

Stock Code: 200771

Stock ID: Hangqilun B

Announcement No. :2022-74

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

## **The Semi-Annual Report 2022**

(Stock Code: 200771)



**August 2022**

## **I. Important Remarks, Table of Contents, and Definitions**

The Board of Directors, the Supervisory Committee, the directors, the supervisors, and executives 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.

Mr. Zheng Bin, The Company leader, Mr. Zhao Jiamao, Person in charge of accounting and Mr. Jin Can, Person in charge of Accounting institute (accountant in charge) hereby confirm that the financial Report of Semi-Annual Report 2022 is authentic, accurate and complete.

All the directors attended the board meeting for the review of this Report.

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 Company will not distribute cash dividend or bonus shares, neither capitalizing of common reserves for the report period.

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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.
Hangzhou Steam Turbine Holdings	Refers to	Hangzhou Steam Turbine Holdings 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 1,2022-December 31,2022
Zhongneng Co.	Refers to	Hangzhou Zhongneng Steam Turbine Power Co., Ltd.
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.
Zhongrun Company	Refers to	Zhejiang Zhongrun Gas Turbine technology Co., Ltd.
New Energy Company	Refers to	Hangzhou Steam Turbine New Energy Co., Ltd.
Hangfa Company	Refers to	Hangzhou Hangfa Power Generation Equipment Co., Ltd.
Sales Company	Refers to	Hangzhou Steam Turbine Sales Service Co., Ltd.
China mechanical and Electrical Institute	Refers to	China mechanical and Electrical Institute -HSTG (Hangzhou) United Institutes Co., Ltd.
Ranchuang Company	Refers to	Zhejiang Ranchuang Turbine Machinery 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
MES	Refers to	Manufacturing execution system
ERP	Refers to	Enterprise Resources Planning

## II. Company Profile & Financial Highlights.

### 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		

### II. Contact person and contact manner

	Secretary of the Board	Representative of Stock Affairs
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. Other info.

#### 1. Contacts

No change to the registered address, office address, postal code, official website, and email address of the Company. For details please find the Annual Report 2020.

Applicable  Not applicable

Reg. Add.	No.1 Buidling, 608 Kangxin Road, Yuhang Economic & Technological Development Zone, Hangzhou, Zhejiang
Post Code	311106
Office address	No.1188, Dongxin Road, Hangzhou , Zhejiang
Post Code:	310022
Web Address	www.htc.cn
Email.	lgw@htc.cn

#### 2. Information inquiry

Whether information disclosure and preparation place changed in reporting period or not

Applicable  Not applicable

None of the official presses, website, and place of enquiry has been changed in the semi report period. For details please find the Annual Report 2021.

## 3. Other relevant information

Did any change occur to other relevant information during the reporting period?

Applicable  Not applicable

## IV. 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

	This report term	Same period last year		Increase/decrease (%)
		Before adjustment	After adjustment	After adjustment
Operating revenue (Yuan)	3,075,980,333.58	2,966,020,451.07	3,163,901,368.82	-2.78%
Net profit attributable to the shareholders of the listed company (Yuan)	348,340,310.01	425,641,416.95	336,184,909.79	3.62%
Net profit after deducting of non-recurring gain/loss attributable to the shareholders of listed company (Yuan)	270,767,570.26	258,513,133.28	258,513,133.28	4.74%
Cash flow generated by business operation, net (Yuan)	164,877,823.29	177,081,012.71	168,326,218.43	-2.05%
Basic earning per share(Yuan/Share)	0.36	0.45	0.35	2.86%
Diluted gains per share(Yuan/Share)	0.36	0.45	0.35	2.86%
Net asset earning ratio (%)	4.24%	5.19%	4.09%	0.15%
	As at the end of the reporting period	As at the end of last year		YoY+/- (%)
		Before adjustment	After adjustment	After adjustment
Gross assets (yuan)	15,707,267,144.88	16,319,667,628.76	16,319,667,628.76	-3.75%
Shareholders' equity attributable to shareholders of the listed company (yuan)	8,501,186,009.20	7,927,485,773.65	7,927,485,773.65	7.24%

## V. 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

Not existent

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

Not existent

## VI. Non-recurring gain/loss items and amounts

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)	-187,565.35	

Tax refund, deduction and exemption that is examined and approved by authority exceeding or has no official approval document.	0.00	
Governmental Subsidy accounted as current gain/loss, except for those subsidies at with amount or quantity fixed by the national government and closely related to the Company's business operation.	25,321,001.13	
Capital occupation charges on non-financial enterprises that are recorded into current gains and losses	0.00	
Gains due to that the investment costs for the Company to obtain subsidiaries, associates and joint ventures are lower than the enjoyable fair value of the identifiable net assets of the investees when making the investments	0.00	
Gain/loss on non-monetary asset swap	0.00	
Gain/loss on entrusting others with investments or asset management	0.00	
Asset impairment provisions due acts of God such as natural disasters	0.00	
Gains/losses of debt restructure	0.00	
Reorganization expenses, such as expenditure for allocation of employees and integration fee	0.00	
Gains/losses exceeding the fair value arising from transactions with obviously unfair prices	0.00	
Net gain and loss of the subsidiary under the common control and produced from enterprise consolidation from the beginning of the period to the consolidation date	0.00	
Gain and loss arising from contingent matters irrelevant with the Company's normal operation business	0.00	
Gain and loss from change of the fair value arising from transactional monetary assets, transactional financial liabilities as held as well as the investment income arising from disposal of the transactional monetary assets, transactional financial liabilities and financial assets available for sale excluding the effective hedging transaction in connection with the Company's normal business	28,737,935.14	
Reverse of the provision for impairment of accounts receivable undergoing impairment test individually	0.00	
Gain/loss from external entrusted loan	0.00	
Gain and loss arising from change in the fair value of the investment based real estate measure afterwards by means of fair value model	0.00	
Influence upon the current gains and losses from the once-and –for –all adjustment over the current gains and losses according to the taxation and accounting laws and regulations	0.00	
Income from custodian charge obtained from entrusted operation	0.00	
Operating income and expenses other than the aforesaid items	40,757,776.31	
Less: Influenced amount of income tax	13,536,814.80	
Amount of influence of minority interests (After tax)	3,519,592.68	
Total	77,572,739.75	

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

Applicable  Not applicable

None

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

##### (I) Company business

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 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 SGT300, SGT700 and SGT2000E. 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.

#### (II) Operating conditions during the reporting period

During the reporting period, the Company further consolidated the market, accelerated digital transformation, steadily promoted business transformation and resource integration, and continued to improve high-quality development of the Company.

In the first half of 2022, the company realized operating income of 3,075.9803 million yuan, total profit of 453.9833 million yuan and net profit of 388.5354 million yuan, of which net profit attributable to shareholders of listed companies was 348.3403 million yuan. Compared with the same period of last year, the operating income decrease by 2.78% year on year, total profit decreased by 1.94% year on year, net profit increased by

5.69% year on year, and net profit attributable to shareholders of listed companies increased by 3.62% year on year. Good results have been achieved.

### 1. Consolidating the market

During the reporting period, facing the unfavorable factors of repeated epidemics and restricted business trips, the Company actively adjusted sales strategies in key regions and industries, and strengthened the synergy between domestic and foreign trade, enhanced the synergy of drive and power generation, the synergy between steam turbines and gas turbines and the synergy between the Company and China Energy. By adopting the form of multi-user visits in the same region, multi-point docking and precision marketing, relying on video conferences, on-site exchanges, user visits and other channels, it had better protected the traditional advantages of the refining and chemical industry, and meanwhile it had also won a certain number of short-cycle orders in the small and medium thermoelectric and other driving fields. Updated and implemented the system of reporting commodity nodes, improved the integrity of the unit when it's delivered and improved the accuracy of the delivery status, and assisted in the collection of receivables with the help of pre-sale and after-sale links. Further promoted the standardized service work system, implemented the service strategy with marketing as the goal, and strengthened the in-depth integration of service and marketing. During the reporting period, the Company centered on the quality foundation and safeguarded the lifeline of enterprise development. Be problem-oriented, the Company coordinated multiple departments to implement measures and strengthened pre-positioned quality management. In addition, it optimized the quality assessment documents, strengthened the quality assessment efforts, and improved the rationality, operability and coverage of assessments.

### 2. Digital Guiding

During the reporting period, the Company continued to promote digital construction. We made every effort to promote the implementation of the ERP project. There were 201 special investigations carried out for the ERP project, completed the collection of more than 450 business data, and the version 3.0 of the blueprint scheme had been formed. Promoted the construction of digital factories in production bases, realized the workstation data access, work reporting, the electronic Kanban and other equipment deployment for the first time in the blade section, implemented the function expansion and optimization of the MES system, developed and improved the report function and delivered it for use. There were 8 new online processes were added to the office system, and the process was revised 59 times. It also used digitalization to achieve integrated management and control of business, finance and taxation. During the reporting period, the Company deepened the integration of business and finance, extended cost management, advanced the construction of financial informatization in depth, and included cost control into the asset management ecosystem. Furthermore, it formulated the "Standardized Process of Workshop Accounting Work" to comprehensively improve the workshop financial accounting work.

### 3. Business transformation

During the reporting period, the Company re-planned the major customer management system according to changes in the market situation, strengthened the linkage between the sales side and the service side, and focused on the management of basic customer information and the on-site service management and service extension of customer stock units on the server side. Staged progress had been made in the compilation of

teaching materials for the major service training module, and the work related to the major customer credit evaluation system had been launched, focusing on promoting the measurement and design of contract performance. During the reporting period, the Company focused on the main business. Based on the traditional energy, it explored the development path of new energy, and accelerated the pace of development of the Company in the field of new energy. Through the deployment of demonstration projects, the Company actively promoted the Company's new energy brand, and further laid out a solid technical reserve for the Company's business expansion into the new energy industry.

#### 4. Innovation & Development

During the reporting period, the Company accelerated the technological innovation and further consolidated its core competitiveness. In the first half of the year, 25 scientific research projects were launched for the first phase of the Company, and 13 scientific research projects were completed and accepted. The scientific research focused on product expansion, efficiency improvement, informatization construction, process research, quality control services and standard upgrades, providing technical support for the Company's development. The preliminary work had been carried out on the second stage of the development of supercritical carbon dioxide units (prototype design and manufacturing). The Company-led "R&D and promotion and application of key technologies for high-efficiency and high-reliability turbine machinery" was approved by the Zhejiang Provincial Department of Science and Technology. The first second-stage technology transfer landing project of Siemens gas turbine had completed the localization design of the gas turbine chassis and core engine installation materials.

## II. Analysis On core Competitiveness

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

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

complete equipment of gas turbine power station and the efficient total solutions.

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

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

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

### III. Main business analysis

Found more in "I. Main businesses of the Company in the reporting period"

(1) Changes in the financial data

In RMB

	This report period	Same period last year	YOY change (%)	Cause change
Turnover	3,075,980,333.58	3,163,901,368.82	-2.78%	
Operating cost	2,228,055,203.58	2,301,413,650.95	-3.19%	
Sale expenses	78,219,071.00	81,428,615.21	-3.94%	
Administrative expenses	368,654,248.66	362,418,957.99	1.72%	
Financial expenses	-13,717,612.11	-792,306.07	-1,631.35%	Mainly due to the year-on-year increase in net foreign exchange gains.
Income tax expenses	65,447,951.68	95,352,843.14	-31.36%	Mainly due to the increase in deferred income tax fees in the same period of last year.
R & D Investment	139,161,056.99	191,842,559.91	-27.46%	Mainly due to the decrease in the number of R & D units
Cash flow generated by business operation, net	164,877,823.29	168,326,218.43	-2.05%	
Net cash flow generated by investment	429,088,988.42	-119,526,132.39	458.99%	mainly due to the year-on-year decrease in the net amount of wealth management purchased.
Net cash flow generated by financing	-534,111,260.71	-453,452,750.40	-17.79%	
Net increasing of cash and cash equivalents	72,879,205.50	-407,895,899.36	117.87%	mainly due to the year-on-year decrease in the net amount of wealth management purchased.

Significant changes in the profit structure or profit source of the Company during the reporting period

Applicable  Not applicable

None

Component of Business Income

In RMB

	This report period		Same period last year		Changed over last year (%)
	Amount	Proportion	Amount	Proportion	
Total operating revenue	3,075,980,333.58	100%	3,163,901,368.82	100%	-2.78%
<b>On Industry</b>					
Boiler and power machine manufacture	2,423,540,620.08	78.79%	2,920,532,858.80	92.31%	-17.02%
Other	652,439,713.50	21.21%	243,368,510.02	7.69%	168.09%
<b>On product</b>					
Industrial steam turbine	2,186,458,154.12	71.08%	2,572,309,880.32	81.30%	-15.00%
Part	224,265,413.90	7.29%	304,313,026.69	9.62%	-26.30%
Complete sets of waste heat power stations	12,817,052.06	0.42%	43,909,951.79	1.39%	-70.81%
Engineering service	472,619,398.20	15.36%	107,166,884.70	3.39%	341.01%
Other	179,820,315.30	5.85%	136,201,625.32	4.30%	32.03%
<b>On Area</b>					
Domestic	2,965,087,190.38	96.39%	3,046,838,020.50	96.30%	-2.68%
Overseas	110,893,143.20	3.61%	117,063,348.32	3.70%	-5.27%

(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 (%)
<b>On Industry</b>						
Boiler and power machine manufacture	2,423,540,620.08	1,725,440,388.44	28.80%	-17.02%	-18.00%	0.85%
<b>On product</b>						
Industrial steam turbine	2,186,458,154.12	1,520,693,071.58	30.45%	-15.00%	-21.53%	5.79%
<b>On Area</b>						
Domestic	2,965,087,190.38	2,121,956,397.15	28.44%	-2.68%	-4.05%	1.03%

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

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

Applicable  Not applicable

#### IV. Analysis of Non-core Business

Applicable  Not applicable

In RMB

	Amount	Proportion in total profit	Explanation of cause	Sustainable (yes or no)
Other income	25,736,741.41	5.67%	Mainly due to the transfer of deferred income and government grant income.	—
Investment income	120,433,048.90	26.53%	Mainly due to confirmation of the dividends of Hangzhou Bank and the investment income of wealth management products.	—
Non-operating income	44,565,419.80	9.82%	Mainly due to the compensation income recognized for the termination of the contract of the long-cycle unit in the current period.	—
Non-operating expenses	4,365,148.35	0.96%	Mainly due to compensation payments.	—

#### V. Condition of Asset and Liabilities

##### 1. Condition of Asset Causing Significant Change

In RMB

	End of Reporting period		End of same period of last year		Change in percentage(%)	Reason for significant change
	Amount	As a percentage of total assets(%)				
Monetary fund	1,620,500,753.16	10.32%	1,622,883,247.79	9.94%	0.38%	—
Accounts receivable	1,873,526,814.67	11.93%	1,997,950,120.70	12.24%	-0.31%	—
Contract assets	842,368,816.31	5.36%	583,026,649.99	3.57%	1.79%	—
Inventories	2,391,047,743.93	15.22%	3,041,643,747.35	18.64%	-3.42%	—
Real Estate investment	6,677,732.31	0.04%	6,903,986.07	0.04%	0.00%	—
Long-term equity investment		0.00%		0.00%	0.00%	—
Fixed assets	1,902,319,122.21	12.11%	1,658,423,191.83	10.16%	1.95%	—
Construction in process	292,774,103.05	1.86%	517,835,956.11	3.17%	-1.31%	—
Using right assets	26,443,529.73	0.17%	30,437,778.92	0.19%	-0.02%	—
Short-term-Borrowing	191,300,000.00	1.22%	250,065,920.45	1.53%	-0.31%	—
Contract liabilities	2,415,706,673.37	15.38%	3,052,515,293.06	18.70%	-3.32%	—
Long-term borrowing	185,305,333.33	1.18%	180,830,007.55	1.11%	0.07%	—
Lease liabilities	21,143,942.83	0.13%	22,575,754.77	0.14%	-0.01%	—

##### 2. Major overseas assets

Applicable  Not applicable

3.Asset and Liabilities Measured by Fair Value

Applicable  Not applicable



In RMB

Items	Amount at year beginning	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	Amount at year end
Financial assets								
Financial assets								
1.Transaction financial assets (Excluding Derivative financial assets)	960,645,259.82	-426,791.66	-650,751.64		912,000,000.00	1,370,000,000.00		502,218,468.16
2. Derivative financial assets								
3.Other creditor's rights investment								
4.Other Equity Instrument Investment	3,485,440,140.92	587,250,444.96	3,681,736,545.88					4,072,690,585.88
5.Other non-current financial assets	14,792,533.96	3,888,000.00	-2,992,000.00					18,680,533.96
6. Receivable financing	816,653,211.21						-143,124,005.24	673,529,205.97
Subtotal of financial assets	5,277,531,145.91	590,711,653.30	3,678,093,794.24		912,000,000.00	1,370,000,000.00	-143,124,005.24	5,267,118,793.97
Total of the above	5,277,531,145.91	590,711,653.30	3,678,093,794.24		912,000,000.00	1,370,000,000.00	-143,124,005.24	5,267,118,793.97
Financial Liabilities	0.00	0.00	0.00		0.00	0.00	0.00	0.00

## Other changes

1. Other changes in receivables financing are the decrease in the amount of bank acceptance;

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

Yes  No

## 4. Restricted asset rights as of the end of this Reporting Period

In RMB

Items	End of Book value	Reason
Monetary fund	80,082,579.59	Utilized for issuing bank acceptance bill and L/G
Note receivable	19,532,735.62	Utilized for issuing bank acceptance bill
Fixed assets	96,504,589.40	Utilized for pledging to obtain the bank loan
Intangible assets	52,745,671.68	Utilized for pledging to obtain the bank loan
Receivable financing	85,446,533.12	Utilized for issuing bank acceptance bill
Total	334,312,109.41	

## VI. Analysis on investment Status

## 1. General

√ Applicable  Not applicable

Investments made in the reporting period	Investments made in same period of last year	+/- %
102,013,987.50	847,224,756.75	-87.96%

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

 Applicable  Not applicable

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

√ Applicable  Not applicable

In RMB

New plant project	Self-built	Yes	General equipment manufacturing	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 Reporting Period	Reasons for not Reaching the Planned Schedule and Anticipated Income	Disclosure date	Disclosure Index
New plant project	Self-built	Yes	General equipment manufacturing	15,603,749.15	1,479,293,743.21	Self fund	96.77%	0.00	0.00	No		
Total	--	--	--	15,603,749.15	1,479,293,743.21	--	--	0.00	0.00	--	--	--

## 4. Investment of Financial Asset

## (1) Securities investment

√ Applicable □ Not applicable

In RMB

Security category	Security code	Stock Abbreviation:	Initial investment cost	Mode of accounting measurement	Book value balance 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/loss of the reporting period	Book value balance at the end of the reporting period	Accounting items	Sauce of the shares
Domestic and foreign stocks	600926	Hangzhou Bank	390,954,040.00	FVM	3,485,440,140.92	587,250,444.96	3,681,736,545.88	0.00	0.00	0.00	4,072,690,585.88	Other equity Instrument investment	Self funds
Domestic and foreign stocks	000912	LUTIANHUA	2,869,219.80	FVM	2,645,259.82	-426,791.66	-650,751.64	0.00	0.00	0.00	2,218,468.16	Financial assets transaction	Debt restructuring
Total			393,823,259.80	--	3,488,085,400.74	586,823,653.30	3,681,085,794.24	0.00	0.00	0.00	4,074,909,054.04	--	--

## (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

The Company had no application of the raised capital in the reporting period.

