824,800	0		
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	Foreign legal person	1.02%	7,677,425	4997714	0	7,677,425		
China Merchants Securities (HK)Co., Ltd.	State-owned legal person	0.74%	5,590,477	1473174	0	5,590,477		
Zhou Jie	Domestic Natural person	0.61%	4,622,700	281600	0	4,622,700		
VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	Foreign legal person	0.59%	4,434,453	-931424	0	4,434,453		

VANGUARD EMERGING MARKETS STOCK INDEX FUND	Foreign legal person	0.57%	4,282,082	319878	0	4,282,082		
ISHARES CORE MSCI EMERGING MARKETS ETF	Foreign legal person	0.52%	3,898,263	666962	0	3,898,263		
NORGES BANK	Foreign legal person	0.33%	2,514,529	0	0	2,514,529		
Xia Zulin	Domestic Natural person	0.31%	2,320,000	0	0	2,320,000		
Gu Yang	Domestic Natural person	0.21%	1,568,324	63772	0	1,568,324		
Particulars about strategic investors or general corporations becoming among the top 10 shareholders due to share placing	Not applicable							
Explanation on associated relationship among the aforesaid shareholders	<p>(1) Hangzhou Steam Turbine Power Group Co., Ltd. is the holder of state-shares of the Company, all other shareholders' are holders of domestic listed foreign shares (B shares)</p> <p>(2) There is no relationship between Hangzhou Steam Turbine Power Group Co., Ltd. and other shareholders;</p> <p>(3) Hangzhou Steam Turbine Power Group Co., Ltd. is not an "action-in-concert" party with any of other shareholders as described by the "Administration Rules of Informational Disclosure about Change of Shareholding Statues of PLCs".</p>							
Above shareholders entrusting or entrusted with voting rights, or waiving voting rights	Not applicable							
Top 10 shareholders including the special account for repurchase (if any) (see note 10)	Not applicable							
Top 10 holders of shares without trading limited conditions								
Name of the shareholder	Amount of unconditional shares held at end of period	Category of shares						
		Category	Amount					
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	7,677,425	Foreign shares placed in domestic exchange	7,677,425					
China Merchants Securities(HK)Co., Ltd.	5,590,477	Foreign shares placed in domestic exchange	5,590,477					
Zhou Jie	4,622,700	Foreign shares placed in domestic exchange	4,622,700					

VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	4,434,453	Foreign shares placed in domestic exchange	4,434,453
VANGUARD EMERGING MARKETS STOCK INDEX FUND	4,282,082	Foreign shares placed in domestic exchange	4,282,082
ISHARES CORE MSCI EMERGING MARKETS ETF	3,898,263	Foreign shares placed in domestic exchange	3,898,263
NORGES BANK	2,514,529	Foreign shares placed in domestic exchange	2,514,529
Xia Zulin	2,320,000	Foreign shares placed in domestic exchange	2,320,000
Gu Yang	1,568,324	Foreign shares placed in domestic exchange	1,568,324
Wang Yihu	1,539,966	Foreign shares placed in domestic exchange	1,539,966
Explanation on associated relationship or consistent action among the top 10 shareholders of non-restricted negotiable shares and that between the top 10 shareholders of non-restricted negotiable shares and top 10 shareholders	<p>1) It is unknown to the Company if there is any relationship among the top 10 common share holders without restriction;</p> <p>(2) Hangzhou Steam Turbine Group Co., Ltd. is not an action-in-concert” party with any of other shareholders as described by the “Administration Rules of Informational Disclosure about Change of Shareholding Statues of PLCs”.</p>		
Notes to the shareholders involved in financing securities (if any)(See Notes 4)	Not applicable		

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

Yes No

The top ten common shareholders or top ten common shareholders with un-restrict shares held of the Company have no buy –back agreement dealing in reporting period.

2.Controlling shareholder

Nature of Controlling Shareholders: Local state holding

Type: Legal person

Name of the holding shareholder	Legal representative	Incorporated in	Organization code	Registered capital
Hangzhou Steam Turbine Power Group Co., Ltd.	Zhang Weijie	December 14, 1992	91330100143071842L	Manufacturing and processing: textile machinery, Manufacturing machines, paper-making machinery, pump, casting products, electrical tools, gear box, thermal transmitter, digital controlling device, and spare parts of the above (limited to the subsidiaries); Contracting of domestic and overseas machinery engineering projects, export of above equipments and materials, provide labor services for above overseas projects. Thermal power plant project and equipment engineering; wholesale and retail: products and spare parts manufactured by members of the group, and technical research, consulting, and service of above products; Provide materials, equipments, and spare parts to members of the Group, water and power supply (other than installation and maintaining of power supply equipment); Including the business scope of subsidiaries.
Shareholding status of the holding shareholder in other PLCs in the country and abroad during the report period			None	

Change of holding shareholder

 Applicable Not applicable

No change of holding shareholder in the report period.

3. Information about the controlling shareholder of the Company

Actual controller nature: Local state owned Assets Management

Actual controller type: Legal person

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

report period	
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Change of the actual controller in the reporting period

Applicable Not applicable

None

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



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

Applicable Not applicable

4.The cumulative number of shares pledged by the controlling shareholder or the largest shareholder of the company and its person acting in concert accounts for 80% of the number of shares held by the company

Applicable Not applicable

5.Particulars about other legal person shareholders with over 10% share held

Applicable Not applicable

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

Applicable Not applicable

IV. Specific implementation of share repurchase during the reporting period

Progress in implementation of share repurchase

Applicable Not applicable

Implementation progress of reducing repurchased shares by centralized bidding

Applicable Not applicable

VIII. Situation of the Preferred Shares

Applicable Not applicable

The Company had no preferred shares in the reporting period.

IX. Corporate Bond

Applicable Not applicable

X. Financial Report

I. Auditors' Report

Type of auditing opinion	Standard report without qualified opinion
Date of signature of audit report	March 29,2022
Name of the CPA	Pan-China Certified Public Accountants (Special common partnership)
Ref. No. of the Auditors' Report	Tian Jian Shen No.: [2022] 1568
Name of the certified accountants	Sheng Weiming, Ye Xianbin

Auditors' Report

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

I. Opinion

We have audited the financial statements of Hangzhou Steam Turbine Co., Ltd.(hereinafter referred to as "the Company"), which comprise the balance sheet as at December 31, 2021, and the income statement, the statement of cash flows and the statement of changes in owners' equity for the year then ended and notes to the financial statements.

In our opinion, the attached financial statements are prepared, in all material respects, in accordance with Accounting Standards for Business Enterprises and present fairly the financial position of the Company as at December 31, 2021 and its operating results and cash flows for the year then ended.

II. Basis for Our Opinion

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

III. Key Audit Matters

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

(1) Recognition of income

1.Description of the matter

For details of the relevant information disclosure, please refer to Note III (21) and Note V (2) 1 in the financial statements.

The operating income of Hangzhou Steam Turbine Co., Ltd. mainly comes from the R&D, production and sales of industrial steam turbines and other products. In 2021, the amount of operating income items shown in the consolidated financial statements of Hangzhou Steam Turbine Co., Ltd. was RMB 5.788 billion, of which the operating income of industrial steam turbine and accessories sales business was RMB 4.779 billion, accounting for 82.57% of the operating income.

The company has formulated specific revenue recognition methods according to different businesses.

Sales of industrial steam turbines and other products are considered the performance obligations performed at a certain point in time, there may be inherent risks that the management of Hangzhou Steam Turbine Co., Ltd. (hereinafter referred to as management) can achieve specific goals or expectations through improper income recognition. Therefore, we have identified revenue recognition as a key audit matter.

2. Audit Countermeasures

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

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

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

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

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

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

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

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

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

(II) Impairment of accounts receivable

1. Description of the matter

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

As of December 31, 2021, the book balance of accounts receivable items shown in the consolidated financial statements of Hangzhou Steam Turbine Co., Ltd. was RMB 3.057 billion, the bad debt provision was RMB 1.059

million, and the book value was RMB 1.998 billion.

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

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

2. Audit Countermeasures

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

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

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

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

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

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

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

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

(III) Net realizable value of inventories

1. Description of the matter

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

As of December 31, 2021, the book balance of the inventory items shown in the consolidated financial statements of Hangzhou Steam Turbine Co., Ltd. was RMB 3.353 billion, the provision for price falling was RMB 311 million, and the book value was RMB 3.042 billion.

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

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

2. Audit Countermeasures

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

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

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

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

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

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

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

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

IV. Other information

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

II. The Financial Statements

Statement in Financial Notes are carried in RMB

1. Consolidated Balance Sheet

Prepared by: Hangzhou Steam Turbine Co., Ltd

In RMB

Items	December 31,2021	December 31,2020
Current asset :		
Monetary fund	1,622,883,247.79	1,999,509,842.32
Settlement provision		
Outgoing call loan		
Transactional financial assets	960,645,259.82	1,021,681,809.34
Derivative financial assets		
Notes receivable	215,046,941.09	118,595,076.67
Account receivable	1,997,950,120.70	1,668,235,154.01
Financing of receivables	816,653,211.21	823,598,830.55
Prepayments	443,770,434.91	593,808,157.80
Insurance receivable		
Reinsurance receivable		
Provisions of Reinsurance contracts receivable		
Other account receivable	44,163,396.56	70,327,633.84
Including: Interest receivable		
Dividend receivable		43,605,292.60
Repurchasing of financial assets		
Inventories	3,041,643,747.35	2,306,574,195.23
Contract assets	583,026,649.99	535,880,910.51
Assets held for sales		
Non-current asset due within 1 year		
Other current asset	66,174,951.42	50,652,585.75
Total of current assets	9,791,957,960.84	9,188,864,196.02
Non-current assets:		
Non-current assets:		
Loans and payment on other's behalf disbursed		
Creditor's right investment		
Long-term receivable	153,741,093.20	242,241,093.20
Long term share equity investment		11,899,308.84
Other equity instruments investment	3,485,440,140.92	4,056,378,073.52
Other non-current financial assets	14,792,533.96	16,046,102.59
Property investment	6,903,986.07	7,949,408.86
Fixed assets	1,658,423,191.83	1,309,749,127.82
Construction in progress	517,835,956.11	805,277,593.08
Production physical assets		
Oil & gas assets		
Use right assets	30,437,778.92	
Intangible assets	277,469,707.24	315,925,092.55
Development expenses		

Goodwill		
Long-germ expenses to be amortized		
Deferred income tax asset	382,665,279.67	421,502,615.03
Other non-current asset		
Total of non-current assets	6,527,709,667.92	7,186,968,415.49
Total of assets	16,319,667,628.76	16,375,832,611.51
Current liabilities		
Short-term loans	250,065,920.45	252,777,667.03
Loan from Central Bank		
Borrowing funds		
Transactional financial liabilities		
Derivative financial liabilities		
Notes payable	309,404,319.27	297,166,104.48
Account payable	1,910,150,188.14	1,343,959,443.91
Advance receipts	812,701.37	509,302.46
Contract liabilities	3,052,515,293.06	2,949,234,639.55
Selling of repurchased financial assets		
Deposit taking and interbank deposit		
Entrusted trading of securities		
Entrusted selling of securities		
Employees' wage payable	133,122,509.92	130,312,202.44
Tax payable	81,622,378.10	298,065,195.51
Other account payable	434,578,338.13	389,470,779.78
Including: Interest payable		
Dividend payable		
Fees and commissions payable		
Reinsurance fee payable		
Liabilities held for sales		
Non-current liability due within 1 year	17,607,722.97	1,001,088.89
Other current liability	395,640,629.47	387,706,953.97
Total of current liability	6,585,520,000.88	6,050,203,378.02
Non-current liabilities:		
Reserve fund for insurance contracts		
Long-term loan	180,830,007.55	21,623,520.00
Bond payable		
Including: preferred stock		
Sustainable debt		
Lease liability	22,575,754.77	
Long-term payable	7,579,677.56	407,946,545.09
Long-term remuneration payable to staff		
Expected liabilities		
Deferred income	729,438,751.74	655,147,696.41
Deferred income tax liability	464,172,915.14	550,540,278.99
Other non-current liabilities		
Total non-current liabilities	1,404,597,106.76	1,635,258,040.49
Total of liability	7,990,117,107.64	7,685,461,418.51

Owners' equity		
Share capital	754,010,400.00	754,010,400.00
Other equity instruments		
Including: preferred stock		
Sustainable debt		
Capital reserves	282,946,030.50	379,906,466.92
Less: Shares in stock	144,078,948.09	144,078,948.09
Other comprehensive income	2,629,477,756.99	3,114,962,386.84
Special reserve	18,369,033.52	18,568,980.86
Surplus reserves	625,178,089.82	625,178,089.82
Common risk provision		
Retained profit	3,761,583,410.91	3,415,358,402.27
Total of owner's equity belong to the parent company	7,927,485,773.65	8,163,905,778.62
Minority shareholders' equity	402,064,747.47	526,465,414.38
Total of owners' equity	8,329,550,521.12	8,690,371,193.00
Total of liabilities and owners' equity	16,319,667,628.76	16,375,832,611.51

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

2.Parent Company Balance Sheet

Items	In RMB	
	December 31,2021	December 31,2020
Current asset :		
Monetary fund	911,448,637.39	1,068,802,728.63
Transactional financial assets	870,645,259.82	901,681,809.34
Derivative financial assets		
Notes receivable	6,961,501.77	2,386,000.00
Account receivable	1,580,364,876.72	1,233,324,781.52
Financing of receivables	521,567,126.16	560,214,105.19
Prepayments	362,130,094.32	435,233,928.27
Other account receivable	27,054,816.71	52,338,992.66
Including: Interest receivable		
Dividend receivable		43,605,292.60
Inventories	1,972,162,485.26	1,504,591,192.03
Contract assets	336,771,206.36	298,440,051.27
Assets held for sales		
Non-current asset due within 1 year		
Other current asset	54,571,853.02	
Total of current assets	6,643,677,857.53	6,057,013,588.91
Non-current assets:		
Creditor's right investment		
Other investment on bonds		
Long-term receivable		
Long term share equity investment	191,793,655.63	925,188,454.39
Other equity instruments investment	3,485,440,140.92	4,056,378,073.52
Other non-current financial assets	14,654,773.22	18,227,489.14
Property investment		
Fixed assets	1,216,961,095.52	353,788,891.57
Construction in progress	510,746,977.12	495,409,362.19
Production physical assets		
Oil & gas assets		
Use right assets	5,718,846.89	
Intangible assets	194,828,927.84	163,116,618.58
Development expenses		
Goodwill		
Long-germ expenses to be amortized		
Deferred income tax asset	317,178,990.36	355,670,069.60
Other non-current asset		
Total of non-current assets	5,937,323,407.50	6,367,778,958.99
Total of assets	12,581,001,265.03	12,424,792,547.90
Current liabilities		
Short-term loans	150,136,986.30	150,136,986.30
Transactional financial liabilities		
Derivative financial liabilities		
Notes payable		6,955,000.00

Account payable	1,225,766,343.67	820,258,129.08
Advance receipts		
Contract Liabilities	2,144,268,617.09	2,077,614,427.93
Employees' wage payable	76,018,039.12	67,025,966.88
Tax payable	11,130,803.71	240,368,823.36
Other account payable	177,365,722.18	56,602,697.52
Including: Interest payable		
Dividend payable		
Liabilities held for sales		
Non-current liability due within 1 year	4,612,006.37	
Other current liability	276,610,651.60	267,804,499.76
Total of current liability	4,065,909,170.04	3,686,766,530.83
Non-current liabilities:		
Long-term loan		
Bond payable		
Including: preferred stock		
Sustainable debt		
Lease liability	2,799,027.12	
Long-term payable	2,785,102.53	247,309,261.46
Long-term remuneration payable to staff		
Expected liabilities		
Deferred income	582,083,796.03	489,002,470.74
Deferred income tax liability	464,172,915.14	550,540,278.99
Other non-current liabilities		
Total non-current liabilities	1,051,840,840.82	1,286,852,011.19
Total of liability	5,117,750,010.86	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	121,457,098.65	138,953,250.09
Less: Shares in stock	144,078,948.09	144,078,948.09
Other comprehensive income	2,630,313,185.77	3,115,610,428.47
Special reserve	6,000,000.00	6,000,000.00
Surplus reserves	602,356,402.65	602,356,402.65
Retained profit	3,493,193,115.19	2,978,322,472.76
Total of owners' equity	7,463,251,254.17	7,451,174,005.88
Total of liabilities and owners' equity	12,581,001,265.03	12,424,792,547.90

Legal Representative: Zheng Bin

Person in charge of accounting: Zhao Jiamao

Accounting Dept Leader: Jin Can

3.Consolidated Income statement

In RMB

Items	Year 2021	Year 2020
I. Income from the key business	5,788,288,588.91	4,762,315,089.10
Incl: Business income	5,788,288,588.91	4,762,315,089.10
Interest income		
Insurance fee earned		
Fee and commission received		
II. Total business cost	5,360,902,963.39	4,364,334,353.63
Incl: Business cost	4,091,955,492.69	3,263,252,665.64
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	45,829,030.25	38,349,848.74
Sales expense	202,868,557.82	234,574,261.47
Administrative expense	660,284,323.30	545,097,001.83
R & D costs	350,216,635.11	233,881,231.71
Financial expenses	9,748,924.22	49,179,344.24
Including: Interest expense	23,435,810.36	37,389,700.85
Interest income	18,328,752.35	23,071,547.55
Add: Other income	202,548,518.03	135,781,367.15
Investment gain (“-”for loss)	168,937,379.22	145,274,860.15
Incl: investment gains from affiliates		-2,137,796.92
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	-141,525.84	1,146,124.08
Credit impairment loss	15,768,143.94	41,085,509.51
Impairment loss of assets	-28,511,019.43	-65,570,237.78
Assets disposal income	1,094,656.77	-8,094,327.80
III. Operational profit (“-”for loss)	787,081,778.21	647,604,030.78
Add : Non-operational income	134,352,975.28	49,880,480.90
Less: Non-operating expense	88,887,299.33	36,372,334.92
IV. Total profit (“-”for loss)	832,547,454.16	661,112,176.76
Less: Income tax expenses	105,299,694.37	81,566,540.30
V. Net profit	727,247,759.79	579,545,636.46
(I) Classification by business continuity		
1.Net continuing operating profit	727,247,759.79	579,545,636.46
2.Termination of operating net profit		

(II) Classification by ownership		
1.Net profit attributable to the owners of parent company	649,992,474.56	476,268,110.63
2.Minority shareholders' equity	77,255,285.23	103,277,525.83
VI. Net after-tax of other comprehensive income	-485,737,329.38	1,330,317,116.58
Net of profit of other comprehensive income attributable to owners of the parent company.	-485,484,629.85	1,330,767,230.50
(I) Other comprehensive income items that will not be reclassified into gains/losses in the subsequent accounting period	-485,297,242.70	1,331,101,008.56
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	-485,297,242.70	1,331,101,008.56
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.	-187,387.15	-333,778.06
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	-187,387.15	-333,778.06
7.Other		
Net of profit of other comprehensive income attributable to Minority shareholders' equity	-252,699.53	-450,113.92
VII. Total comprehensive income	241,510,430.41	1,909,862,753.04
Total comprehensive income attributable to the owner of the parent company	164,507,844.71	1,807,035,341.13
Total comprehensive income attributable minority shareholders	77,002,585.70	102,827,411.91
VIII. Earnings per share		
(I) Basic earnings per share	0.88	0.64
(II) Diluted earnings per share	0.88	0.64

The current business combination under common control, the net profits of the combined party before achieved net profit of RMB-29,001,203.15, last period the combined party realized RMB18,377,754.36.

Legal Representative: Zheng Bin

Person in charge of accounting: Zhao Jiamao

Accounting Dept Leader: Jin Can

4. Income statement of the Parent Company

In RMB

Items	Year 2021	Year 2020
I. Income from the key business	3,367,538,714.58	2,491,319,230.10
Incl: Business cost	2,420,764,986.89	1,724,460,420.79
Business tax and surcharge	20,873,235.49	17,627,107.30
Sales expense	93,124,353.76	118,991,535.78
Administrative expense	435,170,658.26	351,881,555.42
R & D expense	192,171,313.79	103,349,185.28
Financial expenses	-5,277,760.85	15,463,238.65
Including: Interest expenses	4,788,907.66	2,150,321.19
Interest income	11,520,301.18	15,208,360.56
Add: Other income	174,266,374.76	95,626,075.56
Investment gain (“-”for loss)	321,333,915.33	246,508,123.09
Including: investment gains from affiliates	272,641.24	210,035.64
Financial assets measured at amortized cost cease to be recognized as income		
Net exposure hedging income		
Changing income of fair value	-2,609,265.44	3,048,442.30
Credit impairment loss	6,058,933.96	-18,781,277.30
Impairment loss of assets	-11,163,889.45	-54,773,473.53
Assets disposal income		247,056.74
II. Operational profit (“-”for loss)	698,597,996.40	431,421,133.74
Add : Non-operational income	120,301,778.59	40,238,894.78
Less: Non -operational expenses	87,148,771.55	26,784,001.84
III. Total profit (“-”for loss)	731,751,003.44	444,876,026.68
Less: Income tax expenses	61,521,858.42	27,489,485.35
IV. Net profit	670,229,145.02	417,386,541.33
1.Net continuing operating profit	670,229,145.02	417,386,541.33
2.Termination of operating net profit		
V. Net after-tax of other comprehensive income	-485,297,242.70	1,331,101,008.56
(I) Other comprehensive income items that will not be reclassified into gains/losses in the subsequent accounting period	-485,297,242.70	1,331,101,008.56
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	-485,297,242.70	1,331,101,008.56
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		

tee 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	184,931,902.32	1,748,487,549.89
VII. Earnings per share		
(I) Basic earnings per share		
(II)Diluted earnings per share		

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

5. Consolidated Cash flow statement

In RMB

Items	Year 2021	Year 2020
I.Cash flows from operating activities		
Cash received from sales of goods or rendering of services	4,911,745,732.94	4,066,594,356.89
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	19,124,473.13	30,239,507.28
Other cash received from business operation	492,993,373.24	503,102,076.32
Sub-total of cash inflow	5,423,863,579.31	4,599,935,940.49
Cash paid for purchasing of merchandise and services	3,264,017,654.61	2,271,150,226.06
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	995,048,140.94	871,910,891.21
Taxes paid	566,304,337.33	261,506,435.60
Other cash paid for business activities	526,683,957.41	566,482,612.50

Sub-total of cash outflow from business activities	5,352,054,090.29	3,971,050,165.37
Net cash generated from /used in operating activities	71,809,489.02	628,885,775.12
II. Cash flow generated by investing		
Cash received from investment retrieving		145,070,209.90
Cash received as investment gains	220,665,203.47	112,463,899.46
Net cash retrieved from disposal of fixed assets, intangible assets, and other long-term assets	2,303,476.87	685,022.19
Net cash received from disposal of subsidiaries or other operational units		
Other investment-related cash received	4,447,665,088.15	3,624,349,702.42
Sub-total of cash inflow due to investment activities	4,670,633,768.49	3,882,568,833.97
Cash paid for construction of fixed assets, intangible assets and other long-term assets	181,655,743.62	381,655,144.67
Cash paid as investment		1,360,000.00
Net increase of loan against pledge		
Net cash received from subsidiaries and other operational units	298,438,942.86	-
Other cash paid for investment activities	4,383,572,000.00	3,559,712,851.80
Sub-total of cash outflow due to investment activities	4,863,666,686.48	3,942,727,996.47
Net cash flow generated by investment	-193,032,917.99	-60,159,162.50
III. Cash flow generated by financing		
Cash received as investment	320,000.00	
Including: Cash received as investment from minor shareholders	320,000.00	
Cash received as loans	422,800,000.00	318,300,000.00
Other financing –related cash received	117,695,995.86	92,500,000.00
Sub-total of cash inflow from financing activities	540,815,995.86	410,800,000.00
Cash to repay debts	258,500,000.00	208,500,000.00
Cash paid as dividend, profit, or interests	269,797,633.75	261,277,732.13
Including: Dividend and profit paid by subsidiaries to minor shareholders	76,080,370.00	103,216,380.00
Other cash paid for financing activities	271,082,296.17	360,012,525.87
Sub-total of cash outflow due to financing activities	799,379,929.92	829,790,258.00
Net cash flow generated by financing	-258,563,934.06	-418,990,258.00
IV. Influence of exchange rate alternation on cash and cash equivalents	-3,028,317.00	-22,894,931.64
V. Net increase of cash and cash equivalents	-382,815,680.03	126,841,422.98
Add: balance of cash and cash equivalents at the beginning of term	1,850,354,648.10	1,723,513,225.12
VI ..Balance of cash and cash equivalents at the end of term	1,467,538,968.07	1,850,354,648.10

