

Stock Code: 200771

Stock ID: Hangqilun B

Announcement No.: 2023-12

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

### **2022 Annual Report**

(Stock Code: 200771)



**March 2023**

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

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

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

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

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

For the risks existing in the Company's operation, please refer to the section "Prospects for the future development of the Company" in Section III "Management Discussion & Analysis".

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

The profit distribution proposal reviewed and approved by the boarding meeting was summarized as follows: In 2022, with the total share capital of 980,179,980 shares at the end of the year deducting 111,800 treasury shares repurchased as of date of record by Company and 531,180 shares of share capital were cancelled due to the retirement and resignation of equity incentive objects in December 2022, that is, 979,537,000 shares, the Company would distribute cash dividend to all the shareholders at the rate of CNY 3.0 for every 10 shares (with tax inclusive) , 2 bonus shares , and no reserve would be converted into share capital.

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### **Documents available for inspection**

1. Accounting statements carried with personal signatures and seals of legal representative, General Manager, Chief Financial officer and Financial Principal.
2. Original of Auditors' Report carried with the seal of Certified Public Accountants as well as personal signatures of certified Public accountants.
3. The texts of all the Company's documents publicly disclosed on the newspapers and periodicals designated by China Securities Regulatory Commission in the report period.
4. 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 Power Group Co., Ltd.
Holding shareholder, 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.
Guoneng Company	Refers to	Hangzhou Guoneng Steam Turbine Engineering Co., Ltd.
Huayuan Company	Refers to	Zhejiang Huayuan Steam Turbine Machinery Co., Ltd.
Anhui Casting Company	Refers to	Anhui Hangqi Casting Technology Co., Ltd.
Industry and trade company	Refers to	Hangzhou Steam Turbine Industry and trade Co., Ltd.
Indonesia Company	Refers to	Hangzhou Zhongneng Steam Turbine Power( Indonesia) Co., Ltd.
The Board of Directors	Refers to	The Board of Directors of Hangzhou Steam Turbine Group Co., Ltd.
The Supervisory Committee	Refers to	The Supervisory Committee of Hangzhou Steam Turbine Power Group Co., Ltd.
The Shareholders' Meeting	Refers to	The Board of Directors of Hangzhou Steam Turbine Power Group 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
PMIS	Refers to	Product life circle management information system
MES	Refers to	Manufacturing execution system
ERP	Refers to	Enterprise Resources Planning
ORC	Refers to	Organic Langken cycle

## II. Basic Information of the Company and Financial index

### I. Basic Information

Stock ID	Hangqilun B	Stock Code	200771
Modified stock ID (if any)	No		
Stock Exchange Listed	Shenzhen Stock Exchange		
Company Name in Chinese	杭州汽轮动力集团股份有限公司		
Short form of Company Name in Chinese	杭汽轮		
Name in English	HANGZHOU STEAM TURBINE POWER GROUP CO.,LTD.		
Abbreviation in English	HTC		
Legal representative:	Zheng Bin		
Reg. Add.	Building 1, No.608, Kangxin Road, Economic & Technological Development Zone, Yuhang District, Hangzhou City, Zhejiang		
Post Code	311106		
Historical change of the company's registered address	In May 2021, The registered address of the company has been changed from No.357, Shiqiao Road, Hangzhou city, Zhejiang Province to Building 1, No.608, Kangxin Road, Economic and Technological Development Zone, Yuhang District, Hangzhou City, Zhejiang In June 2022, The registered address of the company has been changed from Building 1, No.608, Kangxin Road, Economic and Technological Development Zone, Hangzhou City, Zhejiang to Building 1, No.608, Kangxin Road, Linping District, Hangzhou City, Zhejiang		
Office address	No.1188, Dongxin Road, Gongshu District, Hangzhou, Zhejiang		
Post code of the office address	310022		
Internet Web Site	www.htc.cn		
E-mail	lgw@htc.cn		

### II. Contact person and contact manner

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

### III. Place for information disclosure

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

#### IV. Changes in Registration

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

#### V. Miscellaneous information

CPA hired by the Company

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

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

Applicable  Not applicable

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

Applicable  Not applicable

## VI.Summary of Accounting data and Financial index

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

Yes  No

	2022	2021	Changed over last year (%)	2020
Operating revenue (Yuan)	5,518,841,939.82	5,788,288,588.91	-4.66%	4,762,315,089.10
Net profit attributable to the shareholders of the listed company (Yuan)	522,396,807.32	649,992,474.56	-19.63%	476,268,110.63
Net profit after deducting of non-recurring gain/loss attributable to the shareholders of listed company (Yuan)	379,955,440.30	428,122,980.65	-11.25%	372,697,902.88
Cash flow generated by business operation, net (Yuan)	324,140,805.63	71,809,489.02	351.39%	628,885,775.12
Basic earning per share(Yuan/Share)	0.54	0.68	-20.59%	0.49
Diluted gains per share(Yuan/Share)	0.54	0.68	-20.59%	0.49
Net asset earning ratio (%)	6.47%	8.01%	-1.54%	6.43%
	End of 2022	End of 2021	Changed over last year (%)	End of 2020
Gross assets (Yuan)	15,374,999,610.32	16,319,667,628.76	-5.79%	16,375,832,611.51
Net assets attributable to shareholders of the listed company (Yuan)	8,328,481,114.19	7,927,485,773.65	5.06%	8,163,905,778.62

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

Yes  No

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

Yes  No

## VII.The differences between domestic and international accounting standards

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

Applicable  Not applicable

No difference in the reporting period.

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

Applicable  Not applicable

No difference in the reporting period.

## VIII.Main Financial Index by Quarters

In RMB



	First quarter	Second quarter	Third quarter	Fourth quarter
Operating revenue	1,788,987,236.29	1,286,993,097.29	1,204,092,736.67	1,238,768,869.57
Net profit attributable to the shareholders of the listed company	184,043,460.08	164,296,849.93	79,920,825.31	94,135,672.00
Net profit after deducting of non-recurring gain/loss attributable to the shareholders of listed company	138,956,828.84	131,810,741.42	62,952,498.88	46,235,371.16
Net Cash flow generated by business operation	-124,850,206.32	289,728,029.61	-80,686,363.23	239,949,345.57

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

Yes  No

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

Applicable  Not applicable

In RMB

Items	Amount (2022)	Amount (2022)	Amount (2020)	Notes
Non-current asset disposal gain/loss(including the write-off part for which assets impairment provision is made)	-792,933.90	-77,159,058.06	-20,964,286.32	Mainly due to the investment income of -563,981.22 yuan generated by the disposal of the equity of the Indonesian company in the current period
Tax refund, deduction and exemption that is examined and approved by authority exceeding or has no official approval document.		356,463.33	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.	57,161,745.42	129,494,304.26	38,013,637.22	[Note]
Capital appropriation fees charged to non-financial enterprises included in the current profit and loss	127,908.28			
Income from the exceeding part between investment cost of the Company paid for obtaining subsidiaries, associates and joint-ventures and recognizable net assets fair value attributable to the Company when acquiring the investment			1,149,217.06	
Debt restructuring profit or loss	7,035,391.36	1,617,382.00	3,350,920.00	
Net gain and loss of the subsidiary under the common control and produced from enterprise consolidation from the beginning of the period to the consolidation date		-29,001,203.15	27,026,646.93	

Gain and loss arising from contingent matters irrelevant with the Company's normal operation business			32,202,504.57	
Gain and loss from change of the fair value arising from transactional monetary assets, transactional financial liabilities as held as well as the investment income arising from disposal of the transactional monetary assets, transactional financial liabilities and financial assets available for sale excluding the effective hedging transaction in connection with the Company's normal business	36,974,039.31	75,295,281.43	53,211,692.31	Mainly due to the investment income of 36,295,722.69 yuan of bank wealth management products
Reverse of the provision for impairment of accounts receivable undergoing impairment test individually	20,281,569.00	3,600,000.00		Mainly due to the reverse of a provision of 19.8 million yuan for bad debts due to the collection of long-term receivables with single accrual in the current period
Operating income and expenses other than the aforesaid items	54,844,106.11	123,214,403.44	-2,606,122.77	Mainly due to then non-operating income - compensation of 56,511,643.28 yuan
Other non-operating income and expenditure beside for the above items	-1,732,271.11			Mainly due to the immediately executed share payment confirmed by the casting company of -2,150,400 yuan and other income - withholding personal income tax fee refund
Less: Influenced amount of income tax	17,931,285.99	13,388,887.75	12,239,646.17	
Amount of influence of minority interests (After tax)	13,526,901.46	-7,840,808.41	15,574,355.08	
Total	142,441,367.02	221,869,493.91	103,570,207.75	--

Note: The main composition is as follows:

(1) The net government subsidy recognized as a result of the relocation compensation of the Shiqiao Road plant is RMB21,141,733.79 (the government subsidy related to the relocation compensation is RMB37,292,533.79, and lessening the relocation expenses of RMB16,150,800.00); (2) The government subsidy for the relocation compensation confirmed by the old factory in Hangzhou is 8,663,283.72 yuan; (3) the funded and confirmed government subsidy by Zhejiang Gas Turbomachinery Manufacturing Innovation Center is 5,542,854.92 yuan.

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

Applicable  Not applicable

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

Applicable  Not applicable

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

### III. Management Discussion & Analysis

#### I. Industry information of the Company during the reporting period

As an energy equipment manufacturing enterprise, the Company is greatly affected by the national macroeconomy and the demand of downstream industries such as petrochemical industry and electric power.

In 2022, China's economy continued to develop under pressure, its total economic output reached a new level, and the quality of development steadily improved. According to data released by the National Bureau of Statistics on January 17, 2023, China's GDP for the whole year of 2022 was 121,020.7 billion yuan, with an economic total of 121 trillion yuan, an increase of 3.0% over the previous year at constant prices, ranking second in the world.

During the reporting period, the operation of China's petrochemical industry was generally stable and orderly, the oil and gas production maintained steady growth, and the oil and gas exploitation and chemical investment grew rapidly. According to the data of the National Bureau of Statistics, the petrochemical industry achieved operating income of 16.56 trillion yuan in 2022, a YOY increase of 14.4%; the total import and export volume was 1.05 trillion US dollars, a year-on-year increase of 21.7%; the total profit was 1.13 trillion yuan, a YOY decrease of 2.8%. Although the total profit decreased by more than 30 billion yuan from the previous year, it remained above one trillion yuan for the second consecutive year, accounting for 13.4% of the total profit of all scaled industries in the country. Investment in oil and gas extraction, chemical raw materials and chemical manufacturing increased by 15.5% and 18.8% over the previous year respectively. According to the "Economic Operation of China's Petroleum and Chemical Industry in 2022" released by the China Petroleum and Chemical Industry Federation, in recent years, with the completion and operation of a number of refining and chemical integration units, China's total refining capacity has reached 920 million tons/year, of which the number of refineries of 10 million tons and above has increased to 32. China's total ethylene production capacity has reached 46.75 million tons / year, exceeding the total production capacity of 44.82 million tons / year of the United States, and it has become the world's largest ethylene production capacity. At present, although the petrochemical industry still has a certain shortage to ethylene, polyethylene and some high-performance new materials and high-end specialty chemicals, the other major petrochemical products manifest a state of overcapacity. The era of rapid growth of the petrochemical industry has passed, and the era of surplus has arrived. However, with the introduction of the latest national industrial policies, the petrochemical industry will also usher in new opportunities. In 2022, the National Development and Reform Commission, the Ministry of Industry and Information Technology and other relevant ministries and commissions have successively promulgated a number of industrial policies closely related to the petrochemical industry, such as the Implementation Guide for Energy Conservation and Carbon Reduction Transformation and Upgrading in Key Areas of High Energy Consuming Industries (2022 Edition), the Guiding Opinions on Promoting the High-quality Development of the Petrochemical and Chemical Industry in the 14th Five-Year Plan, the Implementation Plan for Carbon Peaking in the Industrial Sector, the Guidelines for the Development and Construction of Chemical Parks, the Catalogue for the Guidance of Industrial Structure Adjustment, and Notice on Further Improving the Work Related to the Total Energy Consumption Control of Energy Used by Raw Materials Not Included in" and so on. These policies have more scientifically and accurately free up certain space and potential for the high-quality development of the petrochemical industry, especially for new chemical materials, high-end fine chemicals, medical chemicals, high-purity reagents, etc., which supports high-end manufacturing and strategic emerging industries, frees up the development space and provides new opportunities.

During the reporting period, the power industry faced the challenges of supply assurance and transformation. It actively implemented the new requirements of the "dual carbon" goal, effectively responded to the impact of extreme weather, and made every effort to ensure power supply for people's livelihood. According to data released by the China Electricity Council, in 2022, the electricity consumption of the whole society in the country was 8.64 trillion kilowatt hours, a year-on-year increase of 3.6%. By the end of 2022, the total installed capacity of power generation in the country was 2.56 billion kilowatts, a YOY increase of 7.8%. In 2022, the green and low-carbon transformation of the power industry has achieved remarkable results. First, non-fossil energy power generation accounted for nearly 50% of the total installed capacity. In 2022, the country's installed power generation capacity was 200 million kilowatts, of which 160 million kilowatts of non-fossil energy power generation capacity was added, and the put-into-operation capacity of total newly installed capacity of power generation and non-fossil energy power generation hit a record high. Secondly, the total non-fossil energy power generation increased by 8.7% year-on-year, and the coal power generation accounted for nearly 60% of the total power generation. In 2022, the total grid-connected wind power and solar power generation increased by 16.3% and 30.8% year-on-year respectively. In addition, the power investment increased by 13.3% YOY, and the non-fossil energy power generation investment accounted for 87.7% of power supply investment. The coal power gradually changes from the main power to providing a supporting and regulating power source with both emphasizes on capacity and power. In 2022, China have vigorously promoted the "three reforms" of coal power energy conservation and carbon reduction transformation, flexibility transformation and heat supply transformation. The scale of coal power that has been upgraded is more than 220 million kilowatts, and the clean and low-carbon development of coal power has been continuously promoted.

The year of 2022 is a key year for the construction and improvement of the "1+N" policy system for carbon peaking and carbon neutrality. The state has successively issued special plans such as the "14th Five-Year Plan" Modern Energy System Plan and the "14th Five-Year Plan" Renewable Energy Development Plan, the newly introduced industrial policies have highlighted the bottom line of safety and new requirements for development, the "dual carbon" policy is more systematic and coordinated, the priority of energy conservation and carbon reduction has been further improved, and the supporting mechanism has been improved, providing a solid impetus for the green and low-carbon transformation. The Company has actively adapted to the general trend of national energy structure and industrial policy adjustment, accelerated the transformation and upgrading of enterprises, increased the technological innovation and independent research and development, produced high-end boutique products, established brand advantages, and continued to develop and grow in the fierce market competition.

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

During the reporting period, the Company's main business and operating model did not undergo significant changes. As the leading provider of turbo machinery equipment and relevant service in China, our company is mainly famous for designing and producing rotating turbo machinery like industrial steam turbines and gas turbines. Our company, one of the major companies drafting the industrial standard in Chinese domestic industry of industrial steam turbine, has developed into the biggest base to research, develop and produce industrial steam turbines in China and ranks first among industrial steam turbine producers in terms of the market occupancy. Holding the principle "our products should be based on clients' demands" as our business mode and characteristic, our company designs and produces in accordance with every client's personal demands so as to meet personalized needs in engineering projects to the utmost. To realize the fast research and

development of our products, our company has adopted the advanced modular design technique and, on the other hand, introduces information technique to assist the collaborative production to achieve the resource saving and flexible production. In addition, our company also provides our clients with relevant service such as engineering programs, general engineering contracting, operation and maintenance of our products as well as remote control and so on.

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

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

As the major producer of industrial equipments in China, our company is mainly benefited from the following factors in terms of the elements driving our business performance:

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

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

Meantime, the company cooperated with universities, scientific research institutes to build the technological exchange and cooperation platform.

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

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

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

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

### **III. Analysis On core Competitiveness**

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

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

Thirdly, the Company has established strategic co-operations with main customers in the country. Further

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

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

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

#### **IV.Main business analysis**

##### (1)General

In 2022, the Company achieved an operating income of 5,518.8419 million yuan, a total profit of 707.93.16 million yuan, and a net profit of 522.2368 million yuan, of which the net profit attributable to shareholders of the listed company was 379.9554million yuan. Compared with the same period of the previous year, the operating income decreased by 4.66% YOY, the total profit decreased by 14.97% YOY, the net profit decreased by 19.63% YOY, and the net profit attributable to shareholders of the listed company decreased by 11.25% YOY.

In the face of adverse factors such as the decline in market demand, through the decomposition of goals layer by layer and the joint efforts of all employees, the Company has achieved a very challenging annual business target. During the reporting period, the Company further consolidated the market, steadily promoted business form transformation and resource integration, accelerated innovative development and digital transformation, and strived to promote high-quality development.

##### 1. Consolidating the market

During the reporting period, in the face of the decline in market demand caused by the economic slowdown, the "dual carbon" policy inhibiting the launch of large-scale projects, and the shrinking market intensifying the competition situation in the industry, the Company continued to promote the key customer management system, implemented lean marketing, and strived to achieve breakthroughs. In the field of industrial drive, the Company has explored and integrated six core areas, covering seven national refining and chemical bases, further achieved strategic binding with large customers, and successively achieved ideal results in the new projects of Zhenhai Refining, Hengli New Materials, Ningbo CICC, Ningxia Baofeng and other

enterprises, of which Ningxia Baofeng coal-based new material project is the first large-scale coal chemical project in China after the dual carbon policy, which has obtained a good demonstration effect for the subsequent development of the coal chemical market. BASF's Zhanjiang Refining and Chemical Integrated Steam Turbine Island Project EPC project has realized the whole process of EPC services, which is another important attempt by the Company to explore the content of engineering services, and it's of historic significance. In the field of industrial power generation, the Zhejiang Xinzhonggang subcritical reheat back pressure heating project was successfully put into operation, and the Company's advantages of forwardness of back-pressure units and its market demonstration effect continued to appear. The undertaking of Shanghai Kangheng Hanchuan waste-to-energy project marked that the Company has made new breakthroughs in the field of ultra-high-speed, double-cylinder and double-speed, shaft-discharge waste-to-energy generation, which has benchmark significance in the waste-to-energy and biomass power generation markets. In overseas markets, the feed pump sector continued its good momentum and maintained a high winning rate in bidding. In addition, the Company actively explored the overseas driving business in the Middle East market, deeply tapped the potential of the Eastern European market, and actively participated in the competition of the new energy power generation market in Southeast Asia.

## 2. Business form transformation

During the reporting period, the Company continued to promote the integration of resources related to the main business of high-end manufacturing, and established a new energy company on the basis of the merger and integration of the original group engineering company, The new energy company strives to build an engineering, systematic and financial transformation platform, focuses on promoting the second phase of localization of Siemens gas turbine SGT-800 and the localization of services, and completes the signing of the third bundle contract with Siemens Energy; Negotiated the expansion of the cooperation model to the SGT-4000F class. thus to build a platform for the Company to realize engineering, systematization and financial transformation. Taking the construction of a 12MW distributed rooftop photovoltaic power station in the steam turbine manufacturing base as a demonstration project, it actively promoted the new energy brand of Hangzhou Steam Turbine, deeply explored the demand of customers in the petrochemical field for cogeneration of gas turbines and expanded the Company's influence in subdivided industries. Plus, the Company has initially built a new energy gas turbine service system based on strong technical support and effective quality management.

During the reporting period, the Company gradually promoted the cross-vergenceand integration of the key customer management system and the large service framework. With the six pilot areas of the corresponding key customer management system as the goal, it built a localized service team and formed a localized service capability.It promoted the construction of the "dual framework" information system, initially completed the collection of customer information and in-service unit information in the key customer management pilot area, started the construction of the existing market customer demand system, and paved the information channels for the realization of the key customer management system and large service framework. Through organizational reshaping, the service function was extended to the front-end and to the back-end, accelerating the construction of the "two-line team" and initially forming the service management capability of



the whole life cycle of the product. In the face of the characteristics of "large project, long cycle and many crossovers" in the service business, the unit service responsibility contracting system was implemented, a new performance appraisal model was created, and the awareness of active service, up-front service and responsibility was strengthened, as well as the service efficiency and service value were improved.

### 3. Innovative development

During the reporting period, the Company took optimizing the efficiency of backpressure generator sets, expanding the efficient utilization technology and application demonstration of low-quality energy, and promoting the utilization of low-pressure and ultra-low-pressure waste heat steam as the research and development direction; Relying on the development of key units to expand the subcritical market, it promoted the steam turbine assembly 2.0 into the stage of summary optimization and improvement. Focusing on product expansion, efficiency improvement and process optimization, we carried out high-quality and multi-faceted scientific research to improve product economy and stability added value. 33 scientific research projects were accepted and completed. The performance indicators of the "Zhenhai Refining and Chemical 1.2 million tons/year ethylene three-unit development" project units have reached the international advanced level, and the "research and development of small and medium-sized blade robot polishing system" has laid the foundation for the Company's comprehensive promotion of polishing intelligent automation

During the reporting period, the Company promoted the development of independent gas turbines in multi parallel directions and in a coordinated manner, overcoming the requirements of high-precision measurement in production and manufacturing and breaking through multiple technical problems in manufacturing and assembly processes under the mode of research and development, testing, manufacturing and verification. Meanwhile, the Company orderly promoted the construction of project of annual output of 10 sets of gas turbine units per year.

During the reporting period, the Company effectively integrated R&D resources, coordinated internal technical strength, and reshaped the Hangzhou Steam Turbine scientific and technological innovation system with high standards. Furthermore, it actively planned the scientific and technological projects and achievement declaration, strived for external resources by multi-channel, and the "Low-quality Energy Efficient Utilization Technology and Application" won the second prize of China Machinery Industry Science and Technology Award; the "Key Technology and Application of Ultra-high-speed Industrial Turbine for Multiworking Syngas Compressor Drive" won the first prize of Zhejiang Machinery Industry Science and Technology Award.

### 4. Digital guide

During the reporting period, the Company continued to deepen data thinking, realized the digitalization of traditional business, and enabled the data to be the most core resource and asset of the Company. It completed a total of 249 functional developments and 9 integration testing tasks of major business scenarios in ERP projects, cooperated with the ERP system to complete the transformation of MES, the quality platform, PMIS, OA and other systems, and it completed more than 90 interface developments, and the ERP system was officially put into operation on January 6, 2023.

During the reporting period, the Company continued to promote the construction of digital factories in manufacturing bases and realized the expansion and optimization of MES system functions. It promoted the construction of financial informatization in depth, and realized the effective management of the whole life cycle of reimbursement and the integrated control of industry finance and taxation.

#### 5. Manage promotion

During the reporting period, the Company adhered to the combination of lean concept and specific projects, and the senior executives assumed leadership in four big lean projects, created a total of 12.4 million yuan of direct economic benefits throughout the year; It actively adopted the initiative to improve the market-oriented operation ability, managed the classification of suppliers, optimized the supplier reward and punishment system, established a new model of quantitative selection of excellent suppliers, and continued to promote the improvement of supplier self-inspection capabilities; Combined with strategic development and market changes, the Company continued to improve the effectiveness of system management, ensured the efficient operation of the five major systems and the management system standards were implemented in place.

During the reporting period, the Company promoted the capital increase and share expansion of Zhongneng Company and the equity repurchase and capital increase of Ranchuang Company, as well as supported the corporate reform that was conducive to the development of subsidiaries; It continued to promote the standardized operation of the listed company and effectively improved the Company's internal management compliance; The first phase of the human resources improvement project had achieved initial results, and the corporate culture was fully integrated with the work carriers such as party building publicity, lean production, human resources, and groups.

**(2) Revenue and cost**

## 1. Component of Business Income

In RMB

	2022		2021		Increase /decrease
	Amount	Proportion	Amount	Proportion	
Total operating revenue	5,518,841,939.82	100%	5,788,288,588.91	100%	-4.66%
On Industry					
Boiler and power machine manufacture	5,188,669,908.73	94.02%	5,310,076,826.69	91.74%	-2.29%
Other	330,172,031.09	5.98%	478,211,762.22	8.26%	-30.96%
On product					
Industrial steam turbine	4,569,144,871.56	82.79%	4,779,343,162.52	82.57%	-4.40%
Part	492,024,155.23	8.92%	460,199,251.65	7.95%	6.92%
Hydroelectric generating set	127,500,881.94	2.31%	70,534,412.52	1.22%	80.76%
Engineering service	199,414,862.30	3.61%	274,143,219.58	4.74%	-27.26%
Other	130,757,168.79	2.37%	204,068,542.64	3.52%	-35.92%
On Area					
Domestic	5,307,263,153.68	96.17%	5,542,046,290.01	95.75%	-4.24%
Overseas	211,578,786.14	3.83%	246,242,298.90	4.25%	-14.08%
Sub-sale model					
Direct selling	5,518,841,939.82	100.00%	5,788,288,588.91	100.00%	-4.66%

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

√ Applicable □ Not applicable

In RMB

	Turnover	Operation cost	Gross profit rate(%)	Increase/decrease of revenue in the same period of the previous year(%)	Increase/decrease of business cost over the same period of previous year (%)	Increase/decrease of gross profit rate over the same period of the previous year (%)
On Industry						
Boiler and power machine manufacture	5,188,669,908.73	3,787,322,197.37	27.01%	-2.29%	2.09%	-3.13%
On product						
Industrial steam turbine	4,569,144,871.56	3,376,818,026.29	26.10%	-4.40%	0.23%	-3.41%
On Area						
Domestic	5,307,263,153.68	3,845,131,086.93	27.55%	-4.24%	-2.14%	-1.55%
Sub-sale model						
Direct selling			27.02%	-4.66%	-1.58%	-2.29%

	5,518,841,939.82	4,027,414,803.26			
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Under circumstances of adjustment in reporting period for statistic scope of main business data, adjusted main business based on latest on year's scope of period-end.

Applicable  Not applicable

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

Yes  No

Business categories	Items	Unit	2022	2021	Change over same period last year
Steam turbine	Sales	Set/package	430.00	425.00	1.18%
	Output	Set/package	387.00	420.00	-7.86%
	Inventory	Set/package	141.00	184.00	-23.37%
Gas turbine, compressor	Sales	Set/package	9.00	5.00	80.00%
	Output	Set/package	10.00	5.00	100.00%
	Inventory	Set/package	1.00	0.00	
Compressor	Sales	Set/package	7.00	7.00	0.00%
	Output	Set/package	7.00	8.00	-12.50%
	Inventory	Set/package	8.00	8.00	0.00%
Electric generator	Sales	Set/package	120.00	118.00	1.69%
	Output	Set/package	116.00	126.00	-7.94%
	Inventory	Set/package	69.00	73.00	-5.48%

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

Applicable  Not applicable

During the reporting period, with the adjustment of national industrial policies, the demand for small and medium-sized gas turbines in distributed natural gas power generation and enterprise self-owned power plants increased, and the Company seized the market opportunity to achieve a substantial increase in gas turbine production and sales.

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

Applicable  Not applicable

5. Component of business cost

Products category

In RMB

Products category	Items	2022		2021		Increase/Decrease (%)
		Amount	Proportion in the operating costs (%)	Amount	Proportion in the operating costs (%)	
Industrial steam turbine	—	3,376,818,026.29	83.85%	3,369,080,526.65	82.33%	0.23%
Part	—	315,664,695.86	7.84%	268,252,260.97	6.56%	17.67%
Hydroelectric generating set	—	94,839,475.22	2.35%	72,463,945.41	1.77%	30.88%
Engineering service	—	133,770,379.97	3.32%	200,313,316.50	4.90%	-33.22%
Other	—	106,322,225.92	2.64%	181,845,443.16	4.44%	-41.53%
Subtotal		4,027,414,803.26	100.00%	4,091,955,492.69	100.00%	-1.58%

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

Yes  No

Please refer to Section VI(7) of this report for details. Explanation on the changes in the scope of the consolidated statement compared with the financial report of the previous year.

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

Applicable  Not applicable

## 8. Situation of Main Customers and Main Supplier

## Information of Main sales customers

Total sales amount to top 5 customers (Yuan)	1,603,991,262.93
Proportion of sales to top 5 customers in the annual sales(%)	29.06%
Proportion of the sales volume to the top five customers in the total sales to the related parties in the year	0.00%

## Information of the Company's top 5 sales customers

No	Name	Amount (RMB)	Proportion
1	Customer 1	1,069,947,015.19	19.39%
2	Customer 2	243,100,884.94	4.40%
3	Customer 3	129,557,522.10	2.35%
4	Customer 4	81,938,053.10	1.48%
5	Customer 5	79,447,787.60	1.44%
Total	--	1,603,991,262.93	29.06%

## Other notes

Applicable  Not applicable

## Principal suppliers

Total purchase of top 5 Suppliers (Yuan)	491,040,274.23
Percentage of total purchase of top 5 suppliers In total annual purchase(%)	12.95%
Proportion of purchase amount from the top 5 suppliers in the total purchase amount from the related parties in the year	0.00%

## Information about the top 5 suppliers

No	Name	Amount (RMB)	Proportion
1	Supplier 1	137,882,750.27	3.64%
2	Supplier 2	130,822,216.11	3.45%
3	Supplier 3	89,644,383.57	2.36%
4	Supplier 4	67,917,304.81	1.79%
5	Supplier 5	64,773,619.47	1.71%
Total	--	491,040,274.23	12.95%

## Other notes

Applicable  Not applicable

## (3)Expenses

In RMB

	2022	2021	Increase/Decrease(%)	Notes
Sale expenses	221,489,523.60	202,868,557.82	9.18%	No major changes
Administration expenses	590,938,269.71	660,284,323.30	-10.50%	No major changes
Financial expenses	-29,296,397.92	9,748,924.22	-400.51%	Mainly due to the net exchange gain in the current period, and there's net exchange loss in the previous period
R & D cost	284,239,883.04	350,216,635.11	-18.84%	No major changes

## (4) Research and Development

√ Applicable □ Not applicable

Name of main R&D project	Project purpose	Project progress	Goal to be achieved	Expected impact on the future development of the Company
Subcritical parameter EUNG80/63 steam turbine development	Improve the technical reserve of the Company's model, which can increase power generation and reduce energy consumption, and it's in line with the energy conservation and emission reduction policies advocated by the state.	The project is under development as planned.	Developed the EUNG80/63, the largest subcritical model at present, and developed a subcritical U80 cylinder and U80 inner cylinder module that meet the needs of large pumping flow.	Improve the steam intake parameters, reduce heat consumption, effectively supplement the Company's subcritical series, and enhance the competitiveness of the Company's products
Development of steam turbines for saturated steam condensation and high backpressure power generation	The Company expanded the African market by developing the NK32/36/32 saturated steam condensation turbines and the NHG32/20 atmospheric pressure intake high back pressure exhaust steam turbines.	The project is under development as planned.	Developed the saturated steam condensation turbines NK32/36/32 and the atmospheric pressure intake high back pressure exhaust steam turbine type NHG32/20.	Relying on this project, the influence of wet steam on the efficiency of steam turbine, static and moving sleeve erosion, life evaluation, etc. are studied, thus to provide reference for the design and development of units with similar parameters in the future and enhance the competitiveness of products
Development of the HNKS40/50 steam turbine for large syngas compressors	To conquer the development of the industrial steam turbine for high-power and high-speed reaction large-scale syngas field, meet the market development trend, further improve the Company's design system, and strengthen the Company's competitiveness in the	At present, the unit has completed the empty load test run in the plant, and the design verification is completed at the user's site.	Newly developed H40 two-half inner cylinder inlet chamber, SSK50 standard low-pressure level, and completed the development and manufacturing of industrial steam turbines for high-power and high-speed reaction large-scale syngas fields.	Meet the needs of the market, conform to the market development trend, broaden and supplement the Company's design system, steadily enhance the Company's strength, and maintain a technological advantage in the competition of projects in this field.

	syngas field.			
Laboratory competence enhancement and CNAS certification	Passing CNAS accreditation, improves the level of laboratory competence, indicating that the laboratory has the technical ability to carry out testing services in accordance with internationally recognized standards.	A site review was conducted in December 2022, and it's currently in the process of certification. With CNAS certified in March 2023.	Through CNAS certification, the Company's laboratory has the ability to carry out testing services in accordance with international accreditation standards, and the reports issued are recognized by international accreditation bodies, showing and ensuring the authenticity of the test process to customers and improving the trust of customers.	Improve the Company's laboratory level, have the technical ability to carry out testing services in accordance with internationally recognized standards, and be able to better serve international customers and obtain the recognition from international customers.