**VII. 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

**VIII. 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	Company type	Leading products and services	Registered capital	Total assets	Net assets	Operating Income	Operating profit	Net Profit
Hangzhou Steam Turbine Auxiliary Machine Co., Ltd.	Subsidiaries	Manufacturing	80,000,000.00	728,549,788.27	315,044,411.74	336,182,737.38	41,400,696.01	34,709,082.97
Zhejiang Steam Turbine Packaged Technology Development Co., Ltd.	Subsidiaries	Commerce & trade	51,000,000.00	282,031,245.43	103,478,849.92	112,095,739.61	9,802,087.00	8,309,079.41
Hangzhou Steam Turbine Machinery & Equipment Co., Ltd.	Subsidiaries	Manufacturing	30,000,000.00	319,558,840.68	179,320,966.12	140,387,285.62	51,998,991.26	42,417,894.03
Zhejiang Turbine Import & Export Co., Ltd.	Subsidiaries	Commerce & trade	20,000,000.00	124,825,192.99	60,667,007.30	40,483,907.49	1,234,439.69	1,312,072.17
Hangzhou Zhongneng Steam Turbine Power Co., Ltd.	Subsidiaries	Manufacturing	92,500,000.00	1,827,861,499.28	74,576,545.96	638,303,050.64	14,569,636.49	13,886,432.71
Hangzhou	Subsidiaries	Manufacturing	29,500,000.00	622,200,645.48	301,209,324.8	189,427,305.7	7,684,097.87	6,513,497.00

Steam Turbine Casting Co., Ltd.						2	2		
New Energy Company	Subsidiaries	Construction business	500,000,000.00	488,501,822.76	84,133,744.66	112,883,055.50	8,112,076.90	5,704,205.43	
Sales Company	Subsidiaries	Traffic business	5,000,000.00	114,936,116.14	48,318,110.47	84,196,003.00	6,636,402.21	4,650,020.23	
China mechanical and Electrical Institute	Subsidiaries	Commerce & trade	1,000,000.00	2,808,420.39	2,802,241.23	1,373,226.00	18,044.65	18,044.65	
Ranchuang Company	Subsidiaries	Commerce & trade	24,250,000.00	37,765,465.35	24,910,249.37	0.00	-51,387.65	-51,387.65	

Subsidiaries obtained or disposed in the reporting period

Applicable  Not applicable

### IX. Structured vehicle controlled by the Company

Applicable  Not applicable

### X. Risks facing the Company and countermeasures

#### 1. Market risks

The domestic steam turbine industry has excess capacity and intensified market competition. The national goal of "carbon emission peak and carbon neutrality" will have a profound impact on the high-emission industries represented by petrochemical, steel, electric power and building materials, and the sales of the company's products will be further impacted. Relying on technological innovation, the company will actively highlight the core technology advantages, expand the marketing channels, improve the product quality, enhance the end service capabilities, continuously increase the added-value of products and vigorously tap into the potential demands to positively respond to the market and defuse the market risks.

#### 2. Contract execution risk

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

#### 3. Accounts receivable risk

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

#### 4. Exchange rate risk

The expansion of the company's international procurement and international sales business will cause the company's international balance of payments to be affected by exchange rate fluctuations, and there is a certain

risk of exchange loss. With the increase in the two-way volatility of the RMB exchange rate, the uncertainty of foreign exchange gains and losses has been increased. The company will refer to the exchange rate volatility cycle and adopt appropriate exchange rate risk management tools to minimize exchange loss.

#### 5. The company's profitability decline risk

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

#### 6. Overseas market risk

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

#### 7. Impact of the pandemic:

The global threat of COVID-19 pandemic will continue, and economic development remains uncertain. If the pandemic worsens, the adverse impact on the company's business development will increase accordingly, and the implementation of the contracted projects undertaken by the company will also be affected to some extent. The company will constantly adapt and reduce the adverse effects brought by the pandemic according to the development and changes of the pandemic.

## IV. Corporate Governance

### I. Annual General Meeting and Provisional Shareholders' Meetings in the Reporting Period

#### 1. Annual General Meeting

Meeting	Type	Investor participation ratio	Convened date	Disclosure date	Index to disclosed information
The First provisional General Meeting of 2022	Provisional Shareholders' general meeting	67.37%	January 7,2022	January 8,2022	Announcement No.:2022-02
The Second Provisional Shareholders' general of 2022	Provisional Shareholders' general meeting	68.46%	February 18,2022	February 9,2022	Announcement No.:2022-07
Annual General Meeting of 2021	Annual Shareholders' general meeting	67.76%	April 27,2022	April 28,2022	Announcement No.:2022-47

2. Preferred stockholders restored voting rights to request to convene Provisional Shareholders' Meeting.

Applicable  Not applicable

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

√ Applicable □ Not applicable

Name	Positions	Types	Date	Reason
Lu Jianhua	Supervisor	Left	April 27,2022	Retire
Zhu Chenqian	Supervisor	Elected	April 27,2022	Supplement
Li Jiansheng	Deputy General Manager	Left	May 11,2022	Due to company needs
Li Binghai	Deputy General Manager	Appointed	May 11,2022	Due to company needs
Chen Danhong	Independent director	Left	July 25,2022	Served as an independent director of the company for 6 years
Gu Xinjian	Independent director	Left	July 25,2022	Served as an independent director of the company for 6 years
Jin Yingchun	Independent director	Elected	July 25,2022	Supplement
Xu Yongbin	Independent director	Elected	July 25,2022	Supplement
Yao Jianhua	Independent director	Elected	July 25,2022	Supplement

**III. Pre-plan for profit allocation and turning capital reserve into share capital for the reporting period**

□ Applicable √ Not applicable

The Company planned not to distribute cash dividend and bonus share, and not to convert capital reserves into share capital in half year.

**IV. Implementation of any equity incentive plan, employee stock ownership plan or other incentive measures for employees**

√ 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.

(III) From July 12, 2021 to July 21, 2021, the company will post the "Announcement of the Company's 2021 Restricted Stock Incentive Objects" through the company's business premises, publicizing the names and positions of the incentive objects, and clarifying the circumstances under which they cannot become equity incentive objects, as well as the ways and means of feedback during the publicity period. As of the expiration of the publicity period, the company has not received any objection from any organization or individual to the incentive objects of this incentive plan.

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.

## 2. Implementation of the ESOP plan

Applicable  Not applicable

## 3. Other employee incentives

Applicable  Not applicable

## 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

Other Environmental Information That Should Be Disclosed

None

Administrative penalties for environmental problems during the reporting period

Applicable  Not applicable

1. Focusing on the construction of energy system management and creating a low-carbon energy system framework. Based on the current situation of energy use management, the Company had successively formulated (revised) a number of energy use management rules and regulations, starting from the system level and gradually promoting the construction of the Company's low-carbon energy system basic framework.

2. Focusing on energy data monitoring and analysis, and leading the quantitative management of low-carbon energy. The Company adhered to the normalization of energy data monitoring and analysis, took energy quantitative management as the means, focused on energy analysis and research, and effectively provided scientific guidance for the Company to effectively promote the management of low-carbon energy use.

3. Focusing on the improvement of energy business training and strengthening the level of low-carbon energy management. The Company had organized and carried out a number of energy use management business trainings, which's based on the "three lows and one high" guiding strategy of "low energy consumption, low emissions, low cost, and high efficiency", thus effectively promoted the overall improvement of the Company's energy management personnel.

4. Focusing on the transformation of energy technology projects and centering on low-carbon energy technology to save energy. The Company vigorously planned and promoted the implementation of a series of energy-saving, emission-reduction and efficiency-increasing projects such as "12MWp Distributed Photovoltaic Power Generation Project in Manufacturing Base", "Study on Recovery and Utilization of Waste Heat from Steam Turbine Commissioning", "DCS Reconstruction Project of Final Assembly and Test Station", "Project of Installing Natural Gas Meters in Rotor Workshop", and "Lifting equipment daily management improvement lean project", fully utilized various low-carbon energy-saving technologies and processes to inject strong impetus into the Company's focus on the goals of green development. The Company explored and promoted the construction of the "integrated energy smart platform", and promoted the fundamental transformation of the low-carbon and energy-saving management mode through the Company's integrated energy online whole-process monitoring, carbon emission whole-process monitoring and other means.

Reasons for no other environmental information being disclosed

Neither the company nor its subsidiaries belong to the key pollutant discharge units announced by the environmental protection department. The company has formulated and perfected the environmental management systems and control procedures for various types of waste water, waste gas, waste slag, and noise in accordance with relevant environmental laws and regulations and relevant standards promulgated by the national and local governments. The company has imported ISO14001 environmental management system since 2006 and the system has been operated effectively for more than ten years. Currently, the company has adopted

the clean production management and launched the clean production audits, which not only reduces consumption and increases efficiency, but also reduces the pressure and cost of end-of-pipe management

The company's environmental management system has been in operation for many years, and it has been strictly abiding by the relevant laws and regulations of the state and the principle of continuous improvement. Each year, the company formulates the annual environmental protection goals and formulates the environmental management plans. The company also has a complete and effective management system for waste water, waste gas, waste residue and noise and other waste management. Over the years, there has been no incident of environmental pollution and emissions exceeding the standard.

## **II. Social responsibilities**

With "driving industrial civilization and sustaining China's power" as its business mission, the company leads the its reform and development with the development concept of "innovation, coordination, green, openness and sharing". While standardized operation and operation according to law, it strives to shoulder due social responsibilities and promote the harmonious development of the company, shareholders, investors, employees, suppliers, customers, consumers and the whole society.

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

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

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

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

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

(6) The company attaches great importance to environmental protection and energy conservation and emission reduction. The company has set up special assessment indicators to strictly regulate all kinds of

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

(7) The Company continued to support and carried out public welfare undertakings. During the reporting period, it actively responded to the call of the Hangzhou Municipal Party Committee and the Municipal Government for the "Spring Breeze Action", played a leading and exemplary role as a caring enterprise, and donated 500,000 yuan to the "Spring Breeze Action".

## 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 Steam Turbine Holdings Co., Ltd., Hangzhou Steam Turbine Technology Co.,Ltd. and other transferors	Commitment to the transfer target company's accounts receivable recovery and other matters	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> (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. Engagement and disengagement of CPAs firm**

Whether the semi-annual financial report has been audited

Yes  No

The semi-annual financial report of the Company has not been audited

**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. Notes for the related information of “non-standard audit reports” last year by board of directors**

Applicable  Not applicable

**VII. Bankruptcy and restructuring**

Applicable  Not applicable

No such cases in the reporting period.

**VIII. Litigations and arbitrations**

Significant litigations and arbitrations

Applicable  Not applicable

No such cases in the reporting period.

Other lawsuits

Applicable  Not applicable

**IX. Punishments and rectifications**

Applicable  Not applicable

**X. Credit conditions of the Company as well as its controlling shareholder and actual controller**

Applicable  Not applicable

**XI. 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 sold

Applicable  Not applicable

No such cases in the reporting period.

## 3. Related-party transactions with joint investments

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)
Hangzhou Steam Turbine Holdings Co., Ltd.	Controlling shareholder	Borrowing funds	24,000	404.38	12,583.56	3.85%	404.38	11,820.82
Influence of related debt on the Company's operating results and financial status		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 with related finance company controlled by the Company

Applicable  Not applicable

No such cases in the reporting period.

## 7. Other significant related-party transactions

Applicable  Not applicable

No such cases in the reporting period.

**XII. 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

Guarantee of the Company for the controlling subsidiaries (Exclude controlled 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	Guarantee (If any)	Counter-guarantee (If any)	Guarantee term	Complete implementation or not	Guarantee for associated parties (Yes or no)
Guarantee of the Company for the controlling subsidiaries										
Name of the Company	Relevant disclosure date/No. of	Amount of Guarantee	Date of happening (Date of signing)	Actual amount of guarantee	Guarantee type	Guarantee (If any)	Counter-guarantee (If	Guarantee term	Complete implementation or not	Guarantee for associated

	the guaranteed amount		agreement)				any)			parties (Yes or no)
Zhejiang Steam Turbine Packaged Technology Development Co., Ltd.	April 24,2021	5,000			The joint liability guaranty			Two years from the date of expiration of the principal debt	No	No
Hangzhou Zhongneng Company	November 4,2021	16,800	October 31,2021	16800	The joint liability guaranty			Three years from the date of expiration of the principal debt	No	No
Hangzhou Steam Turbine New Energy	January 26,2022	30,000	March 15,2022	6645.99	The joint liability guaranty			Three years from the date of expiration of the principal debt	No	No
Total of guarantee for subsidiaries approved in the period(B1)		30,000		Total of actual guarantee for subsidiaries in the period (B2)		6, 645. 99				
Total of guarantee for subsidiaries approved at period-end(B3)		51,800		Total of actual guarantee for subsidiaries at period-end(B4)		23, 445. 99				
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	3, 897. 1	The joint liability guaranty			Two 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	1, 188. 22	The joint liability guaranty			Two years from the date of expiration of the principal	No	No



								1 debt		
Hangzhou Guoneng Steam Turbine Engineering Co., Ltd.	July 20,2021	5,000	July 20,2021	3, 182.64	The joint liability guaranty			Two years from the date of expiration of the principal debt	No	No
Total guarantee quota to the subsidiaries approved in the reporting period (C1)			0	Total amount of guarantee to the subsidiaries actually incurred in the reporting period (C2)						
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)						8, 267. 96
Total of Company's guarantee (namely total of the large three aforementioned)										
Total of guarantee in the Period (A1+B1+C1)			30,000	Total of actual guarantee in the Period (A2+B2+C2)						6, 645. 99
Total of guarantee at Period-end (A3+B3+C3)			70,800	Total of actual guarantee at Period-end A4+B4+C4)						31, 713. 95
Including										

### 3. Situation of Entrusted Finance

Applicable  Not applicable

In RMB10, 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 financial products	Self fund	103,000	50,000	0	0
Total		103,000	50,000	0	0

The detailed information of entrusted wealth-management with significant amount or low safety, poor liquidity or high risk with no promise of principal

Applicable  Not applicable

Entrusted financing appears to be unable to recover the principal or there may be other circumstances that may result in impairment

Applicable  Not applicable

### 4. Other significant contract

Applicable  Not applicable

No such cases in the reporting period.

**XIII. Explanation on other significant events**√ Applicable  Not applicable

1. In order to meet the working capital required by the Company's wholly-owned subsidiary Hangzhou Steam Turbine New Energy Co., Ltd to expand the new business market and promote the Company's strategic transformation from manufacturing to manufacturing services, the Company planned to increase the registered capital of 300 million yuan to the new energy company, the capital increase would be in place in batches according to the actual business growth of the new energy company. After this capital increase was completed, the registered capital of the new energy company would increase from 200 million yuan to 500 million yuan. On March 22, 2022, the Company held the twenty-second meeting of the eighth session of board of directors to consider and approve the "Proposal on Increasing Capital to New Energy Company", which did not need to be submitted to the general meeting of shareholders for deliberation. For details, please refer to the Company Announcement-Announcement No: 2022-11.

**XIV. Significant event of subsidiary of the Company**√ Applicable  Not applicable

1. Hangzhou Zhongneng Steam Turbine Power Co., Ltd, a holding subsidiary of the Company, intended to realize capital increase and share expansion by introducing strategic investment and simultaneously implementing employee stock ownership in order to further improve its corporate governance structure, fully mobilize the enthusiasm of employees, and meet the funds needs of production and operation development such as capacity expansion, industrial chain extension, and talent introduction. The registered capital would be increased from 92.5 million yuan to 120 million yuan, a capital increase by 27.5 million yuan. On March 22, 2022, the Company convened the 22nd meeting of the eighth session of board of directors to consider and approve the "Proposal on Capital Increase and Share Expansion of Zhongneng Company", which did not need to be submitted to the general meeting of shareholders. For details, please refer to the Company's Announcement, with announcement No: 2022-10.

**VII. Change of share capital and shareholding of Principal Shareholders****I. Changes in share capital**

## 1. Changes in share capital

	Before the change		Increase/decrease (+, -)					In shares After the Change	
	Amount	Proportion	Share allotment	Bonus shares	Capitalization of common reserve fund	Other	Subtotal	Quantity	Proportion
1. Shares with conditional subscription	479,824,800	63.64%	0	143,947,440	0	0	143,947,440	623,772,240	63.64%
1. Founder's stock	479,824,800	63.64%	0	143,947,440	0	0	143,947,440	623,772,240	63.64%
Including: State-owned shares	479,824,800	63.64%	0	143,947,440	0	0	143,947,440	623,772,240	63.64%

II. Shares with unconditional subscription	274,185,600	36.36%	0	82,222,140	0	0	82,222,140	356,407,740	36.36%
2. Foreign shares in domestic market	274,185,600	36.36%	0	82,222,140	0	0	82,222,140	356,407,740	36.36%
III. Total of capital shares	754,010,400	100.00%	0	226,169,580	0	0	226,169,580	980,179,980	100.00%

## Causes of Change of shares

Applicable  Not applicable

The Company's share changes during the reporting period were caused by the implementation of the 2021 profit distribution plan. The Company's 2021 profit distribution plan was to distribute a cash dividend of 4.0 yuan (tax included) and 3 bonus shares (tax included) for every 10 shares and no shares converted by reserve to all shareholders based on the total share capital of 754,010,400 shares at the end of 2021 after excluding the Company's repurchased 111,800 treasury shares on the equity distribution record date—that was 753,898,600 shares.

## Approval of change of the shares

Applicable  Not applicable

The Company's 2021 profit distribution plan had been reviewed and approved at the 2021 annual general meeting held on April 27, 2022.

## Ownership transfer of share changes

Applicable  Not applicable

The Company completed the 2021 profit distribution on May 26, 2022. Before the dividend distribution, the Company's total share capital was 754,010,400 shares. After the distribution, the total share capital was increased to 980,179,980 shares.

