

Stock Code: 200771 Stock ID: Hangqilun B Announcement No. :2023-71

**Hangzhou Turbine Power Group Co., Ltd.**

**The Semi-Annual Report 2023**

(Stock Code: **200771**)



**August 2023**

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

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

Mr. Zheng Bin, The Company leader, Mr. Zhao Jiamao, Person in charge of accounting and Mr. Lv Lin, Person in charge of Accounting institute (accountant in charge) hereby confirm that the financial Report of Semi-Annual Report 2023 is authentic, accurate and complete.

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

This Report contains prospective descriptions, which doesn't constitute substantial commitment to investors. Investors are requested to be aware of the risks attached to their investment decisions. For the risks existing in the Company's operation, please refer to the section "Prospects for the future development of the Company" in Section III "Management Discussion & Analysis". The company's designated information disclosure media are: Shanghai Securities News (Chinese), Securities Times (Chinese), Hong Kong Commercial Daily (English), <http://www.cninfo.com.cn> (In English and Chinese), all information of the company is subject to the information published in the above selected media. Investors are advised to pay attention to investment risks. The Company will not distribute cash dividend or bonus shares, neither capitalizing of common reserves for the report period.

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- I. Financial Statements signed and sealed by the Chairman of the Board , chief accountant and director of the financial division;
- II. All the originals of the Company's documents and public notices disclosed in the newspapers designated by China Securities Regulatory Commission in the report period;
- III. Original copy of Resolutions of the Meeting of Board.

### Definition

Terms to be defined	Refers to	Definition
Company, the Company	Refers to	Hangzhou Turbine Power Group Co., Ltd.
Holding shareholder, Turbine Holdings	Refers to	Hangzhou 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.
Hangzhou Qitong	Refers to	Hangzhou Qitong Equity Investment Partnership (LP)
The report period, the current period, the current year	Refers to	January 1,2023-June 30,2023
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.
Western Power	Refers to	Pengzhou Western Power Blue Technology 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
MES	Refers to	Manufacturing execution system
PLM	Refers to	Product lifecycle management
ERP	Refers to	Enterprise Resources Planning

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

### I. Basic Information

Stock ID	Hangqilun B	Stock Code	200771
Modified stock ID (if any)	Not applicable		
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 TURBINE POWER GROUP CO.,LTD.		
Abbreviation in English	HTC		
Legal representative:	Zheng Bin		

### II. Contact person and contact manner

	Secretary of the Board	Representative of Stock Affairs
Name	Li Guiwen	Li Xiaoyang
Address	No.1188, Dongxin Road, Hangzhou , Zhejiang	No.1188, Dongxin Road, Hangzhou , Zhejiang
Tel.	0571-85780058	0571-85780438
Fax.	0571-85780433	0571-85780433
Email.	lgw@htc.cn	lixiaoyang@htc.cn

### III. Other info.

#### 1.Way to contact the Company

Whether registrations address, offices address and codes as well as website and email of the Company changed in reporting period or not

Applicable  Not applicable

None of the official presses, website, and place of enquiry has been changed in the semi report period. For details please find the Annual Report 2022.

#### 2. Information inquiry

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

Applicable  Not applicable

None of the official presses, website, and place of enquiry has been changed in the semi report period. For details please find the Annual Report 2022.

#### 3.Other relevant information

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

Applicable  Not applicable

**IV. Summary of Accounting data and Financial index**

May the Company make retroactive adjustment or restatement of the accounting data of the previous years

Yes  No

	This report term	Same period last year	YoY+/- (%)
Operating revenue (Yuan)	2,622,245,052.99	3,075,980,333.58	-14.75%
Net profit attributable to the shareholders of the listed company (Yuan)	149,699,746.13	348,340,310.01	-57.02%
Net profit after deducting of non-recurring gain/loss attributable to the shareholders of listed company (Yuan)	105,115,646.97	270,767,570.26	-61.18%
Cash flow generated by business operation, net (Yuan)	335,166,177.34	164,877,823.29	103.28%
Basic earning per share(Yuan/Share)	0.13	0.30	-56.67%
Diluted gains per share(Yuan/Share)	0.13	0.30	-56.67%
Net asset earning ratio (%)	1.84%	4.24%	-2.40%
	As at the end of the reporting period	As at the end of last year	YoY+/- (%)
Gross assets (yuan)	16,177,803,025.04	15,374,999,610.32	5.22%
Shareholders' equity attributable to shareholders of the listed company (yuan)	7,904,195,621.68	8,328,481,114.19	-5.09%

**V. The differences between domestic and international accounting standards****1. Differences between the net profit and net asset in the financial reports prepared under IAS and Chinese Accounting Standard**

Not existent

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

Not existent

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

Applicable  Not applicable

In RMB

Items	Amount	Notes
Non-current asset disposal gain/loss(including the write-off part for which assets impairment provision is made)	2,605,562.00	
Tax refund, deduction and exemption that is examined and approved by authority exceeding or has no official approval document.	0.00	
Governmental Subsidy accounted as current gain/loss, except for those subsidies at with amount or quantity fixed by the national government and closely related to the Company's business operation.	29,314,983.25	
Capital occupation charges on non-financial enterprises that are recorded into current gains and losses	0.00	
Gains due to that the investment costs for the Company to obtain subsidiaries, associates and joint ventures are lower than the enjoyable fair value of the identifiable net assets of the investees when making the investments	0.00	
Gain/loss on non-monetary asset swap	0.00	
Gain/loss on entrusting others with investments or asset management	0.00	
Asset impairment provisions due acts of God such as natural disasters	0.00	
Gains/losses of debt restructure	0.00	
Reorganization expenses, such as expenditure for allocation of	0.00	

employees and integration fee		
Gains/losses exceeding the fair value arising from transactions with obviously unfair prices	0.00	
Net gain and loss of the subsidiary under the common control and produced from enterprise consolidation from the beginning of the period to the consolidation date	0.00	
Gain and loss arising from contingent matters irrelevant with the Company's normal operation business	0.00	
Gain and loss from change of the fair value arising from transactional monetary assets, transactional financial liabilities as held as well as the investment income arising from disposal of the transactional monetary assets, transactional financial liabilities and financial assets available for sale excluding the effective hedging transaction in connection with the Company's normal business	6,284,699.41	
Reverse of the provision for impairment of accounts receivable undergoing impairment test individually	0.00	
Gain/loss from external entrusted loan	0.00	
Gain and loss arising from change in the fair value of the investment based real estate measure afterwards by means of fair value model	0.00	
Influence upon the current gains and losses from the once-and –for –all adjustment over the current gains and losses according to the taxation and accounting laws and regulations	0.00	
Income from custodian charge obtained from entrusted operation	0.00	
Operating income and expenses other than the aforesaid items	16,982,656.52	
Less: Influenced amount of income tax	6,567,614.24	
Amount of influence of minority interests (After tax)	4,036,187.78	
Total	44,584,099.16	

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

Applicable  Not applicable

None

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

Applicable  Not applicable

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

### III. Management Discussion & Analysis

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

##### (I) Company business

During the reporting period, the company's main business and business model did not change significantly. As the leading provider of turbo machinery equipment and relevant service in China, our company is mainly famous for designing and producing rotating turbo machinery like industrial steam turbines and gas turbines. Our company, one of the major companies drafting the industrial standard in Chinese domestic industry of industrial steam turbine, has developed into the biggest base to research, develop and produce industrial steam turbines in China and ranks first among industrial steam turbine producers in terms of the market occupancy. Holding the principle “our products should be based on clients’ demands” as our business mode and characteristic, our company designs and produces in accordance with every client’s personal demands so as to meet personalized needs in engineering projects to the utmost. To realize the fast research and development of our products, our company has adopted the advanced modular design technique and, on the other hand, introduces information technique to assist the collaborative production to achieve the resource saving and flexible production. In addition, our company also provides our clients with relevant service such as engineering programs, general engineering contracting, operation and maintenance of our products as well as remote control and so on.

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

In the gas turbine business, the company cooperated with Siemens on SGT-800, an advanced natural gas turbine with high efficiency, high reliability and low emission, to enter the field of natural gas distributed energy, with its models gradually expanded to SGT300, SGT700 and SGT2000E. As the general supplier of Siemens gas turbine in China, the company has carried out gas turbine business from two aspects of project procurement and integrated implementation, and has the ability of selecting combined cycle projects for distributed energy, has established the complete system supporting standards and material systems, and can complete the independent processing and supporting work of equipment other than the gas turbine itself. In the industrial fields including the cogeneration /combined cycle power plant and the oil & gas project with distributed energy projects that adopt the small and medium gas turbines, the Company not only can provide gas turbine equipment for customers, but also can provide customers with complete sets of equipment for gas turbine power plant and the efficient integrated solutions. Especially, it can provide customers with operational support services throughout the product life, and this service model is conducive for the establishment of long-term business cooperation

relationships between the company and its customers.

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

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

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

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

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

During the reporting period, optimized and adjusted its business strategy, continued to increase market development, steadily promoted transformation and upgrading, as well as management efficiency enhancement, and continued to promote the high-quality development of enterprise. In the first half of 2023, the company realized operating income of 2,622.2451 million yuan, total profit of 179.1560 million yuan and net profit of 178.1285 million yuan, of which net profit attributable to shareholders of listed companies was 149.6997 million yuan. Compared with the same period of last year, the operating income decrease by 14.75% year on

year, total profit decreased by 60.54% year on year, net profit decreased by 54.15% year on year, and net profit attributable to shareholders of listed companies decreased by 57.02% year on year. Facing the risks and opportunities brought by industrial policies, the Company maintained its strategic determination and patience, and tackled the annual business objectives with the determination and attitude of sprinting.

### 1. Strategic Lead

During the reporting period, 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. With the comprehensive reform of regional state-owned assets and state-owned enterprises as an opportunity, it deeply promoted the deepening reform of Hangzhou Steam Turbine, successfully introduced strategic investors, further improved the governance structure of listed companies, and ensured the efficient promotion and implementation of the Company's business strategies and decisions. Each subsidiary also grasped the relevant policies of state-owned enterprise reform in time and fully grasped the historical opportunity of the new round of deepening reform of state-owned enterprises. Zhongneng Company and Casting and Forging Company successively completed the shareholding system reform.

### 2. Market development

During the reporting period, the Company scientifically formulated marketing strategy and sales strategy to ensure the stable market share of industrial drive; On the basis of pilot areas and expanding areas, it further deepened customer relations, realized a broader market layout with deeper customer resources and a broader stock market, and achieved ideal results in projects such as Ningxia Baofeng, Hengli New Materials, CNOOC Ningbo Daxie, China Petroleum Jilin Ethylene and Wanhua Chemical, and achieved fruitful orders from major customers; Its orders in overseas markets were on the rise, and projects in the Middle East and Eastern Europe were growing rapidly. At present, it focuses on cultivating the overall sales and service capabilities around overseas hot markets, and strives to form new support points for overseas business; It has started the business adjustment of spare parts and services, increased customer return visits, kept track of key projects, implemented the "Going Out" strategy, and actively expanded the incremental market.

### 3. Transformation and upgrading

During the reporting period, the new energy company actively expanded the market field of gas turbine products, and its gas turbine project orders were well received. In addition, a new energy research institute and a market development team were established to play the role of a carrier platform for research and market development in the new energy field and comprehensively expand the comprehensive smart energy business

including distributed optical storage integration. During the reporting period, the Company solidly promoted the R&D of independent gas turbines as planned, with more than 280 new technical reports, more than 800 new two-dimensional drawings, more than 700 new three-dimensional models, 14 new technical specifications, 41 component tests, and more than 100 trial-manufactured products; It established 3 provincial "Top" key R&D projects, and applied for the first set of key research projects in the province for one project. During the reporting period, the Company invested in Western Power to achieve the initial integration with Western Power, and jointly explored new business directions in gas turbine inspection and maintenance and localization of gas turbine core components.

#### 4. Management efficiency enhancement

During the reporting period, the Company successfully completed the construction of ERP system and the optimization of MES and PLM systems, which were data-driven, providing basic guarantee for the Company to optimize its production and operation mode and improve its operation and management efficiency; According to the requirements of lean 2.0 construction planning outline, centered by the customer requirements, the Company issued a list of lean improvement tasks of "reducing cost, shortening delivery period, improving efficiency and enhancing quality" to promote the improvement of lean whole value chain; The Company strengthened the execution of comprehensive budget by all business departments and enhanced its comprehensive budget management ability; During the reporting period, the Company drafted and released the Cultural Construction Plan 2.0 and the Cultural Construction Practice Plan for 2023, carried out corporate culture publicity at all levels of the Company, planned cultural exchange activities, and built the brand cultural position of Hangzhou Steam Turbine, with three-dimensional, diversified and rich cultural activities to assist strategic implementation, lean landing and business execution.

## II. Analysis On core Competitiveness

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

Secondly .The advantages of solutions. The modular design of industrial steam turbine and the production pattern featuring parallelization production enable our company to give considerations to the cost, date of

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

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

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

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

### III. Main business analysis

#### Summary

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

Changes in the financial data

In RMB

	This report period	Same period last year	YOY change (%)	Cause change
Turnover	2,622,245,052.99	3,075,980,333.58	-14.75%	
Operating cost	1,979,305,685.39	2,228,055,203.58	-11.16%	
Sale expenses	126,209,530.20	78,219,071.00	61.35%	It was mainly due to the increase of sales activities of the Company, the refinement of employee compensation accounting and the adjustment of presentation basis for social security expenses.
Administrative expenses	269,254,477.73	368,654,248.66	-26.96%	It was mainly due to the refinement of employee compensation accounting and the adjustment of presentation basis for social security expenses.
Financial expenses	-4,056,339.45	-13,717,612.11	70.43%	It was mainly due to the increase in interest income in this period.
Income tax expenses	1,027,570.07	65,447,951.68	-98.43%	It was mainly due to the year-on-

				year decrease in total profit in this period.
R & D Investment	167,318,299.83	139,161,056.99	20.23%	It was mainly due to the increase in R&D investment in this period.
Taxes and surcharges	6,661,298.14	10,228,475.79	-34.87%	It was mainly due to the reduction of value-added tax payable in this period, the corresponding reduction of additional tax and the increase of land use tax relief in this period.
Other income	37,572,220.73	25,736,741.41	45.99%	It was mainly due to the increase in recognized income such as depreciation of Requisition and relocated assets in this period.
Changing income of fair value	-21,128.30	3,461,208.34	-100.61%	It was mainly due to the year-on-year increase in the maturity of bank acceptance bills and receipt of large gas turbine advance payments.
Credit impairment loss	-65,899,840.15	-14,898,317.52	-342.33%	It was mainly due to the year-on-year decrease in the return of accounts receivable.
Impairment loss of assets	-4,387,308.52	13,716,296.24	-131.99%	It was mainly due to the year-on-year decrease in the return of contract assets.
Operational profit	159,876,059.16	413,783,066.27	-61.36%	It was mainly due to the decrease in sales revenue in this period and the decrease in sales gross profit margin due to the influence of product structure.
Non-operational income	22,172,554.01	44,565,419.80	-50.25%	It was mainly due to the liquidated damage income from the long-term suspension of units recognized in the previous period.
Non-operating expense	2,892,576.42	4,365,148.35	-33.73%	It was mainly due to the decrease in quality compensation expenditure.
Total profit	179,156,036.75	453,983,337.72	-60.54%	The reason for the change is the same as that of operating profit.
Net profit	178,128,466.68	388,535,386.04	-54.15%	The reason for the change is the same as that of operating profit.
Cash flow generated by business operation, net	335,166,177.34	164,877,823.29	103.28%	It was mainly due to the increase in the maturity of bank acceptance bills over the same period last year and the receipt of large advance payments for gas turbines.
Net cash flow generated by investment	361,953,601.24	429,088,988.42	-15.65%	It was mainly due to the increase in land transfer fees paid and the purchase of shares in Western Power Company in this period.
Net cash flow generated by financing	-237,447,765.57	-534,111,260.71	55.54%	It was mainly due to the increase in net inflow of bank loans in this period and the return of related party borrowings in the same period last year.
Net increasing of cash and cash equivalents	463,857,344.43	72,879,205.50	536.47%	See the above reasons that affect the net cash flow.

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

Applicable  Not applicable

None

Component of Business Income

In RMB

	This report period		Same period last year		Changed over last year (%)
	Amount	Proportion	Amount	Proportion	
Total operating revenue	2,622,245,052.99	100%	3,075,980,333.58	100%	-14.75%
On Industry					
Boiler and power machine manufacture	2,319,494,291.76	88.45%	2,759,723,357.46	89.72%	-15.95%
Other	302,750,761.23	11.55%	316,256,976.12	10.28%	-4.27%
On product					
Industrial steam turbine and complement	1,997,885,578.89	76.19%	2,522,640,891.50	82.01%	-20.80%
Part	278,614,772.37	10.63%	224,265,413.90	7.29%	24.23%
Complete sets of waste heat power stations	42,993,940.50	1.64%	12,817,052.06	0.42%	235.44%
Engineering service	74,956,930.98	2.86%	136,436,660.82	4.44%	-45.06%
Other	227,793,830.25	8.68%	179,820,315.30	5.84%	26.68%
On Area					
Domestic	2,527,614,140.49	96.39%	2,965,087,190.38	96.39%	-14.75%
Overseas	94,630,912.50	3.61%	110,893,143.20	3.61%	-14.66%

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	2,319,494,291.76	1,783,544,802.09	23.11%	-15.95%	-10.08%	-5.02%
On product						
Industrial steam turbine and complement	1,997,885,578.89	1,521,362,277.40	23.85%	-20.80%	-13.99%	-6.03%
On Area						
Domestic	2,527,614,140.49	1,915,856,251.41	24.20%	-14.75%	-9.71%	-4.24%

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

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

Applicable  Not applicable

In RMB

	Amount	Proportion in total profit	Explanation of cause	Sustainable (yes or no)
Investment income	115,055,910.11	64.22%	Mainly due to confirmation of the dividends of Hangzhou Bank and the investment income of wealth management products.	
Fair value change profit or loss	-21,128.30	-0.01%		
Non-operating income	22,172,554.01	12.38%	It was mainly due to the liquidated damage income from the termination of the agreement with customers and the Company.	
Non-operating expenses	2,892,576.42	1.61%	It was mainly due to quality compensation expenditure.	
Other income	37,572,220.73	20.97%	It was mainly due to the requisition and relocation compensation confirmation income and government subsidy income.	
Credit impairment loss	-65,899,840.15	-36.78%	It was mainly the provision for bad debts of accounts receivable in this period.	
Loss of asset impairment	-4,387,308.52	-2.45%	It was mainly due to the provision for bad debts of contract assets in this period.	

## V. Condition of Asset and Liabilities

### 1. Condition of Asset Causing Significant Change

In RMB

	End of Reporting period		End of same period of last year		Change in percentage(%)	Reason for significant change
	Amount	As a percentage of total assets(%)				
Monetary fund	2,376,579,866.09	14.69%	1,954,980,787.90	12.72%	1.97%	
Accounts receivable	2,155,481,566.58	13.32%	1,924,679,367.08	12.52%	0.80%	
Contract assets	535,458,776.30	3.31%	587,719,735.46	3.82%	-0.51%	
Inventories	2,467,086,961.82	15.25%	2,322,461,286.52	15.11%	0.14%	
Real Estate investment	6,225,224.79	0.04%	6,451,478.55	0.04%	0.00%	
Long-term equity investment		0.00%		0.00%	0.00%	
Fixed assets	1,911,721,079.96	11.82%	1,926,594,610.89	12.53%	-0.71%	
Construction in process	365,010,402.45	2.26%	286,290,854.97	1.86%	0.40%	
Using right assets	21,414,725.46	0.13%	28,105,943.29	0.18%	-0.05%	
Short-term-Borrowing	395,505,710.62	2.44%	287,753,227.89	1.87%	0.57%	
Contract liabilities	2,672,342,862.55	16.52%	2,306,912,441.68	15.00%	1.52%	
Long-term borrowing	154,700,000.00	0.96%	159,903,673.86	1.04%	-0.08%	
Lease liabilities	13,498,941.33	0.08%	16,334,023.10	0.11%	-0.03%	

### 2. Major overseas assets

Applicable  Not applicable

### 3. Asset and Liabilities Measured by Fair Value

Applicable  Not applicable

In RMB

Items	Amount at year beginning	Gain/loss on fair value change in the reporting period	Cumulative fair value change recorded into equity	Impairment provisions in the reporting period	Purchased amount in the reporting period	Sold amount in the reporting period	Other changes	Amount at year end
Financial assets								
1. Transactional financial assets (Excluding Derivative financial assets)	607,001,143.44	-21,128.30	-891,610.92		673,000,000.00	878,002,406.26		401,977,608.88
4. Other Equity Instrument Investment	3,556,127,694.48	-361,594,024.98	2,803,579,629.50					3,194,533,669.50
5. Other non-current financial assets	5,534,773.22							5,534,773.22
6. Receivable financing	817,555,768.45						184,266,122.10	1,001,821,890.55
Total of the above	4,986,219,379.59	-361,615,153.28	2,802,688,018.58		673,000,000.00	878,002,406.26	184,266,122.10	4,603,867,942.15
Financial Liabilities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

#### Other changes

Other changes in receivables financing were the increase in the amount of bank acceptance bills.