Legal Representative: Zheng Bin

Person in charge of accounting: Zhao Jiamao

Accounting Dept Leader: Jin Can

6. Cash Flow Statement of the Parent Company

In RMB

Items	Year 2021	Year 2020
I.Cash flows from operating activities		
Cash received from sales of goods or rendering of services	2,515,049,261.36	1,923,339,387.85
Tax returned	3,177,679.96	2,569,038.00
Other cash received from business operation	85,083,996.83	125,812,064.56
Sub-total of cash inflow	2,603,310,938.15	2,051,720,490.41
Cash paid for purchasing of merchandise and services	1,620,710,170.84	1,041,504,256.96
Cash paid to staffs or paid for staffs	568,164,460.95	516,788,220.90
Taxes paid	394,260,109.04	90,229,706.75
Other cash paid for business activities	165,905,142.91	184,157,740.03
Sub-total of cash outflow from business activities	2,749,039,883.74	1,832,679,924.64
Net cash generated from /used in operating activities	-145,728,945.59	219,040,565.77
II. Cash flow generated by investing		
Cash received from investment retrieving		109,119,738.31
Cash received as investment gains	367,693,490.76	227,319,478.82
Net cash retrieved from disposal of fixed assets, intangible assets, and other long-term assets	260,108.20	218,580.57
Net cash received from disposal of subsidiaries or other operational units		
Other investment-related cash received	2,580,396,347.51	1,453,552,142.55
Sub-total of cash inflow due to investment activities	2,948,349,946.47	1,790,209,940.25
Cash paid for construction of fixed assets, intangible assets and other long-term assets	116,494,283.25	165,203,042.26
Cash paid as investment	279,075,715.98	27,000,000.00
Net cash received from subsidiaries and other operational units	0.00	
Other cash paid for investment activities	2,476,000,000.00	1,595,000,000.00
Sub-total of cash outflow due to investment activities	2,871,569,999.23	1,787,203,042.26
Net cash flow generated by investment	76,779,947.24	3,006,897.99
III. Cash flow generated by financing		
Cash received as investment		
Cash received as loans	150,000,000.00	150,000,000.00
Other financing –related ash received	110,195,995.86	
Sub-total of cash inflow from financing activities	260,195,995.86	150,000,000.00
Cash to repay debts	150,000,000.00	
Cash paid as dividend, profit, or interests	188,403,557.65	150,773,829.89
Other cash paid for financing activities	1,103,760.00	144,078,948.09
Sub-total of cash outflow due to financing activities	339,507,317.65	294,852,777.98
Net cash flow generated by financing	-79,311,321.79	-144,852,777.98
IV. Influence of exchange rate alternation on cash and cash equivalents	-2,217,274.76	-20,884,122.96
V.Net increase of cash and cash equivalents	-150,477,594.90	56,310,562.82
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	873,334,962.40	1,023,812,557.30

Legal Representative: Zheng Bin

Person in charge of accounting: Zhao Jiamao

Accounting Dept Leader: Jin Can

7. Consolidated Statement on Change in Owners' Equity

Amount in this period

In RMB

Items	Year 2021														
	Owner's equity Attributable to the Parent Company											Minor shareholder's equity	Total of owners' equity		
	Share Capital	Other Equity instrument			Capital reserves	Less: Shares in stock	Other Comprehensive Income	Specialized reserve	Surplus reserves	Comm on risk provisi on	Retained profit			Oth er	Subtotal
	Preferr ed stock	Sustaina ble debt	Oth er												
I.Balance at the end of last year	754,010,40 0.00				153,617,61 9.65	144,078,94 8.09	3,114,962,38 6.84	17,699,63 5.27	621,112,80 7.78		3,587,465,03 9.91		8,104,788,94 1.36	445,350,33 7.13	8,550,139,27 8.49
Add: Change of accounting policy															
Correcting of previous errors															
Merger of entities under common control					226,288,84 7.27			869,345.5 9	4,065,282. 04		-172,106,63 7.64		59,116,837.2 6	81,115,077. 25	140,231,914. 51
Other															
II.Balance at the beginning of current year	754,010,40 0.00				379,906,46 6.92	144,078,94 8.09	3,114,962,38 6.84	18,568,98 0.86	625,178,08 9.82		3,415,358,40 2.27		8,163,905,77 8.62	526,465,41 4.38	8,690,371,19 3.00
III.Changed in the current year					-96,960,436 .42		-485,484,62 9.85	-199,947. 34			346,225,008. 64		-236,420,00 4.97	-124,400,66 6.91	-360,820,67 1.88
(I) Total comprehensive income							-485,484,62 9.85				649,992,474. 56		164,507,844. 71	77,002,585. 70	241,510,430. 41
(II) Investment or decreasing of capital by owners					17,297,907. 40								17,297,907.4 0	320,000.00	17,617,907.4 0
1. Ordinary Shares invested by shareholders														320,000.00	320,000.00

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								48						8
1. Provided this year								4,276,904.10				4,276,904.10	696,449.70	4,973,353.80
2. Used this term								-4,515,201.58				-4,515,201.58	-1,489,548.90	-6,004,750.48
(VI) Other					-114,258,343.82			38,350.14		-117,902,815.93		-232,122,809.61	-127,099,783.41	-359,222,593.02
IV. Balance at the end of this term	754,010,400.00				282,946,030.50	144,078,948.09	2,629,477,756.99	18,369,033.52	625,178,089.82		3,761,583,410.91	7,927,485,773.65	402,064,747.47	8,329,550,521.12

Amount in last year

In RMB

Items	Year 2021													
	Owner's equity Attributable to the Parent Company												Minor shareholder's equity	Total of owners' equity
	Share Capital	Other Equity instrument			Capital reserves	Less: Shares in stock	Other Comprehensive Income	Specialized reserve	Surplus reserves	Comm on risk provisi on	Retained profit	Oth er		
	Preferr ed stock	Sustaina ble debt	Oth er											
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	8,550,139,278.49
Add: Change of accounting policy														
Correcting of previous errors														
Merger of entities under common control					226,288,847.27			869,345.59	4,035,826.27		-187,499,849.12	43,694,170.01	74,511,097.57	140,231,914.51
Other														
II. Balance at the beginning of current year	754,010,400.00				379,262,066.92		1,784,195,156.34	19,193,818.87	625,148,634.05		3,089,380,242.41	6,651,190,318.59	525,990,590.60	8,690,371,193.00

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III.Changed in the current year					644,400.00	144,078,948.09	1,330,767,230.50	-624,838.01	29,455.77		325,978,159.86		1,512,715,460.03	474,823.78	-360,820,671.88
(I) Total comprehensive income							1,330,767,230.50				476,268,110.63		1,807,035,341.13	102,827,411.91	241,510,430.41
(II) Investment or decreasing of capital by owners															17,617,907.40
1. Ordinary Shares invested by shareholders															320,000.00
2. Holders of other equity instruments in vested capital															
3. Amount of shares paid and accounted as owners' equity															17,297,907.40
4. Other															
(III) Profit allotment								29,455.77		-150,289,950.77		-150,260,495.00	-101,716,380.00		-259,695,019.99
1.Providing of surplus reserves								29,455.77		-29,455.77					
2.Providing of common risk provisions															
3. Allotment to the owners (or shareholders)										-150,260,495.00		-150,260,495.00	-101,716,380.00		-259,695,019.99
4. Other															
(IV) Internal transferring of owners' equity															
1. Capitalizing of capital reserves (or to capital shares)															
2. Capitalizing of surplus reserves (or to capital shares)															

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3. Making up losses by surplus reserves.															
4. Change amount of defined benefit plans that carry forward															
Retained earnings															
5. Other comprehensive income carry-over retained earnings															
6. Other															
(V). Special reserves															
1. Provided this year															
2. Used this term															
(VI) Other															
IV. Balance at the end of this term	754,010,400.00				379,906,466.92	144,078,948.09	3,114,962,386.84	18,568,980.86	625,178,089.82		3,415,358,402.27	8,163,905,778.62	526,465,414.38	8,329,550,521.12	

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

Amount in this period

In RMB

Items	Year 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								

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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	2,978,322,472.76		7,451,174,005.88
Add: Change of accounting policy												
Correcting of previous errors												
Other												
II.Balance at the beginning of current year	754,010,400.00				138,953,250.09	144,078,948.09	3,115,610,428.47	6,000,000.00	602,356,402.65	2,978,322,472.76		7,451,174,005.88
III.Changed in the current year					-17,496,151.44		-485,297,242.70			514,870,642.43		12,077,248.29
(I) Total comprehensive income							-485,297,242.70			670,229,145.02		184,931,902.32
(II) Investment or decreasing of capital by owners					17,297,907.40							17,297,907.40
1. Ordinary Shares invested by shareholders												
2. Holders of other equity instruments invested capital												
3.Amount of shares paid and accounted as owners' equity					17,297,907.40							17,297,907.40
4. Other												
(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												
(IV) Internal transferring of owners' equity												
1. Capitalizing of capital reserves (or to capital												

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shares)												
2. Capitalizing of surplus reserves (or to capital shares)												
3. Making up losses by surplus reserves.												
4. Change amount of defined benefit plans that carry forward												
Retained earnings												
5. Other comprehensive income carry-over retained earnings												
6. Other												
(V) Special reserves												
1. Provided this year								2,847,667.75				2,847,667.75
2. Used this term								-2,847,667.75				-2,847,667.75
(VI) Other					-34,794,058.84					28,256,147.40		-6,537,911.44
IV. Balance at the end of this term	754,010,400.00				121,457,098.65	144,078,948.09	2,630,313,185.77	6,000,000.00	602,356,402.65	3,493,193,115.19		7,463,251,254.17

Amount in last year

In RMB

Items	Year 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
		Preferred stock	Sustainable debt	Other								
I. Balance at the end of last year	754,010,400.				138,953,250.		1,784,509,419.	6,000,000.0	602,356,402.	2,709,696,426.		5,995,525,899.

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	00				09		91	0	65	43		08
Add: Change of accounting policy												
Correcting of previous errors												
Other												
II.Balance at the beginning of current year	754,010,400.				138,953,250.		1,784,509,419.	6,000,000.0	602,356,402.	2,709,696,426.		5,995,525,899.
	00				09		91	0	65	43		08
III.Changed in the current year						144,078,948.	1,331,101,008.			268,626,046.33		1,455,648,106.
						09	56					80
(I) Total comprehensive income							1,331,101,008.			417,386,541.33		1,748,487,549.
							56					89
(II) Investment or decreasing of capital by owners												
1. Ordinary Shares invested by shareholders												
2. Holders of other equity instruments invested capital												
3.Amount of shares paid and accounted as owners' equity												
4. Other												
(III) Profit allotment										-148,760,495.0		-148,760,495.0
										0		0
1.Providing of surplus reserves												
2. Allotment to the owners (or shareholders)										-148,760,495.0		-148,760,495.0
										0		0
3. Other												
(IV) Internal transferring of owners' equity												
1. Capitalizing of capital reserves (or to capital shares)												

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

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 and its accessories.

These Financial Statements are released upon approval at the 23rd meeting of the 8th term of Board held on March 29, 2022.

As of March 29, 2022, the Company included the following 18 subsidiaries in the scope of the current consolidated financial statements, as shown in Notes VI and VII to this financial statement.

No	Names of subsidiaries included in the consolidated financial statements of the current period	Abbreviation
1	Hangzhou Steam Turbine Auxiliary Co., Ltd.	Auxiliary Company
2	Zhongneng Steam Turbine Power Co., Ltd.	Guoneng Company
3	Zhejiang Steam Turbine Packaged Technologies Co., Ltd.,	Packaged Technologies Co.
4	Hangzhou Steam Turbine Machinery & Equipment Co., Ltd	Machinery Company
5	Zhejiang Huayuan Steam Turbine Machinery Co., Ltd.	Huayuan Company
6	Zhejiang Turbine Import & Export Co., Ltd.	Turbine Company
7	Zhejiang Zhongrun Gas Turbine technology Co., Ltd.	Zhongrun Company
8	Hangzhou Zhongneng Steam Turbine Power Co.,Ltd.	Zhongneng Company
9	Hangzhou Zhongneng Steam Turbine Power (Indonesia) Co., Ltd.	Indonesia Company
10	Hangzhou Hangfa Power Equipment Co., Ltd.	Hangfa Company
11	Hangzhou Steam Turbine Casing Co., Ltd.	Casing Company
12	Anhui Hangqi Casing Technology Co., Ltd.	Anhui Casing Company
13	Hangzhou Steam Turbine New Energy Co., Ltd.	New Energy Company
14	Hangzhou Steam Turbine Power Group Equipment Packaged Engineering Co., Ltd.	Packaged Engineering Company
15	Hangzhou Steam Turbine Automobile Sales Service Co., Ltd.	Sales Company
16	Hangzhou Steam Turbine Industry and Trade Co., Ltd.	Industry and Trade Company

17	China mechanical and Electrical Institute -HSTG (Hangzhou) United Institutes Co., Ltd	China Mechanical Institute Company
18	Zhejiang Ranchuang Turbine mechanical Co., Ltd.	Ranchuang Company

IV. Basis of compiling the financial statement

(1) Basis of compiling

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

(II) Assessment on perpetuation

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

V. Principal Accounting Policies and Estimations

Principal Accounting Policies and Estimations

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

1. Statement of compliance to the Enterprise Accounting Standard

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

2. Fiscal year

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

3. Operational period

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

4. Standard currency for bookkeeping

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

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

1. Treatment of entities under common control

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

2. Treatment of entities under different control

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

income

6. Method for preparing the consolidated financial statements

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

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

8. Recognition of cash and cash equivalents

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

9. Foreign currency trade and translation of foreign currencies

1) Translation of foreign currency

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

2) Translation of foreign currency financial statements

Asset and liability items in the balance sheet are translated basing on the exchange rate of the balance sheet date; Owners' equities other than Retained Profit are translated at the exchange rate of the date when the trade happened. Income and expense items in the income statement are translated at the similar rate of the date when the trade happened. Differences generated by the above translating of foreign currencies are demonstrated separately under the owners' equity in the balance sheet.

10. Financial instruments

(1) Classification of financial assets and financial liabilities

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

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

Financial liabilities measured in amortized cost.

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

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

2) Subsequent measurement methods of financial assets

① Financial assets measured at amortized cost

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

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

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

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

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

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

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

3) Subsequent measurement methods of financial liabilities

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

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

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

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

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

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

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

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

(4) 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 of the Company	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 of the company	Refer to the historical credit loss experience, combine the current situation and the forecast of the future economic situation, compile a comparison table between the aging of accounts receivable and the expected credit loss rate during the whole duration, and calculate the expected credit loss.
Accounts receivable-aging combination	Taking aging as the credit risk characteristic, combine receivables except the related party receivables within the scope of the consolidated financial statements	Refer to the historical credit loss experience, combine the current situation and the forecast of the future economic situation, compile a comparison table between the aging of accounts receivable and the expected credit loss rate during the whole duration, and calculate the expected credit loss.
Contract assets——associated transaction combinations within the scope of consolidated financial statements	Taking related parties within the scope of consolidated financial statements as credit risk characteristics, Contract assets are combined of the company	Refer to the historical credit loss experience, combine the current situation and the forecast of the future economic situation, compile a comparison table between the aging of accounts receivable and the expected credit loss rate during the whole duration, and calculate the expected credit loss.
Contract assets——aging combination	Taking aging as the credit risk characteristic, combine receivables except the related party contract assets 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.
Long-term receivable——aging combination	Aging	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

(5) 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 raw 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

18.Held-for-sale asset

19.Creditor's rights investment

20.Other Creditor's rights investment

21.Long-term account receivable

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

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

Measurement cost method

Depreciation or amortization method

(1) Investment real estate includes leased land use rights, land use rights held and ready to be transferred after appreciation, and leased buildings.

(2) Investment real estate is initially measured according to cost, followed by measurement by cost model, and depreciated or amortized in the same way as fixed assets and intangible assets.

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	20-40	4-5	4.8-2.35
Equipment & machinery	Straight average on	5-15	4-5	19.2-6.27

	period			
Transportation equipment	Straight average on period	3-12	4-5	32-7.83
Office equipment	Straight average on period	3-10	4-5	32-9.4

(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

28. Oil-gas assets

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	Amorting years
Land using right	50
Patent	5-20
Non patent technology	10
Software	5-10

(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

33. Contract Liabilities

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

34. Employees' wage

1. Accounting of short-term wages

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

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

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

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

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

3. Accounting of dismissing welfare

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

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

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

4. Accounting of other long-term employees' welfares

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

35. Lease liabilities

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

(1) Types of share-based payment

Including equity-settled share-based payment and cash-settled share-based payment.

(2) Accounting treatment related to implementation, modification and termination of share-based payment plan

1) Equity-settled share-based payment

Equity-settled share-based payment in exchange for employee services immediately after the grant, shall be included in relevant costs or expenses according to the fair value of equity instruments on the grant date, and the capital reserve shall be adjusted accordingly. For equity-settled share-based payment that can only be exchanged for employee services if the service in the waiting period is completed or the specified performance conditions are met, on each balance sheet date in the waiting period, based on the best estimation of the number of equity instruments with the vesting right, the services obtained in the current period shall be included in relevant costs or expenses according to the fair value of the equity instruments on the granting date, and the capital reserve shall be adjusted accordingly.

Share-based payment for equity settlement of other parties' services, if the fair value of other parties' services can be reliably measured, shall be measured according to the fair value of other parties' services on the acquisition date; If the fair value of other parties' services cannot be measured reliably, but the fair value of equity instruments can be measured reliably, it shall be measured according to the fair value of equity instruments on the service acquisition date, and included in the related costs or expenses, and the owner's equity shall be increased accordingly.

2) Cash-settled share-based payment

Cash-settled share-based payment in exchange for employee services immediately after the grant, shall be included in relevant costs or expenses according to the fair value of liabilities borne by the Company on the grant date, and liabilities shall be increased accordingly. For cash-settled share-based payment in exchange for employee services only after the service in the waiting period is completed or the specified performance conditions are met, on each balance sheet date in the waiting period, based on the best estimation of the situation of the vesting right, the services obtained in the current period shall be included in the relevant costs or expenses and corresponding liabilities according to the fair value of the liabilities assumed by the Company.

3) Modification and termination of the share-based payment plan

If the modification increases the fair value of the granted equity instruments, the Company shall correspondingly recognize the increase of the obtained services according to the increase of the fair value of the equity instruments; If the modification increases the number of equity instruments granted, the fair value of the increased equity instruments will be recognized as the increase of services by the Company; If the Company modifies the vesting conditions in a way that is beneficial to employees, the Company will consider the modified vesting conditions when dealing with the vesting conditions.

If the modification reduces the fair value of the granted equity instruments, the Company will continue to recognize the amount of services obtained based on the fair value of the equity instruments on the granting date, without considering the reduction of the fair value of the equity instruments; If the modification reduces the number of granted equity instruments, the Company will treat the reduced part as the cancellation of the granted equity

instruments; If the vesting conditions are modified in a way that is unfavorable to employees, the modified vesting conditions will not be considered when dealing with the vesting conditions.

If the Company cancels the granted equity instruments or settles the granted equity instruments during the waiting period (except those cancelled due to failure to meet the vesting right conditions), the cancellation or settlement will be treated as accelerated vesting right, and the amount originally recognized during the remaining waiting period will be immediately recognized.

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

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

1) Industrial steam turbine and other products sales business

The company's selling of steam turbines, Reciprocating mechanical equipment and its accessories , auxiliary equipment, spare parts and other products and provide after-sales service.

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.

2) Hydro-generator set sales business and engineering service business (including EPC and other general contracting projects)

The Company's business of selling hydro-generator sets and providing engineering services are the performance obligations performed within a certain period of time. The performance progress is determined according to the proportion of the incurred cost to the estimated total cost, and the revenue is recognized according to the performance progress. When the performance progress cannot be reasonably recognized, if the cost already incurred by the Company is expected to be compensated, the revenue will be recognized according to the cost amount already incurred until the performance progress can be reasonably recognized.

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

40. Government subsidy

1. Government subsidies are recognized while they meet the following conditions at the same time: (1) the Company can meet the conditions attached to the government subsidies; (2) the Company can receive government subsidies. Where government subsidies are monetary assets, they shall be measured by the amount received or receivable. Where government subsidies are non-monetary assets, they shall be measured by the fair value; if the

fair value cannot be reliably obtained, they shall be measured by the nominal amount.

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

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

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

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

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

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

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

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

41. Deferred income tax assets/ deferred income tax liabilities

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

2. Deferred income tax assets are recognized limitedly by the income tax which very possibly deduct deductible

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

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

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

42. Lease

(1) Accounting of operational lease

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.

(2) Accounting Method for Financing Leases

43. Other significant accounting policies and estimates

(1) 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.

(2) Accounting treatment methods related to repurchase of company shares

If the shares of the Company are acquired for reasons such as reducing the registered capital or rewarding employees, they shall be treated as treasury shares according to the actual amount paid, and registered for future reference. If the repurchased shares are cancelled, the difference between the total face value of the shares calculated according to the face value of the cancelled shares and the number of cancelled shares and the amount actually paid for the repurchase will be offset against the capital reserve; if the capital reserve is insufficient for offset, the retained earnings will be offset; If rewarding of the repurchased shares to the employees of the Company is equity-settled share-based payment, when the employees exercise their right to purchase the shares of the Company and receive the price, the cost of the treasury stocks delivered to the employees and the accumulated amount of capital reserves (other capital reserves) during the waiting period will be written off, and meanwhile, the capital

reserves (equity premium) will be adjusted according to such difference.

44.Change of main accounting policies and estimations

(1)Change of main accounting policies

√ Applicable □ Not applicable

Contents and causes of changes in accounting policies	Approval procedure	Remarks
The Company has implemented the revised Accounting Standards for Business Enterprises No.21-Leasing (hereinafter referred to as the new leasing standards) from January 1, 2021 (hereinafter referred to as the first implementation date). According to the relevant provisions of the convergence between the old and new standards, the information of comparable period will not be adjusted, and the accumulated impact of the implementation of the new standards on the first implementation date will be retrospectively, and the retained earnings and other related items in the financial statements at the beginning of the reporting period will be adjusted.	Adopted at the 10 Meeting of the Eighth Board of Directors	
Since January 26, 2021, the Company has implemented the Interpretation No.14 of Accounting Standards for Business Enterprises issued by the Ministry of Finance in 2021, and this change of accounting policy has no impact on the Company's financial statements.		
Since December 31, 2021, the company has implemented the "Relevant Presentation of Centralized Fund Management" in Interpretation No.15 of Accounting Standards for Business Enterprises promulgated by the Ministry of Finance, and this change of accounting policy has no impact on the Company's financial statements.		

1. The Company has implemented the revised Accounting Standards for Business Enterprises No.21-Leasing (hereinafter referred to as the new leasing standards) from January 1, 2021 (hereinafter referred to as the first implementation date).

(1) For the contracts existing before the first implementation date, the Company chooses not to re-evaluate whether they are leases or include leases.

(2) For the lease contract in which the Company is the lessee, the Company adjusts the retained earnings at the beginning of the reporting period and other related items in the financial statements according to the cumulative impact of the new leasing standards and the original standard on the first implementation date, and does not adjust the information in the comparable period. The specific treatment is as follows:

For the financial lease before the first implementation date, the Company measures the right-to-use assets and lease liabilities respectively on the first implementation date according to the original book value of the financial

lease assets and the financial lease payments payable.

For the operating lease before the first implementation date, the Company measures the lease liabilities on the first implementation date according to the present value of the remaining lease payment discounted at the incremental borrowing rate on the first implementation date, and measures the right-to-use assets according to the amount equal to the lease liabilities, and makes necessary adjustments according to the prepaid rent.

On the first implementation date, the Company conducts impairment test on the right-to-use assets and makes corresponding accounting treatment according to the provisions of Note III (XVII) to this Financial Statement.

1) The main impacts of the implementation of the new leasing standards on the Company's financial statements on January 1, 2021 are as follows:

In RMB

Items	Balance Sheet		
	December 31,2020	New Leasing Standards Adjustment influence	January 1,2021
Other current asset	50,652,585.75	-635,765.86	50,016,819.89
Right-to-use assets		28,461,441.04	28,461,441.04
Non-current liabilities due within one year	1,001,088.89	5,631,931.50	6,633,020.39
Lease liabilities		22,193,743.68	22,193,743.68

2) The weighted average value of the Company's incremental borrowing interest rate adopted for the lease liabilities included in the balance sheet on the first implementation date is 4.12%.

3) Simplification of operating lease before the first implementation date

① For lease contracts completed within 12 months after the first implementation date, the Company adopts simplified method, and does not recognize the right-to-use assets and lease liabilities;

② When measuring lease liabilities, the Company adopts the same discount rate for lease contracts with similar characteristics;

③ The measurement of the right-to-use assets does not include the initial direct cost;

④ The Company determines the lease term according to the actual exercise of the option to renew or terminate the lease before the first implementation date and other latest information;

⑤ As an alternative to the impairment test of the right-to-use assets, the Company evaluates whether the contract containing lease is a loss contract before the first implementation date according to the Accounting Standards for Business Enterprises No.13-Contingencies, and adjusts the right-to-use assets according to the loss reserve amount included in the balance sheet date before the first implementation date;

⑥ For the lease change before the first implementation date, the Company makes accounting treatment according to the final arrangement of the lease change.

The above simplification has no significant impact on the Company's financial statements.

(2) For the operating lease contracts with low-value assets that existed before the first implementation date, the Company adopts simplified methods, and does not recognize the right-to-use assets and lease liabilities, and treats them according to the new leasing standards since the first implementation date.

(3) The lease contract of the Company as the lessor shall be accounted for according to the new leasing standards from the first implementation date.

1. Since January 26, 2021, the Company has implemented the Interpretation No.14 of Accounting Standards for Business Enterprises issued by the Ministry of Finance in 2021, and this change of accounting policy has no impact on the Company's financial statements.

2. Since December 31, 2021, the company has implemented the "Relevant Presentation of Centralized Fund Management" in Interpretation No.15 of Accounting Standards for Business Enterprises promulgated by the Ministry of Finance, and this change of accounting policy has no impact on the Company's financial statements.