## Progress on any share repurchase:

Applicable  Not applicable

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

Applicable  Not applicable

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

Applicable  Not applicable

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

Applicable  Not applicable

## 2. Change of shares with limited sales condition

Applicable  Not applicable

In RMB

Shareholder Name	Initial Restricted Shares	Number of Unrestricted Shares This Term	Number of Increased Restricted Shares This Term	Restricted Shares in the End of the Term	Reason for Restricted Shares	Date of Restriction Removal
Zheng Bin	250,000	0	75,000	325,000	Equity incentive restricted stocks	The limitations are lifted according to the relevant provisions of the 2021 restricted stock incentive plan
Ye Zhong	250,000	0	75,000	325,000	Equity incentive restricted stocks	The limitations are lifted according to the relevant provisions of the 2021 restricted stock incentive plan
Yang Yongming	200,000	0	60,000	260,000	Equity incentive restricted stocks	The limitations are lifted according to the relevant provisions of the 2021 restricted stock incentive plan
Wang Gang	200,000	0	60,000	260,000	Equity incentive restricted stocks	The limitations are lifted according to the relevant provisions of the 2021 restricted stock incentive plan
Kong Jianqiang	200,000	0	60,000	260,000	Equity incentive restricted stocks	The limitations are lifted according to the relevant provisions of the 2021 restricted stock incentive plan
Wang Zhengrong	200,000	0	60,000	260,000	Equity incentive restricted stocks	The limitations are lifted according to the relevant provisions of the 2021 restricted stock incentive plan
Zhao Jiamao	200,000	0	60,000	260,000	Equity incentive restricted stocks	The limitations are lifted according to the relevant provisions of the 2021 restricted stock incentive plan
Li Guiwen	200,000	0	60,000	260,000	Equity incentive restricted stocks	The limitations are lifted according to the relevant provisions of the 2021 restricted stock incentive plan
Cai Weijun	200,000	0	60,000	260,000	Equity incentive restricted stocks	The limitations are lifted according to the relevant provisions of the 2021 restricted stock incentive plan
Li Shijie	0	0	260,000	260,000	Equity incentive restricted stocks	The limitations are lifted according to the relevant provisions of the 2021 restricted stock incentive plan
Other	16,268,059	0	6,349,418	22,617,477	Equity incentive restricted stocks	The limitations are lifted according to the relevant provisions of the 2021 restricted stock incentive plan
Total	18,168,059	0	7,179,418	25,347,477	--	--

## **II. Securities issue and listing**

Applicable  Not applicable

### III. Particulars about the shareholders and substantial controller

In shares

Total number of common shareholders at the end of the reporting period	11108		Total number of preferred shareholders that had restored the voting right at the end of the reporting period (if any) (note 8)	0				
Particulars about shares held above 5% by shareholders or top ten shareholders								
Shareholders	Nature of shareholder	Proportion of shares held (%)	Number of shares held at period -end	Changes in reporting period	Amount of restricted shares held	Non-restricted ordinary shares held	Number or share pledged/frozen	
							State of share	Amount
Hangzhou Steam Turbine Holdings Co., Ltd.	State-owned legal person	63.64%	623,772,240	143947440	623,772,240	0		
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	Foreign legal person	0.81%	7,943,279	265854	0	7,943,279		
China Merchants Securities (HK)Co., Ltd	State-owned legal person	0.71%	6,966,068	1375591	0	6,966,068		
Zhou Jie	Domestic Natural person	0.64%	6,250,000	1627300	0	6,250,000		
VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	Foreign legal person	0.59%	5,764,789	1330336	0	5,764,789		
ISHARES CORE MSCI EMERGING MARKETS ETF	Foreign legal person	0.54%	5,273,662	991580	0	5,273,662		
VANGUARD EMERGING MARKETS STOCK INDEX FUND	Foreign legal person	0.52%	5,096,887	1198624	0	5,096,887		
NORGES BANK	Foreign legal person	0.33%	3,268,888	754359	0	3,268,888		
Xia Zulin	Domestic Natural person	0.32%	3,098,060	778060	0	3,098,060		
Gu Yang	Domestic Natural person	0.21%	2,038,821	470497	0	2,038,821		
Strategy investors or general legal person becomes top 10 shareholders due to rights issued (if applicable) (See Notes 3)	Not applicable							
Explanation on associated relationship among the aforesaid shareholders	(1) Hangzhou Steam Turbine Holdings Co., Ltd. is the holder of state-shares of the Company, all other shareholders' are holders of domestic listed foreign shares (B shares) (2) There is no relationship between Hangzhou Steam Turbine Holdings Co., Ltd. and other shareholders; (3) Hangzhou Steam Turbine Holdings Co., Ltd. is not an "action-in-concert" party with any of other shareholders as described by the "Administration Rules of Informational Disclosure about Change of Shareholding Statues of PLCs".							
Above shareholders 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							
Shareholding of top 10 shareholders of unrestricted shares								
Name of the shareholder	Quantity of unrestricted shares held at the end of the reporting period	Share type						
		Share type	Quantity					
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	7,943,279	Foreign shares placed in domestic exchange	7,943,279					
China Merchants Securities (HK)Co., Ltd	6,966,068	Foreign shares placed in	6,966,068					

		domestic exchange	
Zhou Jie	6,250,000	Foreign shares placed in domestic exchange	6,250,000
VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	5,764,789	Foreign shares placed in domestic exchange	5,764,789
ISHARES CORE MSCI EMERGING MARKETS ETF	5,273,662	Foreign shares placed in domestic exchange	5,273,662
VANGUARD EMERGING MARKETS STOCK INDEX FUND	5,096,887	Foreign shares placed in domestic exchange	5,096,887
NORGES BANK	3,268,888	Foreign shares placed in domestic exchange	3,268,888
Xia Zulin	3,098,060	Foreign shares placed in domestic exchange	3,098,060
Gu Yang	2,038,821	Foreign shares placed in domestic exchange	2,038,821
Wang Yihu	2,001,956	Foreign shares placed in domestic exchange	2,001,956
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	(1)It is unknown to the Company if there is any relationship among the top 10 common share holders without restriction; (2) Other shareholders do not belong to the concerted action persons as stipulated in the Administrative Measures for Information Disclosure of Shareholding Changes of Shareholders of Listed Companies		
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.

#### IV. Changes in shareholdings of directors, supervisors and executive officers

Applicable  Not applicable

Name	Title	Working status	Shares held at period-begin(share)	Number of shares increase in this period (share)	Number of shares decreased in this period (shares)	Shares held at period-end (share)	Number of restricted shares granted at period begin (share)	Number of restricted d shares granted at the period (share)	Number of restricted shares granted at period end (share)
Zheng Bin	Board chairman	In office	250,000			325,000	250,000	0	325,000
Ye Zhong	Director, GM	In office	250,000			325,000	250,000	0	325,000
Yang Yongming	Vice Chairman	In office	200,000			260,000	200,000	0	260,000
Wang Gang	Director, Deputy GM	In office	200,000			260,000	200,000	0	260,000
Kong Jianqiang	Deputy GM	In office	200,000			260,000	200,000	0	260,000
Li	Deputy GM	Dimission	200,000			260,000	200,000	0	260,000

Jiansheng									
Wang Zhengrong	Deputy GM	In office	200,000			260,000	200,000	0	260,000
Zhao Jiamao	Deputy GM, Chief accountant	In office	200,000			260,000	200,000	0	260,000
Li Guiwen	Deputy GM, secretary of the board	In office	200,000			260,000	200,000	0	260,000
Li Binghai	Deputy GM	In office	100,000			130,000	100,000	0	130,000
Cai Weijun	Chairman of the Supervisory Committee	In office	200,000			260,000	200,000	0	260,000
Li Shijie	Vice Party Secretary, chairman of the trade union	In office	0			260,000	0	200,000	260,000
Total	--	--	2,200,000	0	0	3,120,000	2,200,000	200,000	3,120,000

Note: During the reporting period, changes in the shareholdings of directors, supervisors and senior management were caused by the Company's implementation of the 2021 annual equity distribution and bonus shares.

#### V. Change of the controlling shareholder or the actual controller

Change of the controlling shareholder in the reporting period

Applicable  Not Applicable

There was no any change of the controlling shareholder of the Company in the reporting period.

Change of the actual controller in the reporting period

Applicable  Not applicable

There was no any change of the actual controller of the Company in the reporting period.



### **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

Whether the semi-annual financial report had been audited?

The Semi-annual Financial Report is not audited.

### II. The Financial Statements

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

#### 1. Consolidated Balance Sheet

Prepared by: Hangzhou Steam Turbine Co., Ltd

June 30,2022

In RMB

Items	June 30,2022	January 1,2022
<b>Current asset:</b>		
Monetary fund	1,620,500,753.16	1,622,883,247.79
Settlement provision		
Outgoing call loan		
Transactional financial assets	502,218,468.16	960,645,259.82
Derivative financial assets		
Notes receivable	157,563,096.31	215,046,941.09
Account receivable	1,873,526,814.67	1,997,950,120.70
Financing of receivables	673,529,205.97	816,653,211.21
Prepayments	413,953,272.81	443,770,434.91
Insurance receivable		
Reinsurance receivable		
Provisions of Reinsurance contracts receivable		
Other account receivable	123,839,204.47	44,163,396.56
Including: Interest receivable		
Dividend receivable	95,156,322.10	
Repurchasing of financial assets		
Inventories	2,391,047,743.93	3,041,643,747.35
Contract assets	842,368,816.31	583,026,649.99
Assets held for sales		
Non-current asset due within 1 year		
Other current asset	14,448,499.09	66,174,951.42
<b>Total of current assets</b>	<b>8,612,995,874.88</b>	<b>9,791,957,960.84</b>
<b>Non-current assets:</b>		
Loans and payment on other's behalf disbursed		
Creditor's right investment		
Other investment on bonds		
Long-term receivable	113,541,093.20	153,741,093.20
Long term share equity investment		
Other equity instruments investment	4,072,690,585.88	3,485,440,140.92
Other non-current financial assets	18,680,533.96	14,792,533.96
Property investment	6,677,732.31	6,903,986.07
Fixed assets	1,902,319,122.21	1,658,423,191.83
Construction in progress	292,774,103.05	517,835,956.11
Production physical assets		
Oil & gas assets		

Use right assets	26,443,529.73	30,437,778.92
Intangible assets	273,560,374.06	277,469,707.24
Development expenses	8,826,283.85	
Goodwill		
Long-germ expenses to be amortized		
Deferred income tax asset	378,757,911.75	382,665,279.67
Other non-current asset		
Total of non-current assets	7,094,271,270.00	6,527,709,667.92
Total of assets	15,707,267,144.88	16,319,667,628.76
Current liabilities		
Short-term loans	191,300,000.00	250,065,920.45
Loan from Central Bank		
Borrowing funds		
Transactional financial liabilities		
Derivative financial liabilities		
Notes payable	320,332,010.57	309,404,319.27
Account payable	1,585,258,800.30	1,910,150,188.14
Advance receipts	43,034.40	812,701.37
Contract liabilities	2,415,706,673.37	3,052,515,293.06
Selling of repurchased financial assets		
Deposit taking and interbank deposit		
Entrusted trading of securities		
Entrusted selling of securities		
Employees' wage payable	111,740,373.62	133,122,509.92
Tax payable	62,177,327.84	81,622,378.10
Other account payable	308,870,811.81	434,578,338.13
Including: Interest payable	87,003.63	
Dividend payable		
Fees and commissions payable		
Reinsurance fee payable		
Liabilities held for sales		
Non-current liability due within 1 year	16,096,645.58	17,607,722.97
Other current liability	312,731,160.87	395,640,629.47
Total of current liability	5,324,256,838.36	6,585,520,000.88
Non-current liabilities:		
Reserve fund for insurance contracts		
Long-term loan	185,305,333.33	180,830,007.55
Bond payable		
Including: preferred stock		
Sustainable debt		
Lease liability	21,143,942.83	22,575,754.77
Long-term payable	12,489,403.06	7,579,677.56
Long-term remuneration payable to staff		
Expected liabilities		
Deferred income	712,789,762.50	729,438,751.74
Deferred income tax liability	552,260,481.88	464,172,915.14
Other non-current liabilities		
Total non-current liabilities	1,483,988,923.60	1,404,597,106.76
Total of liability	6,808,245,761.96	7,990,117,107.64
Owners' equity		
Share capital	980,179,980.00	754,010,400.00
Other equity instruments		
Including: preferred stock		
Sustainable debt		
Capital reserves	310,929,701.90	282,946,030.50
Less: Shares in stock	144,078,948.09	144,078,948.09

Other comprehensive income	3,128,907,574.32	2,629,477,756.99
Special reserve	17,874,910.32	18,369,033.52
Surplus reserves	625,178,089.82	625,178,089.82
Common risk provision		
Retained profit	3,582,194,700.93	3,761,583,410.91
Total of owner's equity belong to the parent company	8,501,186,009.20	7,927,485,773.65
Minority shareholders' equity	397,835,373.72	402,064,747.47
Total of owners' equity	8,899,021,382.92	8,329,550,521.12
Total of liabilities and owners' equity	15,707,267,144.88	16,319,667,628.76

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

## 2. Parent Company Balance Sheet

In RMB

Items	June 30,2022	January 1,2022
<b>Current asset:</b>		
Monetary fund	896,556,113.90	911,448,637.39
Transactional financial assets	347,218,468.16	870,645,259.82
Derivative financial assets		
Notes receivable	45,044,808.21	6,961,501.77
Account receivable	1,348,119,879.42	1,580,364,876.72
Financing of receivables	450,433,874.60	521,567,126.16
Prepayments	354,324,233.37	362,130,094.32
Other account receivable	104,657,561.33	27,054,816.71
Including: Interest receivable		
Dividend receivable	95,156,322.10	
Inventories	1,301,050,338.81	1,972,162,485.26
Contract assets	635,909,746.51	336,771,206.36
Assets held for sales		
<b>Non-current asset due within 1 year</b>		
Other current asset	512,484.67	54,571,853.02
<b>Total of current assets</b>	<b>5,483,827,508.98</b>	<b>6,643,677,857.53</b>
<b>Non-current assets:</b>		
Creditor's rights investment		
Other creditor's rights investment		
Long-term receivable		
Long term share equity investment	294,384,923.57	191,793,655.63
Other equity instruments investment	4,072,690,585.88	3,485,440,140.92
Other non-current financial assets	18,542,773.22	14,654,773.22
Property investment		
Fixed assets	1,474,805,698.77	1,216,961,095.52
Construction in progress	277,084,856.48	510,746,977.12
Production physical assets		
Oil & gas assets		
Use right assets	4,128,878.49	5,718,846.89
Intangible assets	192,586,314.06	194,828,927.84
Development expenses	8,826,283.85	
Goodwill		
Long-germ expenses to be amortized		
Deferred income tax asset	315,055,063.19	317,178,990.36
Other non-current asset		
<b>Total of non-current assets</b>	<b>6,658,105,377.51</b>	<b>5,937,323,407.50</b>

Total of assets	12,141,932,886.49	12,581,001,265.03
Current liabilities		
Short-term loans	100,000,000.00	150,136,986.30
Transactional financial liabilities		
Derivative financial liabilities		
Notes payable		
Account payable	990,774,090.43	1,225,766,343.67
Advance receipts		
Contract Liabilities	1,399,382,054.66	2,144,268,617.09
Employees' wage payable	82,979,837.37	76,018,039.12
Tax payable	19,947,998.17	11,130,803.71
Other account payable	172,248,567.30	177,365,722.18
Including: Interest payable	81,369.86	
Dividend payable		
Liabilities held for sales		
Non-current liability due within 1 year	2,586,758.67	4,612,006.37
Other current liability	180,520,285.05	276,610,651.60
Total of current liability	2,948,439,591.65	4,065,909,170.04
Non-current liabilities:		
Long-term loan		
Bond payable		
Including: preferred stock		
Sustainable debt		
Lease liability	2,799,027.12	2,799,027.12
Long-term payable	7,712,128.03	2,785,102.53
Long-term remuneration payable to staff		
Expected liabilities		
Deferred income	572,239,073.25	582,083,796.03
Deferred income tax liability	552,260,481.88	464,172,915.14
Other non-current liabilities		
Total non-current liabilities	1,135,010,710.28	1,051,840,840.82
Total of liability	4,083,450,301.93	5,117,750,010.86
Owners' equity		
Share capital	980,179,980.00	754,010,400.00
Other equity instruments		
Including: preferred stock		
Sustainable debt		
Capital reserves	149,440,770.05	121,457,098.65
Less: Shares in stock	144,078,948.09	144,078,948.09
Other comprehensive income	3,129,476,063.99	2,630,313,185.77
Special reserve	6,000,000.00	6,000,000.00
Surplus reserves	602,356,402.65	602,356,402.65
Retained profit	3,335,108,315.96	3,493,193,115.19
Total of owners' equity	8,058,482,584.56	7,463,251,254.17
Total of liabilities and owners' equity	12,141,932,886.49	12,581,001,265.03

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

### 3.Consolidated Income Statement

Items	In RMB	
	The first half year of 2022	The first half year of 2021
I. Income from the key business	3,075,980,333.58	3,163,901,368.82
Incl: Business income	3,075,980,333.58	3,163,901,368.82

Interest income		
Insurance fee earned		
Fee and commission received		
II. Total business cost	2,810,600,443.91	2,952,184,762.21
Incl: Business cost	2,228,055,203.58	2,301,413,650.95
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	10,228,475.79	15,873,284.22
Sales expense	78,219,071.00	81,428,615.21
Administrative expense	368,654,248.66	362,418,957.99
R & D costs	139,161,056.99	191,842,559.91
Financial expenses	-13,717,612.11	-792,306.07
Including: Interest expense	14,311,023.99	14,705,841.55
Interest income	8,990,251.62	7,929,200.71
Add: Other income	25,736,741.41	116,999,312.58
Investment gain (“-”for loss)	120,433,048.90	157,867,336.72
Incl: investment gains from affiliates		
Financial assets measured at amortized cost cease to be recognized as income		
Gains from currency exchange		
Net exposure hedging income		
Changing income of fair value	3,461,208.34	-1,796,914.44
Credit impairment loss	-14,898,317.52	-23,691,585.21
Impairment loss of assets	13,716,296.24	-36,804,146.37
Assets disposal income	-45,800.77	-49,541.80
III. Operational profit (“-”for loss)	413,783,066.27	424,241,068.09
Add : Non-operational income	44,565,419.80	118,863,751.28
Less: Non-operating expense	4,365,148.35	80,127,942.29
IV. Total profit (“-”for loss)	453,983,337.72	462,976,877.08
Less: Income tax expenses	65,447,951.68	95,352,843.14
V. Net profit	388,535,386.04	367,624,033.94
(I) Classification by business continuity		
1.Net continuing operating profit	388,535,386.04	367,624,033.94
2.Termination of operating net profit		
(II) Classification by ownership		
1.Net profit attributable to the owners of parent company	348,340,310.01	336,184,909.79
2.Minority shareholders' equity	40,195,076.03	31,439,124.15
VI. Net after-tax of other comprehensive income	499,789,796.07	-38,666,598.38
Net of profit of other comprehensive income attributable to owners of the parent company.	499,429,817.33	-39,022,242.47
(I) Other comprehensive income items that will not be reclassified into gains/losses in the subsequent accounting period	499,162,878.22	-39,285,967.26
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	499,162,878.22	-39,285,967.26
4. Changes in the fair value of the company's credit risks		
5.Other		
(II)	266,939.11	263,724.79

Other comprehensive income that will be reclassified into profit or loss.		
1. Other comprehensive income under the equity method investee can be reclassified into profit or loss.		
2. Changes in the fair value of investments in other debt obligations		
3. Other comprehensive income arising from the reclassification of financial assets		
4. Allowance for credit impairments in investments in other debt obligations		
5. Reserve for cash flow hedges		
6. Translation differences in currency financial statements	266,939.11	263,724.79
7. Other		
Net of profit of other comprehensive income attributable to Minority shareholders' equity	359,978.74	355,644.09
VII. Total comprehensive income	888,325,182.11	328,957,435.56
Total comprehensive income attributable to the owner of the parent company	847,770,127.34	297,162,667.32
Total comprehensive income attributable minority shareholders	40,555,054.77	31,794,768.24
VIII. Earnings per share		
(I) Basic earnings per share	0.36	0.35
(II) Diluted earnings per share	0.36	0.35

The current business combination under common control, the net profits of the combined party before achieved net profit of RMB 0.00, last period the combined party realized RMB0.00.