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

Yes  No

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

In RMB

Items	End of Book value	Reason
Monetary fund	107,694,119.90	Utilized for issuing bank acceptance bill and L/G
Note receivable	23,811,059.87	Commercial acceptance bill endorsed and not terminated
Receivable financing	173,017,714.97	Utilized for issuing bank acceptance bill
Fixed assets	88,896,960.49	Utilized for pledging to obtain the bank loan
Intangible assets	23,168,681.57	Utilized for pledging to obtain the bank loan
Total	416,588,536.80	

**VI. Analysis on investment Status****1. General**

√ Applicable □ Not applicable

Investments made in the reporting period(RMB)	Investments made in same period of last year(RMB)	+/- %
196,924,681.83	102,013,987.50	94.73%

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

√ Applicable □ Not applicable

In RMB

Name of the Company Invested	Main Business	Investment Way	Investment Amount	Share Proportion %	Capital Source	Partner	Investment Horizon	Product Type	Progress up to Balance Sheet Date	Anticipated Income	Gain or Less or the Current Investment	Whether to Involve in Lawsuit	Date of Disclosure	Disclosure Index
Pengzhou Western Power Technology Co., Ltd.	Manufacturing	Purchase equity and increase capital	102,670,000.00	56.64%	Self fund	Liaoning Passion Energy Technology Co., Ltd., Chengdu Mengjiaing Investment Group Co., Ltd., and other natural persons	Long-term	Gas turbine maintenance	Completed equity acquisition and increase capital	0.00	- 640,576.48	No	January 17, 2023	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> Announcement No.:2023-02
Total	--	--	102,670,000.00	--	--	--	--	--	--	0.00	- 640,576.48	--	--	--

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

√ Applicable □ Not applicable

In RMB

New plant project	Self-built	Yes	General equipment manufacturing	Investment amount in this reporting period	Accrued Actual Investment Amount up to the End of Reporting Period	Capital Source	Project schedule	Anticipated income	Accrued Realized Income up to the End of Reporting Period	Reasons for not Reaching the Planned Schedule and Anticipated Income	Disclosure date	Disclosure Index
New plant project	Self-built	Yes	General equipment manufacturing	6,176,965.54	1,670,999,705.34	Self fund	96.41%			No		
Annual output of 10 sets of gas turbine unit project	Self-built	Yes	General equipment manufacturing	56,706,378.38	138,406,656.47	Self fund	27.68%			No	December 22,2022	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> Announcement No.:2022-60
Total	--	--	--	62,883,343.92	1,809,406,361.81	--	--	0.00	0.00	--	--	--

#### 4.Investment of Financial Asset

##### (1) Securities investment

√ Applicable □ Not applicable

In RMB

Security category	Security code	Stock Abbreviation:	Initial investment cost	Mode of accounting measure	Book value balance at the beginning of the reporting period	Changes in fair value of the this period	Cumulative fair value changes in equity	Purchase amount in the	Sale amount in the this	Gain/loss of the reporting	Book value balance at the end of the reporting period	Accounting items	Share of the shares
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				re- men- t				this perio- d	perio- d	perio- d			
Domes- tic and foreign stocks	600926	Hangzh- ou Bank	390,954,040.00	FVM	3,556,127,694.48	-361,594,024.98	2,803,579,629.50	0.00	0.00	0.00	3,194,533,669.50	Other equit- y Instru- ment invest- ment	Self funds
Domes- tic and foreign stocks	000912	LUTIA NHUA	2,869,219.80	FVM	1,998,737.18	-21,128.30	-891,610.92	0.00	0.00	0.00	1,977,608.88	Finan- cial assets transa- ction	Debt restru- cturi- ng
Total			393,823,259.80	--	3,558,126,431.66	-361,615,153.28	2,802,688,018.58	0.00	0.00	0.00	3,196,511,278.38	--	--

## (2) Investment in Derivatives

Applicable  Not applicable

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

## 5.Application of the raised capital

Applicable  Not applicable

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

## VII. Sales of major assets and equity

### 1. Sales of major assets

Applicable  Not applicable

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

### 2.Sales of major equity

Applicable  Not applicable

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

√ Applicable □ Not applicable

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

In RMB

Company Name	Company type	Leading products and services	Registered capital	Total assets	Net assets	Operating Income	Operating profit	Net Profit
Hangzhou Steam Turbine Auxiliary Machine Co., Ltd.	Subsidiaries	Manufacturing	80,000,000.00	700,279,324.75	308,870,873.99	314,224,574.12	25,651,694.39	20,010,364.10
Zhejiang Steam Turbine Packaged Technology Development Co., Ltd.	Subsidiaries	Commerce & trade	51,000,000.00	286,113,032.61	106,252,515.65	154,694,789.16	16,919,762.66	12,693,571.99
Hangzhou Steam Turbine Machinery & Equipment Co., Ltd.	Subsidiaries	Manufacturing	30,000,000.00	352,030,332.97	224,040,043.08	195,114,256.70	63,254,993.54	51,726,689.05
Zhejiang Turbine Import & Export Co., Ltd.	Subsidiaries	Commerce & trade	20,000,000.00	125,448,551.08	60,670,294.23	43,084,908.43	-1,941,563.29	-1,224,204.39
Hangzhou Zhongneng Steam Turbine Power Co., Ltd.	Subsidiaries	Manufacturing	120,000,000.00	1,873,225,819.81	296,559,272.95	641,833,933.26	-7,648,150.57	-4,129,894.47
Hangzhou Steam Turbine Casting Co., Ltd.	Subsidiaries	Manufacturing	29,500,000.00	719,169,385.80	311,486,886.84	227,460,965.32	6,894,713.57	6,924,389.57
New Energy Company	Subsidiaries	Construction business	500,000,000.00	1,153,428,255.05	238,132,484.58	452,482,787.07	44,433,644.40	45,140,138.23
Sales Company	Subsidiaries	Traffic business	5,000,000.00	87,378,394.79	51,249,384.11	34,862,889.07	2,384,341.18	2,132,875.50
China mechanical and Electrical Institute	Subsidiaries	Commerce & trade	1,000,000.00	2,972,308.95	2,973,016.50	887,100.00	99,082.21	95,797.40
Ranchuang Company	Subsidiaries	Commerce & trade	155,000,000.00	239,269,375.56	203,873,893.11	10,340,024.41	-2,558,128.49	-2,065,027.93

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
Pengzhou Western Power Technology Co., Ltd.	Business merger are not under the same control	No significant impact

Note

## IX. Structured subject situation controlled by the company

Applicable  Not applicable

## X. Risks facing the Company and countermeasures

### 1. Market risks

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

### 2. Contract execution risk

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

### 3. Accounts receivable risk

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

### 4. Exchange rate risk

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

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

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

### 6. Overseas market risk

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

## IV. Corporate Governance

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

#### 1. Annual General Meeting

Meeting	Type	Investor participation ratio	Convened date	Disclosure date	Index to disclosed information
Annual General Meeting of 2022	Annual Shareholders' general meeting	69.67%	April 19,2023	April 20,2023	Announcement No.:2023-36
The First provisional General Meeting of 2023	Provisional Shareholders' general meeting	67.53%	June 30,2023	July 1,2023	Announcement No.:2023-61

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

Applicable  Not applicable

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

Applicable  Not applicable

Name	Positions	Types	Date	Reason
Wang Gang	Director	Left	June 30,2023	Election
Li Bo	Director	Elected	June 30,2023	Election
Zhu Chenqian	Supervisor	Left	June 30,2023	Election
Xie Xueqing	Supervisor	Elected	June 30,2023	Election

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

Applicable  Not applicable

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

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

Applicable  Not applicable

#### 1. Equity incentive

(I) On July 11, 2021, the 14th Meeting of the Eighth Board of Directors reviewed and approved the Proposal on the Company's Restricted Stock Incentive Plan (Draft) in 2021 and its Summary, the Proposal on the Company's Implementation Assessment Management Measures for the Restricted Stock Incentive Plan in 2021, and the Proposal on Requesting the General Meeting of Shareholders to Authorize the Board of Directors to Handle Matters Related to the Restricted Stock Incentive Plan in 2021, and the Ninth Meeting of the Eighth Supervisors of the Company reviewed and approved the above related proposals. The Company disclosed related announcements such as the Restricted Stock Incentive Plan (Draft) and its Summary in 2021, the Implementation Assessment Management Measures for the Restricted Stock Incentive Plan in 2021, the Incentive Object List of the Restricted Stock Incentive Plan in 2021, the Self-inspection Form of Equity Incentive Plan, and the Legal Opinions of Shanghai Allbright Law Offices on the 2021 Restricted Stock Incentive Plan of Hangzhou Steam Turbine Co., Ltd.

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

(II) On August 12, 2021, the Company disclosed the Announcement on the Approval of Equity Incentive Plan by Hangzhou SASAC. The Company received the Reply of Hangzhou Steam Turbine Co., Ltd. on Implementing the Restricted Stock Incentive Plan in 2021 (HGZK [2021] No.45), and Hangzhou SASAC agreed in principle that the Company should implement the restricted stock incentive plan in 2021.

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

expiration of the publicity period, the company has not received any objection from any organization or individual to the incentive objects of this incentive plan. On August 23, 2021, the Company disclosed the Publicity and Verification Opinions of the Board of Supervisors of the Company on the List of Incentive Objects of Restricted Stock Incentive Plan. The Board of Supervisors of the Company believes that the incentive objects listed in this incentive plan comply with the Administrative Measures, Trial Measures, Notice and other laws, regulations, normative documents and the scope and conditions of incentive objects stipulated in the Incentive Plan (Draft), and there is no circumstances that forbids to be incentive objects, and its qualification as the incentive objects of this incentive plan is legal and effective. On August 23, 2021, the Company disclosed the Independent Financial Advisor's Report of CITIC Securities Co., Ltd. on the Restricted Stock Incentive Plan (Draft) in 2021 of Hangzhou Steam Turbine Co., Ltd.

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

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

(V) On August 30, 2021, the Company convened the 16th Meeting of the Eighth Board of Directors and the 11th Meeting of the Eighth Board of Supervisors, and respectively reviewed and approved the Proposal on Granting Restricted Stocks to Incentive Objects for the First Time. The Board of Directors of the Company considered that the granting conditions of restricted stocks stipulated in this incentive plan had been fulfilled, and agreed to grant 18.17 million restricted stocks to 457 incentive objects who meet the granting conditions on September 1, 2021 for the first time, at a price of HK\$ 6.825 per share. The Board of Supervisors of the Company verified the list of incentive objectives again and issued a clear consent opinion. Independent directors of the Company expressed their agreed independent opinions on this.

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

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

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

(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 HK\$ 6.825 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 27, 2023, the Company completed the repurchase and cancellation of 531,180 restricted incentive shares of 10 incentive targets, and issued the Announcement on Completion of Repurchase and Cancellation of Some Restricted Shares(Announcement No.:2023-08).

## **2. Implementation of the ESOP plan**

Applicable  Not applicable

## **3. Other employee incentives**

Applicable  Not applicable

## V. Environmental & Social Responsibility

### I. Significant environmental issues

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

Yes  No

Administrative penalties for environmental problems during the reporting period

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

#### Other Environmental Information That Should Be Disclosed

None

Measures and effects taken to reduce its carbon emissions during the reporting period

Applicable  Not applicable

The Company continuously improved and refined the energy management system, and successively formulated (revised) a series of rules and regulations such as Air Conditioning Management System, Gas Inspection Management System, Gas Use Management System, Energy Daily Inspection System and Energy Management Assessment Method, so as to effectively improve the standardization, systematization and institutionalization level of energy conservation and carbon reduction of the Company. It has scientifically promoted energy management analysis and research, strengthened statistical monitoring of all kinds of energy data, adhered to both energy monitoring and energy analysis, improved the potential of energy conservation and carbon reduction, coordinated the decomposition of energy management indicators, improved the target management of energy saving and carbon reduction, scientifically decomposed the annual energy consumption indicators to workshops and departments, and with responsibility as the guide and indicators as focus, solidly promoted the collaborative efforts of workshops and departments in energy conservation, carbon reduction and green transformation of the Company. innovated and explored the development of energy management technology, and improved the effectiveness of energy conservation and carbon reduction technology. The Company has attached great importance to the technical research on energy technology development and surplus energy recovery, and insisted on combining various energy utilization and demand realities every year, and innovatively explored the intelligent, informationalized, energy-saving and low-carbon technical and green development path of the Company's energy management. It promoted the construction and implementation of "12MWp Distributed Photovoltaic Power Generation Project in Manufacturing Base". Since the project was connected to the grid in July 2022, it has achieved a green power generation of 11.18 million kWh.

#### Reasons for not disclosing other environmental information

Neither the Company nor its subsidiaries belong to the key pollutant discharge units announced by the environmental protection department, but the Company has always attached great importance to environmental protection and energy conservation and emission reduction. In view of the relevant environmental laws, regulations and standards issued by the state and local governments, the Company has formulated and improved various environmental management systems and operating procedures for equipment and facilities such as waste water, waste gas, noise and solid waste. Since 2006, the Company has introduced ISO14001 environmental

management system and operated effectively. At present, the Company adopts cleaner production management in an all-round way and practices corporate social responsibility with its own efforts.

Since its environmental management system has been running for many years, the Company has been strictly abiding by the provisions of relevant national laws and regulations and the principle of continuous improvement. It has set the environmental protection objectives in stages, and broken them down level by level for implementation. It has formed the environmental protection responsibility system of each department and subsidiary, and defined the environmental protection responsibilities of the staff of each department, subsidiary and each post.

In view of the management of waste water, waste gas, noise and solid waste, the Company has achieved good environmental performance through the renovation and upgrading of equipment and facilities and effective management, and there have been no environmental pollution accidents and emissions exceeding the standard for many years, with good environmental performance.

## **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".

(8) 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 parities.

Applicable  Not applicable

Commitment	Commitment maker	Type	Contents	Time of making commitment	Period of commitment	Fulfillment
Other commitments made to minority shareholders	Hangzhou Turbine Power Group Co., Ltd., Hangzhou Steam Turbine Technology Co.,Ltd. and other transferors	Commitment to the transfer target company's accounts receivable recovery and other matters	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> (Announcement No.: 2021-101 and 2021-102)	November 16,2021		Under Fulfillment
Executed timely or not?	Yes					

Note: Hangzhou Turbine Power Group Co., Ltd has been renamed as Hangzhou 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  
No such cases in the reporting period.

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

Applicable  Not applicable  
No such cases in the reporting period.

### IV. Engagement and disengagement of CPAs firm

Whether the semi-annual financial report has been audited

Yes  No

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

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

Applicable  Not applicable

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

Applicable  Not applicable

## **VII. Bankruptcy and restructuring**

Applicable  Not applicable  
No such cases in the reporting period.

## **VIII. Litigations and arbitrations**

Significant litigations and arbitrations

Applicable  Not applicable  
No such cases in the reporting period.  
Other lawsuits  
 Applicable  Not applicable

## **IX. Punishments and rectifications**

Applicable  Not applicable

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

Applicable  Not applicable

## **XI. Material related transactions**

### **1. Related transactions in connection with daily operation**

Applicable  Not applicable  
No such cases in the reporting period.

### **2. Related-party transactions arising from asset acquisition or sold**

Applicable  Not applicable  
No such cases in the reporting period.

### **3. Related-party transitions with joint investments**

Applicable  Not applicable  
No such cases in the reporting period.

### **4. Credits and liabilities with related parties**

Applicable  Not applicable  
No such cases in the reporting period.

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

Applicable  Not applicable  
No such cases in the reporting period.

### **6. Transactions with related finance company controlled by the Company**

Applicable  Not applicable

No such cases in the reporting period.

## 7. Other significant related-party transactions

Applicable  Not applicable

No such cases in the reporting period.

## XII. Significant contracts and execution

### 1. Entrustments, contracting and leasing

#### (1) Entrustment

Applicable  Not applicable

No such cases in the reporting period.

#### (2) Contracting

Applicable  Not applicable

No such cases in the reporting period.

#### (3) Leasing

Applicable  Not applicable

No such cases in the reporting period.

### 2. Significant Guarantees

Applicable  Not applicable

In RMB10,000

#### Guarantee of the Company for the controlling subsidiaries (Exclude controlled subsidiaries)

Name of the Company	Relevant disclosure date/No. of the guaranteed amount	Amount of Guarantee	Date of happening (Date of signing agreement)	Actual amount of guarantee	Guarantee type	Guaranty (If any)	Counter-guarantee (If any)	Guarantee term	Complete implementation or not	Guarantee for associated parties (Yes or no)
Guarantee of the Company for 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 Zhongneng Turbine Machinery Equipment Co., Ltd.	November 4, 2021	16,800	November 29, 2021	15,500	The joint liability guaranty			Two years from the date of expiration of the principal	No	No

								debt		
Hangzhou Steam Turbine Casting Co., Ltd.	October 28,2022	5,000	November 15,2022	1,465.1	The joint liability guaranty			Three years from the date of expiration of the principal debt	No	No
Hangzhou Steam Turbine New Energy	January 26,2022	30,000	March 11,2022	17,023.53	The joint liability guaranty			Three years from the date of expiration of the principal debt	No	No
Hangzhou Steam Turbine New Energy	March 22,2023	30,000	April 6,2023	30,000	The joint liability guaranty			Three years from the date of expiration of the principal debt	No	No
Total of guarantee for subsidiaries approved in the period(B1)		30,000		Total of actual guarantee for subsidiaries in the period (B2)		30,000				
Total of guarantee for subsidiaries approved at period-end(B3)		81,800		Total of actual guarantee for subsidiaries at period-end(B4)		63,988.63				
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	5,000	July 20,2021	4,267.69	The joint liability guaranty			Two years from the date of expiration of the principal debt	No	No
Hangzhou Guoneng Steam Turbine Engineering Co., Ltd.	July 20,2021	5,000	July 20,2021	1,544.73	The joint liability guaranty			Two years from the date of expiration of the	No	No

								principal debt		
Hangzhou Guoneng Steam Turbine Engineering Co., Ltd.	July 20,2021	7,000	July 20,2021	3,078.05	The joint liability guaranty			Two years from the date of expiration of the principal debt	No	No
Hangzhou Hangfa Machinery Equipment Co., Ltd.	March 29,2023	8,000	October 14,2022	5,441.70	The joint liability guaranty			Two years from the date of expiration of the principal debt	No	No
Hangzhou Hangfa Machinery Equipment Co., Ltd.	March 29,2023	4,000	November 3,2022	1,200.00	The joint liability guaranty			Two years from the date of expiration of the principal debt	No	No
Total guarantee quota to the subsidiaries approved in the reporting period (C1)			0	Total amount of guarantee to the subsidiaries actually incurred in the reporting period (C2)						0
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)						15,532.17
Total of Company's guarantee (namely total of the large three aforementioned)										
Total of guarantee in the Period (A1+B1+C1)			30,000	Total of actual guarantee in the Period (A2+B2+C2)						30,000
Total of guarantee at Period-end (A3+B3+C3)			110,800	Total of actual guarantee at Period-end (A4+B4+C4)						79,520.8
The proportion of the total amount of actually guarantee in the net assets of the Company(that is A4+B4+C4)										10.06%
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)										69,165.24
Proportion of total amount of guarantee in net assets of the company exceed 50% (F)										0
Total guarantee Amount of the abovementioned guaranteees (D+E+F)										69,165.24
Explanations on possibly bearing joint and several liquidating responsibilities for undue guaranteees ( If any)										0

Explanations on external guarantee against regulated procedures(If any)

0

Description of the guarantee with complex method

### 3.Situation of Entrusted Finance

Applicable  Not applicable

In RMB10, 000

Specific type	Source of funds for entrusted financial management	The Occurred Amount of Entrusted Wealth-management	Undue balance	Amount overdue	Un-recovered of overdue amount
Bank financial products	Self fund	61,300.24	40,000	0	0
<b>Total</b>		<b>61,300.24</b>	<b>40,000</b>	<b>0</b>	<b>0</b>

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 RMB10, 000

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 gain/losses in period	Actual collected gain/losses in period	Amount of reserve for devolution of drawing (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	6,500	Self funds	December 30, 2022	January 6, 2023	Money market instrument	Floating income	1.48%	1.84	1.84	1.84		Yes	No	
<b>Total</b>			<b>6,500</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>1.84</b>	<b>1.84</b>	<b>--</b>		<b>--</b>	<b>--</b>	<b>--</b>

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

Applicable  Not applicable

**4. Other significant contract**

Applicable  Not applicable

No such cases in the reporting period.

**XIII. Explanation on other significant events**

Applicable  Not applicable

On February 3, 2023, the Company received a notice from Hangzhou Turbine Holdings Co., Ltd (hereinafter referred to as "Turbine Holdings")-the Company's controlling shareholder, that Turbine Holdings intends to transfer its 5% non-tradable shares of the Company through a public solicitation transfer. For details, please refer to the "Indicative Announcement on the Controlling Shareholder's Intention to Transfer the Company's Shares by Agreement through Public Solicitation and Transfer" disclosed by the Company on February 6, 2023(Announcement No.:2023-04). On March 10, 2023, the Company received a written notice from Turbine Holdings that the public solicitation and transfer plan has been filed by the state-owned assets management information system. On March 11, 2023, the Company disclosed the "Announcement on the Controlling Shareholder's Intention to Transfer the Company's Shares by Agreement through Public Solicitation and Transfer"(Announcement No.:2023-06), and the Company's controlling shareholder-Turbine Holdings intends to transfer 49,008,999 shares of the Company-accounting for 5% of the total share capital of the Company held by it by agreement through public solicitation and transfer, and the transfer price is not less than 8.95 yuan per share. After the comprehensive review by Turbine Holdings, Hangzhou Qitong as finally determined to be the intended transferee of this public solicitation transfer, and Turbine Holdings and Hangzhou Qitong signed the Share Transfer Agreement with conditional effect on April 3, 2023. For details, please refer to the "Announcement on the Progress of the Transfer of the Company's Shares by Controlling Shareholder by Agreement through Public Solicitation and Transfer Namely the Signing of the Share Transfer Agreement" disclosed by the Company on April 4, 2023. As at the disclosure date of this report, the approval and share delivery of the afore-said Share Transfer Agreement have not yet been completed( Announcement No.:2023-32),On June 5,2023,. The equity delivery of the above-mentioned "Share transfer Agreement" has been completed.

For details, please refer to the "Announcement on the Completion of Transfer Registration of Part of the Company's Shares Transferred by the Controlling Shareholder Agreement" disclosed by the company on June 6, 2023(Announcement No.: 2023-45).