## Company's research and development personnel situation

	2022	2021	Increase /decrease
Number of Research and Development persons (persons)	763	762	0.13%
Proportion of Research and Development persons	19.15%	19.01%	0.14%
Academic structure of R&D personnel			
Bachelor	211	218	-3.21%
Master	439	426	3.05%
Other	113	118	-4.24%
Age composition of R&D personnel			
Under 30 years old	114	88	29.55%
30-40 years old	335	401	-16.46%
Over 40 years old	314	273	15.02%

## The Company's R &amp; D investment situation

	2022	2021	Increase /decrease
Amount of Research and Development Investment (Yuan)	284,239,883.04	350,216,635.11	-18.84%
Proportion of Research and Development Investment of Operation Revenue	5.15%	6.05%	-0.90%
Amount of Research and Development Investment Capitalization (Yuan)	0.00	0.00	0.00%
Proportion of Capitalization Research and Development Investment of Research and Development Investment	0.00%	0.00%	0.00%

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

 Applicable  Not applicable

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

 Applicable  Not applicable

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

 Applicable  Not applicable

## (5) Cash Flow

In RMB

Items	2022	2021	Increase/Decrease(%)
Subtotal of cash inflow received	4,728,700,324.82	5,423,863,579.31	-12.82%

from operation activities			
Subtotal of cash outflow received from operation activities	4,404,559,519.19	5,352,054,090.29	-17.70%
Net cash flow arising from operating activities	324,140,805.63	71,809,489.02	351.39%
Subtotal of cash inflow received from investing activities	2,770,909,495.92	4,670,633,768.49	-40.67%
Subtotal of cash outflow for investment activities	2,358,498,758.85	4,863,666,686.48	-51.51%
Net cash flow arising from investment activities	412,410,737.07	-193,032,917.99	313.65%
Subtotal cash inflow received from financing activities	476,295,500.00	540,815,995.86	-11.93%
Subtotal cash outflow for financing activities	904,433,543.52	799,379,929.92	13.14%
Net cash flow arising from financing activities	-428,138,043.52	-258,563,934.06	-65.58%
Net increase in cash and cash equivalents	337,489,433.69	-382,815,680.03	188.16%

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

√Applicable □ Not applicable

In RMB

Items	2022	2021	Increase/Decrease(%)	Reason
Net cash generated from /used in operating activities	324,140,805.63	71,809,489.02	351.39%	Mainly due to various taxes and fees paid decreased year-on-year.
Net cash flow generated by investment	412,410,737.07	-193,032,917.99	313.65%	Mainly due to the increase in the net amount of bank wealth management cash in the current period, and the increase in cash paid for the acquisition of multiple companies under the same control in the previous period.
Net cash flow generated by financing	-428,138,043.52	-258,563,934.06	-65.58%	Mainly due to the cash received from bank loans decreased year-on-year, and the cash paid for distribution of dividends, profits or interest payments increased year-on-year.
Net increase of cash and cash equivalents	337,489,433.69	-382,815,680.03	188.16%	Based on the reasons for the above changes

Reasons of major difference between the cash flow of operation activity in report period and net profit of the Company

√Applicable □Not applicable

Mainly due to the payment of material purchases in the previous period in this period.

## V. Analysis of Non-core Business

√Applicable □Not applicable

In RMB

	Amount	Proportion in total profit	Explanation of cause	Sustainable (yes or no)
Other income	73,730,674.31	10.41%	Mainly due to the recognition of relocation compensation and government subsidies.	
Investment	135,599,082.88	19.15%	Mainly due to recognition of the dividend distributed	



income			from Hangzhou Bank.	
Non-operating income	57,650,448.40	8.14%	mainly due to the income from project breach of agreement signed with Shenyang Turbine Machinery Co., Ltd.	
Non-operating expenses	3,130,575.97	0.44%	Mainly due to the compensation expenses.	

## VI. Condition of Asset and Liabilities

### (1) Condition of Asset Causing Significant Change

In RMB

	End of 2022		End of 2021		Proportion increase/decrease	Notes to the significant change
	Amount	Proportion in the total assets(%)	Amount	Proportion in the total assets(%)		
Monetary fund	1,954,980,787.90	12.72%	1,622,883,247.79	9.94%	2.78%	
Accounts receivable	1,924,679,367.08	12.52%	1,997,950,120.70	12.24%	0.28%	
Contract assets	587,719,735.46	3.82%	583,026,649.99	3.57%	0.25%	
Inventories	2,322,461,286.52	15.11%	3,041,643,747.35	18.64%	-3.53%	
Investment real estate	6,451,478.55	0.04%	6,903,986.07	0.04%	0.00%	
Long-term equity investment		0.00%		0.00%	0.00%	
Fixed assets	1,926,594,610.89	12.53%	1,658,423,191.83	10.16%	2.37%	
Construction in process	286,290,854.97	1.86%	517,835,956.11	3.17%	-1.31%	
Use right assets	28,105,943.29	0.18%	30,437,778.92	0.19%	-0.01%	
Short-term borrowing	287,753,227.89	1.87%	250,065,920.45	1.53%	0.34%	
Contract liabilities	2,306,912,441.68	15.00%	3,052,515,293.06	18.70%	-3.70%	
Long-term borrowing	159,903,673.86	1.04%	180,830,007.55	1.11%	-0.07%	
Lease liabilities	16,334,023.10	0.11%	22,575,754.77	0.14%	-0.03%	

Overseas assets account for a relatively high proportion.

Applicable  Not applicable

### (2) Asset and Liabilities Measured by Fair Value

Applicable  Not applicable

In RMB

Items	Opening amount	Gain/Loss on fair value change in the reporting period	Cumulative fair value change recorded into equity	Impairment provisions in the reporting period	Purchased amount in the reporting period	Sold amount in the reporting period	Other changes	Closing amount
Financial assets								
1.Transaction financial assets (Excluding Derivative financial assets)	960,645,259.82	-646,522.64	-870,482.62		2,077,002,406.26	2,430,000,000.00		607,001,143.44
4.Other Equity Instrument Investment	3,485,440,140.92	70,687,553.56	3,165,173,654.48					3,556,127,694.48
5.Other non-current financial assets	14,792,533.96	1,168,000.00	5,712,000.00	-	-	10,425,760.74		5,534,773.22
6.Financing of receivable	816,653,211.21						902,557.24	817,555,768.45
Subtotal of financial assets	5,277,531,145.91	71,209,030.92	3,158,591,171.86	-	2,077,002,406.26	2,440,425,760.74	902,557.24	4,986,219,379.59
Total	5,277,531,145.91	71,209,030.92	3,158,591,171.86	-	2,077,002,406.26	2,440,425,760.74	902,557.24	4,986,219,379.59
Financial Liability	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

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

Yes  No

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

In RMB

Items	End of Book value	Reason
Monetary fund	149,952,386.14	Utilized for issuing bank acceptance bill and L/G
Notes receivable	11,130,774.54	Utilized for issuing bank acceptance bill
Financing receivable	143,516,310.23	Utilized for issuing bank acceptance bill
Fixed assets	124,868,888.02	Utilized for pledging to obtain the bank loan
Intangible assets	17,207,776.09	Utilized for pledging to obtain the bank loan
Total	446,676,135.02	

**VII. Investment situation**

## 1. General

 Applicable  Not applicable

Investment Amount in 2022(Yuan)	Investment Amount in 2022(Yuan)	Change rate
163,556,713.08	551,836,405.08	-70.36%

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

 Applicable  Not applicable

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

√ Applicable □ Not applicable

In RMB

Project name	Investment method	Fixed investments or not	Industry involved in investment projects	Investment amount in this reporting period	Accrued Actual Investment Amount up to the End of Reporting Period	Capital Source	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	5,106,474.88	1,468,796,468.94	Self fund	96.05%			N/A		
Annual output of 10 sets of gas turbine unit project	Self-built	Yes	General equipment manufacturing	81,700,278.09	81,700,278.09	Self fund	16.34%			N/A		
Total	--	--	--	86,806,752.97	1,550,496,747.03	--	--			--	--	--

## 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	Gain/loss of the reporting period	Book value balance at the end of the	Accounting items
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Hangzhou Steam Turbine Group Co.,Ltd. 2022 Annual Report

									period		reporting period	
Domestic and foreign stocks	600926	Hangzhou Bank	390,954,040.00	FVM	3,485,440,140.92	70,687,553.56	3,165,173,654.48				3,556,127,694.48	Other equity Instrument investment
Domestic and foreign stocks	000912	LUTIANH UA	2,869,219.80	FVM	2,645,259.82	-646,522.64	-870,482.62				1,998,737.18	Financial assets transaction
Total			393,823,259.80	--	3,488,085,400.74	70,041,030.92	3,164,303,171.86	0.00	0.00	0.00	3,558,126,431.66	--

## (2) Investment in Derivatives

Applicable  Not applicable

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

## 5.Application of the raised capital

Applicable  Not applicable

None

**VIII. Sales of major assets and equity**

## (1) Sales of major assets

Applicable  Not applicable

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

## (2)Sales of major equity

Applicable  Not applicable

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

Applicable  Not applicable

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

Company name	Type	Main business	Registered capital	Total assets	Net assets	Turnover	Operating profit	Net Profit
Auxiliary Machine Co.	Subsidiaries	Manufacturing	80,000,000.00	749,260,497.26	328,860,509.89	588,105,536.05	54,458,589.64	48,525,181.12
Package d Tech. Co.	Subsidiaries	Commerce & trade	51,000,000.00	298,406,581.81	113,958,943.66	234,634,434.19	21,192,515.71	18,789,173.15
Machine ry Co.	Subsidiaries	Manufacturing	30,000,000.00	368,898,264.04	232,313,354.03	306,871,315.89	113,160,514.62	95,410,281.94
Turbine Co.	Subsidiaries	Commerce & trade	20,000,000.00	124,783,654.48	61,653,386.70	81,316,737.78	267,165.41	- 597,635.36
Zhongne ng Compan y	Subsidiaries	Manufacturing	120,000,000.00	1,849,173,978.57	300,943,960.98	1,477,489,208.21	74,709,654.79	78,762,807.47
Casting Compan y	Subsidiaries	Manufacturing	29,500,000.00	649,993,684.12	304,933,494.36	439,244,605.73	313,776.95	84,265.32
New Energy Compan y	Subsidiaries	Constructio n business	500,000,000.00	627,318,175.46	190,991,153.16	248,130,833.84	15,756,139.96	10,390,117.84
Sales Compan y	Subsidiaries	Transportat ion industry	5,000,000.00	123,092,838.36	56,616,508.61	158,482,208.91	17,170,470.28	12,948,418.37
China Mechanical Institute Compan y	Subsidiaries	Commerce & trade	1,000,000.00	3,102,064.40	2,877,219.10	2,974,643.71	300,605.44	293,022.52
Ranchua ng Compan y	Subsidiaries	Commerce & trade	25,000,000.00	36,613,212.95	25,794,965.88	0.00	83,718.85	83,328.86

Subsidiaries obtained or disposed in the reporting period

Applicable  Not applicable

Company name	Means of acquisition and disposal of subsidiaries during the reporting period	Impact on overall production, operation and performance
Hangzhou Zhongneng SteamTurbine Power (Indonesia) Co., Ltd.	Agreement transfer	No significant impact
Hangzhou SteamTurbine Power Group Equipment Packaged Engineering Co., Ltd.	M & A	No significant impact

Note

## X. Structured subject situation controlled by the company

Applicable  Not applicable

## XI. Prospect for future development of the Company

### (I) Development strategy and business plan for 2023

In 2023, in the face of the continuous impact of the "dual carbon" policy, the significant adjustment of the energy pattern, and the increasingly fierce competition in the industry, the Company will aim the strategic goals of the "14th Five-Year Plan", continue to promote the transformation of business form, create new competitive advantages guided by customer needs, and take lean management and cultural construction as the starting point to improve the basis management level.

#### 1. Strategic Lead

The Company will scientifically formulate the strategic performance targets for 2023, and do well in tracking management, performance measurement and quantitative analysis of monthly strategic performance indicators. It shall start from the objective actual situation, comprehensively analyze the changes in the Company's internal and external operating environment, benchmark the four "first-class", reference the 9 strategic measures, soundly do well in the mid-term assessment and mid-term adjustment of the "14th Five-Year Plan" strategic plan, map out the 2023-2025 three-year action plan, and comprehensively handle the relationship between strategy and tactics.

By seizing the historical opportunity and taking the comprehensive reform of regional state-owned assets and state-owned enterprises as an opportunity, it will promote the deepening reform of Hangzhou Steam Turbine. All subsidiaries shall also grasp the relevant policies of SOE reform in a timely manner, fully grasp the historical opportunity of the new round of SOE deepening reform, and find a reform path that conforms to the enterprise's own development model.

#### 2. Market development

Focus on the competition for strategic markets and the development of potential markets, maintain the dominant position in the industrial-driven market, and integrate resources to stabilize the market share of industrial power generation. It is necessary to adapt to market changes, concentrate advantageous resources to improve the joint promotion ability of the sales end and the service side, open up the business connection between

the service side and the contract execution end, and pave the way for the whole life cycle management. Seize the market opportunities of ethylene, medium and large coal chemical industry and water supply pumps, continue the good momentum of winning new energy projects, expand the marketing of complete sets of projects, and strive to achieve new breakthroughs in business.

Fully tap the market potential of conventional power engineering business transformation projects, focus on expanding the general contracting projects in industries such as waste heat utilization in steel, building materials and other industries, and the air compressor stations, and choose the opportunity to wedge in non-traditional industries such as ORC waste heat utilization. Gradually expand multi-energy cogeneration and integrate smart energy management in industrial parks, and create comprehensive smart energy system solutions with Hangzhou steam turbine characteristics.

### 3. Transformation and upgrading

The group promotes the big service model, starts from the engineering and large service business, deeply integrates the company's internal service resources, and concentrates on expanding the service market. It is necessary to focus on the development of new energy technology and market trends, give play to the synergy of investment, project general contracting and operation and maintenance, and expand and strengthen the engineering service business. Cultivate a localized service team with good service awareness and strong service awareness, and vigorously promote "long-term" services and customized services based on existing units and new contract units. Plus, it will carry out the construction of investment and financing platforms, select projects in a timely manner to implement investment and management work, and effectively play the functions of investment platforms.

It will focus on the R&D and expansion of steam turbines for large-scale ethylene plants, the in-depth research and promotion of subcritical units, and the development and layout of thermoelectric market products. Effectively promote basic research and development work such as "standardization of large drive sections", improvement of front supports of small and medium-sized units, development of medium-pressure torsion blades, steam turbine assembly 2.0, steam turbine operation and maintenance model construction and performance monitoring. Attach importance to the research on unit efficiency and reliability, focus on the application and product development of torsion blade technology with a maximum exhaust area of 6.3 square meters, complete the development of 110,000-class air separation units, and promote the research and development and application demonstration of high-efficiency medium-pressure torsion blades.

### 4. Management efficiency enhancement

It will accelerate the digitalization of business procedures, business processes and integrated resources, promote the second phase of ERP project in a timely manner, and accelerate the construction of digital factories in manufacturing bases. Driven by data, through the implementation and interconnection of the system platform, it will strengthen the process continuity and information sharing, thus to promote the Company's product innovation



digitalization, intelligent production and operation, smart user service, and ecological transformation and upgrading of the industrial system.

On the basis of consolidating lean achievements, it will focus on the three dimensions of delivery time, cost and quality, integrate lean work into sales, design, production, procurement, service and other links, and promote the lean management of full value chain. With the improvement of supply chain collaboration ability as the starting point, and the assessment mechanism as the means, we will continue to promote the flexible output mechanism oriented by user needs. Furthermore, it will strengthen the execution of comprehensive budget by various business departments and improve the Company's comprehensive budget management ability, promote the second phase of the Company's human resources improvement project, and form the "2023-2028 Medium and Long-term Human Resources Allocation Planning Report" according to the requirements of the Company's strategic transformation. On the basis of summarizing the implementation results of corporate culture in 2019-2022, it'll promote the implementation of the three-year action plan for corporate culture construction from 2023 to 2025, and comprehensively enhance the soft power of corporate culture.

## (II) Risk factors that may be faced

### 1. Market risk

In view of the overcapacity of the domestic steam turbine industry, the market competition has intensified. The proposal of the national "carbon peaking and carbon neutrality" goal will have a far-reaching impact on the high-emission industries represented by petrochemicals, steel, electric power, building materials, etc., and the Company's product sales will be further impacted. The Company's steam turbine product structure may be adjusted according to market demand, and there is a risk of fluctuation in the gross profit margin of the product. The Company will rely on technological innovation, highlight the advantages of core technology, expand marketing channels, innovate marketing work mode, improve product quality, enhance end service capabilities, strive to improve product added value, actively tap potential demand, and actively respond to and eliminate market risks.

### 2. Contract performance risks

With the increase in the number of assemble units and large units, the expansion of the proportion of short-term delivery projects, and the multiple factors such as major agreement changes and the increase in the procurement cycle of imported parts affecting the output of units, the problem of uneven production of the Company will become more prominent, and the cost and risk of the Company's performance of the contract will also be increased. The Company will continue to promote the flexible output mechanism oriented to user needs, further strengthen the ability of production and marketing, improve the speed and level of enterprise response to the market, and control the risk of contract execution.

### 3. Accounts receivable risk

With the decline operation of customers in some downstream industries and the increase in investment risks of projects, there are persistent risks in the recovery of the Company's accounts receivable, and the average account age tends to increase, which will have a great impact on the Company's business performance. The Company will implement customer credit management, strengthen contract signing and performance risk control, increase the assessment of accounts receivable, and reduce the adverse impact of overdue accounts receivable.

#### 4. Exchange rate risk

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

#### 5. Risk of decline in profitability

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

#### 6. Overseas market risks

During the "14th Five-Year Plan" period, the Company will continue to implement the "going global" strategy, further expand overseas target markets, and enhance the Company's share and influence in the international market. However, at present, the overseas markets are affected by geopolitical conflicts, changes in internal political and economic situations and trade barrier policies, and there is great uncertainty in the implementation of overseas market strategies. The Company will increase market research efforts, actively demonstrate the countermeasures, and explore the path of localized business development.

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

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

Applicable  Not applicable

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

## IV. Corporate Governance

### I. General situation

#### (1) Standardized operation of corporate governance structure

In accordance with the "company law" provisions, The Company has its executive, decision making and supervisory bodies operated strictly according to the Articles of Association, Shareholders' Meeting Criteria, Board Meeting Criteria, and Supervisory Committee Criteria. Meetings were held by legal procedures, Corporate governance in accordance with the relevant provisions of the laws and regulations of China Securities Regulatory Commission and the Shenzhen Stock Exchange. During the reporting period, the company organized 10 meetings of the board of directors, 6 meetings of the board of supervisors, 4 meetings of shareholders, 5 meetings of special committees of the board of directors and 2 annual report communication Meetings. In strict accordance with the Articles of Association of the Company and relevant laws and regulations, the Company deliberates and makes decisions on major business matters. The Company insists on integrating the Party building work into the economic work. When making administrative decisions, the opinions of the Party Committee meeting shall be heard in advance, and the powers and responsibilities of the Party committee meeting, the general manager's office meeting, the board of directors, the board of supervisors and the shareholders' meeting shall be clarified.

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

#### (2) Effectiveness of organization

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

#### (3) Basis for material decisions

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

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

#### (4) Establishing of internal control system

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

#### (5) Corporate Information Disclosure and Transparency

The company attaches great importance to the information disclosure and the investor relations management, and it has designated Securities Times, Hong Kong Commercial Daily and <http://www.cninfo.com.cn> as its statutory

information disclosure media and website. With fair treatment to all investors, the company in a timely manner discloses the information with truthfulness, accuracy and completeness, which well ensures the transparency of the company and the legitimate rights and interests of all shareholders.

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

Yes  No

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

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

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

### 1. On business operations

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

### 2. On personnel management

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

### 3. On capital operation

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

### 4. On organization structure

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

### 5. On accounting management

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

### 6. In legal aspect

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

## III. Competition situations of the industry

Applicable  Not applicable

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

### 1. Annual General Meeting

Sessions	Type	Investor	Meeting	Disclosure	Disclosure index
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		participation ratio	Date	date	
1st Provisional Shareholders' Meeting 2022	Provisional Shareholders' Meeting	67.37%	January 7, 2022	January 8, 2022	Announcement No.:2022-02
2nd Provisional Shareholders' Meeting 2022	Provisional Shareholders' Meeting	68.46%	February 18, 2022	February 19, 2022	Announcement No.:2022-07
2021 Shareholders' general meeting	Shareholders' Meeting	68.46%	April 27, 2022	April 28, 2022	Announcement No.:2022-47
3rd Provisional Shareholders' Meeting 2022	Provisional Shareholders' Meeting	68.56%	July 25,2022	July 26,2022	Announcement No.:2022-66

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

Applicable  Not applicable

**V. Information about Directors, Supervisors and Senior Executives**

## (1)Basic situation

Name	Positions	Office status	Sex	Age	Starting date of tenure	Expiry date of tenure	Shares held at the year-begin(share)	Number of shares increased in the current period (shares)	Number of shares reduced in the current period(s shares)	Other changes(s shares)	Number of shares held at the end of the period(share s)	Reasons for increase or decrease of shares
Zheng Bin	Board chairman	In office	Male	58	May 18,2016	December 9,2022	250,000	75,000			325,000	Dividend
Ye Zhong	Director, GM	In office	Male	54	June 19,2004	December 9,2022	250,000	75,000			325,000	Dividend
Yang Yongming	Vice Chairman	In office	Male	58	June 24,2013	December 9,2022	200,000	60,000			260,000	Dividend
Wang Gang	Director, Deputy GM	In office	Male	50	June 30,2017	December 9,2022	200,000	60,000			260,000	Dividend
Pan Xiaohui	Director	In office	Male	44	May 10,2021	December 9,2022	0	0			0	
Gu Xinjian	Independent Director	Dismission	Male	66	May 18,2016	July 25,2022	0	0			0	
Chen Danhong	Independent Director	Dismission	Female	58	May 18,2016	July 25,2022	0	0			0	
Zhang Hejie	Independent Director	In office	Male	63	December 10,2019	December 9,2022	0	0			0	
Yao Jianhua	Independent Director	In office	Male	57	July 25,2022	December 9,2022	0	0			0	
Xu Yongbin	Independent Director	In office	Male	60	July 25,2022	December 9,2022	0	0			0	
Jin Yingchu	Independent Director	In office	Female	53	July 25,2022	December 9,2022	0	0			0	

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Zhang Weijie	Chairman of the Supervisory Committee	In office	Female	37	July 23,2021	December 9,2022	0	0			0	
Zhu Chenqian	Supervisor	In office	Female	30	April 24,2022	December 9,2022	0	0			0	
Yan Ying	Employee Supervisor	In office	Female	41	December 7,2022	December 9,2022	2,000	700			2,700	Added to a personal investment before the supervisor
Lu Jianhua	Employee Supervisor	Dismission	Male	61	August 15,2004	April 27,2022	0	0			0	
Fang Yin	Employee Supervisor	Dismission	Male	61	February 16,2012	December 7,2022	0	0			0	
Kong Jianqiang	Deputy General Manager,Chief engineer	In office	Male	52	June 24,2013	December 9,2022	200,000	60,000			260,000	Dividend
Li Jiansheng	Deputy General Manger	Dismission	Male	59	December 5,2014	May 11,2022	200,000	60,000			260,000	Dividend
Wang Zhengrong	Deputy General Manger	In office	Male	52	June 9,2017	December 9,2022	200,000	60,000			260,000	Dividend
Zhao Jiamao	Deputy General Manger, Chief accountant	In office	Male	47	January 1,2018	December 9,2022	200,000	60,000			260,000	Dividend
Li Guiwen	Deputy GM, secretary of the board	In office	Female	52	January 9,2019	December 9,2022	200,000	60,000			260,000	Dividend
Li Binghai	Deputy GM	In office	Male	40	May 11,2022	December 9,2022	100,000	30,000			130,000	Dividend
Total	--	--	--	--	--	--	2,002,000	600,700	0	0	2,602,700	--

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

Yes  No

Changes of directors, supervisors and senior executives

Applicable  Not applicable

Name	Positions	Types	Date	Reason
Lu Jianhua	Supervisor	Dimission	April 27,2022	Retire
Zhu Chenqian	Supervisor	Elected	April 27,2022	supplement
Li Jiansheng	Deputy GM	Dimission	May 11,2022	Retire
Li Binghai	Deputy GM	Appointed	May 11,2022	Due to company work needs
Chen Danhong	Independent Director	Dimission	July 25,2022	Served as an independent director of the company for 6 consecutive years
Gu Xinjian	Independent Director	Dimission	July 25,2022	Served as an independent director of the company for 6 consecutive years
Xu Yongbin	Director	Elected	July 25,2022	supplement
Yao Jianhua	Director	Elected	July 25,2022	supplement
Jin Yingchun	Director	Elected	July 25,2022	supplement
Fang Yin	Employee Supervisor	Dimission	December 7,2022	Retire
Yan Ying	Employee Supervisor	Elected	December 7,2022	supplement

## (2) Posts holding

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

### (1) Director

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

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

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

Mr. Wang Gang, born in February 1972, member of the Communist Party of China, postgraduate degree, Zhejiang University MBA, senior engineer. In 1993 the company entered the company, served as the company organization personnel, a steam shop, security, securities laws and regulations, operation and management department and other department heads. The current party secretary of the party committee, discipline appoint secretary, trade



union chairman. He was engaged the secretary of the board and director of the Company on June 2017. He was elected as director of the 7th term of board of directors on June 30, 2017. Currently is the 8th Director and Deputy General Manager of the company.

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

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

Mr. Xu Yongbin, born in December 1962, is a member of the Communist Party of China and doctor of management, and he has obtained the qualification certificate of independent director. He has served as a lecturer and associate professor of Hangzhou Business School, dean and professor of the School of Finance and Accounting of Zhejiang Gongshang University, vice president of Zhejiang Accounting Society, and vice president of Zhejiang Auditing Society. He is currently a second-level professor and doctoral supervisor of Zhejiang Gongshang University. He's selected as a young and middle-aged academic leader in Zhejiang Province, a talent of Zhejiang Province New Century 151 Talent Project Talents, and a talent of Zhejiang Province "Five Batches" Talents. Currently is the 8th Independent director of the company.

Mr. Yao Jianhua, born in December 1965, is a member of the Communist Party of China, with a doctorate degree of Zhejiang University of Technology, and he is a Ph.D. Director of Engineering and professor of Zhejiang University of Technology, he is a Special Expert of Zhejiang Province. He is currently the dean of the School of Mechanical Engineering and the dean of the Laser Advanced Manufacturing Research Institute of Zhejiang University of Technology, concurrently holds the director of Chinese Mechanical Engineering Society and vice-chairman of Zhejiang Nontraditional Machining Branch Engineering Society, and Standing member of heat treatment branch, standing member of extreme manufacturing branch committee, Director of China Optical Engineering Society, Vice Chairman of Zhejiang Mechanical Engineering Society, Vice Chairman of Zhejiang Shipbuilding Society, etc. He's selected into the National Hundred Thousand Talents Project, the first batch of outstanding talents in Zhejiang Province's Ten Thousand Talents Program, the first level of Zhejiang Province's 151 Talent Project, and won the "National Young and Middle-aged Experts with Outstanding Contributions", "Zhou Zhihong Science and Technology Achievement Award", "Young and Middle-aged Experts with Outstanding Contributions in Zhejiang Province", "Outstanding Teachers in Zhejiang Province Colleges", "Excellent Communist Party Members in Zhejiang Province Colleges and Universities" and other honors, and he is member of the 11th CPPCC Zhejiang Provincial Committee, enjoying the Special government allowances. Currently is the 8th Independent director of the company.

Ms. Jin Yingchun, born in November 1969, is a member of the Communist Party of China, and she is senior lawyer, master of civil and commercial law from Zhejiang University, intermediate economist, intermediate merger and acquisition expert, tutor of master of law at Zhejiang University of Finance and Economics and Zhejiang Gongshang University, and she has obtained the qualification certificate of independent director. She has served as a full-time and part-time lawyer of Zhejiang Economic Law Firm, the founder and director of Zhejiang Tianyi Law Firm, and she has severed as a special inspector of Zhejiang Provincial Political and Legal Committee; currently, she is director of the Management Committee of Yingke Hangzhou Law Firm, vice chairman of Hangzhou Lawyers Association, and Vice President of Zhejiang M&A Federation, perennial legal advisor of Hangzhou Shangcheng District Committee. Won the honors of the outstanding female lawyer of the first session in Zhijiang Province, the outstanding corporate lawyer of Zhejiang Lawyers Association, and the outstanding lawyer Serving small and medium-sized enterprises in Zhejiang Province. Currently is the 8th Independent director of the company.

## (II) The Supervisors

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

Ms. Zhu Chenqian, born in May 1992, a member of the Communist Party of China, obtained a master's degree in finance, is a certified public accountant, asset appraiser and intermediate accountant; She used to be the auditor of PricewaterhouseCoopers Zhongtian Accounting Firm (LLP), the risk manager and product manager of Bank of Beijing Co., Ltd Hangzhou Branch; She is currently the head of the asset management department of Hangzhou State-owned Capital Investment and Operation Co., Ltd and the supervisor of the eighth board of supervisors of the Company.

