

Stock Code: 200771 Stock ID: Hangqilun B Announcement No. :2020-45

Hangzhou Steam Turbine Co., Ltd.

Semi-Annual Report 2020

(Stock Code: 200771)



August 2020

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, Chairman of the Company, Mr. Zhao Jiamao, Person in charge of accounting and Mr. Jin Chan, Person in charge of Accounting institute (accountant in charge) hereby confirm that the financial Report of Semi-Annual Report is authentic, accurate and complete.

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

For risks in company's operations, please refer to Article X "Risks Faced by Company and The Countermeasures" in Section IV "Discussion and Analysis on Business Conditions". 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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Definition

Terms to be defined	Refers to	Definition
Company, the Company	Refers to	Hangzhou Steam Turbine Co., Ltd.
The Group, Hangqi Group	Refers to	Hangzhou Steam Turbine Power Group Co., Ltd.
The report period, In the report period	Defined to	January 1,2020-June 30,2020
Zhongneng Co.	Refers to	Hangzhou Zhongneng Steam Turbine Power Co., Ltd. – the holding subsidiary of the Company
Casting Co.	Refers to	Hangzhou Steam Turbine Casting Co., Ltd. – the holding subsidiary of the Company
Packaged Tech. Co.	Refers to	Zhejiang Steam Turbine Packaged Technology Development Co., Ltd. – the holding subsidiary of the Company
Machinery Co.	Refers to	Hangzhou Steam Turbine Machinery Equipment Co., Ltd. - the holding subsidiary of the Company
Auxiliary Machine Co.	Refers to	Hangzhou Steam Turbine Auxiliary Machinery Co., Ltd. - the holding subsidiary of the Company
Turbine Co.	Refers to	Zhejiang Turbine Import & Export Co., Ltd. – the holding subsidiary of the Company
Heavy Industry Co.	Refers to	Hangzhou Steam Turbine Heavy Industry Co., Ltd. - the holding subsidiary of the Company
The Board of Directors	Refers to	The Board of Directors of Hangzhou Steam Turbine Co., Ltd.
The Supervisory Committee	Refers to	The Supervisory Committee of Hangzhou Steam Turbine Co., Ltd.
The Shareholders' Meeting	Refers to	The Board of Directors of Hangzhou Steam Turbine Co., Ltd.
RMB, RMB0'000, RMB000'000'000	Refers to	RMB Yuan, RMB10 thousand Yuan, RMB100 million Yuan
MW	Refers to	Unit of power: 1000KW
PLM	Refers to	Product life circle management information system
MES	Refers to	Manufacturing execution system
WMS	Refers to	Warehouse management system

II. Basic Information of the Company and Financial index

I. Basic Information

Stock ID	Hangqilun B	Stock Code	200771
Stock Exchange Listed in	Shenzhen Stock Exchange		
Company Name in Chinese	杭州汽轮机股份有限公司		
Short form of Company Name in Chinese	杭汽轮		
Name in English	HANGZHOU STEAM TURBINE CO.,LTD		
Abbreviation in English	HTC		
Legal representative:	Zheng Bin		

II. Contact person and contact manner

	Secretary of the Board	Representative of Stock Affairs
Name	Li Guiwen	Wang Caihua
Address	No. 357 Shiqiao Rd. Hangzhou	No. 357 Shiqiao Rd. Hangzhou
Tel.	0571-85780058	0571-85780438
Fax.	0571-85780433	0571-85780433
Email.	lgw@htc.cn	wangch@htc.cn

III. Other info.

1. Contacts

No change to the registered address, office address, postal code, official website, and email address of the Company. For details please find the Annual Report 2019.

2. Information inquiry

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 2019.

IV. Summary of Accounting Data and Financial Index

Are there any retrospective adjustment or restatement of financial information of previous year

No

	This report term	Same period last year	Increase/decrease (%)
Turnover (yuan)	2,021,667,426.27	1,920,181,703.03	5.29%

Net profit attributable to shareholders of the listed company (yuan)	230,908,137.72	160,325,133.00	44.02%
Net profit attributable to the shareholders of the listed company and after deducting of non-recurring gain/loss(yuan)	165,508,020.80	131,574,189.68	25.79%
Net Cash flow generated by business operation (yuan)	326,964,692.03	-9,340,596.37	3,600.47%
Basic earnings per share (Yuan/share)	0.31	0.21	47.62%
Diluted earnings per share (Yuan/share)	0.31	0.21	47.62%
Net income on asset, weighted	3.53%	2.62%	0.91%
	As at the end of the reporting period	As at the end of last year	YoY+/- (%)
Gross assets (yuan)	13,190,384,302.57	12,600,115,579.96	4.68%
Shareholders' equity attributable to shareholders of the listed company (yuan)	6,493,586,472.40	6,607,496,148.58	-1.72%

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

In RMB

Items	Amount	Remarks
Non-current asset disposal gain/loss(including the write-off part for which assets impairment provision is made)	-148,212.10	
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.	55,716,643.40	
Debt restructuring profit or loss	-115,229.71	
In addition to normal business with the company effective hedging related business, holders of tradable financial assets, transactions and financial liabilities arising from changes in fair value gains and losses, as well as the disposal of trading of financial assets, trading financial liabilities and available-for-sale financial assets gains return on investment	22,861,806.76	
Other non-operating income and expenditure beside for the above items	2,547,807.55	

Less: Influenced amount of income tax	12,626,321.11	
Amount of influence of minority interests (After tax)	2,836,377.87	
Total	65,400,116.92	--

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.

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. Outline of Company Business

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

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

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

In the gas turbine business, the Company has cooperated with Siemens on the advanced natural gas turbine SGT-800 model-with features of high efficiency, high reliability and low emission, thus to enter the distributed natural gas field. As the general whole-set maker of SGT-800 in China, the company has launched the gas turbine business in respect of the project procurement and the integrated implementation. Hangzhou Steam Turbine has the type selection ability for the distributed energy combined cycle project, has established a complete system of supporting standard and material system, and it can complete the independent processing or matching work for the equipment besides the gas turbine body. 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 during the report period, 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. During the reporting period, the domestic oil refining and chemical investment projects started at multiple points and drove the demand for related equipment manufacturing. The company grasped the growth opportunities in the petrochemical sector, and formulated the flexible price strategies for the fields of low-end and mid-end drive, ensured the market share and continuously consolidated and strengthened the existing market advantages. Adhering to the "Go global" strategy, the Company continued to expand the overseas markets, establish overseas offices and increase its market influence.