**XIV. Significant event of subsidiary of the Company**

Applicable  Not applicable

1. On January 13, 2023, the Company held the 31st meeting of the eighth Meeting of the board of directors, in which the "Proposal on Increasing Capital in Zhejiang Ranchuang Namely Investing in Western Power" was deliberated and passed. Ranchuang Company, a wholly-owned subsidiary of the Company, acquired 20% of the

equity of Western Power Company transferred by Chengdu Meijiang Investment Group Co., Ltd at a price not higher than the appraisal value of the corresponding equity asset in the appraisal filing, 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 for the registered capital of 43 million yuan of the capital increase of Western Power Company at a price of 1.27 yuan per unit of registered capital. For details, please refer to the "Announcement on Increasing Capital in Zhejiang Ranchuang Namely Investing in Western Power" disclosed by the Company on January 17, 2023(Announcement No.:2023-02). The afore-said matters have completed the registration procedures for industrial and commercial changes on March 31, 2023, and obtained the "Business License" renewed by the Pengzhou Administrative Examination and Approval Bureau, Zhejiang Ranchuang holds 56.64% of the equity of Western Power Company, and Western Power Company is included in the scope of consolidation of the Company's financial statement in the current period. For details, please refer to the Company Announcement-Announcement No: 2023-02.

2. On January 17, 2023, the Company received a notice from its subsidiary Zhongneng Company that Zhongneng Company had completed the relevant industrial and commercial change registration procedures for this capital increase and share expansion, and received the *Business License* renewed by the Qiantang District Market Supervision Administration of Hangzhou. After the completion of this capital increase and share expansion, the registered capital of Zhongneng Company increased from RMB 92.5 million to RMB 120 million. After Zhongneng Company completed the change registration, the Company's shareholding ratio of Zhongneng Company decreased from 60.828% to 46.8883%. The Company has signed an *Acting-in-Concert Agreement* with Li Ximing (director of Zhongneng Company, holding 8.2% of Zhongneng Company's equity) and Ge Cunfei (director of Zhongneng Company, holding 6% of Zhongneng Company's equity), taking concerted actions with a total shareholding ratio of Zhongneng Company's total share capital of over 50%. Zhongneng Company is still a holding subsidiary within the scope of the Company's consolidated statements. For details, please refer to the Company Announcement-Announcement No: 2023-03.

3. In order to further improve the corporate governance structure, improve the management level, enhance management efficiency and comprehensive competitiveness, and achieve sustainable development, Hangzhou Zhongneng Steam Turbine Power Co., Ltd. has completed the shareholding system transformation and overall changed to "Hangzhou Zhongneng Turbine Machinery Co., Ltd.". For details, please refer to the Company Announcement-Announcement No: 2023-59.

4. In order to further improve the corporate governance structure, improve the management level, enhance management efficiency and comprehensive competitiveness, and achieve sustainable development, Hangzhou Steam Turbine Casting Co., Ltd. has completed the shareholding system transformation and overall changed to "Hangzhou Steam Turbine Casting Co., Ltd.". For details, please refer to the Company Announcement-Announcement No: 2023-60.

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

### I. Changes in share capital

#### 1. Changes in share capital

	Before the change		Increase/decrease (+, -)					In shares After the Change	
	Amount	Proportion	Share allotment	Bonus shares	Capitalization of common reserve fund	Other	Subtotal	Quantity	Proportion
I. Shares with conditional subscription	623,772,240	63.64%	0	124,754,448	0	0	124,754,448	748,526,688	63.68%
1. Founder's stock	623,772,240	63.64%	0	124,754,448	0	0	124,754,448	748,526,688	63.68%
Of which: Domestic legal person shares	623,772,240	63.64%	0	124,754,448	0	0	124,754,448	748,526,688	63.68%
II. Shares with unconditional subscription	356,407,740	36.36%	0	71,152,952	0	-642,980	70,509,972	426,917,712	36.32%
2. Foreign shares in domestic market	356,407,740	36.36%	0	71,152,952	0	-642,980	70,509,972	426,917,712	36.32%
III. Total of capital shares	980,179,980	100.00%	0	195,907,400	0	-642,980	195,264,420	1,175,444,400	100.00%

Causes of Change of shares

Applicable  Not applicable

Causes of Change of shares:

- On March 27, 2023, the repurchase of 531,180 restricted shares of 10 incentive targets was canceled;
- The implementation of the 2022 profit distribution plan leads to that: The Company's profit distribution plan for 2022 is based on the total share capital of 980,179,980 shares at the end of 2022, after deducting 111,800 shares repurchased by date of record Company in equity distribution and 531,180 shares canceled in December 2022 due to the retirement and resignation of equity incentive objects, that is, based on 979,537,000 shares, a cash dividend of RMB 3 and 2 bonus shares are distributed to all shareholders for every 10 shares, instead of converting reserve fund into share capital;
- On June 21, 2023, the repurchase cancellation of 111,800 shares remained in the special securities account was completed.

Approval of change of the shares

Applicable  Not applicable

- On December 21, 2022, the Company held the 30th meeting of the Eighth Board of Directors and the 19th meeting of the Eighth Board of Supervisors, and deliberated and passed the Proposal on Repurchase Cancellation of Some Restricted Stocks and the Proposal on Adjusting the Repurchase Quantity and Repurchase Price of the Restricted Stock Incentive Plan in 2021, agreeing to repurchase and cancel a total of 531,180 restricted stocks held by 9 retirees and 1 resigned employee, which have been granted but have not been lifted for sales restriction.

2. The Company's profit distribution plan for 2022 was reviewed and approved at the 2022 Annual General Meeting of Shareholders held on April 19, 2023.

3. The Company convened the 32nd session of the Eighth Board of Directors on March 27, 2023, and the 2022 Annual General Meeting of Shareholders on April 19, 2023, at which the Proposal on Canceling the Repurchase of Remaining Shares in the Special Securities Account was reviewed and approved, and the Company agreed to cancel the repurchase of the remaining 111,800 shares in the special securities account and reduce the registered capital.

Ownership transfer of share changes

Applicable  Not applicable

1. On March 27, 2023, the Company completed the repurchase cancellation of 531,180 restricted shares. The Company's total share capital was 980,179,980 before the cancellation, and 979,648,800 after the cancellation.

2. On June 16, 2023, the Company completed the profit distribution for 2022. The total share capital of the Company was 979,648,800 before the dividend, and was increased to 1,175,556,200 after the dividend.

3. On June 21, 2023, the Company completed the repurchase cancellation of the remaining 111,800 shares in the special securities account. The total share capital of the Company was 1,175,556,200 shares before cancellation, and 1,175,444,400 shares after cancellation.

Progress on any share repurchase:

Applicable  Not applicable

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

Applicable  Not applicable

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

Applicable  Not applicable

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

Applicable  Not applicable

## 2. Change of shares with limited sales condition

Applicable  Not applicable

In shares

Shareholder Name	Initial Restricted Shares	Number of Unrestricted Shares This 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	325,000		65,000	390,000	Equity incentive restricted stocks	The limitations are lifted according to the relevant provisions of the 2021 restricted stock incentive plan
Ye Zhong	325,000		65,000	390,000	Equity incentive restricted stocks	The limitations are lifted according to the relevant provisions of the 2021 restricted stock incentive plan
Yang Yongming	260,000		52,000	312,000	Equity incentive restricted	The limitations are lifted according to the relevant provisions of the 2021

					stocks	restricted stock incentive plan
Wang Gang	260,000		52,000	312,000	Equity incentive restricted stocks	The limitations are lifted according to the relevant provisions of the 2021 restricted stock incentive plan
Kong Jianqiang	260,000		52,000	312,000	Equity incentive restricted stocks	The limitations are lifted according to the relevant provisions of the 2021 restricted stock incentive plan
Wang Zhengrong	260,000		52,000	312,000	Equity incentive restricted stocks	The limitations are lifted according to the relevant provisions of the 2021 restricted stock incentive plan
Zhao Jiamao	260,000		52,000	312,000	Equity incentive restricted stocks	The limitations are lifted according to the relevant provisions of the 2021 restricted stock incentive plan
Li Guiwen	260,000		52,000	312,000	Equity incentive restricted stocks	The limitations are lifted according to the relevant provisions of the 2021 restricted stock incentive plan
Li Shijie	260,000		52,000	312,000	Equity incentive restricted stocks	The limitations are lifted according to the relevant provisions of the 2021 restricted stock incentive plan
Cai Weijun	260,000		52,000	312,000	Equity incentive restricted stocks	The limitations are lifted according to the relevant provisions of the 2021 restricted stock incentive plan
Other	22,617,477		3,797,937.00	26,415,414.00	Equity incentive restricted stocks	The limitations are lifted according to the relevant provisions of the 2021 restricted stock incentive plan
Total	25,347,477	0	4,343,937.00	29,691,414.00	--	--

## II. Securities issue and listing

Applicable  Not applicable

## III. Particulars about the shareholders and substantial controller

In shares

Total number of common shareholders at the end of the reporting period		10,972		Total number of preferred shareholders that had restored the voting right at the end of the reporting period (if any) (note 8)		0		
Particulars about shares held above 5% by shareholders or top ten shareholders								
Shareholders	Nature of shareholder	Proportion of shares held (%)	Number of shares held at period - end	Changes in reporting period	Amount of restricted shares held	Non-restricted ordinary shares held	Number or share pledged/frozen	
							State of share	Amount
Hangzhou Turbine Holdings Co., Ltd.	State-owned legal person	58.68%	689,715,889	65,943,649	689,715,889	0		

Hangzhou Qitong Equity Investment Partnership (LP)	State-owned legal person	5.00%	58,810,799	58,810,799	58,810,799	0		
China Merchants Securities(HK)Co., Ltd.	Foreign legal person	0.72%	8,415,610	1,449,232	0	8,415,610		
GUOTAI JUNAN SECURITIES (HONG KONG) LIMITED	Foreign legal person	0.67%	7,862,166	1,314,659	0	7,862,166		
Zhou Jie	Domestic Natural person	0.67%	7,850,000	1,547,700	0	7,850,000		
ISHARES CORE MSCI EMERGING MARKETS ETF	Foreign legal person	0.57%	6,725,834	1,424,572	0	6,725,834		
VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	Foreign legal person	0.56%	6,578,411	1,096,402	0	6,578,411		
VANGUARD EMERGING MARKETS STOCK INDEX FUND	Foreign legal person	0.52%	6,144,344	1,047,457	0	6,144,344		
NORGES BANK	Foreign legal person	0.33%	3,922,665	653,777	0	3,922,665		
Xia Zulin	Domestic Natural person	0.32%	3,810,000	640,000	0	3,810,000		
Strategy investors or general legal person becomes top 10 shareholders due to rights issued (if applicable) (See Notes 3)	Not applicable							
Explanation on associated relationship among the aforesaid shareholders	(1) Hangzhou Turbine Holdings Co., Ltd. and Hangzhou Qitong Equity Investment Partnership (LP) are 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 Turbine Holdings Co., Ltd. and Hangzhou Qitong Equity Investment Partnership (LP) ; (3) Hangzhou Turbine Holdings Co., Ltd. and Hangzhou Qitong Equity Investment Partnership (LP) are not an "action-in-concert" party with any of other shareholders as described by the "Administration Rules of Informational Disclosure about Change of Shareholding Statues of PLCs".							
Above shareholders entrusting or entrusted with voting rights, or waiving voting rights	Not applicable							
Top 10 shareholders including the special account for repurchase (if any) (see note 10)	Not applicable							
Shareholding of top 10 shareholders of unrestricted shares								
Name of the shareholder				Quantity of unrestricted shares held at the end of the reporting period	Share type			
					Share type	Quantity		
China Merchants Securities (HK)Co., Ltd				8,415,610	Foreign shares placed in domestic exchange			8,415,610
GUOTAI JUNAN SECURITIES (HONG KONG) LIMITED				7,862,166	Foreign shares placed in domestic exchange			7,862,166
Zhou Jie				7,850,000	Foreign shares placed in domestic exchange			7,850,000
ISHARES CORE MSCI EMERGING MARKETS ETF				6,725,834	Foreign shares placed in domestic exchange			6,725,834
VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND				6,578,411	Foreign shares placed in domestic exchange			6,578,411
VANGUARD EMERGING MARKETS STOCK INDEX FUND				6,144,344	Foreign shares placed in			6,144,344

		domestic exchange	
NORGES BANK	3,922,665	Foreign shares placed in domestic exchange	3,922,665
Xia Zulin	3,810,000	Foreign shares placed in domestic exchange	3,810,000
Wang Yihu	2,568,923	Foreign shares placed in domestic exchange	2,568,923
VFTC INSTITUTIONAL TOTAL INTERNATIONAL STOCK MARKET INDEX TRUST II	2,497,664	Foreign shares placed in domestic exchange	2,497,664
Explanation on associated relationship or consistent action among the top 10 shareholders of non-restricted negotiable shares and that between the top 10 shareholders of non-restricted negotiable shares and top 10 shareholders	(1)It is unknown to the Company if there is any relationship among the top 10 common share holders without restriction; (2) Other shareholders do not belong to the concerted action persons as stipulated in the Administrative Measures for Information Disclosure of Shareholding Changes of Shareholders of Listed Companies		
Notes to the shareholders involved in financing securities (if any)(See Notes 4)	Not applicable		

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

Yes  No

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

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

Applicable  Not applicable

Name	Title	Working status	Shares held at period-begin(share)	Number of shares increase in this period (share)	Number of shares decreased in this period (shares)	Shares held at period-end (share)	Number of restricted shares granted at period begin (share)	Number of restricted shares granted at the period (share)	Number of restricted shares granted at period end (share)
Zheng Bin	Board chairman	In office	325,000	65,000	0	390,000	325,000	0	390,000
Ye Zhong	Director, GM	In office	325,000	65,000	0	390,000	325,000	0	390,000
Yang Yongming	Vice Chairman	In office	260,000	52,000	0	312,000	260,000	0	312,000
Wang Gang	Deputy GM	In office	260,000	52,000	0	312,000	260,000	0	312,000
Kong Jianqiang	Deputy GM, Chief Engineer	In office	260,000	52,000	0	312,000	260,000	0	312,000
Wang Zhengrong	Deputy GM	In office	260,000	52,000	0	312,000	260,000	0	312,000
Zhao Jiamao	Deputy GM, Chief accountant	In office	260,000	52,000	0	312,000	260,000	0	312,000
Li Guiwen	Deputy GM, secretary of the board	In office	260,000	52,000	0	312,000	260,000	0	312,000
Li Binghai	Deputy	In office	130,000	26,000	0	156,000	130,000	0	156,000

	GM								
Yan Ying	Employee supervisor	In office	2,700	540	0	3,240	0	0	0
Total	--	--	2,342,700	468,540	0	2,811,240	2,340,000	0	2,808,000

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

Change of the controlling shareholder in the reporting period

Applicable  Not Applicable

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

Change of the actual controller in the reporting period

Applicable  Not applicable

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

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

Applicable Not applicable

The Company had no preferred shares in the reporting period

## **IX. Corporate Bond**

Applicable  Not applicable

## X. Financial Report

### I. Auditors' Report

Whether the semi-annual financial report had been audited

Yes  No

The Semi-annual Financial Report is not audited.

### II. The Financial Statements

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

#### 1. Consolidated Balance Sheet

Prepared by: Hangzhou Turbine Power Group Co., Ltd

June 30, 2023

In RMB

Items	June 30, 2023	January 1, 2023
Current asset:		
Monetary fund	2,376,579,866.09	1,954,980,787.90
Settlement provision		
Outgoing call loan		
Transactional financial assets	401,977,608.88	607,001,143.44
Derivative financial assets		
Notes receivable	169,351,525.80	95,612,927.26
Account receivable	2,155,481,566.58	1,924,679,367.08
Financing of receivables	1,001,821,890.55	817,555,768.45
Prepayments	575,232,699.61	401,523,615.49
Insurance receivable		
Reinsurance receivable		
Provisions of Reinsurance contracts receivable		
Other account receivable	186,786,694.76	25,366,963.26
Including: Interest receivable	0	
Dividend receivable	108,750,082.40	
Repurchasing of financial assets		
Inventories	2,467,086,961.82	2,322,461,286.52
Contract assets	535,458,776.30	587,719,735.46
Assets held for sales		
Non-current asset due within 1 year		
Other current asset	38,823,238.02	78,949,731.48
Total of current assets	9,908,600,828.41	8,815,851,326.34
Non-current assets:		
Loans and payment on other's behalf disbursed		
Creditor's right investment		
Other investment on bonds		
Long-term receivable	54,741,093.20	77,541,093.03
Long term share equity investment		
Other equity instruments investment	3,194,533,669.50	3,556,127,694.48
Other non-current financial assets	5,534,773.22	5,534,773.22
Property investment	6,225,224.79	6,451,478.55
Fixed assets	1,911,721,079.96	1,926,594,610.89
Construction in progress	365,010,402.45	286,290,854.97
Production physical assets		
Oil & gas assets		
Use right assets	21,414,725.46	28,105,943.29
Intangible assets	294,892,702.25	274,844,788.47

Development expenses	0	
Goodwill	8,417,413.42	
Long-germ expenses to be amortized	318,715.60	
Deferred income tax asset	375,064,792.31	352,734,092.61
Other non-current asset	31,327,604.47	44,922,954.47
Total of non-current assets	6,269,202,196.63	6,559,148,283.98
Total of assets	16,177,803,025.04	15,374,999,610.32
Current liabilities		
Short-term loans	395,505,710.62	287,753,227.89
Loan from Central Bank		
Borrowing funds		
Transactional financial liabilities		
Derivative financial liabilities		
Notes payable	857,066,160.56	411,886,347.73
Account payable	1,327,342,216.64	1,202,915,727.29
Advance receipts	261,912.17	230,204.48
Contract liabilities	2,672,342,862.55	2,306,912,441.68
Selling of repurchased financial assets		
Deposit taking and interbank deposit		
Entrusted trading of securities		
Entrusted selling of securities		
Employees' wage payable	87,838,626.79	139,014,673.58
Tax payable	17,571,527.35	73,385,124.09
Other account payable	187,505,997.93	203,788,336.85
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	63,356,135.03	42,802,886.86
Other current liability	345,837,229.27	267,585,963.69
Total of current liability	5,954,628,378.91	4,936,274,934.14
Non-current liabilities:		
Reserve fund for insurance contracts		
Long-term loan	154,700,000.00	159,903,673.86
Bond payable		
Including: preferred stock		
Sustainable debt		
Lease liability	13,498,941.33	16,334,023.10
Long-term payable	15,508,960.46	11,104,088.21
Long-term remuneration payable to staff		
Expected liabilities		
Deferred income	1,106,056,465.04	877,381,129.85
Deferred income tax liability	424,259,146.87	474,809,014.19
Other non-current liabilities		
Total non-current liabilities	1,714,023,513.70	1,539,531,929.21
Total of liability	7,668,651,892.61	6,475,806,863.35
Owners' equity		
Share capital	1,175,444,400.00	980,179,980.00
Other equity instruments		
Including: preferred stock		
Sustainable debt		
Capital reserves	418,679,076.60	394,935,862.00
Less: Shares in stock	132,070,090.19	136,466,388.09
Other comprehensive income	2,383,042,685.06	2,690,397,606.30
Special reserve	17,575,576.02	17,841,325.92

Surplus reserves	625,178,089.82	625,178,089.82
Common risk provision		
Retained profit	3,416,345,884.37	3,756,414,638.24
Total of owner's equity belong to the parent company	7,904,195,621.68	8,328,481,114.19
Minority shareholders' equity	604,955,510.75	570,711,632.78
Total of owners' equity	8,509,151,132.43	8,899,192,746.97
Total of liabilities and owners' equity	16,177,803,025.04	15,374,999,610.32

Legal Representative: Zheng Bin Person in charge of accounting: Zhao Jiamao Person in charge of Accounting institute: Lv Lin

## 2.Parent Company Balance Sheet

In RMB

Items	June 30,2023	January 1,2023
Current asset:		
Monetary fund	1,263,059,937.51	1,074,031,333.05
Transactional financial assets	261,977,608.88	381,998,737.18
Derivative financial assets		
Notes receivable	98,021,434.41	34,407,856.32
Account receivable	1,541,313,608.26	1,438,060,860.05
Financing of receivables	541,281,826.33	456,488,422.29
Prepayments	306,702,425.94	316,162,169.59
Other account receivable	116,055,878.23	8,397,079.99
Including: Interest receivable		
Dividend receivable	108,750,082.40	110,000.00
Inventories	1,363,804,155.97	1,258,239,826.08
Contract assets	346,093,474.39	358,622,953.48
Assets held for sales		
Non-current asset due within 1 year		
Other current asset	11,824,733.57	66,426,019.02
Total of current assets	5,850,135,083.49	5,392,835,257.05
Non-current assets:		
Creditor's rights investment		
Other creditor's rights investment		
Long-term receivable		
Long term share equity investment	532,728,455.35	400,480,973.25
Other equity instruments investment	3,194,533,669.50	3,556,127,694.48
Other non-current financial assets	5,534,773.22	5,534,773.22
Property investment		
Fixed assets	1,426,594,375.07	1,474,208,708.15
Construction in progress	358,778,967.76	283,786,818.95
Production physical assets		
Oil & gas assets		
Use right assets	5,113,665.03	2,717,667.45
Intangible assets	185,618,374.91	188,674,302.83
Development expenses		
Goodwill		
Long-germ expenses to be amortized		
Deferred income tax asset	315,078,488.20	297,762,053.26
Other non-current asset	30,999,462.87	30,999,462.87
Total of non-current assets	6,054,980,231.91	6,240,292,454.46
Total of assets	11,905,115,315.40	11,633,127,711.51
Current liabilities		
Short-term loans	300,000,000.00	200,169,863.01

Transactional financial liabilities		
Derivative financial liabilities		
Notes payable	332,696,991.58	5,900,000.00
Account payable	823,649,848.20	740,412,296.58
Advance receipts		
Contract Liabilities	1,379,325,175.50	1,332,554,908.08
Employees' wage payable	48,916,599.72	82,125,367.12
Tax payable	1,002,446.56	17,200,998.61
Other account payable	169,833,384.51	184,847,189.08
Including: Interest payable		
Dividend payable		
Liabilities held for sales		
Non-current liability due within 1 year	1,503,579.95	1,503,579.95
Other current liability	179,036,407.78	140,853,281.80
Total of current liability	3,235,964,433.80	2,705,567,484.23
Non-current liabilities:		
Long-term loan		
Bond payable		
Including: preferred stock		
Sustainable debt		
Lease liability	3,651,018.96	1,575,000.00
Long-term payable	7,397,388.69	5,852,616.69
Long-term remuneration payable to staff		
Expected liabilities		
Deferred income	974,036,749.93	741,999,661.14
Deferred income tax liability	420,569,910.45	474,809,014.19
Other non-current liabilities		
Total non-current liabilities	1,405,655,068.03	1,224,236,292.02
Total of liability	4,641,619,501.83	3,929,803,776.25
Owners' equity		
Share capital	1,175,444,400.00	980,179,980.00
Other equity instruments		
Including: preferred stock		
Sustainable debt		
Capital reserves	199,302,003.26	175,558,788.66
Less: Shares in stock	132,070,090.19	136,466,388.09
Other comprehensive income	2,383,042,685.06	2,690,397,606.30
Special reserve	6,000,000.00	6,000,000.00
Surplus reserves	602,356,402.65	602,356,402.65
Retained profit	3,029,420,412.79	3,385,297,545.74
Total of owners' equity	7,263,495,813.57	7,703,323,935.26
Total of liabilities and owners' equity	11,905,115,315.40	11,633,127,711.51