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

#### 4. Income statement of the Parent Company

Items	In RMB	
	The first half year of 2022	The first half year of 2021
I. Income from the key business	2,013,198,153.90	1,887,026,653.89
Incl: Business cost	1,526,757,618.92	1,445,877,122.80
Business tax and surcharge	4,396,939.54	9,461,259.64
Sales expense	30,480,772.71	39,639,769.92
Administrative expense	255,877,513.27	227,123,091.22
R & D expense	76,889,969.80	112,889,389.79
Financial expenses	-18,753,297.78	-6,661,202.38
Including: Interest expenses	3,136,478.56	6,496,739.73
Interest income	5,673,663.33	4,450,243.67
Add: Other income	12,527,605.37	105,331,636.74
Investment gain (“-”for loss)	210,274,771.02	315,026,146.53
Including: investment gains from affiliates		
Financial assets measured at amortized cost cease to be recognized as income		
Net exposure hedging income		
Changing income of fair value	3,461,208.34	-1,796,914.44
Credit impairment loss	-6,885,349.68	23,250,789.28
Impairment loss of assets	8,693,618.73	3,822,083.02
Assets disposal income		
II. Operational profit (“-”for loss)	365,620,491.22	504,330,964.03
Add : Non-operational income	40,010,824.18	113,583,451.32



Less: Non-operational expenses	719,961.66	81,045,992.06
III. Total profit("-"for loss)	404,911,353.74	536,868,423.29
Less: Income tax expenses	35,267,132.98	39,422,315.20
IV. Net profit	369,644,220.76	497,446,108.09
1.Net continuing operating profit		497,446,108.09
2.Termination of operating net profit		
V. Net after-tax of other comprehensive income	499,162,878.22	-39,285,967.26
(I) Other comprehensive income items that will not be reclassified into gains/losses in the subsequent accounting period	499,162,878.22	-39,285,967.26
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	499,162,878.22	-39,285,967.26
4. Changes in the fair value of the company's credit risks		
5.Other		
(II)Other comprehensive income that will be reclassified into profit or loss		
1.Other comprehensive income under the equity method investee can be reclassified into profit or loss.		
2. Changes in the fair value of investments in other debt obligations		
3. Other comprehensive income arising from the reclassification of financial assets		
4.Allowance for credit impairments in investments in other debt obligations		
5. Reserve for cash flow hedges		
6.Translation differences in currency financial statements		
7.Other		
VI. Total comprehensive income	868,807,098.98	458,160,140.83
VII. Earnings per share		
(I) Basic earnings per share		
(II)Diluted earnings per share		

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

## 5. Consolidated Cash flow statement

Items	In RMB	
	The first half year of 2022	The first half year of 2021
I.Cash flows from operating activities		
Cash received from sales of goods or rendering of services	2,097,233,724.19	2,313,126,129.59
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	21,326,964.77	7,589,047.84
Other cash received from business operation	40,264,529.14	32,482,142.11
Sub-total of cash inflow	2,158,825,218.10	2,353,197,319.54
Cash paid for purchasing of merchandise and services	1,204,523,128.29	1,323,869,966.90
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	521,746,808.63	511,550,958.75
Taxes paid	177,243,515.41	197,273,750.43
Other cash paid for business activities	90,433,942.48	152,176,425.03
Sub-total of cash outflow from business activities	1,993,947,394.81	2,184,871,101.11
Net cash generated from /used in operating activities	164,877,823.29	168,326,218.43
<b>II. Cash flow generated by investing</b>		
Cash received from investment retrieving		
Cash received as investment gains	25,226,094.97	164,715,502.79
Net cash retrieved from disposal of fixed assets, intangible assets, and other long-term assets	18,446.90	201,567.44
Net cash received from disposal of subsidiaries or other operational units		
Other investment-related cash received	1,370,000,000.00	2,945,372,000.00
Sub-total of cash inflow due to investment activities	1,395,244,541.87	3,110,289,070.23
Cash paid for construction of fixed assets, intangible assets and other long-term assets	54,155,553.45	149,243,202.62
Cash paid as investment		
Net increase of loan against pledge		
Net cash received from subsidiaries and other operational units		
Other cash paid for investment activities	912,000,000.00	3,080,572,000.00
Sub-total of cash outflow due to investment activities	966,155,553.45	3,229,815,202.62
Net cash flow generated by investment	429,088,988.42	-119,526,132.39
<b>III. Cash flow generated by financing</b>		
Cash received as investment		560,000.00
Including: Cash received as investment from minor shareholders		
Cash received as loans	134,300,000.00	177,800,000.00
Other financing –related cash received		
Sub-total of cash inflow from financing activities	134,300,000.00	178,360,000.00
Cash to repay debts	187,300,000.00	181,000,000.00
Cash paid as dividend, profit, or interests	358,116,690.75	273,100,074.49
Including: Dividend and profit paid by subsidiaries to minor shareholders		
Other cash paid for financing activities	122,994,569.96	177,712,675.91
Sub-total of cash outflow due to financing activities	668,411,260.71	631,812,750.40
Net cash flow generated by financing	-534,111,260.71	-453,452,750.40
<b>IV. Influence of exchange rate alternation on cash and cash equivalents</b>		
	13,023,654.50	-3,243,235.00

V.Net increase of cash and cash equivalents	72,879,205.50	-407,895,899.36
Add: balance of cash and cash equivalents at the beginning of term	1,467,538,968.07	1,850,354,648.10
VI ..Balance of cash and cash equivalents at the end of term	1,540,418,173.57	1,442,458,748.74

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

## 6. Cash flow statement of the Parent Company

Items	The first half year of 2022	The first half year of 2021
<b>I.Cash flows from operating activities</b>		
Cash received from sales of goods or rendering of services	981,713,319.15	1,347,455,018.07
Tax returned	2,343,960.61	2,194,465.42
Other cash received from business operation	13,801,143.82	6,242,968.48
Sub-total of cash inflow	997,858,423.58	1,355,892,451.97
Cash paid for purchasing of merchandise and services	741,904,708.85	782,527,824.96
Cash paid to staffs or paid for staffs	303,082,621.53	292,113,266.18
Taxes paid	69,643,322.68	102,628,455.90
Other cash paid for business activities	11,840,392.70	44,154,055.08
Sub-total of cash outflow from business activities	1,126,471,045.76	1,221,423,602.12
Net cash generated from /used in operating activities	-128,612,622.18	134,468,849.85
<b>II. Cash flow generated by investing</b>		
Cash received from investment retrieving	0.00	0.00
Cash received as investment gains	115,030,229.74	315,030,313.20
Net cash retrieved from disposal of fixed assets, intangible assets, and other long-term assets	0.00	0.00
Net cash received from disposal of subsidiaries or other operational units	0.00	0.00
Other investment-related cash received	1,143,000,000.00	2,147,572,000.00
Sub-total of cash inflow due to investment activities	1,258,030,229.74	2,462,602,313.20
Cash paid for construction of fixed assets, intangible assets and other long-term assets	44,020,470.64	100,388,842.40
Cash paid as investment	100,000,000.00	207,460,000.00
Net cash received from subsidiaries and other operational units	0.00	0.00
Other cash paid for investment activities	620,000,000.00	2,147,572,000.00
Sub-total of cash outflow due to investment activities	764,020,470.64	2,455,420,842.40
Net cash flow generated by investment	494,009,759.10	7,181,470.80
<b>III. Cash flow generated by financing</b>		
Cash received as investment		
Cash received as loans	50,000,000.00	100,000,000.00
Other financing –related ash received		
Sub-total of cash inflow from financing activities	50,000,000.00	100,000,000.00
Cash to repay debts	100,000,000.00	100,000,000.00
Cash paid as dividend, profit, or interests	304,369,338.99	190,111,389.72
Other cash paid for financing activities		0.00
Sub-total of cash outflow due to financing activities	404,369,338.99	290,111,389.72
Net cash flow generated by financing	-354,369,338.99	-190,111,389.72
<b>IV. Influence of exchange rate alternation on cash and cash equivalents</b>		
V.Net increase of cash and cash equivalents	23,221,151.50	-51,502,307.01

Add: balance of cash and cash equivalents at the beginning of term	873,334,962.40	1,023,812,557.30
VI ..Balance of cash and cash equivalents at the end of term	896,556,113.90	972,310,250.29

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

7. Consolidated Statement on Change in Owners' Equity  
Amount in this period

In RMB

Items	The first half year of 2022														Minor shareholders' equity	Total of owners' equity
	Owner's equity Attributable to the Parent Company												Subtotal			
	Share Capital	Other Equity instrument			Capital reserves	Less: Shares in stock	Other Comprehensive Income	Specialized reserve	Surpluses reserves	Common risk provision	Retained profit	Other				
	Preferr ed stock	Sustaina ble debt	Oth er													
I. Balance at the end of last year	754,010,40 0.00				282,946,03 0.50	144,078,94 8.09	2,629,477,756.99	18,369,033.52	625,178,08 9.82		3,761,583,41 0.91		7,927,485,77 3.65	402,064,747.47	8,329,550,52 1.12	
Add: Change of accounting policy																
Correcting of previous errors																
Merger of entities under common control																
Other																
II. Balance at the beginning of current year	754,010,40 0.00				282,946,03 0.50	144,078,94 8.09	2,629,477,756.99	18,369,033.52	625,178,08 9.82		3,761,583,41 0.91		7,927,485,77 3.65	402,064,747.47	8,329,550,52 1.12	
III. Changed in the current year	226,169,58 0.00				27,983,671. 40		499,429,817.33	-494,123.20			- 179,388,709. 98		573,700,235. 55	-4,229,373.75	569,470,861. 80	
(I) Total comprehensive income							499,429,817.33				348,340,310. 01		847,770,127. 34	40,555,054.77	888,325,182. 11	
(II) Investment or decreasing of capital by owners					27,983,671. 40								27,983,671.4 0		27,983,671.4 0	
1. Ordinary Shares invested by shareholders																
2. Holders of other equity instruments invested capital																
3. Amount of shares paid and accounted as owners' equity					27,983,671. 40								27,983,671.4 0		27,983,671.4 0	
4. Other																
(III) Profit allotment											- 301,559,439. 99		- 301,559,439. 99	-44,326,370.00	- 345,885,809. 99	
1. Providing of surplus reserves																
2. Providing of common risk provisions																
3. Allotment to the owners (or											-		-	-44,326,370.00	-	

shareholders)											301,559,439.99		301,559,439.99		345,885,809.99
4. Other															
(IV) Internal transferring of owners' equity	226,169,580.00										226,169,580.00				
1. Capitalizing of capital reserves (or to capital shares)															
2. Capitalizing of surplus reserves (or to capital shares)															
3. Making up losses by surplus reserves.															
4. Change amount of defined benefit plans that carry forward Retained earnings															
5. Other comprehensive income carry-over retained earnings															
6. Other	226,169,580.00										226,169,580.00				
(V). Special reserves									-494,123.20				-494,123.20	-458,058.52	-952,181.72
1. Provided this year									1,393,028.84				1,393,028.84	23,388.07	1,416,416.91
2. Used this term									-1,887,152.04				1,887,152.04	-481,446.59	2,368,598.63
(VI) Other															
IV. Balance at the end of this term	980,179,980.00				310,929,701.90	144,078,948.09	3,128,907,574.32	17,874,910.32	625,178,089.82		3,582,194,700.93		8,501,186,009.20	397,835,373.72	8,899,021,382.92

Amount in last year

In RMB

Items	The first half year of 2021														
	Owner's equity Attributable to the Parent Company												Minor shareholders' equity	Total of owners' equity	
	Share Capital	Other Equity instrument			Capital reserves	Less: Shares in stock	Other Comprehensive Income	Specialized reserve	Surpluses reserves	Comm on risk provision	Retained profit	Other			Subtotal
Preferred stock		Sustainable debt	Other												
I. Balance at the end of last year	754,010,400.00				153,617,619.65	144,078,948.09	3,114,962,386.84	17,699,635.27	621,112,807.78		3,587,465,039.91		8,104,788,941.36	445,350,337.13	8,550,139,278.49
Add: Change of accounting policy															
Correcting of previous errors															

Merger of entities under common control					226,288,847.27			869,345.59	4,065,282.04		-		172,106,637.64	59,116,837.26	81,115,077.25	140,231,914.51
Other																
II. Balance at the beginning of current year	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			8,690,371,193.00
III. Changed in the current year							-39,022,242.47	-443,475.53			150,320,259.80	110,854,541.80	-41,736,054.79			69,118,487.01
(1) Total comprehensive income							-39,022,242.47				336,184,909.79	297,162,667.32	31,794,768.24			328,957,435.56
(II) Investment or decreasing of capital by owners													320,000.00			320,000.00
1. Ordinary Shares invested by shareholders													320,000.00			320,000.00
2. Holders of other equity instruments invested capital																
3. Amount of shares paid and accounted as owners' equity																
4. Other																
(III) Profit allotment											-	-	-73,430,370.00			-
1. Providing of surplus reserves											185,864,649.99	185,864,649.99				259,295,019.99
2. Providing of common risk provisions																
3. Allotment to the owners (or shareholders)											-	-	-73,430,370.00			-
4. Other											185,864,649.99	185,864,649.99				259,295,019.99
(IV) Internal transferring of owners' equity																
1. Capitalizing of capital reserves (or to capital shares)																
2. Capitalizing of surplus reserves (or to capital shares)																
3. Making up losses by surplus reserves.																
4. Change amount of defined benefit plans that carry forward																
Retained earnings																
5. Other comprehensive income carry-over																
retained earnings																
6. Other																

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(V). Special reserves								-443,475.53					-443,475.53	-420,453.03	-863,928.56
1. Provided this year								1,778,581.54					1,778,581.54	29,700.15	1,808,281.69
2. Used this term								-2,222,057.07					-2,222,057.07	-450,153.18	-2,672,210.25
(VI) Other															
IV. Balance at the end of this term	754,010,400 .00				379,906,466 .92	144,078,948 .09	3,075,940,144.37	18,125,505.33	625,178,089 .82		3,565,678,66 2.07		8,274,760,32 0.42	484,729,359.59	8,759,489,68 0.01

Legal Representative: Zheng Bin

Person in charge of accounting: Zhao Jiamao

Accounting Dept Leader: Jin Can



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

Amount in this period

In RMB

Items	The first half year of 2022											
	Share capital	Other Equity instrument			Capital reserves	Less: Shares in stock	Other Comprehensive Income	Specialized reserve	Surplus reserves	Retained profit	Other	Total of owners' equity
		Preferred stock	Sustainable debt	Other								
I.Balance at the end of last year	754,010,400.00				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
Add: Change of accounting policy												
Correcting of previous errors												
Other												
II.Balance at the beginning of current year	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
III.Changed in the current year	226,169,580.00				27,983,671.40		499,162,878.22			-158,084,799.23		595,231,330.39
(I) Total comprehensive income							499,162,878.22			369,644,220.76		868,807,098.98
(II) Investment or decreasing of capital by owners					27,983,671.40							27,983,671.40
1. Ordinary Shares invested by shareholders												
2. Holders of other equity instruments invested capital												
3.Amount of shares paid and accounted as owners' equity					27,983,671.40							27,983,671.40
4. Other												
(III) Profit allotment										-301,559,439.99		-301,559,439.99
1.Providing of surplus reserves												
2. Allotment to the owners (or shareholders)										-301,559,439.99		-301,559,439.99
3. Other												
(IV) Internal transferring of owners' equity	226,169,580.00									-226,169,580.00		
1. Capitalizing of capital reserves (or to capital shares)												
2. Capitalizing of surplus reserves (or to capital shares)												
3. Making up losses by surplus reserves.												
4.Change amount of defined benefit plans that carry forward												
Retained earnings												
5. Other comprehensive income carry-over retained earnings												

6. Other	226,169,580.00									-226,169,580.00		
(V) Special reserves												
1. Provided this year								1,228,862.21				1,228,862.21
2. Used this term								-1,228,862.21				-1,228,862.21
(VI) Other												
IV. Balance at the end of this term	980,179,980.00				149,440,770.05	144,078,948.09		3,129,476,063.99	6,000,000.00	602,356,402.65	3,335,108,315.96	8,058,482,584.56

Amount in last year

In RMB

Items	The first half year of 2021											
	Share capital	Other Equity instrument			Capital reserves	Less: Shares in stock	Other Comprehensive Income	Specialized reserve	Surplus reserves	Retained profit	Other	Total of owners' equity
		Preferred stock	Sustainable debt	Other								
I. Balance at the end of last year	754,010,400.00				138,953,250.09	144,078,948.09	3,115,610,428.47	6,000,000.00	602,356,402.65	2,979,199,884.13		7,452,051,417.25
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	2,979,199,884.13		7,452,051,417.25
III. Changed in the current year							-39,285,967.26	-1,890.00		313,831,458.10		274,543,600.84
(I) Total comprehensive income							-39,285,967.26			497,446,108.09		458,160,140.83
(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										-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 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								-1,890.00				-1,890.00
1. Provided this year								1,570,108.88				1,570,108.88
2. Used this term								-1,571,998.88				-1,571,998.88
(VI) Other												
IV. Balance at the end of this term	754,010,400.00				138,953,250.09	144,078,948.09	3,076,324,461.21	5,998,110.00	602,356,402.65	3,293,031,342.23		7,726,595,018.09

Legal Representative: Zheng Bin

Person in charge of accounting: Zhao Jiamao

Accounting Dept Leader: Jin Can

### 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.

As of June 30, 2022, the Company included the following 18 subsidiaries in the scope of the current consolidated financial statements.

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.

#### (2) Assessment on perpetuation

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

perpetuation assumption of the Company.

## **V. Principal Accounting Policies and Estimations**

### Principal Accounting Policies and Estimations

Important prompt: The Company utilized detailed accounting policies 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*.

#### 1) 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.

2) Subsequent measurement methods of financial liabilities

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

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

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

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

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

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

④ Financial liabilities measured in amortized cost

The real interest rate method is adopted to measure in amortized cost. Gains or losses arising from financial liabilities measured in amortized cost that are not part of any hedging relationship are included in current profits and losses when derecognized and amortized according to the effective interest rate method.

3) Termination of recognition of financial assets and financial liabilities

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

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

II. Financial assets have been transferred, and the transfer meets the provisions of the Accounting Standards

for Business Enterprises No.23-Transfer of Financial Assets on the derecognition of financial assets.

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

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

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

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

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

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

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

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

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

#### (5) Impairment of financial instruments



### 1) Impairment measurement and accounting treatment of financial instruments

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## 2) Account receivable、Contract assets—Table of Aging of Aging Combination and Expected Credit Loss

## Rate for the Whole Duration

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

#### (6) Setoff of Financial Assets and Liabilities

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

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

#### 11. Notes receivable

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

#### 12. Account receivable

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

#### 13. Financing of receivables

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

#### 14. Other account receivable

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

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

#### 15. Inventories

##### (1) Inventory classification

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

##### (2) Pricing of inventory to be delivered

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

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

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

##### (4) Inventory system

Inventory system: perpetual inventory system

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

##### 1. Low price consumable

Basis of amortizing: one-off

## 2. Packaging materials

Basis of amortizing: one-off

## 16. Contract assets

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

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

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

## 17. Contract cost

## 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 party, 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 period	5-15	4-5	19.2-6.27
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 co

ntract 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

## (2) Significant estimates changes

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	13%, 9%, 6%



	current period, the difference is the VAT payable	
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%

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 January - June 2022 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. The current high-tech enterprise qualification review is in progress and has not yet been approved. Therefore, from January to June 2022, the enterprise income tax shall be temporarily calculated and paid at the tax rate of 15%.