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, our company launches the study "The Demonstration and Application Project for Packaging Technology of Steam Turbine" to push forward the intelligence of our products and the development of the integration technology. Meantime, the company cooperated with universities, scientific research institutes to build the technological exchange and cooperation platform.

3. Upgrading of industrial structure transformation.

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

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

5. Cost controlling level. As domestic labor costs continue to rise and the price of industrial products continue to

decline, the product profitability is facing a severe test. In recent years, the company continuously improves the

level of costs controlling by improving the organizational structure, optimizing business processes, enhancing the supply chain controlling, strengthening risk management, raising the efficiency of all the staff and so on.

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

II. Major Changes in Main Assets

1. Major Changes in Main Assets

Main assets	Major changes
Equity assets	Mainly caused by the volatility in share price of Hangzhou Bank with the Company's investment and participation
Fixed assets	Mainly due to the company's fixed assets depreciation
Intangible assets	No major changes
Construction in progress	Mainly caused by the new investment in the current period of the steam turbine Heavy industry project with the progress of the project

2. Main Conditions of Overseas Assets

Not applicable

III. Analysis On core Competitiveness

1. 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.

IV. Performance Discussion and Analysis

1. General

During reporting period, based on the annual work policy of "decisively relocate and rebuild, intensively study market, develop culture-based company, and strive to be the first-class", while focusing on the prevention and control of the pandemic, the company also promotes the relocation in an orderly manner to ensure production capacity, execute precise marketing to grasp orders from key projects and emerging markets, continuously research technology to make competitive products with craftsmanship spirit, and lead the company with culture and drive its growth through management improvement.

In the first half of 2020, the company realized operating income of 2021.6674 million yuan, total profit of 299.8415 million yuan and net profit of 269.296 million yuan, of which net profit attributable to shareholders of listed companies was 230.9081 million yuan. Compared with the same period of last year, the operating income increased by 5.29% year on year, total profit increased by 35.40% year on year, net profit increased by 45.83% year on year, and net profit attributable to shareholders of listed companies increased by 44.02% year on year. Good results have been achieved.

1. Decisive relocation and rebuilding to ensure productivity

During the reporting period, the company lists relocation work as "Project No. 1", emphasizing on construction and equipment relocation. The company started a full relocation on May 8, 2020. At present, major production workshops such as stator workshop, rotor workshop, assembly workshop, joint workshop, and distribution center have been relocated and the steam turbine no-load test bench is already equipped with on-site commissioning capability. More than 100 sets of devices are relocated and enter into full installation and commissioning stage.

2. Precise marketing and intensive market research

In petrochemical field, the company successfully signed 30 sets of devices for Shenghong Petrochemical Group's large-scale refining and chemical integration project, and ethylene compressors with 1.2 million tons/year capacity for SINOPEC Zhenhai Refining & Chemical Company. In coal chemical industry, the company signed orders of 21 sets of steam turbines from Shanxi Coal and Chemical Group's 1.8 million tons of ethylene glycol project (Phase I). In new thermal power market, the company obtained air compressor contracts with Hengming Chemical Fiber Company, Taiaisi Company and Xinzhonggang Company. Affected by the global pandemic, as the company's main overseas client projects are in suspension or postponement, a total of 15 sets devices have been ordered from overseas markets.

3. Continue to innovate and strive to be first-class

In reporting period, the company have overall established 22 new product development (5) and scientific research projects (17). The company promoted the ethylene unit project of Zhenhai Refinery and Chemical as planned, completed the trial production of the subcritical unit regulating-stage moving blade pin, and completed technical development for Hong Kong Garbage Power Station, Dalian Hengli Flash Unit, Jieyang 1.4 million tons/year ethylene cracking gas turbine, and Sanjiang ethylene unit, etc.

4. Develop culture-based company and improve management

The Company issued the "Corporate Culture Construction Implementation Outline for 2020-2022" to start the corporate culture journey, promoted the solid implementation of corporate culture construction projects, and continuously promoted the deep integration of corporate cultural soft power and corporate management hard power. The Company continued to promote the MES system, the blade production management multi-system, supply chain system, the tridimensional WMS system adoption application research, and the quality inspection process information management and control research projects, and it continued to promote the construction of the Company's industrial Internet application service platform, user service platform, and continuously improved the Company's Product "smart manufacturing" ability, comprehensively promoted the "lean production" and continuously improved the "lean production" evaluation system.

II. Main business analysis

Refer to relevant contents of "1. Summarization" in "Discussion and Analysis of Management".

Changes in the financial data

In RMB

	This report period	Same period last year	YOY change (%)	Cause change
Turnover	2,021,667,426.27	1,920,181,703.03	5.29%	
Operating cost	1,387,814,297.42	1,366,404,401.26	1.57%	
Sale expenses	83,979,396.90	86,895,939.32	-3.36%	
Administrative expenses	261,099,800.18	235,168,325.98	11.03%	
Financial expenses	-19,214,436.12	-4,254,503.16	-351.63%	Mainly due to the decrease of interest expenses and the increase of exchange earnings in the current period.
Income tax expenses	30,545,431.68	36,775,399.29	-16.94%	
R & D Investment	103,228,915.93	116,760,942.52	-11.59%	
Cash flow generated by business operation, net	326,964,692.03	-9,340,596.37	3,600.47%	Mainly due to the year-on-year increase in cash receipts for goods sales the decrease of paid taxes in the current period
Net cash flow generated by investment	-459,136,704.20	682,424,067.27	-167.28%	Mainly due to the increase in new purchases of wealth-management during the current period and the decrease in redemption of due wealth-management.
Net cash flow generated by	-58,479,245.83	-248,157,520.13	76.43%	Mainly due to the dividends temporarily