Ms. Yan Ying, born in November 1981, a member of the Communist Party of China, with a master's degree, is a certified public accountant, a certified internal auditor and a senior economist. She graduated from Dongbei University of Finance and Economics in January 2008 with majored in finance, and entered Hangzhou Turbine Power Group Co., Ltd in March of the same year. She now works in the operation management department of Hangzhou Turbine Power Group Co., Ltd, engaged in the Company's state-owned asset property rights management in long-term; She is currently the employee supervisor of the eighth board of supervisors of the Company.

### (III) Senior Executives

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

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

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

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

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

Mr. Li Binghai, born in April 1982, is a member of the Communist Party of China, with a bachelor's degree and majoring in mechanical engineering and automation and business administration from Jiangnan University, and he has a master's degree in industrial engineering from Zhejiang University of Technology. From August 2005 to March 2010, he worked in Hangzhou Machine Tool Group, and served as the assistant manager of the manufacturing department and the deputy manager of the manufacturing department. He joined the Company in March 2010 and has served as the chief of the Marketing Section of the Contract Management Office, the Deputy Chief and the Chief of the Contract Management Office, and he is currently the director of the stator workshop of the Company. Since May 2022, he is currently the Deputy GM of the Company.

Office taking in shareholder companies

√Applicable □Not applicable

Names of the persons in office	Names of the shareholders	Titles engaged in the shareholders	Sharing date of office term	Expiry date of office term	Does he /she receive remuneration or allowance from the shareholder
Pan Xiaohui	Hangzhou Steam Turbine Holding Co., Ltd.	Board chairman and General Manager	August 5,2022		No

Offices taken in other organizations

Applicable Not applicable

Name of the persons in office	Name of other organizations	Titles engaged in the other organizations	Starting date of office term	Expiry date of office term	Does he/she receive remuneration or allowance from other organization
Ye Zhong	New Energy Company	Board chairman	November 30,2021		No
Yang Yongming	Sales Company	Board chairman	December 23,2021		No
Yang Yongming	Hangzhou Heat Group Lomited by Share Ltd.	Director	January 25,2022		No
Wang Gang	Hangzhou Zhongneng Steam Turbine Power Co., Ltd.	Board chairman	June 15,2022		No
Wang Gang	Hangzhou Steam Turbine Casting Co., Ltd.	Director	July 13,2022		No
Kong Jianqiang	China mechanical and Electrical Institute -HSTG (Hangzhou) United Institutes Co., Ltd.	Director	April 11,2022		No
Kong Jianqiang	Hangzhou Steam Turbine Auxiliary Machine Co., Ltd.	Board chairman	June 15,2022		No
Wang Zhengrong	Hangzhou Steam Turbine Mechanical Equipment Co., Ltd	Board chairman	May 30,2022		No
Wang Zhengrong	Hangzhou Zhongneng Steam Turbine Power Co., Ltd.	Director	June 15,2022		No
Wang Zhengrong	Hangzhou Steam Turbine New Energy Co., Ltd.	Director	November 30,2021		No
Zhao Jiamao	Zhejiang Turbine Import & Export Co., Ltd.	Executive director	June 2,2020		No
Zhao Jiamao	Hangzhou Zhongneng Steam Turbine Power Co., Ltd.	Director	June 15,2022		No
Zhao Jiamao	Hangzhou Steam Turbine New Energy Co., Ltd.	Supervisor	November 30,2021		No
Li Guiwen	Zhejiang Packaged Technology Development Co., Ltd.	Board chairman	May 13,2020		No
Li Guiwen	Zhejiang Ranchuang Turbine Machinery Co., Ltd.	Board chairman	October 28,2022		No
Li Binghai	Hangzhou Steam Turbine Casting Co., Ltd.	Board chairman	July 13,2022		No
Li Binghai	Hangzhou Steam Turbine Auxiliary Machinery Co., Ltd.	Director	June 15,2022		No
Li Binghai	Zhejiang Ranchuang Turbine Machinery Co., Ltd.	Director	October 28,2022		No

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

Applicable  Not applicable

### (3) Remuneration to directors, supervisors and senior executives

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

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

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

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

In RMB10,000

Name	Position	Sex	Age	Statue of duty	Total of reward from the Company(Pre-tax)	Actual reward in total at end of report term
Zheng Bin	Chairman	Male	58	In Office	122.00	No
Ye Zhong	Director, GM	Male	54	In Office	130.51	No
Yang Yongming	Vice Chairman	Male	58	In Office	99.02	No
Wang Gang	Director, Deputy GM	Male	50	In Office	137.33	No
Pan Xiaohui	Director	Male	44	In Office	0.00	Yes
Gu Xinjian	Independent Director	Male	66	Dimission	10.00	No
Chen Danhong	Independent Director	Female	58	Dimission	10.00	No
Zhang Hejie	Independent Director	Male	63	In Office	15.00	No
Yao Jianhua	Independent Director	Male	57	In Office	0.00	No
Xu Yongbin	Independent Director	Male	60	In Office	6.25	No
Jin Yingchun	Independent Director	Female	53	In Office	6.25	No
Zhang Weijie	Chairman of the Supervisory Committee	Female	37	In Office	0.00	Yes
Zhu Chengqian	Supervisor	Female	30	In Office	0.00	Yes
Yan Ying	Employee Supervisor	Female	41	In Office	19.38	No
Lu Jianhua	Employee Supervisor	男	61	Dimission	13.80	No
Fang Yin	Employee Supervisor	Male	61	Dimission	41.64	No
Kong Jianqiang	Deputy GM, Chief engineer	Male	52	In Office	135.60	No
Li Jiansheng	Deputy GM	Male	59	Dimission	153.28	No
Wang Zhengrong	Deputy GM,	Male	52	In Office	144.02	No
Zhao Jiamao	Deputy General Manger, Chief accountant	Male	47	In Office	139.16	No
Li Guiwen	Deputy GM, secretary of the board	Female	52	In Office	146.30	No
Li Binghai	Deputy GM	Male	40	In Office	59.55	No
Total	--	--	--	--	1,389.09	--

## VI. Performance of directors' duties during the reporting period

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

Session	Convening date	Disclosure date	Meeting resolution
The 21st meeting of the 8th term of Board	January 25,2022	January 26,2022	( Announcement No.:2022-04 )
The 22nd meeting of the 8th term of Board	March 22,2022	March 23,2022	( Announcement No.:2022-09 )
The 23rd meeting of the 8th term of Board	March 29,2022	March 31,2022	( Announcement No.:2022-15 )
The 24th meeting of the 8th term of Board	April 26,2022	April 27,2022	( Announcement No.:2022-41 )
The 25th meeting of the 8th term of Board	May 11,2022	May 12,2022	( Announcement No.:2022-49 )
The 26th meeting of the 8th term of Board	July 1,2022	July 2,2022	( Announcement No.:2022-53 )
The 27th meeting of the 8th term of Board	July 25,2022	July 26,2022	( Announcement No.:2022-67 )
The 28th meeting of the 8th term of Board	August 23,2022	August 25,2022	( Announcement No.:2022-72 )
The 29th meeting of the 8th term of Board	October 27,2022	OCTOBER 28,2022	( Announcement No.:2022-80 )
The 30th meeting of the 8th term of Board	December 21,2022	December 22,2022	( Announcement No.:2022-86 )

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

Attendance of directors at the board meetings and the general meeting of shareholders							
Name of director	Number of board meetings attended during the reporting period	Number of board meetings attended in person	Number of board meetings attended by means of communication	Number of board meetings attended by proxy	Number of board meetings absent from	Whether to attend the board meeting in person twice in a row	General meetings of shareholders attended
Zheng Bin	10	8	2	0	0	No	4
Ye Zhong	10	8	2	0	0	No	4
Yang Yongming	10	8	2	0	0	No	4
Wang Gang	10	8	2	0	0	No	4
Pan Xiaohui	10	7	3	0	0	No	4
Gu Xinjian	6	5	1	0	0	No	3
Chen Danhong	6	5	1	0	0	No	3
Zhang Hejie	10	7	3	0	0	No	4
Xu Yongbin	4	2	2	0	0	No	1
Yao Jianhua	4	2	2	0	0	No	1
Jin Yingchun	4	2	2	0	0	No	1

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

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

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

Yes  No

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

## (4) Other descriptions of directors' performance of duties

Whether the directors' suggestions on the Company have been adopted

Yes  No

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

During the reporting period, in accordance with the provisions of The Company Law, The Securities Law, the Articles of Association and other laws and regulations, the directors paid attention to the standardization of the Company's operation, proceeded from the interests of the Company, and put forward reasonable suggestions based on the long-term development of the enterprise in the process of deliberating on regular reports, capital increase to new energy company, restricted stock repurchases, investment and construction of 10 sets of gas turbine units per year, etc. The Company listened carefully to the suggestions of directors, organized relevant personnel to evaluate and verify related matters, and fully utilized the leadership role of directors in scientific decision-making and standardized management.

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

Committee name	Member information	Number of meetings convened	Convening date	Meeting content	Put forward important opinions and suggestions	Other information of duty performance	Details of objections (if any)
Audit Committee	Chen Danhong (Convenor), Gu Xinjian, Zhang Hejie, Ye Zhong	2	January 25,2022	Preliminary deliberations of the Audit Committee:	N/A	N/A	
Audit Committee	Chen Danhong (Convenor), Gu Xinjian, Zhang Hejie, Ye Zhong	2	March 22, 2022	Report on the implementation of audit work, communicate annual report audit and internal control audit matters. The accounting firm reported the audit situation of the "2021 Annual Audit Report", "Special Explanation on the Occupation of Non-operating Funds and Other Related Funds", "Internal Control Audit Report" and other audit conditions; Preliminary deliberations of	N/A	N/A	

				the Audit Committee: : 1. 2021 Annual Report 2. The Financial Report 2021 3. <i>Assets Impairment Provision and Bad Debt Provision</i> 4. <i>2021 Write-off of Assets Losse</i> 5. <i>2021 Profit Distribution Plan</i> 6. Proposal to extend the service of Pan-China CPA as auditor of the Company 7. Proposal on the use of idle funds for short-term and medium-term financial management by the company in 2022 8. Proposal on Retrospective Adjustment of Financial Data by Mergers of Enterprises Under Same Control 9. Summary of Internal Audit Work in 2021 and Internal Audit Plan in 2022 10.2021 Internal Control Self-Evaluation Report			
Remuneration and Assessment Committee	Zhang Hejie(Convenor) Gu Xinjian, Chen Danhong, Pan Xiaohui	1	March 22, 2022	Preliminary deliberations of the Audit Committee:	N/A	N/A	
Nomination committee	Gu Xinjian, Chen Danhong, Zhang Hejie, Zheng Bin	2	May 11,2022	The <i>Proposal on Nominating Li Binghai as the</i>	N/A	N/A	

				<i>Deputy General Manager of the Company</i>			
Nomination committee	Gu Xinjian, Chen Danhong, Zhang Hejie, Zheng Bin	2	July 1,2022	1. <i>Proposal on Nominating Jin Yingchun as a Candidate for Independent Director of the Company</i> 2. <i>Proposal on Nominating Yao Jianhua as a Candidate for Independent Director of the Company</i> 3. <i>Proposal on Nominating Xu Yongbin as a Candidate for Independent Director of the Company</i>	N/A	N/A	

### VIII.The working status of the board of supervisors

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

Yes  No

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

### IX. Particulars about employees.

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

Number of in-service staff of the parent company(person)	2,026
Number of in-service staff of the main subsidiaries(person)	1,959
The total number of the in-service staff(person)	3,985
The total number of staff receiving remuneration in the current period(person)	3,985
Retired staff with charges paid by the parent company and main subsidiaries (person)	7
<b>Professional</b>	
Category	Number of persons (person)
Production	2,250
Sales	340
Tech	883
Finance	85
Administration	427
Total	3,985
<b>Education</b>	
Category	Number of persons (person)
Master's Degree	329
Bachelor	1,530
College diploma	809



High school and below	1,317
Total	3,985

#### 2. Particulars about the employees:

Under the premise of considering the annual benefit, with the level of competition, the ability to pay of enterprises, price levels and other factors, in 2022 the company adequate remuneration be adjusted according to the value of the unpaid position, according to the performance of the performance fee, adhere to labor distribution, taking into account efficiency and equity, the maximum level of protection of the interests of employees, to achieve a win-win business and employees. Company on a monthly basis, full and timely payment of wages, overtime pay in accordance with national regulations, on a monthly basis.

#### 3. Educational training for employees:

In 2022, the staff education and training work strived for realize the goal of “Talents invigorate enterprises”, and set the work objectives of training and optimizing the “the three teams namely the management team, the professional and technical personnel team and the high-skilled personnel team”, and upon combining with the company’s strategic goals and the departmental performance targets and the employees’ development goals, it well did the annual training work, formulated the “2022 Company Education and training Plan”, implemented various training programs in an orderly manner as required, continuously improved the staff’s business level and comprehensive capabilities and made contributions to the company’s stable operation. In terms of the funding, the company drew 2.5% of the total salary as the staff education fund, which effectively guaranteed the expenditure of the training program. According to statistics, 137 training classes were held in 2022, the person-time of staff received trainings reached 5046. For 2023, the company plans to carry out 120 training programs in aspects of management, engineering technology, operation skills, quality, environment and safety education.

#### 4. Outsourcing situation

Applicable  Not applicable

### X. Specification of profit distribution and capitalizing of common reserves

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

Applicable  Not applicable

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

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

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

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

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

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

(7) Adjustment procedure of dividend policy: If the Company is required to adjust the profit distribution policy

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

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

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

Applicable  Not applicable

Profit distribution and capitalization of capital reserve during the reporting period

Applicable  Not applicable

Bonus shares for every ten shares(Shares)	2
Cash dividend for every ten shares (Yuan)(Tax-included)	3
A total number of shares as the distribution basis(shares)	979,537,000
Cash dividend amount (yuan, including tax)	293,861,100.00
Other means (such as repurchase of shares) cash dividend amount (yuan)	0.00
Total cash dividend (yuan, including tax)	293,861,100.00
Distributable profit (yuan)	3,385,297,545.74
Proportion of cash dividend in the distributable profit	60%

#### Cash dividend distribution policy

Where the distribution of profits is carried out in the company's development stage that belongs to a mature stage and there is significant capital expenditure arrangement, the proportion of cash dividends in this profit distribution shall be at least 40%.

#### Details of profit distribution or reserve capitalization plan

In 2022, with the total share capital of 980,179,980 shares at the end of the year deducting 111,800 treasury shares repurchased as of date of record by Company and 531,180 shares of share capital were cancelled due to the retirement and resignation of equity incentive objects in December 2022, that is, 979,537,000 shares, the Company would distribute cash dividend to all the shareholders at the rate of CNY 3.0 for every 10 shares (with tax inclusive), 2 bonus shares, and no reserve would be converted into share capital.

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

Applicable  Not applicable

### (1) Equity incentive

(I) On July 11, 2021, the 14th Meeting of the Eighth Board of Directors reviewed and approved the Proposal on the Company's Restricted Stock Incentive Plan (Draft) in 2021 and its Summary, the Proposal on the Company's Implementation Assessment Management Measures for the Restricted Stock Incentive Plan in 2021, and the Proposal on Requesting the General Meeting of Shareholders to Authorize the Board of Directors to Handle Matters Related to the Restricted Stock Incentive Plan in 2021, and the Ninth Meeting of the Eighth Supervisors of the Company reviewed and approved the above related proposals.

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.

(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.

(IX) On December 21, 2022, the Company held the 30th meeting of the 8th session of the Board of Directors and the 19th meeting of the 8th session of the Board of Supervisors, in which it deliberated and passed the "Proposal on Repurchase and Cancellation of Some Restricted Shares" and "Proposal on Adjusting the Repurchase Quantity and Repurchase Price of the 2021 Restricted Stock Incentive Plan". In view of the fact that 9 of the incentive objects are no longer eligible for incentive objects due to retirement reasons, and 1 person is no longer eligible for incentive object due to personal reasons, it's agreed to repurchase and cancel a total of 531,180 shares of restricted shares held by them that have been granted but have not yet been lifted. Meanwhile, as the Company had completed the implementation of the 2021 profit distribution plan, in accordance with the provisions of the Incentive Plan, the repurchase price of restricted shares has been adjusted from RMB 5.6764 per share (HKD price is HKD 6.825 HKD per share) to RMB 4.06 per share. After the review and confirmation of the Shenzhen branch of China Securities Depository and Clearing Co., Ltd, the afore-said repurchase cancellation has been completed on March 2023.

## Evaluation mechanism and incentives of senior managers

√ Applicable □ Not applicable

In shares

Name	Position	Number of stock options held at the beginning of the year	Number of newly granted stock options during the reporting period	Number of vested shares during the reporting period	Number of exercised shares during the reporting period	Strike price and the number of the exercised shares during the reporting period (CNY/share)	Number of stock options held at the end of the reporting period	Market price at the end of the reporting period (CNY/share)	Quantity of restricted shares held at the beginning of the reporting period	Quantity of the shares unlocked in the reporting period	Quantity of restricted shares newly granted during the reporting period	Price of the restricted shares granted (CNY/share)	Quantity of restricted shares held at the end of the reporting period
Zheng Bin	Board Chairman								250,000				325,000
Ye Zhong	Director, GM								250,000				325,000
Yang Yongming	Vice Board Chairman								200,000				260,000
Wang Gang	Director, Deputy GM								200,000				260,000
Li Guiwen	Deputy GM, secretary of the board								200,000				260,000
Kong Jianqiang	Deputy GM, Chief Engineer								200,000				260,000
Li Jiansheng	Deputy GM								200,000				260,000
Wang Zhengrong	Deputy GM								200,000				260,000
Zhao Jiamao	Deputy, GM, Chief accountant								200,000				260,000
Li Shijie	Deputy Secretary of the Party Committee and Chairman of the Trade union								200,000				260,000
Cai Weijun	Secretary of the Commission for discipline inspection								200,000				260,000
Li Binghai	Deputy GM								100,000				130,000
tOTAL	--					--		--	2,400,000			--	3,120,000
Remark (If any)	The reason for the increase in the number of restricted shares held at the end of the period was due the 2021 equity distribution: based on the total												

	<p>share capital of 754,010,400 shares at the end of 2021, excluding the repurchased 111,800 treasury shares as of the record date of the equity distribution, that was the 753,898,600 shares was the basis, it distributed a cash dividend of 4.0 yuan per 10 shares (including tax) and 3 bonus shares (including tax) to all shareholders.</p>
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Evaluation mechanism and incentive situation of senior managers

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

(2) Implementation of ESOP

Applicable  Not applicable

(3) Other employee incentives

Applicable  Not applicable

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

### (1) Construction and implementation of internal control

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

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

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

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

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

Yes  No

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

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

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

### (1) Self-evaluation report on internal control

Disclosure date of appraisal report on internal control	March 29, 2023	
Disclosure index of appraisal report on internal control	Disclosed by <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> dated March 29, 2023	
Proportion of total unit assets covered by appraisal in the total assets of the consolidated financial statements of the company	100.00%	
Proportion of total unit incomes covered by appraisal in the total business incomes of the consolidated financial statements of the company	100.00%	
Standards of Defects Evaluation		
Type	Financial Report	Non-financial Report
Standard	Deficiency characterized as below will be treated as fatal defects: To correct the fatal errors already published in the financial report (except for the retrospection and adjustments of previous years because of policies changing and other objective factors changing); fatal errors already discovered by auditor, unidentified in the current financial report; any fraud among top management; invalid monitoring to the financial report from audit committee and internal audit department.	(1) Punishment received by governments below provincial level (including provincial level) but no negative effects for our company's periodic report disclosure will be considered as a general deficiency; (2) or punishments from national governments above provincial level but no negative effects for our company's periodic report disclosure will be considered as a significant deficiency; (3) external official disclosure has been already carried out and brought certain negative effects to our company's

		periodic report disclosure will be considered as a fatal deficiency.
Standards of Quantization	In accordance with the degree of importance of deficiency that may cause financial report errors, our company defined quantitative identification standard of financial report internal deficiency control as per the average of the last three-year total profit. 1) errors reported indicator < consolidating 3% of pre-tax profit, will be asserted as general deficiencies; (2) 3% of combined pre-tax profit ≤ errors reported indicator < 5% of combined pre-tax profit, will be asserted as significant deficiencies; (3) errors reported indicator ≥5% of combined pre-tax profit, will be asserted as fatal deficiencies.	1) Losses < consolidating 3% of pre-tax profit, will be asserted as general deficiencies; (2) 3% of combined pre-tax profit ≤ losses < 5% of combined pre-tax profit, will be asserted as significant deficiencies; (3) losses ≥5% of combined pre-tax profit, will be asserted as fatal deficiencies.
Number of major defects in financial reporting (a)		0
Number of major defects in non financial reporting (a)		0
Number of important defects in financial reporting (a)		0
Number of important defects in non financial reporting (a)		0

(2) Internal Control audit report

Applicable  Not applicable

Review opinions in the internal control audit report	
As far as our best understanding, Hangzhou Steam Turbine Co., Ltd. has been conducting effective internal control over its financial reporting system in all material aspects we observed as of December 31, 2021, and has been following with the Enterprise Internal Control Criteria.	
Disclosure of internal audit report	Disclosure
Disclosure date of audit report of internal control	March 29,2023
Index of audit report of internal control (full-text)	Disclosed by <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> dated March 29, 2023
Internal audit report's opinion	Unqualified audit opinion
Non-financial reporting the existence of significant deficiencies	No

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

Yes  No

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

Yes  No

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

None



## V. Environmental & Social Responsibility

### I. Significant environmental issues

Whether the Company or any of its subsidiaries is identified as a key polluter by the environment authorities  
 Yes  No

Administrative penalties for environmental problems during the reporting period

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

Prevention and control of pollution facilities construction and operation

None

Administrative penalties for environmental problems during the reporting period

Applicable  Not applicable

In 2022, based on technical energy saving, the Company further promoted the green and low-carbon production and achieved the purpose of energy conservation and consumption reduction through the transformation and implementation of a series of energy technology projects such as waste heat recovery and reuse of steam emitted by the final assembly commission, accurate measurement of natural gas usage data in the rotor workshop, and full use of the 12MWp distributed photovoltaic power generation project of the manufacturing base.

Reasons for not disclosing other environmental information

#### (I) Environmental protection

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

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

#### (II) Energy conservation and emission reduction

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

### II. Social responsibilities

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".

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

The Company participated in the assistance activities of "Connecting Villages and Towns" in Hangzhou, and from 2022 to 2025, it provided assistance activities to Zitong Town, Chun'an County with an annual fund of RMB 150,000.

## VI. Important Events

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

Applicable Not applicable

Commitment	Commitment maker	Commitment type	Contents	Time of making commitment	Period of commitment	Fulfillment
Other commitments made to the minority shareholders of the company	Hangzhou Turbine Power Group Co., LTD., Hangzhou Turbine Power Technology Co., LTD., and other transferor	Commitment to the transfer of the 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		Normal performance

Note: Hangzhou Turbine Power Group Co., Ltd has been renamed as Hangzhou Steam Turbine Holdings Co., Ltd, and Hangzhou Steam Turbine Power Technology Co., Ltd has been renamed as Hangzhou Guoyu Property Management Co., Ltd.

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

Applicable  Not applicable

### III. Illegal provision of guarantees for external parties

Applicable  Not applicable

No such cases in the reporting period.

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

Applicable  Not applicable

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

Applicable  Not applicable

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

Applicable  Not applicable

No such cases in the reporting period.

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

Applicable  Not applicable

#### (1) Disposal of subsidiaries

1. A single disposal of investment in a subsidiary namely loss of control

Subsidiary name	Price of disposal share	Disposal Equity ratio (%)	Way of equity disposal	Time point of loss control	The basis for determining the time point of loss of control	Disposal price and disposal of investment the difference in the subsidiary's net asset share enjoyed by the corresponding consolidated financial statement
Indonesian company	6,120,000.00	70.00	Transfer of Agreement	2022.12.27	Industrial and commercial change registration is completed	993,654.43[Note]

(Continued)

Subsidiary name	The proportion of equity remaining on the date of loss of control	The carrying amount of the remaining equity on the date of loss of control	The fair value of the remaining equity at the date of loss of control	Remeasure gains or losses from remaining equity at fair value	Method and key assumptions for determining the fair value of the remaining equity at the date of loss of control	Other comprehensive income related to the former subsidiary's equity investments, and the amount by which changes in others' owned equity are transferred to investment gains or losses
Indonesian company	—	—	—	—	—	-1,557,635.65[Note]

[Note] In November 2022, Zhongneng Company and PT.HANGZHOU TURBINE SERVICES signed the Equity Transfer Agreement, in which transferred its 70% equity of the Indonesian company to PT.HANGZHOU TURBINE SERVICES at a price of 6.12 million yuan. The equity transfer was obtained with a decree issued by the Local Ministry of Justice and Human Rights in Indonesia on December 27, 2022. The net asset value of the Indonesia Company as of December 31,2022 was 7,323,350.80 yuan, and the net assets of the Indonesian company enjoyed by Zhongneng Company were 5,126,345.57 yuan according to the 70% shareholding ratio, and the difference of 993,654.43 yuan to the disposal price of 6,120,000.00 yuan was recognized as investment income; Meanwhile, other comprehensive income related to the equity investment of the Indonesian company-changes in the translation difference in foreign currency financial statements was transferred to the profit or loss of the current period when lost the control, and the investment income was recorded in the consolidated statement of -1,557,635.65 yuan; the total investment income recognized was RMB 563,981.22.

## (2) Changes in the scope of consolidation for other reasons

## Lessened scope of consolidation

Company name	Equity disposal method	Time of equity disposal	Net assets at the disposal date	Net profit from the beginning of the period to the date of disposal
Hangzhou Steam Turbine Power Group Equipment Packaged Engineering Co., Ltd[Note]	A/M	2022.12.26	10,076,214.15	1,001,509.06

[Note] Due to the needs of business development, the new energy company and its former subsidiary, Hangzhou Turbine Power Group Equipment Complete Engineering Co., Ltd, signed the "Merger Agreement" on August 11, 2022, taking July 31, 2022 as the base date to absorb and merge Hangzhou Turbine Power Group Equipment Complete Engineering Co., Ltd, and Hangzhou Turbine Power Group Equipment Complete Engineering Co., Ltd cancelled its legal personality

**VIII. Engagement/Disengagement of CPAs**

## CPAs currently engaged

Name of the domestic CPAs	Pan-China Certified Public Accountants (Special common
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	partnership)
Remuneration for domestic accounting firm (In RMB 10,000)	160
Successive years of the domestic CPAs offering auditing services	24
Names of the certified public accountants from the domestic CPAs	Sheng Weiming, Lin Qunhui
Successive years of the domestic CPAs offering auditing services	4

Has the CPAs been changed in the current period

Yes  No

Engaging of CPA for internal auditing, financial consultants or sponsors

Applicable  Not applicable

Pan-China Certified Public Accountants is engaged the auditor of internal control system for the current year. With payment of RMB 300,000 for its service.

#### **IX. Situation of Facing Listing Suspension and Listing Termination after the Disclosure of the Yearly Report**

Applicable  Not applicable

#### **X. Relevant Matters of Bankruptcy Reorganization**

Applicable  Not applicable

No such cases in the reporting period.

#### **XI. Matters of Important Lawsuit and Arbitration**

Applicable  Not applicable

No such cases in the reporting period.

#### **XII. Situation of Punishment and Rectification**

Applicable  Not applicable

No such cases in the reporting period.

#### **XIII. Credit Condition of the Company and its Controlling Shareholders and Actual Controllers**

Applicable  Not applicable

#### **XIV. Material related transactions**

1. Related transactions in connection with daily operation

Applicable  Not applicable

No such cases in the reporting period.

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

Applicable  Not applicable

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)
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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)
Steam Turbine Holdings	Holding shareholder	Borrowing funds	24,000	542.57	24,542.57	3.85%	542.57	0
Influence of related debt on the Company's operating results and financial status		Due to the needs of production and operation, Hangzhou Steam Turbine Engineering Co., Ltd. (now renamed as New Energy Company) began to borrow funds from Hangzhou Steam Turbine Group in 2016. The debt has no significant impact on the company's operating results and financial status.						

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

Applicable  Not applicable

No such cases in the reporting period.

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

Applicable  Not applicable

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

7. Other significant related-party transactions

Applicable  Not applicable

No such cases in the reporting period.

## XV. Significant contracts and execution

1. Entrustments, contracting and leasing

(1) Entrustment

Applicable  Not applicable

No such cases in the reporting period.

(2) Contracting

Applicable  Not applicable

No such cases in the reporting period.

## (3) Leasing

Applicable Not applicable

No such cases in the reporting period.

## 2.Significant Guarantees

Applicable Not applicable

In RMB10,000

Outward guarantees offered by the Company and its subsidiaries (Excluding guarantee to the subsidiaries )										
Name of the Company	Relevant disclosure date/No. of the guaranteed amount	Amount of Guarantee	Date of happening (Date of signing agreement)	Actual amount of guarantee	Guarantee type	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 its 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)
Hangzhou Xhongneng New Energy Co., Ltd.	January 26,2022	30,000	August 14,2021	20,543.9816,800	The joint liability guarantee			Three years from the date of expiration of the principal debt	No	No
Hangzhou Steam Turbine Casting Co., Ltd.	October 28,2022	5,000	November 15,2022	3,000	The joint liability guarantee			Three years from the date of expiration of the principal debt	No	No
Hangzhou Steam Turbine Power Co., Ltd.	November 4,2021	16,800	October 31,2021	16,800	The joint liability guarantee			Two years from the date	No	No

					y			of expirati on of the principa l debt		
Total of guarantee for subsidiaries approved in the period(B1)		35,000		Total of actual guarantee for subsidiaries in the period (B2)		40,343.98				
Total of guarantee for subsidiaries approved at period-end(B3)		51,800		Total of actual guarantee for subsidiaries at period-end(B4)		40,343.98				
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	4,837.87	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	2,264.55	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	4,238.94	The joint liability guaranty			Two years from the date of expiration of the principal debt	No	No
Hangzhou Zhongneng Steam Turbine Power Co.,		8,000	October 14,2022	5,441.7	The joint liability guarant			Two years from the date of	No	No



Ltd.				y			expirati on of the principa l debt		
Hangzhou Zhongneng Steam Turbine Power Co., Ltd.		4,000	Novemb er 3,2022	1200	The joint liability guarant y		Two years from the date of expirati on of the principa l debt	No	No
Total guarantee quota to the subsidiaries approved in the reporting period (C1)		12,000		Total amount of guarantee to the subsidiaries actually incurred in the reporting period (C2)					17,983.06
Total guarantee quota to the subsidiaries approved at the end of the reporting period (C3)		29,000		Total balance of actual guarantee to the subsidiaries at the end of the reporting period (C4)					17,983.06
Total of Company's guarantee (namely total of the large three aforementioned)									
Total of guarantee in the Period (A1+B1+C1)		47,000		Total of actual guarantee in the Period (A2+B2+C2)					58,327.04
Total of guarantee at Period-end (A3+B3+C3)		80,800		Total of actual guarantee at Period-end A4+B4+C4)					58,327.04
The proportion of the total amount of actually guarantee in the net assets of the Company(that is A4+B4+C4)				7.00%					
Including									
Amount of guarantee for shareholders, actual controller and its associated parties (D)				0					
The debts guarantee amount provided for the Guaranteed parties whose assets-liability ratio exceed 70% directly or indirectly (E)				23,441.70					
Proportion of total amount of guarantee in net assets of the company exceed 50% (F)				0					
Total guarantee Amount of the abovementioned guarantees (D+E+F)				23,441.70					
Explanations on possibly bearing joint and several liquidating responsibilities for undue guarantees ( If any)				0					
Explanations on external guarantee against regulated procedures(If any)				0					

Description of the guarantee with complex method

### 3.Situation of Entrusting Others for Managing Spot Asset

#### (1)Situation of Entrusted Finance

√ Applicable  Not applicable

## Overview of entrusted wealth-management during the reporting period

In RMB 10,000

Specific type	Source of funds for entrusted financial management	The Occurred Amount of Entrusted Wealth-management	Undue balance	Amount overdue	Un-recovered of overdue amount
Bank financing product	Self funds	103,000	60,500.24	0	0
Total		103,000	60,500.24	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

In RMB

Trustee institution (or name of trustee)	Trustee type	Product type	Amount	Source of funds	Start date	Expiry date	Capital investment purpose	Criteria for fixing reward	Reference annual rate of return	Anticipated income (if applicable)	Actual gains/losses in period	Actual collected gains/losses in period	Amount of reserve for devaluation of withdrawing (if applicable)	Whether approved by legal procedure (Y/N)	Whether has entrusted finance plan in the future	Summary of the items and related query index (if applicable)
Hangzhou Bank	Bank	Bank financing product	7,000	Self funds	August 31,2022	December 20,2022	money market instrument	Floating income	1.48%	31.94	31.93	31.93		Yes	No	
Total			7,000	--	--	--	--	--	--	31.94	31.93	--		--	--	--

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

Applicable  Not applicable

(2)Situation of Entrusted Loans

Applicable  Not applicable

None

4. Other significant contract

Applicable  Not applicable

None

## **XVI. Explanation on other significant events**

Applicable  Not applicable

1. For increasing the capital to the new energy company, please refer to the announcement (Announcement number: 2022-11) published by the Company on the Cninfo Information Network (<http://www.cninfo.com.cn>) on March 23, 2022.