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 January- June 2022. 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
Cash in stock	77,169.28	65,904.06
Bank deposit	1,540,276,071.21	1,467,327,722.30
Other monetary fund	80,147,512.67	155,489,621.43
Total	1,620,500,753.16	1,622,883,247.79
Incl: Total of accounts saved overseas	8,343,113.87	7,989,643.89
Total amount of money limited to use, such as mortgage, pledge or freeze	80,082,579.59	155,344,279.72

## Other note

At the end of the period, other monetary funds included RMB 69,451,909.66 of deposit for bank acceptance bills with limited use, RMB 10,630,669.93 of deposit for letter of guarantee, and RMB 64,933.08 of unrestricted deposit interest that could 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	502,218,468.16	960,645,259.82
Of which :		
Equity instrument investment	2,218,468.16	2,645,259.82
Financing product	500,000,000.00	958,000,000.00
Of which:		
Total	502,218,468.16	960,645,259.82

Other note:

## 3. Derivative financial assets

## 4. Notes receivable

## (1) Notes receivable listed by category

In RMB

Items	End of term	Beginning of term
Bank acceptance bill	79,519,419.78	179,088,740.17
Trade acceptance bill	78,043,676.53	35,958,200.92
Total	157,563,096.31	215,046,941.09

In RMB

Category	End of term					Beginning of term				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Proportion(%)	Amount	Proportion(%)		Amount	Proportion(%)	Amount	Proportion(%)	
Of which:										
Accrual of bad debt provision by portfolio	164,342,659.95	100.00%	6,779,563.64	4.13%	157,563,096.31	218,390,231.88	100.00%	3,343,290.79	1.53%	215,046,941.09
Of which:										
Bank acceptance	79,519,419.78	48.39%	0.00	0.00%	79,519,419.78	179,088,740.17	82.00%			179,088,740.17
Commercial acceptance	84,823,240.17	51.61%	6,779,563.64	7.99%	78,043,676.53	39,301,491.71	18.00%	3,343,290.79	8.51%	35,958,200.92
Total	164,342,659.95	100.00%	6,779,563.64	4.13%	157,563,096.31	218,390,231.88	100.00%	3,343,290.79	1.53%	215,046,941.09

Accrual of bad debt provision by portfolio: 6,779,563.64

In RMB

Name	Amount in year-end		
	Book balance	Bad debt provision	Proportion(%)
Bank acceptance bill portfolio	79,519,419.78		
Commercial acceptance bill portfolio	84,823,240.17	6,779,563.64	7.99%
Total	164,342,659.95	6,779,563.64	

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	
Commercial acceptance bill portfolio	3,343,290.79	3,436,272.85		0.00	0.00	6,779,563.64
Total	3,343,290.79	3,436,272.85				6,779,563.64

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
Commercial acceptance bill	19,532,735.62
Total	19,532,735.62

(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 of recognition termination at the period-end	Amount of not terminated recognition at the period-end
Bank acceptance bill	67,275,684.30	
Commercial acceptance		14,769,808.88
Total	67,275,684.30	14,769,808.88

(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

(6) The actual write-off accounts receivable

## 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	77,654,404.31	2.65%	77,654,404.31	100.00%		77,191,565.71	2.53%	77,191,565.71	100.00%	

single item										
Including:										
Accrual of bad debt provision by portfolio	2,848,662,910.98	97.35%	975,136,096.31	34.23%	1,873,526,814.67	2,979,746,652.43	97.47%	981,796,531.73	32.95%	1,997,950,120.70
Including:										
Total	2,926,317,315.29	100.00%	1,052,790,500.62	35.98%	1,873,526,814.67	3,056,938,218.14	100.00%	1,058,988,097.44	34.64%	1,997,950,120.70

Accrual of bad debt provision by single item: 77,654,404.31

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.	9,456,241.35	9,456,241.35	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
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
DabiOleo	2,713,808.18	2,713,808.18	100.00%	Not expected to be recovered
Total	77,654,404.31	77,654,404.31		

Accrual of bad debt provision by portfolio: 975,136,096.31

In RMB

Name	Closing balance		
	Book balance	Bad debt provision	Proportion
Accrual of bad debt provision by portfolio	2,848,662,910.98	975,136,096.31	34.23%
Total	2,848,662,910.98	975,136,096.31	

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)	871,516,967.39

1-2 years	707,523,338.47
2-3 years	407,724,736.22
Over 3 years	939,552,273.21
3-4 years	226,711,181.37
4-5 years	163,610,498.96
Over 5 years	549,230,592.88
Total	2,926,317,315.29

(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	77,191,565.71	462,838.60				77,654,404.31
Accrual of bad debt provision by portfolio	981,796,531.73	-6,660,435.42				975,136,096.31
Total	1,058,988,097.44	-6,197,596.82				1,052,790,500.62

(3) The actual write-off accounts receivable

(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	1,047,935,350.35	35.81%	254,125,217.56
Client 2	228,866,892.89	7.82%	109,485,531.33
Client 3	191,422,613.74	6.54%	30,231,192.31
Client 4	90,386,682.40	3.09%	29,687,768.24
Client 5	41,061,527.27	1.40%	27,960,972.45
Total	1,599,673,066.65	54.66%	

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

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

Other note:

6. Financing of receivables

In RMB

Items	End of term	Beginning of term
Bank acceptance	673,529,205.97	816,653,211.21
Total	673,529,205.97	816,653,211.21

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	85,446,533.12
Total	85,446,533.12

(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	348,402,129.17
Subtotal	348,402,129.17

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	316,092,674.29	76.36%	402,228,171.12	90.64%
1-2 years	84,398,934.13	20.39%	16,849,046.80	3.80%
2-3 years	1,173,266.32	0.28%	3,119,651.33	0.70%
Over 3 years	12,288,398.07	2.97%	21,573,565.66	4.86%
Total	413,953,272.81		443,770,434.91	

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(%)
China Union Engineering Co., Ltd.	86,985,412.00	21.01%
Siemens Energy Industrial Turbo machinery Ltd	62,116,873.91	15.01%
Siemens Industrial Turbine machinery AB	60,168,632.93	14.54%
Siemens Energy Co., Ltd.	54,002,950.00	13.05%
Xizi Clean Energy Equipment Manufacturing Co., Ltd.	30,060,000.00	7.26%
Subtotal	293,333,868.84	70.87%

Other note:

## 8. Other account receivable

In RMB

Nature	Closing balance	Opening balance
Dividend receivable	95,156,322.10	
Other	28,682,882.37	44,163,396.56
<b>Total</b>	<b>123,839,204.47</b>	<b>44,163,396.56</b>

## (1) Interest receivable

## 1) Classification of interest receivable

## 2) Significant overdue interest

## 3) Bad-debt provision

 Applicable  Not applicable

## (2) Dividend receivable

## 2) Dividend receivable

In RMB

Items	End of term	Beginning of term
Hangzhou Bank	95,156,322.10	
<b>Total</b>	<b>95,156,322.10</b>	

## 2) Significant dividend receivable aged over 1 year

## 3) Bad-debt provision

 Applicable  Not applicable

## (3) Other accounts receivable

## 1) Other accounts receivable classified by the nature of accounts

In RMB

Nature	Closing book balance	Opening book balance
Accrual of bad debt provision by single term		
Accrual of bad debt provision by portfolio:	43,891,273.92	60,464,968.77
<b>Total</b>	<b>43,891,273.92</b>	<b>60,464,968.77</b>

## 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, 2022	1,795,961.52	963,314.31	13,542,296.38	16,301,572.21
Balance as at January 1, 2022 in current				



—Transfer to stage II	-82,609.15	82,609.15	0.00	0.00
—Transfer to stage III	0.00	-309,943.67	309,943.67	0.00
Provision in the current period	-1,188,985.86	460,291.05	-364,485.85	-1,093,180.66
Balance as at June 30, 2022	524,366.51	1,196,270.84	13,487,754.20	15,208,391.55

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)	20,371,434.45
1-2 years	8,593,728.27
2-3 years	1,655,550.87
Over 3 years	13,270,560.33
3-4 years	909,934.00
4-5 years	364,024.99
Over 5 years	11,996,601.34
Total	43,891,273.92

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:	16,301,572.21	-1,093,180.66				15,208,391.55
Total	16,301,572.21	-1,093,180.66	0.00	0.00	0.00	15,208,391.55

4) The actual write-off accounts receivable

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	3,710,320.94	Over 5 years	8.45%	3,710,320.94
Wuhan Huazhong Automatic Control Technology Development	Temporary payment	2,331,000.00	Over 5 years	5.31%	2,331,000.00

Co., Ltd	receivable				
Shandong Chenming Paper Holdings Limited	Deposit	1,200,000.00	Within 1 year	2.73%	60,000.00
Hangzhou Ganghua Gas Co., Ltd.	Current account	900,000.00	Within 1 year	2.05%	45,000.00
Hangzhou Xiangjiang Technology Co., Ltd.	Deposit	601,384.98	1-2 years	1.37%	60,138.50
Total		8,742,705.92		19.91%	6,206,459.44

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	767,894,003.61	107,518,112.95	660,375,890.66	1,292,125,192.43	107,518,112.95	1,184,607,079.48
Goods in progress	836,057,754.73	62,010,483.80	774,047,270.93	871,173,637.50	62,010,483.80	809,163,153.70
Stock goods	1,090,675,084.52	134,050,502.18	956,624,582.34	1,189,125,044.23	141,251,530.06	1,047,873,514.17
Total	2,694,626,842.86	303,579,098.93	2,391,047,743.93	3,352,423,874.16	310,780,126.81	3,041,643,747.35

(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	107,518,112.95					107,518,112.95
Goods in progress	62,010,483.80					62,010,483.80
Stock goods	141,251,530.06	5,958,780.38		13,159,808.26		134,050,502.18
Total	310,780,126.81	5,958,780.38	0.00	13,159,808.26	0.00	303,579,098.93

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	The net realizable value shall be recognized by the amount of the	Current realized sales

and commodity stocks	estimated selling prices minus the estimated selling costs and relevant taxes and dues, wherein regarding suspended projects expected not to be recovered or projects whose sales agreements are released, the net realizable value shall be recognized by the expected recoverable compensation	
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(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	874,849,984.99	70,240,921.26	804,609,063.73	564,548,403.36	53,513,171.70	511,035,231.66
The construction contract forms the assets	40,189,755.35	2,430,002.77	37,759,752.58	79,560,175.93	7,568,757.60	71,991,418.33
<b>Total</b>	<b>915,039,740.34</b>	<b>72,670,924.03</b>	<b>842,368,816.31</b>	<b>644,108,579.29</b>	<b>61,081,929.30</b>	<b>583,026,649.99</b>

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				
Accrual by portfolio	11,588,994.73			According to the age
<b>Total</b>	<b>11,588,994.73</b>	<b>0.00</b>	<b>0.00</b>	—

Other note

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

None

2) Contract assets with impairment provision in combination

Items	End of term		
	Book balance	Impairment provision	Accrual proportion (%)
Aging portfolio	915,039,740.34	72,670,924.03	7.94%
<b>Subtotal</b>	<b>915,039,740.34</b>	<b>72,670,924.03</b>	<b>7.94%</b>

11. Assets divided as held-to-sold

12. Non-current assets due within 1 year

13. Other current assets

In RMB

Items	End of term	Beginning of term
Input tax deductible	3,483,483.05	34,506,442.84
Prepaid income tax	10,452,531.37	30,524,440.80
Rent charge		1,144,067.78
Profit and loss of property to be handled	512,484.67	
<b>Total</b>	<b>14,448,499.09</b>	<b>66,174,951.42</b>

Other note:

14.Creditor's right investment

15.Other creditor's rights investment

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	154,022,203.37	40,481,110.17	113,541,093.20	205,022,203.37	51,281,110.17	153,741,093.20	
<b>Total</b>	<b>154,022,203.37</b>	<b>40,481,110.17</b>	<b>113,541,093.20</b>	<b>205,022,203.37</b>	<b>51,281,110.17</b>	<b>153,741,093.20</b>	

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

Changes in bad debt reserves

In RMB

Items	Opening balance	Increased amount			Decreased amount			Closing balance
		Withdraw	recover	Other	Switch back	write-off	Other	
Accrual by single item	44,760,000.00				9,000,000.00			35,760,000.00
Accrual by portfolio	6,521,110.17				1,800,000.00			4,721,110.17
<b>Total</b>	<b>51,281,110.17</b>				<b>10,800,000.00</b>			<b>40,481,110.17</b>

Other note:

17. Long-term equity investment

18.Other non-current Financing assets

In RMB

Items	End of term	Beginning of term
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Hangzhou Bank	4,072,690,585.88	3,485,440,140.92
Total	4,072,690,585.88	3,485,440,140.92

## 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.	

Other note:

## 19. Other non-current Financing assets

In RMB

Items	End of term	Beginning of term
Classified as financial assets measured by fair value and whose changes are included in the current profit and loss	18,680,533.96	14,792,533.96
Total	18,680,533.96	14,792,533.96

Other note:

Investees	Opening balance	Increase /decrease			
		Additional investment	Decrease in investment	Increase /decrease Additional investment	Other comprehensive adjustment to revenue
Actions Xinxing No.9 Private Equity Fund	9,120,000.00			3,888,000.00	
GreenesolpowersystemsPVTLtd.	5,534,773.22				
Heilongjiang Multi-Power Hydropower Development United Company	137,760.74				
Total	14,792,533.96	0.00	0.00	3,888,000.00	0.00

(Continued)

Investees	Increase /decrease				Closing balance	Closing balance of impairment provision
	Other equity changes			Other		
Actions Xinxing No.9 Private Equity Fund					13,008,000.00	
GreenesolpowersystemsPVTLtd.					5,534,773.22	

Heilongjiang Multi-Power Hydropower Development United Company					137,760.74	
Total	0.00	0.00	0.00	0.00	18,680,533.96	0.00

## 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
<b>I. Original price</b>				
1. Balance at period-beginning	10,169,000.55			10,169,000.55
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				
(1) Dispose				
(2) Other out				
4. Balance at period-end	10,169,000.55	0.00	0.00	10,169,000.55
<b>II. Accumulated amortization</b>				
1. Opening balance	3,265,014.48			3,265,014.48
2. Increased amount of the period	226,253.76			226,253.76
(1) Withdrawal	226,253.76			226,253.76
3. Decreased amount of the period				
(1) Dispose				
(2) Other out				
4. Balance at period-end	3,491,268.24	0.00	0.00	3,491,268.24
<b>III. Impairment provision</b>				
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				
<b>IV. Book value</b>				
1. Book value at period -end	6,677,732.31			6,677,732.31
2. Book value at period-beginning	6,903,986.07			6,903,986.07

(2) Investment property adopted fair value measurement mode

□Applicable√ Not applicable

(3) Investment real estate without certificate of ownership

(4) Other note

At the end of the this period, the book value of the investment real estate was RMB6663744.95, 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	1,902,319,122.21	1,658,423,191.83
Total	1,902,319,122.21	1,658,423,191.83

### (1) List of fixed assets

In RMB

Items	Houses & buildings	Machinery equipment	Transportations	Other equipment	Total
I. Original price					
1. Opening balance	1,272,821,651.03	1,185,284,037.75	35,630,594.79	142,381,639.80	2,636,117,923.37
2. Increased amount of the period	284,231,219.25	18,126,993.73	633,068.05	2,405,716.31	305,396,997.34
(1) Purchase	233,144.04	649,367.17	0.00	1,486,356.17	2,368,867.38
(2) Transferred from construction in progress	283,998,075.21	17,477,626.56	633,068.05	919,360.14	303,028,129.96
(3) Increased of Enterprise Combination					
3. Decreased amount of the period	0.00	2,602,669.42	1,348,199.00	2,686,756.47	6,637,624.89
(1) Disposal	0.00	2,602,669.42	1,348,199.00	2,686,756.47	6,637,624.89
4. Balance at period-end	1,557,052,870.28	1,200,808,362.06	34,915,463.84	142,100,599.64	2,934,877,295.82
II. Accumulated depreciation					
1. Opening balance	166,994,903.91	735,011,582.39	26,282,937.95	37,140,970.93	965,430,395.18
2. Increased amount of the period	19,828,112.78	38,525,915.92	573,922.02	2,143,311.25	61,071,261.97
(1) Withdrawal	19,828,112.78	38,525,915.92	573,922.02	2,143,311.25	61,071,261.97
3. Decreased amount of the period	0.00	2,451,008.86	1,283,910.50	2,472,900.54	6,207,819.90
(1) Disposal	0.00	2,451,008.86	1,283,910.50	2,472,900.54	6,207,819.90
4. Closing balance	186,823,016.69	771,086,489.45	25,572,949.47	36,811,381.64	1,020,293,837.25
III. Impairment provision					
1. Opening balance	9,028,267.09	3,235,354.11		715.16	12,264,336.36
2. Increase in the reporting period					
(1) Withdrawal					
3. Decreased amount of the period					
(1) Disposal					

4. Closing balance	9,028,267.09	3,235,354.11	0.00	715.16	12,264,336.36
IV. Book value					
1. Book value of the period-end	1,361,201,586.5 0	426,486,518.50	9,342,514.37	105,288,502.8 4	1,902,319,122.2 1
2. Book value of the period-begin	1,096,798,480.0 3	447,037,101.25	9,347,656.84	105,239,953.7 1	1,658,423,191.8 3

(2) Fixed assets temporarily idled

(3) Fixed assets leased out through operating leases

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

In RMB

Items	Book value	Reason
Steam Turbine Heavy Industry Plant -Complete sets of factory	155,518,895.77	In process
Steam Turbine Heavy Industry Plant -Jingzi Large Workshop	129,286,565.30	In process
Steam Turbine Heavy Industry Plant -Rotor workshop	98,224,226.43	In process
Steam Turbine Heavy Industry Plant -Small and Medium Welding Heat Treatment Workshop	91,902,498.22	In process
Steam Turbine Heavy Industry Plant -Complete Plant	49,690,091.14	In process
Steam Turbine Heavy Industry Plant -Distribution Centre	48,663,742.48	In process
Steam Turbine Heavy Industry Plant -Canteen and Staff Activity Centre	22,719,314.46	In process
Steam Turbine Heavy Industry Plant -Joint station	12,250,078.84	In process
Steam Turbine Heavy Industry Plant- Integrated Technology Office Building	160,001,399.88	In process
Institute Yaju community	4,923,533.49	In process
Other	68,664.80	In process
Subtotal	773,249,010.81	

Other note

(5) Liquidation of fixed assets

22. Construction in progress

In RMB

Items	End of term	Beginning of term
Construction in progress	292,774,103.05	517,835,956.11
Total	292,774,103.05	517,835,956.11

(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	199,994,810.88		199,994,810.88	493,629,477.17		493,629,477.17
Software project	14,514,179.94		14,514,179.94	11,327,261.17		11,327,261.17
Other project	35,844,605.97		35,844,605.97	9,356,085.45		9,356,085.45
Prepayment for equipment or projects	42,420,506.26		42,420,506.26	3,523,132.32		3,523,132.32
Total	292,774,103.05		292,774,103.05	517,835,956.11		517,835,956.11

## (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 project	173,328.76	493,629,477.17	15,603,749.15	309,238,415.44	0.00	199,994,810.88	96.77%	Under construction				Other
Software project		11,327,261.17	3,186,918.77	0.00	0.00	14,514,179.94						Other
Other project		9,356,085.45	43,483,821.58	16,995,301.06	0.00	35,844,605.97						Other
Prepayment for equipment or projects		3,523,132.32	39,739,498.00	842,124.06	0.00	42,420,506.26						Other
Total	173,328.76	517,835,956.11	102,013,987.50	327,075,840.56	0.00	292,774,103.05						