(1) Change of main accounting estimations

Applicable Not applicable

(2) 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

Consolidated balance sheet

In RMB

Items	December 31,2020	January 1,2021	Amount involved in the adjustment
Current asset :			
Monetary fund	1,999,509,842.32	1,999,509,842.32	
Settlement provision			
Outgoing call loan			
Transactional financial assets	1,021,681,809.34	1,021,681,809.34	
Derivative financial assets			
Notes receivable	118,595,076.67	118,595,076.67	
Account receivable	1,668,235,154.01	1,668,235,154.01	
Financing of receivables	823,598,830.55	823,598,830.55	
Prepayments	593,808,157.80	593,808,157.80	
Insurance receivable			
Reinsurance receivable			
Provisions of Reinsurance			

contracts receivable			
Other account receivable	70,327,633.84	70,327,633.84	
Including: Interest receivable			
Dividend receivable	43,605,292.60	43,605,292.60	
Repurchasing of financial assets			
Inventories	2,306,574,195.23	2,306,574,195.23	
Contract assets	535,880,910.51	535,880,910.51	
Assets held for sales			
Non-current asset due within 1 year			
Other current asset	50,652,585.75	50,016,819.89	-635,765.86
Total of current assets	9,188,864,196.02	9,188,228,430.16	-635,765.86
Non-current assets			
Loans and payment on other's behalf disbursed			
Creditor' rights investment			
Other creditor's rights investment			
Long-term receivable	242,241,093.20	242,241,093.20	
Long term share equity investment	11,899,308.84	11,899,308.84	
Other equity instruments investment	4,056,378,073.52	4,056,378,073.52	
Other non-current financial assets	16,046,102.59	16,046,102.59	
Property investment	7,949,408.86	7,949,408.86	
Fixed assets	1,309,749,127.82	1,309,749,127.82	
Construction in progress	805,277,593.08	805,277,593.08	
Production physical assets			
Oil & gas assets			
Use right assets		28,461,441.04	28,461,441.04
Intangible assets	315,925,092.55	315,925,092.55	
Development expenses			
Goodwill			
Long-germ expenses to be amortized			
Deferred income tax asset	421,502,615.03	421,502,615.03	
Other non-current asset			
Total of non-current assets	7,186,968,415.49	7,215,429,856.53	28,461,441.04
Total of assets	16,375,832,611.51	16,403,658,286.69	27,825,675.18
Current liabilities			

Short-term loans	252,777,667.03	252,777,667.03	
Loan from Central Bank			
Borrowing funds			
Transactional financial liabilities			
Derivative financial liabilities			
Notes payable	297,166,104.48	297,166,104.48	
Account payable	1,343,959,443.91	1,343,959,443.91	
Advance receipts	509,302.46	509,302.46	
Contract liabilities	2,949,234,639.55	2,949,234,639.55	
Selling of repurchased financial assets			
Deposit taking and interbank deposit			
Entrusted trading of securities			
Entrusted selling of securities			
Employees' wage payable	130,312,202.44	130,312,202.44	
Tax payable	298,065,195.51	298,065,195.51	
Other account payable	389,470,779.78	389,470,779.78	
Including: Interest payable			
Dividend payable			
Fees and commissions payable			
Reinsurance fee payable			
Liabilities held for sales			
Non-current liability due within 1 year	1,001,088.89	6,633,020.39	5,631,931.50
Other current liability	387,706,953.97	387,706,953.97	
Total of current liability	6,050,203,378.02	6,055,297,948.26	5,094,570.24
Non-current liabilities:			
Reserve fund for insurance contracts			
Long-term loan	21,623,520.00	21,623,520.00	
Bond payable			
Including: preferred stock			
Sustainable debt			
Lease liability		22,193,743.68	22,193,743.68

Long-term payable	407,946,545.09	407,946,545.09	
Long-term remuneration payable to staff			
Expected liabilities			
Deferred income	655,147,696.41	655,147,696.41	
Deferred income tax liability	550,540,278.99	550,540,278.99	
Other non-current liabilities			
Total non-current liabilities	1,635,258,040.49	1,657,989,145.43	22,731,104.94
Total of liability	7,685,461,418.51	7,713,287,093.69	27,825,675.18
Owners' equity			
Share capital	754,010,400.00	754,010,400.00	
Other equity instruments			
Including: preferred stock			
Sustainable debt			
Capital reserves	379,906,466.92	379,906,466.92	
Less: Shares in stock	144,078,948.09	144,078,948.09	
Other comprehensive income	3,114,962,386.84	3,114,962,386.84	
Special reserve	18,568,980.86	18,568,980.86	
Surplus reserves	625,178,089.82	625,178,089.82	
Common risk provision			
Retained profit	3,415,358,402.27	3,415,358,402.27	
Total of owner's equity belong to the parent company	8,163,905,778.62	8,163,905,778.62	
Minority shareholders' equity	526,465,414.38	526,465,414.38	
Total of owners' equity	8,690,371,193.00	8,690,371,193.00	
Total of liabilities and owners' equity	16,375,832,611.51	16,403,658,286.69	27,825,675.18

Parent Company Balance Sheet

In RMB

Items	December 31,2020	January 1,2021	Amount involved in the adjustment
Current asset :			
Monetary fund	1,068,802,728.63	1,068,802,728.63	
Transactional financial assets	901,681,809.34	901,681,809.34	
Derivative financial assets			

Notes receivable	2,386,000.00	2,386,000.00	
Account receivable	1,233,324,781.52	1,233,324,781.52	
Financing of receivables	560,214,105.19	560,214,105.19	
Prepayments	435,233,928.27	435,233,928.27	
Other account receivable	52,338,992.66	52,338,992.66	
Including: Interest receivable			
Dividend receivable	43,605,292.60	43,605,292.60	
Inventories	1,504,591,192.03	1,504,591,192.03	
Contract assets	298,440,051.27	298,440,051.27	
Assets held for sales			
Non-current asset due within 1 year			
Other current asset			
Total of current assets	6,057,013,588.91	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	925,188,454.39	925,188,454.39	
Other equity instruments investment	4,056,378,073.52	4,056,378,073.52	
Other non-current financial assets	18,227,489.14	18,227,489.14	
Property investment			
Fixed assets	353,788,891.57	353,788,891.57	
Construction in progress	495,409,362.19	495,409,362.19	
Production physical assets			
Oil & gas assets			
Use right assets		3,820,963.53	3,820,963.53
Intangible assets	163,116,618.58	163,116,618.58	
Development expenses			
Goodwill			
Long-germ expenses to be amortized			
Deferred income tax asset	355,670,069.60	355,670,069.60	
Other non-current asset			
Total of non-current assets	6,367,778,958.99	6,371,599,922.52	3,820,963.53
Total of assets	12,424,792,547.90	12,428,613,511.43	3,820,963.53

Current liabilities			
Short-term loans	150,136,986.30	150,136,986.30	
Transactional financial liabilities			
Derivative financial liabilities			
Notes payable	6,955,000.00	6,955,000.00	
Account payable	820,258,129.08	820,258,129.08	
Advance receipts			
Contract Liabilities	2,077,614,427.93	2,077,614,427.93	
Employees' wage payable	67,025,966.88	67,025,966.88	
Tax payable	240,368,823.36	240,368,823.36	
Other account payable	56,602,697.52	56,602,697.52	
Including: Interest payable			
Dividend payable			
Liabilities held for sales			
Non-current liability due within 1 year		1,865,646.50	1,865,646.50
Other current liability	267,804,499.76	267,804,499.76	
Total of current liability	3,686,766,530.83	3,688,632,177.33	1,865,646.50
Non-current liabilities:			
Long-term loan			
Bond payable			
Including: preferred stock			
Sustainable debt			
Lease liability		1,955,317.03	1,955,317.03
Long-term payable	247,309,261.46	247,309,261.46	
Long-term remuneration payable to staff			
Expected liabilities			
Deferred income	489,002,470.74	489,002,470.74	
Deferred income tax liability	550,540,278.99	550,540,278.99	
Other non-current liabilities			
Total non-current liabilities	1,286,852,011.19	1,288,807,328.22	1,955,317.03
Total of liability	4,973,618,542.02	4,977,439,505.55	3,820,963.53
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	3,115,610,428.47	3,115,610,428.47	
Special reserve	6,000,000.00	6,000,000.00	
Surplus reserves	602,356,402.65	602,356,402.65	
Retained profit	2,978,322,472.76	2,978,322,472.76	
Total of owners' equity	7,451,174,005.88	7,451,174,005.88	
Total of liabilities and owners' equity	12,424,792,547.90	12,428,613,511.43	3,820,963.53

(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%, 9%,6%
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%
City maintenance and construction tax	Turnover tax payable	7%, 5%
Educational surcharge	Turnover tax payable	3%
Local education additional	Turnover tax payable	2%

Enterprise income tax	Amount of income taxable	15%, 20%, 25%
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Notes of the disclosure situation of the taxpaying bodies with different enterprises income tax rate

Name	Income tax rate
The Company , Guoneng Company, Packaged Tech. Company, Huayuan Company, , Zhongneng Company , Hangfa Company and Casting Company	15%
Ranchuang Company, China mechanical and Electrical Institute -HSTG (Hangzhou) United Institutes Co., Ltd	20%
Indonesia Company.	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 Guoneng Company , Packaged Tech Company, Huayuan Company, Zhongneng Company and Hangfa. – subsidiaries of the Company, were qualified as high-tech enterprises for term of three years. As the result of the re-examination on 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 2021.

3). According to the Announcement on the Implementation of Preferential Income Tax Policies for Small and Micro Enterprises and Individual Industrial and Commercial Households (No.12, 2021) issued by the Ministry of Finance and the State Administration of Taxation, the preferential tax policies for small and low-profit enterprises was applicable to subsidiary Ranchuang Turbine and China mechanical and Electrical Institute -HSTG (Hangzhou) United Institutes Co., Ltd in 2021. If the annual taxable income does not exceed RMB 1 million, it would be included in the taxable income at a reduced rate of 12.5%, and the enterprise income tax would be paid at the rate of 20%.

3. Other

VII. Notes to the Consolidated Financial Statements

1. Monetary funds

In RMB

Items	End of term	Beginning of term
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Cash in stock	65,904.06	164,696.83
Bank deposit	1,467,327,722.30	1,850,651,755.50
Other monetary fund	155,489,621.43	148,693,389.99
Total	1,622,883,247.79	1,999,509,842.32
Incl: Total of accounts saved overseas	7,989,643.89	7,598,393.25

Other note

At the end of the period, bank deposits include RMB 17,000.00 of ETC deposit with restricted use. Other monetary funds at the end of the period include RMB 151,092,217.21 of bank acceptance bill deposit with restricted use, RMB 4,235,062.51 of guarantee deposit, RMB 5,218.32 of balance of special account for repurchasing treasury shares with unrestricted use, and RMB 110,949.97 of interest on unrestricted deposit which can be transferred at any time.

2. Transactional financial assets

In RMB

Items	End of term	Beginning of term
Classified as Financial assets measured at fair value through profit or loss	960,645,259.82	1,021,681,809.34
Of which :		
Equity instrument investment	2,645,259.82	1,681,809.34
Financing product	958,000,000.00	1,020,000,000.00
Of which:		
Total	960,645,259.82	1,021,681,809.34

Other note:

3. Derivative financial assets

In RMB

Items	End of term	Beginning of term
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Other note:

4. Notes receivable

(1) Notes receivable listed by category

In RMB

Items	End of term	Beginning of term
Bank acceptance bill	179,088,740.17	96,248,020.23
Trade acceptance bill	35,958,200.92	22,347,056.44
Total	215,046,941.09	118,595,076.67

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(%)	
Notes receivable for individual bad debt provision										
Accrual of bad debt provision by portfolio	218,390,231.88	100.00%	3,343,290.79	1.53%	215,046,941.09	124,397,376.92	100.00%	5,802,300.25	4.66%	118,595,076.67
Of which:										
Bank acceptance	179,088,740.17	82.00%			179,088,740.17	96,248,020.23	77.37%			96,248,020.23
Commercial acceptance	39,301,491.71	18.00%	3,343,290.79	8.51%	35,958,200.92	28,149,356.69	22.63%	5,802,300.25	20.61%	22,347,056.44
Total	218,390,231.88	100.00%	3,343,290.79	1.53%	215,046,941.09	124,397,376.92	100.00%	5,802,300.25	4.66%	118,595,076.67

Accrual of bad debt provision by single item:

In RMB

Name	Amount in year-end			
	Book Balance	Bad debt provision	Proportion(%)	Reason

Accrual of bad debt provision by portfolio: 3,343,290.79

In RMB

Name	Amount in year-end		
	Book balance	Bad debt provision	Proportion(%)
Bank acceptance bill portfolio	179,088,740.17		

Commercial acceptance bill portfolio	39,301,491.71	3,343,290.79	8.51%
Total	218,390,231.88	3,343,290.79	--

Note:

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

Applicable Not applicable

(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 portfolio	5,802,300.25	-2,459,009.46				3,343,290.79
Total	5,802,300.25	-2,459,009.46				3,343,290.79

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

Applicable Not applicable

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

In RMB

Items	Amount
Bank acceptance	9,004,000.00
Total	9,004,000.00

(4) Accounts receivable financing endorsed or discounted by the Company at the end of the period and not expired yet on the date of balance sheet

In RMB

Items	Amount derecognized at the end of the period	Amount not yet derecognized at the end of the period
Bank acceptance	38,394,865.81	
Commercial acceptance		15,708,890.65
Total	38,394,865.81	15,708,890.65

(5) Accounts receivable financing transferred to accounts receivable by the Company at the end of the period due to failure of the drawer to perform

In RMB

Items	Amount
Commercial acceptance	800,000.00
Total	800,000.00

Other note

(6) The actual write-off accounts receivable

In RMB

Items	Amount
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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	77,191,565.71	2.53%	77,191,565.71	100.00%		25,349,872.89	0.92%	25,349,872.89	100.00%	
Including:										
Accrual of bad debt provision by portfolio	2,979,746,652.43	97.47%	981,796,531.73	32.95%	1,997,950,120.70	2,716,066,760.40	99.08%	1,047,831,606.39	38.58%	1,668,235,154.01
Including:										
Total	3,056,938,218.14	100.00%	1,058,988,097.44	34.64%	1,997,950,120.70	2,741,416,633.29	100.00%	1,073,181,479.28	39.15%	1,668,235,154.01

Accrual of bad debt provision by single item: 77,191,565.71

In RMB

Name	Closing balance			
	Book balance	Bad debt provision	Proportion	Reason
Xinjiang Altay Jinhao Iron Industry Co., Ltd	26,010,242.82	26,010,242.82	100.00%	Not expected to be recovered
Hangzhou New Concept Energy Saving Technology Co., Ltd	11,552,855.00	11,552,855.00	100.00%	Not expected to be recovered
Dezhou Jinghua Group Zhenhua Co., Ltd.	10,980,000.00	10,980,000.00	100.00%	Not expected to be recovered

Qingdao Jieneng Steam Turbine Group Co., Ltd.	8,993,402.75	8,993,402.75	100.00%	Not expected to be recovered
Qingdong Jieneng Material Trade Co., Ltd.	6,534,000.00	6,534,000.00	100.00%	Not expected to be recovered
Qingdao Jieneng Steam Turbine Co., Ltd.Hangzhou Company	5,287,000.00	5,287,000.00	100.00%	Not expected to be recovered
Dabi Oleo	2,713,808.18	2,713,808.18	100.00%	Not expected to be recovered
Sinosteel Tiancheng Environmental Protection Science & Technology Co., Ltd.	2,459,550.00	2,459,550.00	100.00%	Not expected to be recovered
Minhe Jinxing Hydropower Development Co., Ltd.	1,468,751.96	1,468,751.96	100.00%	Not expected to be recovered
Diebu Axia Hydropower Development Co., Ltd.	1,132,000.00	1,132,000.00	100.00%	Not expected to be recovered
Weifang Leinuote Power Equipment Co., Ltd.	59,955.00	59,955.00	100.00%	Not expected to be recovered
Total	77,191,565.71	77,191,565.71	--	--

Accrual of bad debt provision by portfolio:981,796,531.73

In RMB

Name	Closing balance		
	Book balance	Bad debt provision	Proportion
Within 1 year	1,093,754,417.06	54,687,720.84	5.00%
1-2 years	585,691,526.51	58,569,152.66	10.00%
2-3 years	403,114,114.74	120,934,234.43	30.00%
3-4 years	312,274,348.45	187,364,609.08	60.00%
4-5 years	123,357,154.70	98,685,723.75	80.00%
Over 5 years	461,555,090.97	461,555,090.97	100.00%
Total	2,979,746,652.43	981,796,531.73	--

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)	1,094,411,836.46
1-2 years	591,468,265.29
2-3 years	406,634,114.74

Over 3 years	964,424,001.65
3-4 years	319,950,651.20
4-5 years	126,697,154.72
Over 5 years	517,776,195.73
Total	3,056,938,218.14

(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	25,349,872.89	12,339,597.41			39,502,095.41	77,191,565.71
Accrual of bad debt provision by portfolio	1,047,831,606.39	1,585,383.65		25,976,849.16	-41,643,609.15	981,796,531.73
Total	1,073,181,479.28	13,924,981.06		25,976,849.16	-2,141,513.74	1,058,988,097.44

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

In RMB

Name	Amount	Way

(3) The actual write-off accounts receivable

In RMB

Items	Amount
Accrual of bad debt provision by portfolio	25,976,849.16

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

In RMB

Name	Nature of account receivable	Amount written off	Reason for written off	Verification procedures	Arising from related transaction (Y/N)
Beijing Lixin Jingtong Industrial Equipment Co., Ltd	Goods	11,782,235.99	Uncollectible amount	Review by the Board of directors	No
Zhejiang Shengxin Energy Technology Development Co., Ltd.	Goods	2,630,000.00	Uncollectible amount	Review by the Board of directors	No
Xian Shangu Power Co., Ltd.	Goods	2,254,252.29	Uncollectible	Review by the Board of	No

			amount	directors	
Zhejiang Taihe Textile Printing & dyeing Clothing Co., Ltd.	Goods	1,565,000.00	Uncollectible amount	Review by the Board of directors	No
Guizhou Dejiang Baishuiquan Power Generation Co., Ltd.	Goods	910,000.00	Uncollectible amount	Review by the Board of directors	No
Jiangzi Huahui Industrial Co., Ltd.	Goods	793,000.00	Uncollectible amount	Review by the Board of directors	No
Lake Whitman Power Station, USA	Goods	636,737.82	Uncollectible amount	Review by the Board of directors	No
Anhui Qianshan Jiujiangang Hydropower Co., Ltd.	Goods	630,000.00	Uncollectible amount	Review by the Board of directors	No
Chongqing Kaixian Donglihe Hydropower Co., Ltd.	Goods	597,500.00	Uncollectible amount	Review by the Board of directors	No
Shenyang Water Pump Petrochemical Pump Co.,Ltd.	Goods	561,565.71	Uncollectible amount	Review by the Board of directors	No
Shanxi Guihua Dianhe Hydropower Development Co., Ltd.	Goods	531,600.00	Uncollectible amount	Review by the Board of directors	No
Guizhou Tianshengqiao Power station	Goods	516,000.00	Uncollectible amount	Review by the Board of directors	No
Gansu Diebukaba Banjiu Power station	Goods	481,552.00	Uncollectible amount	Review by the Board of directors	No
Hubei Nanyin Scientific Research Achievement Application and Material Trade Co., Ltd.	Goods	400,500.00	Uncollectible amount	Review by the Board of directors	No
Yunnan Xingneng Natural Resources Development Co., Ltd	Goods	210,650.00	Uncollectible amount	Review by the Board of directors	No
Guizhou Chishui Matan Guanyinyan Power station	Goods	195,132.00	Uncollectible amount	Review by the Board of directors	No

Hubei Zhuxi Hou River Basin Hydropower Development Co., Ltd.	Goods	160,000.00	Uncollectible amount	Review by the Board of director	No
Sichuan Leshan City Jinkou River District Shunshuihe Electric Power Company	Goods	149,930.00	Uncollectible amount	Review by the Board of directors	No
Handan Bridge Cement Co., Ltd	Goods	149,578.00	Uncollectible amount	Review by the Board of directors	No
Yunnan Honghe County Wenyuan Electric Power Development Co., Ltd.	Goods	119,000.00	Uncollectible amount	Review by the Board of directors	No
Other	Goods	702,615.35	Uncollectible amount	Review by the Board of directors	No
Total	--	25,976,849.16	--	--	--

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

In RMB

Name	Amount	Proportion(%)	Bad debt provision
Client 1	885,087,885.25	28.95%	270,850,091.30
Client 2	210,363,970.49	6.88%	101,004,124.10
Client 3	207,077,063.35	6.77%	21,578,527.10
Client 4	58,494,080.87	1.91%	33,628,361.74
Client 5	56,450,682.40	1.85%	2,822,534.12
Total	1,417,473,682.36	46.36%	

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

Other note:

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

6. Financing of receivables

In RMB

Items	End of term	Beginning of term
Bank acceptance	816,653,211.21	823,598,830.55
Total	816,653,211.21	823,598,830.55

Changes in the current period of receivables financing and fair value

Applicable Not applicable

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

Applicable Not applicable

Other note:

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

In RMB

Items	Pledged amount
Bank acceptance	89,200,929.14
Total	89,200,929.14

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

In RMB

Items	Amount of recognition termination at the period-end
Bank acceptance	659,394,548.94
Total	659,394,548.94

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

7. Prepayments

(1) Age analysis

In RMB

Age	End of term		Beginning of term	
	Book balance	Proportion(%)	Book balance	Proportion(%)
Within 1 year	402,228,171.12	90.64%	519,861,557.80	87.55%
1-2 years	16,849,046.80	3.80%	48,123,838.50	8.10%
2-3 years	3,119,651.33	0.70%	17,342,607.96	2.92%
Over 3 years	21,573,565.66	4.86%	8,480,153.54	1.43%
Total	443,770,434.91	--	593,808,157.80	--

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

In RMB

Name	Amount	Proportion(%)
Siemens Industrial Turbomachinery AB	138,379,502.10	31.18
Hangzhou Boiler Group	31,750,000.00	7.15
FORMOSA ELECTRIC POWER SYSTEM CO.,LIMITED	25,626,244.81	5.77
Mitsubishi Hitachi Electric Gas Engine Service (Nanjing) Co., Ltd	22,059,560.89	4.97
Kailuowen thermal Power technology (Jiangsu) Co., Ltd.	19,828,627.00	4.47
Subtotal	237,643,934.80	53.54

Other note:

8. Other account receivable

In RMB

Nature	Closing balance	Opening balance
Dividend receivable		43,605,292.60
Other	44,163,396.56	26,722,341.24
Total	44,163,396.56	70,327,633.84

(1) Interest receivable

1) Classification of interest receivable

In RMB

Nature	Closing balance	Opening balance

2) Significant overdue interest

In RMB

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

Other note:

3) Bad-debt provision

 Applicable Not applicable

(2) Dividend receivable

2) Dividend receivable

In RMB

Items	End of term	Beginning of term
Hangzhou Bank	0.00	43,605,292.60
Total		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

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:	60,464,968.77	44,872,571.32
Total	60,464,968.77	44,872,571.32

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	1,123,049.39	420,476.34	16,606,704.35	18,150,230.08
Balance as at January 1, 2021 in current	—	—	—	—
— Transfer to stage II	-481,657.16	481,657.16		
— Transfer to stage III		-161,496.39	161,496.39	
Provision in the current period	1,153,170.62	222,177.20	-3,109,463.36	-1,734,115.54
Write - off in the current period			116,441.00	116,441.00
Other	1,398.67	500.00		1,898.67
Balance as at December 31, 2021	1,795,961.52	963,314.31	13,542,296.38	16,301,572.21

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)	35,919,230.42
1-2 years	9,633,143.01
2-3 years	1,614,963.87
Over 3 years	13,297,631.47
3-4 years	351,902.88
4-5 years	495,315.49
Over 5 years	12,450,413.10
Total	60,464,968.77

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:	18,150,230.08	-1,734,115.54		116,441.00	1,898.67	16,301,572.21
Total	18,150,230.08	-1,734,115.54		116,441.00	1,898.67	16,301,572.21

Where the current bad debts back or recover significant amounts:

In RMB

Name	Amount	Way
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4) The actual write-off accounts receivable

In RMB

Items	Amount
Accrual of bad debt provision by portfolio:	116,441.00

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

In RMB

Name	Nature of account receivable	Amount written off	Reason for written off	Verification procedures	Arising from related transactions (Y/N)
Zhuzhou High-tech Thermal	Deposit	100,000.00	Uncollectible amount	Review by the Board of	No

Power Construction Co.,Ltd.				Directors	
Other	Deposit	16,441.00	Uncollectible amount	Review by the Board of Directors	No
Total	--	116,441.00	--	--	--

Other note:

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

In RMB

Name	Nature	Closing balance	Aging	Proportion of the total year end balance of the accounts receivable	Closing balance of bad debt provision
Shanghai Customs	Deposit	21,381,672.32	Within 1 year	35.36%	1,069,083.62
Shanghai Customs Waigaoqiao Office	Deposit	3,710,320.94	Over 5 years	6.14%	3,710,320.94
Hangzhou Chisu Trade Co., Ltd.	Deposit	2,848,700.00	1-2 years	4.71%	284,870.00
Wuhan Huazhong Automatic Control Technology Development Co., Ltd	Temporary payment receivable	2,331,000.00	Over 5 years	3.86%	2,331,000.00
Fuding Guanyangxi River Basin Diversion Investment Co., Ltd.	Deposit	2,300,000.00	Within 1 year	3.80%	115,000.00
Total	--	32,571,693.26	--	53.87%	7,510,274.56

6) Accounts receivable involved with government subsidies

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

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

Other note:

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	1,292,125,192.43	107,518,112.95	1,184,607,079.48	563,669,207.73	126,037,190.21	437,632,017.52
Goods in progress	871,173,637.50	62,010,483.80	809,163,153.70	948,587,668.24	109,394,872.84	839,192,795.40
Stock goods	1,189,125,044.23	141,251,530.06	1,047,873,514.17	1,179,185,615.69	149,436,233.38	1,029,749,382.31
Total	3,352,423,874.16	310,780,126.81	3,041,643,747.35	2,691,442,491.66	384,868,296.43	2,306,574,195.23

(2) Falling price reserves of inventory

In RMB

Items	Opening balance	Increased amount		Decreased amount		Closing balance
		Withdrawal	Reverse or write-off	Reverse or write-off	Other	
Raw materials	126,037,190.20	5,953,029.37		24,472,106.62		107,518,112.95
Goods in progress	109,394,872.84	2,821,417.36		50,205,806.40		62,010,483.80
Stock goods	149,436,233.39	17,729,781.12		25,914,484.45		141,251,530.06
Total	384,868,296.43	26,504,227.85		100,592,397.47		310,780,126.81

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

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

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

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

10.Contact assets

In RMB

Items	Year-end balance			Year-beginning balance		
	Book balance	Bad debt provision	Book value	Book balance	Bad debt provision	Book value
Quality guarantee	564,548,403.36	53,513,171.70	511,035,231.66	559,480,659.70	60,733,149.70	498,747,510.00

The construction contract forms the assets	79,560,175.93	7,568,757.60	71,991,418.33	44,503,655.62	7,370,255.11	37,133,400.51
Total	644,108,579.29	61,081,929.30	583,026,649.99	603,984,315.32	68,103,404.81	535,880,910.51

Amount and reason of material change of book value of contract assets in the current period

In RMB

Items	Amount	Reason
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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 contract assets 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	462,838.60			
Accrual by portfolio	-7,484,314.11			Accrual by aging
Total	-7,021,475.51			--

Other note:

1) Contract assets with single provision for impairment at the end of the period

Unit name	Book balance	Impairment provision	Accrual proportion (%)	Reasons for accrual
Qingdao Jieneng Steam Turbine Group Co., Ltd.	462,838.60	462,838.60	100.00	Uncollectible amount
Subtotal	462,838.60	462,838.60	100.00	

2) Contract assets with impairment provision in combination

Items	End of term		
	Book balance	Impairment provision	Accrual proportion (%)
Aging portfolio	643,645,740.69	60,619,090.70	9.42
Subtotal	643,645,740.69	60,619,090.70	9.42

11. Assets divided as held-to-sold

In RMB

Items	Book balance at the end of the period	Impairment provision	Closing book value	fair value	Estimated disposal cost	Estimated disposal time
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12. Non-current assets due within 1 year

In RMB

Items	Closing balance	Opening balance
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Important creditor's rights Investment/other creditor's rights investment

In RMB

Creditor's rights item	Closing balance				Opening balance			
	Face value	Contract interest rate, stated rate	Actual rate	Expiration date	Face value	Contract interest rate, stated rate	Actual rate	Expiration date

Other note:

13. Other current assets

In RMB

Items	End of term	Beginning of term
Input tax deductible	34,506,442.84	40,681,312.91
Prepaid income tax	30,524,440.80	6,967,102.56
Rent charge	1,144,067.78	1,553,552.62
Treasury bonds		814,851.80
Total	66,174,951.42	50,016,819.89

Other note:

14. Creditor's right investment

In RMB

Items	Year-end balance			Year-beginning balance		
	Book balance	Bad debt provision	Book value	Book balance	Bad debt provision	Book value

Important creditor's rights Investment/

In RMB

Items	Closing balance				Opening balance			
	Face value	Contract interest rate, stated rate	Actual rate	Expiration date	Face value	Contract interest rate, stated rate	Actual rate	Expiration date

Provision for bad debts

In RMB

Bad Debt Reserves	Stage 1	Stage 2	Stage 3	Total
	Expected credit	Expected credit loss over	Expected credit losses for	

	losses over the next 12 months	life (no credit impairment)	the entire duration (credit impairment occurred)	
Balance as at January 1, 2021 in current period	—	—	—	—

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

Applicable Not applicable

Other note:

15.Other creditor's rights investment

In RMB

Items	Opening balance	Accrued interest	Change in fair value in the current period	Closing balance	Costs	Change in cumulative fair value	Cumulative provision for losses recognized in other consolidated income	Remark

Important creditor's rights Investment/

In RMB

Items	Closing balance				Opening balance			
	Face value	Contract interest rate, stated rate	Actual rate	Expiration date	Face value	Contract interest rate, stated rate	Actual rate	Expiration date

Provision for bad debts

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 in current period	—	—	—	—

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

Applicable Not applicable

Other note:

16. Long-term accounts receivable

(1) List of long-term accounts receivable

In RMB

Items	Closing balance			Opening balance			Discount rate interval
	Book balance	Provision for inventory impairment	Book value	Book balance	Provision for inventory impairment	Book value	
Project item	205,022,203.37	51,281,110.17	153,741,093.20	319,022,203.37	76,781,110.17	242,241,093.20	
Total	205,022,203.37	51,281,110.17	153,741,093.20	319,022,203.37	76,781,110.17	242,241,093.20	--

Provision for bad debts

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 in current period	—	—	—	—

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

Applicable Not applicable

(2) Long-term accounts receivable which terminate the recognition owing to the transfer of the financial assets

(3) The amount of the assets and liabilities formed by the transfer and the continues involvement of long-term accounts receivable

Other note

Changes in bad debt reserves

In RMB

Items	Opening balance	Increased amount			Decreased amount			Closing balance
		Withdraw	recover	Other他	Switch back	write-off	Other	
Accrual by single item	66,360,000.00				21,600,000.00			44,760,000.00
Accrual by portfolio	10,421,110.17	-3,900,000.00						6,521,110.17
Total	76,781,110.17	-3,900,000.00			21,600,000.00			51,281,110.17

17. Long-term equity investment

In RMB

Investees	Opening balance	Increase /decrease								Closing balance	Closing balance of impairment provision	
		Additional 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 Gas turbine technology Co., Ltd	11,899,308.84									-11,899,308.84	0.00	
Subtotal	11,899,308.84									-11,899,308.84	0.00	
Total	11,899,308.84									-11,899,308.84	0.00	

Other note

[Note] Other decreases are caused by the merger of the subsidiary, Turbine Company and Zhongrun Company not under the same control. For details, please refer to Note VI (I) to this Financial Statement.

18. Other equity instruments investment

In RMB

Items	End of term	Beginning of term
Hangzhou Bank	3,485,440,140.92	4,056,378,073.52
Total	3,485,440,140.92	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 stocks 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.
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Other note:

19. Other non-current Financing assets

In RMB

Items	End of term	Beginning of term
Classified as financial assets measured by fair value and whose changes are included in the current profit and loss	14,792,533.96	16,046,102.59
Total	14,792,533.96	16,046,102.59

Other note: The project is invested in equity instruments

Detail

In RMB

Investees	Opening balance	Increase /decrease			
		Additional investment	Decrease in investment	Change in fair value gains and losses	Other comprehensive adjustment to revenue
Actions Xinxing No.9 Private Equity Fund	10,224,976.32			-1,104,976.32	
Greenesol power systems PVT Ltd.	5,534,773.22				
Zhejiang Sanxin Automation Engineering Co., Ltd	148,592.31		148,592.31		
Heilongjiang Multi-Power Hydropower Development United Company	137,760.74				
Total	16,046,102.59		148,592.31	-1,104,976.32	

(Continued)

Investees	Increase /decrease				Closing balance	Closing balance of impairment provision
	Other equity changes	Declaration of cash dividends or profit	Withdrawn impairment provision	Other		
Actions Xinxing No.9 Private					9,120,000.00	

Equity Fund						
Greenesol power systems PVT Ltd.					5,534,773.22	
Zhejiang Sanxin Automation Engineering Co., Ltd						
Heilongjiang Multi-Power Hydropower Development United Company					137,760.74	
Total					14,792,533.96	

20. Investment real estate

(1) Investment real estate adopted the cost measurement mode

√Applicable □ Not applicable

In RMB

Items	House, Building	Land use right	Construction in process	Total
I. Original price				
1. Balance at period-beginning	12,560,552.55			12,560,552.55
2. Increase in the current period				
(1) Purchase				
(2) Inventory \ fixed assets \ project under construction transfer				
(3) Increased of Enterprise Combination				
3. Decreased amount of the period	2,391,552.00			2,391,552.00
(1) Dispose	2,391,552.00			2,391,552.00
(2) Other out				
4. Balance at period-end	10,169,000.55			10,169,000.55
II. Accumulated amortization				
1. Opening balance	4,611,143.69			4,611,143.69
2. Increased amount of the period	490,542.46			490,542.46
(1) Withdrawal	490,542.46			490,542.46
3. Decreased amount of the period	1,836,671.67			1,836,671.67
(1) Dispose	1,836,671.67			1,836,671.67
(2) Other out				

4. Balance at period-end	3,265,014.48			3,265,014.48
III. Impairment provision				
1. Balance at period-beginning				
2. Increased amount of the period				
(1) Withdrawal				
3. Decreased amount of the period				
(1) Dispose				
(2) Other out				
4. Balance at period-end				
IV. Book value				
1. Book value at period -end	6,903,986.07			6,903,986.07
2. Book value at period-beginning	7,949,408.86			7,949,408.86

(2) Investment property adopted fair value measurement mode

Applicable Not applicable

(3) Investment real estate without certificate of ownership

In RMB

Items	Book balance	Reason
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Other note

At the end of the this period, the book value of the investment real estate was RMB 6,889,998.71, which was due to the housing reform to resettlement house: that is, when the family dormitory area of the subsidiary Hangfa Company was demolished and renovated in 2011, part of the resettlement area could not be renovated because some residents had received housing subsidies, enjoyed affordable housing, participated in the housing reform in other places, failed to submit the housing reform information in time, etc., and the property rights belonged to the Company.

21. Fixed assets

In RMB

Items	Year-end balance	Year-beginning balance
Fixed assets	1,658,423,191.83	1,309,749,127.82
Total	1,658,423,191.83	1,309,749,127.82

(1) List of fixed assets

In RMB

Items	Houses & buildings	Machinery equipment	Transportations	Other equipment	Total
I. Original price					
1. Opening balance	1,335,129,117.75	918,077,111.39	38,009,629.00	57,832,623.23	2,349,048,481.37
2. Increased amount of the period	119,092,341.01	291,589,025.45	2,646,939.15	94,702,813.97	508,031,119.58
(1) Purchase	808,103.68	10,684,596.91	1,997,116.14	1,968,960.88	15,458,777.61
(2) Transferred from construction in progress	118,284,237.33	273,488,338.87	649,823.01	92,554,758.28	484,977,157.49
(3) Increased of Enterprise Combination		7,416,089.67		179,094.81	7,595,184.48
3. Decreased amount of the period	181,399,807.73	24,382,099.09	5,025,973.36	10,153,797.40	220,961,677.58
(1) Disposal		23,826,182.60	5,025,973.36	9,839,697.40	38,691,853.36
(2) Relocation transfer	181,399,807.73	555,916.49		314,100.00	182,269,824.22
4. Balance at period-end	1,272,821,651.03	1,185,284,037.75	35,630,594.79	142,381,639.80	2,636,117,923.37
II. Accumulated depreciation					
1. Opening balance	262,660,487.12	701,844,361.39	28,651,455.37	41,298,556.65	1,034,454,860.53
2. Increased amount of the period	42,426,825.30	56,382,566.12	2,201,655.50	4,519,648.05	105,530,694.97
(1) Withdrawal	42,426,825.30	54,780,486.58	2,201,655.50	4,361,745.49	103,770,712.87
(2) Increased of Enterprise Combination		1,602,079.54		157,902.56	1,759,982.10
3. Decreased amount of the period	138,092,408.51	23,215,345.12	4,570,172.92	8,677,233.77	174,555,160.32
(1) Disposal		22,690,628.33	4,570,172.92	8,363,588.77	35,624,390.02
(2) Relocation transfer	138,092,408.51	524,716.79		313,645.00	138,930,770.30
4. Closing balance	166,994,903.91	735,011,582.39	26,282,937.95	37,140,970.93	965,430,395.18
III. Impairment provision					
1. Opening balance	1,504,928.24	3,263,331.46		76,233.32	4,844,493.02
2. Increase in the reporting period	9,028,267.09				9,028,267.09
(1) Withdrawal	9,028,267.09				9,028,267.09
3. Decreased amount of the period	1,504,928.24	27,977.35		75,518.16	1,608,423.75
(1) Disposal		27,977.35		75,518.16	103,495.51
(2) Relocation transfer	1,504,928.24				1,504,928.24
4. Closing balance	9,028,267.09	3,235,354.11		715.16	12,264,336.36
IV. Book value					
1. Book value of the period-end	1,096,798,480.03	447,037,101.25	9,347,656.84	105,239,953.71	1,658,423,191.83

2.Book value of the period-begin	1,070,963,702.39	212,969,418.54	9,358,173.63	16,457,833.26	1,309,749,127.82
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(2) Fixed assets temporarily idled

In RMB

Items	Original price	Accumulated depreciation	Impairment provision	Book value	Remark
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(3) Fixed assets leased out through operating leases

In RMB

Items	Book value
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(4) Details of fixed assets failed to accomplish certification of property

In RMB

Items	Book value	Reason
Steam turbine power Building	201,448,624.87	In process
Steam Turbine Heavy Industry Plant -Complete sets of factory	150,581,200.81	In process
Steam Turbine Heavy Industry Plant -Jingzi Large Workshop	117,017,848.35	In process
Steam Turbine Heavy Industry Plant -Rotor workshop	95,081,797.43	In process
Steam Turbine Heavy Industry Plant -Small and Medium Welding Heat Treatment Workshop	83,047,912.61	In process
Steam Turbine Heavy Industry Plant -Complete Plant	44,391,450.62	In process
Steam Turbine Heavy Industry Plant -Distribution Centre	41,406,815.15	In process
Steam Turbine Heavy Industry Plant -Canteen and Staff Activity Centre	21,992,468.99	In process
Steam Turbine Heavy Industry Plant -Joint station	11,858,169.35	In process
Other	9,785,145.47	In process
Institute Yaju community	4,995,566.79	In process
Industry and trade production complex building	29,771,971.18	In process
Subtotal	811,378,971.62	

Other note

(5) Liquidation of fixed assets

In RMB

Items	End of term	Beginning of term
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Other note

22. Construction in progress

In RMB

Items	End of term	Beginning of term
Construction in progress	517,835,956.11	805,277,593.08
Total	517,835,956.11	805,277,593.08

(1) List of construction in progress

In RMB

Items	End of term			Beginning of term		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
New Plant project	493,629,477.17		493,629,477.17	784,750,054.12		784,750,054.12
Software project	11,327,261.17		11,327,261.17	2,995,615.18		2,995,615.18
Other project	9,356,085.45		9,356,085.45	14,176,924.67		14,176,924.67
Prepayment for equipment or projects	3,523,132.32		3,523,132.32	3,354,999.11		3,354,999.11
Total	517,835,956.11		517,835,956.11	805,277,593.08		805,277,593.08

(2) Changes of significant construction in progress

In RMB

Name of project	Budget (RMB '0,000)	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	173,328.76	784,750,054.12	184,947,417.69	476,067,994.64		493,629,477.17	95.75%	Under construct	9,819,482.47	849,085.13	1.20%	Other

project								ion				
Software project		2,995,615.18	10,897,787.56		2,566,141.57	11,327,261.17						Other
Other project		14,176,924.67	2,541,122.41	7,361,961.63		9,356,085.45						Other
Prepayment for equipment or projects		3,354,999.11	1,715,334.43	1,547,201.22		3,523,132.32						Other
Total	173,328.76	805,277,593.08	200,101,662.09	484,977,157.49	2,566,141.57	517,835,956.11	--	--	9,819,482.47	849,085.13		--

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

In RMB

Items	Amount	Reason
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Other note

(4) Engineering material

In RMB

Items	Year-end balance			Year-beginning balance		
	Book balance	Provision for devaluation	Book value	Book balance	Provision for devaluation	Book value

Other note

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

In RMB

Items	House and Building	Total
1. Balance at period-beginning	28,461,441.04	28,461,441.04
2. Increase in the current period	9,646,511.69	9,646,511.69
(1) Rent	8,981,466.14	8,981,466.14

(2) Increased of Enterprise Combination	665,045.55	665,045.55
4. Balance at period-end	38,107,952.73	38,107,952.73
2.Increased amount of the period	7,670,173.81	7,670,173.81
(1) Withdrawal	7,670,173.81	7,670,173.81
4. Closing balance	7,670,173.81	7,670,173.81
1.Book value of the period-end	30,437,778.92	30,437,778.92
2.Book value of the period-begin	28,461,441.04	28,461,441.04

Other note

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	383,365,712.33	309,433.96		14,820,918.92	398,496,065.21
2.Increase in the current period		34,653.47	8,000,000.00	2,968,344.66	11,002,998.13
(1) Purchase		34,653.47		2,968,344.66	3,002,998.13
(2)Internal Development					
(3)Increased of Enterprise Combination			8,000,000.00		8,000,000.00
3.Decreased amount of the period	59,022,553.08				59,022,553.08
(1) Disposal					
(2) Relocation transfer	59,022,553.08				59,022,553.08
4.Closing balance	324,343,159.25	344,087.43	8,000,000.00	17,789,263.58	350,476,510.26
II.Accumulated amortization					
1.Opening balance	78,416,867.99	269,390.78		3,884,713.89	82,570,972.66
2.Increased amount of the period	6,897,970.71	6,829.16	5,266,666.91	2,777,851.31	14,949,318.09

(1) Withdrawal	6,897,970.71	6,829.16	800,000.04	2,777,851.31	10,482,651.22
(2) Increased of Enterprise Combination			4,466,666.87		4,466,666.87
3.Decreased amount of the period	24,513,487.73				24,513,487.73
(1) Disposal					
(2) Relocation transfer	24,513,487.73				24,513,487.73
4.Closing balance	60,801,350.97	276,219.94	5,266,666.91	6,662,565.20	73,006,803.02
III. Impairment provision					
1.Opening balance					
2.Increased amount of the period					
(1) Withdrawal					
3.Decreased amount of the period					
(1) Disposal					
4.Closing balance					
IV. Book value					
1.Closing book value	263,541,808.28	67,867.49	2,733,333.09	11,126,698.38	277,469,707.24
2.Opening book value	304,948,844.34	40,043.18		10,936,205.03	315,925,092.55

The proportion the intangible assets formed from the internal R&D through the Company amount the balance of the intangible assets at the period-end.

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

In RMB

Items	Book value	Reason
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Other note:

27. .Development expenses

In RMB

Items	Balance in year-begin	Increase in this period			Decrease in this period			Balance in year-end
		Internal development expenditure	Other		Recognized as intangible assets	Transfer to current profit and loss		
Total								

Other note

28. Goodwill

(1) Original book value of goodwill

In RMB

Name of the investees or the events formed goodwill	Opening balance	Increase		Decrease		Closing balance
		The merger of enterprises		disposition		
Total						

(2) Impairment of goodwill

In RMB

Investee	Balance in year-begin	Increased at this period		Decreased at this period		Closing balance
		Provision		disposition		
Total						

Information about an asset group or asset group portfolio

Explain the goodwill impairment test process, key parameters (such as forecast period growth rate at expected future cash flow, stable period growth rate, profit margin, discount rate, forecast period, etc.) and the confirmation method of goodwill impairment loss

Impact of the goodwill impairment test

Other note

29. Long term amortize expenses

In RMB

Items	Balance in year-begin	Increase in this period	Amortized expenses	Other loss	Balance in year-end

Other note

30. Deferred income tax assets/deferred income tax liabilities

(1) Details of the un-recognized deferred income tax assets

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	1,356,205,463.61	215,697,910.21	1,462,795,044.91	233,844,217.10
Internal trade profit not realized	58,598,289.97	8,789,743.49	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	7,103,959.98	1,065,594.00	7,413,841.83	1,112,076.27
Temporary difference such as amortizing of software expense	99,651.17	14,947.68	708,010.51	106,201.58
Relocation compensation	1,041,307,329.87	157,097,084.29	1,187,246,121.02	178,402,589.15
Total	2,463,314,694.60	382,665,279.67	2,711,746,557.80	421,502,615.03

(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	3,094,486,100.92	464,172,915.14	3,665,424,033.52	549,813,605.04
Accumulated depreciation			4,844,493.02	726,673.95
Total	3,094,486,100.92	464,172,915.14	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 Deductible or Taxable Difference at the End of Report Period	Deferred Income Tax Assets or Liabilities at the Beginning of Report Period	Temporarily Deductible or Taxable Difference at the Beginning of Report Period

Deferred income tax assets		382,665,279.67		421,502,615.03
Deferred income tax liabilities		464,172,915.14		550,540,278.99

(4)Details of income tax assets not recognized

In RMB

Items	End of term	Beginning of term
Deductible provisional differences	157,834,999.47	168,936,269.15
Deductible losses	166,619,930.21	59,419,906.08
Total	324,454,929.68	228,356,175.23

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

In RMB

Year	End of term	Beginning of term	Remark
2021		5,399,126.23	
2022	10,928,264.99	10,939,685.88	
2023	14,149,816.48	14,149,816.48	
2024	23,524,220.73	23,713,687.70	
2025	2,773,270.33	1,080,291.70	
2026	44,870,965.65		
2027	1,036,145.13		
2028	1,545,297.07		
2029	6,802,845.68	4,137,298.09	
2030	3,914,057.03		
2031	57,075,047.12		
Total	166,619,930.21	59,419,906.08	--

Other note:

31 .Other non-current assets

In RMB

Items	Balance in year-end			Balance in year-begin		
	Book balance	Provision for devaluation	Book value	Book balance	Provision for devaluation	Book value

Other note:

32. Short-term borrowings

(1) Categories of short-term loans

In RMB

Items	End of term	Beginning of term
Mortgage Borrowings	74,897,015.73	59,876,415.52
Guarantee Borrowing	170,163,630.75	192,901,251.51
Credit borrowing	5,005,273.97	
Total	250,065,920.45	252,777,667.03

Note:

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

None

33. Transactional financial liabilities

None

34. Derivative financial liability

None

35. Notes payable

In RMB

Items	End of term	Beginning of term
Commercial acceptance bill	7,500,000.00	14,000,000.00
Bank acceptance bill	301,904,319.27	283,166,104.48
Total	309,404,319.27	297,166,104.48

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

36. Accounts payable

(1) List of accounts payable

In RMB

Items	End of term	Beginning of term
Goods	1,709,868,854.24	1,167,825,479.31
Equipment and Engineering	186,363,724.44	164,099,118.70
Other	13,917,609.46	12,034,845.90
Total	1,910,150,188.14	1,343,959,443.91

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

In RMB

Items	Balance in year-end	Reason
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37. Advances received

(1) List of Advances received

In RMB

Items	End of term	Beginning of term
Rent	812,701.37	509,302.46
Total	812,701.37	509,302.46

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

38.Contract liabilities

In RMB

Items	End of term	Beginning of term
Goods	3,052,515,293.06	2,949,234,639.55
Total	3,052,515,293.06	2,949,234,639.55

Amount and reasons for the significant change in the book value during the reporting period

In RMB

Items	Amount	Reason
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39.Payable Employee wage

(1) List of Payroll payable

In RMB

Items	Balance in year-begin	Increase in this period	Payable in this period	Balance in year-end
I. Short-term compensation	103,291,818.04	883,662,446.67	887,677,607.97	99,276,656.74
II. Post-employment benefits - defined contribution plans	27,020,384.40	111,259,674.22	104,434,205.44	33,845,853.18
III. Dismissal benefits		3,234,403.63	3,234,403.63	
Total	130,312,202.44	998,156,524.52	995,346,217.04	133,122,509.92

(2) Short-term remuneration

In RMB

Items	Balance in year-begin	Increase in this period	Decrease in this period	Balance in year-end
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(1) Salary, bonus, allowance and subsidy	83,843,092.61	697,220,325.83	698,373,652.85	82,689,765.59
(2) Employee benefits		47,839,747.42	47,839,747.42	
(3) Social insurance expenses	8,332,790.24	59,559,052.66	59,189,345.67	8,702,497.23
Including: medical insurance premium	8,264,053.61	57,905,036.77	57,612,432.61	8,556,657.77
Work-related injury insurance premium	68,708.31	1,648,355.93	1,571,224.78	145,839.46
Maternity insurance premium	28.32	5,659.96	5,688.28	
(4) Housing fund	434,955.96	65,909,876.84	65,886,279.84	458,552.96
(5) Labor union expenditures and employee education expenses	10,680,979.23	13,133,443.92	16,388,582.19	7,425,840.96
Total	103,291,818.04	883,662,446.67	887,677,607.97	99,276,656.74

(3) List of drawing scheme

In RMB

Items	Opening balance	Increase	Decrease	Closing balance
1. Basic pension insurance	3,194,283.71	80,787,716.32	76,616,786.40	7,365,213.63
2. Unemployment insurance	114,116.96	2,866,425.90	2,717,501.04	263,041.82
3. Enterprise annual fee	23,711,983.73	27,605,532.00	25,099,918.00	26,217,597.73
Total	27,020,384.40	111,259,674.22	104,434,205.44	33,845,853.18

Other note:

40. Taxes Payable

In RMB

Items	End of term	Beginning of term
VAT	40,924,370.15	69,575,395.25
Enterprise Income tax	17,886,118.76	209,338,006.91
Individual Income tax	2,870,186.04	2,562,589.76
City Construction tax	5,687,507.47	6,210,382.62
Property tax	7,532,910.03	1,898,272.44
Land use tax	1,912,650.90	3,644,516.09
Education subjoin	2,485,447.07	2,660,982.39
Locality Education subjoin	1,666,388.01	1,773,988.26
Other	656,799.67	401,061.79

Total	81,622,378.10	298,065,195.51
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Other note:

41. Other account payable

In RMB

Items	End of term	Beginning of term
Other account payable	434,578,338.13	389,470,779.78
Total	434,578,338.13	389,470,779.78

(1) Interest payable

In RMB

Items	Closing balance	Opening balance
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Particulars of significant overdue unpaid interest:

In RMB

Unit	Overdue amount	Overdue reason
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Other note:

(2) Dividends payable

In RMB

Items	Closing balance	Unpaid/un-carry-over reason
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Note: Including significant unpaid dividends payable over one year, the unpaid reason shall be disclosed:

(3) Other accounts payable

1) Other accounts payable listed by nature of the account

In RMB

Items	End of term	Beginning of term
Deposit	7,710,407.05	18,398,621.16
Provisional account payable	73,387,357.24	57,261,638.43
Related party demolition loan	240,000,000.00	309,254,400.43
Restricted stock subscription funds	110,195,995.86	
Other	3,284,577.98	4,556,119.76
Total	434,578,338.13	389,470,779.78

2) Significant other payables for over 1 year

In RMB

Item	Ending balance	Reason for unreimbursed or transferred
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Other note

42. Liabilities classified as holding for sale

In RMB

Items	Closing balance	Opening balance
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Other note:

43. Non-current liabilities due within 1 year

In RMB

Items	End of term	Beginning of term
Long-term loans due within 1 year	9,011,464.45	1,001,088.89
Lease liabilities due within 1 year	8,596,258.52	5,631,931.50
Total	17,607,722.97	6,633,020.39

Other note:

44. Other current liabilities

In RMB

Items	End of term	Beginning of term
Output tax to be transferred	394,535,629.47	384,174,688.02
Maintenance and renovation costs	1,105,000.00	3,532,265.95
Total	395,640,629.47	387,706,953.97

Changes on short term bonds payable:

In RMB

Name of the bond	Book value	Issue date	period	Issue amount	Opening balance	The current issue	Withdraw interest at par	Overflow discount amortization	Pay in current period		Closing balance
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Other note:

45. Long-term borrowing

(1) Category of long-term loan

In RMB

Items	End of term	Beginning of term
Mortgage loan	20,624,674.22	21,623,520.00
Guarantee loan	160,205,333.33	
Total	180,830,007.55	21,623,520.00

Note:

Other notes, including interest rate range:

46. Bonds payable

(1) Bonds payable

In RMB

Items	Closing balance	Opening balance
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(2) Changes on bonds payable (not including other financial instrument classified as preferred stock and perpetual capital securities of financial liabilities)

In RMB

Name of the bonds	Face value	Issue date	Period	Issue amount	Opening balance	The current issue	Withdraw interest at par	Overflow discount amount	Pay in current period		Closing balance
Total	--	--	--								

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

(4) Note to other financial instrument classified as financial liabilities

Basic information of preferred stock, perpetual capital securities and other financial instruments outstanding issued at period-end Change list of preferred stock, perpetual capital securities and other financial instruments outstanding issued at period-end

In RMB

Financial instruments outstanding issued	Opening period		Increase		Decrease		Closing period	
	Book balance	Provision for impairment	Book balance	Provision for impairment	Book balance	Provision for impairment	Book balance	Provision for impairment
	Amount	Book value	Amount	Book value	Amount	Book value	Amount	Book value

Note to the basis of other financial instrument classified as financial liabilities

Other note:

47. Lease liability

In RMB

Items	End of term	Beginning of term
Unpaid lease payments	24,310,879.76	24,260,853.39
Less: Financing charges are not recognized	1,735,124.99	2,067,109.71
Total	22,575,754.77	22,193,743.68

Other note

48. Long-term payable

In RMB

Items	End of term	Beginning of term
Long term account payable	330,000.00	156,493,666.66
Special Payable	7,249,677.56	251,452,878.43
Total	7,579,677.56	407,946,545.09

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

In RMB

Items	End of term	Beginning of term
CDB investment fund		155,000,000.00
Income payable of CDB		1,163,666.66
Drawing in administrative restructuring	330,000.00	330,000.00
Subtotal	330,000.00	156,493,666.66

Other note:

(2) Special Payable

In RMB

Items	Opening balance	Increase	Decrease 期减少	End balance	Reason
Compensation for relocation	246,942,943.24		244,902,296.53	2,040,646.71	
Funding for Personnel Training	2,486,006.87	2,843,140.00	2,144,044.34	3,185,102.53	
Resettlement	2,023,928.32			2,023,928.32	
Total	251,452,878.43	2,843,140.00	247,046,340.87	7,249,677.56	--

Other note:

1. The reduction of compensation for land requisition and relocation in the current period is caused by the carry-over of compensation for land requisition and relocation, in which the corresponding part of the relocation cost of RMB 130,550,011.93 in the current period is transferred to other income, and the corresponding part of the fixed assets of RMB 114,352,284.60 in the new factory area put into use in the current period is transferred to deferred revenue, as shown in Note XIV (III) to this Financial Statement.

2. Resettlement payment mainly refers to the compensation and resettlement transition fee saved during the demolition and housing reform of the family dormitory area of the subsidiary, Hangfa Company.

49. Long term payroll payable

(1) List of long term payroll payable

In RMB

Items	Closing balance	Opening balance
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(2) Changes of defined benefit plans

Present worth of defined benefit plans obligation:

In RMB

Items	Amount of the Current Term	Amount of the Previous Term
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Plan assets:

In RMB

Items	Amount of the Current Term	Amount of the Previous Term
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Net liabilities (net assets) of defined benefit plans

In RMB

Items	Amount of the Current Term	Amount of the Previous Term
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Notes to the influence of the content and related risk of defined benefit plans to the future cash flows, time and uncertainty of the Company:

Notes to analysis results of major actuarial assumptions and sensibility of defined benefit plans

Other notes:

50. Estimated liabilities

In RMB

Items	Closing balance	Opening balance	Formation reasons
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Other notes, including related important assumptions and estimates of accrued liabilities:

51. Deferred income

In RMB

Items	Beginning of term	Increased this period	Decreased this period	End of term	Reason
Government Subsidy	655,147,696.41	244,902,296.53	170,611,241.20	729,438,751.74	Receive government subsidies
Total	655,147,696.41	244,902,296.53	170,611,241.20	729,438,751.74	--

Items involved in government subsidies::

In RMB

Items	Opening balance	Amount of newly subsidy	Amount accrued in non-business	Other changes	Closing balance	Related to the assets/income
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Other note:

Note: Please refer to Note V (5) 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

In RMB

Items	Closing balance	Opening balance
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Other note:

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

Other note:

54. Other equity instruments

(1) Basic information of preferred stock, perpetual capital securities and other financial instruments outstanding issued at period-end

(2) Change list of preferred stock, perpetual capital securities and other financial instruments outstanding issued at period-end

In RMB

Financial instruments outstanding issued	Opening balance		Increase		Decrease		Closing balance	
	Amount	Book value	Amount	Book value	Amount	Book value	Amount	Book value

Changes, reason of change and basis of relevant accounting treatment of other equity instruments in reporting period:

Other note:

55. Capital reserves

In RMB

Items	Year-beginning balance	Increase in the current period	Decrease in the current period	Year-end balance
Capital premium	319,231,541.83	230,525,542.81	345,106,086.63	204,650,998.01
Other capital reserves	60,674,925.09	17,620,107.40		78,295,032.49
Total	379,906,466.92	248,145,650.21	345,106,086.63	282,946,030.50

Other notes, including changes and reason of change:

1) The current increase of share capital premium includes:

① In 2021, after the Company completes the merger under the same control, the part of the retained earnings realized by such mergee before the merger date attributable to the Company was limited to the Company's capital

reserve in the consolidated financial statements, which was transferred from the capital reserve to the retained earnings, and the capital reserve-equity premium was adjusted and increased by RMB 230,196,768.80.

② Ranchuang Company was originally a joint venture of the Company. In 2021, after the Company merged with Ranchuang Company under the same control, the investment profits and losses accumulated by the equity method on the merger date were reversed in the consolidated financial statements, and the capital reserve-equity premium was adjusted and increased by RMB 328,774.01.

2) The current decrease of share capital premium includes:

① In 2021, under the same control, the Company merged the New Energy Company, Sales Company, Ranchuang company and China Mechanical Institute Company , The difference between the book value of the merger consideration paid the share off the book value of the net assets obtained by the merged parties in the ultimate controlling party's consolidated financial statements will be offset against the capital reserve-the share capital premium of RMB 61,503,831.00.

② After the Company completed the merger under the same control in 2021, it shall be regarded as the existing status of the merged company before the completion of the merger under the same control. However, in the Company's previous comparative consolidated financial statements, the paid-in capital of the mergee and the part of the capital reserve attributable to the Company were adjusted and turned back at the end of the period, and the capital reserve-equity premium was adjusted and reduced by RMB 226,288,847.27.

③ In 2021, due to the purchase of minority shareholders' equity in subsidiaries, the Company adjusted and reduced the capital reserve-equity premium by RMB 27,313,408.36 for the difference between the newly acquired long-term equity investment cost and the identifiable net assets share of subsidiaries calculated since the merger date according to the newly increased shareholding ratio.

④ In 2021, the company increased the special reserve due to the purchase of minority shareholder equity of the new energy company, and adjust and reduce the capital reserve by 38,350.14 yuan.

⑤The equity of the New Energy Company originally held by the Company is classified as financial assets measured at fair value and its changes are included in current profits and losses. In 2021, after the Company completed its merger of the New Energy Company under the same control, the profits and losses of fair value changes recognized during the investment holding period of the originally held equity were transferred to capital reserve, and the capital reserve-equity premium was reduced by RMB 30,000,000.00.

2) The increase of other capital reserves in the current period includes:

① Zhongrun Company, a former affiliate of subsidiary Turbine Company, increased its registered capital by RMB 10,000,000.00 in 2018 (paid in by stages), of which RMB 680,000.00 was paid in this period. Turbine Company calculated the fair value share of identifiable net assets of the investee according to the shareholding ratio, adjusted and increased the book value of long-term equity investment, and included it in capital reserve-other capital reserve of RMB 322,200.00.

② In 2021, the Company increased the capital reserve-other capital reserve by RMB 17,297,907.40 due to equity settlement of share-based payment involving employees, as shown in Note XI to this Financial Statement.

56. Treasury stock

In RMB

Items	Year-beginning balance	Increase in the current period	Decrease in the current period	Year-end balance

Treasury stock	144,078,948.09			144,078,948.09
Total	144,078,948.09			144,078,948.09

Other notes, including changes and reason of change:

It is the total 19,551,800 shares repurchased by the Company, of which 19,440,000 shares were used as equity incentives to grant restricted shares to employees, as detailed in Note XI to this Financial Statement.

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	-570,937,932.60			-85,640,689.90	-485,297,242.70		2,630,313,185.77
Changes in fair value of investments in other equity instruments	3,115,610,428.47	-570,937,932.60			-85,640,689.90	-485,297,242.70		2,630,313,185.77
2. Other comprehensive	-648,041.63	-440,086.68				-187,387.15	-252,699.53	-835,428.78

e income reclassifiable to profit or loss in subsequent periods								
Difference of translating of foreign currency accounts	-648,041.63	-440,086.68				-187,387.15	-252,699.53	-835,428.78
Total of other comprehensive income	3,114,962,386.84	-571,378,019.28			-85,640,689.90	-485,484,629.85	-252,699.53	2,629,477,756.99

Other notes, including the adjustment of the recognition of initial amount of effective part of the cash flow

58. Special reserves

In RMB

Items	Beginning of term	Increased this period	Decreased this period	End of term
Labor safety expenses	18,568,980.86	4,315,254.24	4,515,201.58	18,369,033.52
Total	18,568,980.86	4,315,254.24	4,515,201.58	18,369,033.52

Other note, including changes and reason of change:

1) The increase in the current period includes the special reserve of RMB 38,350.14 increased due to the purchase of minority shareholders' equity of the Packaged Company;

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

3) On December 5, 2016, Upon the application of the Company and the approval of Hangzhou Safety Production Supervision and Administration Bureau (HSPSAB), the minimum reserved amount for the collection and use of the safety production cost of the Company and its subsidiaries is RMB 20 million. If the safety production costs that have been withdrawn in previous years have exceeded the minimum reserved amount, it will no longer be reduced; if the safety production costs for the subsequent years are less than the above-mentioned minimum reserved amount, withdraw in the current year to compensate up to the minimum reserved amount. After adding the work safety expenses attributable to minority shareholders, the total of the Company's work safety expenses at the end of the period is RMB 27,565,460.88.

59. Surplus reserves

In RMB

Items	Beginning of term	Increased this period	Decreased this period	End of term
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Statutory surplus reserves	625,178,089.82		625,178,089.82
Total	625,178,089.82		625,178,089.82

Other note, including changes and reason of change

60. Retained profits

In RMB

Items	Amount of this period	Amount of last period
Adjust the undistributed profits before and at the end of the period	3,587,465,039.91	3,276,880,091.53
Retained profits at the period beginning	-172,106,637.64	-187,499,849.12
After adjustments: Retained profits at the period beginning	3,415,358,402.27	3,089,380,242.41
Add: Net profit belonging to the owner of the parent company	649,992,474.56	476,268,110.63
Less: Appropriation to statutory surplus reserve		29,455.77
Common stock dividend payable	185,864,649.99	150,260,495.00
Other [Note]	117,902,815.93	
Retained profits at the period end	3,761,583,410.91	3,415,358,402.27

[Note] It is the difference between the book value of the merger consideration paid for the merger of Hangfa Company under the same control of the subsidiary Zhongneng Company in 2021 and the share of the book value of the net assets of the merged party obtained in the consolidated financial statements of the ultimate controlling party. The difference is due to the insufficient balance of the capital reserve-capital premium of Zhongneng Company to offset the undistributed profit of RMB 117,902,815.93.

(2) As regards the details of adjusted the beginning undistributed profits

In the current period, Hangfa Company, New Energy Company, Sales Company, China Mechanical Institute Company, and Ranchuang Company were consolidated under the same control, and retrospective adjustments were made to the opening balance of the comparative statement, which affected the undistributed profit at the beginning of the period RMB-172,106,637.64 .

As regards the details of adjusted the beginning undistributed profits

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

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

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

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

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

61. Business income and Business cost

In RMB

Items	Amount of this period		Amount of last period	
	Income	Cost	Income	Cost
Main Business	5,756,713,931.47	4,062,659,604.63	4,731,546,029.54	3,239,387,906.09
Other	31,574,657.44	29,295,888.06	30,769,059.56	23,864,759.55
Total	5,788,288,588.91	4,091,955,492.69	4,762,315,089.10	3,263,252,665.64

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

Yes No

Information related to performance obligations:

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

Information related to transaction value assigned to residual performance obligations:

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 RMB 6,765,110,000.00, of which RMB 0.00 is expected to be recognized as income in the year, RMB 0.00 is expected to be recognized as income in the year, and RMB 0.00 is expected to be recognized as income in the year.

Other note

62. Taxes and surcharges

In RMB

Items	Amount of this period	Amount of last period
Urban maintenance and construction tax	15,477,429.38	17,345,752.21
Educational surtax	6,755,116.33	7,542,388.35
Locality Education surcharge	4,506,158.80	5,028,259.36
House tax	11,919,435.52	2,969,291.62
Land royalties	4,610,225.78	3,646,996.21
Stamp tax	2,477,515.63	1,735,364.16
vehicle and vessel tax	69,072.31	79,582.98
Other	14,076.50	2,213.85

Total	45,829,030.25	38,349,848.74
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Other note:

63. Sales expense

In RMB

Items	Amount of this period	Amount of last period
Employees' remunerations	101,207,766.17	96,404,837.83
Transportation(Note)	1,130,417.68	59,142,581.52
Travel expenses	26,421,118.72	21,011,034.50
Business reception expenses	16,944,060.09	12,330,906.20
Consulting service fee	26,377,049.32	25,955,970.28
Conferences	1,732,483.74	2,032,611.43
Three charge	18,802,491.64	10,779,101.31
Advertising fee	1,841,852.03	638,338.45
Other	8,411,318.43	6,278,879.95
Total	202,868,557.82	234,574,261.47

Other note:

[Note] According to the requirements of Guidelines for the Application of Regulatory Rules-Accounting No.2 issued by China Securities Regulatory Commission in December 2021, the transportation fee was listed as operating cost in this period.

64. Administrative expense

In RMB

Items	Amount of this period	Amount of last period
Employees' remunerations	435,806,921.20	335,736,272.68
Asset depreciation and amortizing	33,173,062.19	31,134,307.36
Business reception expenses	3,845,444.19	3,422,610.45
Rental fee, House rental, property management, water and power	38,197,856.49	20,385,354.04
Travel expenses and overseas travel expenses	6,827,063.68	6,455,591.83
Agency fee	8,949,478.71	7,914,620.37
Office expenses	12,664,641.22	8,975,843.72
Repair costs	14,285,987.83	10,032,086.58
Enterprise relocation costs [Note]	31,652,234.54	66,131,057.32
Share payable	17,297,907.40	

Other	57,583,725.85	54,909,257.48
Total	660,284,323.30	545,097,001.83

Other note:

Note: Relocation expenses mainly include personnel placement expenses, rental expenses, transportation expenses, etc. Other relocation expenses are listed in the following items: employee salaries and rental fees, property management fees, utilities, etc.

65. R&D Expense

In RMB

Items	Amount of this period	Amount of last period
Labor cost	170,270,207.41	124,779,722.67
Direct materials	145,030,641.50	86,750,209.39
Depreciation expenses	9,953,767.74	10,203,852.94
Test and inspection fee	2,322,130.32	1,948,491.48
Commissioned research & development	8,013,059.40	3,299,186.60
Other	14,626,828.74	6,899,768.63
Total	350,216,635.11	233,881,231.71

Other note:

66. Financial expenses

In RMB

Items	Amount of this period	Amount of last period
Interest expense	23,435,810.36	37,389,700.85
Less: Incoming interests	18,328,752.35	23,071,547.55
Exchange gains/losses	1,903,566.98	32,362,229.77
Commission	2,738,299.23	2,498,961.17
Total	9,748,924.22	49,179,344.24

Other note:

67. Other income

In RMB

Items	Amount of this period	Amount of last period
Government subsidies related to assets	30,843,067.37	19,688,740.02
Government subsidies related to income	171,327,615.80	103,474,100.38

Housing reform resettlement housing into		11,985,916.05
Individual tax commission refunds	377,834.86	632,610.70
Total	202,548,518.03	135,781,367.15

68. Investment income

In RMB

Items	Amount of this period	Amount of last period
Long-term equity investment income by equity method		-2,137,796.92
Investment income of trading financial assets during the holding period		716,981.13
Investment income obtained from the disposal of trading financial assets	81,906,736.97	32,368,596.22
Dividend income from other equity instrument investments during the holding period	95,156,322.10	95,156,322.10
Debt restructuring gains	1,617,382.00	3,350,920.00
Investment income obtained from the disposal of other non-current financial assets	21,765.89	18,018,324.93
Receivables financing discount loss	-3,273,132.15	-2,198,487.31
Other [Note]	-6,491,695.59	
Total	168,937,379.22	145,274,860.15

Other note:

It is the investment loss caused by the merger of the subsidiary Turbine Company with Zhongrun Company under different control in the current period. See Note VI (I) 2 to this Financial Statement for details.

69. Net exposure hedging income

In RMB

Items	Amount of the Current Term	Amount of the Previous Term

Other note

70. Gains on the changes in the fair value

In RMB

Source	Amount of this period	Amount of last period
Transactional Financial assets	963,450.48	-359,181.10
Other non-current financial assets	-1,104,976.32	1,505,305.18
Total	-141,525.84	1,146,124.08

71. Credit impairment loss

In RMB

Source	Amount of this period	Amount of last period
Losses on bad debt	15,768,143.94	41,085,509.51
Total	15,768,143.94	41,085,509.51

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	-26,504,227.85	-58,463,854.65
V. Impairment loss of fixed assets	-9,028,267.09	
XII. Loss of impairment of contract assets	7,021,475.51	-7,106,383.13
Total	-28,511,019.43	-65,570,237.78

Other note:

73. Asset disposal income

In RMB

Source	Amount of this period	Amount of last period
Profits of disposal of fixed assets	1,094,656.77	418,137.70
Investment real estate disposal loss [Note]		-8,512,465.50
Total	1,094,656.77	-8,094,327.80

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	102,213.90	94,219.18	102,213.90
Projected liabilities charged		32,202,504.57	
Compensation income[Note]	131,153,708.15	15,176,182.79	131,153,708.15
No payment required	2,662,252.07	463,302.20	2,662,252.07
Equity gains		1,149,217.06	
Other	434,801.16	795,055.10	434,801.16
Total	134,352,975.28	49,880,480.90	134,352,975.28

Government subsidies recorded into current profits and 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:

[Note] It is mainly based on the *Supply Contract of M251S Gas Turbine Generator Set* signed by the subsidiary Turbine Company and Sinosteel Equipment & Engineering Co., Ltd. and the corresponding supply contract signed by Turbine Company and the Company. In the current period, the compensation for this project has been settled, and Sinosteel Equipment & Engineering Co., Ltd. paid compensation of RMB 109 million to the Turbine Company, which was listed as non-operating income-compensation income; Meanwhile, the Company paid compensation of RMB 6,240,900 to external suppliers, which was listed as non-operating expenses-compensation expenses.

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
Non-current assets scrapping loss[Note]	78,963,545.45	21,466,096.04	78,963,545.45
Compensation expenses	9,386,784.95	14,520,340.92	9,386,784.95
Donations	310,000.00	277,709.00	310,000.00
Fine, late payment	203,901.79	5,969.94	203,901.79
Other	23,067.14	102,219.02	23,067.14
Total	88,887,299.33	36,372,334.92	88,887,299.33

Other note:

[Note] This includes the loss of relocation assets caused by the transferred property and land in the current period, which is RMB 76,898,071.36.