2. Changed the Company's address and amended the Company's articles of association.

please refer to the announcement (Announcement number: 2022-35) published by the Company on the Cninfo Information Network (<http://www.cninfo.com.cn>) on March 31, 2022.

3. Changed the company name and the registered capital and amended the Articles of Association. please refer to the announcement (Announcement number: 2022-61) published by the Company on the Cninfo Information Network (<http://www.cninfo.com.cn>) on July 2, 2022.

4. Invested in the construction of a project with an annual output of 10 sets of gas turbine units. please refer to the announcement (Announcement number: 2022-90) published by the Company on the Cninfo Information Network (<http://www.cninfo.com.cn>) on December 22, 2022.

5. Increased capital to Ranchuang Company. please refer to the announcement (Announcement number: 2023-02) published by the Company on the Cninfo Information Network (<http://www.cninfo.com.cn>) on January 17, 2022.

## **XVII. Significant event of subsidiary of the Company**

Applicable  Not applicable

Applicable  Not applicable

1. Zhongneng Company increased capital and shares. please refer to the announcement (Announcement number: 2022-10) published by the Company on the Cninfo Information Network (<http://www.cninfo.com.cn>) on March 23, 2022.

2. Steam Turbine New Energy Company increased the capital of its wholly-owned subsidiary by way of Debt for Equity Swap. please refer to the announcement (Announcement number: 2022-62) published by the Company on the Cninfo Information Network (<http://www.cninfo.com.cn>) on July 2, 2022.

3. Ranchuang invested in Western Power. please refer to the announcement (Announcement number: 2023-02) published by the Company on the Cninfo Information Network (<http://www.cninfo.com.cn>) on January 17, 2023.

## VII. Change of share capital and shareholding of Principal Shareholders

### 1.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
I. Unlisted shares	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.Non-restricted shares	274,185,600	36.36%	0	82,222,140	0	0	82,222,140	356,407,740	36.36%
2. Overseas listed foreign shares	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.

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

Applicable  Not applicable

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

Applicable  Not applicable

## 2. Change of shares with limited sales condition

Applicable  Not applicable

In 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	75,000	0	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	75,000	0	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	60,000	0	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	60,000	0	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	60,000	0	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	60,000	0	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	60,000	0	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	60,000	0	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	260,000	0	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	60,000	0	260,000	Equity incentive	The limitations are lifted according to the relevant provisions of the 2021 restricted

					restricted stocks	stock incentive plan
Other	16,268,059	6,349,418	0	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	7,179,418	0	25,347,477	--	--

## II. Securities issue and listing

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

Applicable  Not applicable

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

Applicable  Not applicable

### 3.About the existing employees' shares

Applicable  Not applicable

## III. Particulars about the shareholders and substantial controller

### 1. Amount of shareholders and their shareholding position

In shares

Total number of common shareholders at the end of the reporting period	11,261	Total shareholders at the end of the month from the date of disclosing the annual report	11,171	The total number of preferred shareholders voting rights restored at period-end (if any)(Note 8)	0	Total preference shareholders with voting rights recovered at end of last month before annual report disclosed(if any)(Note8)	0	
Particulars about shares held above 5% by shareholders or top ten shareholders								
Shareholders	Nature of shareholder	Proportion of shares held (%)	Number of shares held at period -end	Changes in reporting period	Amount of restricted shares held	Amount of un-restricted shares held	Number of share pledged/frozen	
							State of share	Amount
Hangzhou Steam Turbine Holdings Co., Ltd.	State-owned legal person	63.64%	623,772,240	143947440	623,772,240	0		
China Merchants Securities(HK)Co., Ltd.	Foreign legal person	0.71%	6,966,378	1375901	0	6,966,378		
GUOTAI JUNAN SECURITIES (HONG KONG) LIMITED	Foreign legal person	0.67%	6,547,507	-1129918	0	6,547,507		
Zhou Jie	Domestic Natural person	0.64%	6,302,300	1679600	0	6,302,300		
VANGUARD TOTAL	Foreign	0.56%	5,482,009	1047556	0	5,482,009		

INTERNATIONAL STOCK INDEX FUND	legal person							
ISHARES CORE MSCI EMERGING MARKETS ETF	Foreign legal person	0.54%	5,301,262	1402999	0	5,301,262		
VANGUARD EMERGING MARKETS STOCK INDEX FUND	Foreign legal person	0.52%	5,096,887	814805	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%	3,170,000	850000	0	3,170,000		
Gu Yang	Domestic Natural person	0.21%	2,038,821	470497	0	2,038,821		
Particulars about strategic investors or general corporations becoming among the top 10 shareholders due to share placing	Not applicable							
Explanation on associated relationship among the aforesaid shareholders	(1) Hangzhou Steam Turbine Power Group Co., Ltd. is the holder of state-shares of the Company, all other shareholders' are holders of domestic listed foreign shares (B shares) (2) There is no relationship between Hangzhou Steam Turbine Power Group Co., Ltd. and other shareholders; (3) Hangzhou Steam Turbine Power Group Co., Ltd. is not an "action-in-concert" party with any of other shareholders as described by the "Administration Rules of Informational Disclosure about Change of Shareholding Statues of PLCs".							
Above shareholders entrusting or entrusted with voting rights, or waiving voting rights	Not applicable							
Top 10 shareholders including the special account for repurchase (if any) (see note 10)	Not applicable							
Top 10 holders of shares without trading limited conditions								
Name of the shareholder	Amount of unconditional shares held at end of period	Category of shares						
		Category	Amount					
China Merchants Securities(HK)Co., Ltd.	6,966,378	Foreign shares placed in domestic exchange	6,966,378					
GUOTAI JUNAN SECURITIES (HONG KONG) LIMITED	6,547,507	Foreign shares placed in domestic exchange	6,547,507					
Zhou Jie	6,302,300	Foreign shares placed in domestic exchange	6,302,300					
VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	5,482,009	Foreign shares placed in domestic exchange	5,482,009					
ISHARES CORE MSCI EMERGING MARKETS ETF	5,301,262	Foreign shares placed in domestic exchange	5,301,262					
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	3,268,888					



		exchange	
Xia Zulin	3,170,000	Foreign shares placed in domestic exchange	3,170,000
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) Hangzhou Steam Turbine Group Co., Ltd. is not an action-in-concert” party with any of other shareholders as described by the “Administration Rules of Informational Disclosure about Change of Shareholding Statues of PLCs”.		
Notes to the shareholders involved in financing securities (if any)(See Notes 4)	Not applicable		

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

Yes  No

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

## 2. Controlling shareholder

Nature of Controlling Shareholders: Local state holding

Type: Legal person

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

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

Change of holding shareholder

Applicable  Not applicable

No change of holding shareholder in the report period.

### 3. Information about the controlling shareholder of the Company

Actual controller nature: Local state owned Assets Management

Actual controller type: Legal person

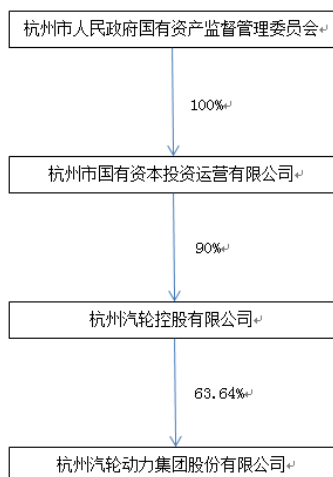
Name of the substantial controller	Legal representative	Date of incorporation	Organization code	Principal business activities
State-owned Assets Supervision and Administration Commission of Hangzhou Municipal Government	Wang Xi		113301007766375272	Not applicable
The equity of the controlling shareholder in other domestic and foreign listed companies held or partly held by it in the report period	Hangzhou Jiebai (SH.600814) held 59.64% shares; Digital Source Technology Co., Ltd. (SZ.000909) held 39.16% shares; Hangyang Co., Ltd.(SZ.002430)held 48.96% shares.			

Change of the actual controller in the reporting period

Applicable  Not applicable

None

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



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

Applicable  Not applicable

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

Applicable  Not applicable

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

Applicable  Not applicable

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

Applicable  Not applicable

#### **IV. Specific implementation of share repurchase during the reporting period**

Progress in implementation of share repurchase

Applicable  Not applicable

Implementation progress of reducing repurchased shares by centralized bidding

Applicable  Not applicable

### **VIII. Situation of the Preferred Shares**

Applicable Not applicable

The Company had no preferred shares in the reporting period.

## **IX. Corporate Bond**

Applicable  Not applicable

## X. Financial Report

### I. Auditors' Report

Type of auditing opinion	Standard report without qualified opinion
Date of signature of audit report	March 27, 2023
Name of the CPA	Pan-China Certified Public Accountants (Special common partnership)
Reference number of audit Report	Tianjianshen(2023)No.:1178
Name of the certified Public Accountants	Sheng Weiming, Lin Qunhui

### Auditors' Report

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

#### I. Opinion

We have audited the financial statements of Hangzhou Steam Turbine Co., Ltd. (hereinafter referred to as "the Company"), which comprise the balance sheet as at December 31, 2022, and the income statement, the statement of cash flows and the statement of changes in owners' equity for the year then ended and notes to the financial statements.

In our opinion, the attached financial statements are prepared, in all material respects, in accordance with Accounting Standards for Business Enterprises and present fairly the financial position of the Company as at December 31, 2022 and its operating results and cash flows for the year then ended.

#### II. Basis for Our Opinion

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

#### III. Key Audit Matters

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

##### (I) Recognition of income

###### 1. Description of the matter

For details of the relevant information disclosure, please refer to Note xI (39) and Note X ,VII (61) in the financial statements.

The operating income of Hangzhou Steam Turbine Co., Ltd. mainly comes from the R&D, production and sales of industrial steam turbines and other products. In 2022, the amount of operating income items shown in the consolidated financial statements of Hangzhou Steam Turbine Co., Ltd. was RMB 5,518.8419 million, of which the operating income of industrial steam turbine sales business was RMB 4,569.1449 million, accounting for 82.79% of the operating income.

As operating income is one of the key performance indicators of Hangzhou Steam Turbine Co., Ltd., there may be inherent risks that the management of Hangzhou Steam Turbine Co., Ltd. (hereinafter referred to as management) can achieve specific goals or expectations through improper income recognition. Therefore, we

have identified revenue recognition as a key audit matter.

## 2. Audit Countermeasures

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

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

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

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

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

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

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

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

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

## (II) Impairment of accounts receivable

### 1. Description of the matter

For related information disclosure, please refer to Note X,V (10) and Note x (7) of the financial statements.

As of December 31, 2022, the book balance of accounts receivable items shown in the consolidated financial statements of Hangzhou Steam Turbine Co., Ltd. was RMB 2,914.6332 million, the bad debt provision was RMB 989.9538 million, and the book value was RMB 1,924.6794 million.

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

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

## 2. Audit Countermeasures

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

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

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

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

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

(5) For the accounts receivable that are tested for impairment using the combination method, evaluate the

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

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

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

### (III) Net realizable value of inventories

#### 1. Description of the matter

For details of relevant information disclosure, please refer to Note x,vi (15) and Note x,vii (9) 8 of the financial statements.

As of December 31, 2022, the book balance of the inventory items shown in the consolidated financial statements of Hangzhou Steam Turbine Co., Ltd. was RMB 2,616.8032 million, the provision for price falling was RMB 294.3419 million, and the book value was RMB2,322.4613 million.

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

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

#### 2. Audit Countermeasures

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

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

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

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

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

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

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

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

### IV. Other information

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of

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

March 27, 2023

**II. The Financial Statements**

Statement in Financial Notes are carried in RMB

**1. Consolidated Balance Sheet**

Prepared by: Hangzhou Steam Turbine Power Group Co., Ltd

December 31,2022

In RMB

Items	December 31,2022	January 1, 2022
Current asset:		
Monetary fund	1,954,980,787.90	1,622,883,247.79
Settlement provision		
Outgoing call loan		
Transactional financial assets	607,001,143.44	960,645,259.82
Derivative financial assets		
Notes receivable	95,612,927.26	215,046,941.09
Account receivable	1,924,679,367.08	1,997,950,120.70
Financing of receivables	817,555,768.45	816,653,211.21
Prepayments	401,523,615.49	443,770,434.91
Insurance receivable		
Reinsurance receivable		
Provisions of Reinsurance contracts receivable		
Other account receivable	25,366,963.26	44,163,396.56
Including: Interest receivable		
Dividend receivable		
Repurchasing of financial assets		
Inventories	2,322,461,286.52	3,041,643,747.35
Contract assets	587,719,735.46	583,026,649.99
Assets held for sales		
Non-current asset due within 1 year		
Other current asset	78,949,731.48	66,174,951.42
Total of current assets	8,815,851,326.34	9,791,957,960.84
Non-current assets:		
Non-current assets:		
Loans and payment on other's behalf disbursed		
Creditor's right investment		
Long-term receivable	77,541,093.03	153,741,093.20
Long term share equity investment		
Other equity instruments investment	3,556,127,694.48	3,485,440,140.92
Other non-current financial assets	5,534,773.22	14,792,533.96
Property investment	6,451,478.55	6,903,986.07
Fixed assets	1,926,594,610.89	1,658,423,191.83
Construction in progress	286,290,854.97	517,835,956.11
Production physical assets		
Oil & gas assets		
Use right assets	28,105,943.29	30,437,778.92
Intangible assets	274,844,788.47	277,469,707.24
Development expenses		
Goodwill		
Long-germ expenses to be amortized		
Deferred income tax asset	352,734,092.61	382,665,279.67
Other non-current asset	44,922,954.47	
Total of non-current assets	6,559,148,283.98	6,527,709,667.92
Total of assets	15,374,999,610.32	16,319,667,628.76
Current liabilities		
Short-term loans	287,753,227.89	250,065,920.45

Loan from Central Bank		
Borrowing funds		
Transactional financial liabilities		
Derivative financial liabilities		
Notes payable	411,886,347.73	309,404,319.27
Account payable	1,202,915,727.29	1,910,150,188.14
Advance receipts	230,204.48	812,701.37
Contract liabilities	2,306,912,441.68	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	139,014,673.58	133,122,509.92
Tax payable	73,385,124.09	81,622,378.10
Other account payable	203,788,336.85	434,578,338.13
Including: Interest payable		
Dividend payable	90,000.00	
Fees and commissions payable		
Reinsurance fee payable		
Liabilities held for sales		
Non-current liability due within 1 year	42,802,886.86	17,607,722.97
Other current liability	267,585,963.69	395,640,629.47
Total of current liability	4,936,274,934.14	6,585,520,000.88
Non-current liabilities:		
Reserve fund for insurance contracts		
Long-term loan	159,903,673.86	180,830,007.55
Bond payable		
Including: preferred stock		
Sustainable debt		
Lease liability	16,334,023.10	22,575,754.77
Long-term payable	11,104,088.21	7,579,677.56
Long-term remuneration payable to staff		
Expected liabilities		
Deferred income	877,381,129.85	729,438,751.74
Deferred income tax liability	474,809,014.19	464,172,915.14
Other non-current liabilities		
Total non-current liabilities	1,539,531,929.21	1,404,597,106.76
Total of liability	6,475,806,863.35	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	394,935,862.00	282,946,030.50
Less: Shares in stock	136,466,388.09	144,078,948.09
Other comprehensive income	2,690,397,606.30	2,629,477,756.99
Special reserve	17,841,325.92	18,369,033.52
Surplus reserves	625,178,089.82	625,178,089.82
Common risk provision		
Retained profit	3,756,414,638.24	3,761,583,410.91
Total of owner's equity belong to the parent company	8,328,481,114.19	7,927,485,773.65
Minority shareholders' equity	570,711,632.78	402,064,747.47
Total of owners' equity	8,899,192,746.97	8,329,550,521.12
Total of liabilities and owners' equity	15,374,999,610.32	16,319,667,628.76

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

## 2.Parent Company Balance Sheet

I RMB

Items	December 31,2022	January 1, 2022
Current asset:		
Monetary fund	1,074,031,333.05	911,448,637.39
Transactional financial assets	381,998,737.18	870,645,259.82
Derivative financial assets		
Notes receivable	34,407,856.32	6,961,501.77
Account receivable	1,438,060,860.05	1,580,364,876.72
Financing of receivables	456,488,422.29	521,567,126.16
Prepayments	316,162,169.59	362,130,094.32
Other account receivable	8,397,079.99	27,054,816.71
Including: Interest receivable		
Dividend receivable	110,000.00	
Inventories	1,258,239,826.08	1,972,162,485.26
Contract assets	358,622,953.48	336,771,206.36
Assets held for sales		
Non-current asset due within 1 year		
Other current asset	66,426,019.02	54,571,853.02
Total of current assets	5,392,835,257.05	6,643,677,857.53
Non-current assets:		
Creditor's right investment		
Other investment on bonds		
Long-term receivable		
Long term share equity investment	400,480,973.25	191,793,655.63
Other equity instruments investment	3,556,127,694.48	3,485,440,140.92
Other non-current financial assets	5,534,773.22	14,654,773.22
Property investment		
Fixed assets	1,474,208,708.15	1,216,961,095.52
Construction in progress	283,786,818.95	510,746,977.12
Production physical assets		
Oil & gas assets		
Use right assets	2,717,667.45	5,718,846.89
Intangible assets	188,674,302.83	194,828,927.84
Development expenses		
Goodwill		
Long-germ expenses to be amortized		
Deferred income tax asset	297,762,053.26	317,178,990.36
Other non-current asset	30,999,462.87	
Total of non-current assets	6,240,292,454.46	5,937,323,407.50
Total of assets	11,633,127,711.51	12,581,001,265.03
Current liabilities		
Short-term loans	200,169,863.01	150,136,986.30
Transactional financial liabilities		
Derivative financial liabilities		
Notes payable	5,900,000.00	
Account payable	740,412,296.58	1,225,766,343.67
Advance receipts		
Contract Liabilities	1,332,554,908.08	2,144,268,617.09
Employees' wage payable	82,125,367.12	76,018,039.12
Tax payable	17,200,998.61	11,130,803.71
Other account payable	184,847,189.08	177,365,722.18
Including: Interest payable		

Dividend payable		
Liabilities held for sales		
Non-current liability due within 1 year	1,503,579.95	4,612,006.37
Other current liability	140,853,281.80	276,610,651.60
Total of current liability	2,705,567,484.23	4,065,909,170.04
Non-current liabilities:		
Long-term loan		
Bond payable		
Including: preferred stock		
Sustainable debt		
Lease liability	1,575,000.00	2,799,027.12
Long-term payable	5,852,616.69	2,785,102.53
Long-term remuneration payable to staff		
Expected liabilities		
Deferred income	741,999,661.14	582,083,796.03
Deferred income tax liability	474,809,014.19	464,172,915.14
Other non-current liabilities		
Total non-current liabilities	1,224,236,292.02	1,051,840,840.82
Total of liability	3,929,803,776.25	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	175,558,788.66	121,457,098.65
Less: Shares in stock	136,466,388.09	144,078,948.09
Other comprehensive income	2,690,397,606.30	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	3,385,297,545.74	3,493,193,115.19
Total of owners' equity	7,703,323,935.26	7,463,251,254.17
Total of liabilities and owners' equity	11,633,127,711.51	12,581,001,265.03

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

### 3.Consolidated Income statement

In RMB

Items	Year 2022	Year 2021
I. Income from the key business	5,518,841,939.82	5,788,288,588.91
Incl: Business income	5,518,841,939.82	5,788,288,588.91
Interest income		
Insurance fee earned		
Fee and commission received		
II. Total business cost	5,133,169,840.46	5,360,902,963.39
Incl: Business cost	4,027,414,803.26	4,091,955,492.69
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	38,383,758.77	45,829,030.25
Sales expense	221,489,523.60	202,868,557.82
Administrative expense	590,938,269.71	660,284,323.30
R & D costs	284,239,883.04	350,216,635.11
Financial expenses	29,296,397.92	9,748,924.22
Including: Interest expense	24,366,789.74	23,435,810.36
Interest income	18,946,425.24	18,328,752.35
Add: Other income	73,730,674.31	202,548,518.03
Investment gain (“-”for loss)	135,599,082.88	168,937,379.22
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	313,477.36	-141,525.84
Credit impairment loss	82,441,348.93	15,768,143.94
Impairment loss of assets	24,440,216.13	-28,511,019.43
Assets disposal income	95,281.00	1,094,656.77
III. Operational profit (“-”for loss)	653,411,747.71	787,081,778.21
Add : Non-operational income	57,650,448.40	134,352,975.28
Less: Non-operating expense	3,130,575.97	88,887,299.33
IV. Total profit (“-”for loss)	707,931,620.14	832,547,454.16
Less: Income tax expenses	82,692,261.45	105,299,694.37
V. Net profit	625,239,358.69	727,247,759.79
(I) Classification by business continuity		
1.Net continuing operating profit	625,239,358.69	727,247,759.79
2.Termination of operating net profit		
(II) Classification by ownership		
1.Net profit attributable to the owners of parent company	522,396,807.32	649,992,474.56
2.Minority shareholders' equity	102,842,551.37	77,255,285.23
VI. Net after-tax of other comprehensive income	59,821,266.74	-485,737,329.38
		-485,484,629.85

Net of profit of other comprehensive income attributable to owners of the parent company.	59,972,370.69	
(I) Other comprehensive income items that will not be reclassified into gains/losses in the subsequent accounting period	60,084,420.53	-485,297,242.70
1.Re-measurement of defined benefit plans of changes in net debt or net assets		
2.Other comprehensive income under the equity method investee cannot be reclassified into profit or loss.		
3. Changes in the fair value of investments in other equity instruments	60,084,420.53	-485,297,242.70
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	112,049.84	-187,387.15
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	112,049.84	-187,387.15
7.Other		
Net of profit of other comprehensive income attributable to Minority shareholders' equity	151,103.95	-252,699.53
VII. Total comprehensive income	685,060,625.43	241,510,430.41
Total comprehensive income attributable to the owner of the parent company	582,369,178.01	164,507,844.71
Total comprehensive income attributable minority shareholders	102,691,447.42	77,002,585.70
VIII. Earnings per share		
(I) Basic earnings per share	0.54	0.68
(II)Diluted earnings per share	0.54	0.68

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



## 4. Income statement of the Parent Company

In RMB

Items	Year 2022	Year 2021
I. Income from the key business	3,185,535,942.16	3,367,538,714.58
Incl: Business cost	2,463,100,672.79	2,420,764,986.89
Business tax and surcharge	21,955,800.03	20,873,235.49
Sales expense	94,333,279.35	93,124,353.76
Administrative expense	392,945,595.33	435,170,658.26
R & D expense	138,488,509.23	192,171,313.79
Financial expenses	-31,955,926.80	-5,277,760.85
Including: Interest expenses	5,389,750.73	4,788,907.66
Interest income	11,578,539.98	11,520,301.18
Add: Other income	46,434,957.91	174,266,374.76
Investment gain (“-”for loss)	216,423,127.90	321,333,915.33
Including: investment gains from affiliates		272,641.24
Financial assets measured at amortized cost cease to be recognized as income		
Net exposure hedging income		
Changing income of fair value	313,477.36	-2,609,265.44
Credit impairment loss	68,354,461.56	13,154,499.97
Impairment loss of assets	28,878,579.86	-18,259,455.46
Assets disposal income	26,288.11	
II. Operational profit (“-”for loss)	409,341,745.21	698,597,996.40
Add : Non-operational income	47,625,261.60	120,301,778.59
Less: Non -operational expenses	1,929,713.30	87,148,771.55
III. Total profit (“-”for loss)	455,037,293.51	731,751,003.44
Less: Income tax expenses	35,367,282.97	61,521,858.42
IV. Net profit	419,670,010.54	670,229,145.02
1.Net continuing operating profit	419,670,010.54	670,229,145.02
2.Termination of operating net profit		
V. Net after-tax of other comprehensive income	60,084,420.53	-485,297,242.70
(I) Other comprehensive income items that will not be reclassified into gains/losses in the subsequent accounting period	60,084,420.53	-485,297,242.70
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	60,084,420.53	-485,297,242.70
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	479,754,431.07	184,931,902.32
VII. Earnings per share		
(I) Basic earnings per share		
(II) Diluted earnings per share		

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

## 5. Consolidated Cash flow statement

Items	Year 2022	Year 2021
I. Cash flows from operating activities		
Cash received from sales of goods or rendering of services	4,396,331,648.09	4,911,745,732.94
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	81,231,460.36	19,124,473.13
Other cash received from business operation	251,137,216.37	492,993,373.24
Sub-total of cash inflow	4,728,700,324.82	5,423,863,579.31
Cash paid for purchasing of merchandise and services	2,662,046,241.61	3,264,017,654.61
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	1,027,230,600.33	995,048,140.94
Taxes paid	344,859,140.11	566,304,337.33
Other cash paid for business activities	370,423,537.14	526,683,957.41
Sub-total of cash outflow from business activities	4,404,559,519.19	5,352,054,090.29
Net cash generated from /used in operating activities	324,140,805.63	71,809,489.02
II. Cash flow generated by investing		
Cash received from investment retrieving	10,752,958.20	
Cash received as investment gains	131,449,638.53	220,665,203.47
Net cash retrieved from disposal of fixed assets, intangible assets, and other long-term assets	1,216,686.31	2,303,476.87
Net cash received from disposal of subsidiaries or other operational units		
Other investment-related cash received	2,627,490,212.88	4,447,665,088.15
Sub-total of cash inflow due to investment activities	2,770,909,495.92	4,670,633,768.49
Cash paid for construction of fixed assets, intangible assets and other long-term assets	272,801,578.46	181,655,743.62
Cash paid as investment		
Net increase of loan against pledge		
Net cash received from subsidiaries and other operational units		298,438,942.86
Other cash paid for investment activities	2,085,697,180.39	4,383,572,000.00
Sub-total of cash outflow due to investment activities	2,358,498,758.85	4,863,666,686.48

Net cash flow generated by investment	412,410,737.07	-193,032,917.99
III.Cash flow generated by financing		
Cash received as investment	169,795,500.00	320,000.00
Including: Cash received as investment from minor shareholders	169,795,500.00	320,000.00
Cash received as loans	306,300,000.00	422,800,000.00
Other financing –related cash received	200,000.00	117,695,995.86
Sub-total of cash inflow from financing activities	476,295,500.00	540,815,995.86
Cash to repay debts	267,900,000.00	258,500,000.00
Cash paid as dividend, profit, or interests	363,192,673.98	269,797,633.75
Including: Dividend and profit paid by subsidiaries to minor shareholders	44,416,370.00	76,080,370.00
Other cash paid for financing activities	273,340,869.54	271,082,296.17
Sub-total of cash outflow due to financing activities	904,433,543.52	799,379,929.92
Net cash flow generated by financing	-428,138,043.52	-258,563,934.06
IV. Influence of exchange rate alternation on cash and cash equivalents	29,075,934.51	-3,028,317.00
V.Net increase of cash and cash equivalents	337,489,433.69	-382,815,680.03
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	1,805,028,401.76	1,467,538,968.07

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

## 6. Cash Flow Statement of the Parent Company

In RMB

Items	Year 2022	Year 2021
I.Cash flows from operating activities		
Cash received from sales of goods or rendering of services	1,980,841,503.83	2,515,049,261.36
Tax returned	52,872,382.00	3,177,679.96
Other cash received from business operation	66,396,405.12	85,083,996.83
Sub-total of cash inflow	2,100,110,290.95	2,603,310,938.15
Cash paid for purchasing of merchandise and services	1,314,401,634.33	1,620,710,170.84
Cash paid to staffs or paid for staffs	597,944,639.72	568,164,460.95
Taxes paid	159,798,491.41	394,260,109.04
Other cash paid for business activities	85,114,385.41	165,905,142.91
Sub-total of cash outflow from business activities	2,157,259,150.87	2,749,039,883.74
Net cash generated from /used in operating activities	-57,148,859.92	-145,728,945.59
II. Cash flow generated by investing		
Cash received from investment retrieving	10,288,000.00	
Cash received as investment gains	217,826,572.17	367,693,490.76
Net cash retrieved from disposal of fixed assets, intangible assets, and other long-term assets	800,882.00	260,108.20
Net cash received from disposal of subsidiaries or other operational units		
Other investment-related cash received	1,943,515,564.65	2,580,396,347.51
Sub-total of cash inflow due to investment activities	2,172,431,018.82	2,948,349,946.47
Cash paid for construction of fixed assets, intangible assets and other long-term assets	208,876,108.57	116,494,283.25
Cash paid as investment	203,652,611.00	279,075,715.98
Net cash received from subsidiaries and other operational units		0.00
Other cash paid for investment activities	1,260,000,000.00	2,476,000,000.00
Sub-total of cash outflow due to investment activities	1,672,528,719.57	2,871,569,999.23
Net cash flow generated by investment	499,902,299.25	76,779,947.24
III. Cash flow generated by financing		
Cash received as investment		
Cash received as loans	200,000,000.00	150,000,000.00