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

## (4) Engineering material

## 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
I. Original price		
1. Opening balance	38,107,952.73	38,107,952.73
2. Increased amount of the period		
3. Decreased amount of the period		
4. Balance at period-end	38,107,952.73	38,107,952.73
II. Accumulated depreciation		
1. Opening balance	7,670,173.81	7,670,173.81
2. Increased amount of the period	3,994,249.19	3,994,249.19
(1) Withdrawal	3,994,249.19	3,994,249.19
3. Decreased amount of the period		
(1) Disposal		
4. Closing balance	11,664,423.00	11,664,423.00
III. Impairment provision		
1. Opening balance		
2. Increase in the reporting period		
(1) Withdrawal		
3. Decreased amount of the period		
(1) Disposal		
4. Closing balance		
IV. Book value		
1. Book value of the period-end	26,443,529.73	26,443,529.73
2. Book value of the period-begin	30,437,778.92	30,437,778.92

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	324,343,159.25	344,087.43	8,000,000.00	17,789,263.58	350,476,510.26
2. Increase in the current period	0.00	0.00	0.00	657,415.92	657,415.92
(1) Purchase				657,415.92	657,415.92
(2) Internal Development					
(3) Increased of Enterprise Combination					
3. Decreased amount of the period					
(1) Disposal					

4.Closing balance	324,343,159.25	344,087.43	8,000,000.00	18,446,679.50	351,133,926.18
II. Accumulated amortization					
1. Opening balance	60,801,350.97	276,219.94	5,266,666.91	6,662,565.20	73,006,803.02
2. Increased amount of the period	3,252,243.38	3,754.32	400,000.02	910,751.38	4,566,749.10
(1) Withdrawal	3,252,243.38	3,754.32	400,000.02	910,751.38	4,566,749.10
3. Decreased amount of the period					
(1) Disposal					
4. Closing balance	64,053,594.35	279,974.26	5,666,666.93	7,573,316.58	77,573,552.12
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	260,289,564.90	64,113.17	2,333,333.07	10,873,362.92	273,560,374.06
2. Opening book value	263,541,808.28	67,867.49	2,733,333.09	11,126,698.38	277,469,707.24

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

## 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		
Gas turbine development	0.00	8,826,283.85						8,826,283.85
Total	0.00	8,826,283.85	0.00	0.00	0.00	0.00	0.00	8,826,283.85

Other note

## 28. Goodwill

(1) Original book value of goodwill

(2) Impairment of goodwill

## 29. Long term amortize expenses

## 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	1,344,990,876.14	213,786,444.13	1,356,205,463.61	215,697,910.21
Internal trade profit not realized	58,598,289.97	8,789,743.49	58,598,289.97	8,789,743.49
Revenue from changes in fair value generated by financial assets classified at fair value through profit or loss	3,642,751.64	546,412.75	7,103,959.98	1,065,594.00
Temporary difference such as amortizing of software expense	99,651.17	14,947.68	99,651.17	14,947.68
Relocation compensation	1,031,462,607.09	155,620,363.70	1,041,307,329.87	157,097,084.29
<b>Total</b>	<b>2,438,794,176.01</b>	<b>378,757,911.75</b>	<b>2,463,314,694.60</b>	<b>382,665,279.67</b>

## (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	3,681,736,545.88	552,260,481.88	3,094,486,100.92	464,172,915.14
<b>Total</b>	<b>3,681,736,545.88</b>	<b>552,260,481.88</b>	<b>3,094,486,100.92</b>	<b>464,172,915.14</b>

## (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		378,757,911.75		382,665,279.67
Deferred income tax liabilities		552,260,481.88		464,172,915.14

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

In RMB

Items	End of term	Beginning of term
Deductible temporary difference	118,277,591.82	157,834,999.47
Deductible loss	159,936,130.06	166,619,930.21
<b>Total</b>	<b>278,213,721.88</b>	<b>324,454,929.68</b>

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

In RMB

Year	Balance in year-end	Balance in year-begin	Remark
2022	3,921,743.37	10,928,264.99	
2023	14,149,816.48	14,149,816.48	
2024	23,524,220.73	23,524,220.73	
2025	2,773,270.33	2,773,270.33	
2026	43,732,679.01	44,870,965.65	
2027	1,087,532.18	1,036,145.13	
2028	1,545,297.07	1,545,297.07	
2029	6,667,497.15	6,802,845.68	
2030	3,914,057.03	3,914,057.03	
2031	57,075,047.12	57,075,047.12	
2032	1,544,969.59		
Total	159,936,130.06	166,619,930.21	

Other note

### 31 .Other non-current assets

### 32. Short-term borrowings

#### (1) Categories of short-term loans

In RMB

Items	End of term	Beginning of term
Mortgage Borrowings	75,800,000.00	74,897,015.73
Guarantee Borrowing	60,000,000.00	170,163,630.75
Credit borrowing	55,500,000.00	5,005,273.97
Total	191,300,000.00	250,065,920.45

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

### 33. Transactional financial liabilities

### 34. Derivative financial liability

### 35. Notes payable

In RMB

Items	End of term	Beginning of term
Commercial acceptance bill		7,500,000.00
Bank acceptance bill	320,332,010.57	301,904,319.27
Total	320,332,010.57	309,404,319.27

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	1,511,417,996.10	1,709,868,854.24
Equipment and Engineering	72,692,079.33	186,363,724.44
Other	1,148,724.87	13,917,609.46
Total	1,585,258,800.30	1,910,150,188.14

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

## 37. Advances received

## (1) List of Advances received

In RMB

Items	End of term	Beginning of term
Rent	43,034.40	812,701.37
Total	43,034.40	812,701.37

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

## 38. Contract liabilities

In RMB

Items	End of term	Beginning of term
Goods	2,415,706,673.37	3,052,515,293.06
Total	2,415,706,673.37	3,052,515,293.06

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

## 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	99,276,656.74	430,652,044.23	444,486,323.20	85,442,377.77
II. Post-employment benefits - defined contribution plans	33,845,853.18	65,984,229.42	73,532,086.75	26,297,995.85
III. Dismissal benefits		232,949.00	232,949.00	0.00
Total	133,122,509.92	496,869,222.65	518,251,358.95	111,740,373.62

## (2) Short-term remuneration

In RMB

Items	Balance in year-begin	Increase in this period	Decrease in this period	Balance in year-end
(1) Salary, bonus, allowance and subsidy	82,689,765.59	330,840,031.47	349,857,710.25	63,672,086.81
(2) Employee benefits		22,314,189.25	21,086,257.79	1,227,931.46
(3) Social insurance expenses	8,702,497.23	31,924,402.44	29,439,289.04	11,187,610.63
Including: medical insurance premium	8,556,657.77	30,877,740.44	28,798,858.77	10,635,539.44
Work-related injury insurance premium	145,839.46	1,046,662.00	640,430.27	552,071.19
Maternity insurance premium		0.00	0.00	0.00
(4) Housing fund	458,552.96	36,460,066.00	36,466,294.00	452,324.96
(5) Labor union expenditures and employee education expenses	7,425,840.96	9,113,355.07	7,636,772.12	8,902,423.91
6. Short-term paid absence	0.00	0.00	0.00	0.00

7. Short-term profit-sharing plan	0.00	0.00	0.00	0.00
Total	99,276,656.74	430,652,044.23	444,486,323.20	85,442,377.77

## (3) List of drawing scheme

In RMB

Items	Opening balance	Increase	Decrease	Closing balance
1. Basic pension insurance	7,365,213.63	46,459,594.76	43,164,544.13	10,660,264.26
2. Unemployment insurance	263,041.82	1,830,619.66	1,456,506.62	637,154.86
3. Enterprise annual fee	26,217,597.73	17,694,015.00	28,911,036.00	15,000,576.73
Total	33,845,853.18	65,984,229.42	73,532,086.75	26,297,995.85

Other note:

## 40. Taxes Payable

In RMB

Items	Closing balance	Opening balance
VAT	33,756,129.88	40,924,370.15
Enterprise Income tax	20,986,884.48	17,886,118.76
Individual Income tax	741,229.20	2,870,186.04
City Construction tax	2,563,963.52	5,687,507.47
Property tax	1,886,100.28	7,532,910.03
Land use tax	98,643.50	1,912,650.90
Education subjoin	1,159,881.32	2,485,447.07
Locality Education subjoin	773,254.22	1,666,388.01
Other	211,241.44	656,799.67
Total	62,177,327.84	81,622,378.10

Other note

## 41. Other account payable

In RMB

Items	End of term	Beginning of term
Interest payable	87,003.63	
Other account payable	308,783,808.18	434,578,338.13
Total	308,870,811.81	434,578,338.13

## (1) Interest payable

In RMB

Items	End of term	Beginning of term
Advance the bank loan interest	87,003.63	0.00
Total	87,003.63	

Particulars of significant overdue unpaid interest:

## (2) Dividends payable

## (3) Other accounts payable

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

In RMB

Items	End of term	Beginning of term
Deposit	7,349,250.43	7,710,407.05
Provisional account payable	67,589,412.31	73,387,357.24
Related party demolition loan	118,208,200.00	240,000,000.00
Restricted stock subscription funds	110,282,142.86	110,195,995.86
Other	5,354,802.58	3,284,577.98
<b>Total</b>	<b>308,783,808.18</b>	<b>434,578,338.13</b>

2) Significant other payables for over 1 year

42. Liabilities classified as holding for sale

43. Non-current liabilities due within 1 year

In RMB

Items	End of term	Beginning of term
Long-term loans due within 1 year	10,010,266.67	9,011,464.45
Lease liabilities due within 1 year	6,086,378.91	8,596,258.52
<b>Total</b>	<b>16,096,645.58</b>	<b>17,607,722.97</b>

Other note:

44. Other current liabilities

In RMB

Items	End of term	Beginning of term
Output tax to be transferred	311,626,160.87	394,535,629.47
Maintenance and renovation costs	1,105,000.00	1,105,000.00
<b>Total</b>	<b>312,731,160.87</b>	<b>395,640,629.47</b>

Changes on short term bonds payable:

45. Long-term borrowing

(1) Category of long-term loan

In RMB

Items	End of term	Beginning of term
Mortgage loan	30,600,000.00	20,624,674.22
Guarantee loan	154,705,333.33	160,205,333.33
<b>Total</b>	<b>185,305,333.33</b>	<b>180,830,007.55</b>

Note:

Other notes, including interest rate range:



## 46. Bonds payable

## (1) Bonds payable

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

(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

Other note

## 47. Lease liability

In RMB

Items	End of term	Beginning of term
Unpaid lease payments	22,781,891.26	24,310,879.76
Financing charges are not recognized	-1,637,948.43	-1,735,124.99
<b>Total</b>	<b>21,143,942.83</b>	<b>22,575,754.77</b>

Other note:

## 48. Long-term payable

In RMB

Items	End of term	Beginning of term
Long term account payable	330,000.00	330,000.00
Special Payable	12,159,403.06	7,249,677.56
<b>Total</b>	<b>12,489,403.06</b>	<b>7,579,677.56</b>

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

In RMB

Items	End of term	Beginning of term
Drawing in administrative restructuring	330,000.00	330,000.00
Subtotal	330,000.00	330,000.00

Other note:

(2) Special Payable

In RMB

Items	Opening balance	Increase	Decrease	End balance	Reason
Compensation for relocation	2,040,646.71	0.00	0.00	2,040,646.71	
Funding for Personnel Training	3,185,102.53	6,350,800.00	1,441,074.50	8,094,828.03	
Resettlement	2,023,928.32	0.00	0.00	2,023,928.32	
<b>Total</b>	<b>7,249,677.56</b>	<b>6,350,800.00</b>	<b>1,441,074.50</b>	<b>12,159,403.06</b>	

Other note:

①The compensation for requisition was mainly the compensation for the relocation of the Shiqiao Plant of the subsidiary Machinery Company.

②Resettlement 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

(2) Changes of defined benefit plans

#### 50. Estimated liabilities

#### 51. Deferred income

In RMB

Items	Beginning of term	Increased this period	Decreased this period	End of term	Reason
Government Subsidy	729,438,751.74	68,000.00	16,716,989.24	712,789,762.50	Receive government subsidies
Total	729,438,751.74	68,000.00	16,716,989.24	712,789,762.50	--

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

Other note:

#### 52. Other non-current liabilities

#### 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		226,169,580.00			226,169,580.00	980,179,980.00

Other note:

The Company's 2021 equity distribution plan reviewed and approved by the general meeting of shareholders is: 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. The treasury shares repurchased by the Company shall not participate in profit distribution. The total share capital of the Company before the dividend was 754,010,400 shares, and the total share capital was increased to 980,179,980 shares after the dividend.

## 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

## 55. Capital reserves

In RMB

Items	Year-beginning balance	Increase in the current period	Decrease in the current period	Year-end balance
Capital premium	204,650,998.01			204,650,998.01
Other capital reserves	78,295,032.49	27,983,671.40		106,278,703.89
Total	282,946,030.50	27,983,671.40	0.00	310,929,701.90

Other notes, including changes and reason of change:

1) The current increase of share capital premium includes: the Company's capital reserves increased due to employees involved equity-settled share-based payments in 2022.1-6—other capital reserves of RMB 27,983,671.40

## 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.

## 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	2,630,313,185.77	587,250,444.96			88,087,566.74	499,162,878.22		3,129,476,063.99

the future								
Changes in fair value of investments in other equity instruments	2,630,313,185.77	587,250,444.96			88,087,566.74	499,162,878.22		3,129,476,063.99
2. Other comprehensive income reclassifiable to profit or loss in subsequent periods	835,428.78	626,917.85				266,939.11	359,978.74	-568,489.67
Difference of translating of foreign currency accounts	835,428.78	626,917.85				266,939.11	359,978.74	-568,489.67
Total of other comprehensive income	2,629,477,756.99	587,877,362.81	0.00	0.00	88,087,566.74	499,429,817.33	359,978.74	3,128,907,574.32

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	18,369,033.52	1,393,028.84	1,887,152.04	17,874,910.32
Total	18,369,033.52	1,393,028.84	1,887,152.04	17,874,910.32

Other note, including changes and reason of change:

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

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

#### 59. Surplus reserves

In RMB

Items	Beginning of term	Increased this period	Decreased this period	End of term
Statutory surplus reserves	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	3,761,583,410.91	3,587,465,039.91
Retained profits at the period beginning		-172,106,637.64
After adjustments: Retained profits at the period beginning	3,761,583,410.91	3,415,358,402.27
Add: Net profit belonging to the owner of the parent company	348,340,310.01	649,992,474.56
Less: Common stock dividend payable	301,559,439.99	185,864,649.99
Other [Note]	226,169,580.00	117,902,815.93
Retained profits at the period end	3,582,194,700.93	3,761,583,410.91

[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.

This period is the company's equity distribution, please refer to Section X VII 53 Shares of this report for details

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	3,067,134,533.67	2,222,246,894.26	3,147,336,235.16	2,254,456,368.85
Other	8,845,799.91	5,808,309.32	16,565,133.66	46,957,282.10
Total	3,075,980,333.58	2,228,055,203.58	3,163,901,368.82	2,301,413,650.95

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.

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 5,475,320,000.00.

Other note

## 62. Taxes and surcharges

In RMB

Items	Amount of this period	Amount of last period
Urban maintenance and construction tax	5,146,140.51	7,890,356.44
Educational surtax	2,265,944.35	3,436,980.61
House tax	1,142,229.75	1,048,115.48
Land royalties	-1,339,170.18	179,130.65
vehicle and vessel tax	25,432.83	31,373.66
Stamp tax	1,474,867.75	991,798.43
Locality Education surcharge	1,510,629.58	2,293,936.79
Environmental protection tax	2,401.20	1,592.16
<b>Total</b>	<b>10,228,475.79</b>	<b>15,873,284.22</b>

Other note:

## 63. Sales expense

In RMB

Items	Amount of this period	Amount of last period
Employees' remunerations	36,485,677.51	34,381,559.67
Transportation(Note)	1,138,484.93	1,812,995.82
Travel expenses	8,888,561.95	12,156,888.32
Business reception expenses	6,206,490.00	6,697,139.85
Consulting service fee	12,267,342.77	11,301,260.90
Conferences	371,169.20	431,217.85
Three charge	4,784,318.15	9,567,390.40
Advertising fee	324,934.24	719,647.22
Office fee	691,321.48	516,901.13
Unit insurance premium	250,605.80	498,385.84
Other	6,810,164.97	3,345,228.21
<b>Total</b>	<b>78,219,071.00</b>	<b>81,428,615.21</b>

Other note:

## 64. Administrative expense

In RMB

Items	Amount of this period	Amount of last period
Employees' remunerations	253,557,627.13	252,145,940.87
Enterprise relocation fee	8,016,795.00	18,805,207.57
Asset depreciation and amortizing	25,141,560.43	14,658,733.95
Business reception expenses	1,461,204.40	2,173,433.86
Rental fee, House rental, property management, water and power	15,174,258.65	18,658,446.91
Travel expenses and overseas travel expenses	1,859,818.08	3,439,663.81
Agency fee	4,687,329.96	4,413,066.17
Office expenses	2,292,109.56	1,585,746.52
Repair costs	2,937,385.10	2,940,399.64
Share payable	27,983,671.40	0.00
Other	25,542,488.95	43,598,318.69
<b>Total</b>	<b>368,654,248.66</b>	<b>362,418,957.99</b>

Other note

## 65. R&amp;D Expense

In RMB

Items	Amount of this period	Amount of last period
Labor cost	73,148,374.92	75,775,902.80
Direct materials	56,613,592.38	95,917,152.33
Depreciation expenses	2,116,766.61	7,830,358.96
Test and inspection fee	1,454,777.83	648,983.19
Commissioned research & development	2,603,124.12	4,308,600.06
Other	3,224,421.13	7,361,562.57
<b>Total</b>	<b>139,161,056.99</b>	<b>191,842,559.91</b>

Other note

## 66. Financial expenses

In RMB

Items	Amount of this period	Amount of last period
Interest expense	13,901,898.42	15,396,380.49
Less: Income interests	9,020,380.48	8,271,324.38
Exchange gains/losses	-21,050,554.98	-9,420,390.34
Commission	1,966,300.16	1,318,853.72
Other	485,124.77	184,174.44
<b>Total</b>	<b>-13,717,612.11</b>	<b>-792,306.07</b>

Other note

## 67. Other income

In RMB

Items	Amount of this period	Amount of last period
Government subsidies related to assets	14,245,334.64	11,336,952.56
Government subsidies related to income	11,075,666.49	105,359,633.51
Individual tax commission refunds	415,740.28	302,726.51
<b>Total</b>	<b>25,736,741.41</b>	<b>116,999,312.58</b>

## 68. Investment income

In RMB

Items	Amount of this period	Amount of last period
Investment income obtained from the disposal of trading financial assets	25,276,726.80	69,528,530.76
Dividend income from other equity instrument investments during the holding period	95,156,322.10	95,156,322.10
Interest income obtained from the debt investment during the holding period		3,148.20
Receivables financing discount loss		-328,968.75
Other [Note]		-6,491,695.59
<b>Total</b>	<b>120,433,048.90</b>	<b>157,867,336.72</b>

Other note

[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.