Legal Representative: Zheng Bin Person in charge of accounting: Zhao Jiamao Person in charge of Accounting institute: Lv Lin

### 3.Consolidated Income Statement

In RMB

Items	The first half year of 2023	The first half year of 2022
I. Income from the key business	2,622,245,052.99	3,075,980,333.58
Incl: Business income	2,622,245,052.99	3,075,980,333.58
Interest income		
Insurance fee earned		
Fee and commission received		
II. Total business cost	2,544,692,951.84	2,810,600,443.91

Incl: Business cost	1,979,305,685.39	2,228,055,203.58
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	6,661,298.14	10,228,475.79
Sales expense	126,209,530.20	78,219,071.00
Administrative expense	269,254,477.73	368,654,248.66
R & D costs	167,318,299.83	139,161,056.99
Financial expenses	-4,056,339.45	-13,717,612.11
Including: Interest expense	10,263,749.18	14,311,023.99
Interest income	19,561,114.67	8,990,251.62
Add: Other income	37,572,220.73	25,736,741.41
Investment gain (“-”for loss)	115,055,910.11	120,433,048.90
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	-21,128.30	3,461,208.34
Credit impairment loss	-65,899,840.15	-14,898,317.52
Impairment loss of assets	-4,387,308.52	13,716,296.24
Assets disposal income	4,104.14	-45,800.77
III. Operational profit (“-”for loss)	159,876,059.16	413,783,066.27
Add : Non-operational income	22,172,554.01	44,565,419.80
Less: Non-operating expense	2,892,576.42	4,365,148.35
IV. Total profit (“-”for loss)	179,156,036.75	453,983,337.72
Less: Income tax expenses	1,027,570.07	65,447,951.68
V. Net profit	178,128,466.68	388,535,386.04
(I) Classification by business continuity		
1. Net continuing operating profit	178,128,466.68	388,535,386.04
2. Termination of operating net profit		
(II) Classification by ownership		
1. Net profit attributable to the owners of parent company	149,699,746.13	348,340,310.01
2. Minority shareholders' equity	28,428,720.55	40,195,076.03
VI. Net after-tax of other comprehensive income	-307,354,921.24	499,789,796.07
Net of profit of other comprehensive income attributable to owners of the parent company.	-307,354,921.24	499,429,817.33
(I) Other comprehensive income items that will not be reclassified into gains/losses in the subsequent accounting period	-307,354,921.24	499,162,878.22
1. Re-measurement of defined benefit plans of changes in net debt or net assets		
2. Other comprehensive income under the equity method in vestee can not be reclassified into profit or loss.		
3. Changes in the fair value of investments in other equity instruments	-307,354,921.24	499,162,878.22
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.		266,939.11
1. Other comprehensive income under the equity method in		

vestee can be reclassified into profit or loss.		
2. Changes in the fair value of investments in other debt obligations		
3. Other comprehensive income arising from the reclassification of financial assets		
4. Allowance for credit impairments in investments in other debt obligations		
5. Reserve for cash flow hedges		
6. Translation differences in currency financial statements		266,939.11
7. Other		
Net of profit of other comprehensive income attributable to Minority shareholders' equity		359,978.74
VII. Total comprehensive income	-129,226,454.56	888,325,182.11
Total comprehensive income attributable to the owner of the parent company	-157,655,175.11	847,770,127.34
Total comprehensive income attributable minority shareholders	28,428,720.55	40,555,054.77
VIII. Earnings per share		
(I) Basic earnings per share	0.13	0.30
(II) Diluted earnings per share	0.13	0.30

Legal Representative: Zheng Bin Person in charge of accounting: Zhao Jiamao Person in charge of Accounting institute: Lv Lin

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

In RMB

Items	The first half year of 2023	The first half year of 2022
I. Income from the key business	1,354,566,807.13	2,013,198,153.90
Incl: Business cost	1,122,489,549.61	1,526,757,618.92
Business tax and surcharge	-1,095,724.82	4,396,939.54
Sales expense	48,610,544.38	30,480,772.71
Administrative expense	153,298,889.89	255,877,513.27
R & D expense	112,101,542.39	76,889,969.80
Financial expenses	-6,941,422.67	-18,753,297.78
Including: Interest expenses	4,061,792.74	3,136,478.56
Interest income	12,807,834.86	5,673,663.33
Add: Other income	28,885,376.28	12,527,605.37
Investment gain (“-”for loss)	196,807,835.66	210,274,771.02
Including: investment gains from affiliates		
Financial assets measured at amortized cost cease to be recognized as income		
Net exposure hedging income		
Changing income of fair value	-21,128.30	3,461,208.34
Credit impairment loss	-41,527,398.87	-6,885,349.68
Impairment loss of assets	-6,964,479.71	8,693,618.73
Assets disposal income		
II. Operational profit (“-”for loss)	103,283,633.41	365,620,491.22
Add : Non-operational income	17,482,924.34	40,010,824.18
Less: Non -operational expenses	504,492.85	719,961.66
III. Total profit (“-”for loss)	120,262,064.90	404,911,353.74
Less: Income tax expenses	-13,629,302.15	35,267,132.98
IV. Net profit	133,891,367.05	369,644,220.76
1. Net continuing operating profit	133,891,367.05	369,644,220.76
2. Termination of operating net profit		
V. Net after-tax of other comprehensive income	-307,354,921.24	499,162,878.22
(I) Other comprehensive income items that will not be reclassified into gains/losses in the subsequent accounting period	-307,354,921.24	499,162,878.22

1.Re-measurement of defined benefit plans of changes in net debt or net assets		
2.Other comprehensive income under the equity method in vestee can not be reclassified into profit or loss.		
3. Changes in the fair value of investments in other equity instruments	-307,354,921.24	499,162,878.22
4. Changes in the fair value of the company's credit risks		
5.Other		
(II)Other comprehensive income that will be reclassified in to profit or loss		
1.Other comprehensive income under the equity method in vestee 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	-173,463,554.19	868,807,098.98
VII. Earnings per share		
(I) Basic earnings per share		
(II)Diluted earnings per share		

Legal Representative: Zheng Bin Person in charge of accounting: Zhao Jiamao Person in charge of Accounting institute: Lv Lin

## 5. Consolidated Cash flow statement

In RMB

Items	The first half year of 2023	The first half year of 2022
I.Cash flows from operating activities		
Cash received from sales of goods or rendering of services	2,655,109,561.45	2,097,233,724.19
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	8,471,171.94	21,326,964.77
Other cash received from business operation	60,990,421.55	40,264,529.14
Sub-total of cash inflow	2,724,571,154.94	2,158,825,218.10
Cash paid for purchasing of merchandise and services	1,610,979,524.10	1,204,523,128.29
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	522,888,947.83	521,746,808.63
Taxes paid	123,258,720.03	177,243,515.41
Other cash paid for business activities	132,277,785.64	90,433,942.48
Sub-total of cash outflow from business activities	2,389,404,977.60	1,993,947,394.81
Net cash generated from /used in operating activities	335,166,177.34	164,877,823.29
II. Cash flow generated by investing		
Cash received from investment retrieving		
Cash received as investment gains	6,110,625.39	25,226,094.97
Net cash retrieved from disposal of fixed assets, intangible assets, and other long-term assets	60,795,460.31	18,446.90
Net cash received from disposal of subsidiaries or other operational units		
Other investment-related cash received	1,135,609,404.44	1,370,000,000.00
Sub-total of cash inflow due to investment activities	1,202,515,490.14	1,395,244,541.87
Cash paid for construction of fixed assets, intangible assets and other long-term assets	124,528,838.53	54,155,553.45
Cash paid as investment		
Net increase of loan against pledge		
Net cash received from subsidiaries and other operational units	43,033,050.37	
Other cash paid for investment activities	673,000,000.00	912,000,000.00
Sub-total of cash outflow due to investment activities	840,561,888.90	966,155,553.45
Net cash flow generated by investment	361,953,601.24	429,088,988.42
III. Cash flow generated by financing		
Cash received as investment		
Including: Cash received as investment from minor shareholders		
Cash received as loans	235,500,000.00	134,300,000.00
Other financing –related cash received		
Sub-total of cash inflow from financing activities	235,500,000.00	134,300,000.00
Cash to repay debts	121,000,000.00	187,300,000.00
Cash paid as dividend, profit, or interests	346,073,282.00	358,116,690.75
Including: Dividend and profit paid by subsidiaries to minor shareholders		
Other cash paid for financing activities	5,874,483.57	122,994,569.96
Sub-total of cash outflow due to financing activities	472,947,765.57	668,411,260.71
Net cash flow generated by financing	-237,447,765.57	-534,111,260.71
IV. Influence of exchange rate alternation on cash and cash equivalents	4,185,331.42	13,023,654.50
V. Net increase of cash and cash equivalents	463,857,344.43	72,879,205.50
Add: balance of cash and cash equivalents at the beginning of term	1,805,028,401.76	1,467,538,968.07
VI .Balance of cash and cash equivalents at the end of term	2,268,885,746.19	1,540,418,173.57

Legal Representative: Zheng Bin Person in charge of accounting: Zhao Jiamao Person in charge of Accounting institute: Lv Lin

## 6. Cash flow statement of the Parent Company

In RMB

Items	The first half year of 2023	The first half year of 2022
I. Cash flows from operating activities		
Cash received from sales of goods or rendering of services	1,133,708,635.10	981,713,319.15
Tax returned	5,743,511.24	2,343,960.61
Other cash received from business operation	25,930,597.93	13,801,143.82
Sub-total of cash inflow	1,165,382,744.27	997,858,423.58

Cash paid for purchasing of merchandise and services	683,428,608.51	741,904,708.85
Cash paid to staffs or paid for staffs	285,579,275.60	303,082,621.53
Taxes paid	10,686,723.52	69,643,322.68
Other cash paid for business activities	59,571,850.33	11,840,392.70
Sub-total of cash outflow from business activities	1,039,266,457.96	1,126,471,045.76
Net cash generated from /used in operating activities	126,116,286.31	-128,612,622.18
II. Cash flow generated by investing		
Cash received from investment retrieving		0.00
Cash received as investment gains	88,167,753.26	115,030,229.74
Net cash retrieved from disposal of fixed assets, intangible assets, and other long-term assets	61,985.07	0.00
Net cash received from disposal of subsidiaries or other operational units	0.00	0.00
Other investment-related cash received	784,890,547.93	1,143,000,000.00
Sub-total of cash inflow due to investment activities	873,120,286.26	1,258,030,229.74
Cash paid for construction of fixed assets, intangible assets and other long-term assets	76,984,654.95	44,020,470.64
Cash paid as investment	130,000,000.00	100,000,000.00
Net cash received from subsidiaries and other operational units	0.00	0.00
Other cash paid for investment activities	410,000,000.00	620,000,000.00
Sub-total of cash outflow due to investment activities	616,984,654.95	764,020,470.64
Net cash flow generated by investment	256,135,631.31	494,009,759.10
III. Cash flow generated by financing		
Cash received as investment		
Cash received as loans	150,000,000.00	50,000,000.00
Other financing –related ash received		
Sub-total of cash inflow from financing activities	150,000,000.00	50,000,000.00
Cash to repay debts	50,000,000.00	100,000,000.00
Cash paid as dividend, profit, or interests	297,211,655.57	304,369,338.99
Other cash paid for financing activities		
Sub-total of cash outflow due to financing activities	347,211,655.57	404,369,338.99
Net cash flow generated by financing	-197,211,655.57	-354,369,338.99
IV. Influence of exchange rate alternation on cash and cash equivalents	3,986,342.41	12,193,353.57
V. Net increase of cash and cash equivalents	189,026,604.46	23,221,151.50
Add: balance of cash and cash equivalents at the beginning of term	1,074,013,333.05	873,334,962.40
VI .Balance of cash and cash equivalents at the end of term	1,263,039,937.51	896,556,113.90

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

Amount in this period

In RMB

Items	The first half year of 2023														
	Owner's equity Attributable to the Parent Company												Minor shareholders' equity	Total of owners' equity	
	Share Capital	Other Equity instrument			Capital reserves	Less: Shares in stock	Other Comprehensive Income	Specialized reserve	Surplus reserves	Common risk provision	Retained profit	Other			Subtotal
	Preferred stock	Sustainable debt	Other												
I. Balance at the end of last year	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
Add: Change of accounting policy															
Correcting of previous errors															
Merger of entities under common control															
Other															
II. Balance at the beginning of current year	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
III. Changed in the current year	195,264,420.00				23,743,214.60	-4,396,297.90	307,354,921.24	-265,749.90			-340,068,753.87		-424,285,492.51	34,243,877.97	-390,041,614.54
(1) Total comprehensive income							307,354,921.24				149,699,746.13		157,655,175.11	28,428,720.55	129,226,454.56
(II) Investment or decreasing of capital by owners	-642,980.00				23,743,214.60	-4,396,297.90							27,496,532.50		27,496,532.50
1. Ordinary Shares invested by shareholders	-642,980.00				3,753,317.90	-4,396,297.90									
2. Holders of other equity instruments invested capital															
3. Amount of shares paid and accounted as owners' equity					27,496,532.50								27,496,532.50		27,496,532.50
4. Other															
(III) Profit allotment											-293,861,100.00		-293,861,100.00	-43,963,580.00	-337,824,680.00
1. Providing of surplus reserves															
2. Providing of common risk															



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				27,983,671.40		499,429,817.33	-494,123.20			-179,388,709.98		573,700,235.55	-4,229,373.75	569,470,861.80
(I) Total comprehensive income							499,429,817.33				348,340,310.01		847,770,127.34	40,555,054.77	888,325,182.11
(II) Investment or decreasing of capital by owners					27,983,671.40								27,983,671.40		27,983,671.40
1. Ordinary Shares invested by shareholders															
2. Holders of other equity instruments invested capital															
3. Amount of shares paid and accounted as owners' equity					27,983,671.40								27,983,671.40		27,983,671.40
4. Other															
(III) Profit allotment											-301,559,439.99		-301,559,439.99	-44,326,370.00	-345,885,809.99
1.Providing of surplus reserves															
2.Providing of common risk provisions															
3. Allotment to the owners (or shareholders)											-301,559,439.99		-301,559,439.99	-44,326,370.00	-345,885,809.99
4. Other															
(IV) Internal transferring of owners' equity	226,169,580.00										-226,169,580.00				
1. Capitalizing of capital reserves (or to capital shares)															
2. Capitalizing of surplus reserves (or to capital shares)															
3. Making up losses by surplus reserves.															
4.Change amount of defined benefit															

plans that carry forward Retained earnings															
5. Other comprehensive income carry-over retained earnings															
6. Other	226,169,580.00										-226,169,580.00				
(V). Special reserves															
1. Provided this year															
2. Used this term															
(VI) Other															
IV. Balance at the end of this term	980,179,980.00				310,929,701.90	144,078,948.09	3,128,907,574.32	17,874,910.32	625,178,089.82		3,582,194,700.93		8,501,186,009.20	397,835,373.72	8,899,021,382.92

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

Amount in this period

In RMB

Items	The first half year of 2023											
	Share capital	Other Equity instrument			Capital reserves	Less: Shares in stock	Other Comprehensive Income	Specialized reserve	Surplus reserves	Retained profit	Other	Total of owners' equity
		Preferr ed stock	Sustaina ble debt	Oth er								
I. Balance at the end of last year	980,179,980.00				175,558,788.66	136,466,388.09	2,690,397,606.30	6,000,000.00	602,356,402.65	3,385,297,545.74		7,703,323,935.26
Add: Change of accounting policy												
Correcting of previous errors												
Other												
II. Balance at the beginning of current year	980,179,980.00				175,558,788.66	136,466,388.09	2,690,397,606.30	6,000,000.00	602,356,402.65	3,385,297,545.74		7,703,323,935.26
III. Changed in the current year	195,264,420.00				23,743,214.60	-4,396,297.90	-307,354,921.24			-355,877,132.95		-439,828,121.69
(I) Total comprehensive income							-307,354,921.24			133,891,367.05		-173,463,554.19

(II) Investment or decreasing of capital by owners	-642,980.00				23,743,214.60	- 4,396,297.90						27,496,532.50
1. Ordinary Shares invested by shareholders	-642,980.00				- 3,753,317.90	- 4,396,297.90						27,496,532.50
2. Holders of other equity instruments invested capital												
3.Amount of shares paid and accounted as owners' equity					27,496,532.50							27,496,532.50
4. Other												- 307,354,921.24
(III) Profit allotment										- 293,861,100.00		- 293,861,100.00
1.Providing of surplus reserves												
2. Allotment to the owners (or shareholders)										- 293,861,100.00		- 293,861,100.00
3. Other												
(IV) Internal transferring of owners' equity	195,907,400.00									- 195,907,400.00		
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	195,907,400.00									- 195,907,400.00		
(V) Special reserves												
1. Provided this year								1,965,808.97				1,965,808.97

2. Used this term								-				-
(VI) Other								1,965,808.97				1,965,808.97
IV. Balance at the end of this term	1,175,444,400.00				199,302,003.26	132,070,090.19	2,383,042,685.06	6,000,000.00	602,356,402.65	3,029,420,412.79		7,263,495,813.57

Amount in last year

In RMB

Items	The first half year of 2022											
	Share capital	Other Equity instrument			Capital reserves	Less: Shares in stock	Other Comprehensive Income	Specialized reserve	Surplus reserves	Retained profit	Other	Total of owners' equity
		Preferr ed stock	Sustaina ble debt	Oth er								
I. Balance at the end of last year	754,010,400.00				121,457,098.65	144,078,948.09	2,630,313,185.77	6,000,000.00	602,356,402.65	3,493,193,115.19		7,463,251,254.17
Add: Change of accounting policy												
Correcting of previous errors												
Other												
II. Balance at the beginning of current year	754,010,400.00				121,457,098.65	144,078,948.09	2,630,313,185.77	6,000,000.00	602,356,402.65	3,493,193,115.19		7,463,251,254.17
III. Changed in the current year	226,169,580.00				27,983,671.40		499,162,878.22			-	158,084,799.23	595,231,330.39
(I) Total comprehensive income							499,162,878.22			369,644,220.76		868,807,098.98
(II) Investment or decreasing of capital by owners					27,983,671.40							27,983,671.40
1. Ordinary Shares invested by shareholders												
2. Holders of other equity instruments invested capital												
3. Amount of shares paid and accounted as owners' equity					27,983,671.40							27,983,671.40
4. Other												
(III) Profit allotment										-	301,559,439.99	-
1. Providing of surplus reserves												
2. Allotment to the owners (or										-		-

shareholders)										301,559,439. 99		301,559,439. 99
3. Other												
(IV) Internal transferring of owners' equity	226,169,580 .00									- 226,169,580. 00		
1. Capitalizing of capital reserves (or to capital shares)												
2. Capitalizing of surplus reserves (or to capital shares)												
3. Making up losses by surplus reserves.												
4. Change amount of defined benefit plans that carry forward Retained earnings												
5. Other comprehensive income carry-over retained earnings												
6. Other	226,169,580 .00									- 226,169,580. 00		
(V) Special reserves												
1. Provided this year								1,228,862. 21				1,228,862.21
2. Used this term								- 1,228,862. 21				-1,228,862.21
(VI) Other												
IV. Balance at the end of this term	980,179,980 .00				149,440,770 .05	144,078,948 .09	3,129,476,06 3.99	6,000,000. 00	602,356,402 .65	3,335,108,31 5.96		8,058,482,58 4.56

### III. Basic Information of the Company

Hangzhou 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 Turbine Holdings Co., Ltd. (Original name: Hangzhou Steam Turbine Power Group Co., Ltd. Hereinafter referred to as "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 1,175.4444 million with total capital share of 1,175.4444 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 June 30, 2022, the Company included the following 17 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	Hangzhou Guoneng Steam Turbine Engineering 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 Turbine Machinery Equipment 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 Industry and Trade Co., Ltd.	Industry and Trade Company
15	China mechanical and Electrical Institute -HSTG (Hangzhou) United Institutes Co., Ltd.	China Mechanical Institute Company
16	Zhejiang Ranchuang Turbine mechanical Co., Ltd.	Ranchuang Company
17	Pengzhou Western Power Technology Co., Ltd.	Western Power Company

### IV. Basis of compiling the financial statement

#### (1) Basis of compiling

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

#### (2) Assessment on perpetuation

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

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

### Principal Accounting Policies and Estimations

Important prompt: The Company utilized detailed accounting 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

1) The recognition basis and the initial measurement method of the financial assets and the financial liabilities

When the firm becomes a party to a financial instrument contract, it recognizes a financial asset or financial liability. For initial recognition of financial assets or financial liabilities, they shall be measured at fair value; for financial assets and financial liabilities measured at fair value with changes in the current profit and loss, relevant transaction expenses are directly included in the current profit and loss; for other categories of financial assets or financial liabilities, relevant transaction expenses are included in the initial recognition amount. 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

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.

③ After initial recognition, the following measurement is the higher of the following two amounts: ① The reserve amount of loss determined in accordance with the impairment of financial instruments; ② the balance of the initial recognized amount after deducting the accumulated amortization amount determined in accordance with the relevant provisions of Accounting Standards for Business Enterprises No.14 — Revenue.