76. Income tax expenses

(1) Details

In RMB

Items	Amount of this period	Amount of last period
Income tax of current term	67,189,032.96	255,378,107.96

Deferred income tax	38,110,661.41	-173,811,567.66
Total	105,299,694.37	81,566,540.30

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

In RMB

Items	Amount of this period
Total profit	832,547,454.16
Income tax expense at parent company's applicable tax rate	124,882,118.12
Effect of different tax rates applicable to subsidiaries	5,786,600.52
Adjustment for income tax in prior year	855,465.82
Income not subject to tax	-14,273,448.32
Effects of non-deductible costs, expenses and losses	5,670,614.71
Super deduction of R&D expenses	-28,427,394.32
Impact of additional deductions for persons with disabilities	-420,913.25
The impact of share-based payments	2,615,556.13
Changes in tax rate adjustments to the balance of deferred tax assets at the beginning of the period	233,927.70
Impact of temporary differences on the use of previously unrecognized deferred income tax assets	-6,901,545.30
Impact of deductible losses on the use of previously unrecognized deferred income tax assets	-4,736.67
The current period does not affect the deferred tax assets recognized deductible temporary differences or deductible loss	15,283,449.23
Income tax expenses	105,299,694.37

Other note

77. Other Comprehensive income

For details, please refer to Note V(1)38 of the Financial statement

78. Notes Cash flow statement

(1) Other cash received from operating activities

In RMB

Items	Amount of this period	Amount of last period
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Recovery of operating bank deposits	398,801,063.82	427,768,344.88
Compensation income	35,240,999.31	843,880.36
Government subsidies received	31,902,074.30	44,709,531.82
Deposit interest	18,237,333.89	23,072,376.62
Receipt of operating current account	5,033,170.11	3,405,474.50
Lease income	2,966,095.79	2,156,551.34
Other	812,636.02	1,145,916.80
Total	492,993,373.24	503,102,076.32

Note:

(2) Other cash paid related to operation

In RMB

Items	Amount of this period	Amount of last period
Payment cash sales expenses	102,134,607.20	132,496,033.43
Payment cash Management expenses	148,934,743.59	139,281,169.34
Payment cash R & D cost	25,057,788.44	12,391,741.72
Payment cash financial expenses	2,738,299.23	2,492,606.17
Payment of operational bank deposits	223,049,919.64	254,420,646.90
Payment of business transactions	19,701,721.07	19,887,907.99
Pay compensation	4,529,909.30	5,127,630.77
Other	536,968.94	384,876.18
Total	526,683,957.41	566,482,612.50

(3) Other investment-related cash received

In RMB

Items	Amount of this period	Amount of last period
Repurchasing of trusteeship	3,758,818,000.00	3,391,068,000.00
Reduction of Hangzhou bank convertible bond	687,572,000.00	
Get the cash received by the subsidiaries	1,275,088.15	
Receipt of levy and relocation compensation		233,281,702.42
Total	4,447,665,088.15	3,624,349,702.42

(4) Other cash paid for investment activities

In RMB

Items	Amount of this period	Amount of last period
Purchasing of financial products	3,696,000,000.00	3,559,712,851.80
Purchasing of convertible bonds	687,572,000.00	
Total	4,383,572,000.00	3,559,712,851.80

(5) Other cash paid for Financing activities

In RMB

Items	Amount of this period	Amount of last period
Received of restricted stock warrants	110,195,995.86	
Discounting payment of financing bill	7,500,000.00	
Related party funds demolition		92,500,000.00
Total	117,695,995.86	92,500,000.00

(6) Other cash paid relevant to financing activities

In RMB

Items	Amount of this period	Amount of last period
Payment of CDB investment interest	155,000,000.00	27,000,000.00
Return the related party's capital lending and interest	40,373,179.58	186,491,911.11
Subsidiary cancels and returns minority shareholders	12,725,371.88	
Purchase of minority shareholders' equity	53,295,800.13	
Lease Liability Payments	7,337,642.50	
Pay interest on CDB Fund investment	2,021,333.33	2,441,666.67
Payment of discounted interest on financing bills	328,968.75	
Repurchase stocks		144,078,948.09
Total	271,082,296.17	360,012,525.87

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	727,247,759.79	579,545,636.46
Add: Impairment loss provision of assets	12,742,875.49	24,484,728.27
Depreciation of fixed assets, oil and gas assets and consumable biological assets	104,261,255.33	82,178,067.16
Depreciation of Use right assets	7,670,173.81	
Amortization of intangible assets	10,482,651.22	9,349,435.30
Amortization of Long-term deferred expenses	3,520.00	
Loss on disposal of fixed assets, intangible assets and other long-term deferred assets	-1,094,656.77	8,094,327.80
Fixed assets scrap loss	78,861,331.55	21,371,876.86
Loss on fair value changes	141,525.84	-1,146,124.08
Financial cost	25,227,104.80	69,637,344.98
Loss on investment	-170,593,129.37	-145,271,644.52
Decrease of deferred income tax assets	38,837,335.36	-172,541,196.58
Increased of deferred income tax liabilities	-726,673.95	-1,270,371.08
Decrease of inventories	-764,962,478.57	-162,969,220.14
Decrease of operating receivables	-297,533,528.78	-361,597,447.26
Increased of operating Payable	284,977,912.55	692,267,324.14
Other	16,266,510.72	-13,246,962.19
Net cash flows arising from operating activities	71,809,489.02	628,885,775.12
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	1,467,538,968.07	1,850,354,648.10
Less: Beginning balance of cash equivalents	1,850,354,648.10	1,723,513,225.12
Add: End balance of cash equivalents		
Less: Beginning balance of cash equivalents		
Net increase of cash and cash equivalent	-382,815,680.03	126,841,422.98

(2) Net Cash paid of obtaining the subsidiary

In RMB

	Amount
Cash or cash equivalents paid in the current period for business combinations that occurred in the current period	298,438,942.86
Of which	--
New Energy Company	20,608,543.31
Sales Company	28,200,000.00
China Mechanical Institute Company	1,390,093.91
Ranchuang Company	10,139,132.68
Hangfa Company	238,101,172.96
Zhongrun Company	
Less: Cash and cash equivalents held by the purchase day company	114,462,348.06
Of which:	--
New Energy Company	33,589,914.95
Sales Company	15,501,453.30
China Mechanical Institute Company	1,003,348.30
Ranchuang Company	40,563,903.64
Hangfa Company	22,528,639.72
Zhongrun Company	1,275,088.15
Of which:	--
Net cash paid to acquire subsidiaries	183,976,594.80

Other note:

(3) Net Cash receive of disposal of the subsidiary

In RMB

	Amount
Of which	--
Of which	--
Of which	--

Other note:

(4) Component of cash and cash equivalents

In RMB

Items	Closing balance	Opening balance
I. Cash	1,467,538,968.07	1,850,354,648.10
Including: Cash at hand	65,904.06	164,696.83

Demand bank deposit	1,467,310,722.30	1,850,149,411.43
Demand other monetary funds	162,341.71	40,539.84
III. Balance of cash and cash equivalents at the period end	1,467,538,968.07	1,850,354,648.10

Other note:

(1) Monetary funds that not attributable to cash and cash equivalents

Items	Ending amount	Opening amount
Bank acceptance bill deposit	151,092,217.21	136,253,144.15
L/G margin	4,235,062.51	12,399,706.00
Funds frozen upon certificate expiry		474,344.07
ETC business margin	17,000.00	28,000.00
Subtotal	155,344,279.72	149,155,194.22

(2) Endorsement transfer amount of commercial bills not involving cash receipts and payments

Items	Current amount	Amount of the same period last year
Amount of commercial bill endorsed and transferred	1,539,746,319.56	1,734,042,271.13
In which: payment for goods	1,486,046,319.56	1,521,043,084.13
Payment for the purchase of long-term assets such as fixed assets	12,700,000.00	10,843,300.00
Payment of loan	41,000,000.00	202,155,887.00

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

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

(1) In 2021, the Company merged under the same control, and when preparing the comparative consolidated financial statements, the related assets and liabilities of the mergee were simulated and consolidated, so the owner's equity at the end of 2019 was retroactively adjusted, increasing the owner's equity by RMB 118,205,267.58. Including: capital reserve increased by RMB 226,288,847.27, special reserve increased by RMB 869,345.59, surplus reserve increased by RMB 4,035,826.27, undistributed profit decreased by RMB 187,499,849.12, and minority shareholders' equity increased by RMB 74,511,097.57.

(2) In 2021, the Company merged under the same control. When the comparative consolidated financial statements were prepared, the related assets and liabilities of the mergee were simulated and consolidated, so the owner's equity at the end of 2020 was retroactively adjusted, increasing the owner's equity by RMB 140,231,914.51. Including: capital reserve increased by RMB 226,288,847.27, special reserve increased by RMB 869,345.59, surplus reserve increased by RMB 4,065,282.04, undistributed profit decreased by RMB 172,106,637.64, and minority shareholders' equity increased by RMB 81,115,077.25.

81. Assets with limitation on ownership or using rights

In RMB

Items	Closing book value	Causation o limitation
Monetary capital	155,344,279.72	Used as security for issuing of acceptance

		bill and bill of guarantees
Notes receivable	9,004,000.00	Used as security for issuing of acceptance drafts and bill
Fixed assets	158,941,353.35	Collateral for obtaining bank loans
Intangible assets	53,001,884.15	Collateral for obtaining bank loans
Financing of receivable	89,200,929.14	Used as security for issuing of acceptance drafts and bill
Total	465,492,446.36	--

Other note:

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	--	--	320,569,684.38
Incl: USD	48,576,055.61	6.3757	309,706,357.75
Euro	552,229.69	7.2197	3,986,932.69
Rupiah	15,365,105,394.00	0.000447	6,868,202.11
HKD	6,382.49	0.8176	5,218.32
JPY	53,659.00	0.055415	2,973.51
Account receivable			174,054,101.36
Incl: USD	26,100,687.58	6.3757	166,410,153.80
Euro	550,549.14	7.2197	3,974,799.62
Rupiah	7,704,655,205.00	0.000447	3,443,980.88
SGD	47,726.12	4.7179	225,167.06
Other receivable			3,187,850.00
Incl: USD	500,000.00	6.3757	3,187,850.00
Contract assets			7,360,914.16
Incl: USD	313,000.00	6.3757	1,995,594.10
Euro	743,150.00	7.2197	5,365,320.06
Account payable			12,392,066.71
Incl: USD	595,750.99	6.3757	3,798,329.59
Euro	741,588.86	7.2197	5,354,049.09
Rupiah	7,247,624,225.00	0.000447	3,239,688.03

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

In RMB

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

Applicable Not applicable

Other note:

(1) Detail

1) Asset-related government subsidies

Items	Beginning Deferred income	Current increase subsidy	Current amortization	Ending Deferred income	Current amortization Item presentation
Relocation and relocation compensation (Shiqiao Road factory area)	495,617,707.12	114,352,284.60	22,004,015.60	587,965,976.12	Other income
Relocation and relocation compensation (Hangfa factory area)	135,659,479.90		8,770,081.77	126,889,398.13	Other income
Financial subsidy for industrial projects	172,680.00		28,780.00	143,900.00	Other income
Subsidy for casting and forging projects	172,680.00		28,780.00	143,900.00	Other income
Financial subsidy for recycling economy	68,460.00		11,410.00	57,050.00	Other income

Subtotal	631,691,007.02	114,352,284.60	30,843,067.37	715,200,224.25	
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2) Income-related Government grants used to compensate for related costs or losses incurred by the company

Items	At the beginning of the deferred income	New subsidies for this period	This period of amortization	End-of-term deferred income	Amortize the items in this period
Supported by Zhejiang Gas Turbine Machinery Manufacturing Innovation Center	23,456,689.39		9,218,161.90	14,238,527.49	Other income
Subtotal	23,456,689.39		9,218,161.90	14,238,527.49	

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

Items	Amount	Item presentation
Relocation and relocation compensation (Shiqiao Road factory area)	130,550,011.93	Other income
Financial subsidies for enterprises in Linping District to use capital market and strengthen financial security	6,000,000.00	Other income
The first (set) award in key areas of equipment manufacturing industry in Zhejiang Province	5,027,620.00	Other income
Special fund for Hangzhou science and technology development	2,775,600.00	Other income
Funding for personnel training	2,244,044.34	Other income
Special fund for Hangzhou industrial and information development	2,000,000.00	Other income
Import discount subsidy	1,914,200.00	Other income
R&D investment subsidy	1,579,200.00	Other income
Backbone enterprise procurement reward and subsidy	1,252,000.00	Other income
Industrial promotion reward	1,000,000.00	Other income
Award fund for 2020 Science and Technology Progress Award in Hangzhou Linping District	1,000,000.00	Other income
High-tech enterprise subsidy	944,000.00	Other income
Subsidy funds for major science and technology projects to be approved	800,000.00	Other income
Award fund for Provincial Science and Technology Progress Award	800,000.00	Other income
Awards for high-tech enterprises in key areas supported by the state	600,000.00	Other income
Social security refund	497,829.91	Other income
Subsidy for Hangzhou Manufacturing Digital Transformation Key Project	424,200.00	Other income
Funding for Hangzhou "115" Introduction of Foreign Intelligence Project	385,000.00	Other income
Property tax refund	356,157.80	Other income

Work-for-training subsidy	275,000.00	Other income
Industry-University-Research cooperation subsidy fund	201,000.00	Other income
Provincial awards for new industrial products	200,000.00	Other income
Outstanding contribution award of "production benefit per mu"	200,000.00	Other income
New research and development center award	200,000.00	Other income
Zhejiang manufacturing certification subsidy	200,000.00	Other income
Patent subsidy	155,106.00	Other income
Other incidental government subsidies	528,483.92	Other income
Subtotal	162,109,453.90	

(2) The current amount of government subsidies included into the current profits and loss is RMB 202,170,683.17.

85.Other

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
Zhongrun Company	(Note)	11,899,308.84	51.99%	Capital contribution and equity transfer of original shares	January 4, 2021	Obtain control	5,786,975.59	-2,951,633.70

On April 17, 2020, the subsidiary Turbine Company acquired 6.99% equity of Zhongrun Company through equity transfer, and held 51.99% equity of Zhongrun Company in total as of that date.

Other note:

On January 4, 2021, Zhongrun Company's shareholders' meeting decided to amend the Articles of Association. Before this amendment, Zhongrun Company had 3 board members, with its subsidiaries Turbine Company, Zhejiang Tianquan Surface Technology Co., Ltd. and Ningbo Daxie Development Zone Huashun Industry & Trade Co., Ltd. each recommending one. The resolution of the Board of Directors shall be unanimously approved by all directors. After this revision, Zhongrun Company has 5 board members, 3 recommended by Turbine Company, 1 recommended by Zhejiang Tianquan Surface Technology Co., Ltd. and 1 by Ningbo Daxie Development Zone

Huashun Industry & Trade Co., Ltd., and the resolutions of the Board of Directors shall be approved by half of all directors. Therefore, the Company has included it in the scope of consolidated financial statements since early January 2021.

(2) Merger cost and goodwill

In RMB

Items	Zhongrun
Merger cost	12,221,508.84
Fair value of equity held before the acquisition date at the acquisition date	12,221,508.84
Total merger cost	12,221,508.84
Less: fair value share of identifiable net assets obtained	5,729,813.25
Investment pricing loss [Note]	6,491,695.59

[Note] Turbine Company, a subsidiary company, merged with Zhongrun Company under the same control in the current period, and the difference between the cost of business merger and the fair value share of identifiable net assets of the acquiree of RMB 6,491,695.59 was the investment loss, which was included in the current profits and losses.

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

In RMB

	Zhongrun Company	
	Fair value on purchase date	Book value on purchase date
Assets		
Current assets	3,176,621.59	3,176,621.59
Non-current assets	9,372,055.51	9,372,055.51
Liabilities		
Current liabilities	1,219,742.20	1,219,742.20
Net assets	11,328,934.90	11,328,934.90
Less: Minority shareholders' equity	5,599,121.65	5,599,121.65
Net assets obtained	5,729,813.25	5,729,813.25

The recognition method of the fair value of identifiable assets and liabilities

The fair values of identifiable assets and liabilities are assessed and determined by the Company's management according to the asset assessment report (TYPB Zi [2022] No.0099).

Contingent liability of acquiree undertaken by business merger

Other note:

(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

Name of the acquiree	Book value of equity originally held before the acquisition date at the acquisition date	Book value of equity originally held before the acquisition date at the acquisition date	Profits or losses arising from remeasurement of equity originally held before the acquisition date according to fair value	Methods and main assumptions for determining the fair value of the equity held before the acquisition date on the acquisition date	The amount of other comprehensive income and other changes in owner's equity related to the equity originally held before the acquisition date transferred to investment income/retained income
Zhongrun Company	12,221,508.84	5,729,813.25	-6,491,695.59	Asset Appraisal Report (TYPB Zi (2022) No.0099)	

Other note:

(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

(1) Business combination under the same control during the reporting period

In RMB

Name of the mergee	Proportion of equity acquired in business merger	Basis for business merger under the same control	Merger date	Basis for determining the merger date	Income of the mergee from the beginning of the current combination period to the merger date	Net profit of the mergee from the beginning of the current combination period to the merger date	Income of the mergee in the comparison period	Net profit of the mergee in the comparison period
New Energy Company	80.775%	Under the control by Hangzhou Steam Turbine Group before and after the merger and such control is not temporary	November 9,2021	Complete the industrial and commercial change registration	149,458,863.67	7,395,005.14	103,653,434.98	1,078,850.05
Sales	30.00%	The same as	November	The same	188,610,844.58	8,432,280.45	221,357,395.87	8,621,258.15

Company		above	11,2021	as above				
China Mechanical Institute Company	55.00%	The same as above	November 23,2021	The same as above	3,614,549.00	759,480.49	2,575,133.31	344,026.48
Renchuang Company	40.00%	The same as above	November 23,2021	The same as above		597,931.22		460,570.72
Hangfa Company	85.00%	The same as above	November 9,2021	The same as above	182,619,803.38	-46,185,900.45	290,563,893.08	7,873,048.96

Other note:

[Note] (1) Before the merger date, the Company held 15% equity of New Energy Company, and in the current period, 80.775% equity was acquired through enterprise merger under the same control, while 4.225% equity was acquired through minority equity acquisition, and 100% equity of New Energy Company was held in total on the merger date;

(2) Before the merger date, the Company held 45.60% equity of the Company, and in the current period, 40% equity was acquired through enterprise merger under the same control. On the merger date, 85.60% equity of Ranchuang Company was held in total;

(3) In the current period, Zhongneng Company, a subsidiary company, acquired 85% equity of Hangfa Company through enterprise merger under the same control, and acquired 15% of minority equity at the same time. 100% equity of Hangfa Company was held in total on the merger date.

(2) Combination cost

In RMB

Items	New Energy Company	Sales Company	China Mechanical Institute Company	Ranchuang	Hangfa Company
Merger cost	20,608,543.31	28,200,000.00	1,390,093.91	21,867,906.69	238,101,172.96
Cash	20,608,543.31	28,200,000.00	1,390,093.91	10,139,132.68	238,101,172.96
Book value of equity acquired before the merger date				11,728,774.01	

(3) Book value of the assets and liabilities of the mergee at the merger date

In RMB

Items	New Energy Company		Sales Company		China Mechanical Institute Company	
	Merger date	End of last period	Merger date	End of last period	Merger date	End of last period
Assets						
Monetary fund	33,589,914.95	40,569,332.78	15,501,453.30	20,033,191.99	1,003,348.30	1,185,634.20
Notes receivable						488,000.00
Account	56,243,377.98	35,098,137.82	54,812,233.58	43,427,205.04	1,961,924.08	242,457.32

receivable						
Financing of receivables	23,565,800.00	33,022,737.80	2,702,555.00	1,500,000.00		
Prepayments	10,087,834.14	8,699,648.50	1,333,702.76	392,444.61		366,380.00
Other account receivable	2,409,988.99	1,150,090.93	281,078.18	545,692.19		
Inventories	16,527,789.94	13,741,179.88	1,094,527.22	1,052,440.13		
Contract assets						
Other current asset	1,118,383.61	1,104,147.21	279,176.20	291,503.72		36,606.61
Long-term receivable	167,541,093.21	242,241,093.20				
Other non-current financial assets						
Property investment			13,989,564.41	14,897,525.04		
Fixed assets	5,448,177.71	14,814,604.89	17,937,519.22	18,166,503.25	3,901.86	6,787.49
Construction in progress			656,954.01	355,883.13		
Intangible assets	424,106.34	467,221.39	4,797,285.32	4,891,873.62		
Deferred income tax asset	15,261,735.86	20,035,173.46	846,472.47	560,115.12		
Liabilities						
Short-term loans						
Notes payable	46,963,029.38	31,791,800.73				
Account payable	24,676,627.21	32,643,315.77	57,145,994.47	48,891,509.41	161,100.00	280,000.00
Advance receipts	40,361,031.90	64,774,760.16	1,227,930.22	1,061,520.22		
Contract liabilities						
Employees' wage payable	302,650.49	3,716,383.27	942,334.02	831,364.51		
Tax payable	1,691,359.83	52,528.77	2,189,430.49	2,971,566.35	19,404.61	16,676.48
Other account payable	242,284,362.54	309,715,360.29	1,079,554.51	936,979.75		
Other current liability	3,827,183.32	3,532,265.95				
Long-term						

payable						
Expected liabilities						
Deferred income			5,908,796.29	6,615,236.38		
Net assets	-27,888,041.94	-35,283,047.08	45,738,481.67	44,806,201.22	2,788,669.63	2,029,189.14
Less: Minority shareholders' equity	-1,178,269.77	-1,490,708.74	32,016,937.17	31,364,340.85	1,254,901.33	913,135.11
Net assets obtained	-26,709,772.17	-33,792,338.34	13,721,544.50	13,441,860.37	1,533,768.30	1,116,054.03

(Continued)

Items	Ranchuang Company		Hangfa Company	
	Merger date	End of last period	Merger date	End of last period
Assets				
Monetary fund	40,563,903.64	47,896,082.84	40,752,363.53	60,344,413.02
Notes receivable				
Account receivable			53,067,036.69	158,702,565.77
Financing of receivables			13,601,386.25	14,412,623.99
Prepayments		48,800.00	5,337,181.82	7,986,176.84
Other account receivable		855.00	12,862,762.67	4,416,041.94
Inventories			149,314,789.83	120,027,461.76
Contract assets			56,486,319.68	
Other current asset			96,000.00	255,511.19
Long-term receivable				
Other non-current financial assets			137,760.74	137,760.74
Property investment			6,979,407.17	7,356,528.53
Fixed assets	50,317.99	54,583.23	158,287,888.57	167,896,233.80
Construction in progress				
Intangible assets			35,928,778.95	36,753,683.25
Deferred income tax asset		11.25		
Liabilities				
Short-term loans			36,052,680.83	36,054,863.62
Notes payable			36,380,770.82	34,650,000.00
Account payable			189,733,165.45	193,512,312.79
Advance receipts			533,345.79	51,998,565.24

Contract liabilities			54,594,257.80	
Employees' wage payable		30,156.66	7,553,182.91	9,334,140.88
Tax payable	12,615.31	15,023.86	8,933,134.62	13,099,758.45
Other account payable	254,777.02	125,397.98	3,166,487.61	3,686,131.70
Other current liability			7,097,253.51	
Long-term payable			2,023,928.32	2,023,928.32
Expected liabilities			6,366,270.01	
Deferred income	15,375,833.65	23,456,689.39	128,333,278.75	135,659,479.90
Net assets	24,970,995.65	24,373,064.43	52,083,919.48	98,269,819.93
Less: Minority shareholders' equity	3,595,823.37	3,509,721.28	7,812,587.92	14,740,472.99
Net assets obtained	21,375,172.28	20,863,343.15	44,271,331.56	83,529,346.94

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:

(1) Increased scope of consolidation:

Name	Ways to obtain equity	Time of equity acquisition	Subscribed capital contribution	Funded ratio
Anhui Casting Compay	Newly established	2021.11.25	67 million yuan	67.00%

Note: On November 25, 2021, the subsidiary Casting and Forging Company and Wuhu Fanchang Chungu Industrial

Investment Fund Co., Ltd. jointly invested in the establishment of Anhui Casting Company. As of December 31, 2021, the investors have not paid their capital contributions, and Anhui Casting & Forging Company has not yet started operations

Reduced scope of consolidation:

Name	Equity disposal method	Equity disposal point	Net assets on disposal date	Net profit from opening to disposal date
Kunming Hangzhong Steam Turbine Technology Service Co., Ltd.	Cancelled	2021.11.25	7,825,445.34	3,355,286.33
Shijiazhuang Hangneng Steam Turbine Technology Service Co., Ltd.	Cancelled	2021.12.15	6,224,126.00	1,136,869.87
Urumqi Hangzhongneng Steam Turbine Technology Service Co., Ltd.	Cancelled	2021.12.31	4,271,883.05	-90,645.42
Tangshan Hangneng Steam Turbine Technology Service Co., Ltd.	Cancelled	2021.12.1	4,389,495.50	101,775.52
Guangxi Hangzhongneng Steam Turbine Technology Service Co., Ltd.	Cancelled	2021.12.28	2,520,015.55	23,134.73
Jilin Hangzhongneng Steam Turbine Power Technology Service Co., Ltd.	Cancelled	2021.12.31	3,775,367.90	1,108,026.30
Chengdu Hangzhongneng Technology Co., Ltd.	Cancelled	2021.12.29	570,141.94	-496,261.90
Luoyang Hangqi Steam Turbine Technology Service Co., Ltd.	Cancelled	2021.12.31	4,516,655.94	940,047.48
Heavy Industry Co.[Note]	M & A	2021.12.10	1,006,529,090.99	2,106,291.93

[Note] Due to the needs of business development, the Company signed a *Merger Agreement* with its subsidiary Hangzhou Steam Turbine Heavy Industry Co., Ltd., which was absorbed and merged on September 30, 2021 as the base date, and whose legal person status was cancelled.

6.Other

IX. Equity in other entities

1. Equity in subsidiary

(1) The structure of the enterprise group

Name of the subsidiaries	Main business location	Reg. Add.	Business property	Share proportion %		Way of obtain
				Direct	Indirect	
Auxiliary Machine Co.	Hangzhou Zhejiang	Hangzhou Zhejiang	Manufacturing	87.53%		Incorporation
Packaged Technologies Co.	Hangzhou Zhejiang	Hangzhou Zhejiang	Commerce	75.86%		Incorporation

Machinery Co.	Hangzhou Zhejiang	Hangzhou Zhejiang	Manufacturing	52.00%		Incorporation
Turbine Co.	Hangzhou Zhejiang	Hangzhou Zhejiang	Commerce	100.00%		Incorporation
Zhongneng Company	Hangzhou Zhejiang	Hangzhou Zhejiang	Manufacturing	60.83%		Incorporation
Casing Company	Hangzhou Zhejiang	Hangzhou Zhejiang	Manufacturing	38.03%		Incorporation
New Energy Company	Hangzhou Zhejiang	Hangzhou Zhejiang	Construction business	100.00%		Business consolidation under the same control
Sales Company	Hangzhou Zhejiang	Hangzhou Zhejiang	Transportation industry	30.00%		Business consolidation under the same control
China Mechanical Institute Company	Hangzhou Zhejiang	Hangzhou Zhejiang	Commerce	55.00%		Business consolidation under the same control
Ranchuang Company	Hangzhou Zhejiang	Hangzhou Zhejiang	Commerce	85.60%		Business consolidation under the same control

Notes: holding proportion in subsidiary different from voting proportion:

Basis of holding half or less voting rights but still been controlled investee and holding more than half of the voting rights not been controlled investee:

1) 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) On November 11, 2021, the Company acquired 30% equity of the Sales Company. According to the Articles of Association of the Sales Company and the resolution of the General Meeting of shareholders, the Board of Directors of the Sales Company had five board seats, and all five directors were appointed by the Company and had control over the Sales Company.