financing				not be distributed during the current period but in the same period last year the dividends paid out and the increased short-term borrowings.
Net increasing of cash and cash equivalents	-183,903,994.56	424,218,280.91	-143.35%	Mainly due to the decrease of net cash flow from investment activities in the current period.
Transactional Financial Assets	1,233,985,614.62	854,210,990.44	44.46%	Mainly due to the increase of financing products holding at the end of the period.
Note receivable	71,054,030.62	46,484,259.65	52.86%	Mainly due to the increase of holding unexpired trade acceptance bills.
Dividend receivable	122,983,614.70	27,827,292.60	341.95%	Mainly due to the confirmation that Bank of Hangzhou has announced that it has not issued dividends.
Other current assets	47,586,554.02	71,592,063.09	-33.53%	Mainly due to the decrease in the balance of value-added tax to be deducted at the end of the period.
Construction in process	1,077,342,567.61	799,410,358.84	34.77%	It is mainly due to the continuous investment in the new factory construction project of heavy industry in the current period.
Other non-current Financial assets	87,445,986.77	142,244,014.16	-38.52%	Mainly due to the sale of non-current financial assets in the current period.
Short-term borrowing	197,700,000.00	97,840,187.21	102.06%	Mainly due to the fact that original long-term loan funds have changed into short-term loans.
Payroll payable	68,418,984.73	96,205,949.57	-28.88%	Mainly due to the fact that year-end bonuses for the last period is issued in the current period.
Tax payable	46,909,288.66	34,521,756.98	35.88%	Mainly due to the increase of corporate income tax payable at the end of the period.
Dividend payable	148,760,495.00	0.00		Mainly due to the fact that accrued and distributed dividends have not issued yet.
Treasury stock	73,364,395.79	0.00		Mainly due to the repurchase of treasury stocks in the current period.
Credit impairment losses	-69,862,741.38	6,225,948.82	-1,222.12%	Mainly due to the impact of new coronavirus, customer account period is extended and the accrued bad debts increase.
Income from changes in fair value	-597,375.82	-1,474,755.34	59.49%	Mainly due to changes in the fair value of stocks obtained through debt repayment.

Other income	55,716,643.40	15,761,589.03	253.50%	Mainly due to the increase of other income from relocation compensation in the current period.
Non-operating income	6,216,124.18	744,839.16	734.56%	Mainly due to the increase of supplier quality compensation and liquidated damages in the current period.
Total profit	299,841,472.57	221,442,313.03	35.40%	It is mainly because the gross profit margin of sales increased by 2.51% year on year.
Net profit	269,296,040.89	184,666,913.74	45.83%	It is mainly because the gross profit margin of sales increased by 2.51% year on year.

Major changes to the profit structure or sources of the Company in the reporting period

Applicable Not applicable

The profit composition or sources of the Company have remained largely unchanged during the report period.

Component of Business Income

In RMB

	This report period		Same period last year		Changed over last year (%)
	Amount	Proportion	Amount	Proportion	
Total operating revenue	2,021,667,426.27	100%	1,920,181,703.03	100%	5.29%
On Industries					
Boiler and power machine manufacture	1,860,877,423.66	92.05%	1,728,016,908.35	89.99%	7.69%
Nonferrous metal alloy manufacture	78,346,262.00	3.88%	84,257,416.72	4.39%	-7.02%
Other	82,443,740.61	4.07%	107,907,377.96	5.62%	-23.60%
On Products					
Industrial steam turbine	1,445,493,683.04	71.50%	1,465,469,922.92	76.32%	-1.36%
Casting products	78,346,262.00	3.88%	84,257,416.72	4.39%	-7.02%
Auxiliary machinery	182,399,905.43	9.02%	78,122,117.16	4.07%	133.48%
Complete sets of waste heat power stations	49,710,081.27	2.46%	49,244,940.88	2.56%	0.94%
Part	183,273,753.92	9.07%	135,179,927.39	7.04%	35.58%
Other	82,443,740.61	4.07%	107,907,377.96	5.62%	-23.60%
District					
Domestic	1,991,733,306.63	98.52%	1,711,280,921.02	89.12%	16.39%

Overseas	29,934,119.64	1.48%	208,900,782.01	10.88%	-85.67%
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(2) Situation of Industry, Product and District Occupying the Company's Business Income and Operating Profit with Profit over 10%

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 Industries						
Boiler and power machine manufacture	1,860,877,423.66	1,288,875,035.35	30.74%	7.69%	4.52%	2.10%
On Products						
Industrial steam turbine	1,445,493,683.04	1,015,618,424.48	29.74%	-1.36%	-3.04%	1.21%
District						
Domestic	1,991,733,306.63	1,361,662,881.45	31.63%	16.39%	13.72%	1.61%

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.

Not applicable

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

1. The YOY increase in sales of auxiliary machinery products was mainly due to the increase in the number of sales units of auxiliary machinery products in this period compared with the previous period;
2. The YOY increase in sales of spare parts was mainly due to the increase in the number of overhaul gas turbine this year compared to the previous year, and the corresponding sales of gas turbine spare parts increased;
3. The significant YOY decrease in overseas sales was mainly due to the decrease in export orders and the delayed delivery due to the impact of the new coronavirus epidemic.

III. Non-core business analysis

In RMB

	Amount	Proportion in total profit	Explanation of cause	Sustainable (yes or no)
Investment income	118,388,068.47	39.48%	Mainly due to the investment income of wealth management products and dividends of Hangzhou Bank this year	
Fair value changes income	-597,375.82	-0.20%	It is mainly due to the change in fair value	

			of the shares held in the current period.	
Impairment of assets		0.00%		
Non-operating income	6,216,124.18	2.07%	It is mainly due to the contract compensation paid by the supplier received in the current period.	
Non-operating expenses	4,178,810.71	1.39%	Mainly due to the compensation paid to customers.	
Credit impairment losses	-69,862,741.38	-23.30%	Mainly due to the bad debt losses accrued in the current period.	
Other income	55,716,643.40	18.58%	Mainly due to the recognition of other income in the relocation compensation during the current period.	

IV. 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(%)	Amount	As a percentage of total assets(%)		
Monetary fund	1,531,835,132.63	11.61%	1,819,859,022.91	15.08%	-3.47%	
Accounts receivable	2,054,003,687.68	15.57%	2,060,368,351.36	17.08%	-1.51%	
Inventories	2,258,594,388.00	17.12%	2,222,781,933.26	18.42%	-1.30%	
Long-term equity investment	21,185,168.49	0.16%	10,261,439.29	0.09%	0.07%	
Fixed assets	692,659,233.28	5.25%	761,603,992.58	6.31%	-1.06%	
Construction in process	1,077,342,567.61	8.17%	659,588,447.28	5.47%	2.70%	
Short-term-Borrowing	197,700,000.00	1.50%	97,500,000.00	0.81%	0.69%	
Long-term borrowing	22,400,000.00	0.17%	22,600,000.00	0.19%	-0.02%	