#### ④ Financial liabilities measured at amortized cost

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

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

#### ① Termination of recognition of financial assets when one of the following conditions is met:

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

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

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

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

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

If the overall transfer of financial assets meets the conditions for derecognition, the difference between the following two amounts shall be included in the current profits and losses: 1) The book value of the transferred financial assets on the derecognition date; 2) The sum of the consideration received for the transfer of financial

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

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

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

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

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

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

#### (5) Impairment of financial instruments

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

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

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

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

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

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

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

recognition, the company shall measure the loss reserve according to the expected credit loss amount of the financial instrument within the next 12 months.

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

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

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

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

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

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

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

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

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

Rate for the Whole Duration

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

(6) Setoff of Financial Assets and Liabilities

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

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

**11. Notes receivable**

For details, please refer to Section 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 the Zhongneng 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, its cashable net value are recognized by the estimated sale prices of its finished products in normal operation deducting the estimated cost, sale expenses and related taxes due to the end of processing; At the balance sheet day, for inventory item which part has contract price and part has no contract price, the cashable net value is accounted separately, and recognize the inventory impairment provision or returnable cash..

**(4) Inventory system**

Inventory system: perpetual inventory system

**(5) Amortization of low-value consumables and packaging materials****1.Low price consumable**

Basis of amortizing: one-off

**2.Packaging materials**

Basis of amortizing: one-off

**16.Contract assets**

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

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

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

**17.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**

Long-term deferred expenses are accounted for and amortized for more than one year (excluding one year). Long-term deferred expenses are recorded according to the actual amount, and amortized evenly by stages during the benefit period or within the specified period. If the long-term deferred expense item cannot benefit the future accounting period, all the amortized value of the item that has not been amortized will be transferred to the current profits and losses.

### **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 treatment for post-resignation benefits**

Post-resignation benefits are divided into set deposit plan and set benefit plan.

1. During the accounting period when the employee provides services to the company, the payable amount calculated according to the set deposit plan shall be recognized as liabilities and included in the profit and loss of the current period or related asset costs.

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

Since January 1, 2023, the Company has implemented the provisions of the Interpretation No.16 of Accounting Standards for Business Enterprises - Accounting Treatment for Deferred Income Tax Related to Assets and Liabilities Arising from Individual Transactions, which was promulgated by the Ministry of Finance.

**(2) Significant estimates changes**

Applicable Not applicable

**(3) The information of the adjusting items related to the financial statements at the beginning of the year of first implementation due to the first implementation of new accounting standards from 2023. Adjustment description**

Applicable Not applicable

**45. Other****VI. Taxation****1. Main categories and rates of taxes**

Category of taxes	Tax base	Tax rate
VAT	The output tax is calculated on the basis of the income from sales of goods and taxable services calculated according to	13%, 9%, 6%

	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	
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, Huayuan Company, Zhongneng Company Hangfa Company, Casting Company and Western Power Company	15%
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, Huayuan Company, Zhongneng Company and Hangfa. – subsidiaries of the Company, were qualified as high-tech enterprises for term of three years. As the review result of high-tech enterprises in 2023 has not yet been determined, 15% of enterprise income tax will be calculated and charged temporarily.

(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 company enjoys high-tech enterprise income tax incentives, thus the enterprise income tax in 2023 shall be reduced to be 15%.

(3) According to the High-tech Enterprise Certificate (Certificate No.: GR202251003392, valid for three years) issued by Sichuan Provincial Department of Science and Technology, Sichuan Provincial Department of Finance and Sichuan Provincial Tax Service, State Taxation Administration on November 2, 2022, the subsidiary Western Power is entitled to the preferential income tax for high-tech enterprises, so the enterprise income tax in 2023 will be calculated and charged at a reduced rate of 15%.

(4) According to the Announcement on Further Supporting the Development of Small and Micro Enterprises and Individual Industrial and Commercial Households (No.12, 2023) of the Ministry of Finance and the State Taxation Administration, the subsidiary China mechanical and Electrical Institute applies the preferential tax policies for small and low-profit enterprises in 2023, and the taxable income will be reduced by 25%, and the enterprise income tax will be paid at a 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	27,237.07	107,551.80
Bank deposit	1,961,051,588.60	1,852,884,189.83
Other monetary fund	415,501,040.42	101,989,046.27
Total	2,376,579,866.09	1,954,980,787.90
Total amount of money limited to use, such as mortgage, pledge or freeze	107,694,119.90	149,952,386.14

Other note:

The bank deposit at the end of the period included RMB 12,178,303.31 of restricted pledge time deposit and RMB 21,000.00 of ETC deposit. Other currency funds at the end of the period included RMB 93,266,077.20 restricted-use bank acceptance bill deposit, RMB 2,228,739.39 for deposit of letter of guarantee.

### 2. Transactional financial assets

In RMB

Items	End of term	Beginning of term
Classified as Financial assets measured at fair value through profit or loss	401,977,608.88	607,001,143.44
Of which :		
Equity instrument investment	1,977,608.88	1,998,737.18
Financing product	400,000,000.00	605,002,406.26
Of which:		
Total	401,977,608.88	607,001,143.44

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	42,997,740.69	42,622,891.99
Trade acceptance bill	126,353,785.11	52,990,035.27
Total	169,351,525.80	95,612,927.26

In RMB

Category	End of term					Beginning of term				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Proportion(%)	Amount	Proportion(%)		Amount	Proportion(%)	Amount	Proportion(%)	
Of										

which:										
Accrual of bad debt provision by portfolio	176,062,165.12	107.00%	6,710,639.32	3.81%	169,351,525.80	106,144,380.06	100.00%	10,531,452.80	9.92%	95,612,927.26
Of which:										
Bank acceptance	42,997,740.69	24.42%	0.00	0.00%	42,997,740.69	42,622,891.99	40.16%			42,622,891.99
Commercial acceptance	133,064,424.43	75.58%	6,710,639.32	5.04%	126,353,785.11	63,521,488.07	59.84%	10,531,452.80	16.58%	52,990,035.27
Total	176,062,165.12	100.00%	6,710,639.32	3.81%	169,351,525.80	106,144,380.06	100.00%	10,531,452.80	9.92%	95,612,927.26

Accrual of bad debt provision by portfolio: 6,710,639.32

In RMB

Name	Amount in year-end		
	Book balance	Bad debt provision	Proportion(%)
Bank acceptance bill portfolio	42,997,740.69		
Commercial acceptance bill portfolio	133,064,424.43	6,710,639.32	5.04%
Total	176,062,165.12	6,710,639.32	

Note:

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

Applicable  Not applicable

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

The withdrawal amount of the bad debt provision:

In RMB

Category	Opening balance	Amount of change in the current period				Closing balance
		Accrual	Reversed or collected amount	Write-off	Other	
Commercial acceptance bill portfolio	10,531,452.80	-3,820,813.48				6,710,639.32
Total	10,531,452.80	-3,820,813.48				6,710,639.32

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 of recognition termination at the period-end	Amount of not terminated recognition at the period-end
Bank acceptance bill	13,881,414.00	
Commercial acceptance		23,811,059.87
Total	13,881,414.00	23,811,059.87

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

(6) The actual write-off accounts receivable

## 5. Accounts receivable

### (1) Accounts receivable disclosed by category

In RMB

Category	End of term					Beginning of term				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Proportion %	Amount	Proportion %		Amount	Proportion %	Amount	Proportion %	
Accrual of bad debt provision by single item	74,459,027.13	2.32%	74,459,027.13	100.00%		74,459,027.13	2.55%	74,459,027.13	100.00%	
Including :										
Accrual of bad debt provision by portfolio	3,134,344,410.69	97.68%	978,862,844.11	31.23%	2,155,481,566.58	2,840,174,129.98	97.45%	915,494,762.90	32.23%	1,924,679,367.08
Including :										
Total	3,208,803,437.82	100.00%	1,053,321,871.24	32.83%	2,155,481,566.58	2,914,633,157.11	100.00%	989,953,790.03	33.96%	1,924,679,367.08

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.	8,974,672.35	8,974,672.35	100.00%	Not expected to be recovered
Qingdong Jieneng Material Trade Co., Ltd.	6,534,000.00	6,534,000.00	100.00%	Not expected to be recovered
Qingdao Jieneng Steam Turbine Co., Ltd. Hangzhou Company	5,287,000.00	5,287,000.00	100.00%	Not expected to be recovered
Sinosteel Tiancheng Environmental Protection Science & Technology Co., Ltd.	2,459,550.00	2,459,550.00	100.00%	Not expected to be recovered
Minhe Jinxing Hydropower Development Co., Ltd.	1,468,751.96	1,468,751.96	100.00%	Not expected to be recovered

Diebu Axia Hydropower Development Co., Ltd.	1,132,000.00	1,132,000.00	100.00%	Not expected to be recovered
Weifang Leinuote Power Equipment Co., Ltd.	59,955.00	59,955.00	100.00%	Not expected to be recovered
Total	74,459,027.13	74,459,027.13		

Accrual of bad debt provision by portfolio: 978,862,844.11

In RMB

Name	Closing balance		
	Book balance	Bad debt provision	Proportion
Accrual of bad debt provision by portfolio	3,134,344,410.69	978,862,844.11	31.23%
Total	3,134,344,410.69	978,862,844.11	

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)	1,096,787,660.85
1-2 years	685,875,589.26
2-3 years	520,422,755.90
Over 3 years	905,717,431.81
3-4 years	267,254,913.49
4-5 years	125,236,819.64
Over 5 years	513,225,698.68
Total	3,208,803,437.82

## (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	74,459,027.13					74,459,027.13
Accrual of bad debt provision by portfolio	915,494,762.90	64,375,481.21	1,007,400.00			978,862,844.11
Total	989,953,790.03	64,375,481.21	1,007,400.00			1,053,321,871.24

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

In RMB

Name	Amount	Way
Jiangxi Huahui Industry Co., Ltd.	475,800.00	Bank transfer
Shanxi Guihua Xunhe Hydroelectricity Development Co., Ltd.	531,600.00	Bank transfer
Total	1,007,400.00	

**(3) The actual write-off accounts receivable****(4) The ending balance of account receivables owed by the imputation of the top five parties**

In RMB

Name	Amount	Proportion(%)	Bad debt provision
Client 1	347,378,057.73	10.83%	191,755,034.63
Client 2	118,418,418.74	3.69%	40,659,777.18
Client 3	99,240,301.88	3.09%	5,290,600.00
Client 4	80,644,316.98	2.51%	6,611,620.00
Client 5	45,384,000.00	1.41%	2,269,200.00
Total	691,065,095.33	21.53%	

**(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	1,001,821,890.55	817,555,768.45
Total	1,001,821,890.55	817,555,768.45

Changes in the current period of receivables financing and fair value

 Applicable  Not applicable

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

 Applicable  Not applicable

Other note:

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

In RMB

Items	Pledged amount
Bank acceptance	173,017,714.97
Total	173,017,714.97

(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	685,509,490.43
Subtotal	685,509,490.43

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	529,869,933.35	128.00%	367,741,841.11	91.59%
1-2 years	21,969,844.20	5.31%	13,954,754.79	3.48%
2-3 years	5,079,481.43	1.23%	2,556,543.70	0.63%
Over 3 years	18,313,440.63	4.42%	17,270,475.89	4.30%
Total	575,232,699.61		401,523,615.49	

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

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

In RMB

Name	Amount	Proportion(%)
Siemens Energy AB (Siemens Energy (Sweden) Co., Ltd.	214,529,846.38	37.29%
China Union Engineering Co., Ltd.	87,403,924.00	15.19%
Keluowen Thermal Energy Technology (Jiangsu) Co., Ltd.	20,758,147.00	3.61%
Xizi Clean Energy Equipment Manufacturing Co., Ltd.	20,414,000.00	3.55%
Shanghai Customs District P.R.China	17,079,607.73	2.97%
Subtotal	360,185,525.11	62.61%

## 8. Other account receivable

In RMB

Items	Closing balance	Opening balance
Interest receivable		
Dividend receivable	108,750,082.40	
Other	78,036,612.36	25,366,963.26
Total	186,786,694.76	25,366,963.26

### (1) Interest receivable

#### 1) Classification of interest receivable

In RMB

Items	Closing balance	Opening balance
Fixed deposit		
Total		

#### 2) Significant overdue interest

#### 3) Bad-debt provision

Applicable  Not applicable

### (2) Dividend receivable

#### 1) Dividend receivable

In RMB

Items	Closing balance	Opening balance

Hangzhou Bank	108,750,082.40	
Total	108,750,082.40	

## 2) Significant dividend receivable aged over 1 year

### 3) Bad-debt provision

Applicable  Not applicable

#### (3) Other accounts receivable

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

In RMB

Nature	Closing book balance	Opening book balance
Accrual of bad debt provision by single term		
Accrual of bad debt provision by portfolio:	78,036,612.36	25,366,963.26
Total	78,036,612.36	25,366,963.26

## 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, 2023	900,904.89	402,281.22	11,449,467.43	12,752,653.54
Balance as at January 1, 2023 in current				
—Transfer to stage II	-3,257,918.80	3,257,918.80		0.00
—Transfer to stage III		-126,076.34	126,076.34	0.00
Provision in the current period	2,489,401.93	456,325.19	591,450.50	3,537,177.62
Write - off in the current period			38,937.00	38,937.00
Balance as at June 30, 2023	132,388.02	3,990,448.87	12,128,057.27	16,250,894.16

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)	67,576,186.36
1-2 years	8,576,064.08
2-3 years	8,586,920.65
Over 3 years	9,548,335.43
3-4 years	283,484.21

4-5 years	45,185.00
Over 5 years	9,219,666.22
Total	94,287,506.52

### 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:	12,752,653.54	3,537,177.62		38,937.00		16,250,894.16
Total	12,752,653.54	3,537,177.62	0.00	38,937.00	0.00	16,250,894.16

### 4) The actual write-off accounts receivable

In RMB

Items	Amount
Accrual of bad debt provision by portfolio:	38,937.00

The significant actual write-off other accounts receivable

In RMB

Name	Nature of account receivable	Amount written off	Reason for written off	Verification procedures	Arising from related transactions (Y/N)
Hangzhou Yuhang Development of new wall materials office	Receivable temporary payment	38,937.00	Uncollectible amount	The General Manager's office Meeting	No
Total		38,937.00			

Other note

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

In RMB

Name	Nature	Closing balance	Aging	Proportion of the total year end balance of the accounts receivable	Closing balance of bad debt provision
Beijing Airport Customs of the People's Republic of China	Deposit	9,251,353.00	Within 1 year	9.81%	462,567.65
Shanghai Customs Waigaoqiao Office	Deposit	3,710,320.94	Over 5 years	3.94%	3,710,320.94
Hangzhou Chisu Trade Co., Ltd.	Deposit	2,848,700.00	2-3 years	3.02%	854,610.00
Fuding City Guanxi Cross-basin Water Diversion Investment Co., Ltd.	Deposit	2,300,000.00	2-3 years	2.44%	690,000.00
Wanhua Chemical Group	Deposit	1,600,000.00	Within 1 year	1.70%	80,000.00

Materials Co., Ltd.					
Total		19,710,373.94		20.91%	5,797,498.59

**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****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	994,311,885.38	77,637,312.67	916,674,572.71	762,193,831.50	77,637,312.67	684,556,518.83
Goods in progress	671,593,618.88	74,567,968.42	597,025,650.46	1,019,899,099.40	74,567,968.42	945,331,130.98
Stock goods	1,094,833,448.56	141,446,709.91	953,386,738.65	834,710,221.13	142,136,584.42	692,573,636.71
Total	2,760,738,952.82	293,651,991.00	2,467,086,961.82	2,616,803,152.03	294,341,865.51	2,322,461,286.52

**(2) Falling price reserves of inventory**

In RMB

Items	Opening balance	Increased amount		Decreased amount		Closing balance
		Reverse or write-off	Reverse or write-off	Other	Other	
Raw materials	77,637,312.67					77,637,312.67
Goods in progress	74,567,968.42					74,567,968.42
Stock goods	142,136,584.42	1,162,010.05		1,851,884.56		141,446,709.91
Total	294,341,865.51	1,162,010.05		1,851,884.56		293,651,991.00

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 be 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

**(3) Notes of the closing balance of the inventory which includes capitalized borrowing expenses****(4) Completed unsettled assets formed from the construction contact 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	581,286,993.03	57,661,449.79	523,625,543.24	577,093,698.74	44,818,828.73	532,274,870.01
The construction contract forms the assets	15,340,885.51	3,507,652.45	11,833,233.06	63,333,343.14	7,888,477.69	55,444,865.45
<b>Total</b>	<b>596,627,878.54</b>	<b>61,169,102.24</b>	<b>535,458,776.30</b>	<b>640,427,041.88</b>	<b>52,707,306.42</b>	<b>587,719,735.46</b>

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

Applicable  Not applicable

Provision for impairment of contract assets in the current period

In RMB

Items	Current accrual	Change amount	Reversal/write-off in current period	Reason
Accrual by single item				
Accrual by portfolio	8,461,795.82			Accrual by aging
<b>Total</b>	<b>8,461,795.82</b>	<b>0.00</b>	<b>0.00</b>	

Other note

**Contract assets with impairment provision in combination**

Items	End of term		
	Book balance	Impairment provision	Accrual proportion (%)
Aging portfolio	596,627,878.54	61,169,102.24	10.25%
<b>Subtotal</b>	<b>596,627,878.54</b>	<b>61,169,102.24</b>	<b>10.25%</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	29,827,028.33	51,338,998.29
Prepaid income tax	7,808,370.39	26,920,714.32
Rent charge	154,500.00	690,018.87
Profit and loss of property to be handled	1,033,339.30	
<b>Total</b>	<b>38,823,238.02</b>	<b>78,949,731.48</b>

**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	82,022,203.3 7	27,281,110.1 7	54,741,093.2 0	106,022,203. 37	28,481,110.3 4	77,541,093.0 3	
Total	82,022,203.3 7	27,281,110.1 7	54,741,093.2 0	106,022,203. 37	28,481,110.3 4	77,541,093.0 3	

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

□ Applicable √ Not applicable

**(2) Long-term accounts receivable which terminate the recognition owing to the transfer of the financial assets****(3) The amount of the assets and liabilities formed by the transfer and the continues involvement of long-term accounts receivable**

Changes in bad debt reserves

In RMB

Items	Opening balance	Increased amount			Decreased amount			Closing balance
		Withdraw	recover	Other	Switch back	write-off	Other	
Accrual by single item	24,960,000.00							24,960,000.00
Accrual by portfolio	3,521,110.34	- 1,200,000.17			1,200,000.17			2,321,110.17
Total	28,481,110.34	1,200,000.17			1,200,000.17			27,281,110.17

**17. Long-term equity investment****18.Other non-current Financing assets**

In RMB

Items	End of term	Beginning of term
Hangzhou Bank Co., Ltd.	3,194,533,669.50	3,556,127,694.48
Total	3,194,533,669.50	3,556,127,694.48

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 Co., Ltd.	108,750,082.40				The stocks of Hangzhou Bank Co., Ltd. held by the company cannot pass the contract cash flow characteristic test, but the company does not hold the equity instrument for the purpose of trading, so it is designated as a financial asset measured at fair value and its changes are included in other comprehensive income.
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Other note:

### 19. Other non-current Financing assets

In RMB

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

Other note:

Detail

In RMB

Investees	Opening balance	Increase /decrease			
		Additional investment	Decrease in investment	Change in fair value	Other comprehensive
				Gains and losses	Adjustment to revenue
GreenesolpowersystemsPVTLtd.	5,534,773.22				
Total	5,534,773.22	0.00	0.00	0.00	0.00

(Continued)

Investees	Increase /decrease				Closing balance	Closing balance of impairment provision
	Other equity changes			Other		
GreenesolpowersystemsPVTLtd.					5,534,773.22	
Total	0.00	0.00	0.00	0.00	5,534,773.22	0.00

### 20. Investment real estate

#### (1) Investment real estate adopted the cost measurement mode

Applicable  Not applicable

In RMB

Items	House, Building	Land use right	Construction in process	Total
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	0.00	0.00	10,169,000.55
II. Accumulated amortization				
1. Opening balance	3,717,522.00			3,717,522.00
2. Increased amount of the period	226,253.76	0.00	0.00	226,253.76
(1) Withdrawal	226,253.76	0.00	0.00	226,253.76
3. Decreased amount of the period				
(1) Dispose				
(2) Other out				
4. Balance at period-end	3,943,775.76	0.00	0.00	3,943,775.76
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	6,225,224.79	0.00	0.00	6,225,224.79
2. Book value at period-beginning	6,451,478.55	0.00	0.00	6,451,478.55

**(2) Investment property adopted fair value measurement mode**

Applicable  Not applicable

**(3) Investment real estate without certificate of ownership**

Other note

At the end of the this period, the book value of the investment real estate was RMB6,213,158.93, which was due to the housing reform to resettlement house: that is, when the family dormitory area of the subsidiary Hangfa Company was demolished and renovated in 2011, part of the resettlement area could not be renovated because some residents had received housing subsidies, enjoyed affordable housing, participated in the housing reform in other places, failed to submit the housing reform information in time, etc., and the property rights belonged to the Company.