Significant structure entities and controlling basis in the scope of combination:

Basis of determine whether the Company is the agent or the principal:

Other note:

(2) Significant not wholly owned subsidiary

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
Auxiliary Machine Co.	12.47%	10,545,528.77	9,976,000.00	35,755,820.16
Packaged Technologies Co.	24.14%	5,413,676.55	8,918,370.00	30,367,111.09
Machinery Co.	48.00%	35,647,662.93	28,800,000.00	94,513,474.59
Zhongneng Company	39.17%	-235,636.95	20,886,000.00	25,050,979.21
Casing Company	61.97%	17,436,215.99		173,952,292.74
Sales Company	70.00%	7,603,322.32	7,500,000.00	33,717,663.17
China Mechanical Institute Company	45.00%	339,753.35		1,252,888.46
Ranchuang Company	14.40%	84,754.46		2,952,475.74

Holding proportion of minority shareholder in subsidiary different from voting proportion:

Other note:

(3) The main financial information of significant not wholly owned subsidiary

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
Auxiliary Machine Co.	733,029,315.32	78,861,833.88	811,891,149.20	491,555,820.43		491,555,820.43	773,794,591.67	78,925,539.42	852,720,131.09	533,228,574.23	3,723,419.52	536,951,993.75
Packaged Technologies Co.	295,135,373.75	7,257,034.74	302,392,408.49	176,622,637.98		176,622,637.98	335,835,538.47	7,867,345.88	343,702,884.35	206,940,629.93		206,940,629.93
Machinery Co.	287,173,778.22	24,884,211.26	312,057,989.48	113,114,270.68	2,040,646.71	115,154,917.39	278,552,028.79	27,278,024.91	305,830,053.70	121,123,257.40	2,069,688.65	123,192,946.05
Zhongneng Company	1,543,408,288.89	271,311,148.18	1,814,719,437.07	1,464,528,610.29	289,548,659.78	1,754,077,270.07	1,421,407,711.35	281,914,204.52	1,703,321,915.87	1,166,023,046.44	138,013,408.22	1,304,036,454.66
Casing Company	447,032,301.14	163,458,336.65	610,490,637.79	278,724,887.30	36,696,712.55	315,421,599.85	413,618,493.18	148,061,570.82	561,680,064.00	271,003,586.47	22,037,340.00	293,040,926.47

Sales Company	83,054,537.49	39,677,964.56	122,732,502.05	68,682,231.72	5,882,180.09	74,564,411.81	67,242,477.68	38,871,900.16	106,114,377.84	54,692,940.24	6,615,236.38	61,308,176.62
China Mechanical Institute Company	2,789,442.19	3,639.53	2,793,081.72	8,885.14		8,885.14	2,319,078.13	6,787.49	2,325,865.62	296,676.48		296,676.48
Ranchuang Company	39,613,104.79	47,917.40	39,661,022.19	160,857.68	14,538,527.49	14,699,385.17	47,945,737.84	54,594.48	48,000,332.32	120,578.50	23,506.689.39	23,627,267.89

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
Auxiliary Machine Co.	604,581,929.89	84,567,191.43	84,567,191.43	-24,601,989.64	641,491,513.58	73,412,199.71	73,412,199.71	69,737,086.31
Packaged Technologies Co.	275,556,715.10	19,607,516.09	19,607,516.09	-9,009,596.18	231,015,559.55	33,258,647.01	33,258,647.01	56,544,644.69
Machinery Co.	305,270,504.99	74,265,964.44	74,265,964.44	56,947,908.11	306,725,335.41	73,475,561.54	73,475,561.54	59,196,312.51
Zhongneng Company	1,374,266,364.91	5,949,744.78	5,641,684.11	138,098,467.82	1,295,383,862.85	65,058,832.57	64,510,108.18	31,575,303.74
Casing Company	502,362,854.32	28,136,543.47	28,136,543.47	11,414,695.55	440,567,136.33	40,178,237.54	40,178,237.54	44,328,699.11
Sales Company	227,668,616.83	10,861,889.02	10,861,889.02	30,147,532.45	221,357,395.87	8,621,258.15	8,621,258.15	20,611,704.16
China Mechanical Institute Company	3,614,549.00	755,007.44	755,007.44	-57,796.60	2,575,133.31	344,026.48	344,026.48	-145,641.31
Ranchuang Company		588,572.59	588,572.59	-8,264,828.05		460,570.72	460,570.72	24,948,418.53

Other note:

(4) Significant restrictions of using enterprise group assets and pay off enterprise group debt

(5) Provide financial support or other support for structure entities incorporate into the scope of consolidated financial statements

Other note:

2. The transaction of the Company with its owner's equity share changed but still controlling the subsidiary

(1) Note to owner's equity share changed in subsidiary

Name	Change time	Shareholding ratio before change	Shareholding ratio after change
New Energy Company	2021.11.9	95.775%	100.00%
Hangfa Company	2021.11.9	85.00%	100.00%
Packaged Technologies Co	2021.11.12	70.86%	75.86%

(2) The transaction's influence to equity of minority shareholders and attributable to the owner's equity of the parent company

In RMB

	New Energy Company	Hangfa Company [Note]	Packaged Technologies Co
Cost/disposal consideration	1,077,946.08	42,017,854.05	10,200,000.00
--Cash	1,077,946.08	42,017,854.05	10,200,000.00
Total purchase cost/disposal consideration	1,077,946.08	42,017,854.05	10,200,000.00
Less: share of net assets of subsidiaries calculated according to the proportion of equity acquired/disposed of	-1,178,269.78	7,812,587.92	5,987,536.92
Difference	2,256,215.86	34,205,266.13	4,212,463.08
Including: adjustment of capital reserve	2,256,215.86	20,806,379.28	4,212,463.08
Adjustment the minority shareholder equity		13,398,886.85	

Note: It is due to the acquisition of minority shareholders' equity of Hangfa Company by the non-wholly-owned subsidiary Zhongneng Company.

3. Equity in joint venture arrangement or associated enterprise

(1) Significant joint venture arrangement or associated enterprise

Name of joint venture or associate	Domicile of primary operation	Registered place	Business nature	Shareholding ratio (%)		Accounting treatment methods for the investments in joint ventures or
				Directly	Indirect	

						associates
--	--	--	--	--	--	------------

Notes to holding proportion of joint venture or associated enterprise different from voting proportion:

Basis of holding less than 20% of the voting rights but has a significant impact or holding 20% or more voting rights but does not have a significant impact:

(2) Major joint ventures and associates

In RMB

	Closing balance/December 31 2021	Opening balance/December 31, 2020

Other note

(3) Main financial information of significant associated enterprise

In RMB

	Amount of current period	Amount of previous period

Other note

(4) Summary financial information of insignificant joint venture or associated enterprise

In RMB

	Amount of current period	Amount of previous period
Joint venture:	--	--
The total of following items according to the shareholding proportions	--	--
Associated enterprise:	--	--
The total of following items according to the shareholding proportions	--	--

Other note

(5) Provide financial support or other support for structure entities incorporate into the scope of consolidated financial statements

(6) The excess loss of joint venture or associated enterprise

In RMB

Name	The cumulative recognized losses in previous accumulatively derecognized	The derecognized losses or the share of net profit in reporting period	The no cumulative unrecognized losses in reporting period

Other note:

(7) The unrecognized commitment related to joint venture investment

(8) Contingent liabilities related to joint venture or associated enterprise investment

4. Significant common operation

Name	Main operating place registration place	Registration place	Business nature	Proportion /share portion	
				Directly	Indirectly

Note to holding proportion or share portion in common operation different from voting proportion:

Basis of common operation as a single entity, classify as common operation Other notes:

Other note

5. Equity of structure entity not including in the scope of consolidated financial statements

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 V (I)3, V (I)4, V (I)7 and V(I)9 of these financial statements for details of the reconciliation statement of the opening balance and closing balance of the financial instrument loss reserve.

4. Credit risk exposure and credit risk concentration

The company's credit risk mainly comes from monetary funds and receivables. In order to control the above-mentioned related risks, the company has taken the following measures respectively.

(1) Monetary fund

The company deposits bank deposits and other monetary funds in financial institutions with high credit rating, so its credit risk is low.

(2) Account receivable

The Company performs credit assessment on the clients on periodic and constant basis. Results suggested by the assessment are used by the Company to determine clients with higher ranks and to overlook the rest. This was conducted to avoid risks brought by material bad debts.

As the Company only does business with recognized and reputable third parties, so no collateral is needed. Credit risks are centralized managed in accordance with customers. As of December 31, 2021, the Company has a characteristic of specific credit risk concentration. 46.36% (December 31, 2020: 43.04%) 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	within 1 year	1-3 years	Over 3 years

		discounted			
Bank loans	439,907,392.45	470,301,376.99	271,803,491.55	93,584,460.78	104,913,424.66
Notes payable	309,404,319.27	309,404,319.27	309,404,319.27		
Account payable	1,910,150,188.14	1,910,150,188.14	1,910,150,188.14		
Other payable	434,578,338.13	434,578,338.13	434,578,338.13		
Lease liabilities[Note]	31,172,013.29	34,120,327.22	9,809,447.46	17,078,896.12	7,231,983.64
Long-term payable [Note]					
Subtotal	3,125,212,251.28	3,158,554,549.75	2,935,745,784.55	110,663,356.90	112,145,408.30

(Continued)

Items	Beginning of term				
	Book value	Contract amount not discounted	within 1 year	1-3 years	Over 3 years
Bank loans	275,402,275.92	282,654,273.20	259,420,504.31	23,233,768.89	
Notes payable	297,166,104.48	297,166,104.48	297,166,104.48		
Account payable	1,343,959,443.91	1,343,959,443.91	1,343,959,443.91		
Other payable	389,470,779.78	389,470,779.78	389,470,779.78		
Lease liabilities[Note]					
Long-term payable [Note]	156,163,666.66	161,300,000.00	28,860,000.00	56,748,000.00	75,692,000.00
Subtotal	2,462,162,270.75	2,474,550,601.36	2,318,876,832.47	79,981,768.89	75,692,000.00

[Note] Lease liabilities include non-current liabilities within one year-lease liabilities due within one year.

(III) Market risks

Market risks are those brought by change of fair value or expectable cash flow of financial instruments due to change of market prices, mainly interest risks and exchange rate risks.

1. Interest risks

Interest risks are those brought by change of fair value or expectable cash flow of financial instruments due to change of interest rates, mainly regards the loans at floating interest rates.

Fixed-rate interest-bearing financial instruments expose the Company to fair value interest rate risks, while floating-rate interest-bearing financial instruments expose the Company to cash flow interest rate risks. The Company determines the ratio of fixed interest rate to floating interest rate financial instruments according to the market environment, and maintains an appropriate portfolio of financial instruments through regular review and monitoring. The cash flow interest rate risk faced by the Company is mainly related to the bank borrowings with floating interest rates.

As of December 31, 2021, the company's bank borrowings with floating interest rate were RMB 189,600,000.00 (December 31, 2020: RMB22,600,000.00). Under the assumption that other variables remain unchanged, assuming that the interest rate changes by 50 benchmark points, there will be no significant impact on the company's total profits and shareholders' equity.

2. Foreign currency risks

Foreign currency risks (exchange rate risks) are those caused by change of fair value or expectable cash flow of financial instruments due to fluctuation of exchange rates. These risks are mainly related to foreign currency assets and liabilities. The Company operates in mainland China and mostly uses RMB as standard currency, therefore no major risks regarding exchange rates. For details of foreign currency assets and liabilities, please go to the descriptions in the notes to the consolidated financial statements.

Details of the company's foreign currency monetary assets and liabilities at the end of the period are described in note V (V) 2 to the Financial Statements.

XI. The disclosure of the fair value

1. Closing fair value of assets and liabilities calculated by fair value

In RMB

Items	Closing fair value			
	Fair value measurement items at level 1	Fair value measurement items at level 2	Fair value measurement items at level 3	Total
I. Consistent fair value measurement	--	--	--	--
— Consistent fair value measurement				
1. Transactional financial assets and other non-current financial assets	2,645,259.82		972,792,533.96	975,437,793.78
Financial assets classified as fair value through profit or loss	2,645,259.82		972,792,533.96	975,437,793.78
Financing product			958,000,000.00	958,000,000.00
Equity instrument investment	2,645,259.82		14,792,533.96	17,437,793.78
2. Financing receivable			816,653,211.21	816,653,211.21
3. Other equipment instrument investment	3,485,440,140.92			3,485,440,140.92
Total liabilities of consistent fair value measurement	3,488,085,400.74		1,789,445,745.17	5,277,531,145.91
II. Non-continuous fair value measurement	--	--	--	--

2. Market price recognition basis for consistent and inconsistent fair value measurement items at level 1

The company adopts unadjusted quotations on active markets for the same assets that can be obtained on the measurement date.

3. Continuous and non-continuous Second-level fair value measurement items, using valuation techniques and qualitative and quantitative information on important parameters

4. Continuous and non-continuous third-level fair value measurement items, using valuation techniques and qualitative and quantitative information on important parameters

1). For held short-term wealth management products with floating income and equity instrument investments, the company adopted valuation techniques for fair value measurement, mainly using a discounted future cash flow model.

2). Financing of receivables means that the measurement mode held by the company is bills receivable that are measured at fair value and whose changes are included in other comprehensive income. Cost represents the best estimate of fair value, so the cost is used to confirm its fair value.

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

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

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

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

9. Other

XII. Related party and related Transaction

1. Information related to parent company of the Company

Name of the parent company	Registered place	Business nature	Registered capital	Shareholding ratio in the Company (%)	Voting ratio in the Company (%)
Hangzhou Steam Turbine Group	Hangzhou China	Manufacturing	800 million yuan	63.64%	63.64%

Notes

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

Other note:

2. Subsidiaries of the enterprise

For details of the subsidiary, see note VII to the financial statements.

3. Information on the joint ventures and associated enterprises of the Company

The details of significant joint venture and associated enterprise of the Company

Information on other joint venture and associated enterprise of occurring related party transactions with the Company in reporting period, or form balance due to related party transactions in previous period:

Name of joint venture or associate	Relationship with the company
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Other note

4. Other related parties of the Company

Name of other related parties	Relationship with the Company
Hangzhou Capital	The parent company of Hangzhou Steam Turbine Group
Hangzhou Steam Turbine Compressor Co., Ltd.	A subsidiary enterprise of Hangzhou Steam Turbine Group
Hangzhou Xiangjiang Technology Co., Ltd.	A subsidiary enterprise of Hangzhou Steam Turbine Group
Hangzhou Guoyu Property Management Co., Ltd [Note 1]	A subsidiary enterprise of Hangzhou Steam Turbine Group
Hangzhou Oxygen Machine Group Co., Ltd	Affiliated enterprise of Hangzhou Capital
Hangzhou Oxygen Turbine Machinery Co., Ltd	Affiliated enterprise of Hangzhou Oxygen
Zhumadian Hangzhou Oxygen Gas Co. Ltd	Affiliated enterprise of Hangzhou Oxygen
Hangzhou Oxyen Expander Machine Co., Ltd.	Affiliated enterprise of Hangzhou Oxygen
Hangzhou Guoyu International Trade Co., Ltd.	Affiliated enterprise of Hangzhou Capital
Greenesol power systems PVT Ltd.	The company's shareholding enterprises
Hangzhou Bank[Note 2]	The company's shareholding enterprises
Hangzhou Heat Group Limited	Yang Yongming serves as a director of the company

Other note

[Note 1] Formerly known as Hangzhou Steam Turbine Power Technology Co., Ltd., it was renamed on January 13, 2022.

[Note 2] On June 17, 2020, the Company withdrew from the Board of Directors of Hangzhou Bank Co., Ltd.

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 Oxygen Turbine Machinery Co., Ltd	Parts, dynamic balance processing costs	3,948,672.19		Yes	

HSTG	Warehousing	764,983.49		No	
Zhongrun Company [Note]	Leaf maintenance and processing				779,192.90
Subtotal		4,713,655.68			779,192.90

[Note] Zhongrun Company, formerly a joint venture, has been included in the scope of the consolidated financial statements of the Company since January 2021, the same below.

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 Oxygen Turbine Machinery Co., Ltd	Turbine	8,654,867.26	
Hangzhou Guoyu International Trade Co., Ltd.	Material sales	2,722,604.67	
Greenesol power systems PVT Ltd.	Parts	1,588,105.14	2,132,934.52
Hangzhou Steam Turbine Group	Training fees, labour insurance costs	460,725.47	29,867.66
Zhumadian Hangzhou Oxygen Gas Co. Ltd	Technical service	11,320.75	
Hangzhou Oxygen Machine Group Co., Ltd	Parts	1,327.43	
Subtotal		13,438,950.72	2,162,802.18

(2) Related trusteeship/contract

Lists of related trusteeship/contract

In RMB

Name of the entruster/Contractee	Name of the trustee/Contractor	Type	Initial date	Due date	Pricing basis	Income recognized in the reporting period
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Note

Lists of entrust/contractee:

In RMB

Name of the entruster/Contractee	Name of the trustee/Contractor	Type	Initial date	Due date	Pricing basis	Charge recognized in the reporting period
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Notes:

(3) Information of related lease

The Company was lessor:

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	1,077,902.81	
Subtotal		1,077,902.81	

The Company was lessee:

In RMB

Lessor	Category of leased assets	The lease income confirmed in this year	Category of leased assets

The Company was lessee:

① Year 2021

Name of lessor	Types of leased assets	Simplified rental expenses for short-term leases and low-value asset leases and variable lease payments that are not included in the measurement of lease liabilities	The rent paid (excluding the simplified rent for short-term leases and low-value asset leases and the variable lease payment not included in the measurement of lease liabilities)	Increased right-to-use assets	Recognized interest expense
HSTG	House and Building	2,601,743.42			
Hangzhou Xiangjiang Technology Co., Ltd.	House and Building		668,205.53		130,795.52

② Year 2020

Name	Type	Amount
HSTG	Land use right	1,851,893.61
HSTG	Engineering Equipment	1,823,008.85
HSTG	House and Building	4,502,388.49
Hangzhou Xiangjiang Technology Co., Ltd.	House and Building	95,457.93
Subtotal		8,272,748.88

(4) Related-party guarantee

The Company was guarantor

In RMB

Guarantor	Guarantee amount	Start date	End date	Execution

				accomplished or not
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The Company was secured party

In RMB

Guarantor	Guarantee amount	Start date	End date	Execution accomplished or not
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The Company was secured party

(1) Loan guarantee

Guarantor	The secured party	Guarantee amount	Start date	End date	Execution accomplished or not
HSTG	The Company	100,000,000.00	2021.11.3	2022.11.1	No
HSTG	The Company	50,000,000.00	2021.6.21	2022.6.4	No
HSTG	Hangfa Company	10,000,000.00[注]	2021.5.24	2022.5.21	No

[Note] This loan is counter-guaranteed by Hangfa Company with mechanical equipment as collateral

(2) Guarantee

Guarantor	Issuer	Bank	Guarantee amount as of the end of the period	Currency
HSTG	Hangfa Company	Ningbo Bank Hangzhou Chengdong Sub-branch	3,207,650.00	RMB

(3) Inter-bank lending of capital of related parties

In RMB

Related party	Amount borrowed and loaned	Initial date	Due date	Notes
Borrowed				
Loaned				

(5) Inter-bank lending of capital of related parties

Related party	Amount Year-beginning	Increase	Decrease	Balance in year-end	Including: Pay interest
HSTG	309,254,400.43	11,729,618.51	80,984,018.94	240,000,000.00	11,729,618.51

(6) Related party asset transfer and debt restructuring

In RMB

Related party	Content	Current term	Same period of last term
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(7) Remunerations of key managements

In RMB

Items	Current term	Same period of last term
Remunerations of key managements	11,055,298.35	7,318,444.28

(8) Other related transactions

(1) Service and power supply

1) HSTG. provides property management services for its subsidiary which is Complete Technology Corporation, of which the fee of this period incurred in the property management is RMB3,176,465.50.

2) HSTG supplies water , power and newspaper service fees to the Company and some of the subsidiaries amounted to RMB 9,561,517.13 this period. The Company and its subsidiaries paid RMB 211,717.59 for utilities and newspaper service fees in the current period.

(2) Purchase of fixed assets

The Company purchased fixed assets such as machinery and office equipment from Hangzhou Steam Turbine Group for RMB 125,771.56.

(3) Using of trademark

The Company pays RMB1,698,113.21 to HSTG for using of the registered trademark.

(4) Expenses paid on behalf the Company

During the current period, HSTG advanced the payment of RMB 1,678,935.35 salaries for the company.

(5) Equity purchase

1) Business merger under the same control

①In October 2021, the Company acquired 80.775% equity of New Energy Company held by Hangzhou Steam Turbine Group and its subsidiary Hangzhou Guoyu Property Management Co., Ltd. at a price of RMB 20,608,543.31 and 30.00% equity of the Sales Company held by Hangzhou Steam Turbine Group at a price of RMB 28,200,000.00. The subsidiary Zhongneng Company acquired 85.00% equity of Hangfa Company held by Hangzhou Steam Turbine Group at a price of RMB 238,101,172.96. Besides, because Zhongneng Company paid the equity purchase in two phases, it paid the interest expense (including tax) of RMB 412,510.28 to Hangzhou Steam Turbine Group in this period.

②In November 2021, the Company acquired 55.00% equity of China mechanical and Electrical Institute -HSTG (Hangzhou) United Institutes Co., Ltd. held by Hangzhou Steam Turbine Group and 40.00% equity of Ranchuang Company at the prices of RMB 1,390,093.91 and RMB 10,139,132.68 respectively.

2) Acquisition of minority shareholders' equity

In October 2021, the Company acquired 5% equity of the Packaged Company held by Hangzhou Guoyu Property Management Co., Ltd. at a price of RMB 10,200,000.00.

(6) Entrusted financial management and other

1) In this period, the Company signed an entrusted financial management contract with Hangzhou Bank Co., Ltd., with an accumulated financial management amount of RMB 1,322,000.00.00 from January to June 2021, and Received financial management income of RMB 20,678,311.90.

2) In this period, the Company applied to Hangzhou Bank Co., Ltd. for bill discount, with an accumulated discount amount of RMB 198,770,549.60 and a discount interest of RMB 2,088,451.85 paid from January to June 2021.

3) From January to June 2021, the Company subscribed for and reduced 6,875,720 convertible bonds with a value of RMB 687,572,000.00 from Hangzhou Bank Co., Ltd., and obtained an investment income of RMB 45,379,752.00.

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	Greenesol power systems PVT Ltd.	13,490,558.24	13,490,558.24	13,806,255.54	13,806,255.54
	Hangzhou Oxygen Group Co., Ltd	2,460,000.00	2,460,000.00	5,385,000.00	5,385,000.00
	Hangzhou Oxyen Turbine Machinery Co., Ltd.	9,225,000.00	9,225,000.00	9,550,500.00	9,485,400.00
	HSTG	835,349.87	486,348.07	830,013.67	600,569.44
	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	740.00
	Hangzhou Heat Group Limited	8,937.60	8,937.60	8,937.60	8,937.60
Subtotal		26,078,845.71	25,729,843.91	29,654,506.81	29,345,902.58
Financing receivable	Hangzhou Oxyen Turbine Machinery Co., Ltd.	3,000,000.00			
Subtotal		3,000,000.00			
Other receivable	Hangzhou Xiangjiang Technology Co., Ltd.	601,384.98	60,138.50	601,384.98	30,069.25
	HSTG	462,761.45	34,304.70	242,960.55	12,148.03
Subtotal		1,064,146.43	94,443.20	844,345.53	42,217.28
Contract assets	Hangzhou Oxyen Turbine Machinery Co., Ltd.	489,000.00	24,450.00		
Subtotal		489,000.00	24,450.00		

(2) Payables

In RMB

Name	Related party	Amount at year	Amount at year beginning
Account payable	Greenesol power systems PVT Ltd.	1,835,287.07	1,878,235.27
	HSTG	230,568.42	230,568.42
	Hangzhou Oxyen Turbine Machinery	497,585.09	

	Co., Ltd.		
	Zhongrun Company		243,311.12
Subtotal		2,563,440.58	2,352,114.81
Contract liabilities	HSTG	29,652,336.28	16,378,000.00
	Hangzhou Oxyen Group Co., Ltd.	7,404,000.00	
	Greenesol power systems PVT Ltd.	353,288.27	145,052.57
	Hangzhou Oxyen Expander Machine Co., Ltd.	85,800.00	
	Hangzhou Steam Turbine Compressor Co., Ltd'	700.00	700.00
Subtotal		37,496,124.55	16,523,752.57
Other payable	HSTG	240,448,987.71	309,736,234.05
Subtotal		240,448,987.71	309,736,234.05

7. Related party commitment

8. Other

XIII. Stock payment

1. The Stock payment overall situation

√ Applicable □ Not applicable

In RMB

Total amount of various equity instruments granted by the company during the current period		19.44 million shares
Total amount of various equity instruments that the company exercises during the period		0.00
Total amount of various equity instruments that have expired in the current period		0.00
The scope of executive price of the company's outstanding share options at the end of the period and the remaining term of the contract	[Note]	
The scope of executive price of the company's other equity instruments at the end of the period and the remaining term of the contract	0	

Other note

[Note] The range of exercise price of other equity instruments issued by the Company at the end of the period and the remaining term of the contract

Items	Exercise price	Remaining term of contract
First grant of restricted stock in 2021	HK\$ 6.825 per share	The first restriction lifting period of restricted shares granted for the first time is from the first trading day after 24 months from the date of registration of restricted shares granted for the first time to the last trading day within 36

		months from the date of registration of some restricted shares granted for the first time; The second restriction lifting period of restricted shares is from the first trading day after 36 months after the registration of restricted shares granted for the first time to the last trading day within 48 months after the registration of some restricted shares granted accordingly; The third restriction lifting period of the restricted shares is from the first trading day 48 months after the registration of restricted shares granted for the first time to the last trading day within 60 months after the registration of some restricted shares granted accordingly.
Partial grant of 2021 restricted stock reserved	HK\$ 6.825 per share	The first restriction lifting period of restricted sales is from the first trading day after 24 months from the date when the registration the restricted shares is completed accordingly to the last trading day within 36 months from the date when the registration of the restricted shares is completed accordingly;

2. Other note

(1) Restricted stock source

According to the *Proposal on Repurchase of Company's Shares* adopted at the 39th session of the 7th Board of Directors of the Company, the Company plans to repurchase the Company's shares at a price of not more than HK\$ 9.50 per share by means of centralized bidding with self-raised funds, with the repurchase amount of not less than HK\$ 160 million (inclusive) and not more than HK\$ 320 million (inclusive). The repurchased shares will all be used for the Company's equity incentive or employee stock ownership plan.