2. Asset and Liabilities Measured by Fair Value

In RMB

Financial assets	Opening balance	Profit/loss on fair value changes in this reporting period	Cumulative fair value changes charged to equity	Impairment provided in this Reporting period	Purchased in this reporting period	Sold in this reporting period	Other changes	Closing balance
Financial assets								
1. Transactional financial	854,210,990.44	-325,375.82	-1,153,605.18		1,913,998,000.00	1,533,898,000.00		1,233,985,614.62

assets (Excluding Derivative financial assets)								
4. Other Equity Instrument Investment	2,490,376,886.96	-144,093,859.18	1,955,328,987.78					2,346,283,027.78
Subtotal	3,486,831,891.56	-140,254,211.62	1,951,103,789.34		1,913,998,000.00	1,592,861,050.77		3,667,714,629.17
5. Other non-current financial assets	142,244,014.16	4,165,023.38	-3,071,593.26			58,963,050.77		87,445,986.77
6. Financing receivable	680,279,893.94						-16,849,595.09	663,430,298.85
Subtotal of financial assets	4,167,111,785.50	-140,254,211.62	1,951,103,789.34	-	1,913,998,000.00	1,592,861,050.77	-16,849,595.09	4,331,144,928.02
Total of the above	4,167,111,785.50	-140,254,211.62	1,951,103,789.34	-	1,913,998,000.00	1,592,861,050.77	-16,849,595.09	4,331,144,928.02
Financial Liabilities	0.00	0.00	0.00		0.00	0.00		0.00

Significant changes in the measurement attributes of the main assets in this Reporting Period

No

3. Restricted asset rights as of the end of this Reporting Period

Items	End of Book value	Reason
Monetary fund	69,831,476.27	Utilized for issuing bank acceptance bill and L/G
Fixed assets	114,535,863.69	Utilized for pledging to obtain the bank loan and guaranteeing the investment loan for China Development Funds
Invisible assets	82,929,877.00	Utilized for pledging to obtain the bank loan and guaranteeing the investment loan for China Development Funds
Transactional Financial Assets	1,715,614.62	In the lock-up period
Dividend receivable	43,605,292.60	Utilized for guaranteeing the investment loan for China Development Funds
Other equity Instrument investment	389,040,400.00	Utilized for guaranteeing the investment loan for China Development Funds
Construction in process	619,207,141.72	Utilized for guaranteeing the investment loan for China Development Funds
Receivables financing	125,299,879.99	Utilized for issuing bank acceptance bill

Total	1,446,165,545.89--
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V. Investment situation

1. General

Investments made in the reporting period	Investments made in same period of last year	+/- %
288,571,709.12	229,114,374.05	25.95%

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

Not applicable

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

In RMB

New plant project	Turbine heavy industry	Self-built	Yes	General equipment manufacturing	Accrued	Actual	Capital Source	Project schedule	Anticipated income	Accrued	Reasons for	Disclosure date	Disclosure Index
					Investment up to the End of Reporting Period	Amount up to the End of Reporting Period				Realized Income to the End of Reporting Period	not Reaching the Planned Schedule and Anticipated Income		
Total	Self-built	Yes	General equipment manufacturing	255,849,977.65	1,078,891,174.28	Self fund	59.68%	0.00	0.00	No			
Total	--	--	--	255,849,977.65	1,078,891,174.28	--	--	0.00	0.00	--	--	--	--

4. Financial assets at fair value

√ Applicable □ Not applicable

In RMB

Category	Initial investment cost	Changes in fair value of the this period	Cumulative fair value changes in equity	Purchase amount in the this period	Sale amount in the this period	Gain/loss of the reporting period	Accounting items	Source of the shares
Other	852,170,000.00			1,913,998,000.00	1,533,898,000.00	19,022,159.20	1,232,270,000.00	Self-fund
Stock	2,869,219.80	-325,375.82	-1,153,605.18				1,715,614.62	Debt restructuring
Fund	16,000,000.00	-272,000.00	-7,776,000.00				8,224,000.00	Self-fund
Stock	390,954,040.00	-144,093,859.18	1,955,328,987.78			513,680,156.40	2,346,283,027.78	Self-fund
Total	1,261,993,259.80	-144,691,235.00	1,946,399,382.60	1,913,998,000.00	1,533,898,000.00	532,702,315.60	3,588,492,642.40	

5. Investment of Financial Asset

(1) Securities investment

Security category	Security code	Stock Abbreviation:	Initial investment cost	Mode of accounting measurement	Book value balance at the beginning of the reporting period	Changes in fair value of the this period	Cumulative fair value changes in equity	Purchase amount in the this period	Sale amount in the this period	Gain/loss of the reporting period	Book value balance at the end of the reporting period	Accounting items	Source of the shares
Domestic and foreign stocks	600926	Hangzhou Bank	390,954,040.00	FVM	2,490,376,886.96	-144,093,859.18	1,955,328,987.78			95,156,322.10	2,346,283,027.78	Other equity Instrument investment	Self funds
Domestic and foreign stocks	000912	LUTIANHU A	2,869,219.80	FVM	2,040,990.44	-325,375.82	-1,153,605.18			-325,375.82	1,715,614.62	Financial assets available for sale	Debt instrument
Total			393,823,259.80	--	2,492,417,877.40	-144,419,235.00	1,954,175,382.60	0.00	0.00	94,830,946.28	2,347,998,642.40	--	--

Disclosure Date of Announcement on Securities Investment Approved by the Board of Directors	
Disclosure Date of Announcement on Securities Investment Approved by the Shareholders Meeting(If any)	

(2) Investment in Derivatives

Applicable Not applicable

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

VI. Sales of major assets and equity

1. Sales of major assets

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

2.Sales of major equity

Not applicable

VII. 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	Registered capital	Total assets	Net assets	Operating Income	Operating profit	Net Profit

		services						
Zhejiang Steam Turbine Packaged Technology Development Co., Ltd.	Subsidiaries	Trade of packaged equipment	51,000,000.00	345,503,014.02	121,683,766.83	88,950,190.73	21,176,212.04	18,180,159.42
Hangzhou Zhongneng Steam Turbine Power Co., Ltd.	Subsidiaries	Manufacturing	92,500,000.00	1,253,476,418.68	276,031,305.09	463,773,371.54	29,311,510.78	26,262,274.43
Hangzhou Steam Turbine Casting Co., Ltd.	Subsidiaries	Casting	29,500,000.00	567,046,220.37	263,952,094.43	188,039,370.62	16,463,133.96	13,810,994.94
Hangzhou Steam Turbine Machinery & Equipment Co., Ltd.	Subsidiaries	Manufacturing	30,000,000.00	293,129,755.38	135,403,747.47	131,998,141.54	30,806,884.79	26,242,201.36
Hangzhou Steam Turbine Auxiliary Machine Co., Ltd.	Subsidiaries	Manufacturing	80,000,000.00	795,598,838.19	267,715,113.99	307,652,062.40	29,975,261.07	25,359,176.36
Zhejiang Turbine Import & Export Co., Ltd.	Subsidiaries	Commerce & trade	20,000,000.00	184,075,324.41	54,609,421.18	73,541,913.79	244,596.66	461,496.10
Hangzhou Steam Turbine Heavy Industry Co., Ltd.	Subsidiaries	Manufacturing	1,000,000,000.00	964,011,228.25	950,860,157.38		886,935.44	665,201.58

Subsidiaries obtained or disposed in the reporting period

Not applicable

VIII. Structured vehicle controlled by the Company

Not applicable

IX. Prediction of business performance for January -September 2020

Estimation of accumulative net profit from the beginning of the year to the end of next report period to be loss probably or the warning of its material change compared with the corresponding period of the last year and explanation of reason.