Other financing –related ash received		110,195,995.86
Sub-total of cash inflow from financing activities	200,000,000.00	260,195,995.86
Cash to repay debts	150,000,000.00	150,000,000.00
Cash paid as dividend, profit, or interests	306,578,624.17	188,403,557.65
Other cash paid for financing activities	7,456,797.00	1,103,760.00
Sub-total of cash outflow due to financing activities	464,035,421.17	339,507,317.65
Net cash flow generated by financing	-264,035,421.17	-79,311,321.79
IV. Influence of exchange rate alternation on cash and cash equivalents	21,960,352.49	-2,217,274.76
V.Net increase of cash and cash equivalents	200,678,370.65	-150,477,594.90
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	1,074,013,333.05	873,334,962.40

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

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

Amount in this period

In RMB

Items	Year 2022														Minor shareholder's equity	Total of owners' equity
	Owner's equity Attributable to the Parent Company															
	Share Capital	Other Equity instrument			Share Capital Sustainable debt	Other Equity instrument Other	Other Comprehensive Income	Specialized reserve	Surplus reserves	Comm on risk provisi on	Retained profit	Oth er	Subtotal			
		Preferr ed stock	Sustaina ble debt	Preferr ed stock												
I.Balance at the end of last year	754,010,400.00				282,946,030.50	144,078,948.09	2,629,477,756.99	18,369,033.52	625,178,089.82		3,761,583,410.91		7,927,485,773.65	402,064,747.47	8,329,550,521.12	
Add: Change of accounting policy													-		-	
Correcting of previous errors													-		-	
Merger of entities under common control													-		-	
Other													-		-	
II.Balance at the beginning of current year	754,010,400.00	-	-	-	282,946,030.50	144,078,948.09	2,629,477,756.99	18,369,033.52	625,178,089.82	-	3,761,583,410.91	-	7,927,485,773.65	402,064,747.47	8,329,550,521.12	
III.Changed in the current year	226,169,580.00	-	-	-	111,989,831.50	7,612,560.00	60,919,849.31	527,707.60	-	-	-	-	400,995,340.54	168,646,885.31	569,642,225.85	
(I) Total comprehensive income							59,972,370.69				522,396,807.32		582,369,178.01	102,691,447.42	685,060,625.43	
(II) Investment or decreasing of capital by owners	-	-	-	-	54,919,487.13	-	-	-	-	-	-	-	54,919,487.13	171,128,102.88	226,047,590.01	
1. Ordinary Shares invested by shareholders													-	169,795,500.00	169,795,500.00	
2. Holders of other equity instruments in vested capital													-		-	
3. Amount of shares paid and accounted as owners' equity					54,919,487.13								54,919,487.13	1,332,602.88	56,252,090.01	
4. Other													-		-	
(III) Profit allotment	-	-	-	-	-	7,612,560.00	-	-	-	-	301,395,999.99	-	293,783,439.99	44,416,370.00	338,199,809.99	
1.Providing of surplus reserves													-		-	
2.Providing of common risk provisions													-		-	

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3. Allotment to the owners (or shareholders)						7,612,560.00					301,395,999.99		293,783,439.99	44,416,370.00	338,199,809.99
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								443,211.69					443,211.69	167,410.71	275,800.98
1. Provided this year								5,749,535.20					5,749,535.20	999,586.73	6,749,121.93
2. Used this term								-5,306,323.51					-5,306,323.51	1,166,997.44	-6,473,320.95
(VI) Other					57,070,344.37		947,478.62	970,919.29					57,046,903.70	60,588,884.28	3,541,980.58
IV. Balance at the end of this term	980,179,980.00				394,935,862.00	136,466,388.09	2,690,397,606.30	17,841,325.92	625,178,089.82		3,756,414,638.24		8,328,481,114.19	570,711,632.78	8,899,192,746.97

Amount in last year

In RMB

Items	Year 2021														Minor shareholder's equity	Total of owners' equity
	Owner's equity Attributable to the Parent Company															
	Share Capital	Other Equity instrument			Capital reserves	Less: Shares in stock	Other Comprehensive Income	Specialized reserve	Surplus reserves	Comm on risk provision	Retained profit	Oth er	Subtotal			
	Preferr ed stock	Sustaina ble debt	Oth er													
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																

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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				-96,960,436.42		-485,484,629.85	-199,947.34			346,225,008.64	-236,420,004.97	-124,400,666.91	-360,820,671.88	
(1) Total comprehensive income						-485,484,629.85				649,992,474.56	164,507,844.71	77,002,585.70	241,510,430.41	
(II) Investment or decreasing of capital by owners				17,297,907.40							17,297,907.40	320,000.00	17,617,907.40	
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				17,297,907.40							17,297,907.40		17,297,907.40	
4. Other														
(III) Profit allotment										-185,864,649.99	-185,864,649.99	-73,830,370.00	-259,695,019.99	
1.Providing of surplus reserves														
2.Providing of common risk provisions														
3. Allotment to the owners (or shareholders)										-185,864,649.99	-185,864,649.99	-73,830,370.00	-259,695,019.99	
4. Other														
(IV) Internal transferring of owners' equity														
1. Capitalizing of capital reserves (or to capital shares)														
2. Capitalizing of surplus reserves (or to capital shares)														
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														

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6. Other															
(V). Special reserves								-					-238,297.48	-793,099.20	-1,031,396.68
1. Provided this year								238,297.48							
								4,276,904.10					4,276,904.10	696,449.70	4,973,353.80
2. Used this term								-							
								4,515,201.58					-4,515,201.58	1,489,548.90	-6,004,750.48
(VI) Other															
IV. Balance at the end of this term	754,010,400.00				282,946,030.50	144,078,948.09	2,629,477,756.99	18,369,033.52	625,178,089.82		3,761,583,410.91		7,927,485,773.65	402,064,747.47	8,329,550,521.12

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	Year 2022											Total of owners' equity
	Share capital	Other Equity instrument			Capital reserves	Less: Shares in stock	Other Comprehensive Income	Specialized reserve	Surplus reserves	Retained profit	Other	
		Preferred stock	Sustainable debt	Other								
I.Balance at the end of last year	754,010,400.00				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				54,101,690.01	-7,612,560.00	60,084,420.53			-107,895,569.45		240,072,681.09
(I) Total comprehensive income							60,084,420.53			419,670,010.54		479,754,431.07
(II) Investment or decreasing of capital by owners					54,101,690.01							54,101,690.01
1. Ordinary Shares invested by shareholders												



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2. Holders of other equity instruments invested capital												
3.Amount of shares paid and accounted as owners' equity					54,101,690.01							54,101,690.01
4. Other												
(III) Profit allotment						-7,612,560.00				-		-
1.Providing of surplus reserves										301,395,999.99		293,783,439.99
2. Allotment to the owners (or shareholders)						-7,612,560.00				-		-
3. Other										301,395,999.99		293,783,439.99
(IV) Internal transferring of owners' equity	226,169,580.0									-		
	0									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	226,169,580.0									-		
	0									226,169,580.00		
(V) Special reserves												
1. Provided this year										3,900,260.3		3,900,260.39
										9		
2. Used this term										-		
										3,900,260.3		-3,900,260.39
										9		
(VI) Other												
IV. Balance at the end of this term	980,179,980.0				175,558,788.6	136,466,388.0	2,690,397,606.	6,000,000.0	602,356,402.6	3,385,297,545.		7,703,323,935.
	0				6	9	30	0	5	74		26

Amount in last year

In RMB

Items	Year 2021											
	Share Capital	Other Equity instrument			Capital reserves	Less: Shares in stock	Other Comprehensive Income	Specialized reserve	Surplus reserves	Retained profit	Other	Total of owners' equity
		Preferred stock	Sustainable	Other								

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			e debt								
I.Balance at the end of last year	754,010,400.0 0				138,953,250.0 9	144,078,948.0 9	3,115,610,428.4 7	6,000,000.0 0	602,356,402.6 5	2,978,322,472. 76	7,451,174,005. 88
Add: Change of accounting policy											
Correcting of previous errors											
Other											
II.Balance at the beginning of current year	754,010,400.0 0				138,953,250.0 9	144,078,948.0 9	3,115,610,428.4 7	6,000,000.0 0	602,356,402.6 5	2,978,322,472. 76	7,451,174,005. 88
III.Changed in the current year					- 17,496,151.44	-	- 485,297,242.70			514,870,642.43	12,077,248.29
(I) Total comprehensive income							- 485,297,242.70			670,229,145.02	184,931,902.32
(II) Investment or decreasing of capital by owners					17,297,907.40						17,297,907.40
1. Ordinary Shares invested by shareholders											
2. Holders of other equity instruments invested capital											
3.Amount of shares paid and accounted as owners' equity					17,297,907.40						17,297,907.40
4. Other											
(III) Profit allotment										- 183,614,649.99	- 183,614,649.99
1.Providing of surplus reserves											
2. Allotment to the owners (or shareholders)										- 183,614,649.99	- 183,614,649.99
3. Other											
(IV) Internal transferring of owners' equity											
1. Capitalizing of capital reserves (or to capital shares)											
2. Capitalizing of surplus reserves (or to capital shares)											
3. Making up losses by surplus reserves.											
4.Change amount of defined benefit plans that carry forward Retained earnings											
5. Other comprehensive income carry-over retained earnings											
6. Other											
(V) Special reserves											
1. Provided this year								2,847,667.7 5			2,847,667.75
2. Used this term								- 2,847,667.7			-2,847,667.75

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								5			
(VI) Other					-					28,256,147.40	-6,537,911.44
					34,794,058.84						
IV. Balance at the end of this term	754,010,400.0				121,457,098.6	144,078,948.0	2,630,313,185.	6,000,000.0	602,356,402.6	3,493,193,115.1	7,463,251,254.
	0				5	9	77	0	5	9	17

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 Power Group Co., Ltd. (Original name: Hangzhou Steam Turbine Co., Ltd. Hereinafter referred to as "the Company") was incorporated as a joint stock limited company exclusively promoted by Hangzhou Steam Turbine Holdings Co., Ltd.(Original name: Hangzhou Steam Turbine Power Group Co., Ltd. Hereinafter referred to as "Steam Turbine Holdings") 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 RMB 980,179.98 million with total capital share of 980,179.98 million shares (face value RMB1.00). Among which state-owned legal person shares were 623.77224 million shares and 356.40774 million shares of current B shares. The shares were issued and listed for trading in Shenzhen Stock Exchange on April 28, 1998.

The design, manufacturing, Main Business Activities: R&D, Production and Sales of Industrial Steam Turbine. Main Products: Industrial Steam Turbine.

These Financial Statements are released upon approval at the 32nd meeting of the 8th term of Board held on March 27, 2023.

As of December 31, 2022, the Company included the following 16 subsidiaries in the scope of the current consolidated financial statements, as shown in Notes X(8) to this financial statement.

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

### IV. Basis of compiling the financial statement

#### (1) Basis of compiling

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

#### (II) Assessment on perpetuation

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

perpetuation assumption of the Company.

## V. Principal Accounting Policies and Estimations

### Principal Accounting Policies and Estimations

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

#### 1. Statement of compliance to the Enterprise Accounting Standard

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

#### 2. Fiscal year

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

#### 3. Operational period

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

#### 4. Standard currency for bookkeeping

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

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

##### (1). Treatment of entities under common control

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

##### (2). Treatment of entities under different control

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

#### 6. Method for preparing the consolidated financial statements

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

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

#### 8. Recognition of cash and cash equivalents

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

#### 9. Foreign currency trade and translation of foreign currencies

##### (1). Translation of foreign currency

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

##### (2). Translation of foreign currency financial statements

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

## 10. Financial instruments

### (1) Classification of financial assets and financial liabilities

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

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

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

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

#### 2) Subsequent measurement methods of financial assets

##### ① Financial assets measured at amortized cost

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

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

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

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

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

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

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

### (3) Subsequent measurement methods of financial liabilities

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

Such financial liabilities include transactional financial liabilities (including derivatives of financial liabilities) and financial liabilities designated to be measured at fair value, whose changes are included in current profits and losses. Such financial liabilities are subsequently measured at fair value. Changes in the fair value of financial liabilities designated to be measured at fair value, whose changes are included in the profits and losses of the current period due to changes in the company's own credit risk are included in other comprehensive income,

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

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

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

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

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

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

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

#### (5) Impairment of financial instruments

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

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

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

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

For accounts receivable that do not contain significant financing components or that the company does not consider financing components in contracts of not more than one year, the company uses simplified measurement

methods to measure the loss reserve according to the expected credit loss amount equivalent to the entire duration.

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

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

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

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

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

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

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

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

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

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



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

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

## Rate for the Whole Duration

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

## (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

On company adopts the mobile weighted average method, other companies adopt the weighted average method at the end of the month, and the individual valuation method

(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, it 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.Construct cost

18.Held-for-sale asset

19.Creditor's rights investment

20.Other Creditor's rights investment

21.Long-term account receivable

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

22. Long-term equity investment

1. Recognition of common control and substantial influence

According to the contract, if the invested enterprise's main finance and operation policy need to be agreed by the

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

## 2. Recognition of initial investment costs

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

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

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

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

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

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

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

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

### (3) Formed by means other than entity merger:

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

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

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

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

## 3. Subsequent measurement and recognition of gain/loss

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

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

### (1) Individual account

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

### (2) Basis of Consolidated Financial Statements

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

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

At losing of control power over a former subsidiary, the retained equity shares shall be re-calculated according to the fair value at the day of losing power. Sum of the consideration obtained from disposal and fair value of the

retained equity shares, less the share of net asset attributable to the Company on continued basis since purchasing or merger, is accounted into investment gains of the period when the control power is disposed, and goodwill shall be offset meanwhile. Other gains related to the equities in formal subsidiary shall be written over to current investment gains at the period when control power was disposed.

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

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

### 23. Investment property

The measurement mode of investment property

Measurement cost method

Depreciation or amortization method

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

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

### 24. Fixed assets

#### 1. Conditions for fixed asset recognition

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

#### 2. Depreciation

Categories	Basis of depreciation	Depreciation age (year)	Retain value rate	Annual depreciation ratio
Houses & buildings	Straight average on period	20-40	4-5	4.8-2.35
Equipment & machinery	Straight average on 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	Amortizing years
Land using right	50
Patent	5-20
Non patent technology	10
Software	3-10

## (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, gas turbine or spare parts shall belong to the performance of obligation at a certain point in time.

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

#### 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 [2022] No.136) jointly promulgated by Ministry of Finance and State Administration of Work Safety. As work safety costs withdrawn are used, ones attributable to the cost disbursement shall directly offset special reserve. To form fixed assets, the disbursement incurred for inclusion into the subject of "construction in progress" shall be recognized as fixed assets when safety projects are completed and available for use as expected; meanwhile, costs for forming fixed assets shall offset special reserve, cumulative depreciation in the corresponding amount shall be recognized and depreciation shall no longer be withdrawn for the fixed assets in the following period.

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

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

#### 44. Change of main accounting policies and estimations

##### (1) Change of main accounting policies

Applicable  Not applicable

Contents and causes of changes in accounting policies	Approval procedure	Remarks
Since January 1, 2022, the Company has implemented the provisions of the "No. 15 Interpretation of Accounting Standards for Business Enterprises" issued by the Ministry of Finance "On the Accounting Treatment of Products or By-products Produced by an Enterprise Before the Fixed Assets Are Reached the Predetermined		

Usable State or in the Process of R&D", and this change in accounting policy has no impact on the Company's financial statements.		
Since January 1, 2022, the Company has implemented the "No. 15 Interpretation of Accounting Standards for Business Enterprises "on "Judgment on Loss-making Contracts" issued by the Ministry of Finance, and this change in accounting policy has no impact on the Company's financial statements.		
Since November 30, 2022, the Company has implemented the provisions of the No. 16 Interpretation of Accounting Standards for Business Enterprises issued by the Ministry of Finance on "Accounting for the Income Tax Treatment of Dividends Related to Financial Instruments Classified by Issuers as Equity Instruments", and this change in accounting policy has no impact on the Company's financial statements.		
Since November 30, 2022, the Company has implemented the provisions of the No. 16 Interpretation of Accounting Standards for Business Enterprises issued by the Ministry of Finance On the "Accounting Treatment of Enterprises Modifying Cash-settled Share-Based Payments to Equity-Settled Share-Based Payments", and this change in accounting policy has no impact on the Company's financial statements.		

## (2) Change of main accounting estimations

Applicable  Not applicable

## 45.Other

**VI. Taxation**

## 1. Main categories and rates of taxes

Tax (expenses)	Tax (expenses) base	Tax (expenses) rate
VAT	The output tax is calculated on the basis of the income from sales of goods and taxable services calculated according to the provisions of the tax law. After deducting the input tax allowed to be deducted in the current period, the difference is the VAT payable	13%, 9%, 6%
House tax	For those on price basis, taxes are paid at 1.2% of the balance of original value of the property after deducting of 30%; for those on rental basis, taxes are paid at 12% of the rental.	1.2%, 12%
City maintenance and construction tax	Turnover tax payable	7%, 5%
Educational surcharge	Turnover tax payable	3%
Local education additional	Turnover tax payable	2%
Enterprise income tax	Amount of income taxable	15%, 20%, 25%

## 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%
Other Subsidiary ( Domestic )	25%

## 2. Preferential tax

1). According to the document "Notice for Qualification of High-tech Enterprises" (GKHZD〔2020〕No.251) issued by Department of Science and Technology High-tech Development Center, the Company along with Guoneng Company, Packaged Tech Company, Huayuan Company, Zhongneng Company and Hangfa. – subsidiaries of the Company, were qualified as high-tech enterprises for term of three years. As the result of the re-examination on 2021 high-tech enterprises has not yet been determined, the corporate income tax is temporarily reduced at a 15% tax rate.

2).According to the "High-tech Enterprise Certificate" (Certificate number: GR202233002954, validity: three years) issued by the Zhejiang Provincial Department of Science and Technology, the Zhejiang Provincial Department of Finance and the Zhejiang Provincial Taxation Bureau of the State Administration of Taxation on December 24, 2022, the subsidiary casting & forging company enjoys high-tech enterprise income tax incentives, thus the enterprise income tax in 2022 shall be reduced to be 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 2021. If the annual taxable income does not exceed RMB 1 million, it would be included in the taxable income at a reduced rate of 12.5%, and the enterprise income tax would be paid at the rate of 20%.

## 3.Other

## VII. Notes to the Consolidated Financial Statements

### 1.Monetary funds

In RMB

Items	End of term	Beginning of term
Cash in stock	107,551.80	65,904.06
Bank deposit	1,852,884,189.83	1,467,327,722.30
Other monetary fund	101,989,046.27	155,489,621.43
Total	1,954,980,787.90	1,622,883,247.79
Incl: Total of accounts saved overseas		7,989,643.89

Other note:

The bank deposit at the end of the period included RMB 47,973,000.00 of restricted pledge time deposit and RMB 19,000.00 of ETC deposit. Other currency funds at the end of the period included RMB 92,639,033.89 restricted-use bank acceptance bill deposit, RMB 9,321,352.25 for deposit of letter of guarantee, the balance of the unrestricted special account for treasury stock repurchase of RMB 5,701.86, the balance of the special account for the purchase of convertible bonds of RMB 6.30 and the deposit interest of RMB 22,951.97 that can be transferred at any time.

### 2. Transactional financial assets

In RMB

Items	End of term	Beginning of term
Financial assets measured at fair value through profit or loss	607,001,143.44	960,645,259.82
Of which :		

Of which : Equity instrument investment	1,998,737.18	2,645,259.82
Financing product	605,002,406.26	958,000,000.00
Of which:		
Total	607,001,143.44	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	42,622,891.99	179,088,740.17
Trade acceptance bill	52,990,035.27	35,958,200.92
Total	95,612,927.26	215,046,941.09

单位：元

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	106,144,380.06	100.00%	10,531,452.80	9.92%	95,612,927.26	218,390,231.88	100.00%	3,343,290.79	1.53%	215,046,941.09
Of which:										
Bank acceptance	42,622,891.99	40.16%			42,622,891.99	179,088,740.17	82.00%			179,088,740.17
Commercial acceptance	63,521,488.07	59.84%	10,531,452.80	16.58%	52,990,035.27	39,301,491.71	18.00%	3,343,290.79	8.51%	35,958,200.92
Total	106,144,380.06	100.00%	10,531,452.80	9.92%	95,612,927.26	218,390,231.88	100.00%	3,343,290.79	1.53%	215,046,941.09

## Accrual of bad debt provision by single item:

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

Accrual of bad debt provision by portfolio: 10,531,452.80

In RMB

Name	Amount in year-end		
	Book Balance	Bad debt provision	Proportion(%)
Bank acceptance	42,622,891.99		
Commercial acceptance	63,521,488.07	10,531,452.80	16.58%
Total	106,144,380.06	10,531,452.80	

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

Applicable  Not applicable

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

The withdrawal amount of the bad debt provision:

In RMB

Category	Opening balance	Amount of change in the current period				Closing balance
		Accrual	Reversed or collected amount	Write-off	Other	
Accrual of bad debt provision by portfolio	3,343,290.79	7,188,162.01				10,531,452.80
Total	3,343,290.79	7,188,162.01				10,531,452.80

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

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

In RMB

Items	Amount derecognized at the end of the period	Amount not yet derecognized at the end of the period
Bank acceptance	6,413,205.40	
Commercial acceptance		11,130,774.54
Total	6,413,205.40	11,130,774.54

(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

Other note:

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.

## (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 single item	74,459,027.13	2.55%	74,459,027.13	100.00%		77,191,565.71	2.53%	77,191,565.71	100.00%	
Including:										
Accrual of bad debt provision by portfolio	2,840,174,129.98	97.45%	915,494,762.90	32.23%	1,924,679,367.08	2,979,746,652.43	97.47%	981,796,531.73	32.95%	1,997,950,120.70
Including:										
Total	2,914,633,157.11	100.00%	989,953,790.03	33.96%	1,924,679,367.08	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: 74,459,027.13

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.	7,964,672.35	7,964,672.35	100.00%	Not expected to be recovered
Qingdao 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	6,297,000.00	6,297,000.00	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
Total	74,459,027.13	74,459,027.13		

Accrual of bad debt provision by portfolio: 915,494,762.90

Name	Amount in year-end		
	Book balance	Bad debt provision	Proportion
Within 1 year	1,088,113,527.42	54,405,676.37	5.00%
1-2 years	539,252,217.59	53,925,221.75	10.00%
2-3 years	409,886,653.36	122,965,996.01	30.00%
3-4 years	223,768,796.98	134,261,278.19	60.00%
4-5 years	146,081,720.26	116,865,376.21	80.00%



Over 5 years	433,071,214.37	433,071,214.37	100.00%
Total	2,840,174,129.98	915,494,762.90	

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

Applicable  Not applicable

Disclosure by aging

In RMB

Aging	Closing balance
Within 1 year (Including 1 year)	1,088,113,527.42
1-2 years	539,252,217.59
2-3 years	409,886,653.36
Over 3 years	877,380,758.74
3-4 years	223,768,796.98
4-5 years	146,081,720.26
Over 5 years	507,530,241.50
Total	2,914,633,157.11

(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		3,195,377.18	74,459,027.13
Accrual of bad debt provision by portfolio	981,796,531.73	-65,271,266.77		844,467.22	186,034.84	915,494,762.90
Total	1,058,988,097.44	-65,271,266.77	462,838.60	844,467.22	3,381,412.02	989,953,790.03

(3) The actual write-off accounts receivable

In RMB

Items	Amount
Accrual of bad debt provision by portfolio	844,467.22

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

In RMB

Name	Nature of account receivable	Amount written off	Reason for written off	Verification procedures	Arising from related transactions (Y/N)
Hanmen Daqian Thermal Power Co., Ltd.	Goods	296,392.20	Uncollectible amount	The examined and adopted to Board of directors	No
Xinjiang Wensu Yongan Hydroelectricity Development Co., Ltd.	Goods	207,000.00	Uncollectible amount	The examined and adopted to Board of directors	No
Hangzhou Steam Turbine Power Group Co., Ltd.Southwest Branch	Goods	158,500.00	Uncollectible amount	The examined and adopted to Board of directors	Yes

Other	Goods	182,575.02	Uncollectible amount	The examined and adopted to Board of directors	No
Total		844,467.22			

Note:

(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	751,654,053.31	25.79%	199,008,158.71
Client 2	191,733,969.26	6.58%	113,264,290.47
Client 3	82,411,200.00	2.83%	4,120,560.00
Client 4	60,631,419.75	2.08%	13,161,015.39
Client 5	51,240,000.00	1.76%	2,562,000.00
Total	1,137,670,642.32	39.04%	

(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

#### 6. Financing of receivables

In RMB

Items	End of term	Beginning of term
Bank acceptance	817,555,768.45	816,653,211.21
Total	817,555,768.45	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

Items	Pledged amount
Bank acceptance	143,516,310.23
Total	143,516,310.23

(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	535,567,912.87
Total	535,567,912.87

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	367,741,841.11	91.59%	402,228,171.12	90.64%
1-2 years	13,954,754.79	3.48%	16,849,046.80	3.80%
2-3 years	2,556,543.70	0.63%	3,119,651.33	0.70%
Over 3 years	17,270,475.89	4.30%	21,573,565.66	4.86%
Total	401,523,615.49		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

Name	Amount	Proportion(%)
Siemens Energy AB	126,578,801.75	31.52
Siemens Energy Co., Ltd.	78,749,171.72	19.61
Mitsubishi Hitachi Electric Gas Engine Service (Nanjing) Co., Ltd	21,181,977.09	5.28
PROCARE PLUS LTD	16,122,035.57	4.02
Yixing Yuxiang Machinery Technology Co., Ltd.	11,232,000.00	2.80
Subtotal	253,863,986.13	63.23

Other

## 8. Other account receivable

In RMB

Items	Closing balance	Opening balance
Interest receivable		
Dividend receivable		
Other receivable	25,366,963.26	44,163,396.56
Total	25,366,963.26	44,163,396.56

### (1) Interest receivable

#### 1) Bad-debt provision

Applicable  Not applicable

### (2) Dividend receivable

#### 1) Dividend receivable

## 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 portfolio:	25,366,963.26	44,163,396.56
<b>Total</b>	<b>25,366,963.26</b>	<b>44,163,396.56</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	-201,140.61	201,140.61		
— Transfer to stage III		-645,605.36	645,605.36	
Provision in the current period	-692,685.59	-116,568.34	-267,421.41	-1,076,675.34
Write - off in the current period			2,471,012.90	2,471,012.90
Other(Note)	-1,230.43			-1,230.43
Balance as at December 31, 2022	900,904.89	402,281.22	11,449,467.43	12,752,653.54

[Note] Other changes are caused by the change of the merger scope and the bad debt provisions of the Indonesian Company.

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 )	18,018,097.76
1-2 years	4,022,812.16
2-3 years	6,456,053.57
Over 3 years	9,622,653.31
3-4 years	173,504.87
4-5 years	203,000.00
Over 5 years	9,246,148.44
<b>Total</b>	<b>38,119,616.80</b>

## 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	- 1,076,675.34		2,471,012.90	- 1,230.43	12,752,653.54
Total	16,301,572.21	- 1,076,675.34		2,471,012.90	- 1,230.43	12,752,653.54

## 4) The actual write-off accounts receivable

In RMB

Items	Amount
Accrual of bad debt provision by portfolio:	2,471,012.90

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

In RMB

Name	Nature of account receivable	Amount written off	Reason for written off	Verification procedures	Arising from related transactions (Y/N)
Wuhan Huazhong Automatic Technology Development Co., Ltd	Receivable temporary payment	2,331,000.00	Uncollectible amount	The examined and adopted to Board of directors	No
Other	Deposit	140,012.90	Uncollectible amount	The examined and adopted to Board of directors	No
Total		2,471,012.90			

Other note

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

In RMB

Name	Nature	Closing balance	Aging	Proportion of the total year end balance of the accounts receivable	Closing balance of bad debt provision
PT.HANGZHOUTURBINE SERVICES	Equity transfer payment receivable	4,120,000.00	Within 1 year	10.81%	206,000.00
Shanghai Customs Waigaoqiao Office	Deposit	3,710,320.94	Over 5 years	9.73%	3,710,320.94
Hangzhou Chisu Trade Co., Ltd.	Deposit	2,848,700.00	2-3 years	7.47%	854,610.00
Hangzhou Chisu Trade Co., Ltd.	Deposit	2,300,000.00	1-2 years	6.03%	230,000.00
Ningxia Baofeng Energy Group Co., Ltd.	Deposit	1,700,000.00	(Note)	4.46%	260,000.00
Total		14,679,020.94		38.50%	5,260,930.94

[Note] Within 1 year:1,000,000.00 yuan, 2-3 years:700,000.00 yuan.

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	762,193,831.50	77,637,312.67	684,556,518.83	1,292,125,192.43	107,518,112.95	1,184,607,079.48
Goods in progress	1,019,899,099.40	74,567,968.42	945,331,130.98	871,173,637.50	62,010,483.80	809,163,153.70
Stock goods	834,710,221.13	142,136,584.42	692,573,636.71	1,189,125,044.23	141,251,530.06	1,047,873,514.17
Total	2,616,803,152.03	294,341,865.51	2,322,461,286.52	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	5,503,175.08		35,383,975.36		77,637,312.67
Goods in progress	62,010,483.80	12,622,976.89		65,492.27		74,567,968.42
Stock goods	141,251,530.06	14,225,848.44		13,340,794.08		142,136,584.42
Total	310,780,126.81	32,352,000.41		48,790,261.71		294,341,865.51

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 determines the amount after deducting the estimated sales cost and the relevant taxes	Used for current production and use and realization

Commodity stocks	The net realizable value shall be recognized by the amount of the estimated selling prices minus the estimated selling costs and relevant taxes and dues, wherein regarding suspended projects expected not to be recovered or projects whose sales agreements are released, the net realizable value shall be recognized by the expected recoverable compensation	Used for current production and use and sales realization
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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	577,093,698.74	44,818,828.73	532,274,870.01	564,548,403.36	53,513,171.70	511,035,231.66
The construction contract forms the assets	63,333,343.14	7,888,477.69	55,444,865.45	79,560,175.93	7,568,757.60	71,991,418.33
<b>Total</b>	<b>640,427,041.88</b>	<b>52,707,306.42</b>	<b>587,719,735.46</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			462,838.60	
Accrual by portfolio	-7,911,784.28			Accrual by aging
<b>Total</b>	<b>-7,911,784.28</b>		<b>462,838.60</b>	

Other note: [Note] Other reduction in the provision for impairment in this period is caused by the transfer of warranty guarantee into accounts receivable.