**21. Fixed assets**

In RMB

Items	Year-end balance	Year-beginning balance
Fixed assets	1,911,760,989.02	1,926,594,610.89
liquidation of fixed assets	-39,909.06	
Total	1,911,721,079.96	1,926,594,610.89

**(1) List of fixed assets**

In RMB

Items	Houses & buildings	Machinery equipment	Transportations	Office equipment	Total
<b>I. Original price</b>					
1. Opening balance	1,596,783,530.05	1,243,389,910.30	32,710,150.60	145,275,818.25	3,018,159,409.20
2. Increased amount of the period	26,106,562.65	39,797,675.44	521,466.69	2,162,431.89	68,588,136.67
(1) Purchase		2,443,366.39	521,466.69	1,075,581.99	4,040,415.07
(2) Transferred from construction in progress		790,973.27	0.00	247,161.08	1,038,134.35
(3) Increased of Enterprise Combination	26,106,562.65	36,563,335.78	0.00	839,688.82	63,509,587.25
3. Decreased amount of the period	1,227,439.35	15,946,064.76	1,098,711.00	285,669.93	18,557,885.04
(1) Disposal	1,227,439.35	15,946,064.76	1,098,711.00	285,669.93	18,557,885.04
4. Balance at period-end	1,621,662,684.54	1,267,241,489.79	32,132,906.29	147,152,580.21	3,068,189,660.83
<b>II. Accumulated depreciation</b>					
1. Opening balance	211,726,237.99	796,580,369.31	24,487,930.68	46,508,510.13	1,079,303,048.11
2. Increased amount of the period	25,847,097.70	52,502,663.79	407,718.07	2,992,064.51	81,749,544.07
(1) Withdrawal	25,142,406.51	39,728,180.66	407,718.07	2,657,089.41	67,935,394.65
(2) Increased of Enterprise Combination	704,691.19	12,774,483.13	0.00	334,975.10	13,814,149.42
3. Decreased amount of the period	163,658.51	15,418,459.09	1,032,280.35	271,272.62	16,885,670.57
(1) Disposal	163,658.51	15,418,459.09	1,032,280.35	271,272.62	16,885,670.57
4. Closing balance	237,409,677.18	833,664,574.01	23,863,368.40	49,229,302.02	1,144,166,921.61
<b>III. Impairment provision</b>					
1. Opening balance	9,028,267.09	3,233,483.11	0.00	0.00	12,261,750.20
2. Increase in the reporting period					
(1) Withdrawal					
3. Decreased amount of the period					
(1) Disposal					
4. Closing balance	9,028,267.09	3,233,483.11	0.00	0.00	12,261,750.20
<b>IV. Book value</b>					
1. Book value of the period-end	1,375,224,709.08	430,343,463.86	8,269,537.89	97,923,278.19	1,911,760,989.02
2. Book value of the period-begin	1,376,029,024.97	443,576,057.88	8,222,219.92	98,767,308.12	1,926,594,610.89

**(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**

In RMB

Items	End of term	Beginning of term
Transportations	-39,909.06	
Total	-39,909.06	

Other note:

## 22. Construction in progress

In RMB

Items	End of term	Beginning of term
Construction in progress	365,010,402.45	286,290,854.97
Total	365,010,402.45	286,290,854.97

### (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	167,521,415.82		167,521,415.82	161,344,450.28		161,344,450.28
Annual output of 10 sets of gas turbine unit project	138,406,656.47		138,406,656.47	81,700,278.09		81,700,278.09
Software project	15,309,187.64		15,309,187.64	13,362,743.79		13,362,743.79
Other project	40,909,350.40		40,909,350.40	27,285,325.58		27,285,325.58
Prepayment for equipment or projects	2,863,792.12		2,863,792.12	2,598,057.23		2,598,057.23
Total	365,010,402.45		365,010,402.45	286,290,854.97		286,290,854.97

### (2) Changes of significant construction in progress

In RMB

Name of project	Budget (0'000)	Opening balance	Increase	Transferred to fixed assets	Other decrease	End balance	Proportion %	Project processes	Capitalization of interest	Including capitalization of interest this period	Capitalization of interest rate (%)	Source of funding
New Plant project	173,328.76	161,344,450.28	6,176,965.54			167,521,415.82	96.41%	Under construction	9,819,482.47			Other
Annual output of 10 sets of gas turbine	50,000.00	81,700,278.09	56,706,378.38			138,406,656.47	27.68%	Under construction				Other

unit project												
Software project		13,362,743.79	1,946,443.85			15,309,187.64						Other
Other project		27,285,325.58	14,262,837.64	638,812.82		40,909,350.40						Other
Prepayment for equipment or projects		2,598,057.23	665,056.42	399,321.53		2,863,792.12						Other
Total	223,328.76	286,290,854.97	79,757,681.83	1,038,134.35		365,010,402.45			9,819,482.47	0.00		

### (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
I. Original price			
1. Balance at period-beginning	46,776,400.16	391,374.21	47,167,774.37
2. Increase in the current period	12,720.10		12,720.10
(1) Rent	12,720.10		12,720.10
3. Decreased amount of the period			
4. Balance at period-end	46,789,120.26	391,374.21	47,180,494.47
II. Accumulated depreciation			
1. Opening balance	18,866,143.96	195,687.12	19,061,831.08
2. Increased amount of the period	6,606,094.37	97,843.56	6,703,937.93
(1) Withdrawal	6,606,094.37	97,843.56	6,703,937.93
3. Decreased amount of the period			
(1) Disposal			

4.Closing balance	25,472,238.33	293,530.68	25,765,769.01
III. Impairment provision			
1.Opening balance			
2.Increase in the reporting period			
(1) Withdrawal			
3.Deceased amount of the period			
(1) Disposal			
4. Closing balance			
IV. Book value			
1.Book value of the period-end	21,316,881.93	97,843.53	21,414,725.46
2.Book value of the period-begin	27,910,256.20	195,687.09	28,105,943.29

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	26,625,890.13	359,313,136.81
2.Increase in the current period	25,709,423.22	40,269.89	0.00	1,253,759.04	27,003,452.15
(1) Purchase	13,750,500.00	0.00	0.00	746,500.00	14,497,000.00
(2)Internal Development	0.00	0.00	0.00	0.00	0.00
(3)Increased of Enterprise Combination	11,958,923.22	40,269.89	0.00	507,259.04	12,506,452.15
3.Deceased amount of the period					
(1) Disposal					
4.Closing balance	350,052,582.47	384,357.32	8,000,000.00	27,879,649.17	386,316,588.96
II.Accumulated amortization					
1.Opening balance	67,306,817.90	283,831.36	6,066,666.95	10,811,032.13	84,468,348.34
2.Increased amount of the	4,021,724.41	25,665.30	400,000.02	2,500,233.50	6,947,623.23

period					
(1) Withdrawal	3,338,807.86	16,159.62	400,000.02	2,364,578.55	6,119,546.05
(2) Increased of Enterprise Combination	682,916.55	9,505.68	0.00	135,654.95	828,077.18
3. Decreased amount of the period					
(1) Disposal					
4. Closing balance	71,328,542.31	309,496.66	6,466,666.97	13,311,265.63	91,415,971.57
III. Impairment provision					
1. Opening balance					
2. Increased amount of the period	0.00	7,915.14	0.00	0.00	7,915.14
(1) Withdrawal					0.00
(2) Increased of Enterprise Combination	0.00	7,915.14	0.00	0.00	7,915.14
3. Decreased amount of the period					
(1) Disposal					
4. Closing balance	0.00	7,915.14	0.00	0.00	7,915.14
IV. Book value					
1. Closing book value	278,724,040.16	66,945.52	1,533,333.03	14,568,383.54	294,892,702.25
2. Opening book value	257,036,341.35	60,256.07	1,933,333.05	15,814,858.00	274,844,788.47

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

Other note

## 27. Development expenses

In RMB

Items	Balance in year-begin	Increase in this period			Decrease in this period			Balance in year-end
		Internal development expenditure	Other		Recognized as intangible assets	Transfer to current profit and loss		
Gas turbine	0.00	2,042,159.6				2,042,159.6		0.00

development		8			8		
Total	0.00	2,042,159.68			2,042,159.68		0.00

Other note

## 28. Goodwill

### (1) Original book value of goodwill

In RMB

Name of the investees or the events formed goodwill	Opening balance	Increase		Decrease		Closing balance
		The merger of enterprises		disposition		
Pengzhou Western Blue Power Technology Co., Ltd.		8,417,413.42				8,417,413.42
Total	0.00	8,417,413.42	0.00	0.00	0.00	8,417,413.42

### (2) Impairment provision of goodwill

## 29. Long-term amortization expenses

In RMB

Items	Balance in year-begin	Increase at this period	Amortization balance	Other decrease	Balance in year-end
Housing decoration fee		354,128.44	35,412.84		318,715.60
Total		354,128.44	35,412.84	0.00	318,715.60

Other note

## 30. Deferred income tax assets/deferred income tax liabilities

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

In RMB

Items	Balance in year-end		Balance in year-begin	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Provision for Asset Impairment	1,312,506,186.90	208,613,108.08	1,245,922,022.12	197,517,063.24
Internal trade profit not realized	28,606,742.42	4,291,011.36	21,474,851.24	3,221,227.69
Deduction loss	90,766,393.69	13,614,959.05		
Revenue from changes in fair value generated by financial assets classified at fair value through profit or loss	891,610.92	133,741.64	870,485.96	130,572.89
Requisition and relocation compensation	982,577,468.66	148,411,972.18	1,005,531,878.82	151,865,228.79
Total	2,415,348,402.59	375,064,792.31	2,273,799,238.14	352,734,092.61

**(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
Not the same control enterprise combined assets evaluation value appreciation	14,756,945.71	3,689,236.42		
Changes in fair value of investments in other equity instruments	2,803,579,629.50	420,536,944.43	3,165,173,654.48	474,776,048.17
Accelerated depreciation of fixed assets	219,773.45	32,966.02	219,773.45	32,966.02
<b>Total</b>	<b>2,818,556,348.66</b>	<b>424,259,146.87</b>	<b>3,165,393,427.93</b>	<b>474,809,014.19</b>

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

In RMB

Items	Deferred Income Tax Assets or Liabilities at the End of Report Period	Temporarily Deductible or Taxable Difference at the End of Report Period	Deferred Income Tax Assets or Liabilities at the Beginning of Report Period	Temporarily Deductible or Taxable Difference at the Beginning of Report Period
Deferred income tax assets		375,064,792.31		352,734,092.61
Deferred income tax liabilities		424,259,146.87		474,809,014.19

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

In RMB

Items	End of term	Beginning of term
Deductible temporary difference	155,449,789.18	155,107,906.71
Deductible loss	119,754,259.29	123,070,154.92
<b>Total</b>	<b>275,204,048.47</b>	<b>278,178,061.63</b>

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

In RMB

Year	Balance in year-end	Balance in year-begin	Remark
2023		10,388,277.67	
2024	26,189,768.32	26,189,768.32	
2025	5,397,758.37	5,397,758.37	
2026	12,109,526.82	12,109,526.82	
2027	11,525,813.83	2,554,125.34	
2028	4,050,142.61	0.00	
2029	4,137,298.09	4,137,298.09	
2030	0.00	0.00	
2031	46,982,771.08	46,982,771.08	
2032	1,032,104.86	15,310,629.23	
2033	8,329,075.31		
<b>Total</b>	<b>119,754,259.29</b>	<b>123,070,154.92</b>	

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	31,327,604.47		31,327,604.47	31,572,954.47		31,572,954.47
Advance land payable				13,350,000.00		13,350,000.00
<b>Total</b>	<b>31,327,604.47</b>		<b>31,327,604.47</b>	<b>44,922,954.47</b>		<b>44,922,954.47</b>

Other note

**32. Short-term borrowings****(1) Categories of short-term loans**

In RMB

Items	End of term	Beginning of term
Mortgage Borrowings	40,000,000.00	50,059,115.83
Guarantee Borrowing	70,000,000.00	70,059,711.17
Credit borrowing	273,505,710.62	155,634,400.89
Domestic letter of credit discount loan	12,000,000.00	12,000,000.00
<b>Total</b>	<b>395,505,710.62</b>	<b>287,753,227.89</b>

Note:

**(2) Situation of Overdue Outstanding Short-Term Borrowing**

Other note

**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	8,000,000.00
Bank acceptance bill	849,066,160.56	403,886,347.73
<b>Total</b>	<b>857,066,160.56</b>	<b>411,886,347.73</b>

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	1,104,760,433.42	1,050,477,495.94

Equipment and Engineering	188,501,467.34	140,729,051.34
Other	34,080,315.88	11,709,180.01
<b>Total</b>	<b>1,327,342,216.64</b>	<b>1,202,915,727.29</b>

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

Other note:

**37. Advances received****(1) List of Advances received**

In RMB

Items	End of term	Beginning of term
Rent	261,912.17	230,204.48
<b>Total</b>	<b>261,912.17</b>	<b>230,204.48</b>

**(2) Notes of the accounts payable aging over one year****38.Contract liabilities**

In RMB

Items	End of term	Beginning of term
Goods	2,672,342,862.55	2,306,912,441.68
<b>Total</b>	<b>2,672,342,862.55</b>	<b>2,306,912,441.68</b>

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

**39.Payable Employee wage****(1) List of Payroll payable**

In RMB

Items	Balance in year-begin	Increase in this period	Payable in this period	Balance in year-end
I. Short-term compensation	100,054,602.85	411,277,608.64	471,745,455.06	39,586,756.43
II. Post-employment benefits - defined contribution plans	38,960,070.73	61,982,180.98	52,690,381.35	48,251,870.36
<b>Total</b>	<b>139,014,673.58</b>	<b>473,259,789.62</b>	<b>524,435,836.41</b>	<b>87,838,626.79</b>

**(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	87,578,245.29	306,039,321.39	367,712,056.24	25,905,510.44
(2) Employee benefits		23,687,132.63	22,340,490.55	1,346,642.08
(3) Social insurance expenses	7,556,043.17	31,482,488.61	32,601,858.82	6,436,672.96
Including: medical insurance premium	7,291,882.17	29,772,106.82	30,907,718.93	6,156,270.06
Work-related injury insurance premium	264,161.00	1,710,381.79	1,694,139.89	280,402.90
Maternity insurance premium				0.00
(4) Housing fund	458,263.96	39,760,564.56	39,769,998.56	448,829.96

(5) Labor union expenditures and employee education expenses	4,462,050.43	10,308,101.45	9,321,050.89	5,449,100.99
Total	100,054,602.85	411,277,608.64	471,745,455.06	39,586,756.43

**(3) List of drawing scheme**

In RMB

Items	Opening balance	Increase	Decrease	Closing balance
1. Basic pension insurance	7,215,189.04	43,395,576.23	43,493,174.70	7,117,590.57
2. Unemployment insurance	250,067.96	1,557,593.75	1,553,460.65	254,201.06
3. Enterprise annual fee	31,494,813.73	17,029,011.00	7,643,746.00	40,880,078.73
Total	38,960,070.73	61,982,180.98	52,690,381.35	48,251,870.36

Other note:

**40. Taxes Payable**

In RMB

Items	Closing balance	Opening balance
VAT	4,570,738.90	26,831,710.72
Enterprise Income tax	8,823,169.65	19,296,080.94
Individual Income tax	1,287,176.40	3,947,213.74
City Construction tax	740,690.87	2,081,991.58
Property tax	721,767.22	14,880,121.69
Land use tax	369,208.52	3,836,290.15
Education subjoin	338,413.30	941,347.25
Locality Education subjoin	229,992.23	632,108.09
Other	490,370.26	938,259.93
Total	17,571,527.35	73,385,124.09

Other note

**41. Other account payable**

In RMB

Items	Closing balance	Opening balance
Dividend payable		90,000.00
Other account payable	187,505,997.93	203,698,336.85
Total	187,505,997.93	203,788,336.85

**(1) Interest payable****(2) Dividends payable**

In RMB

Items	Closing balance	Opening balance
Research Institute of Mechanical		90,000.00

Science, Zhejiang Branch Co., Ltd		
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	100,222,346.86
Deposit	8,278,112.93	8,650,506.77
Provisional account payable	75,167,609.46	92,141,265.66
Related party demolition loan		
Other	3,837,928.68	2,684,217.56
Total	187,505,997.93	203,698,336.85

[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	55,100,000.00	30,637,507.55
Rent liabilities due within 1 year	8,256,135.03	12,165,379.31
Total	63,356,135.03	42,802,886.86

### 44. Other current liabilities

In RMB

Items	End of term	Beginning of term
Output tax to be transferred	284,064,129.27	266,480,963.69
Maintenance and renovation costs	1,105,000.00	1,105,000.00
Relocation compensation	60,668,100.00	
Total	345,837,229.27	267,585,963.69

### 45. Long-term borrowing

#### (1) Category of long-term loan

In RMB

Items	End of term	Beginning of term
Mortgage loan	29,700,000.00	9,711,173.86
Guarantee loan	125,000,000.00	150,192,500.00
Total	154,700,000.00	159,903,673.86

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	19,654,863.63	17,206,632.59
Less: Financing charges are not recognized	6,155,922.30	872,609.49
Total	13,498,941.33	16,334,023.10

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	15,178,960.46	10,774,088.21
Total	15,508,960.46	11,104,088.21

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

In RMB

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

Other note:

##### (2) Special Payable

In RMB

Items	Opening balance	Increase	Decrease	End balance	Reason
Compensation for relocation	2,498,212.20	257,606,998.18	254,890,547.93	5,214,662.45	
Funding for Personnel Training	6,234,947.69	1,842,450.00	317,428.00	7,759,969.69	
Resettlement	2,040,928.32		56,600.00	1,984,328.32	
Special technical		220,000.00		220,000.00	

transformation and research funds					
Other note	10,774,088.21	259,669,448.18	255,264,575.93	15,178,960.46	

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 7,953,100.69 in the current period is transferred to other income, and the corresponding part of the fixed assets of RMB246,937,447.24 in the new factory area put into use in the current period is transferred to deferred revenue

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	877,381,129.85	250,317,447.24	21,642,112.05	1,106,056,465.04	Receive government subsidies
Total	877,381,129.85	250,317,447.24	21,642,112.05	1,106,056,465.04	

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 shares	980,179,980.00		195,907,400.00		-642,980.00	195,264,420.00	1,175,444,400.00

Other note:

According to the "2022 Annual Profit Distribution Plan" adopted by the resolution of the 2022 Annual General Meeting of Shareholders, this equity distribution was based on the total share capital of 980,179,980 shares at the end of 2022, 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 2 for every 10 shares , A total of RMB 195,907,400 in stock dividends.

#### 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	262,539,139.50		3,753,317.90	258,785,821.60
Other capital reserves	132,396,722.50	27,496,532.50		159,893,255.00
Total	394,935,862.00	27,496,532.50	3,753,317.90	418,679,076.60

Other notes, including changes and reason of change:

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

In the current period, the Company increased its capital reserve - other capital reserve of 27,496,532.5 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.

##### (2) The current decrease of share capital premium includes:

In this period, the Company cancelled 111,800 repurchased treasury shares and 531,180 shares of share capital due to the retirement and resignation of equity incentive objects, reducing the capital stock premium by 3,753,317.90 yuan , and correspondingly reducing the treasury shares by RMB 4,396,297.90.

#### 56. Treasury stock

In RMB

Items	Year-beginning balance	Increase in the current period	Decrease in the current period	Year-end balance
Treasury stock	136,466,388.09		4,396,297.90	132,070,090.19
Total	136,466,388.09	0.00	4,396,297.90	132,070,090.19

Other notes, including changes and reason of change:

For details, please refer to Section X (10) 55 Capital reserves.

#### 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	Less: Prior period included in other	Less: Income tax expenses	After-tax attribute to the parent company	After-tax attribute to minority shareholder	

			the current period that recognized into other comprehensive income in prior period	composite income transfer to retained income in the current period				
1. Other comprehensive income that cannot be reclassified in the loss and gain in the future	2,690,397,606.30	- 361,594,024.98	0.00	0.00	- 54,239,103.74	- 307,354,921.24	0.00	2,383,042,685.06
Changes in fair value of investments in other equity instruments	2,690,397,606.30	- 361,594,024.98			- 54,239,103.74	- 307,354,921.24		2,383,042,685.06
Total of other comprehensive income	2,690,397,606.30	- 361,594,024.98	0.00	0.00	- 54,239,103.74	- 307,354,921.24	0.00	2,383,042,685.06

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

## 58. Special reserves

In RMB

Items	Beginning of term	Increased this period	Decreased this period	End of term
Labor safety expenses	17,841,325.92	4,918,206.68	5,183,956.58	17,575,576.02
Total	17,841,325.92	4,918,206.68	5,183,956.58	17,575,576.02

Other note, including changes and reason of change:

1) The Company withdrew safety production expenses of 5,183,956.58 yuan for the purchase of safety protective commodity and equipment.

(2) After adding the work safety expenses attributable to minority shareholders, the total of the Company's work safety expenses at the end of the period is RMB 27,210,294.22.

## 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	3,756,414,638.24	3,761,583,410.91
Add: Net profit belonging to the owner of the parent company	149,699,746.13	522,396,807.32
Common stock dividend payable	489,768,500.00	527,565,579.99
Other	3,416,345,884.37	3,756,414,638.24
Retained profits at the period end		

According to the "2022 Annual Profit Distribution Plan" adopted by the resolution of the 2022 Annual General Meeting of Shareholders, this equity distribution was based on the total share capital of 980,179,980 shares at the end of 2022, 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 for every 10 shares, 2 bonus shares, A total of RMB195,907,400 in stock dividends and RMB 293,861,100 in cash dividends were distributed.

As regards the details of adjusted the beginning undistributed profits

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

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

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

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

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

## 61. Business income and Business cost

In RMB

Items	Amount of this period		Amount of last period	
	Income	Cost	Income	Cost
Main Business	2,599,633,551.65	1,969,237,839.67	3,067,134,533.67	2,222,246,894.26
Other	22,611,501.34	10,067,845.72	8,845,799.91	5,808,309.32
Total	2,622,245,052.99	1,979,305,685.39	3,075,980,333.58	2,228,055,203.58

Information concerning obligation performance:

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 the transaction price allocated to the remaining obligations performance:

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 7,727,490,000.00.