Not applicable

X. Risks facing the Company and countermeasures

1. Market risks

In view of distinct excess production capacity of domestic turbines, the market competition will be further intensified, and the product distribution of the Company 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

Along with adjustments and changes of market structure, the company's product mix is altered which may leads to possible business sales decline and product profitability fluctuation. The Company will strive to improve the internal management, reduce the operating costs and increase the operational efficiency to resolve the risk of declining profitability.

6. Overseas market risk

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

7. Operating environment change risk

The plant will be comprehensively relocated in 2019 for the Company with inevitable large impact and influence on the manufacturing. Although the company will formulate the plans of relocation safety, security and emergency countermeasures to avoid various issues arising from the equipment disassembly, cargo transportation and storage, turnover and so on, the possibility of various types of personnel injuries, loss of goods and instability incidents will still exist in the relocation process. Therefore, the company will ensure the smooth and orderly implementation of all aspects of comprehensive security, safety production and logistical support in the relocation and reconstruction process.

8. Impact of the epidemic

Affected by the epidemic, the company's overseas market orders decreased, the delivery of some imported supporting parts was delayed, the company's project execution was affected to a certain extent. In combination with the development and changes of the epidemic, the company continuously ADAPTS to and reduces the adverse effects brought by the epidemic.

V. Important Events

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

1. Annual General Meeting

Meeting	Type	Investor participation ratio	Convened date	Disclosure date	Index to disclosed information
2019 Shareholders' general meeting	Annual Shareholders' General Meeting	72.59%	June 5,2020	June 6,2020	Resolutions of the Shareholders' Annual Meeting 2019 (Announcement No. 2020-38) released by Securities Times, Shanghai Securities Daily, Hong Kong Commercial Daily, and Http://www.cninfo.com.cn

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

Not applicable

II. Proposal for profit distribution and converting capital Reserve into share actual for the reporting period

For the reporting period, the Company plans not to distribute cash dividends or bonus shares or convert capital reserve into share capital.

III. 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.

Not existent

IV. Particulars about engagement and disengagement of CPAs firm

Whether the semi-annual financial report had been audited?

The semi-annual report was not audited.

V. Explanations given by board of directors and supervisory board regarding “ Modified auditor’s” Issued by CPAs firm for the reporting period

Not applicable

VI. Explanations given by Board of Directors regarding “ Modified auditor’s Report” Issued for last year

Not applicable

VII. Bankruptcy and restructuring

No such cases in the reporting period.

VIII. Lawsuit

Significant lawsuits or arbitrations

No such cases in the reporting period.

Other legal matters

Basic conditions of litigation (arbitration)	Amount involved (Ten thousand yuan)	Forming of the predicted debt	Litigation (arbitration) progress	Litigation (arbitration) judgement result and influence	Litigation (arbitration) judgement execution condition	Date of disclosure	Index of disclosure
See section 11, 14, 2 for details	13,220.25	No	See section 11, 14, 2 for details	Not applicable	Not applicable		

IX. Doubts from media

Applicable Not applicable

The Company had no issues about which media generally raised doubts in the reporting period.

X. Punishments and rectifications

Applicable Not applicable

No such cases in the reporting period.

XI. Credit conditions of the Company as well as its Controlling shareholder and actual Controller

Not existent

XII. Equity incentive plans, employee stock ownership plans or other incentive measures for employees

Applicable Not applicable

No such cases in the reporting period.

XIII. Material related transactions

1. Related transactions in connection with daily operation

Related parties	Relationship	Type of trade	Subjects of the related transactions	Principle of pricing the related transactions	Price of trade	Amount of trade (Ten thousand)	Ratio in similar trades	Trading limit approved (Ten thousand)	Whether approved limited or not (Y/N)	Way of payment	Market price of similar trade available	Date of disclosure	Index of information disclosure
Hangzhou Hangfa Power Generating Equipment Co., Ltd.	Affiliate of the Group	Purchase of goods	Generators	Fair and just	Market price	8,078.74		8,078.74	No	Bank transfer	Not applicable	August 28,2020	2020-50
Hangzhou Steam Turbine Automobile Sales Service Co., Ltd.	Affiliate of the Group	Related transactions to procure goods / services	freight, repairing fee	Fair and just	Market price	3,167.83		3,167.83	No	Bank transfer	Not applicable	August 28,2020	2020-50
Hangzhou Steam Turbine Engineering Co., Ltd.	Affiliate of the Group	Sale goods	Steam Turbine	Fair and just	Market price	3,624.88		3,624.88	No	Bank transfer	Not applicable	August 28,2020	2020-50
Total				--	--	14,871.45	--	14,871.45	--	--		--	--
Details of any sales return of a large amount				No									
Give the actual situation in the report period where a forecast had been made for the total amounts of routine related-party transactions by type to occur in the current period(if any)				Not applicable									

Reason for any significant difference between the transaction price and the market reference price (if applicable)	No applicable
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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

No such cases in the reporting period.

4. Credits and liabilities with related parties

No such cases in the reporting period.

No such cases in the reporting period.

5. Other material related transactions

XIV. Particulars about the non-operating occupation of funds by the Controlling shareholder and other related parties of the Company

The company was not involved in the non-operating occupation of funds by the controlling shareholder and other related parties during the reporting period.

XV. Significant contracts and execution

1. Entrustments, contracting and leasing

(1) Entrustment

No such cases in the reporting period.

(2) Contract

No any contract for the Company in the reporting period.

(3) Leasing

No such cases in the reporting period.