#### Contract assets with impairment provision in combination

Items	End of term		
	Book balance	Impairment provision	Accrual proportion (%)
Aging portfolio	640,427,041.88	52,707,306.42	8.23
<b>Subtotal</b>	<b>640,427,041.88</b>	<b>52,707,306.42</b>	<b>8.23</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	51,338,998.29	34,506,442.84

Prepaid income tax	26,920,714.32	30,524,440.80
Rent charge	690,018.87	1,144,067.78
Total	78,949,731.48	66,174,951.42

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	106,022,203.37	28,481,110.34	77,541,093.03	205,022,203.37	51,281,110.17	153,741,093.20	
Total	106,022,203.37	28,481,110.34	77,541,093.03	205,022,203.37	51,281,110.17	153,741,093.20	

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

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

Other note

1)Changes in bad debt reserves

Type	Closing balance				
	Book balance		Bad debt provision		Book value
	Amount	Proportion %	Amount	Proportion %	
Accrual by single item	41,600,000.00	39.24	24,960,000.00	60.00	16,640,000.00
Accrual by portfolio	64,422,203.37	60.76	3,521,110.34	5.47	60,901,093.03
Total	106,022,203.37	100.00	28,481,110.34	26.86	77,541,093.03

(Continued)

Type	Beginning of term				
	Book balance		Bad debt provision		Book value
	Amount	Proportion %	Amount	Proportion %	
Accrual by single item	74,600,000.00	36.39	44,760,000.00	60.00	29,840,000.00
Accrual by portfolio	130,422,203.37	63.61	6,521,110.17	5.00	123,901,093.20
Total	205,022,203.37	100.00	51,281,110.17	25.01	153,741,093.20

2) Long-term receivables for individual bad debt provision at the end of the period

Name	Book balance	Bad debt provision	Proportion %	Reason
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Name	Book balance	Bad debt provision	Proportion %	Reason
Changzhi Yiyang Energy Technology Co.,Ltd.	41,600,000.00	24,960,000.00	60.00	Overdue
Subtotal	41,600,000.00	24,960,000.00	60.00	

3) Other receivables with overdue debt provision to for overdue debt provision

Age	Closing balance		
	Book balance	Bad debt provision	Proportion %
Not overdue	58,422,200.00	2,921,110.00	5.00
One year overdue	6,000,003.37	600,000.34	10.00
Subtotal	64,422,203.37	3,521,110.34	5.47

(4) The bad debt provision:

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				19,800,000.00			24,960,000.00
Accrual by portfolio	6,521,110.17	-						3,521,110.34
Total	51,281,110.17	2,999,999.83			19,800,000.00			28,481,110.34

[Note] Mainly due to the recovery of 33.3 million yuan of long-term receivables in the current period correspondingly resulted in reverse of 19.8 million yuan for provision to bad debts.

17. Long-term equity investment

18. Other equity instruments investment

In

RMB

Items	End of term	Beginning of term
Hangzhou Bank	3,556,127,694.48	3,485,440,140.92
Total	3,556,127,694.48	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 shares of Hangzhou Bank Co., Ltd. held by the company cannot pass the contract cash flow characteristic test, but the company does not hold the equity instrument for the	

					purpose of trading, so it is designated as a financial asset measured at fair value and its changes are included in other comprehensive income.	
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Other note

## 19. Other non-current Financing assets

In RMB

Items	End of term	Beginning of term
Classified as financial assets measured by fair value and whose changes are included in the current profit and loss	5,534,773.22	14,792,533.96
<b>Total</b>	<b>5,534,773.22</b>	<b>14,792,533.96</b>

Other note

## (2) Detail

Investees	Opening balance	Increase /decrease			
		Additional investment	Decrease in investment	Change in fair value gains and losses	Other comprehensive adjustment to revenue
Actions Xinxing No.9 Private Equity Fund	9,120,000.00		9,120,000.00		
Greenesol power systems PVT Ltd.	5,534,773.22				
Heilongjiang Multi-Power Hydropower Development United Company	137,760.74		137,760.74		
<b>Total</b>	<b>14,792,533.96</b>		<b>9,257,760.74</b>		

(Continued)

Investees	Increase /decrease				Closing balance	Closing balance of impairment provision
	Other equity changes			Other		
Actions Xinxing No.9 Private Equity Fund						
Greenesol power systems PVT Ltd.					5,534,773.22	
Heilongjiang Multi-Power Hydropower Development United Company						
<b>Total</b>					<b>5,534,773.22</b>	

## 20. Investment real estate

(1) Investment real estate adopted the cost measurement mode

√Applicable □ Not applicable

In RMB

Items	House, Building	Land use right	Construction in process	Total
I. Original price				
1. Balance at period-beginning	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			10,169,000.55
II. Accumulated amortization				
1. Opening balance	3,265,014.48			3,265,014.48
2. Increased amount of the period	452,507.52			452,507.52
(1) Withdrawal	452,507.52			452,507.52
3. Decreased amount of the period				
(1) Dispose				
(2) Other out				
4. Balance at period-end	3,717,522.00			3,717,522.00
III. Impairment provision				
1. Balance at period-beginning				
2. Increased amount of the period				
(1) Withdrawal				
3. Decreased amount of the period				
(1) Dispose				
(2) Other out				
4. Balance at period-end				
IV. Book value				
1. Book value at period -end	6,451,478.55			6,451,478.55
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

In RMB

Items	Book balance	Reason
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Other note

The investment real estate at the end of the period includes the resettlement housing with a book value of RMB 6,437,491.19 that cannot be reformed. The housing reform is due to the demolition and relocation of the dormitory area of the subsidiary Hangfa Company in 2021. Other places participated in the housing reform and other reasons, and the property rights of the relevant houses belonged to the Company.

## 21. Fixed assets

In RMB

Items	Year-end balance	Year-beginning balance
Fixed assets	1,926,594,610.89	1,658,423,191.83
Total	1,926,594,610.89	1,658,423,191.83

### (1) List of fixed assets

In RMB

Items	Houses & buildings	Machinery equipment	Transportations	Office equipment	Total
<b>I. Original price</b>					
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	323,961,879.02	65,410,656.28	1,576,133.10	7,210,934.67	398,159,603.07
(1) Purchase	600,921.71	4,655,891.52	1,576,133.10	2,690,471.78	9,523,418.11
(2) Transferred from construction in progress	323,360,957.31	60,754,764.76		4,520,462.89	388,636,184.96
(3) Increased of Enterprise Combination					
3. Decreased amount of the period		7,304,783.73	4,496,577.29	4,316,756.22	16,118,117.24
(1) Disposal		6,146,760.01	4,084,890.29	4,067,745.73	14,299,396.03
(2) Relocation transfer		1,158,023.72	411,687.00	249,010.49	1,818,721.21
4. Balance at period-end	1,596,783,530.05	1,243,389,910.30	32,710,150.60	145,275,818.25	3,018,159,409.20
<b>II. Accumulated depreciation</b>					
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	44,731,334.08	67,934,774.40	2,224,233.15	13,433,219.74	128,323,561.37
(1) Withdrawal	44,731,334.08	67,934,774.40	2,224,233.15	13,433,219.74	128,323,561.37
3. Decreased amount of the period		6,365,987.48	4,019,240.42	4,065,680.54	14,450,908.44
(1) Disposal		5,464,280.71	3,686,303.64	3,819,929.60	12,970,513.95
(2) Relocation transfer		901,706.77	332,936.78	245,750.94	1,480,394.49
4. Closing balance	211,726,237.99	796,580,369.31	24,487,930.68	46,508,510.13	1,079,303,048.11
<b>III. Impairment provision</b>					
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		1,871.00		715.16	2,586.16
(1) Disposal		1,871.00		715.16	2,586.16
4. Closing balance	9,028,267.09	3,233,483.11			12,261,750.20
<b>IV. Book value</b>					
1. Book value of the period-end	1,376,029,024.97	443,576,057.88	8,222,219.92	98,767,308.12	1,926,594,610.89
2. Book value of the period-begin	1,096,798,480.03	447,037,101.25	9,347,656.84	105,239,953.71	1,658,423,191.83

(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	43,117,019.15	In the process

Other note

(5) Liquidation of fixed assets

22. Construction in progress

In RMB

Items	End of term	Beginning of term
Construction in progress	286,290,854.97	517,835,956.11
Total	286,290,854.97	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	161,344,450.28		161,344,450.28	493,629,477.17		493,629,477.17
Annual output of 10 sets of gas turbine unit project	81,700,278.09		81,700,278.09			
Software project	13,362,743.79		13,362,743.79	11,327,261.17		11,327,261.17
Other project	27,285,325.58		27,285,325.58	9,356,085.45		9,356,085.45
Prepayment for equipment or projects	2,598,057.23		2,598,057.23	3,523,132.32		3,523,132.32
Total	286,290,854.97		286,290,854.97	517,835,956.11		517,835,956.11

(2) Changes of significant construction in progress

In RMB

Name of project	Budget (0'000)	Opening balance	Increase	Transferred to fixed assets	Other decrease(Not e)	End balance	Proportion %	Project processes	Capitalization of interest	Including: capitalization of interest this period	Capitalization of interest rate (%)	Source of funding
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New Plant project	173,328.76	493,629,477.17	5,106,474.88	337,391,501.77		161,344,450.28	96.05%	Under construction	9,819,482.47		1.20%	Other
Annual output of 10 sets of gas turbine unit project	50,000.00		81,700,278.09			81,700,278.09	16.34%	Under construction				Other
Software project		11,327,261.17	8,501,111.88		6,465,629.26	13,362,743.79						Other
Photovoltaic power generation project	3,615.73		36,157,319.23	36,157,319.23			100.00%	Completed				Other
Other project		9,356,085.45	30,235,463.97	12,306,223.84		27,285,325.58						Other
Prepayment for equipment or projects		3,523,132.32	1,856,065.03	2,781,140.12		2,598,057.23						Other
<b>Total</b>	<b>226,944.49</b>	<b>517,835,956.11</b>	<b>163,556,713.08</b>	<b>388,636,184.96</b>	<b>6,465,629.26</b>	<b>286,290,854.97</b>			<b>9,819,482.47</b>			

[Note] Other reductions in the current period are the software cost of intangible assets after the completion.

(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	Mechanical equipment	Total
<b>I. Original price</b>			
1. Balance at period-beginning	38,107,952.73		38,107,952.73
2. Increase in the current period	9,859,326.72	391,374.21	10,250,700.93
(1) Rent	9,859,326.72	391,374.21	10,250,700.93
3. Decreased amount of the period	1,190,879.29		1,190,879.29
(1) Disposition	1,190,879.29		1,190,879.29
4. Balance at period-end	46,776,400.16	391,374.21	47,167,774.37

II. Accumulated depreciation			
1. Opening balance	7,670,173.81		7,670,173.81
2. Increased amount of the period	12,386,849.44	195,687.12	12,582,536.56
(1) Withdrawal	12,386,849.44	195,687.12	12,582,536.56
3. Decreased amount of the period	1,190,879.29		1,190,879.29
(1) Disposal	1,190,879.29		1,190,879.29
4. Closing balance	18,866,143.96	195,687.12	19,061,831.08
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	27,910,256.20	195,687.09	28,105,943.29
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				8,836,626.55	8,836,626.55
(1) Purchase				8,836,626.55	8,836,626.55
(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	26,625,890.13	359,313,136.81
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	6,505,466.93	7,611.42	800,000.04	4,148,466.93	11,461,545.32

(1) Withdrawal	6,505,466.93	7,611.42	800,000.04	4,148,466.93	11,461,545.32
3.Decreased amount of the period					
(1) Disposal					
4.Closing balance	67,306,817.90	283,831.36	6,066,666.95	10,811,032.13	84,468,348.34
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	257,036,341.35	60,256.07	1,933,333.05	15,814,858.00	274,844,788.47
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

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	1,245,922,022.12	197,517,063.24	1,356,205,463.61	215,697,910.21
Internal trade profit not realized	21,474,851.24	3,221,227.69	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	870,485.96	130,572.89	7,103,959.98	1,065,594.00
Temporary difference such as			99,651.17	14,947.68



amortizing of software expense				
Relocation compensation	1,005,531,878.82	151,865,228.79	1,041,307,329.87	157,097,084.29
Total	2,273,799,238.14	352,734,092.61	2,463,314,694.60	382,665,279.67

[Note] Includes the relocation compensation of the Company and the machinery compan

(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	3,165,173,654.48	474,776,048.17	3,094,486,100.92	464,172,915.14
Accelerated depreciation of fixed assets	219,773.45	32,966.02		
Total	3,165,393,427.93	474,809,014.19	3,094,486,100.92	464,172,915.14

(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		352,734,092.61		382,665,279.67
Deferred income tax liabilities		474,809,014.19		464,172,915.14

(4)Details of income tax assets not recognized

In RMB

Items	End of term	Beginning of term
Deductible temporary difference	155,107,906.71	157,834,999.47
Deductible loss	123,070,154.92	166,619,930.21
Total	278,178,061.63	324,454,929.68

(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		10,928,264.99	
2023	10,388,277.67	14,149,816.48	
2024	26,189,768.32	23,524,220.73	
2025	5,397,758.37	2,773,270.33	
2026	12,109,526.82	44,870,965.65	
2027	2,554,125.34	1,036,145.13	
2028	0.00	1,545,297.07	
2029	4,137,298.09	6,802,845.68	
2030	0.00	3,914,057.03	
2031	46,982,771.08	57,075,047.12	
2032	15,310,629.23		
Total	123,070,154.92	166,619,930.21	

Other note

## 31 .Other non-current assets

In RMB

Items	Balance in year-end			Balance in year-begin		
	Book balance	Provision for devaluation	Book value	Book balance	Provision for devaluation	Book value
Advance equipment payment	31,572,954.47		31,572,954.47			
Advance land payable	13,350,000.00		13,350,000.00			
Total	44,922,954.47		44,922,954.47			

Other note

## 32. Short-term borrowings

## (1) Categories of short-term loans

In RMB

Items	End of term	Beginning of term
Mortgage Borrowings	50,059,115.83	74,897,015.73
Guarantee Borrowing	70,059,711.17	170,163,630.75
Credit borrowing	155,634,400.89	5,005,273.97
Domestic letter of credit discount loan	12,000,000.00	
Total	287,753,227.89	250,065,920.45

Note:

## (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	8,000,000.00	7,500,000.00
Bank acceptance bill	403,886,347.73	301,904,319.27
Total	411,886,347.73	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	1,050,477,495.94	1,709,868,854.24
Equipment and Engineering	140,729,051.34	186,363,724.44
Other	11,709,180.01	13,917,609.46
<b>Total</b>	<b>1,202,915,727.29</b>	<b>1,910,150,188.14</b>

## (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	230,204.48	812,701.37
<b>Total</b>	<b>230,204.48</b>	<b>812,701.37</b>

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

## 38. Contract liabilities

In RMB

Items	End of term	Beginning of term
Goods	2,306,912,441.68	3,052,515,293.06
<b>Total</b>	<b>2,306,912,441.68</b>	<b>3,052,515,293.06</b>

## 39. Payable Employee wage

## (1) List of Payroll payable

In RMB

Items	Balance in year-begin	Increase in this period	Payable in this period(Note)	Balance in year-end
I. Short-term compensation	99,276,656.74	911,420,247.64	910,642,301.53	100,054,602.85
II. Post-employment benefits - defined contribution plans	33,845,853.18	121,962,082.03	116,847,864.48	38,960,070.73
III. Dismissal benefits		1,005,045.84	1,005,045.84	
<b>Total</b>	<b>133,122,509.92</b>	<b>1,034,387,375.51</b>	<b>1,028,495,211.85</b>	<b>139,014,673.58</b>

[Note] The short-term salary of the Indonesian company is RMB 2,410.13,4..

## (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	712,280,561.79	707,392,082.09	87,578,245.29
(2) Employee benefits		50,239,108.20	50,239,108.20	

(3) Social insurance expenses	8,702,497.23	61,362,582.76	62,509,036.82	7,556,043.17
Including: medical insurance premium	8,556,657.77	58,548,976.28	59,813,751.88	7,291,882.17
Work-related injury insurance premium	145,839.46	2,813,606.48	2,695,284.94	264,161.00
(4) Housing fund	458,552.96	74,911,731.37	74,912,020.37	458,263.96
(5) Labor union expenditures and employee education expenses	7,425,840.96	12,626,263.52	15,590,054.05	4,462,050.43
Total	99,276,656.74	911,420,247.64	910,642,301.53	100,054,602.85

## (3) List of drawing scheme

In RMB

Items	Opening balance	Increase	Decrease	Closing balance
1.Basic pension insurance	7,365,213.63	85,969,623.37	86,119,647.96	7,215,189.04
2. Unemployment insurance	263,041.82	3,061,757.66	3,074,731.52	250,067.96
3. Enterprise annual fee	26,217,597.73	32,930,701.00	27,653,485.00	31,494,813.73
Total	33,845,853.18	121,962,082.03	116,847,864.48	38,960,070.73

Other note

## 40. Taxes Payable

In RMB

Items	End of term	Beginning of term
VAT	26,831,710.72	40,924,370.15
Enterprise Income tax	19,296,080.94	17,886,118.76
Property tax	14,880,121.69	7,532,910.03
Individual Income tax	3,947,213.74	2,870,186.04
Land use tax	3,836,290.15	1,912,650.90
City Construction tax	2,081,991.58	5,687,507.47
Education subjoin	941,347.25	2,485,447.07
Locality Education subjoin	632,108.09	1,666,388.01
Other	938,259.93	656,799.67
Total	73,385,124.09	81,622,378.10

Other note:

## 41.Other account payable

In RMB

Items	End of term	Beginning of term
Dividend payable	90,000.00	
Other account payable	203,698,336.85	434,578,338.13
Total	203,788,336.85	434,578,338.13

## (1) Interest payable

## (2) Dividends payable

In RMB

Items	End of term	Beginning of term
Research Institute of Mechanical Science, Zhejiang Branch Co., Ltd	90,000.00	
Total	90,000.00	

Note: Including significant unpaid dividends payable over one year, the unpaid reason shall be disclosed:

## (3) Other accounts payable

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

In RMB

Items	End of term	Beginning of term
Restricted stock subscription funds(Note)	100,222,346.86	110,195,995.86
Provisional account payable	92,141,265.66	73,387,357.24
Deposit	8,650,506.77	7,710,407.05
Other	2,684,217.56	3,284,577.98
Related party demolition loan		240,000,000.00
Total	203,698,336.85	434,578,338.13

[Note] It is the accumulated restricted stock subscription payment paid by the equity incentive object during the waiting period.

## 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	30,637,507.55	9,011,464.45
Rease liabilities due within 1 year	12,165,379.31	8,596,258.52
Total	42,802,886.86	17,607,722.97

Other note:

## 44. Other current liabilities

In RMB

Items	End of term	Beginning of term
Output tax to be transferred	266,480,963.69	394,535,629.47
Maintenance and renovation costs	1,105,000.00	1,105,000.00
Total	267,585,963.69	395,640,629.47

Other note

## 45. Long-term borrowing

## (1) Category of long-term loan

In RMB

Items	End of term	Beginning of term
Mortgage loan	9,711,173.86	20,624,674.22
Guarantee loan	150,192,500.00	160,205,333.33
Total	159,903,673.86	180,830,007.55

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

## 47. Lease liability

In RMB

Items	End of term	Beginning of term
Unpaid lease payments	17,206,632.59	24,310,879.76
Less: Financing charges are not recognized	872,609.49	1,735,124.99
Total	16,334,023.10	22,575,754.77

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	10,774,088.21	7,249,677.56
Total	11,104,088.21	7,579,677.56

## (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

## (2) Special Payable

In RMB

Items	Opening balance	Increase	Decrease	End balance	Reason
Compensation for relocation	2,040,646.71	197,297,786.03	196,840,220.54	2,498,212.20	
Funding for Personnel Training	3,185,102.53	3,930,000.00	880,154.84	6,234,947.69	
Simple dormitory area demolition and resettlement	2,023,928.32	17,000.00		2,040,928.32	
<b>Total</b>	<b>7,249,677.56</b>	<b>201,244,786.03</b>	<b>197,720,375.38</b>	<b>10,774,088.21</b>	

Other note:

1.The reduction of compensation for land requisition and relocation in the current period is caused by the carry-over of compensation for land requisition and relocation, in which the corresponding part of the relocation cost of RMB 16,150,800.00 in the current period is transferred to other income, and the corresponding part of the fixed assets of RMB 180,689,420.54 in the new factory area put into use in the current period is transferred to deferred revenue, as shown in Note X,XVI(8)2 to this Financial Statement.

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

## 49. Long term payroll payable

(1) List of long term payroll payable

(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	199,510,020.54	51,567,642.43	877,381,129.85	Receive government subsidies
<b>Total</b>	<b>729,438,751.74</b>	<b>199,510,020.54</b>	<b>51,567,642.43</b>	<b>877,381,129.85</b>	--

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:

Note: Please refer to Note X (7) 84 of the Financial Statements for details of the amount of government subsidies included in the current profits and losses.

## 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	754,010,400.00		226,169,580.00			226,169,580.00	980,179,980.00

shares							
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## Other note

According to the "2021 Annual Profit Distribution Plan" adopted by the resolution of the 2021 Annual General Meeting of Shareholders, this equity distribution was based on the total share capital of 754,010,400 shares at the end of 2021, excluding the repurchased 111,800 treasury shares by the Company as of the record date of the equity distribution, that was, the 753,898,600 shares was the basis, it distributed a cash dividend of 4.0 yuan per 10 shares (including tax) and 3 bonus shares (including tax) to all shareholders. The receipt of the above-mentioned new registered capital has been verified by Zhejiang Southern Accounting Firm Co., Ltd, and the "Capital Verification Report" (No. 012 [2022] Nanfang Yanzi) has been issued, and the Company has completed the industrial and commercial change registration procedures on September 5, 2022.

## 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	57,888,141.49		262,539,139.50
Other capital reserves	78,295,032.49	54,101,690.01		132,396,722.50
Total	282,946,030.50	111,989,831.50		394,935,862.00

Other notes, including changes and reason of change:

(1) The current increase of share capital premium includes:

1) In the current period, the subsidiary Casting & Forging Company confirmed that due to the equity settlement involving the share-based payment expenses for employees with immediate execution, the Company increased the capital reserve - equity premium of 817,797.12 yuan according to the shareholding ratio.

2) Due to the purchase of equity of minority shareholders of the subsidiary Ranchuang Company, the difference between the newly acquired long-term equity investment cost and the share of identifiable net assets of continuously calculated from the merge date of the subsidiary enjoyed according to the proportion of newly added shareholding was adjusted to increase capital reserve-equity premium of RMB 121,378.42

3) Due to dilution of share ratio (without loss of control) held by the Company resulted by the minority shareholders of Zhongneng Company and Anhui Casting & Forging Company increased the capital, and the Company included the difference between its share in the net book assets of the subsidiary before the capital increase calculated according to the shareholding ratio before the capital increase and its share of the net book assets of the subsidiary after the capital increase calculated according to the shareholding ratio after the capital increase into the capital reserve- equity premium of 56,903,077.38 yuan.

(2) Other capital reserve increases in the current period include:

In the current period, the Company increased its capital reserve - other capital reserve of 54,101,690.01 yuan due to the share-based payment expenses involving employees in the equity settlement, as detailed in Section 10 XIII Explanation of Share Payment in this financial statement.

## 56. Treasury stock

In RMB



Items	Year-beginning balance	Increase in the current period	Decrease in the current period	Year-end balance
Treasury stock	144,078,948.09		7,612,560.00	136,466,388.09
Total	144,078,948.09		7,612,560.00	136,466,388.09

Other notes, including changes and reason of change:

According to the resolution of the Company's 2021 Annual General Meeting, the Company distributed a cash dividend of \$4.00 (including tax) to all shareholders for every 10 shares, the number of expected lifted restricted shares of the first grant was 19,031,400 shares, with the corresponding cash dividend of RMB 7,612,560.00, and the corresponding reduction of other payables and treasury shares of RMB 7,612,560.00.

#### 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	Other (Note)	
1. Other comprehensive income that cannot be reclassified in the loss and gain in the future	2,630,313,185.77	70,687,553.56			10,603,133.03	60,084,420.53			2,690,397,606.30
Changes in fair value of investments in other equity instruments	2,630,313,185.77	70,687,553.56			10,603,133.03	60,084,420.53			2,690,397,606.30
2. Other comprehensive income reclassifiable to profit or loss in subsequent periods	-	-				-	-	947,478.62	
Difference of translating of	835,428.78	263,153.79				112,049.84	151,103.95	947,478.62	

foreign currency accounts									
Total of other comprehensive income	2,629,477.756.99	70,424,399.77			10,603,133.03	59,972,370.69	-151,103.95	947,478.62	2,690,397,606.30

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

Other changes in the current period are due to changes in the scope of consolidation and the corresponding transfer of the difference in the translation of the foreign currency financial statements attributable to the Company by RMB -947,478.62.

#### 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	5,749,535.20	6,277,242.80	17,841,325.92
Total	18,369,033.52	5,749,535.20	6,277,242.80	17,841,325.92

Other note, including changes and reason of change:

(1) The current decreases include:

1) The Company withdrew safety production expenses of 5,306,323.51 yuan for the purchase of safety protective commodity and equipment.

2) The minority shareholders of the subsidiary Zhongneng Company increased capital result in dilution of the proportion of equity owned by the Company (without losing control), and transferred out the special reserve of 970,919.29 yuan.

(2) Upon the application of the Company and the approval of Hangzhou Safety Production Supervision and Administration Bureau (HSPSAB), the minimum reserved amount for the collection and use of the safety production cost of the Company and its subsidiaries is RMB 20 million. If the safety production costs that have been withdrawn in previous years have exceeded the minimum reserved amount, it will no longer be reduced; if the safety production costs for the subsequent years are less than the above-mentioned minimum reserved amount, withdraw in the current year to compensate up to the minimum reserved amount. After adding the work safety expenses attributable to minority shareholders, the total of the Company's work safety expenses at the end of the period is RMB27,841,261.86.

#### 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	3,415,358,402.27
Add: Net profit belonging to the owner of the parent company	522,396,807.32	649,992,474.56
Common stock dividend payable	527,565,579.99	185,864,649.99
Other		117,902,815.93
Retained profits at the period end	3,756,414,638.24	3,761,583,410.91

## Other note:

The profit distribution proposal reviewed and approved by the boarding meeting was summarized as follows: In 2021, with the total share capital of 754,010,400 shares at the end of the year deducting 111,800 treasury shares repurchased as of date of record by Company, that is, 753,898,600 shares, the Company would distribute cash dividend to all the shareholders at the rate of CNY 4.0 for every 10 shares (including tax), 3 bonus shares (including tax), A total stock dividend of RMB 226,169,580.00 and a cash dividend of RMB 301,559,439.99, of which a cash dividend of RMB 163,440.00 was distributed to the expected unlockable restricted stock.

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

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

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

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

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

## 61. Business income and Business cost

In RMB

Items	Amount of this period		Amount of last period	
	Income	Cost	Income	Cost
Main Business	5,495,693,244.56	4,016,656,619.93	5,756,713,931.47	4,062,659,604.63
Other	23,148,695.26	10,758,183.33	31,574,657.44	29,295,888.06
Total	5,518,841,939.82	4,027,414,803.26	5,788,288,588.91	4,091,955,492.69

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

Yes  No

In RMB

## Information related to performance obligations:

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

Information related to transaction value assigned to residual performance obligations:

The income corresponding to the performance obligations that have not been performed or have been performed incompletely but the contract has been signed at the end of the reporting period is RMB 7,919,070,000.00.

Other note

#### 62. Taxes and surcharges

In RMB

Items	Amount of this period	Amount of last period
Urban maintenance and construction tax	10,009,589.55	15,477,429.38
Educational surtax	4,366,464.42	6,755,116.33
Locality Education surcharge	2,910,976.25	4,506,158.80
House tax	14,957,149.91	11,919,435.52
Land royalties	2,400,686.40	4,610,225.78
Stamp tax	3,667,483.45	2,477,515.63
vehicle and vessel tax	60,286.64	69,072.31
Other	11,122.15	14,076.50
<b>Total</b>	<b>38,383,758.77</b>	<b>45,829,030.25</b>

Other note:

#### 63. Sales expense

In RMB

Items	Amount of this period	Amount of last period
Employees' remunerations	131,040,859.19	101,207,766.17
Consulting service fee	25,231,173.94	26,377,049.32
Travel expenses	24,781,070.36	26,421,118.72
Business reception expenses	17,726,723.65	16,944,060.09
Three charge	7,800,806.05	18,802,491.64
Warehousing	5,028,381.37	2,872,837.87
Conferences	1,758,083.86	1,732,483.74
Advertising fee	1,584,233.98	1,841,852.03
Other	6,538,191.20	6,668,898.24
<b>Total</b>	<b>221,489,523.60</b>	<b>202,868,557.82</b>

Other note

#### 64. Administrative expense

In RMB

Items	Amount of this period	Amount of last period
Employees' remunerations	394,509,449.15	435,806,921.20
Stock payable	56,252,090.01	17,297,907.40
Asset depreciation and amortizing	42,711,626.99	33,173,062.19
Rental fee, House rental, property management, water and power	22,495,865.42	38,197,856.49
Office expenses	10,780,226.70	12,664,641.22
Material consumption and amortization of low-value consumables	6,589,584.68	6,451,854.48
Agency fee	8,075,703.91	8,949,478.71
Repair costs	7,522,911.20	14,285,987.83
Travel expenses and overseas travel expenses	5,647,664.14	6,827,063.68
Enterprise relocation costs [Note]		31,652,234.54
Other	36,353,147.51	54,977,315.56
<b>Total</b>	<b>590,938,269.71</b>	<b>660,284,323.30</b>

Other note:

The relocation expenditure incurred in the current period was RMB 16,150,800.00 and it's presented under employee remuneration.

#### 65. R&D Expense

In RMB

Items	Amount of this period	Amount of last period
Labor cost	162,914,571.31	170,270,207.41
Direct materials	98,709,801.80	145,030,641.50
Depreciation expenses	5,331,971.14	9,953,767.74
Test and inspection fee	4,583,898.71	2,322,130.32
Commissioned research & development	5,246,830.91	8,013,059.40
Other	7,452,809.17	14,626,828.74
<b>Total</b>	<b>284,239,883.04</b>	<b>350,216,635.11</b>

Other note

#### 66. Financial expenses

In RMB

Items	Amount of this period	Amount of last period
Interest expense	24,366,789.74	23,435,810.36
Less: Incoming interests	18,946,425.24	18,328,752.35
Exchange gains/losses	-38,338,007.69	1,903,566.98
Commission	3,621,245.27	2,738,299.23
<b>Total</b>	<b>-29,296,397.92</b>	<b>9,748,924.22</b>

Other note:

#### 67. Other income

In RMB

Items	Amount of this period	Amount of last period
Government subsidies related to assets	29,873,987.51	30,843,067.37
Government subsidies related to income	43,438,557.91	171,327,615.80
Individual tax commission refunds	418,128.89	377,834.86

[Note] For the government subsidies included in other income in this period, see Section X VII 84 of this report.