In 2020, the Company has completed the share repurchase, with a total of 19,551,800 shares repurchased by means of centralized bidding through the repurchase of special securities account, accounting for 2.59% of the Company's total share capital. at the highest transaction price of RMB 9.17/share and the lowest transaction price of RMB 7.22/share, with the total accumulated payment amount of HK\$ 160,734,718.28 (excluding transaction costs such as stamp duty and transaction commission), i.e. RMB 144,078,948.09 used accumulatively.

(2) Performance procedure

According to the Proposal on the Company's Restricted Stock Incentive Plan (Draft) in 2020 and its Summary and Proposal on the Company's <Management Measures for the Implementation of the Restricted Stock Incentive Plan in 2020>, which were reviewed and approved at the 14th meeting of the 8th Board of Directors and the 9th meeting of the 8th Board of Supervisors respectively, as well as the Proposal on the Company's <Restricted Stock Incentive Plan in 2021> and its Summary, the Proposal on the Company's <Management Measures for the Implementation of the Restricted Stock Incentive Plan in 2021> and the Proposal on Requesting the General Meeting of Shareholders to Authorize the Board of Directors to Handle Matters Related to the Restricted Stock Incentive Plan in 2021, which were reviewed and approved at the 16th meeting of the 8th Board of Directors, the 11th meeting of the 8th Board of Supervisors and the 2nd Extraordinary General Meeting of Shareholders in 2021 respectively, The employee stock ownership plan intends to grant 19,551,800 restricted shares, accounting for 2.59% of the Company's total share capital, of which 18.17 million shares will be granted first, accounting for 2.41% of the Company's total share capital; 1,381,800 shares will be reserved, accounting for 0.18% of the Company's total share capital, and the reserved part will account for 7.07% of the total rights granted this time. The incentive object can purchase the restricted shares granted by the Company at the price of HK\$ 6.825 per share.

According to the *Proposal on Granting Partial Restricted Shares to Incentive Objects*, which was reviewed and approved at the 20th meeting of the 8th Board of Directors and the 13th meeting of the 8th Board of Supervisors, it was determined that the granting date of restricted shares would be December 16, 2021, with 1,381,800 shares

reserved in the incentive plan and 1,380,000 shares actually granted this time.

(3) Incentive object

There are no more than 500 incentive objects in the incentive plan, specifically including: company directors (excluding independent directors and external directors) and senior managers; Other members of the leading team, middle managers of the Company and key personnel of the Company.

(4) Grant of restricted stock

1) First grant

The number of participants in the employee stock ownership plan is determined to be 455 based on the actual signing of the subscription agreement and the final payment by the employees, at HK\$6.825 per share, with a total of 18.06 million shares transferred and a total transfer price of RMB 123,259,500.00. According to the Company's 2021 Restricted Stock Grant Agreement, the RMB subscription amount is calculated according to the central parity of RMB exchange rate (HK\$ 1=RMB 0.8317) announced by the People's Bank of China on September 1, 2021 (the grant date approved by the board of directors), and the total transfer price is RMB 102,514,926.39.

2) Grant of reserved part

The number of participants in the restricted stock incentive plan is determined to be 37 according to the actual subscription agreement signed by employees and the final payment at a price of HK\$ 6.825 per share, with a total of 1.38 million shares transferred and a total transfer price of HK\$ 9,418,500.00. According to the Company's 2021 Restricted Stock Grant Agreement, the RMB subscription amount is calculated according to the central parity of RMB exchange rate (HK\$ 1=RMB 0.81553) announced by the People's Bank of China on December 16, 2021 (the grant date approved by the board of directors), and the total transfer price is RMB 7,681,069.47.

2. Equity-settled share-based payment

Applicable Not applicable

In RMB

Determination method of the fair value of equity instruments on the grant date	The closing price of the company's stock on grant date - grant price
Determination basis of the number of vesting equity instruments	Best estimate of unlocked quantity
Equity-settled share-based payment is included in the accumulated amount of capital reserve	17,297,907.40
Total amount of fees confirmed by equity-settled share-based payments in the current period	17,297,907.40

Other note

3. The Stock payment settled by cash

Applicable Not applicable

4. Modification and termination of the stock payment

5. Other

XIV. Commitments

1. Significant commitments

Significant commitments at balance sheet date

(1) Outsourcing contracts engaged with large amounts and are under processing or preparation

As of December 31, 2021, Construction contracts and contracts which are performed or ready for being performed by the Company and its subsidiaries for the sake of plant construction are valued about RMB 7,734.19.

(2) With regard to bank letters of credit opened by the Company and its subsidiaries, the outstanding balance till December 31, 2021 is as follows:

Name	Bank	Currency	Amount	Way of guarantee
The Company	ICBC Banshan Branch	Yen	34,100,000.00	Credit
The Company	ICBC Banshan Branch	Euro	14,066,200.00	Credit
The Company	ICBC Banshan Branch	Pound	7,950,375.00	Credit
The Company	ICBC Hangzhou Branch	Euro	5,960,000.00	Credit
The Company	China CITIC Bank Hangzhou Branch	Euro	12,667,129.00	Credit
The Company	China CITIC Bank Hangzhou Branch	USD	303,000.00	Credit
The Company	China CITIC Bank Hangzhou Branch	Swedish krona	270,000,000.00	Credit
The Company	China Bank Hangzhou Branch	Euro	1,624,000.00	Credit
The Company	China Bank Hangzhou Branch	USD	6,160,000.00	Credit

(3) With regard to bank letters of Guarantee opened by the Company and its subsidiaries, the outstanding balance till December 31, 2021 is as follows:

Name	Bank	Currency	Amount	Way of guarantee
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The Company	ICBC Banshan Branch	RMB	272,331,640.20	Credit
The Company	ICBC Hangzhou Branch	RMB	36,016,931.00	Credit
The Company	China CITIC Bank Hangzhou Branch	RMB	24,599,676.28	Credit
The Company	China CITIC Bank Hangzhou Branch	USD	1,754,270.00	Credit
The Company	China Bank Hangzhou Branch	RMB	36,327,836.96	Credit
The Company	China Bank Hangzhou Branch	USD	6,464,515.00	Credit
Hangfa Company	ICBC Xiaoshan Subbranch	RMB	6,711,168.00	Mortgage
Hangfa Company	Ningbo Bank Hangzhou Chengdong Subbranch	Rmb	3,207,650.00	Guarantee
Hangfa Company	Ningbo Bank Hangzhou Chengdong Subbranch	Rmb	3,002,564.00	Credit
Packaged Tech. Co.	ICBC Hangzhou Wulin Subbranch	RMB	1,188,000.00	Credit
Auxiliary Company	ICBC Banshan Branch	RMB	26,627,517.50	Credit
Guoneng Company	ICBC Banshan Branch	USD	1,845,700.00	Credit
Guoneng Company	ICBC Banshan Branch	Euro	368,200.00	Credit
Guoneng Company	ICBC Banshan Branch	RMB	1,526,279.00	Credit
Machinery Co.	ICBC Banshan Branch	RMB	11,976,011.75	Credit
Machinery Co. Guangzhou Office	Agricultural bank of China Guangzhou Haizhu Branch	RMB	1,143,707.35	Deposit
New Energy Company	Hangzhou Bank Xicheng Branch	RMB	7,216,167.60	Credit
Turbine Co.	China CITIC Bank Hangzhou Branch	RMB	3,804,879.31	Credit
Turbine Co.	ICBC Banshan Branch	RMB	6,850,000.00	Credit
Zhongneng Company	China Bank Hangzhou Qiantang New area Branch	RMB	109,349,446.12	Credit

Zhongneng Company	China Bank Hangzhou Qiantang New area Branch	USD	464,000.00	Credit
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(II). Contingency

(1) Significant contingency at balance sheet date

On December 19, 2019, subsidiary Zhongneng Company filed a lawsuit with the Shanshan County People's Court of Xinjiang Uygur Autonomous Region, requesting that Hesheng Electric Power (Shanshan) Co., Ltd. be ordered to pay the purchase price of 4,470,000.00 yuan and pay compensation for overdue payment (from the bank's benchmark loan interest rate for the same period to the actual date of payment and 159,642.00 yuan from the date of the lawsuit temporarily), totaling 4,629,642.00 yuan. On December 28, 2020, the court ruled that Hesheng Electric Power Company (Shanshan) Co., Ltd. should pay the payment of RMB 4,470,000.00 and bear the compensation for overdue payment. Hesheng Electric Power Company (Shanshan) Co., Ltd. objects the judgment and has appealed to the court. The second trial was held on November 6, 2021. On December 6, 2021, Turpan Intermediate People's Court of Xinjiang Uygur Autonomous Region made a second-instance civil judgment, revoking the first-instance civil judgment of the People's Court of Shanshan County in Xinjiang Uygur Autonomous Region against Zhongneng Company and Hesheng Electric Power (Shanshan) Co., Ltd. ((2020) X 2122 MC No.317), and the case remanded to the people of Shanshan County of Xinjiang Uygur Autonomous Region for retrial. On the date of approval of this Financial Statement, the above case is still under trial.

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

There was no significant contingency in the Company.

3. Other

XV. Events after balance sheet date

1. Significant events had not adjusted

In RMB

Items	Content	Influence number to the Financial position and operating results	Reason of unable to estimate influence number
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2. Profit distribution

3. Sales return

4. Notes of other significant events

(1) Important non-adjusting matters

On January 13, 2022, Henan Junhua Development Co., Ltd. sued the Company to the People's Court of

Yicheng District, Zhumadian City, Henan Province, claiming compensation for its loss of RMB 40 million, case acceptance fees, property preservation fees and other expenses. On February 23, 2022, the Company received a summons from Yicheng District People's Court, Zhumadian City, Henan Province ((2022) Y 1702 MC No.1573). As of the date of approval of this Financial Statement, the above case is still under trial.

(2) Distribution of profits after balance sheet date

In 2021, with the total share capital of 754,010,400 shares at the end of the year deducting 111,800 treasury shares repurchased as of date of record by Company, that is, 753,898,600 shares, the Company would distribute cash dividend to all the shareholders at the rate of CNY 4.0 for every 10 shares (with tax inclusive) , 0 bonus shares , and no reserve would be converted into share capital.

Profit or dividend proposed to be distributed	According to the 2021 annual profit distribution plan reviewed and passed at the 23rd Meeting of the eighth board of directors of the Company on March 29,2022, In 2021, with the total share capital of 754,010,400 shares at the end of the year deducting 111,800 treasury shares repurchased as of date of record by Company, that is, 753,898,600 shares, the Company would distribute cash dividend to all the shareholders at the rate of CNY 4.0 for every 10 shares , 3 bonus shares , and no reserve would be converted into share capital. The afore-said profit distribution plan still needs to be reviewed and approved by the shareholders' general meeting.
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XVI. Other significant events

1. The accounting errors correction in previous period

(1) Retrospective restatement

In RMB

Content	Processing program	Name of the influenced report items during comparison period	Accumulative impact
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(2) Prospective application

Content	Processing program	Reason of adopting prospective application
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2. Debt restructuring

3. Replacement of assets

(1) Non-monetary assets exchange

(2) Other assets replacement

4. Pension plan

5. Discontinuing operation

In RMB

Items	Income	Expenses	Total profit	Income tax expenses	Net profit	Termination of the business profits
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						attributable to the parent company owner
--	--	--	--	--	--	--

Other note

6. Segment information

(1) Recognition basis and accounting policies of reportable segment

(2) The financial information of reportable segment

In RMB

Items		Offset during segments	Total
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(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's main business is to produce and sell industrial steam turbines and its accessories , their auxiliaries, accessories and other products. The Company regards such business as a whole to implement management and evaluate the operating results. Therefore, the Company does not need to disclose segment information. The operating income and operating costs of the Company by product/region are detailed in Note V (II) 1 of the Financial Statements.

(4) Other note

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

8. Other

(I) Lease

1. Company as lessee

(1) For information about the right-to-use assets, please refer to Note V (I) 18 to this Financial Statement;

(2) The Company's accounting policies for short-term leases and low-value asset leases are detailed in Note III (25) to this Financial Statement. The amounts of short-term lease expenses and low-value asset lease expenses included in the current profits and losses are as follows:

Items	Current amount
Short-term lease expense	12,300,753.43
Low-value asset lease expense (except short-term lease)	4,866.90
Total	12,305,620.33

(3) Current profit and loss and cash flow related to leasing

Items	Current amount
Interest expense of lease liabilities	559,478.09
Total cash outflow related to leasing	7,337,642.50

(3) The maturity analysis of the lease liabilities and the corresponding liquidity risk management are detailed

in Note VIII (II) of this Financial Statement.

2. Company as lessor

(1) Operating lease

1) Lease income

Items	Current amount
Lease income	2,966,095.79

2) Operating lease assets

Items	Ending amount
Real estate investment	6,903,986.07
Subtotal	6,903,986.07

3) According to the lease contract signed with the lessee, the undiscounted lease receipts that will be received in the future for irrevocably lease

Remaining term	Ending amount
Within 1 year	471,842.25
1-2 years	268,910.00
2-3 years	269,560.00
3-4 years	240,792.87
4-5 years	88,893.33
Over 5 years	13,040.00
Total	1,353,038.45

(II) Other

According to the planning of the Hangzhou Municipal Government, the property right bodies of 6 companies including Hangzhou Steam Turbine Group and Hangzhou Steam Turbine Company within the plant area of Hangzhou Steam Shiqiao Road factory area were included in the scope of the Expropriation and Relocation Planning. According to the Hangzhou Municipal People's Government's Minutes (Hangfu Minutes [2016] No. 87) on the relevant issues concerning the compensation for the relocation of the Steam Turbine Shiqiao road plant area and the spirit of the minutes (Hangfu Minutes [2016] No. 47) of the special meeting of Hangzhou Municipal people's Government on the relevant issues concerning speeding up the relocation of the Shiqiao Road Factory area of Hangzhou Steam Turbine and the Construction of the Hangzhou Steam Turbine Heavy Industry Project, Hangzhou Municipal Government, in accordance with the principle of "one factory, one policy", determines that the compensation for the overall relocation of the plant area of Hangzhou Steam Turbine Shiqiao road plant is RMB 1.815 billion, with the compensation contents include the compensation for physical assets such as buildings, structures, housing renovations, equipment, and land within the area of relocation, as well as personnel resettlement fees, compensation fees for shutdown loss and production stoppage loss and incentive fees, and the compensation agreement shall be signed by the Xiacheng Urban Construction Investment Group-the land-making main-body affiliated to Hangzhou Xiacheng District Municipal Government with each relocation unit.

g:											
Total	2,347,791,612.01	100.00%	767,426,735.29	32.69%	1,580,364,876.72	2,028,542,002.24	100.00%	795,217,220.72	39.20%	1,233,324,781.52	

Accrual of bad debt provision by single item

In RMB

Name	Closing balance		
	Book balance	Bad debt provision	Proportion

Accrual of bad debt provision by portfolio: 767,426,735.29 yuan

In RMB

Name	Closing balance		
	Book balance	Bad debt provision	Proportion
Associated transaction portfolio within the scope of consolidated financial statement	64,353,267.93		
Aging portfolio	2,283,438,344.08	767,426,735.29	33.61%
Total	2,347,791,612.01	767,426,735.29	--

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	Book balance
Within 1 year (Including 1 year)	804,010,333.82
1-2 years	475,555,467.48
2-3 years	338,870,488.31
Over 3 years	729,355,322.40
3-4 years	261,243,059.81
4-5 years	99,576,186.80
Over 5 years	368,536,075.79
Total	2,347,791,612.01

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

The withdrawal amount of the bad debt provision:

In RMB

Category	Opening balance	Amount of change in the current period				Closing balance
		Accrual	Reversed or collected amount	Write-off	Other	
Accrual of bad debt provision by Single term						
Accrual of bad debt provision by portfolio	795,217,220.72	-6,977,429.63		18,819,851.81	1,993,203.99	767,426,735.29
Total	795,217,220.72	-6,977,429.63		18,819,851.81	1,993,203.99	767,426,735.29

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

In RMB

Items	Reversed or collected amount	Method

(3) The actual write-off accounts receivable

In RMB

Items	Amount
Accrual of bad debt provision by portfolio	18,819,851.81

The significant actual write-off accounts receivable

In RMB

Name	Nature of account receivable	Amount written off	Reason for written off	Verification procedures	Arising from related transactions (Y/N)
Beijing Lixin Jingtong Industrial Equipment Co., Ltd	Goods	11,782,235.99	Uncollectible amount	Review by the Board of Directors	No
Zhejiang Shengxin Energy Technology Development Co., Ltd.	Goods	2,630,000.00	Uncollectible amount	Review by the Board of Directors	No
Xian Shangu Power Co., Ltd.	Goods	2,254,252.29	Uncollectible amount	Review by the Board of Directors	No
Zhejiang Taihe Textile Printing & dyeing Clothing Co., Ltd.	Goods	1,565,000.00	Uncollectible amount	Review by the Board of Directors	No
Shenyang Water Pump Petrochemical Pump Co.,Ltd.	Goods	561,565.71	Uncollectible amount	Review by the Board of Directors	No
Other	Goods	26,797.82	Uncollectible amount	Review by the Board of Directors	No

				Directors	
Total	--	18,819,851.81	--	--	--

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

In RMB

Name	Amount	Proportion(%)	Bad debt provision
Client 1	846,929,471.96	36.07%	252,652,692.60
Client 2	209,029,142.89	8.90%	100,605,675.82
Client 3	203,158,987.19	8.65%	20,939,390.54
Client 4	61,117,062.00	2.60%	61,117,062.00
Client 5	56,450,682.40	2.40%	2,822,534.12
Total	1,376,685,346.44	58.62%	--

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

Other note:

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

2. Other account receivable

In RMB

Nature	Closing balance	Opening balance
Dividend receivable		43,605,292.60
Other	27,,054,816.71	8,733,700.06
Total	27,054,816.71	52,338,992.66

(1) Interest receivable

1) Classification of interest receivable

In RMB

Nature	Closing balance	Opening balance
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2) Significant overdue interest

In RMB

Unit	Closing balance	Time	Reason	Whether or not the impairment and the basis for its determination
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Other note:

3) Bad-debt provision

Applicable Not applicable

(2) Dividend receivable

1) Dividend receivable

In RMB

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

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
Deposit	30,465,219.01	11,200,823.94
Provisional payment receivable	832,087.45	612,831.32
Other	1,999,123.61	1,703,075.58
Total	33,296,430.07	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, 2021	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	-106,562.82	106,562.82		
— Transfer to stage III		-6,864.40	6,864.40	
Provision in the current period	253,295.01	77,126.63	407,679.20	738,100.84

Other	720,481.74			720,481.74
Balance as at December 31, 2021	1,271,720.39	213,125.64	4,756,767.33	6,241,613.36

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

Applicable Not applicable

Disclosure by aging

In RMB

Aging	Book balance
Within 1 year(Including 1 year)	26,266,495.19
1-2 years	2,131,256.35
2-3 years	68,644.00
Over 3 years	4,830,034.53
3-4 years	122,938.00
4-5 years	223,425.99
Over 5 years	4,483,670.54
Total	33,296,430.07

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	738,100.84			720,481.74	6,241,613.36
Total	4,783,030.78	738,100.84			720,481.74	6,241,613.36

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

In RMB

Items	Reversed or collected amount	Method

(4) The actual write-off accounts receivable

In RMB

Items	Amount

Of which the significant actual write-off accounts receivable:

In RMB

Name	Nature	Amount	Reason	Process	Whether occurred from the related transactions

Notes of the write-off other accounts receivable:

(5) Top 5 of the closing balance of the other accounts receivable collected 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	Deposit	21,381,672.32	Within 1 year	64.22%	1,069,083.62
Shanghai Customs Waigaoqiao Office	Deposit	3,710,320.94	Over 5 years	11.14%	3,710,320.94
Hangzhou Ganghua Gas Co., Ltd.	Deposit	900,000.00	[Note]	2.70%	140,000.00
Suzhou Weicheng Bidding Services Co., Ltd.	Deposit	751,000.00	Within 1 year	2.26%	37,550.00
Nantong Jiaxing Thermoelectric Co., Ltd.	Deposit	700,000.00	1- 2 years	2.10%	70,000.00
Total	--	27,442,993.26	--	82.42%	5,026,954.56

[Note] 1-2 years: 800,000.00 yuan, 3-4 years: 100,000.00 yuan.

(6) Accounts receivable involved with government subsidies

In RMB

Name	Project of government	Opening balance	Closing balance	Estimated received time, amount and basis

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

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

Other note:

3. Long-term equity investment

In RMB

Items	Closing balance			Opening balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Investments in subsidiaries	191,793,655.63		191,793,655.63	913,732,321.62		913,732,321.62
Investments in associates and joint ventures				11,456,132.77		11,456,132.77
Total	191,793,655.63		191,793,655.63	925,188,454.39		925,188,454.39

(1) Investments in subsidiaries

In RMB

Investees	Opening balance	Increase /decrease				Closing balance	Closing balance of impairment provision
		Add investment	Decreased investment	Withdrawn impairment provision	Other		
Turbine Company	20,000,000.00	208,700.14				20,208,700.14	
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	10,200,000.00				40,000,389.56	
Zhongneng Co.	27,644,475.06					27,644,475.06	
Zhejiang Turbine Packaged Co.	7,968,000.00					7,968,000.00	
Zhongneng Co.	11,220,000.00					11,220,000.00	
New Energy Company		1,193,092.39				1,193,092.39	
Sales Company		13,721,544.50				13,721,544.50	
China Mechanical Institute Company		1,533,768.30				1,533,768.30	
Ranchuang Company[Note]		22,017,172.27				22,017,172.27	
Total	913,732,321.62	256,334,277.60	978,272,943.59			191,793,655.63	

(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	Decreased 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											
Associate d enterprise s											
Ranchuan g Company	11,456,13 2.77			272,641.2 4					11,728,77 4.01	0.00	
Total	11,456,13 2.77			272,641.2 4					11,728,77 4.01		
	11,456,13 2.77			272,641.2 4					11,728,77 4.01		

(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	3,346,432,079.14	2,393,749,908.61	2,480,402,944.88	1,718,757,777.75
Other	21,106,635.44	27,015,078.28	10,916,285.22	5,702,643.04
Total	3,367,538,714.58	2,420,764,986.89	2,491,319,230.10	1,724,460,420.79

Information related to performance obligations:

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

Information related to transaction value assigned to residual performance obligations:

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 RMB 5,190,510,000.00, of which RMB 0.00 is expected to be recognized as income in the year, RMB 0.00 is expected to be recognized as income in the year, and RMB0.00 is expected to be recognized as income in the year.

Other note:

5. Investment income

In RMB

Items	Occurred current term	Occurred in previous term
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Long-term equity investment income by equity method	272,641.24	210,035.64
Long-term equity investment income by Cost method	153,319,630.00	128,543,620.00
Receivables financing discount loss	-2,924,174.07	-1,518,602.29
Investment income obtained from the disposal of trading financial assets	75,612,246.06	23,991,247.64
Dividend income from other equity instrument investments during the holding period	95,156,322.10	95,156,322.10
Debt restructuring gains	-102,750.00	125,500.00
Total	321,333,915.33	246,508,123.09

6.Other

XVIII. Supplement information

1. Particulars about current non-recurring gains and loss

√ Applicable Not applicable

In RMB

Items	Amount	Notes
Non-current asset disposal gain/loss(including the write-off part for which assets impairment provision is made)	-77,159,058.06	It is mainly the delivery loss of relocated assets due to the relocation and transfer of real estate and land in this period.
Tax refund, deduction and exemption that is examined and approved by authority exceeding or has no official approval document.		
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.	129,850,767.59	It is mainly the net government subsidies recognized by the Company for relocation compensation in the Shiqiao Road factory area.
Debt restructuring profit or loss	1,617,382.00	

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	-29,001,203.15	
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	75,295,281.43	It is mainly the income of main bank wealth management products and the net income from the sale of convertible bonds of Hangzhou Bank.
Reverse of the provision for impairment of accounts receivable undergoing impairment test individually	3,600,000.00	
Operating income and expenses other than the aforesaid items	123,214,403.44	It is mainly due to the compensation paid by Sinosteel Equipment Co., Ltd. received by Turbine Company.
Other non-operating income and expenditure beside for the above items	0.00	
Less: Influenced amount of income tax	13,388,887.75	
Amount of influence of minority interests (After tax)	-7,840,808.41	
Total	221,869,493.91	--

Details of other profit and loss items that meet the non-recurring profit and loss definition

Applicable Not applicable

Explain the reasons if the Company classifies an item as an extraordinary gain/loss according to the definition in the Explanatory Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public-Extraordinary Gains and Losses, or classifies any extraordinary gain/loss item mentioned in the said explanatory announcement as a recurrent gain/loss item.

Applicable Not applicable

2. Return on net asset and earnings per share

Profit of report period	Weighted	Earnings per share
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	average returns equity(%)	Basic earnings per share(RMB/share)	Diluted earnings per share(RMB/share)
Net profit attributable to the Common stock shareholders of Company.	8.01%	0.88	0.88
Net profit attributable to the Common stock shareholders of Company after deducting of non-recurring gain/loss.	5.31%	0.58	0.58

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