## 69. Net exposure hedging income

## 70. Gains on the changes in the fair value

In RMB

Source	Amount of this period	Amount of last period
Transactional Financial assets	-426,791.66	76,061.88
Other non-current financial assets	3,888,000.00	-1,872,976.32
Total	3,461,208.34	-1,796,914.44

Other note:

## 71. Credit impairment loss

In RMB

Source	Amount of this period	Amount of last period
Losses on bad debt	-14,898,317.52	-23,691,585.21
Total	-14,898,317.52	-23,691,585.21

Other note

## 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	-5,052,367.50	-44,218,510.53
XII. Loss of impairment of contract assets	18,768,663.74	7,414,364.16
Total	13,716,296.24	-36,804,146.37

Other note:

## 73. Asset disposal income

In RMB

Source	Amount of this period	Amount of last period
Profits of disposal of fixed assets	-45,800.77	-49,541.80
Total	-45,800.77	-49,541.80

## 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	6,459.28	102,213.90	6,459.28
Compensation income	43,248,533.26	117,449,736.00	43,248,533.26
No payment required	1,202,147.40	902,165.95	1,202,147.40
Equity gains			0.00
Other	108,279.86	409,635.43	108,279.86
Total	44,565,419.80	118,863,751.28	44,565,419.80

Government subsidies recorded into current profits and losses:

## 75. Non-operational expenses

In RMB



Items	Amount of this period	Amount of last period	Recorded in the amount of the non-recurring gains and losses
Donations	515,000.00	10,000.00	515,000.00
Debt restructuring loss			0.00
Non-current assets scrapping loss	148,223.86	73,145,390.83	148,223.86
Compensation expenses	3,553,023.12	6,951,918.46	3,553,023.12
Estimated liabilities			0.00
Fine, late payment	21,746.87	1,552.92	21,746.87
Special funds for water conservancy construction			0.00
Other	127,154.50	19,080.08	127,154.50
Total	4,365,148.35	80,127,942.29	4,365,148.35

Other note:

## 76. Income tax expenses

### (1) Details

In RMB

Items	Amount of this period	Amount of last period
Income tax of current term	55,703,420.35	67,741,287.09
Deferred income tax	9,744,531.33	27,611,556.05
Total	65,447,951.68	95,352,843.14

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

In RMB

Items	Amount of this period
Total profit	453,983,337.72
Income tax expenses calculated on legal / applicable tax rate	68,097,500.65
Effect of different tax rates applicable to subsidiaries	2,790,837.85
Adjustment for income tax in prior year	418,264.22
Influence of non taxable income	-10,597,826.90
Impact of non-deductible costs, expenses and losses	3,968,834.97
Impact of deductible losses on the use of previously unrecognized deferred income tax assets	-304,873.94
The current period does not affect the deferred tax assets recognized deductible temporary differences or deductible loss	1,075,214.83
Income tax expenses	65,447,951.68

Other note

## 77. Other Comprehensive income

For details, please refer to Note X(VII)18

## 78. Notes Cash flow statement

### (1) Other cash received from operating activities

In RMB

Items	Amount of this period	Amount of last period
Deposit interest	8,484,848.65	7,861,638.97
Government subsidies received	13,152,574.06	2,890,282.04
Recovery of operating bank deposits	6,581,305.32	5,540,612.30
Compensation income	10,035,833.79	13,793,307.10
Receipt of operating current account	82,676.43	1,695,348.39
Lease income	57,665.00	106,285.71
Other	1,869,625.89	594,667.60
<b>Total</b>	<b>40,264,529.14</b>	<b>32,482,142.11</b>

Note:

### (2) Other cash paid related to operation

In RMB

Items	Amount of this period	Amount of last period
Transportation	1,459,697.66	5,754,489.33
Travel expenses	13,484,827.09	17,791,754.26
Business trips	7,919,566.45	9,070,289.00
Maintaining	675,311.13	2,704,395.20
Property management and civil services	17,577,949.78	19,740,148.14
Deposit for bidding and others	19,454,848.00	15,992,126.30
Office expenses	2,716,373.67	2,148,108.99
Conferences	439,793.46	680,083.03
Consulting service fee	5,817,084.52	9,162,482.70
Transportation and vehicles	1,522,498.91	1,999,464.21
Other	19,365,991.81	67,133,083.87
<b>Total</b>	<b>90,433,942.48</b>	<b>152,176,425.03</b>

### 3. Other investment-related cash received

In RMB

Items	Amount of this period	Amount of last period
Repurchasing of trusteeship	1,370,000,000.00	2,257,800,000.00
Sell convertible bonds		687,572,000.00
<b>Total</b>	<b>1,370,000,000.00</b>	<b>2,945,372,000.00</b>

### (4) Other cash paid for investment activities

In RMB

Items	Amount of this period	Amount of last period
Purchasing of financial products	912,000,000.00	2,393,000,000.00
Purchasing of convertible bonds		687,572,000.00
<b>Total</b>	<b>912,000,000.00</b>	<b>3,080,572,000.00</b>

(5) Other cash paid for Financing activities

(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
Return the related party's capital lending and interest	121,791,800.00	22,712,675.91
Lease Liability Payments	1,202,769.96	
<b>Total</b>	<b>122,994,569.96</b>	<b>177,712,675.91</b>

## 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
<b>I. Adjusting net profit to cash flow from operating activities</b>		
Net profit	388,535,386.04	367,624,033.94
Add: Impairment loss provision of assets	1,182,021.28	60,495,731.58
Depreciation of fixed assets, oil and gas assets and consumable biological assets	61,269,369.18	44,649,310.13
Depreciation of Use right assets	3,994,249.19	3,835,086.91
Amortization of intangible assets	4,566,749.10	3,894,667.41
Amortization of Long-term deferred expenses		
Loss on disposal of fixed assets, intangible assets and other long-term deferred assets	45,800.77	49,541.80
Fixed assets scrap loss	141,764.58	73,046,526.34
Loss on fair value changes	-3,461,208.34	1,796,914.44
Financial cost	-2,994,327.06	5,843,636.52
Loss on investment	-120,433,048.90	-157,867,336.72
Decrease of deferred income tax assets	3,907,367.92	8,394,326.30
Increased of deferred income tax liabilities	88,087,566.74	-7,659,491.71
Decrease of inventories	644,637,223.04	104,708,982.24
Decrease of operating receivables	284,265,347.33	-638,648,357.24
Increased of operating Payable	-1,216,355,985.78	298,606,122.02
Other	27,489,548.20	-443,475.53
<b>Net cash flows arising from operating activities</b>	<b>164,877,823.29</b>	<b>168,326,218.43</b>
<b>II. Significant investment and financing activities that without cash flows:</b>		
Conversion of debt into capital		
Convertible corporate bonds maturing within one year		
Financing of fixed assets leased		
<b>3. Movement of cash and cash equivalents:</b>		

Ending balance of cash	1,540,418,173.57	1,442,458,748.74
Less: Beginning balance of cash equivalents	1,467,538,968.07	1,850,354,648.10
Add: End balance of cash equivalents		
Less: Beginning balance of cash equivalents		
Net increase of cash and cash equivalent	72,879,205.50	-407,895,899.36

(2) Net Cash paid of obtaining the subsidiary

(3) Net Cash receive of disposal of the subsidiary

(4) Component of cash and cash equivalents

In RMB

Items	Year-end balance	Year-beginning balance
I.Cash	1,540,418,173.57	1,467,538,968.07
Of which: Cash in stock	77,169.28	65,904.06
Bank savings could be used at any time	1,540,276,071.21	1,467,310,722.30
Other monetary capital could be used at any time	64,933.08	162,341.71
A central bank deposit available for payment		
Deposit of inter-bank funds		
Debit and release of interbank money		
II.Cash equivalents		
Including: Bond investment due in three months		
III. Balance of cash and cash equivalents at the period end	1,540,418,173.57	1,467,538,968.07
Including : Use of restricted cash and cash equivalents by parent or group subsidiaries	0.00	0.00

Other note:

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.

81. Assets with limitation on ownership or using rights

In RMB

Items	Closing book value	Causation o limitation
Monetary capital	80,082,579.59	Used as security for issuing of acceptance bill and bill of guarantees
Notes receivable	19,532,735.62	Used as security for issuing of acceptance drafts and bill
Fixed assets	96,504,589.40	Collateral for obtaining bank loans
Intangible assets	52,745,671.68	Collateral for obtaining bank loans
Financing of receivable	85,446,533.12	Used as security for issuing of acceptance drafts and bill
Total	334,312,109.41	

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			375,005,614.15
Incl: USD	53,991,895.61	6.7114	362,361,208.20
Euro	612,578.76	7.0084	4,293,196.98
HKD	6,382.81	0.85519	5,458.52
Yen	53,659.00	0.049136	2,636.59
Rupiah	18,875,823,228.32	0.000442	8,343,113.87
Account receivable			185,700,994.36
Incl: USD	26,392,348.66	6.7114	177,129,608.79
Euro	1,175,284.14	7.0084	8,236,861.37
HKD			
Rupiah	756,842,087.03	0.000442	334,524.20
SGD			
Long-term loans			
Incl: USD			
Euro			
HKD			
Other receivable			3,187,850.00
Incl: USD	500,000.00	6.3757	3,187,850.00
Contract assets			134,210.86
Euro	19,150.00	7.0084	134,210.86
Account payable			146,465,909.33
Incl: USD	1,187,281.04	6.7114	7,968,317.97
Euro	4,932,478.73	7.0084	34,568,783.93
Rupiah	7,312,862,477.00	0.000442	3,232,285.21
SEK	64,188,884.26	0.6547	42,024,462.53
GBP	7,195,053.00	8.1545	58,672,059.69

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

## (1) Government subsidy return

Applicable  Not applicable

Other note:

## (2) Detail

## (3) Asset-related government subsidies

Items	Beginning	Current subsidy increase	Current amortization	Ending	Current amortization
	Deferred income			Deferred income	Item presentation
Relocation and relocation compensation (Shiqiao Road factory area)	587,965,976.12		9,844,722.78	578,121,253.34	Other income
Relocation and relocation compensation (Hangfa factory area)	126,889,398.13		4,331,641.86	122,557,756.27	Other income
Financial subsidy for industrial projects	143,900.00		28,780.00	115,120.00	Other income
Subsidy for casting and forging projects	143,900.00		28,780.00	115,120.00	Other income
Financial subsidy for recycling economy	57,050.00		11,410.00	45,640.00	Other income
Subtotal	715,200,224.25	0.00	14,245,334.64	700,954,889.61	

## 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	14,238,527.49	68,000.00	2,471,654.60	11,834,872.89	Other income
Subtotal	14,238,527.49	68,000.00	2,471,654.60	11,834,872.89	

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

Items	Amount	Item presentation	Amount included in current profit and loss
Financial subsidies for enterprises in Linping District to use capital market and strengthen financial security	2,225,245.00	Other income	2,225,245.00
Hangzhou city enterprise R & D investment subsidy fund	1,040,000.00	Other income	1,040,000.00
Zhejiang Province industrial Internet platform municipal award funds	1,000,000.00	Other income	1,000,000.00
Industry and information technology provincial service-type enterprise award	500,000.00	Other income	500,000.00
Special funds for the new manufacturing plan	304,700.00	Other income	304,700.00
Zhongneng steam turbine discrete type project manufacturing digital construction project funds	304,600.00	Other income	304,600.00
Provincial-level first set of award	250,000.00	Other income	250,000.00
Zhejiang manufacturing certification subsidy	200,000.00	Other income	200,000.00
Patent subsidy	200,000.00	Other income	200,000.00
Hangzhou's first batch of export-oriented development of special fund	100,000.00	Other income	100,000.00
Hangzhou Qiantang District Development and Reform Bureau award funds	100,000.00	Other income	100,000.00
Hangzhou city foreign trade development fund project subsidy	100,000.00	Other income	100,000.00
Stable post subsidies	1,920,645.23	Other income	1,920,645.23
Other incidental government subsidies	358,821.66	Other income	358,821.66
Subtotal	8,604,011.89		8,604,011.89

The current amount of government subsidies included into the current profits and loss is RMB25,321,001.13.

85.Other

### VIII. Changes of merge scope

#### 1. Business merger not under same control

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

(2) Combined cost and Goodwill

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

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

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

Yes  No

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

(6) Other note

#### 2. Business combination under the same control

##### (1) Business combination under the same control during the reporting period

(2) Combination cost

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

#### 3. Counter purchase

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

#### 4. The disposal of subsidiary

Whether there is a single disposal of the investment to subsidiary and lost control

Yes  No

Whether there are multiple transactions step by step dispose the investment to subsidiary and lost control in reporting period

Yes  No

#### 5. Other reasons for the changes in combination scope

Notes to reasons for the changes in combination scope (Newly established subsidiary and subsidiary of liquidation) and relevant information:

#### 6. Other

### 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.

Basis of determine whether the Company is the agent or the principal:

(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%	4,328,222.65	4,988,000.00	35,096,042.81
Packaged Technologies Co.	24.14%	2,006,227.22	7,388,370.00	24,984,968.31
Machinery Co.	48.00%	20,360,589.13	28,800,000.00	86,074,063.72
Zhongneng Company	39.17%	5,448,840.43		30,933,377.86
Casing Company	61.97%	4,036,160.06		177,988,452.80
Sales Company	70.00%	3,255,014.16	3,150,000.00	33,822,677.33
China Mechanical Institute Company	45.00%	8,120.09		1,261,008.55
Ranchuang Company	14.40%	-7,399.82		2,945,075.92

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	Year-end balance						Year-beginning balance					
	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.	649,440,246.20	79,109,542.07	728,549,788.27	413,505,376.53	0.00	413,505,376.53	733,029,315.32	78,861,833.88	811,891,149.20	491,555,820.43	0.00	491,555,820.43
Packaged Technologies Co.	274,963,867.72	7,067,377.71	282,031,245.43	178,552,395.51	0.00	178,552,395.51	295,135,373.75	7,257,034.74	302,392,408.49	176,622,637.98	0.00	176,622,637.98
Machinery Co.	295,247,663.59	24,311,177.09	319,558,840.68	138,197,227.85	2,040,646.71	140,237,874.56	287,173,778.22	24,884,211.26	312,057,989.48	113,114,270.68	2,040,646.71	115,154,917.39
Zhongneng Company	1,560,755.114.56	267,106,384.72	1,827,861,499.28	1,473,085,235.40	280,199,717.92	1,753,284,953.32	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
Casing Company	467,285,454.03	154,915,191.45	622,200,645.48	274,388,252.33	46,603,068.33	320,991,320.66	447,032,301.14	163,458,336.65	610,490,637.79	278,724,887.30	36,696,712.55	315,421,599.85
Sales Company	75,036,427.67	39,899,688.47	114,936,116.14	60,735,825.58	5,882,180.09	66,618,005.67	83,054,537.49	39,677,964.56	122,732,502.05	68,682,231.72	5,882,180.09	74,564,411.81
China Mechanical Institute Company	2,806,354.84	2,065.55	2,808,420.39	6,179.16	0.00	6,179.16	2,789,442.19	3,639.53	2,793,081.72	8,885.14	0.00	8,885.14
Ranchuang Company	37,731,951.49	33,513,86.86	37,765,465.35	720,343.09	12,134,872.89	12,855,215.98	39,613,104.79	47,917,40.40	39,661,022.19	160,857.68	14,538,527.49	14,699,385.17

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.	336,182,737.38	34,709,082.97	34,709,082.97	70,186,293.32	281,813,987.54	40,893,794.78	40,893,794.78	-4,085,908.95
Packaged Technologies Co.	112,095,739.61	8,309,079.41	8,309,079.41	61,873,587.40	136,214,923.74	10,373,335.43	10,373,335.43	28,261,637.18

Machinery Co.	140,387,285.62	42,417,894.03	42,417,894.03	51,444,426.73	148,512,198.03	36,082,500.94	36,082,500.94	26,439,043.23
Zhongneng Company	638,303,050.64	13,886,432.71	14,513,350.56	27,762,299.67	683,760,395.43	15,433,532.16	14,347,099.90	15,428,010.34
Casing Company	189,427,305.72	6,513,497.00	6,513,497.00	28,808,688.90	248,488,984.20	15,582,080.80	15,582,080.80	300,247.84
Sales Company	84,196,003.00	4,650,020.23	4,650,020.23	17,172,157.10	80,200,903.51	3,512,767.64	3,512,767.64	6,017,976.66
China Mechanical Institute Company	1,373,226.00	18,044.65	18,044.65	370,800.98	1,878,333.00	267,802.84	267,802.84	407,041.91
Ranchuang Company	0.00	-51,387.65	-51,387.65	1,960,843.30	0.00	592,166.90	592,166.90	4,255,295.95

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

(2) The transaction's influence to equity of minority shareholders and attributable to the owner's equity of the parent company

3. Equity in joint venture arrangement or associated enterprise

(1) Significant joint venture arrangement or associated enterprise

(2) Major joint ventures and associates

(3) Main financial information of significant associated enterprise

(4) Summary financial information of insignificant joint venture or associated enterprise

(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

(7) The unrecognized commitment related to joint venture investment

(8) Contingent liabilities related to joint venture or associated enterprise investment

4. Significant common operation

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 X (7)4,5,8 and 10 of these financial statements for details of the reconciliation statement of the opening balance and closing balance of the financial instrument loss reserve.

#### 4. Credit risk exposure and credit risk concentration

The company's credit risk mainly comes from monetary funds and receivables. In order to control the above-mentioned related risks, the company has taken the following measures respectively.

##### (1) Monetary fund

The company deposits bank deposits and other monetary funds in financial institutions with high credit rating, so its credit risk is low.

##### (2) Account receivable

The Company performs credit assessment on the clients on periodic and constant basis. Results suggested by the assessment are used by the Company to determine clients with higher ranks and to overlook the rest. This was conducted to avoid risks brought by material bad debts.

As the Company only does business with recognized and reputable third parties, so no collateral is needed. Credit risks are centralized managed in accordance with customers. As of June 30,2021, the Company has a characteristic of specific credit risk concentration. 48.37% (June 30,2020: 37.69%) of the Company's accounts receivable comes from the top five customers. The Company does not hold any collateral or other credit enhancement for the balance of accounts receivable.

The maximum credit risk exposure the company is subject to is the book value of each financial asset in the balance sheet.

#### (II) Liquidation risks

Liquidation risks are the possibilities of short in cash at fulfilling liabilities of payment or settlement for financial assets. They may be caused by failing to cash financial assets at fair value instantly; debtors' failing of paying debts due; debts due before schedule; or failing of generating expected cash flow.

To handle these risks, the Company adopted multiple measures such as note clearance and bank loans. Long-term and short-term financing approaches were used to maintain balance between constancy and flexibility. The Company has obtained credit from multiple banks to satisfy the needs of business operation and capital output.

##### Categorizing of financial liabilities on remained period to due

Items	Year-end balance m				
	Book value	Contract amount not discounted	within 1 year	1-3 years	Over 3 years
Bank loans	386,615,600.00	414,070,871.41	214,117,964.41	122,041,674.14	77,911,232.87
Notes payable	320,332,010.57	320,332,010.57	320,332,010.57		
Account payable	1,585,258,800.30	1,585,258,800.30	1,585,258,800.30		
Other payable	308,870,811.81	308,870,811.81	308,870,811.81		
Lease liabilities[Note]	27,230,321.74	29,953,578.70	7,171,687.44	17,078,896.12	5,702,995.14
Long-term payable					
Subtotal	2,628,307,544.42	2,658,486,072.79	2,435,751,274.53	139,120,570.26	83,614,228.01

(Continued)

Items	Year-beginning balance				
	Book value	Contract amount not discounted	within 1 year	1-3 years	Over 3 years
Bank loans	439,907,392.45	470,301,376.99	271,803,491.55	93,584,460.78	104913424.7
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	31,172,013.29	34,120,327.22	9,809,447.46	17,078,896.12	7,231,983.64
Long-term payable					
Subtotal	3,125,212,251.28	3,158,554,549.75	2,935,745,784.55	110,663,356.90	112,145,408.30

### (III) Market risks

Market risks are those brought by change of fair value or expectable cash flow of financial instruments due to change of market prices, mainly interest risks and exchange rate risks.