#### 68. Investment income

In RMB

Items	Amount of this period	Amount of last period
Long-term equity investment income by equity method	-563,981.22	
Investment income of trading financial assets during the holding period	-2,689,211.31	-3,273,132.15
Investment income obtained from the disposal of trading financial assets	36,295,722.69	81,906,736.97
Dividend income from other equity instrument investments during the holding period	364,839.26	21,765.89

Dividend income derived from other equity instrument investments during the holding period	95,156,322.10	95,156,322.10
Debt restructuring gains	7,035,391.36	1,617,382.00
Other		-6,491,695.59
<b>Total</b>	<b>135,599,082.88</b>	<b>168,937,379.22</b>

Other note:

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	-646,522.64	963,450.48
Other non-current financial assets	960,000.00	-1,104,976.32
<b>Total</b>	<b>313,477.36</b>	<b>-141,525.84</b>

71. Credit impairment loss

In RMB

Items	Amount of this period	Amount of last period
Losses on bad debt	82,441,348.93	15,768,143.94
<b>Total</b>	<b>82,441,348.93</b>	<b>15,768,143.94</b>

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	-32,352,000.41	-26,504,227.85
V. Impairment loss of fixed assets		-9,028,267.09
XII. Loss of impairment of contract assets	7,911,784.28	7,021,475.51
<b>Total</b>	<b>-24,440,216.13</b>	<b>-28,511,019.43</b>

Other note:

73. Asset disposal income

In RMB

Source	Amount of this period	Amount of last period
Profits of disposal of fixed assets	95,281.00	1,094,656.77
<b>Total</b>	<b>95,281.00</b>	<b>1,094,656.77</b>

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
Compensation income[Note]	56,511,643.28	131,153,708.15	56,511,643.28
No payment required	1,136,297.51	2,662,252.07	1,136,297.51
Loss of non-current assets: obsolescence gain		102,213.90	

Other	2,507.61	434,801.16	2,507.61
Total	57,650,448.40	134,352,975.28	57,650,448.40

Government subsidies recorded into current profits and losses:

[Note] The compensation income for this period is mainly based on the "Long-period Suspension Unit Cancellation Agreement" signed between the company and Shenyang Turbine Machine Co., Ltd. The project was cleared and released, and after the communication between the two parties, it was confirmed that the breach of contract income of the project was RMB 39.5835 million.

In RMB

Items	Issuing body	Issuing Reason	Nature	Whether the impact of subsidies on the current profit and loss	Whether special subsidies	Amount of current period	Amount of previous period	Assets-related/income-related
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## 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
Compensation expenses	1,955,731.38	9,386,784.95	1,955,731.38
Donations	765,000.00	310,000.00	765,000.00
Non-current assets scrapping loss	324,233.68	78,963,545.45	324,233.68
Fine, late payment	45,155.29	203,901.79	45,155.29
Other	40,455.62	23,067.14	40,455.62
Total	3,130,575.97	88,887,299.33	3,130,575.97

## 76. Income tax expenses

### (1) Details

In RMB

Items	Amount of this period	Amount of last period
Income tax of current term	52,728,108.37	67,189,032.96
Deferred income tax	29,964,153.08	38,110,661.41
Total	82,692,261.45	105,299,694.37

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

In RMB

Items	Amount of this period
Total profit	707,931,620.14
Income tax expense at parent company's applicable tax rate	106,189,743.02
Effect of different tax rates applicable to subsidiaries	6,913,411.96
Adjustment for income tax in prior year	1,682,143.93
Income not subject to tax	-14,012,598.42
Effects of non-deductible costs, expenses and losses	4,523,132.62

Impact of deductible losses on the use of previously unrecognized deferred income tax assets	-2,457,232.80
The current period does not affect the deferred tax assets recognized deductible temporary differences or deductible loss	2,187,123.38
Impact of additional deductions for R & D expenses	-30,529,223.73
Impact of additional deduction for equipment and appliances of high-tech enterprises in the fourth quarter	-32,966.02
Impact of additional deductions for the disabled	-389,996.66
Impact of share payments	8,618,724.17
Income tax expenses	82,692,261.45

### 77. Other Comprehensive income

For details, please refer to Note X(VII)57

### 78. Notes Cash flow statement

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

In RMB

Items	Amount of this period	Amount of last period
Recovery of operating bank deposits	199,173,666.41	398,801,063.82
Government subsidies received	27,321,284.08	31,902,074.30
Deposit interest	18,946,425.24	18,237,333.89
Receipt of operating current account	3,936,945.05	5,033,170.11
Lease income	1,091,668.02	2,966,095.79
Compensation income	97,470.00	35,240,999.31
Other	569,757.57	812,636.02
<b>Total</b>	<b>251,137,216.37</b>	<b>492,993,373.24</b>

Note:

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

In RMB

Items	Amount of this period	Amount of last period
Payment of operational bank deposits	180,292,694.53	223,049,919.64
Payment cash Management expenses	81,915,119.72	148,934,743.59
Payment cash sales expenses	86,924,480.00	102,134,607.20
Payment cash R & D cost	16,719,251.91	25,057,788.44
Payment cash financial expenses	3,621,245.27	2,738,299.23
Pay compensation	100,134.80	4,529,909.30
Other	850,610.91	536,968.94
Payment of business transactions		19,701,721.07
<b>Total</b>	<b>370,423,537.14</b>	<b>526,683,957.41</b>

#### (3) Other investment-related cash received

In RMB

Items	Amount of this period	Amount of last period
Repurchasing of trusteeship	2,430,000,000.00	3,758,818,000.00
Receipt of levy and relocation compensation	197,297,786.03	
Receive the interest on the funds occupied by the non-related parties	192,426.85	



Reduction of Hangzhou bank convertible bond		687,572,000.00
Get the cash received by the subsidiaries		1,275,088.15
Total	2,627,490,212.88	4,447,665,088.15

## (4) Other cash paid for investment activities

In RMB

Items	Amount of this period	Amount of last period
Purchasing of financial products	2,077,000,000.00	3,696,000,000.00
Net cash paid by disposal subsidiaries (negative)	8,697,180.39	
Purchasing of convertible bonds		687,572,000.00
Total	2,085,697,180.39	4,383,572,000.00

## (5) Other cash paid for Financing activities

In RMB

Items	Amount of this period	Amount of last period
Recovering the right to use the assets deposit	200,000.00	
Received of restricted stock warrants		110,195,995.86
Discounting payment of financing bill		7,500,000.00
Total	200,000.00	117,695,995.86

## (6) Other cash paid relevant to financing activities

In RMB

Items	Amount of this period	Amount of last period
Return the related party's capital occupation and interest	245,425,672.29	40,373,179.58
Pay the rent of the right to use the asset	15,314,937.25	7,337,642.50
Financing notes due and payment	7,500,000.00	
buy minority stake	2,902,611.00	53,295,800.13
Repurchase stocks	2,197,649.00	
Payment of CDB investment interest		155,000,000.00
Subsidiary cancels and returns minority shareholders		12,725,371.88
Pay interest on CDB Fund investment		2,021,333.33
Payment of discounted interest on financing bills		328,968.75
Total	273,340,869.54	271,082,296.17

## 79. Supplement Information for cash flow statement

## (1) Supplement Information for cash flow statement

In RMB

Supplementary Info.	Amount of this period	Amount of last period
I. Adjusting net profit to cash flow from operating activities		
Net profit	625,239,358.69	727,247,759.79
Add: Impairment loss provision of assets	-58,001,132.80	12,742,875.49
Depreciation of fixed assets, oil and gas assets and consumable biological assets	128,776,068.89	104,261,255.33
Depreciation of Use right assets	12,582,536.56	7,670,173.81

Amortization of intangible assets	11,461,545.32	10,482,651.22
Amortization of Long-term deferred expenses		3,520.00
Loss on disposal of fixed assets, intangible assets and other long-term deferred assets	-95,281.00	-1,094,656.77
Fixed assets scrap loss	326,033.68	78,861,331.55
Loss on fair value changes	-313,477.36	141,525.84
Financial cost	-14,033,357.95	25,227,104.80
Loss on investment	-131,252,902.83	-170,593,129.37
Decrease of deferred income tax assets	29,931,187.06	38,837,335.36
Increased of deferred income tax liabilities	32,966.02	-726,673.95
Decrease of inventories	686,701,189.28	-764,962,478.57
Decrease of operating receivables	409,317,867.69	-297,533,528.78
Increased of operating Payable	-1,433,059,686.61	284,977,912.55
Other	56,527,890.99[Note]	16,266,510.72
Net cash flows arising from operating activities	324,140,805.63	71,809,489.02
II. Significant investment and financing activities that without cash flows:		
Conversion of debt into capital		
Convertible corporate bonds maturing within one year		
Financing of fixed assets leased		
3. Movement of cash and cash equivalents:		
Ending balance of cash	1,805,028,401.76	1,467,538,968.07
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	337,489,433.69	-382,815,680.03

[Note] Others include the net change in special reserves of RMB 275,800.98 and the confirmation of share-based payment expenses of RMB 56,252,090.01 in the current period

(2) Net Cash paid of obtaining the subsidiary

(3) Net Cash receive of disposal of the subsidiary

In RMB

	Amount
Current disposal of cash or cash equivalents received by subsidiaries during the current period	2,000,000.00
Of which:	
Of which:Indonesia Comapny	2,000,000.00
Less: Cash and cash equivalents held by the Company on days of loss of control	10,697,180.39
Of which:	
Of which:Indonesia Comapny	10,697,180.39
Of which:	
Net cash received from the disposal of subsidiaries	-8,697,180.39

## (4) Component of cash and cash equivalents

In RMB

Items	Year-end balance	Year-beginning balance
I.Cash	1,805,028,401.76	1,467,538,968.07
Of which: Cash in stock	107,551.80	65,904.06
Bank savings could be used at any time	1,804,892,189.83	1,467,310,722.30
Other monetary capital could be used at any time	28,660.13	162,341.71
III. Balance of cash and cash equivalents at the period end	1,805,028,401.76	1,467,538,968.07

## (1) Monetary funds that do not belong to cash and cash equivalent

Items	Year-end balance	Year-beginning balance
Bank acceptance bill margin	92,639,033.89	151,092,217.21
Guarantee deposit	9,321,352.25	4,235,062.51
Pledge time deposit	47,973,000.00	
ETC business margin	19,000.00	17,000.00
Subtotal	149,952,386.14	155,344,279.72

## (2) Endorsement transfer amount of commercial bills not involving cash receipts and payments

Items	Current amount	Amount of the same period last year
Amount of commercial bill endorsed and transferred	1,304,085,972.09	1,539,746,319.56
In which: payment for goods	1,296,077,749.78	1,486,046,319.56
Payment for the purchase of long-term assets such as fixed assets	8,008,222.31	12,700,000.00
Payment of loan		41,000,000.00

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

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

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

In RMB

Items	Closing book value	Causation o limitation
Monetary capital	149,952,386.14	Used as security for issuing of acceptance bill and bill of guarantees
Notes receivable	11,130,774.54	Used as security for issuing of acceptance drafts and bill
Receivables financing	143,516,310.23	
Fixed assets	124,868,888.02	Used as security for issuing of acceptance drafts and bill
Intangible assets	17,207,776.09	Used as security for issuing of acceptance bill and bill of guarantees
Total	446,676,135.02	

## 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			408,588,968.12
Incl: USD	58,245,732.47	6.9646	405,658,228.36
Euro	393,677.46	7.4229	2,922,228.42
HKD	6,383.13	0.89327	5,701.86
Yen	53,659.00	0.052358	2,809.48
Account receivable			183,412,441.10
Incl: USD	24,988,196.84	6.9646	174,032,795.71
Euro	1,230,284.14	7.4229	9,132,276.14
HKD			
SGD	47,726.12	5.1831	247,369.25
Long-term loans			
Incl: USD			
Euro			
HKD			
Other receivable			3,482,300.00
Incl: USD	500,000.00	6.9646	3,482,300.00
Contract assets			4,302,231.28
Incl: USD	542,440.00	6.9646	3,777,877.62
Euro	70,640.00	7.4229	524,353.66
Euro			11,335,719.76
Incl: USD	625,951.96	6.9646	4,359,505.02
Euro	939,823.35	7.4229	6,976,214.74

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

Applicable  Not applicable

## 83. Arbitrage

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

## 84. Government subsidy

## 1) Government subsidies related to assets

In RMB

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

□ Applicable √ Not applicable

Other note:

## (1) Detail

## 1) Asset-related government subsidies

Items	Beginning Deferred income	Current subsidy increase	Current amortization	Ending Deferred income	Current amortization Item presentation
Relocation and relocation compensation (Shiqiao Road factory area)	587,965,976.12	180,689,420.54	21,141,733.79	747,513,662.87	Other income
Relocation and relocation compensation (Hangfa factory area)	126,889,398.13		8,663,283.72	118,226,114.41	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	180,689,420.54	29,873,987.51	866,015,657.28	

## 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	5,487,675.12	8,818,852.37	Other income
Zhejiang Province science and technology plan project subsidies		2,601,800.00	55,179.80	2,546,620.20	Other income
Subtotal	14,238,527.49	2,669,800.00	5,542,854.92	11,365,472.57	

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

Items	Amount	Item presentation
Relocation and relocation compensation (Shiqiao Road factory area)	16,150,800.00	Other income
Social security return	4,063,515.21	Other income
R & D investment subsidy funds	3,285,200.00	Other income
The first batch of financial support funds for district-level Kunpeng and quasi-Kunpeng enterprises	2,225,245.00	Other income
One-time job training subsidy	1,691,000.00	Other income
Incentive funds for the first (set) product	1,500,000.00	Other income
Procurement incentive funds for backbone enterprises	1,422,000.00	Other income
Special funds for the development of military-civilian integration	1,370,000.00	Other income
Funding for Talent Cultivation	910,154.84	Other income
Subsidies for digital transformation research projects	609,300.00	Other income
Industry-university-research cooperation subsidy funds	500,000.00	Other income
Special financial funds for industrial and information technology development	500,000.00	Other income
District-level supporting funds for provincial-level industrial Internet platforms	500,000.00	Other income

Special fund for new manufacturing plan	500,000.00	Other income
Factory IoT Project Grants	479,300.00	Other income
patent grant	442,580.46	Other income
"Manufacturing Quality Award" incentive funds	300,000.00	Other income
Brand building subsidy	200,000.00	Other income
Foreign trade development fund project subsidy	200,000.00	Other income
property tax refund	143,264.07	Other income
Qiantang District encourages employees from outside the province to stay in the district during the New Year to stabilize jobs and promote production subsidies	100,000.00	Other income
Qiantang District Outstanding Contribution Enterprise Award	100,000.00	Other income
Incentive funds for stable production and growth	100,000.00	Other income
Subsidies for sea and air transportation for key foreign trade enterprises	100,000.00	Other income
Other	503,343.41	Other income
Subtotal	37,895,702.99	

(2) The current amount of government subsidies included into the current profits and loss is RMB 73,312,545.42.

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) Merger 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

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

Yes  No

In RMB

Subsidiary name	Equity disposal price	Equity disposal ratio	Equity disposal method	point of loss of control	Determination basis for the point of loss of control	The difference between the disposal price and the share of the subsidiary's net assets at the consolidated financial statement level corresponding to the disposal investment	Percentage of remaining equity at the date of loss of control	Book value of remaining equity on the date of loss of control	Fair value of remaining equity at the date of loss of control	Gain or loss from remeasurement of remaining equity at fair value	Determination method and main assumptions of fair value of remaining equity on the date of loss of control	Amount transferred from other comprehensive income related to equity investment in atomic company to investment profit and loss
Indonesia Company	6,120,000.00	70.00%	Agreement transfer	December 27, 2022	Industrial and commercial change registration is completed	993,654.43						-1,557,635.65

Other note

In November 2022, Zhongneng Company and PT.HANGZHOU TURBINE SERVICES signed the Equity Transfer Agreement, in which transferred its 70% equity of the Indonesian company to PT.HANGZHOU TURBINE SERVICES at a price of 6.12 million yuan. The equity transfer was obtained with a decree issued by the Local Ministry of Justice and Human Rights in Indonesia on December 27, 2022. The net asset value of the Indonesia Company as of December 31,2022 was 7,323,350.80 yuan, and the net assets of the Indonesian company enjoyed by Zhongneng Company were 5,126,345.57 yuan according to the 70% shareholding ratio, and

the difference of 993,654.43 yuan to the disposal price of 6,120,000.00 yuan was recognized as investment income; Meanwhile, other comprehensive income related to the equity investment of the Indonesian company-changes in the translation difference in foreign currency financial statements was transferred to the profit or loss of the current period when lost the control, and the investment income was recorded in the consolidated statement of -1,557,635.65 yuan; the total investment income recognized was RMB-563,981.22.

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

Yes  No

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

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

Reduced scope of consolidation:

Name	Equity disposal method	Equity disposal point	Net assets on disposal date	Net profit from opening to disposal date
Hangzhou Steam Turbine Power Group Equipment Engineering Co., Ltd	M & A	2022.12.26	10,076,214.15	1,001,509.06

[Note] Due to the needs of business development, the New Energy Company signed a Merger Agreement with its subsidiary Hangzhou Steam Turbine Power Group Equipment Engineering Co., Ltd., which was absorbed and merged on August 11, 2022 as the base date, and whose legal person status was cancelled.

#### 6. Other

### IX. Equity in other entities

#### 1. Equity in subsidiary

##### (1) The structure of the enterprise group

Name of the subsidiaries	Main business location	Reg. Add.	Business property	Share proportion %		Way of obtain
				Direct	Indirect	
Auxiliary Machine Co.	Hangzhou Zhejiang	Hangzhou Zhejiang	Manufacturing	87.53%		Incorporation
Packaged Technologies Co.	Hangzhou Zhejiang	Hangzhou Zhejiang	Commerce	75.86%		Incorporation
Machinery Co.	Hangzhou Zhejiang	Hangzhou Zhejiang	Manufacturing	52.00%		Incorporation
Turbine Co.	Hangzhou Zhejiang	Hangzhou Zhejiang	Commerce	100.00%		Incorporation
Zhongneng Company	Hangzhou Zhejiang	Hangzhou Zhejiang	Manufacturing	46.89%		Incorporation
Casing Company	Hangzhou	Hangzhou	Manufacturing	38.03%		Incorporation



	Zhejiang	Zhejiang				
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	100.00%		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 2022, the subsidiary Zhongneng Company introduced strategic investors and simultaneously implemented employee shareholding, resulting in the Company's shareholding ratio falling from 60.83% to 46.89%. Since the shareholding ratio of the Company still exceeds 1/3, the three of the seven directors are appointed by the Company, and two other directors have signed the "Concerted Action Person Agreement" with the Company, thus the Company controls Zhongneng Company.

(2) In December 2018, the subsidiary Casting & Forging Company introduced external strategic investors, resulting in the Company's shareholding ratio falling from 51% to 38.03%. Since the Company still holds more than 1 / 3 equity and holds three of the five board seats, it has control over the casting company.

(3) On November 11, 2021, the Company acquired 30% of the equity of the sales company. According to the articles of association of the sales company and the resolution of the shareholders' meeting, the board of directors of the sales company has five board seats, and the five directors are appointed by the company, so the Company has control over the sales company.

## (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%	6,051,090.09	4,988,000.00	39,619,762.30
Packaged Technologies Co.	24.14%	4,536,645.86	7,388,370.00	27,515,386.95
Machinery Co.	48.00%	45,796,935.33	28,800,000.00	111,510,409.92
Zhongneng Company	53.11%	30,941,153.08		159,836,453.72
Casing Company	61.97%	-1,135,708.59		187,852,632.33
Sales Company	70.00%	9,063,892.86	3,150,000.00	39,631,556.03
China Mechanical Institute Company	45.00%	131,860.13	90,000.00	1,294,748.59

Holding proportion of minority shareholder in subsidiary different from voting proportion:

Other note:

## (3) The main financial information of significant not wholly owned subsidiary

In RMB

Subsidiaries Name	End of term						Beginning of term					
	Current assets	Non-current assets	Total of assets	Current liabilities	Non-current liabilities	Total of liability	Current assets	Non-current assets	Total of assets	Current liabilities	Non-current liabilities	Total of liability
Auxiliary Machine Co.	662,288,146.11	86,972,351.15	749,260,497.26	417,638,359.89	2,761,627.48	420,399,987.37	733,029,315.32	78,861,833.88	811,891,149.20	491,555,820.43		491,555,820.43
Packaged Technologies Co.	289,272,485.34	9,134,096.47	298,406,581.81	183,554,800.43	892,837.72	184,447,638.15	295,135,373.75	7,257,034.74	302,392,408.49	176,622,637.98		176,622,637.98
Machinery Co.	341,338,629.47	27,559,634.57	368,898,264.04	132,131,820.03	4,453,089.98	136,584,910.01	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	1,592,257.465.58	256,916,512.99	1,849,173,978.57	1,277,138,143.86	271,091,873.73	1,548,230,017.59	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	488,550,333.02	161,443,351.10	649,993,684.12	324,873,817.53	20,186,372.23	345,060,189.76	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	83,930,156.84	39,162,681.52	123,092,838.36	59,249,528.02	7,226,801.73	66,476,329.75	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	3,101,236.65	827.75	3,102,064.40	224,845.30		224,845.30	2,789,442.19	3,639.53	2,793,081.72	8,885.14		8,885.14

## Other note

## loss and cash flow situation

Subsidiaries Name	Amount of current period			
	Turnover	Net profit	Total Misc Gains	Cash flow for business activities
Auxiliary Machine Co.	588,105,536.05	48,525,181.12	48,525,181.12	57,131,179.98
Packaged Technologies Co.	234,634,434.19	18,789,173.15	18,789,173.15	35,510,559.98
Machinery Co.	306,871,315.89	95,410,281.94	95,410,281.94	87,100,058.13
Zhongneng Company	1,477,489,208.21	78,762,807.47	78,499,653.68	-108,465,527.91
Casing Company	439,244,605.73	84,265.32	84,265.32	-3,154,973.95
Sales Company	158,482,208.91	12,948,418.37	12,948,418.37	17,232,333.27
China Mechanical Institute Company	2,974,643.71	293,022.52	293,022.52	298,655.05

(Continued)

Subsidiaries Name	Amount of previous period
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	Turnover	Net profit	Total Misc Gains	Cash flow for business activities
Auxiliary Machine Co.	604,581,929.89	84,567,191.43	84,567,191.43	-24,601,989.64
Packaged Technologies Co.	275,556,715.10	19,607,516.09	19,607,516.09	-9,009,596.18
Machinery Co.	305,270,504.99	74,265,964.44	74,265,964.44	56,947,908.11
Zhongneng Company	1,374,266,364.91	5,949,744.78	5,509,658.10	138,098,467.82
Casing Company	502,362,854.32	28,136,543.47	28,136,543.47	11,414,695.55
Sales Company	227,668,616.83	10,861,889.02	10,861,889.02	30,147,532.45
China Mechanical Institute Company	3,614,549.00	755,007.44	755,007.44	-57,796.60

(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

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

Subsidiaries Name	Change time	Shareholding ratio before change	Shareholding ratio after change
Ranchuang Company	2022.8.24	85.60%	100.00%
Zhongneng Company	2022.12.31	60.83%	46.89%
Anhui Casting Company	2022.12.31	67.00%	51.54%

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

In RMB

	Ranchuang Company	Zhongneng Company	Anhui Casting Company
Cost/disposal consideration	2,902,611.00		
--Cash	2,902,611.00		
-- Fair value of the non-cash assets			
Total purchase cost/disposal consideration	2,902,611.00		
Less: share of net assets of subsidiaries calculated according to the proportion of equity acquired/disposed of	3,023,989.42	55,956,542.77	56,544.55
Difference	-121,378.42	-55,956,542.77	-56,544.55
Including: adjustment of capital reserve	-121,378.42	-55,956,542.77	-21,503.89
Adjustment of Surplus reserve			
Adjustment of the minority			-35,040.66

shareholders' equity			
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Other note

### 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

### 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 ,10 and 16 of these financial statements for details of the reconciliation statement of the opening balance and closing balance of the financial instrument loss reserve.

## 4. Credit risk exposure and credit risk concentration

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

## (1) Monetary fund

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

## (2) Account receivable

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

As the Company only does business with recognized and reputable third parties, so no collateral is needed. Credit risks are centralized managed in accordance with customers. As of December 31,2022, the Company has a characteristic of specific credit risk concentration. 39.04% (December 31,2021: 46.36%) 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				
	Book value	Contract amount not discounted	within 1 year	1-3 years	Over 3 years
Bank loans	478,294,409.30	501,882,838.03	331,194,021.29	119,282,104.41	51,406,712.33
Notes payable	411,886,347.73	411,886,347.73	411,886,347.73		
Account payable	1,202,915,727.29	1,202,915,727.29	1,202,915,727.29		
Other payable	203,788,336.85	203,788,336.85	203,788,336.85		
Lease liabilities[Note]	28,499,402.41	30,325,807.64	13,119,175.05	14,501,193.61	2,705,438.98
Subtotal	2,325,384,223.58	2,350,799,057.54	2,162,903,608.21	133,783,298.02	54,112,151.31

(Continued)

Items	Year-beginning balance				
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	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	104,913,424.66
Notes payable	309,404,319.27	309,404,319.27	309,404,319.27		
Account payable	1,910,150,188.14	1,910,150,188.14	1,910,150,188.14		
Other payable	434,578,338.13	434,578,338.13	434,578,338.13		
Lease liabilities	31,172,013.29	34,120,327.22	9,809,447.46	17,078,896.12	7,231,983.64
Subtotal	3,125,212,251.28	3,158,554,549.75	2,935,745,784.55	110,663,356.90	112,145,408.30

Note: Exclusive of Long-term payable—Restructured withholding and special payables

### (III) Market risks

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

#### 1. Interest risks

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

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

As of December 31, 2022, the company's bank borrowings with floating interest rate were RMB 160,000,000.00 (December 31, 2021: RMB189,600,000.00). Under the assumption that other variables remain unchanged, assuming that the interest rate changes by 50 benchmark points, there will be no significant impact on the company's total profits and shareholders' equity.

#### 2. Foreign currency risks

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

Details of the company's foreign currency monetary assets and liabilities at the end of the period are described in note X (VII)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	
I. Consistent fair value measurement	--	--	--	--
—Consistent fair value measurement	1,998,737.18		610,537,179.48	612,535,916.66
1. Transactional financial assets and	1,998,737.18		610,537,179.48	612,535,916.66

other non-current financial assets				
Financial assets classified as fair value through profit or loss			605,002,406.26	605,002,406.26
Financing product	1,998,737.18		5,534,773.22	7,533,510.40
Equity instrument investment			817,555,768.45	817,555,768.45
2. Financing receivable	3,556,127,694.48			3,556,127,694.48
3. Other equipment instrument investment	3,558,126,431.66		1,428,092,947.93	4,986,219,379.59
Total liabilities of consistent fair value measurement	--	--	--	--
II. Non-continuous fair value measurement				

## 2. Market price recognition basis for consistent and inconsistent fair value measurement items at level 1

The company adopts unadjusted quotations on active markets for the same assets that can be obtained on the measurement date.

3. Continuous and non-continuous Second-level fair value measurement items, using valuation techniques and qualitative and quantitative information on important parameters

4. Continuous and non-continuous third-level fair value measurement items, using valuation techniques and qualitative and quantitative information on important parameters

1. For held short-term wealth management products with floating income and equity instrument investments, the company adopted valuation techniques for fair value measurement, mainly using a discounted future cash flow model.

2. Financing of receivables means that the measurement mode held by the company is bills receivable that are measured at fair value and whose changes are included in other comprehensive income. Cost represents the best estimate of fair value, so the cost is used to confirm its fair value.

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

6. Explain the reason for conversion and the policy governing when the conversion happens if conversion happens among consistent fair value measurement items at different levels

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

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

9. Other

## XII. Related party and related Transaction

### 1. Information related to parent company of the Company

Name of the parent company	Registered place	Business nature	Registered capital	Shareholding ratio in the Company (%)	Voting ratio in the Company (%)
Steam Turbine Holdings	Hangzhou China	Manufacturing	800 million	63.64%	63.64%

## Notes

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

## Other note:

## 2.Subsidiaries of the enterprise

For details of the subsidiary, see note X,9 to the financial statements.

## 3. Information on the joint ventures and associated enterprises of the Company

The details of significant joint venture and associated enterprise of the Company

## 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 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 Oxyen Expander Machine Co., Ltd.	Affiliated enterprise of Hangzhou Oxygen
Hangzhou Oxyen Cryogenic Container Co., Ltd	Affiliated enterprise of Hangzhou Oxygen
Hangzhou Oxyen Tooling Pump Co., Ltd	Affiliated enterprise of Hangzhou Oxygen
Hangzhou Oxygen Machine Research Institute Co., LTD	Affiliated enterprise of Hangzhou Oxygen
Hangzhou Guoyu International Trade Co., Ltd.	Affiliated enterprise of Hangzhou Capital
Greenesolpower systems PVT Ltd.	shareholding enterprise of the company
Hangzhou Relian Group Co.,Ltd.	Yang Yongming is a director of the company

## 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	1,785,840.69	3,500,000.00	No	3,948,672.19
Greenesol power systems PVT Ltd.	Technical service	1,389,571.62	0.00	Yes	
Hangzhou Oxyen Tooling Pump Co., Ltd	Regulating value	292,917.77	0.00	Yes	
Hangzhou Oxygen Machine Research Institute Co., Ltd	Test	4528.30		Yes	
Steam Turbine Holdings	Warehousing		0.00	No	764,983.49
Subtotal		3,472,858.38	3,500,000.00	No	4,713,655.68



## Related transactions regarding sales of goods or providing of services

In RMB

Related parties	Subjects of the related transactions	Current term	Same period of last term
Hangzhou Oxygen Turbine Machinery Co., Ltd	Turbine	21,824,796.49	1,327.43
Greenesolpower systems PVT Ltd.	Parts	2,974,801.65	1,588,105.14
Hangzhou Oxyen Expander Machine Co., Ltd.	Parts	104,424.77	
Hangzhou Oxyen Cryogenic Container Co., Ltd	Transport service	87,981.66	
Steam Turbine Holdings	Material repair	4,344.52	460,725.47
Hangzhou Oxygen Turbine Machinery Co., Ltd	Steam Turbine		8,654,867.26
Hangzhou Guoyu International Trade Co., Ltd.	Material sales		2,722,604.67
Zhumadian Hangzhou Oxygen Gas Co. Ltd	Technical service		11,320.75
Subtotal		24,996,349.09	13,438,950.72

(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
Steam Turbine Holdings	House and Building		1,077,902.81

- The company was lessee:

In RMB

Lessor	Category of leased assets	Rental charges for short-term and low-value assets (if any)		Variable lease payments not included in lease liabilities measurement (if any)		Rent paid		Interest expenses on lease liabilities assumed		Increased use right assets	
		Amount of current period	Amount of previous period	Amount of current period	Amount of previous period	Amount of current period	Amount of previous period	Amount of current period	Amount of previous period	Amount of current period	Amount of previous period
		Amount of current period	Amount of previous period	Amount of current period	Amount of previous period	Amount of current period	Amount of previous period	Amount of current period	Amount of previous period	Amount of current period	Amount of previous period
Hangzhou Xiangjiang Technology Co., Ltd.	House and Building					1,145,495.20	668,205.53	225,264.58	130,795.52		
Steam Turbine Holdings	House and Building		2,601,743.42								

(4) Related-party guarantee

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

In RMB

Related party	Year-beginning balance	Increase in the current period	Decrease in the current period	Year-end balance	Among them: the interest payment
Steam Turbine Holdings	240,000,000.00	5,425,672.29	245,425,672.29	0.00	5,425,672.29

## (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	13,050,763.17	9,701,792.35

## (8) Other related transactions

## (1) Service and power supply

The Company and its subsidiaries purchased hydropower services from Steam Turbine Holding and paid RMB17,422.61 in the current period.