Other note

## 62. Taxes and surcharges

In RMB

Items	Amount of this period	Amount of last period
Urban maintenance and construction tax	3,539,897.65	5,146,140.51
Educational surtax	1,619,110.01	2,265,944.35
House tax	1,165,418.72	1,142,229.75
Land royalties	-3,048,177.01	-1,339,170.18
vehicle and vessel tax	18,819.28	25,432.83
Stamp tax	2,278,234.98	1,474,867.75
Locality Education surcharge	1,079,406.71	1,510,629.58
Environmental protection tax	8,587.80	2,401.20
Total	6,661,298.14	10,228,475.79

Other note:

## 63. Sales expense

In RMB

Items	Amount of this period	Amount of last period
Employees' remunerations	61,206,343.11	36,485,677.51
Transportation	2,609,107.53	1,138,484.93
Travel expenses	11,966,033.13	8,888,561.95
Business reception expenses	10,663,020.87	6,206,490.00
Consulting service fee	23,772,895.90	12,267,342.77
Conferences	1,269,162.10	371,169.20
Three charge	3,224,824.79	4,784,318.15
Advertising fee	1,166,492.51	324,934.24
Office fee	365,010.36	691,321.48
Unit insurance premium	351,536.58	250,605.80
Other	9,615,103.32	6,810,164.97
Total	126,209,530.20	78,219,071.00

Other note:

## 64. Administrative expense

In RMB

Items	Amount of this period	Amount of last period
Employees' remunerations	141,749,530.35	253,557,627.13
Enterprise requisition and relocation fee	7,953,100.69	8,016,795.00
Asset depreciation and amortizing	26,745,927.80	25,141,560.43
Business reception expenses	2,784,366.63	1,461,204.40
Rental fee, House rental, property management, water and power	10,502,785.78	15,174,258.65
Travel expenses and overseas travel	3,392,668.37	1,859,818.08

expenses		
Agency fee	7,660,191.15	4,687,329.96
Materials, low-value consumables		
Office expenses	2,730,435.63	2,292,109.56
Repair costs	3,415,949.16	2,937,385.10
Share payable	27,640,314.04	27,983,671.40
Other	34,679,208.13	25,542,488.95
Total	269,254,477.73	368,654,248.66

Other note

## 65. R&D Expense

In RMB

Items	Amount of this period	Amount of last period
Labor cost	66,829,622.13	73,148,374.92
Direct materials	89,539,355.22	56,613,592.38
Depreciation expenses	1,294,411.73	2,116,766.61
Test and inspection fee	3,867,908.54	1,454,777.83
Commissioned research & development	2,912,404.64	2,603,124.12
Other	2,874,597.57	3,224,421.13
Total	167,318,299.83	139,161,056.99

Other note

## 66. Financial expenses

In RMB

Items	Amount of this period	Amount of last period
Interest expense	9,900,556.41	13,901,898.42
Less: Income interests	19,561,114.67	9,020,380.48
Exchange gains/losses	-231,777.63	-21,050,554.98
Commission	5,469,399.35	1,966,300.16
Other	366,597.09	485,124.77
Total	-4,056,339.45	-13,717,612.11

Other note

## 67. Other income

In RMB

Items	Amount of this period	Amount of last period
Government subsidies related to assets	19,332,847.21	14,245,334.64
Government subsidies related to income	17,935,236.73	11,075,666.49
Individual tax commission refunds	304,136.79	415,740.28
Total	37,572,220.73	25,736,741.41

## 68. Investment income

In RMB

Items	Amount of this period	Amount of last period
Investment income obtained from the disposal of trading financial assets	6,305,827.71	25,276,726.80
Dividend income from other equity instrument investments during the holding period	108,750,082.40	95,156,322.10
Total	115,055,910.11	120,433,048.90

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	-21,128.30	-426,791.66
Other non-current financial assets		3,888,000.00
Total	-21,128.30	3,461,208.34

Other note:

**71. Credit impairment loss**

In RMB

Items	Amount of this period	Amount of last period
Losses on bad debt	-65,899,840.15	-14,898,317.52
Total	-65,899,840.15	-14,898,317.52

Other note

**72. Losses from asset impairment**

In RMB

Items	Amount of this period	Amount of last period
II. Loss of inventory value and impairment of contract performance costs	-86,982.08	-5,052,367.50
XII. Loss of impairment of contract assets	-4,300,326.44	18,768,663.74
Total	-4,387,308.52	13,716,296.24

Other note:

**73. Asset disposal income**

In RMB

Source	Amount of this period	Amount of last period
Profits of disposal of fixed assets	4,104.14	-45,800.77
Total	4,104.14	-45,800.77

**74. Non-operating income**

In RMB

Items	Amount of this period	Amount of last period	Recorded in the amount of the non-recurring gains and losses
Loss of non-current assets: obsolescence gain	2,783,904.55	6,459.28	2,783,904.55
Compensation income	19,098,713.47	43,248,533.26	19,098,713.47
No payment required	254,089.78	1,202,147.40	254,089.78
Equity gains			0.00
Other	35,846.21	108,279.86	35,846.21
Total	22,172,554.01	44,565,419.80	22,172,554.01

Government subsidies recorded into current profits and losses:

**75. Non-operational expenses**

In RMB

Items	Amount of this period	Amount of last period	Recorded in the amount of the non-recurring gains and losses
Donations	605,000.00	515,000.00	605,000.00
Non-current assets scrapping loss	182,446.69	148,223.86	182,446.69
Compensation expenses	2,006,000.00	3,553,023.12	2,006,000.00
Fine, late payment	10,153.76	21,746.87	10,153.76
Other	88,975.97	127,154.50	88,975.97
Total	2,892,576.42	4,365,148.35	2,892,576.42

Other note:

**76. Income tax expenses****(1) Details**

In RMB

Items	Amount of this period	Amount of last period
Income tax of current term	23,413,289.05	55,703,420.35
Deferred income tax	29,964,153.08	38,110,661.41
Total	1,027,570.07	65,447,951.68

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

In RMB

Items	Amount of this period
Total profit	179,156,036.75
Income tax expense at parent company's applicable tax rate	26,873,405.52
Effect of different tax rates applicable to subsidiaries	7,673,193.43
Adjustment for income tax in prior year	0.00
Income not subject to tax	-19,843,685.58
Effects of non-deductible costs, expenses and losses	2,494,557.65
Impact of deductible losses on the use of previously unrecognized deferred income tax assets	-7,298,114.00
The current period does not affect the deferred tax assets recognized deductible temporary differences or deductible loss	2,319,981.60
Impact of Temporary difference on the use of previously unrecognized deferred income tax assets	-4,606,337.32
Impact of additional deductions for R & D expenses	-6,585,431.23
Income tax expenses	1,027,570.07

Other note:

**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
Deposit interest	19,326,707.96	8,484,848.65

Government subsidies received	10,412,360.48	13,152,574.06
Recovery of operating bank deposits	15,837,529.89	6,581,305.32
Compensation income	116,372.80	10,035,833.79
Recovery of operating bank deposits	13,215,947.13	82,676.43
Rent incomer	216,231.50	57,665.00
Other	1,865,271.79	1,869,625.89
<b>Total</b>	<b>60,990,421.55</b>	<b>40,264,529.14</b>

Note:

## (2) Other cash paid related to operation

In RMB

Items	Amount of this period	Amount of last period
Transportation	3,921,756.80	1,459,697.66
Travel expenses	19,532,550.73	13,484,827.09
Business trips	13,702,248.87	7,919,566.45
Repairing cost	3,600,562.74	675,311.13
Property management and civil services	22,854,101.61	17,577,949.78
Deposit for bidding and others	36,793,767.69	19,454,848.00
Office expenses	1,935,271.48	2,716,373.67
Conferences	1,512,505.70	439,793.46
Consulting service fee	20,682,286.06	5,817,084.52
Transportation and vehicles	1,905,068.60	1,522,498.91
Other	5,837,665.36	19,365,991.81
<b>Total</b>	<b>132,277,785.64</b>	<b>90,433,942.48</b>

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

In RMB

Items	Amount of this period	Amount of last period
Repurchasing of trusteeship	878,002,406.26	1,370,000,000.00
Receipt of levy and relocation compensation	257,606,998.18	
<b>Total</b>	<b>1,135,609,404.44</b>	<b>1,370,000,000.00</b>

## (4) Other cash paid for investment activities

In RMB

Items	Amount of this period	Amount of last period
Purchasing of financial products	673,000,000.00	912,000,000.00
<b>Total</b>	<b>673,000,000.00</b>	<b>912,000,000.00</b>

## (5) Other cash paid for Financing activities

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

In RMB

Items	Amount of this period	Amount of last period
Return the related party's capital occupation and interest		121,791,800.00
Lease Liability Payments	5,874,483.57	1,202,769.96
<b>Total</b>	<b>5,874,483.57</b>	<b>122,994,569.96</b>

**79. Supplement Information for cash flow statement****(1) Supplement Information for cash flow statement**

In RMB

Supplementary Info.	Amount of this period	Amount of last period
<b>I. Adjusting net profit to cash flow from operating activities</b>		
Net profit	178,128,466.68	388,535,386.04
Add: Impairment loss provision of assets	70,287,148.67	1,182,021.28
Depreciation of fixed assets, oil and gas assets and consumable biological assets	67,983,326.81	61,269,369.18
Depreciation of Use right assets	6,703,937.93	3,994,249.19
Amortization of intangible assets	6,119,546.05	4,566,749.10
Amortization of Long-term deferred expenses	35,412.84	
Loss on disposal of fixed assets, intangible assets and other long-term deferred assets	-4,104.14	45,800.77
Fixed assets scrap loss	-2,601,457.86	141,764.58
Loss on fair value changes	21,128.30	-3,461,208.34
Financial cost	10,105,664.51	-2,994,327.06
Loss on investment	-115,055,910.11	-120,433,048.90
Decrease of deferred income tax assets	-22,330,699.70	3,907,367.92
Increased of deferred income tax liabilities	-50,549,867.32	88,087,566.74
Decrease of inventories	-142,687,810.46	644,637,223.04
Decease of operating receivables	-822,962,254.16	284,265,347.33
Increased of operating Payable	1,124,742,866.70	-1,216,355,985.78
Other	27,230,782.60	27,489,548.20
Net cash flows arising from operating activities	335,166,177.34	164,877,823.29
<b>II. Significant investment and financing activities that without cash flows:</b>		
Conversion of debt into capital		
Convertible corporate bonds maturing within one year		
Financing of fixed assets leased		
<b>3. Movement of cash and cash equivalents:</b>		
Ending balance of cash	2,268,885,746.19	1,540,418,173.57
Less: Beginning balance of cash equivalents	1,805,028,401.76	1,467,538,968.07
Add: End balance of cash equivalents		
Less: Beginning balance of cash equivalents		
Net increase of cash and cash equivalent	463,857,344.43	72,879,205.50

**(2) Net Cash paid of obtaining the subsidiary**

	Amount
Cash or cash equivalents paid by the merger of the enterprise in the current period	48,060,000.00
Including:	

Western Power Company	48,060,000.00
Cash and cash equivalents held by the Company on the purchase days	5,026,949.63
Including:	
Western Power Company	5,026,949.63
Net cash paid by the subsidiary company	43,033,050.37

**(3) Net Cash receive of disposal of the subsidiary****(4) Component of cash and cash equivalents**

In RMB

Items	Year-end balance	Year-beginning balance
I.Cash	2,268,885,746.19	1,805,028,401.76
Of which: Cash in stock	27,237.07	107,551.80
Bank savings could be used at any time	1,948,852,285.29	1,804,892,189.83
Other monetary capital could be used at any time	320,006,223.83	28,660.13
III. Balance of cash and cash equivalents at the period end	2,268,885,746.19	1,805,028,401.76
Including: The use of restricted cash and cash equivalents by the parent company or subsidiaries within the Group	107,694,119.90	149,952,386.14

Other note:

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

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

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

In RMB

Items	Closing book value	Causation o limitation
Monetary capital	107,694,119.90	Used as security for issuing of acceptance bill and bill of guarantees
Notes receivable	23,811,059.87	Used as security for issuing of acceptance drafts and bill
Financing of receivable	173,017,714.97	Used as security for issuing of acceptance drafts and bill
Fixed assets	88,896,960.49	Collateral for obtaining bank loans
Intangible assets	23,168,681.57	Collateral for obtaining bank loans
Total	416,588,536.80	

Other note:

**82. Monetary items in foreign currencies****(1) Foreign currency monetary items**

In RMB

Items	Balance at end of period	Exchange rate	Translated to RMB at end of period
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Monetary capital			395,720,279.33
Incl: USD	54,543,130.59	7.2258	394,117,753.02
Euro	203,103.32	7.8771	1,599,865.16
HKD	0.00		0.00
Yen	53,123.12	0.0501	2,661.15
Account receivable			144,343,851.50
Incl: USD	15,195,520.90	7.2258	109,799,794.91
Euro	4,352,997.76	7.8771	34,288,998.66
HKD			
SGD	47,726.12	5.3442	255,057.93
Long-term loans			
Incl: USD			
Euro			
HKD			
Contract assets			1,229,300.23
Incl: Euro	156,060.00	7.8771	1,229,300.23
Account payable			1,424,711.00
Incl: USD	49,800.00	7.2258	359,844.84
Euro	135,185.05	7.8771	1,064,866.16

Other note:

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

Applicable  Not applicable

### 83. Arbitrage

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

### 84. Government subsidy

#### (1) Government subsidies related to assets

##### (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)	747,513,662.87	246,937,447.24	15,001,309.47	979,449,800.64	Other income

Relocation and relocation compensation (Hangfa factory area)	118,226,114.41		4,331,537.74	113,894,576.67	Other income
Financial subsidy for industrial projects	115,120.00			115,120.00	Other income
Subsidy for casting and forging projects	115,120.00			115,120.00	Other income
Financial subsidy for recycling economy	45,640.00			45,640.00	Other income
Subtotal	866,015,657.28	246,937,447.24	19,332,847.21	1,093,620,257.31	

## 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	8,818,852.37		2,231,589.57	6,587,262.80	Other income
Zhejiang Province science and technology plan project subsidies	2,546,620.20	3,380,000.00	77,675.27	5,848,944.93	Other income
Subtotal	11,365,472.57	3,380,000.00	2,309,264.84	12,436,207.73	

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

Items	Amount	Item presentation	Amount included in current profit and loss
Relocation and relocation compensation (Shiqiao Road factory area)	7,953,100.69	Other income	7,953,100.69
Incentive funds for the first (set) product	1,032,200.00	Other income	1,032,200.00
Zhejiang JM integrated development special fund	3,360,000.00	Other income	3,360,000.00
PROPERTY tax reduction and exemption concessions	1,065,620.40	Other income	1,065,620.40
Subsidies for high-tech enterprises	800,000.00	Other income	800,000.00
Increase incentive funds for manufacturing enterprises	545,000.00	Other income	545,000.00
Special fund for JM science and technology collaborative innovation	150,000.00	Other income	150,000.00
Performance award for special experts	105,000.00	Other income	105,000.00
Xiaoshan District technical standard subsidy	100,000.00	Other income	100,000.00
Other	515,050.80	Other income	515,050.80
Subtotal	15,625,971.89		15,625,971.89

(2) The current amount of government subsidies included into the current profits and loss is RMB37,268,083.94.

## 85. Other note

## VIII. Changes of merge scope

## 1. Business merger not under same control

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

In RMB

Name	Time and place of gaining the stock right	Cost of gaining the stock rights	Proportion of stock rights	Way to gain the stock rights	Purchase date	Recognition basis of purchase date	Income of acquiree during the purchase date to period-end	Net profits of acquiree during the purchase date to period-end
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Pengzhou Western Blue Power Technology Co., Ltd.	March 7, 2023	102,670,000.00	56.64%	Equity Transfer and increase capital	March 31, 2023	Obtain control	10,339,024.41	-1,130,894.28
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Other note:

## (2) Combined cost and goodwill

In RMB

Combined cost	Western Power Company
--Cash	102,670,000.00
-- Fair value of non-cash assets	
-- Fair value of debt issued or assumed	
-- Fair value of equity securities issued	
-- Fair value of contingent consideration	
-- Fair value of equity held before the acquisition date at the acquisition date	
--Other	
Total merger cost	102,670,000.00
Less: fair value share of identifiable net assets obtained	94,252,586.58
Goodwill/merger cost is less than the amount of fair value share of identifiable net assets obtained	8,417,413.42

Method for determining the fair value of the merger cost, and explanation of contingent consideration and its changes:

Main reasons for the formation of large goodwill:

Other note:

The Company's subsidiary, Ranchuang Company, invested RMB 102,670,000.00, and acquired 81,000,000 shares of Pengzhou Western Power Blue Technology Co., Ltd. (hereinafter referred to as "Western Power Company") through equity transfer and capital increase, accounting for 56.64% of the total share capital. As of March 31, 2023, according to the asset appraisal report (BFYSPB Zi [2022] No.1-739), the fair value share of the identifiable net assets owned by the owner of the parent company of Western Power Company was RMB 94,252,586.58, and formed a goodwill of RMB 8,417,413.42 between the capital contribution and its difference.

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

In RMB

	Western Power Company	
	Fair value of the purchase date	Book Value of the purchase date
<b>Assets:</b>		
Current assets	103,183,025.46	103,183,025.46
Non Current assets	62,684,488.43	47,570,314.05
<b>Liabilities:</b>		
Current Liabilities	17,692,428.55	17,692,428.55
Non Current Liabilities	3,778,543.60	
Net assets	144,396,541.74	133,060,910.96
Less: Minority equity	50,143,955.16	45,229,206.15
Net assets obtained	94,252,586.58	87,831,704.81

The recognition method of the fair value of identifiable assets and liabilities

The fair values of identifiable assets and liabilities are assessed and determined by the Company's management according to the asset assessment report (BFYSPB Zi [2022] No.1-739).

Contingent liability of acquiree undertaken by business merger

Other note:

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

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

Yes  No

**(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) The book value of the assets and liabilities of the merged party on the date of consolidation**

**3. Counter purchase**

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

**4. The disposal of subsidiary**

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

Yes  No

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

Yes  No

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

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

## 6. Other

## IX. Equity in other entities

### 1. Equity in subsidiary

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

Name of the subsidiaries	Main business location	Reg. Add.	Business property	Share proportion %		Way of obtain
				Direct	Indirect	
Auxiliary Machine Co.	Hangzhou Zhejiang	Hangzhou Zhejiang	Manufacturing	87.53%		Incorporation
Packaged Technologies Co.	Hangzhou Zhejiang	Hangzhou Zhejiang	Commerce	75.86%		Incorporation
Machinery Co.	Hangzhou Zhejiang	Hangzhou Zhejiang	Manufacturing	52.00%		Incorporation
Turbine Co.	Hangzhou Zhejiang	Hangzhou Zhejiang	Commerce	100.00%		Incorporation
Zhongneng Company	Hangzhou Zhejiang	Hangzhou Zhejiang	Manufacturing	46.89%		Incorporation
Casing Company	Hangzhou Zhejiang	Hangzhou Zhejiang	Manufacturing	38.03%		Incorporation
New Energy Company	Hangzhou Zhejiang	Hangzhou Zhejiang	Construction business	100.00%		Business consolidation under the same control
Sales Company	Hangzhou Zhejiang	Hangzhou Zhejiang	Transportation industry	30.00%		Business consolidation under the same control
China Mechanical Institute Company	Hangzhou Zhejiang	Hangzhou Zhejiang	Commerce	55.00%		Business consolidation under the same control
Ranchuang Company	Hangzhou Zhejiang	Hangzhou Zhejiang	Commerce	100.00%		Business consolidation under the same control

Notes: holding proportion in subsidiary different from voting proportion:

(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 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%	2,495,292.40	4,988,000.00	37,127,054.70
Packaged Technologies Co.	24.14%	3,064,862.96	4,925,580.00	25,654,669.91
Machinery Co.	48.00%	24,828,810.74	28,800,000.00	107,539,220.66
Zhongneng Company	53.11%	-2,193,459.23		157,642,994.49
Casing Company	61.97%	4,220,456.48		200,549,084.43
Sales Company	70.00%	1,493,012.85	5,250,000.00	35,874,568.88
China Mechanical Institute Company	45.00%	43,108.83		1,337,857.42

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

## (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.	618,279,290.18	82,000,034.57	700,279,324.75	388,643,014.08	2,765,436.68	391,408,450.76	662,288,146.11	86,972,351.15	749,260,497.26	417,638,359.89	2,761,627.48	420,399,987.37
Packaged Technologies Co.	277,576,990.83	8,536,041.78	286,113,032.61	178,967,679.24	892,837.72	179,860,516.96	289,272,485.34	9,134,096.47	298,406,581.81	183,554,800.43	892,837.72	184,447,638.15
Machinery Co.	325,403,839.56	26,626,493.41	352,030,332.97	121,841,043.51	6,149,246.38	127,990,289.89	341,338,629.47	27,559,634.57	368,898,264.04	132,131,820.03	4,453,089.98	136,584,910.01
Zhongneng	1,624,092.94	249,132,874.	1,873,225,81	1,335,175,06	241,491,485.	1,576,666,54	1,592,257,46	256,916,512.	1,849,173,97	1,277,138,14	271,091,873.	1,548,230,01

Company	5.13	68	9.81	0.87	99	6.86	5.58	99	8.57	3.86	73	7.59
Casing Company	564,472,271.82	154,697,113.98	719,169,385.80	367,507,300.59	40,175,198.37	407,682,498.96	488,550,333.02	161,443,351.10	649,993,684.12	324,873,817.53	20,186,372.23	345,060,189.76
Sales Company	46,921,062.42	40,457,332.37	87,378,394.79	26,916,165.58	9,212,845.10	36,129,010.68	83,930,156.84	39,162,681.52	123,092,838.36	59,249,528.02	7,226,801.73	66,476,329.75
China Mechanical Institute Company	2,972,308.95	0.00	2,972,308.95	-707.55	0.00	-707.55	3,101,236.65	827.75	3,102,064.40	224,845.30		224,845.30

In RMB

Subsidiaries Name	Amount of current period				Amount of previous period			
	Turnover	Net profit	Total Misc Gains	Cash flow for business activities	Turnover	Net profit	Total Misc Gains	Cash flow for business activities
Auxiliary Machine Co.	314,224,574.12	20,010,364.10	20,010,364.10	2,418,069.65	336,182,737.38	34,709,082.97	34,709,082.97	70,186,293.32
Packaged Technologies Co.	154,694,789.16	12,693,571.99	12,693,571.99	2,122,567.56	112,095,739.61	8,309,079.41	8,309,079.41	61,873,587.40
Machinery Co.	195,114,256.70	51,726,689.05	51,726,689.05	10,413,931.64	140,387,285.62	42,417,894.03	42,417,894.03	51,444,426.73
Zhongneng Company	641,833,933.26	4,129,894.47	4,129,894.47	91,477,289.86	638,303,050.64	13,886,432.71	14,513,350.56	27,762,299.67
Casing Company	227,460,965.32	6,924,389.57	6,924,389.57	968,806.49	189,427,305.72	6,513,497.00	6,513,497.00	28,808,688.90
Sales Company	34,862,889.07	2,132,875.50	2,132,875.50	21,994,970.20	84,196,003.00	4,650,020.23	4,650,020.23	17,172,157.10
China Mechanical Institute Company	887,100.00	95,797.40	95,797.40	-597,232.70	1,373,226.00	18,044.65	18,044.65	370,800.98

Other note:

**(4) Significant restrictions of using enterprise group assets and pay off enterprise group debt****(5) Provide financial support or other support for structure entities incorporate into the scope of consolidated financial statements**

Other note:

**2. The transaction of the Company with its owner's equity share changed but still controlling the subsidiary****(1) Note to owner's equity share changed in subsidiary****(2) The transaction's influence to equity of minority shareholders and attributable to the owner's equity of the parent company****3. Equity in joint venture arrangement or associated enterprise****(1) Significant joint venture arrangement or associated enterprise****(2) Major joint ventures and associates****(3) Main financial information of significant associated enterprise****(4) Summary financial information of insignificant joint venture or associated enterprise****(5) Provide financial support or other support for structure entities incorporate into the scope of consolidated financial statements****(6) The excess loss of joint venture or associated enterprise****(7) The unrecognized commitment related to joint venture investment****(8) Contingent liabilities related to joint venture or associated enterprise investment****4. Significant common operation****5. Equity of structure entity not including in the scope of consolidated financial statements****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 June 30,2023, the Company has a characteristic of specific credit risk concentration. 21.53% (December 31,2022: 39.04%) of the Company's accounts receivable comes from the top five customers. The Company does not hold any collateral or other credit enhancement for the balance of accounts receivable.