#### 1. Interest risks

Interest risks are those brought by change of fair value or expectable cash flow of financial instruments due to change of interest rates, mainly regards the loans at floating interest rates.

Fixed-rate interest-bearing financial instruments expose the Company to fair value interest rate risks, while floating-rate interest-bearing financial instruments expose the Company to cash flow interest rate risks. The Company determines the ratio of fixed interest rate to floating interest rate financial instruments according to the market environment, and maintains an appropriate portfolio of financial instruments through regular review and monitoring. The cash flow interest rate risk faced by the Company is mainly related to the bank borrowings with floating interest rates.

As of June 30, 2022, the company's bank borrowings with floating interest rate were RMB 195,100,000.00 (June 30, 2021: RMB5,000,000.00). Under the assumption that other variables remain unchanged, assuming that the interest rate changes by 50 benchmark points, there will be no significant impact on the company's total profits and shareholders' equity.

#### 2. Foreign currency risks

Foreign currency risks (exchange rate risks) are those caused by change of fair value or expectable cash flow of financial instruments due to fluctuation of exchange rates. These risks are mainly related to foreign currency assets and liabilities. The Company operates in mainland China and mostly uses RMB as standard currency, therefore no major risks regarding exchange rates. For details of foreign currency assets and liabilities, please go to the descriptions in the notes to the consolidated financial statements.

Details of the company's foreign currency monetary assets and liabilities at the end of the period are described in note X (II) 82 to the Financial Statements.

## XI. The disclosure of the fair value

### 1. Closing fair value of assets and liabilities calculated by fair value

In RMB

Items	Closing fair value			Total
	Fair value measurement items at level 1	Fair value measurement items at level 2	Fair value measurement items at level 3	
Consistent fair value measurement				
1. Transactional financial assets and other non-current	2,218,468.16	0.00	518,680,533.96	520,899,002.12

financial assets				
1. Financial assets classified as fair value through profit or loss	2,218,468.16	0.00	518,680,533.96	520,899,002.12
( 1 ) Financing product			500,000,000.00	500,000,000.00
( 2 ) Equity instrument investment	2,218,468.16		18,680,533.96	20,899,002.12
(II) Financing receivable			673,529,205.97	673,529,205.97
(III) Other equipment instrument investment	4,072,690,585.88			4,072,690,585.88
Total assets of consistent fair value measurement	4,074,909,054.04	0.00	1,192,209,739.93	5,267,118,793.97
Total liabilities of consistent fair value measurement				
II. Non-continuous fair value measurement	--	--	--	--
Total assets of Non-consistent fair value measurement				
Total liabilities of Non-consistent 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 Holdings Co., Ltd.	Hangzhou China	Manufacturing	800 million yuan	63.64%	63.64%

Note

The parent company of the company, formerly known as Hangzhou Turbine Power Group Co., Ltd., changed its name to Hangzhou Turbine Holdings Co., Ltd. on August 5, 2022, hereinafter referred to as Hangzhou Turbine Holdings. The parent company of the company, formerly known as Hangzhou Turbine Power Group Co., Ltd., was renamed as Hangzhou Turbine Holdings Co., Ltd., on August 5, 2022, hereinafter referred to as Hangzhou Turbine Holdings.

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

Other note:

### 2. Subsidiaries of the enterprise

For details of the subsidiary, see note

### 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
------------------------------------	-------------------------------

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 Holdings
Hangzhou Steam Turbine Compressor Co., Ltd.	A subsidiary enterprise of Hangzhou Steam Turbine Holdings
Hangzhou Xiangjiang Technology Co., Ltd.	A subsidiary enterprise of Hangzhou Steam Turbine Holdings
Hangzhou Guoyu Property Management Co., Ltd [Note 1]	A subsidiary enterprise of Hangzhou Steam Turbine Holdings
Hangzhou Oxygen 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 Oxygen 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 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.

## 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	1,122,123.85	3,500,000.00	No	1,911,504.43
Hangzhou Steam Turbine Holdings	Financial system service charge	27,015.42	32,000.00	No	
Subtotal		1,149,139.27	3,532,000.00		1,911,504.43

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 Guoyu International Trade Co., Ltd.	Material sales	0.00	2,722,604.67
Greenesol power systems PVT Ltd.	Parts	702,102.87	434,687.41
Hangzhou Oxygen Expander Machine Co., Ltd	Parts	99,741.55	
Subtotal		801,844.42	3,157,292.08

(2) Related trusteeship/contract

(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
Hangzhou Steam Turbine Holdings	House and Building	0.00	801,757.33
Subtotal		0.00	801,757.33

The Company was lessee:

## Note

## ① January -June 2022

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
Hangzhou Xiangjiang Technology Co., Ltd.	House and Building		1,145,495.20		118,032.04

## ① January -June 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
Hangzhou Xiangjiang Technology Co., Ltd.	House and Building		668,205.53		130,795.52

## (4) Related-party guarantee

The Company was guarantor

In RMB

Guarantor	Guarantee amount	Start date	End date	Execution accomplished or not

The Company was secured party

In RMB

Guarantor	Guarantee amount	Start date	End date	Execution accomplished or not

The Company was secured party

## (1) Loan guarantee

Guarantor	Send a letter	Bank	Guarantee amount	Currency
Hangzhou Steam Turbine Holdings	Hangfa Company	Ningbo Bank. Chengdong Branch	3,124,650.00	RMB

## (5) Inter-bank lending of capital of related parties

In RMB

Related party	Amount borrowed and loaned	Initial date	Due date	Notes
Borrowed				
Hangzhou Steam Turbine Holdings	118,208,200.00	July 1,2022	September 30,2023	
Loaned				

## (6) Related party asset transfer and debt restructuring

## (7) Remunerations of key managements

In RMB

Items	Current term	Same period of last term
Remunerations of key managements	11,563,132.00	6,805,529.55

## (8) Other related transactions

## (1) Purchase of fixed assets

The Company purchased machinery equipment and office equipment and other fixed assets of RMB 285,902.65 from Hangzhou Steam Turbine Holdings.

## (2) Substitute payment

During the current period, Hangzhou Steam Turbine Holdings advanced the payment of RMB 21,054.09 salaries for the company.

## 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.	13,490,819.98	13,490,571.33	13,490,558.24	13,490,558.24
	Hangzhou Oxygen Group Co., Ltd	2,460,000.00	2,460,000.00	2,460,000.00	2,460,000.00
	Hangzhou Oxygen Turbine Machinery Co., Ltd.	9,225,000.00	9,225,000.00	9,225,000.00	9,225,000.00
	Hangzhou Steam Turbine Holdings	830,013.67	481,011.87	835,349.87	486,348.07
	Hangzhou Steam Turbine Compressor Co., Ltd'	59,000.00	59,000.00	59,000.00	59,000.00
	Hangzhou Heat Group Limited	8,937.60	8,937.60	8,937.60	8,937.60
Subtotal		26,073,771.25	25,724,520.80	26,078,845.71	25,729,843.91
Financing receivable	Hangzhou Oxygen Turbine Machinery Co., Ltd.			3,000,000.00	
Subtotal		0.00	0.00	3,000,000.00	
Other receivable	Hangzhou Xiangjiang Technology Co., Ltd.	601,384.98	60,138.50	601,384.98	60,138.50
	Hangzhou Steam Turbine Holdings	0.00	0.00	462,761.45	34,304.70
Subtotal		601,384.98	60,138.50	1,064,146.43	94,443.20
Contract assets	Hangzhou Oxygen Turbine Machinery Co., Ltd.	489,000.00	24,450.00	489,000.00	24,450.00
Subtotal		489,000.00	24,450.00	489,000.00	24,450.00

## (2) Payables

In RMB

Name	Related party	Amount at year	Amount at year beginning
Account payable	Greenesol powersystems PVT Ltd.	1,931,920.52	1,835,287.07
	Hangzhou Steam Turbine Holdings	230,568.42	230,568.42
	Hangzhou Oxygen Turbine Machinery Co., Ltd.	769,911.43	497,585.09
Subtotal		2,932,400.37	2,563,440.58
Contract liabilities	Hangzhou Steam Turbine Holdings	29,652,336.28	29,652,336.28
	Hangzhou Oxygen Group Co., Ltd.	12,508,008.83	7,404,000.00
	Greenesol powersystems PVT Ltd.	0.00	353,288.27
	Hangzhou Oxygen Expander Machine Co., Ltd.	0.00	85,800.00

	Hangzhou Steam Turbine Compressor Co., Ltd'	0.00	700.00
Subtotal		42,160,345.11	37,496,124.55
Other payable	Hangzhou Steam Turbine Holdings	118,472,691.80	240,448,987.71
Subtotal		118,472,691.80	240,448,987.71
Prepayments	Hangzhou power equipment manufacturing Co., Ltd	87,000.00	
Subtotal		87,000.00	

## 7. Related party commitment

## 8.Other

**XIII. Stock payment**

## 1. The Stock payment overall situation

Applicable  Not applicable

## 2. The Stock payment settled by equity

Applicable  Not applicable

## 3. The Stock payment settled by cash

Applicable  Not applicable

## 4. Modification and termination of the stock payment

## 5.Other

**XIV. Commitments**

## 1.Importance commitment events

Important commitments of existence of balance sheet date

(2) 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
2. Profit distribution
3. Sales return
4. Notes of other significant events

**XVI. Other significant events**

1. The accounting errors correction in previous period
  - (1) Retrospective restatement
  - (2) Prospective application
2. Debt restructuring
3. Replacement of assets
  - (1) Non-monetary assets exchange
  - (2) Other assets replacement
4. Pension plan
5. Discontinuing operation
6. Segment information
  - (1) Recognition basis and accounting policies of reportable segment

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 III (III) of the Financial Statements.

- (2) The financial information of reportable segment
- (3) There was no reportable segment, or the total amount of assets and liabilities of each part of reportable segment, shall disclose the reason.
  - (4) Other note
7. Other important transactions and events have an impact on investors' decision-making
8. Other

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

## 1. Accounts receivable

## (1) Accounts receivable classified by category

Category	End of term					Beginning of term				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Proportion %	Amount	Proportion %		Amount	Proportion %	Amount	Proportion %	
Including										
Accrual of bad debt provision by portfolio	2,092,280,66 4.98	100.0 0%	744,160,78 5.56	35.5 7%	1,348,119,87 9.42	2,347,791,61 2.01	100.0 0%	767,426,73 5.29	32.6 9%	1,580,364,87 6.72
Including :										
Total	2,092,280,66 4.98	100.0 0%	744,160,78 5.56	35.5 7%	1,348,119,87 9.42	2,347,791,61 2.01	100.0 0%	767,426,73 5.29	32.6 9%	1,580,364,87 6.72

Accrual of bad debt provision by portfolio:744,160,785.56

In RMB

Name	Closing balance		
	Book balance	Bad debt provision	Proportion
Portfolio 1	2,092,280,664.98	744,160,785.56	35.57%
Total	2,092,280,664.98	744,160,785.56	

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)	498,169,574.52
1-2 years	582,521,897.22
2-3 years	320,584,135.99
Over 3 years	691,005,057.25
3-4 years	182,167,514.79
4-5 years	141,083,968.17
Over 5 years	367,753,574.29
Total	2,092,280,664.98

## (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	Write-off	Other	

			amount		
Accrual of bad debt provision by portfolio	797,530,567.13	-8,623,978.91			788,906,588.22
Total	797,530,567.13	-8,623,978.91			788,906,588.22

(3) The actual write-off accounts receivable

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

In RMB

Name	Amount	Proportion(%)	Bad debt provision
Customer 1	1,005,358,934.32	36.26%	235,186,412.70
Customer 2	227,542,065.29	8.21%	109,088,083.05
Customer 3	184,354,487.19	6.65%	30,231,192.31
Customer 4	64,043,682.40	2.31%	3,344,768.24
Customer 5	40,350,223.01	1.46%	4,035,022.30
Total	1,521,649,392.21	54.89%	

(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	95,156,322.10	
Other	9,501,239.23	27,054,816.71
Total	104,657,561.33	27,054,816.71

(1) Interest receivable

1) Classification of interest receivable

2) Significant overdue interest

3) Bad-debt provision

Applicable  Not applicable

(2) Dividend receivable

1) Dividend receivable

In RMB

Items	End of term	Beginning of term
Hangzhou Bank	95,156,322.10	
Total	95,156,322.10	

2) Significant dividend receivable aged over 1 year

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	6,781,493.00	30,465,219.01
Provisional payment receivable	7,728,640.03	832,087.45
Petty cash	80,000.00	
Other	15,663.60	1,999,123.61
<b>Total</b>	<b>14,605,796.63</b>	<b>33,296,430.07</b>

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, 2022	1,271,720.39	213,125.64	4,756,767.33	6,241,613.36
Balance as at January 1, 2022 in current				
——Transfer to stage II	-82,609.15	82,609.15	0.00	0.00
——Transfer to stage III	0.00	-309,943.67	309,943.67	0.00
——Transfer to stage II	0.00	0.00	0.00	0.00
Provision in the current period	-801,122.80	30,730.71	-366,663.86	-1,137,055.95
Balance as at June 30, 2022	387,988.44	16,521.83	4,700,047.13	5,104,557.40

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)	9,047,640.91
1-2 years	165,218.29
2-3 years	929,831.00
Over 3 years	4,463,106.43
3-4 years	34,934.00
4-5 years	140,174.99
Over 5 years	4,287,997.44
<b>Total</b>	<b>14,605,796.63</b>



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

The withdrawal amount of the bad debt provision:

(4) The actual write-off 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 office in Gaoqiao port area	Deposit	3,710,320.94	Over 5 years	25.40%	3,710,320.94
Shandong Chenming Holding Group Co., Ltd.	Deposit	1,200,000.00	Within 1 year	8.22%	60,000.00
Hangzhou Ganghua Gas Co., Ltd.	Deposit	900,000.00	Within 1 year	6.16%	45,000.00
Hangzhou Steam Turbine Machinery Equipment Co., Ltd	Deposit	687,217.64	Within 1 year	4.71%	34,360.88
Huaxia Hanhua Chemical Equipment Co., Ltd	Deposit	580,000.00	Within 1 year	3.97%	29,000.00
Total		7,077,538.58		48.46%	3,878,681.82

(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

### 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	294,384,923.57		294,384,923.57	191,793,655.63		191,793,655.63
Total	294,384,923.57		294,384,923.57	191,793,655.63		191,793,655.63

(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	20,208,700.14	313,050.24				20,521,750.38	
Hangzhou Auxiliary Machine Co.	46,286,513.41					46,286,513.41	
Zhejiang Turbine Packaged Co.	40,000,389.56					40,000,389.56	
Zhongneng Co.	27,644,475.06					27,644,475.06	

Machinery Co.	7,968,000.00					7,968,000.00	
Casting Co.	11,220,000.00					11,220,000.00	
New Energy Company	1,193,092.39	102,278,217.70				103,471,310.09	
Sales Company	13,721,544.50					13,721,544.50	
China Mechanical Institute Company	1,533,768.30					1,533,768.30	
Ranchuang Company	22,017,172.27					22,017,172.27	
<b>Total</b>	<b>191,793,655.63</b>	<b>102,591,267.94</b>				<b>294,384,923.57</b>	

(2) Investments in associates and joint ventures

(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	2,005,447,334.39	1,522,270,649.74	1,874,781,657.52	1,397,535,102.84
Other	7,750,819.51	4,486,969.18	12,244,996.37	48,342,019.96
<b>Total</b>	<b>2,013,198,153.90</b>	<b>1,526,757,618.92</b>	<b>1,887,026,653.89</b>	<b>1,445,877,122.80</b>

Information related to performance obligations:

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

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

The income corresponding to the performance obligations that have not been performed or have been performed incompletely but the contract has been signed at the end of the reporting period is RMB3,641,720,000.00.

Other note:

#### 5. Investment income

In RMB

Items	Occurred current term	Occurred in previous term
Long-term equity investment income by Cost method	90,773,630.00	153,319,630.00
Investment income obtained from the disposal of trading financial assets	24,344,818.92	66,550,194.43
Dividend income from other equity instrument investments during the holding period	95,156,322.10	95,156,322.10
<b>Total</b>	<b>210,274,771.02</b>	<b>315,026,146.53</b>

## 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)	-187,565.35	
Tax refund, deduction and exemption that is examined and approved by authority exceeding or has no official approval document.	0.00	
Governmental Subsidy accounted as current gain/loss, except for those subsidies at with amount or quantity fixed by the national government and closely related to the Company's business operation.	25,321,001.13	
Capital occupation charges on non-financial enterprises that are recorded into current gains and losses	0.00	
Gains due to that the investment costs for the Company to obtain subsidiaries, associates and joint ventures are lower than the enjoyable fair value of the identifiable net assets of the investees when making the investments	0.00	
Gain/loss on non-monetary asset swap	0.00	
Gain/loss on entrusting others with investments or asset management	0.00	
Asset impairment provisions due acts of God such as natural disasters	0.00	
Gains/losses of debt restructure	0.00	
Reorganization expenses, such as expenditure for allocation of employees and integration fee	0.00	
Gains/losses exceeding the fair value arising from transactions with obviously unfair prices	0.00	
Net gain and loss of the subsidiary under the common control and produced from enterprise consolidation from the beginning of the period to the consolidation date	0.00	
Gain and loss arising from contingent matters irrelevant with the Company's normal operation business	0.00	
Gain and loss from change of the fair value arising from transactional monetary assets, transactional financial liabilities as held as well as the investment income arising from disposal of the transactional monetary assets, transactional financial liabilities and financial assets available for sale excluding the effective hedging transaction in connection with the Company's normal business	28,737,935.14	
Reverse of the provision for impairment of accounts receivable undergoing impairment test individually	0.00	
Gain/loss from external entrusted loan	0.00	
Gain and loss arising from change in the fair value of the investment based real estate measure afterwards by means of fair value model	0.00	
Influence upon the current gains and losses from the once-and-for-all adjustment over the current gains and losses according to the taxation and accounting laws and regulations	0.00	
Income from custodian charge obtained from entrusted operation	0.00	
Operating income and expenses other than the aforesaid items	40,757,776.31	
Less: Influenced amount of income tax	13,536,814.80	
Amount of influence of minority interests (After tax)	3,519,592.68	
Total	77,572,739.75	--

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 average returns equity(%)	Earnings per share	
		Basic earnings per share(RMB/share)	Diluted earnings per share(RMB/share)
Net profit attributable to the Common stock shareholders of Company.	4.24%	0.36	0.36
Net profit attributable to the Common stock shareholders of Company after deducting of non-recurring gain/loss.	3.30%	0.28	0.28

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

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

Applicable  Not applicable

(2) Differences of net profit and net assets disclosed in financial reports prepared under overseas and Chinese accounting standards.

Applicable  Not applicable

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

## 4. Other

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

August 25, 2022