## 2) Purchase of fixed assets

In the current period, the Company purchased fixed assets such as machinery and equipment from Steam Turbine Holdings of 285,902.66 yuan.

## 3) Software Usage Fees

In the current period, the Company and its subsidiaries paid the annual software usage fee of 179,891.32 yuan to Steam Turbine Holdings.

## 4) Trademark royalties

In the current period, the Company uses the registered trademark owned by Steam Turbine Holdings in free of charge.

## 5) Advance payment

In the current period, Steam Turbine Holdings advanced 35,392.80 yuan for the subsidiary for salary payment.

## 6) Miscellaneous

In the current period, the subsidiary sales company does not need to pay the Steam Turbine Holding in amount of 10,208.90 yuan for resale.

## 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.	14,774,392.59	14,738,519.62	13,490,558.24	13,490,558.24
	Hangzhou Oxyen Turbine Machinery Co., Ltd.	7,847,500.00	7,847,500.00	9,225,000.00	9,225,000.00
	Hangzhou Steam Turbine	59,000.00	59,000.00	59,000.00	59,000.00

	Compressor Co., Ltd'				
	Hangzhou Oxyen Cryogenic Container Co., Ltd	46,600.00	2,330.00		
	Hangzhou Oxygen Group Co., Ltd			2,460,000.00	2,460,000.00
	Steam Turbine Holdings			835,349.87	486,348.07
	Hangzhou Relian Group Co., Ltd.			8,937.60	8,937.60
Subtotal		22,727,492.59	22,647,349.62	26,078,845.71	25,729,843.91
Financing receivable	Hangzhou Oxygen Group Co., Ltd	7,050,000.00			
	Hangzhou Oxyen Turbine Machinery Co., Ltd.			3,000,000.00	
Subtotal		7,050,000.00		3,000,000.00	
Other receivable	Hangzhou Xiangjiang Technology Co., Ltd.	601,384.98	180,415.49	601,384.98	60,138.50
	Steam Turbine Holdings			462,761.45	34,304.70
Subtotal		601,384.98	180,415.49	1,064,146.43	94,443.20
Constract assets	Hangzhou Oxygen Group Co., Ltd	2,823,000.00	141,150.00		
	Hangzhou Oxyen Turbine Machinery Co., Ltd.	489,000.00	48,900.00	489,000.00	24,450.00
Subtotal		3,312,000.00	190,050.00	489,000.00	24,450.00

## (2) Payables

In RMB

Name	Related party	Amount at year	Amount at year beginning
Account payable	Greenesol power systems PVT Ltd.	2,625,853.11	1,835,287.07
	Hangzhou Oxyen Turbine Machinery Co., Ltd.	557,522.07	497,585.09
	Hangzhou Oxyen Tooling Pump Co., Ltd	128,316.00	
	Steam Turbine Holdings		230,568.42
Subtotal		3,311,691.18	2,563,440.58
Constract liabilities	Steam Turbine Holdings	16,378,000.00	29,652,336.28
	Hangzhou Oxygen Group Co., Ltd.	4,000,000.00	7,404,000.00
	Greenesol power systems PVT Ltd.	640,228.64	353,288.27
	Hangzhou Oxyen Expander Machine Co., Ltd.	141,000.00	85,800.00
	Hangzhou Steam Turbine Compressor Co., Ltd'		700.00
Subtotal		21,159,228.64	37,496,124.55
Other payable	Steam Turbine Holdings	15,211,830.51	240,448,987.71
Subtotal		15,211,830.51	240,448,987.71

[Note] The contract liabilities are the tax-inclusive balance.

## 7. Related party commitment

## 8. Other

**XIII. Stock payment**

## 1. The Stock payment overall situation

√ Applicable □ Not applicable

In RMB

## (1) Detail

Total amount of various equity instruments granted by the company during the current period	N/A
Total amount of various equity instruments that the company exercises during the period	N/A
Total amount of various equity instruments that have expired in the current period	531,180 Shares
The scope of executive price of the company's outstanding share options at the end of the period and the remaining term of the contract	[Note]

[Note] The range of exercise price of other equity instruments issued by the Company at the end of the period and the remaining term of the contract

Items	Exercise price	Remaining term of contract
First grant of restricted stock in 2021	HKD 6.825 per share	The first restriction lifting period of restricted shares granted for the first time is from the first trading day after 24 months from the date of registration of restricted shares granted for the first time to the last trading day within 36 months from the date of registration of some restricted shares granted for the first time; The second restriction lifting period of restricted shares is from the first trading day after 36 months after the registration of restricted shares granted for the first time to the last trading day within 48 months after the registration of some restricted shares granted accordingly; The third restriction lifting period of the restricted shares is from the first trading day 48 months after the registration of restricted shares granted for the first time to the last trading day within 60 months after the registration of some restricted shares granted accordingly.
Partial grant of 2021 restricted stock reserved	HKD 6.825 per share	The first restriction lifting period of restricted sales is from the first trading day after 24 months from the date when the registration the restricted shares is completed accordingly to the last trading day within 36 months from the date when the registration of the restricted shares is completed accordingly;

## (2) Restricted stock that has expired in the current period

According to the "Proposal on Repurchase and Cancellation of Some Restricted Shares" deliberated and passed by the 30th meeting of the 8th Board of Directors and the 19th meeting of the 8th Board of Supervisors of the Company, 9 of the incentive objects of the Company's 2021 restricted stock incentive plan are no longer eligible for incentive objects due to retirement, and 1 person is no longer eligible for incentive object due to personal reasons. The afore-mentioned retirees can still lift the restricted shares according to the agreed conditions according to the specific number of years of service during their performance appraisal period, and the remaining restricted shares that have not yet been lifted shall not be lifted, and the Company shall repurchase and cancel the shares at the grant price plus the bank deposit interest for the same period, and the restricted shares that have been granted but not yet lifted by the above-mentioned leaving personnel shall be repurchased and cancelled by the Company at the grant price. The number of restricted shares cancelled in this repurchase is 531,180 shares, and the repurchase amount payable by the Company in connection with the repurchase of restricted shares is 2,197,649.00. The afore-mentioned receipt of the repurchase and cancellation of restricted shares has been verified by Zhejiang Southern Accounting Firm Co., Ltd, and the "Capital Verification Report" (No. 003 [2023] Nanfang Zhen) has been issued. As of the approval date of this financial report, the above-mentioned capital reduction has not yet completed the industrial and commercial change registration procedures.

## 2. Equity-settled share-based payment

Applicable  Not applicable

In RMB

Determination method of the fair value of equity instruments on the grant date	The closing price of the company's stock on grant date - grant price
Equity-settled share-based payment is included in the accumulated amount of capital reserve	71,399,597.41
Total amount of fees confirmed by equity-settled share-based payments in the current period	54,101,690.01

Other note

## 3. The Stock payment settled by cash

Applicable  Not applicable

## 4. Modification and termination of the stock payment

## 5. Other

In order to improve the long-term incentive mechanism, the holding subsidiary Casting & Forging Company implemented the equity incentives for its core employees. The share-based payment expense of RMB 2,150,400.00 is recognized for the current period.

(1) In May 2022, 15 core employees including Hao Mingshan and Xu Zhixian of Casting Company purchased the equity transferred by Yu Junming, Yu Yifeng and Tong Ziqian shareholders of Casting & Forging Company by increasing their capital ownership platform Hangzhou Steam Turbine Co-construction Enterprise Management Consulting Partnership (Limited Partnership), thus the equity held indirectly in Casting Company was the share payment of immediately executed shares, and the calculated share-based payment expenses increased the capital reserve - capital premium of 897,600.00 yuan.

(2) In August 2022, Hao Mingshan and Chen Xinnv, core employees of Casting & Forging Company, acquired the transfer of equity by Tong Ziqian, a shareholder of Casting & Forging Company, thus the equity of Casting & Forging Company held by was the share payment of immediately executed shares, and the calculated share-based payment fee increased the capital reserve - capital premium of 1,252,800.00 yuan.

**XIV. Commitments**

## 1. Significant commitments

Significant commitments at balance sheet date

(1) With regard to bank letters of credit opened by the Company and its subsidiaries, the outstanding balance till December 31, 2022 is as follows:

Name	Bank	Currency	Amount	Way of guarantee
The Company	ICBC Banshan Branch	Euro	15,227,000.00	Credit
The Company	ICBC Banshan Branch	Swedish krona	67,500,000.00	Credit
The Company	China CITIC Bank Hangzhou Branch	USD	2,067,300.00	Credit
The Company	China CITIC Bank Hangzhou Branch	Swedish krona	352,955,000.00	Credit
New Energy Company	China CITIC Bank Hangzhou Branch	Euro	303,000.00	Credit
Hangfa Comapny	Hangzhou Bank High -tech Branch	RMB	12,000,000.00	Zhongneng Company Guarantee

(2) With regard to bank letters of Guarantee opened by the Company and its subsidiaries, the outstanding balance till December 31, 2022 is as follows:

Name	Bank	Currency	Amount	Way of guarantee
The Company	ICBC Banshan Branch	RMB	285,310,859.06	Credit
The Company	ICBC Hangzhou Branch	RMB	8,851,931.00	Credit
The Company	China CITIC Bank Hangzhou Branch	RMB	32,013,742.28	Credit
The Company	China CITIC Bank Hangzhou Branch	USD	1,470,970.00	Credit
The Company	China Bank Hangzhou Branch	RMB	107,292,635.88	Credit
The Company	China Bank Hangzhou Branch	USD	7,877,200.00	Credit

The Company	China Merchants Bank Hangzhou Branch	RMB	1,045,000.00	Credit
Machinery Co.	ICBC Banshan Branch	RMB	17,900,476.90	Credit
New Energy Company	Hangzhou Bank High -tech Branch	RMB	179,100,790.00	The Company Guarantee
New Energy Company	China CITIC Bank Hangzhou Branch	RMB	7,323,900.81	Credit
Turbine Co.	China CITIC Bank Hangzhou Branch	RMB	8,954,292.00	Credit
Auxiliary Company	ICBC Banshan Branch	RMB	23,689,717.50	Credit
Guoneng Company	ICBC Banshan Branch	USD	2,222,700.00	Credit
Guoneng Company	ICBC Banshan Branch	Euro	1,404,914.20	Credit
Guoneng Company	ICBC Banshan Branch	RMB	1,526,300.00	Credit
Guoneng Company	China Bank Tangqi Branch	RMB	3,067,285.00	Credit
Hangfa Company	Ningbo Bank Hangzhou Chengdong Branch	RMB	162,000.00	The Company Guarantee
Hangfa Company	Ningbo Bank Hangzhou Chengdong Branch	RMB	9,889,294.00	Credit
Hangfa Company	ICBC Hangzhou Xiaoshan Branch	RMB	215,696.00	Hangfa company Self-owned land mortgage
Hangfa Company	Ningbo Bank Hangzhou Chengdong Branch	RMB	1,611,600.00	Zhongneng Company Guarantee
Hangfa Company	Hangzhou Bank High -tech Branch	USD	148,000.00	Zhongneng Company Guarantee
Zhongneng Company	China Bank Hangzhou Qiantang New area Branch	RMB	63,684,886.70	Credit
Zhongneng Company	China Bank Hangzhou Qiantang New area Branch	USD	1,881,240.00	Credit

## (II). Contingency

## (1) Significant contingency at balance sheet date

In October 019, Hesheng Electric (Shanshan) Co., Ltd (hereinafter referred to as Hesheng Company) filed a lawsuit against Zhongneng Company in the Turpan Intermediate People's Court, requesting to cancel the "25MW Backpressure Steam Turbine and Auxiliary Equipment Sales Contract" (contract number: SSDY-2016-019, the total contract price is 5.75 million yuan) signed by the two parties, and Zhongneng Company to refund the paid amount of 4.76 million yuan of goods payment and compensate 66.29 million yuan for various losses. In March 2021, the Turpan Intermediate People's Court issued the Civil Mediation Letter, according to which after completing the maintenance of the rotor and accessories and reinstalling and debugging the steam turbine unit to achieve 72+24-hour smooth operation, Hesheng Company shall pay the maintenance fee of 1.193 million yuan and the final payment of the contract of 1.19 million yuan; and if the delivered steam turbine unit has quality problems and cannot be started and used normally due to reasons attributable to Zhongneng Company, Zhongneng Company needs to refund the received payment of 4.76 million. After the mediation letter came into effect, Zhongneng completed the maintenance, installation and commissioning work according to the agreement, the steam turbine unit was connected to the grid and operated with load, and Hesheng Company unilaterally stopped the operation of the equipment on the grounds of defectselimination. On April 7, 2022, Hesheng filed a lawsuit in the People's Court of Shanshan, Xinjiang Uygur Autonomous Region, arguing that the steam turbine unit delivered by Zhongneng after completing the maintenance still can not be started and used normally, and regarded as the purpose of the contract can not be achieved, and demanded to terminate the original contract and Zhongneng Company refunds the paid amount of 4.76 million yuan and compensates various losses of 89.55 million yuan (including 3.55 million yuan for third-party procurement price difference, 85 million yuan for production loss and 1 million yuan for labor loss). In May 2022, Zhongneng countersued Hesheng Company for continued to perform the original contract, requiring it to pay maintenance fees of 1.193 million yuan and the final payment of 1.19 million yuan of the contract. As of the date of approval of this financial report, the case has not

yet been tried.

(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

(1) Profit distribution after the balance sheet date

Profit or dividend proposed to be distributed	According to the 2022 annual profit distribution plan reviewed and passed at the 32nd Meeting of the eighth board of directorof the Company on March 27,2022,In 2022, with the total share capital of 980,179,980 shares at the end of the year deducting 111,800 treasury shares repurchased as of date of record by Company and 531,180 shares of share capital were cancelled due to the retirement and resignation of equity incentive objects in December 2022, that is, 979,537,000 shares, the Company would distribute cash dividend to all the shareholders at the rate of CNY 3.0 for every 10 shares (with tax inclusive) , 2 bonus shares , and no reserve would be converted into share capital.
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(2) Important and non-adjustment matters

(1) Capital increase of Ranchuang Company

According to the "Proposal on Capital Increase Namely Investment in Western Power in Zhejiang Ranchuang Corporation" deliberated and passed by the 31st meeting of the Eighth Session of Board of Directors of the Company, the Company shall invest in Pengzhou Western Blue Power Technology Co., Ltd (hereinafter referred to as Western Power Company) through the transfer of equity and capital increase of Ranchuang Company. According to the capital needs of the Ranchuang Company to invest in Western Power Company and its continuous operation and development needs, the Company has increased its capital to the Ranchuang by 130 million yuan on January 13, 2023. On January 28, 2023, Ranchuang completed the registration procedures for industrial and commercial changes.

(2) Acquisition of equity in Western Power

In January 2023, according to the first shareholders' decision of Ranchuang in 2023, Ranchuang acquired 20% of the equity of Western Power Company held by Chengdu Mengjiang Investment Group Co., Ltd at a price not higher than the appraisal value of the corresponding equity assets on the record, and respectively acquired 15% and 3% of the equity of Western Power Company held by Liaoning Paison Energy Technology Service Co., Ltd and the natural person Liu Yuhuan at a price of 1.27 yuan per unit of registered capital, and subscribed to the registered capital of 43 million yuan of the capital increase of Western Power for 1.27 yuan per unit of registered capital. As of the date of approval of the financial report, the afore-said matters have not yet completed the registration procedures for industrial and commercial changes, Ranchuang Company has paid RMB 48.06 million for equity transfer and RMB 54.61 million for premium capital increase.

(3) Relocation matters of Zhongneng Company

The "Proposal on the Investment and Construction of New Production Base of Zhongneng Company" was deliberated and passed in the 27th meeting of the 8th session of Board of Directors of the Company, Zhongneng

Company started the overall relocation of the enterprise, and planned to invest in the construction of a new production base in the Qianjin intelligent manufacturing park of Dajiangdong Industrial Agglomeration Zone in Qiantang New Area, Hangzhou. According to the needs of the development and construction of Eastern Bay New City in Qiantang New District, Hangzhou, Zhongneng Company and Hangzhou Eastern Bay New City Development and Construction Headquarter signed the "Non-residential Housing Relocation Compensation Agreement" on February 13, 2023, including real estate and decoration and appurtenance compensation within the scope of relocation, equipment relocation compensation fee, relocation fee and production and business shut-down loss fee (including employee resettlement compensation fee, operating loss, etc.), signing incentive and floor area ratio subsidy incentive, etc., with a total relocation compensation amount of RMB 202,227,000. The relocation compensation fund will be compensated in installments according to the progress of land obtaining and the actual relocation progress in the Qianjin intelligent manufacturing park by Zhongneng Company. As of the date of approval of the financial statements, RMB 60,668,100.00 of relocation compensation has been received.

#### (4) Henan Junhua Development Co., Ltd litigation matters

In January 2022, Henan Junhua Development Co., Ltd (hereinafter referred to as Henan Junhua Company) sued the Company in the People's Court of Yicheng District Zhumadian City, Henan Province, demanding that the Company compensate for its losses of RMB 40 million and other expenses such as case acceptance fees and property preservation fees. In March 2023, the People's Court of Yicheng District Zhumadian City, Henan Province issued a Civil Judgment, confirming that the case was a contract dispute, dismissing the plaintiff Henan Junhua Company's claim, and the case acceptance fee is borne by the plaintiff Henan Junhua Company. As of the date of approval of this financial report, Henan Junhua Company has not appealed, and the first-instance judgment has taken effect.

## 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, 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 X VII (61) 1 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

(I) Lease

1. Company as lessee

(1) For information about the right-to-use assets, please refer to Note X VII 25 to this Financial Statement;

(2) The Company's accounting policies for short-term leases and low-value asset leases are detailed in Note X V 42 to this Financial Statement. The amounts of short-term lease expenses and low-value asset lease expenses included in the current profits and losses are as follows:

Items	Current term	Same period of last term
Short-term lease expense	3,496,724.77	12,300,753.43
Low-value asset lease expense (except short-term lease)	2,277.88	4,866.90
Total	3,499,002.65	12,305,620.33

(3) Current profit and loss and cash flow related to leasing

Items	Current term	Same period of last term
Interest expense of lease liabilities	1,585,096.61	559,478.09
Total cash outflow related to leasing	15,314,937.25	7,337,642.50

(4) The maturity analysis of the lease liabilities and the corresponding liquidity risk management are detailed in Note X 10 of this Financial Statement.

2. Company as lessor

(1) Operating lease

1) Lease income

Items	Current term	Same period of last term
Lease income	1,674,164.91	2,966,095.79

2) Operating lease assets

Items	End amount	End of last year
Real estate investment	6,451,478.55	6,903,986.07
Subtotal	6,451,478.55	6,903,986.07

3) According to the lease contract signed with the lessee, the undiscounted lease receipts that will be received in the future for irrevocably lease

Remaining term	End amount	End of last year
Within 1 year	1,261,194.10	471,842.25
1-2 years	843,931.92	268,910.00
2-3 years	705,187.41	269,560.00

3-4 years	151,722.56	240,792.87
4-5 years	48,677.27	88,893.33
Over 5 years		13,040.00
Total	3,010,713.26	1,353,038.45

**(II) Other**

According to the planning of the Hangzhou Municipal Government, the property right bodies of 6 companies including Hangzhou Steam Turbine Holdings within the plant area of Hangzhou Steam Shiqiao Road factory area were included in the scope of the Expropriation and Relocation Planning. According to the Hangzhou Municipal People's Government's Minutes (Hangfu Minutes [2016] No. 87) on the relevant issues concerning the compensation for the relocation of the Steam Turbine Shiqiao road plant area and the spirit of the minutes (Hangfu Minutes [2016] No. 47) of the special meeting of Hangzhou Municipal people's Government on the relevant issues concerning speeding up the relocation of the Shiqiao Road Factory area of Hangzhou Steam Turbine and the Construction of the Hangzhou Steam Turbine Heavy Industry Project, Hangzhou Municipal Government, in accordance with the principle of "one factory, one policy", determines that the compensation for the overall relocation of the plant area of Hangzhou Steam Turbine Shiqiao road plant is RMB 1.815 billion, with the compensation contents include the compensation for physical assets such as buildings, structures, housing renovations, equipment, and land within the area of relocation, as well as personnel resettlement fees, compensation fees for shutdown loss and production stoppage loss and incentive fees, and the compensation agreement shall be signed by the Xiacheng Urban Construction Investment Group-the land-making main-body affiliated to Hangzhou Xiacheng District Municipal Government with each relocation unit.

On March 21, 2018, based on the evaluation opinion of Kunyuan Assets Appraisal Co., Ltd (No. 606-2017 Kunnyuan Appraisal Report, No. 609-2017 Kunnyuan Appraisal Report, No. 18-2018 Kunnyuan Appraisal Report,), the company signed the "Relocation Compensation Agreement for Non-residential Buildings on State-owned Land" with Xiacheng Urban Construction Investment Group, and determined that Xiacheng Urban Construction Investment Group shall make full monetary relocation compensation for the Company and its subsidiary the Machinery Company, with the total amount of compensation for various physical assets and expenses is RMB 1,321,860,410.00 (Including the incentive fee of RMB 35,275,640.00), and this aforementioned compensation shall be firstly collected by Hangzhou Steam Turbine Holdings.

The Company and its subsidiaries received relocation compensation of RMB197,297,786.03 in the current period, and received RMB74,060,327.54 in 2023 as of the date of approval of the financial report, with a cumulative relocation compensation of RMB1,131,878,961.99; The Company and its subsidiaries incurred relocation expenses of RMB16,150,800.00 in the current period, and accumulated the relocation expenses of RMB259,997,391.15

The subsidiary steam turbine heavy industry company incurred an asset purchase and construction expenditure of 180,689,420.54 yuan in the current period, with an accumulated asset purchase and construction expenditure of 795,323,031.10 yuan. The corresponding special payables carried forward for the current period-relocation compensation of 196,840,220.54 yuan, which is transferred to deferred revenue. The balance of unused relocation compensation at the end of the period is 2,498,212.20 yuan.

**XVII. Notes of main items in the financial statements of the Parent Company****1. Accounts receivable****(1) Accounts receivable classified by category**

In RMB

Category	End of term					Beginning of term				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Proportion %	Amount	Proportion %		Amount	Proportion %	Amount	Proportion %	
Including										
Accrual of bad debt provision by portfolio	2,132,028,307.54	100.00%	693,967,447.49	32.55%	1,438,060,860.05	2,347,791,612.01	100.00%	767,426,735.29	32.69%	1,580,364,876.72
Including:										
Total	2,132,028,307.54	100.00%	693,967,447.49	32.55%	1,438,252,956.87	2,347,791,612.01	100.00%	767,426,735.29	32.69%	1,580,364,876.72

Accrual of bad debt provision by portfolio:693,967,447.49

In RMB

Name	Closing balance		
	Book balance	Bad debt provision	Proportion
Associated transaction portfolio	97,772,097.67		
Aging portfolio	2,034,256,209.87	693,967,447.49	34.11%
Total	2,132,028,307.54	693,967,447.49	

Accrual of bad debt provision by portfolio: 693,967,447.49

In RMB

Name	Closing balance		
	Book balance	Bad debt provision	Proportion

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)	724,266,757.49
1-2 years	455,105,646.76
2-3 years	307,281,131.33
Over 3 years	645,374,771.96
3-4 years	185,462,760.12
4-5 years	111,413,542.91
Over 5 years	348,498,468.93
Total	2,132,028,307.54

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

The withdrawal amount of the bad debt provision:

In RMB

Category	Opening balance	Amount of change in the current period				Closing balance
		Accrual	Reversed or collected amount	Write-off	Other	
Accrual of bad debt provision by Single term						
Accrual of bad debt provision by portfolio	767,426,735.29	-73,004,395.60		454,892.20	693,967,447.49	
Total	767,426,735.29	-73,004,395.60		454,892.20	693,967,447.49	

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

In RMB

Items	Amount
Accrual of bad debt provision by portfolio	454,892.20

## The significant actual write-off accounts receivable

In RMB

Name	Nature of account receivable	Amount written off	Reason for written off	Verification procedures	Arising from related transactions (Y/N)
Haimen Daqian Thermal Power Co., Ltd.	Goods	296,392.20	Uncollectible amount	The examined and adopted to Board of directors	No
Hangzhou Steam Turbine Power Group Southwest Branch	Goods	158,500.00	Uncollectible amount	The examined and adopted to Board of directors	Yes
Total		454,892.20			

## (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	733,175,082.50	34.39%	193,382,266.95
Client 2	190,409,119.52	8.93%	112,469,392.80
Client 3	82,411,200.00	3.87%	4,120,560.00
Client 4	56,983,919.41	2.67%	12,796,890.19
Client 5	51,240,000.00	2.40%	2,562,000.00
Total	1,114,219,321.43	52.26%	

## (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

Items	Closing balance	Opening balance
Interest receivable		
Dividend receivable	110,000.00	
Other receivable	8,287,079.99	27,054,816.71
Total	8,397,079.99	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
China mechanical and Electrical Institute	110,000.00	
Total	110,000.00	

## 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	11,450,773.84	30,465,219.01
Provisional payment receivable	598,767.58	832,087.45
Other	1,672,805.50	1,999,123.61
Total	13,722,346.92	33,296,430.07

## 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	-19,971.45	19,971.45		
——Transfer to stage III		-168,036.86	168,036.86	
Provision in the current period	-969,613.33	-25,117.33	188,384.23	-806,346.43
Balance as at December 31, 2022	282,135.61	39,942.90	5,113,188.42	5,435,266.93

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)	7,013,397.47
1-2 years	399,429.02
2-3 years	1,680,368.59
Over 3 years	4,629,151.84
3-4 years	185.00
4-5 years	100,000.00
Over 5 years	4,528,966.84

Total	13,722,346.92
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## 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	6,241,613.36	-806,346.43				5,435,266.93
Total	6,241,613.36	-806,346.43				5,435,266.93

## (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 Waigaoqiao Office	Deposit	3,710,320.94	Over 5 years	27.04%	3,710,320.94
Shanghai Customs	Deposit	906,722.90	Within 1 year	6.61%	45,336.15
Hangzhou Ganghua Gas Co., Ltd.	Deposit	900,000.00	(Note)	6.56%	320,000.00
Nantong Jiaxing Thermoelectric Co., Ltd.	Deposit	700,000.00	2-3 years	5.10%	210,000.00
Guoneng Company	Other	675,477.72	Within 1 year	4.92%	
Total		6,892,521.56		50.23%	4,285,657.09

[Note]2-3 years:800,000.00 yuan,4-5 years:100,000.00 yuan.

## (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:

## 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	400,480,973.25		400,480,973.25	191,793,655.63		191,793,655.63
Total	400,480,973.25		400,480,973.25	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		
Auxiliary Machine Co.	46,286,513.41					46,286,513.41	
Packaged Co.	40,000,389.56					40,000,389.56	
Machinery Company	7,968,000.00					7,968,000.00	
Turbine Company	20,208,700.14	584,992.83				20,793,692.97	
Zhongneng Company	27,644,475.06					27,644,475.06	
Casting Company	11,220,000.00					11,220,000.00	
New Energy Company	1,193,092.39	204,449,713.79				205,642,806.18	
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	3,652,611.00				25,669,783.27	
<b>Total</b>	<b>191,793,655.63</b>	<b>208,687,317.62</b>				<b>400,480,973.25</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	3,165,445,499.40	2,453,557,174.72	3,346,432,079.14	2,393,749,908.61
Other	20,090,442.76	9,543,498.07	21,106,635.44	27,015,078.28
<b>Total</b>	<b>3,185,535,942.16</b>	<b>2,463,100,672.79</b>	<b>3,367,538,714.58</b>	<b>2,420,764,986.89</b>

Income related information:

Information related to performance obligations:

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

Information related to transaction value assigned to residual performance obligations:

The income corresponding to the performance obligations that have not been performed or have been performed incompletely but the contract has been signed at the end of the reporting period is RMB 5,036,010,000.00.

Other note:

## 5. Investment income

In RMB

Items	Occurred current term	Occurred in previous term
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Long-term equity investment income by equity method	95,156,322.10	95,156,322.10
Long-term equity investment income by Cost method	90,883,630.00	153,319,630.00
Investment income obtained from the disposal of trading financial assets	31,896,620.07	75,612,246.06
Investment income obtained from the disposal of other non-current financial assets	208,000.00	
Financing discount loss	-1,721,444.27	-2,924,174.07
Dividend income from other equity instrument investments during the holding period		272,641.24
Debt restructuring gains		-102,750.00
<b>Total</b>	<b>216,423,127.90</b>	<b>321,333,915.33</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	-792,933.90	Mainly due to the investment income of -563,981.22 yuan generated by the disposal of the equity of the Indonesian company in the current period
Governmental Subsidy accounted as current gain/loss, except for those subsidies at with amount or quantity fixed by the national government and closely related to the Company's business operation.	57,161,745.42	(1) The net government subsidy recognized as a result of the relocation compensation of the Shiqiao Road plant is RMB21,141,733.79 (the government subsidy related to the relocation compensation is RMB37,292,533.79, and lessening the relocation expenses of RMB16,150,800.00); (2) The government subsidy for the relocation compensation confirmed by the old factory in Hangzhou is 8,663,283.72 yuan; (3) the funded and confirmed government subsidy by Zhejiang Gas Turbomachinery Manufacturing Innovation Center is 5,542,854.92 yuan.
Capital occupation charges on non-financial enterprises that are recorded into current gains and losses	127,908.28	
Gains/losses of debt restructure	7,035,391.36	
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	36,974,039.31	Mainly due to the investment income of 36,295,722.69 yuan of bank wealth management products
Reverse of the provision for impairment of accounts receivable undergoing impairment test individually	20,281,569.00	Mainly due to the reverse of a provision of 19.8 million yuan for bad debts due to the collection of long-term receivables with single accrual in the current period
Income from custodian charge obtained from entrusted operation	54,844,106.11	Mainly due to then non-operating income - compensation of 56,511,643.28 yuan



Operating income and expenses other than the aforesaid items	-1,732,271.11	Mainly due to the immediately executed share payment confirmed by the casting company of - 2,150,400 yuan and other income - withholding personal income tax fee refund
Less: Influenced amount of income tax	17,931,285.99	
Amount of influence of minority interests (After tax)	13,526,901.46	
Total	142,441,367.02	--

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.	6.47%	0.54	0.54
Net profit attributable to the Common stock shareholders of Company after deducting of non-recurring gain/loss.	4.71%	0.39	0.39

## 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 Power Group Co., Ltd.

March 29, 2023