2. Significant guarantees

(1) Guarantees

In RMB 10,000

Guarantee of the Company for the controlling subsidiaries (Exclude controlled subsidiaries)								
Name of the Company	Relevant disclosure date/No. of the guaranteed amount	Amount of Guarantee	Date of happening (Date of signing agreement)	Actual amount of guarantee	Guarantee type	Guarantee term	Complete implementation or not	Guarantee for associated parties (Yes or no)
Hangzhou Steam Turbine Power Group Co., Ltd	October 22, 2016	20,800	December 28, 2016	20,800	Mortgage	Two years from the date of expiration of the principal debt	No	Yes
Total amount of outward guarantee approved in the report period (A1)				0	Total amount of outward guarantee actually incurred in the report period (A2)		0	
Total of external guarantee approved at Period-end(A3)				20,800	Total balance of actual external guarantee at Period-end(A4)		20,800	
Guarantee of the Company for the controlling subsidiaries								

Name of the Company guaranteed	Relevant disclosure date/No. of the guaranteed amount	Amount of guarantee	Date of happening (Date of signing agreement)	Actual amount of guarantee	Guarantee type	Guarantee term	Complete implementation or not	Guarantee for associated parties (Yes or no)
Zhejiang Steam Turbine Packaged Technology Development Co., Ltd.	April 24,2020	5,000		0	The joint liability guaranty	Two years from the date of expiration of the principal debt	No	No
Hangzhou Steam Turbine Casting Co., Ltd.	May 27,2020	2,000	May 29, 2020	1,870	The joint liability guaranty	Two years from the date of expiration of the principal debt	No	No
Total of guarantee for subsidiaries approved in the period(B1)		7,000		Total of actual guarantee for subsidiaries in the period (B2)		1870		
Total of guarantee for subsidiaries approved at period-end(B3)		7,000		Total of actual guarantee for subsidiaries at period-end(B4)		1870		
Guarantee of the subsidiaries for the controlling subsidiaries								
Name of the Company guaranteed	Relevant disclosure date/No. of the guaranteed amount	Amount of guarantee	Date of happening (Date of signing agreement)	Actual amount of guarantee	Guarantee type	Guarantee term	Complete implementation or not	Guarantee for associated parties (Yes or no)
Hangzhou Guoneng Steam Turbine Engineering Co., Ltd.	June 25,2019	10,000	June 20, 2019	6,192.24	The joint liability guaranty	Three years from the date of expiration of the principal debt	No	No
Hangzhou Guoneng Steam Turbine Engineering Co., Ltd.	July 25,2019	7,000	July 25, 2019	3,702.39	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)			5,522.51	

Total guarantee quota to the subsidiaries approved at the end of the reporting period (C3)	17,000	Total balance of actual guarantee to the subsidiaries at the end of the reporting period (C4)	9,894.63
Total of Company's guarantee (namely total of the large three aforementioned)			
Total of guarantee in the Period (A1+B1+C1)	7,000	Total of actual guarantee in the Period (A2+B2+C2)	7,392.51
Total of guarantee at Period-end (A3+B3+C3)	44,800	Total of actual guarantee at Period-end (A4+B4+C4)	32,564.63
The proportion of the total amount of actually guarantee in the net assets of the Company (that is A4+B4+C4) %		5.01%	
Including:			
Amount of guarantee for shareholders, actual controller and its associated parties (D)			20,800
The debts guarantee amount provided for the Guaranteed parties whose assets-liability ratio exceed 70% directly or indirectly (E)			17,000
Proportion of total amount of guarantee in net assets of the company exceed 50% (F)			0
Total guarantee Amount of the abovementioned guarantees (D+E+F)			37,800
Explanations about joint and several liability for repayment in respect of undue guarantee(if any)			Not applicable
Explanation about external guarantee violating established procedure if any)			Not applicable

Description of the guarantee with complex method

Hangzhou Heavy Machinery Co., Ltd, which is the company's subsidiary, had made an application of special construction funds of 208 million to China Development Fund Co.,Ltd, and it has signed the four-party China Development Fund Investment Contract with China Development Fund ,the company and Hangzhou Steam Turbine Group Co.,Ltd. In order to ensure the performance of the "Investment contract" by Hangzhou steam group, the company and the Heavy Machinery Co., Ltd provide guarantee for Hangzhou Steam Group in the forms of pledge and mortgage. The contents is detailed in the Announcement on External Guarantee of Hangzhou Steam Turbine Co., Ltd. announced on October 22, 2016 at the website designated by the Shenzhen Stock Exchange ([http // www.cninfo.com.cn](http://www.cninfo.com.cn)). (Announcement No. 2016-75)

(2) Illegal providing of external guarantees

No illegal providing of external guarantees in the report period.

3Situation of Entrusted Finance

Summary of entrusted finance during the reporting period

In RMB 10,000

Type	Source	Amount	Unexpired balance	Overdue amount
Bank financing product	Idle own funds	136,527	123,227	0
Trust financing product	Idle own funds	2,000	0	0
Total		138,527	123,227	0

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

In RMB 10,000

Name of Trustees (or Entrustees)	Type of Trustees (or Entrustees)	Type of Production	Amount	Source	Date of Beginning	Date of Expiry	Capital Investment Orientation	Way of Confirming Rewards	Referential Annualized Yield Rate	Prospective Yield (if any)	Actual profit or loss for the reporting period	Actual recovery of profits and losses during the reporting period	Provision for impairment (if any)	Whether or not due process has been followed	Is there a commission plan in the future	Summary of matters and related query Index (if any)
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Bank of China	Bank	Bank non-capital-preserving and interest-saving financial products	6,000	Idle own funds	January 20,2020	March 16,2020	Treasury bonds, corporate bonds, inter-bank lending, medium-term notes, financing bonds, etc.	Floating profit	3.00%	27.62	27.62	27.62	Yes	No	
Total			6,000	--	--	--	--	--	--	27.62	27.62	--	--	--	--

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

Not applicable

4. Other significant contract

No other significant contracts for the Company in reporting period.

XVI.Social responsibilities

1.Major environmental protection

Listed company and its subsidiary belongs to the key pollution enterprise listed by Department of Environmental Protection

No

Neither the company nor its subsidiaries belong to the key pollutant discharge units announced by the environmental protection department. The company has formulated and perfected the environmental management systems and control procedures for various types of waste water, waste gas, waste slag, and noise in accordance with relevant environmental laws and regulations and relevant standards promulgated by the national and local governments. The company has imported ISO14001 environmental management system since 2006 and the system has been operated effectively for more than ten years. Currently, the company has adopted the clean production management and launched the clean production audits, which not only reduces consumption and increases efficiency, but also reduces the pressure and cost of end-of-pipe management. In terms of environmental greening, after years of meticulous maintenance, the company has become a garden-style enterprise.