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

## (II) Liquidation risks

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

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

## Categorizing of financial liabilities on remained period to due

Items	Year-end balance m				
	Book value	Contract amount not discounted	within 1 year	1-3 years	Over 3 years
Bank loans	605,305,710.62	634,132,801.35	464,718,988.56	41,832,562.79	127581250
Notes payable	857,066,160.56	857,066,160.56	857,066,160.56		
Account payable	1,327,342,216.64	1,327,342,216.64	1,327,342,216.64		
Other payable	187,505,997.93	187,505,997.93	187,505,997.93		
Lease liabilities[Note]	21,755,076.36	22,860,423.41	8,733,032.90	11,563,695.26	2,563,695.26
Subtotal	2,998,975,162.11	3,028,907,599.89	2,845,366,396.59	53,396,258.05	130,144,945.26

(Continued)

Items	Year-beginning 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	51406712.33
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	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

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 June 30, 2023, the company's bank borrowings with floating interest rate were RMB 155,000,000.00 (December 31, 2022: RMB160,000,000.00). Under the assumption that other variables remain unchanged, assuming that the interest rate changes by 50 benchmark points, there will be no significant impact on the company's total profits and shareholders' equity.

#### 2. Foreign currency risks

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

Details of the company's foreign currency monetary assets and liabilities at the end of the period are described in note X (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			
	Fair value measurement items at level 1	Fair value measurement items at level 2	Fair value measurement items at level 3	Total
	--	--	--	--
I. Consistent fair value measurement	1,977,608.88	0.00	405,534,773.22	407,512,382.10

Financial assets classified as fair value through profit or loss	1,977,608.88	0.00	405,534,773.22	407,512,382.10
Financing product			400,000,000.00	400,000,000.00
Equity instrument investment	1,977,608.88		5,534,773.22	7,512,382.10
2. Financing receivable			1,001,821,890.55	1,001,821,890.55
3. Other equipment instrument investment	3,194,533,669.50			3,194,533,669.50
Total liabilities of consistent fair value measurement	3,196,511,278.38	0.00	1,407,356,663.77	4,603,867,942.15
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 (%)
----------------------------	------------------	-----------------	--------------------	---------------------------------------	---------------------------------

Turbine Holdings	Hangzhou China	Manufacturing	800 million	58.68%	58.68%
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## 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 Turbine Holdings
Hangzhou Steam Turbine Compressor Co., Ltd.	A subsidiary enterprise of Hangzhou Turbine Holdings
Hangzhou Xiangjiang Technology Co., Ltd.	A subsidiary enterprise of Hangzhou 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

Other note

## 5.Related transaction

### (1) Sale of goods/rendering of labor services/labor service offering

Purchase of goods and service

In RMB

Related parties	Content of related transaction	Amount of current period	Approved trading quota	Over the trading limit or not?	Amount of last period
Hangzhou Oxygen Turbine Machinery Co., Ltd	Parts	876,106.19	1,800,000.00	No	1,122,123.85
Turbine Holdings	Finance service		190,000.00	No	27,015.42
Greenesol power systems PVT Ltd.	Technical service	655,488.39	1,000,000.00	No	
Subtotal		1,531,594.58	2,990,000.00		1,149,139.27

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	Table cooler, etc	8,849,557.52	
Greenesol power systems PVT Ltd.	Parts	2,355,131.88	702,102.87
Hangzhou Oxygen Expander Machine Co., Ltd.	Parts	415,929.20	99,741.55
Hangzhou Oxygen Cryogenic Container Co., Ltd	Transport service	18,348.62	
Subtotal		11,638,967.22	801,844.42

**(2) Related trusteeship/contract****(3) Information of related lease**

- 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
		t of current period	t of previous period	t of current period	t of previous period	t of current period	t of previous period	t of current period	t of previous period	t of current period	t of previous period
Hangzhou Xiangjiang Technology Co., Ltd.	House and Building					1,145,495.20	1,145,495.20	169,447.18	118,032.04		

**(4) Related-party guarantee****(5) Inter-bank lending of capital of related parties****(6) Related party asset transfer and debt restructuring****(7) Remunerations of key managements**

In RMB

Items	Current term	Same period of last term
Remunerations of key managements	11,278,220.91	11,563,132.00

**(8) Other related transactions**

**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.	14,774,402.78	14,738,520.13	14,774,392.59	14,738,519.62
	Hangzhou Oxyen Turbine Machinery Co., Ltd.	6,251,500.00	6,251,500.00	7,847,500.00	7,847,500.00
	Hangzhou Oxyen Cryogenic Container Co., Ltd	11,600.00	580.00	46,600.00	2,330.00
	Hangzhou Steam Turbine Compressor Co., Ltd'	0.00		59,000.00	59,000.00
Subtotal		21,037,502.78	20,990,600.13	22,727,492.59	22,647,349.62
Financing receivable	Hangzhou Oxygen Company			7,050,000.00	
Subtotal		0.00	0.00	7,050,000.00	0.00
Other receivable	Hangzhou Xiangjiang Technology Co., Ltd.	601,384.98	180,415.49	601,384.98	180,415.49
Subtotal		601,384.98	180,415.49	601,384.98	180,415.49
Constrict assets	Hangzhou Oxyen Turbine Machinery Co., Ltd.	489,000.00	48,900.00	489,000.00	48,900.00
	Hangzhou Oxygen Company	4,323,000.00	216,150.00	2,823,000.00	141,150.00
	Hangzhou Oxyen Expander Machine Co., Ltd.	47,000.00	2,350.00		
	Greenesol power systems PVT Ltd.	99,665.17	4,983.26		
Subtotal		4,958,665.17	272,383.26	3,312,000.00	190,050.00

**(2) Payables**

In RMB

Name	Related party	Amount at year	Amount at year beginning
Account payable	Greenesol power systems PVT Ltd.	1,823,504.04	2,625,853.11
	Hangzhou Oxyen Tooling Pump Co., Ltd		128,316.00
	Hangzhou Oxyen Turbine Machinery Co., Ltd.	1,096,194.68	557,522.07
Subtotal		2,919,698.72	3,311,691.18
Constrict liabilities	Turbine Holdings	13,274,336.28	16,378,000.00
	Hangzhou Oxyen Expander Machine Co., Ltd.	676,991.15	
	Hangzhou Oxyen Company	0.00	4,000,000.00
	Greenesol power systems PVT Ltd.	643,818.01	640,228.64

	Hangzhou Oxygen Expander Machine Co., Ltd.	0.00	141,000.00
Subtotal		14,595,145.44	21,159,228.64
Other payable	Turbine Holdings	211,830.51	15,211,830.51
Subtotal		211,830.51	15,211,830.51

## 7. Related party commitment

### 8. Other

## XIII. Stock payment

### 1. The Stock payment overall situation

Applicable  Not applicable

Other note:

(1) Detail

In RMB

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	N/A
The scope of exercise 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 is from the first trading day after 24 months from the date of registration of some restricted shares granted accordingly 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 some restricted shares granted accordingly 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 accordingly to the last trading day within 60 months after the registration of some restricted shares granted accordingly.

### 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	98,896,129.91

accumulated amount of capital reserve	
Total amount of fees confirmed by equity-settled share-based payments in the current period	27,496,532.50

### 3. The Stock payment settled by cash

Applicable  Not applicable

### 4. Modification and termination of the stock payment

### 5. Other

## XIV. Commitments

### 1. Significant commitments

Significant commitments at balance sheet date

(1) With regard to bank letters of credit opened by the Company and its subsidiaries, the outstanding balance till June 30, 2023 is as follows:

Name	Bank	Currency	Amount	Way of guarantee
The Company	China CITIC Bank Hangzhou Branch	Swedish krona	225,925,500.00	Credit
The Company	ICBC Banshan Sub-Branch	Euro	765,000.00	Credit
The Company	ICBC Banshan Sub-Branch	Swedish krona	67,785,750.00	Credit
The Company	Bank of China Zhejiang Branch	Swedish krona	360,582,750.00	Credit
New Energy Company	China CITIC Bank Hangzhou Branch	Euro	24,735,000.00	The Company Guarantee
New Energy Company	ICBC Banshan Sub-Branch	Euro	24,735,000.00	Credit
Hangfa Comapny	Hangzhou Bank High -tech Sub-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 June 30, 2023 is as follows:

Name	Bank	Currency	Amount	Way of guarantee
The Company	Bank of China Zhejiang Branch	USD	6,093,200.00	Credit
The Company	Bank of China Zhejiang Branch	RMB	59,920,750.00	Credit
The Company	China CITIC Bank Hangzhou Branch	USD	299,670.00	Credit
The Company	China CITIC Bank Hangzhou Branch	RMB	24,150,951.38	Credit
The Company	ICBC Hangzhou Branch	RMB	2,337,931.00	Credit
The Company	ICBC Banshan Sub-Branch	RMB	305,846,779.26	Credit
The Company	China Merchants Bank Hangzhou Branch	RMB	3,800,000.00	Credit
Auxiliary Company	ICBC Banshan Sub-Branch	RMB	22,846,480.00	Credit
Guoneng Company	ICBC Banshan Sub-Branch	Euro	1,443,017.07	Credit

Guoneng Company	ICBC Banshan Sub-Branch	USD	2,007,700.00	Credit
Guoneng Company	ICBC Banshan Sub-Branch	RMB	1,526,279.00	Credit
Guoneng Company	Bank of China Bank Tangqi Sub-Branch	RMB	3,067,285.00	Auxiliary Company guarantee
Machinery Co.	ICBC Banshan Sub-Branch	RMB	12,407,500.00	Credit
Western Power Company	Chengdu Bank Pengzhou Sub-Branch	RMB	437,000.00	Pledge
Turbine Co.	China CITIC Bank Hangzhou Branch	RMB	12,389,561.20	Credit
New Energy Company	Hangzhou Bank High - tech Sub-Branch	RMB	88,004,255.13	The Company Guarantee
New Energy Company	China CITIC Bank Hangzhou Branch	RMB	112,451,000.00	The Company Guarantee
New Energy Company	China CITIC Bank Hangzhou Branch	RMB	272,869,900.81	Credit
Zhongneng Company	China Bank Hangzhou Qiantang New area Branch	RMB	46,837,110.00	Credit
Zhongneng Company	China Bank Hangzhou Qiantang New area Sub-Branch	USD	2,587,180.00	Credit
Hangfa Company	Hangzhou Bank High - tech Sub-Branch	RMB	1,919,252.00	Zhongneng Company Guarantee
Hangfa Company	Ningbo Bank Hangzhou Chengdong Sub-Branch	RMB	11,193,158.00	Zhongneng Company Guarantee

## **2. Contingency**

### **(1) Significant contingency at balance sheet date**

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

There was no significant contingency in the Company.

## **3. Other**

### **XV. Events after balance sheet date**

#### **1. Significant events had not adjusted**

#### **2. Profit distribution**

#### **3. Sales return**

#### **4. Notes of other significant events**

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

#### **1. The accounting errors correction in previous period**

##### **(1) Retrospective restatement**

##### **(2) Prospective application**

#### **2. Debt restructuring**

#### **3. Replacement of assets**

##### **(1) Non-monetary assets exchange**

##### **(2) Other assets replacement**

#### **4. Pension plan**

#### **5. Discontinuing operation**

#### **6. Segment information**

##### **(1) Recognition basis and accounting policies of reportable segment**

The Company's main business is to produce and sell industrial steam turbines, 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) of the Financial Statements.

##### **(2) The financial information of reportable segment**

(3) There was no reportable segment, or the total amount of assets and liabilities of each part of reportable segment, shall disclose the reason.

(4) Other note

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

### 8. Other

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

### 1. Accounts receivable

#### (1) Accounts receivable classified by category

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	2,274,244,122.09	100.00%	732,930,513.83	32.23%	1,541,313,608.26	2,132,028,307.54	100.00%	693,967,447.49	32.55%	1,438,060,860.05
Including:										
Total	2,274,244,122.09	100.00%	732,930,513.83	32.23%	1,541,313,608.26	2,132,028,307.54	100.00%	693,967,447.49	32.55%	1,438,060,860.05

Accrual of bad debt provision by portfolio: 732,930,513.83

In RMB

Name	Closing balance		
	Book balance	Bad debt provision	Proportion
Portfolio 1	2,274,244,122.09	732,930,513.83	32.23%

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)	652,839,940.24
1-2 years	528,537,276.98
2-3 years	433,789,152.58
Over 3 years	659,077,752.29
3-4 years	217,719,823.19
4-5 years	92,864,406.70
Over 5 years	348,493,522.40
Total	2,274,244,122.09

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

The withdrawal amount of the bad debt provision:

In RMB

Category	Opening balance	Amount of change in the current period				Closing balance
		Accrual	Reversed or collected amount	Write-off	Other	
Portfolio 1	693,967,447.49	38,963,066.34				732,930,513.83
Total	693,967,447.49	38,963,066.34				732,930,513.83

**(3) The actual write-off accounts receivable****(4) The ending balance of account receivables owed by the imputation of the top five parties**

In RMB

Name	Amount	Proportion(%)	Bad debt provision
Client 1	338,236,826.85	14.87%	184,764,960.02
Client 2	114,782,518.74	5.05%	40,333,177.42
Client 3	99,184,301.88	4.36%	5,287,800.00
Client 4	80,644,316.98	3.55%	6,611,620.00
Client 5	45,384,000.00	2.00%	2,269,200.00
Total	678,231,964.45	29.83%	

**(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
Dividend receivable	108,750,082.40	110,000.00
Other receivable	7,305,795.83	8,287,079.99
Total	116,055,878.23	8,397,079.99

**(1) Interest receivable****1) Classification of interest receivable****2) Significant overdue interest****3) Bad-debt provision**

Applicable  Not applicable

**(2) Dividend receivable****1) Dividend receivable**

In RMB

Items	End of term	Beginning of term
Hangzhou Bank	108,750,082.40	110,000.00
Total	108,750,082.40	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	2,926,822.00	11,450,773.84
Provisional payment receivable	9,479,149.15	598,767.58
Petty cash	70,000.00	
Other		1,672,805.50
Total	12,475,971.15	13,722,346.92

**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, 2023	282,135.61	39,942.90	5,113,188.42	5,435,266.93
Balance as at January 1, 2023 in current				
——Transfer to stage II	-3,257,918.80	3,257,918.80	0.00	0.00
——Transfer to stage III	0.00	-126,076.32	126,076.32	0.00
Provision in the current period	3,014,243.60	-2,520,202.00	-759,133.21	-265,091.61
Balance as at June 30, 2023	38,460.41	651,583.38	4,480,131.53	5,170,175.32

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)	1,174,329.36
1-2 years	6,515,837.59
2-3 years	378,229.02
Over 3 years	4,407,575.18
3-4 years	102,189.34

4-5 years	185.00
Over 5 years	4,305,200.84
Total	12,475,971.15

### 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	5,435,266.93	-265,091.61				5,170,175.32
Total	5,435,266.93	-265,091.61				5,170,175.32

### (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	29.74%	3,710,320.94
Hangzhou Ganghua Gas Co., Ltd.	Deposit	900,000.00	2-3 years, 4-5 years	7.21%	320,000.00
Ningxia Baofeng Energy Group Co., Ltd.	Deposit	500,000.00	1-2 years	4.01%	50,000.00
Taizhou Jiaojiang Thermal Power Co., Ltd	Deposit	499,000.00	1-2 years	4.00%	49,900.00
Non-tax income settlement special account of Hangzhou Yuhang District Finance Bureau	Current account	472,553.00	1-2 years	3.79%	47,255.30
Total		6,081,873.94		48.75%	4,177,476.24

### (6) Accounts receivable involved with government subsidies

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

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

### 3. Long-term equity investment

In RMB

Items	Closing balance			Opening balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Investments in subsidiaries	532,728,455.35		532,728,455.35	400,480,973.25		400,480,973.25
Total	532,728,455.35		532,728,455.35	400,480,973.25		400,480,973.25

**(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		
Hangzhou Auxiliary Machine Co.	46,286,513.41					46,286,513.41	
Zhejiang Turbine Packaged Co.	40,000,389.56					40,000,389.56	
Machinery Company	7,968,000.00					7,968,000.00	
Turbine Company	20,793,692.97	241,111.92				21,034,804.89	
Zhongneng Company	27,644,475.06					27,644,475.06	
Casting Company	11,220,000.00					11,220,000.00	
New Energy Company	205,642,806.18	2,006,370.18				207,649,176.36	
Sales Company	13,721,544.50					13,721,544.50	
China Mechanical Institute Company	1,533,768.30					1,533,768.30	
Ranchuang Company	25,669,783.27	130,000,000.00				155,669,783.27	
<b>Total</b>	<b>400,480,973.25</b>	<b>132,247,482.10</b>				<b>532,728,455.35</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	1,345,647,975.31	1,119,101,129.45	2,005,447,334.39	1,522,270,649.74
Other	8,918,831.82	3,388,420.16	7,750,819.51	4,486,969.18
<b>Total</b>	<b>1,354,566,807.13</b>	<b>1,122,489,549.61</b>	<b>2,013,198,153.90</b>	<b>1,526,757,618.92</b>

Information related to performance obligations:

The Company's sales link has entered into a legal and effective sales contract/order with the customer. The contract/order clarifies the terms of the subject product, specification model, transaction quantity, unit price, settlement method, delivery obligation, etc., and the performance obligation is clear, and it is the single performance obligation at a single point in time. The transaction prices of the Company's various product

contracts/orders are clear, and the Company will confirm revenue after fulfilling the relevant performance obligations in accordance with the contract/order related agreements.

Information related to transaction value assigned to residual performance obligations:

At the end of the reporting period, the amount of revenue corresponding to the performance obligations of the contracts which have been signed, but not yet performed or not yet completed is RMB3,917,750,000.00.

Other note:

## 5. Investment income

In RMB

Items	Occurred current term	Occurred in previous term
Long-term equity investment income by Cost method	83,936,420.00	90,773,630.00
Long-term equity investment income by equity method	0.00	
Disposition of the investment income generated by the long-term equity investments	0.00	
Investment income obtained from the disposal of trading financial assets	4,121,333.26	24,344,818.92
Dividend income from other equity instrument investments during the holding period	108,750,082.40	95,156,322.10
Total	196,807,835.66	210,274,771.02

## 6. Other

### XVIII. Supplement information

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

√ Applicable □ Not applicable

In RMB

Items	Amount	Notes
Non-current asset disposal gain/loss(including the write-off part for which assets impairment provision is made)	2,605,562.00	
Tax refund, deduction and exemption that is examined and approved by authority exceeding or has no official approval document.	0.00	
Governmental Subsidy accounted as current gain/loss, except for those subsidies at with amount or quantity fixed by the national government and closely related to the Company's business operation.	29,314,983.25	
Capital occupation charges on non-financial enterprises that are recorded into current gains and losses	0.00	
Gains due to that the investment costs for the Company to obtain subsidiaries, associates and joint ventures are lower than the enjoyable fair value of the identifiable net assets of the investees when making the investments	0.00	
Gain/loss on non-monetary asset swap	0.00	
Gain/loss on entrusting others with investments or asset management	0.00	
Asset impairment provisions due acts of God such as natural disasters	0.00	
Gains/losses of debt restructure	0.00	
Reorganization expenses, such as expenditure for allocation of	0.00	

employees and integration fee		
Gains/losses exceeding the fair value arising from transactions with obviously unfair prices	0.00	
Net gain and loss of the subsidiary under the common control and produced from enterprise consolidation from the beginning of the period to the consolidation date	0.00	
Gain and loss arising from contingent matters irrelevant with the Company's normal operation business	0.00	
Gain and loss from change of the fair value arising from transactional monetary assets, transactional financial liabilities as held as well as the investment income arising from disposal of the transactional monetary assets, transactional financial liabilities and financial assets available for sale excluding the effective hedging transaction in connection with the Company's normal business	6,284,699.41	
Reverse of the provision for impairment of accounts receivable undergoing impairment test individually	0.00	
Gain/loss from external entrusted loan	0.00	
Gain and loss arising from change in the fair value of the investment based real estate measure afterwards by means of fair value model	0.00	
Influence upon the current gains and losses from the once-and – for –all adjustment over the current gains and losses according to the taxation and accounting laws and regulations	0.00	
Income from custodian charge obtained from entrusted operation	0.00	
Operating income and expenses other than the aforesaid items	16,982,656.52	
Less: Influenced amount of income tax	6,567,614.24	
Amount of influence of minority interests (After tax)	4,036,187.78	
Total	44,584,099.16	--

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.	1.84%	0.13	0.13
Net profit attributable to the Common stock shareholders of Company after deducting of non-recurring gain/loss.	1.30%	0.09	0.09

## 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 Turbine Power Group Co., Ltd.  
Chairman of the Board: Zheng Bin

August 31, 2023