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

2.Implementation of the social responsibility of precise poverty relief

(1) Precision poverty alleviation planning

The company participates in the “Lianxiangjiecun” helping and supporting activities in Hangzhou, from 2017 to 2021 for 5 years, with an annual funding of RMB 150,000 to assist Zitong Township in Chun’an County.

(4) Subsequent targeted poverty alleviation program

In the future, the company will follow up the assistance activities of "linking and connecting villages" as planned. In 2021, we will continue to implement targeted poverty alleviation through cash funding to Zitong Town, Chun'an County.

XVII. Other material events

1. The company's estimated amount of daily related transactions in 2019 was not approved in shareholders meeting. The "Proposal on the Estimated Amount of Daily Related Transactions of the Company in 2019" has been submitted to the Company's 2019 Annual General Meeting of Shareholders for deliberation. The related party Hangzhou Steam Turbine Power Group abstains from voting and the proposal failed to pass approval. The complete report is available as Announcement 2020-38 with Securities Times, Shanghai Securities Daily, Hong Kong Commercial Daily and at www.cninfo.com.cn dated June 6, 2020.

XVIII. Material events of subsidiaries

Not applicable

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

1. Changes in share capital

In shares

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

									0
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Causes of Change of shares

Not applicable

Approval of change of the shares

Not applicable

Ownership transfer of share changes

Not applicable

Progress on any share repurchase:

The company held the second 2019 extraordinary general meeting of shareholders on December 10, 2019, and reviewed and passed the "Proposal on Repurchase of Company Shares". On February 18, 2020, the company implemented share repurchase for the first time. As of June 30, 2020, through a special securities account repurchase, the company has obtained 10,207,925 shares of the company based on a centralized auction transaction, accounting for 1.35% of the company's current total share capital, with the highest transaction price 8.52 HKD/share and the lowest price of 7.22 HKD/share. The total transaction amount is HKD 81,081,099.84.

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

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

Not applicable

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

Not applicable

2. Change of shares with limited sales condition

Not applicable

II. Shareholders and shareholding

In Shares

Total number of common shareholders at the end of the reporting period	12, 533	Total number of preferred shareholders that had restored the voting right at the end of the reporting period	0				
Particulars about shares held above 5% by shareholders or top ten shareholders							
Shareholders	Nature of	Proporti	Number of	Changes in	Amount of	Amount of	Number or

	shareholder	on of shares held (%)	shares held at period -end	reporting period	restricted shares held	un-restricted shares held	share pledged/frozen	
							State of share	Amount
Hangzhou Steam Turbine Power Group Co., Ltd.	State-owned legal person	63.64%	479,824,800	0	479,824,800	0		
VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	Foreign legal person	0.80%	6,036,036	481,600	0	6,036,036		
Zhou Jie	Domestic Natural person	0.58%	4,341,100	2,400	0	4,341,100		
VANGUARD EMERGING MARKETS STOCK INDEX FUND	Foreign legal person	0.56%	4,198,304	-524,500	0	4,198,304		
China Merchants Securities (HK)Co., Ltd.	State-owned legal person	0.49%	3,705,777	-130,500	0	3,705,777		
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	Foreign legal person	0.49%	3,667,054	-1,280,618	0	3,667,054		
ISHARES CORE MSCI EMERGING MARKETS ETF	Foreign legal person	0.41%	3,054,577	-608,500	0	3,054,577		
NORGES BANK	Foreign legal person	0.33%	2,514,529	0	0	2,514,529		
Xia Zulin	Domestic Natural person	0.31%	2,301,000	0	0	2,301,000		
Gu Yang	Domestic Natural person	0.20%	1,504,552	76,100	0	1,504,552		
Particulars about strategic investors or general corporations becoming among the top 10 shareholders due to share placing	Not applicable							
Explanation on associated relationship among the aforesaid shareholders	<p>(1) Hangzhou Steam Turbine Power Group Co., Ltd. is the holder of state-shares of the Company, all other shareholders' are holders of domestic listed foreign shares (B shares)</p> <p>(2) There is no relationship between Hangzhou Steam Turbine Power Group Co., Ltd. and other shareholders;</p> <p>(3) Hangzhou Steam Turbine Power Group Co., Ltd. is not an "action-in-concert" party with any of other shareholders as described by the "Administration Rules of Informational Disclosure about Change of Shareholding Statues of PLCs".</p>							
Top 10 holders of shares without trading limited conditions								
Name of the shareholder	Amount of unconditional shares held at end of period	Category of shares						
		Category of shares	Amount					
VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	6,036,036	Foreign shares placed in domestic exchange	6,036,036					
Zhou Jie	4,341,100	Foreign shares placed in domestic exchange	4,341,100					

VANGUARD EMERGING MARKETS STOCK INDEX FUND	4,198,304	Foreign shares placed in domestic exchange	4,198,304
China Merchants Securities(HK)Co., Ltd.	3,705,777	Foreign shares placed in domestic exchange	3,705,777
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	3,667,054	Foreign shares placed in domestic exchange	3,667,054
ISHARES CORE MSCI EMERGING MARKETS ETF	3,054,577	Foreign shares placed in domestic exchange	3,054,577
NORGES BANK	2,514,529	Foreign shares placed in domestic exchange	2,514,529
Xia Zulin	2,301,000	Foreign shares placed in domestic exchange	2,301,000
Gu Yang	1,504,552	Foreign shares placed in domestic exchange	1,504,552
Wang Yihu	1,488,524	Foreign shares placed in domestic exchange	1,488,524
Explanation on associated relationship or consistent action among the top 10 shareholders of non-restricted negotiable shares and that between the top 10 shareholders of non-restricted negotiable shares and top 10 shareholders	<p>1) It is unknown to the Company if there is any relationship among the top 10 common share holders without restriction;</p> <p>(2) Hangzhou Steam Turbine Group Co., Ltd. is not an "action-in-concert" party with any of other shareholders as described by the "Administration Rules of Informational Disclosure about Change of Shareholding Statues of PLCs".</p>		
Top ten ordinary shareholders conducting securities margin trading	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.

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.

III. Change of the controlling shareholder or the actual controller

Change of the controlling shareholder in the reporting period

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

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

VII. Situation of the Preferred Shares

The Company had no preferred shares in the reporting period

VIII Information about convertible corporate bonds

During the reporting period, the company did not have convertible corporate bonds.

IX. Information about Directors, Supervisors and Senior Executives

I. Change of shareholding of directors, supervisors and senior executives

Share held by directors, supervisors and senior executive of the Company had no changes, more details can be seen in annual report 2019.

II. Changes in directors, supervisors and senior management staffs

Applicable Not applicable

No change has taken place in directors, supervisors and senior executives of the Company during the reporting period. For the detail, refer to 2019 Annual Report.

X. Corporate Bond

Whether the company has corporate bonds that have been publicly issued and listed on the stock exchange, and not yet due or due but not fully cashed on the approval date of annual report

No

XI. Financial Report

I. Auditors' Report

Whether the semi-annual financial report had been audited?

The Semi-annual Financial Report is not audited.

II. The Financial Statements

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

1. Consolidated Balance Sheet

Prepared by: Hangzhou Steam Turbine Co., Ltd

In RMB

Items	June 30,2020	December 31,2019
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Current asset:		
Monetary fund	1,531,835,132.63	1,756,320,237.50
Settlement provision		
Outgoing call loan		
Transactional financial assets	1,233,985,614.62	854,210,990.44
Derivative financial assets		
Notes receivable	71,054,030.62	46,484,259.65
Account receivable	2,054,003,687.68	2,025,081,342.74
Financing of receivables	663,430,298.85	680,279,893.94
Prepayments	453,228,749.94	388,562,447.80
Insurance receivable		
Reinsurance receivable		
Provisions of Reinsurance contracts receivable		
Other account receivable	142,054,905.86	45,520,789.89
Including: Interest receivable		
Dividend receivable	122,983,614.70	27,827,292.60
Repurchasing of financial assets		
Inventories	2,258,594,388.00	2,051,290,269.07
Contract assets		
Assets held for sales		
Non-current asset due within 1 year		
Other current asset	47,586,554.02	71,592,063.09
Total of current assets	8,455,773,362.22	7,919,342,294.12
Non-current assets:		
Loans and payment on other's behalf disbursed		
Creditor's right investment		
Other investment on bonds		
Long-term receivable		
Long term share equity investment	21,185,168.49	22,129,585.83
Other equity instruments investment	2,346,283,027.78	2,490,376,886.96
Other non-current financial assets	87,445,986.77	142,244,014.16
Property investment		
Fixed assets	692,659,233.28	724,702,558.18
Construction in progress	1,077,342,567.61	799,410,358.84
Production physical assets		

Oil & gas assets		
Use right assets		
Intangible assets	272,005,020.25	275,140,367.22
Development expenses		
Goodwill		
Long-germ expenses to be amortized		
Deferred income tax asset	237,689,936.17	226,769,514.65
Other non-current asset		
Total of non-current assets	4,734,610,940.35	4,680,773,285.84
Total of assets	13,190,384,302.57	12,600,115,579.96
Current liabilities		
Short-term loans	197,700,000.00	97,840,187.21
Loan from Central Bank		
Borrowing funds		
Transactional financial liabilities		
Derivative financial liabilities		
Notes payable	240,170,034.62	227,961,541.12
Account payable	1,334,931,698.36	1,030,408,716.74
Advance receipts		2,818,130,397.17
Contract liabilities	3,099,833,164.03	
Selling of repurchased financial assets		
Deposit taking and interbank deposit		
Entrusted trading of securities		
Entrusted selling of securities		
Employees' wage payable	68,418,984.73	96,205,949.57
Tax payable	46,909,288.66	34,521,756.98
Other account payable	217,709,036.28	82,148,405.19
Including: Interest payable	93,150.68	
Dividend payable	148,760,495.00	
Fees and commissions payable		
Reinsurance fee payable		
Liabilities held for sales		
Non-current liability due within 1 year	100,000.00	200,319.30
Other current liability		
Total of current liability	5,205,772,206.68	4,387,417,273.28

Non-current liabilities:		
Reserve fund for insurance contracts		
Long-term loan	22,400,000.00	22,435,762.23
Bond payable		
Including: preferred stock		
Sustainable debt		
Lease liability		
Long-term payable	682,651,713.17	730,460,508.59
Long-term remuneration payable to staff		
Expected liabilities	32,202,504.57	32,202,504.57
Deferred income	50,522,553.07	51,713,417.61
Deferred income tax liability	294,641,275.32	316,910,472.07
Other non-current liabilities		
Total non-current liabilities	1,082,418,046.13	1,153,722,665.07
Total of liability	6,288,190,252.81	5,541,139,938.35
Owners' equity		
Share capital	754,010,400.00	754,010,400.00
Other equity instruments		
Including: preferred stock		
Sustainable debt		
Capital reserves	152,973,219.65	152,973,219.65
Less: Shares in stock	73,364,395.79	
Other comprehensive income	1,661,720,375.63	1,784,195,156.34
Special reserve	18,106,330.88	18,324,473.28
Surplus reserves	621,112,807.78	621,112,807.78
Common risk provision		
Retained profit	3,359,027,734.25	3,276,880,091.53
Total of owner's equity belong to the parent company	6,493,586,472.40	6,607,496,148.58
Minority shareholders' equity	408,607,577.36	451,479,493.03
Total of owners' equity	6,902,194,049.76	7,058,975,641.61
Total of liabilities and owners' equity	13,190,384,302.57	12,600,115,579.96

Legal Representative: Zheng Bin

Person in charge of accounting: Zhao Jiamao

Person in charge of Accounting institute: Jin Chan

2. Parent Company Balance Sheet

Items	In RMB	
	June 30,2020	December 31,2019
Current asset:		
Monetary fund	935,342,495.72	1,017,072,165.81
Transactional financial assets	951,715,614.62	532,040,990.44
Derivative financial assets		
Notes receivable	31,559,000.00	4,712,981.35
Account receivable	1,382,426,967.39	1,470,224,608.96
Financing of receivables	399,963,786.26	376,974,822.75
Prepayments	299,162,731.52	222,187,452.27
Other account receivable	127,042,515.71	31,067,688.80
Including: Interest receivable		
Dividend receivable	122,983,614.70	27,827,292.60
Inventories	1,569,151,168.52	1,402,933,995.29
Contract assets		
Assets held for sales		
Non-current asset due within 1 year		
Other current asset	100,631.70	30,332,464.25
Total of current assets	5,696,464,911.44	5,087,547,169.92
Non-current assets:		
Creditor's rights investment		
Other creditor's rights investment		
Long-term receivable		
Long term share equity investment	897,034,001.41	897,978,418.75
Other equity instruments investment	2,346,283,027.78	2,490,376,886.96
Other non-current financial assets	64,547,865.74	119,345,893.13
Property investment		
Fixed assets	388,908,028.03	413,089,308.63
Construction in progress	458,129,713.38	246,387,266.69
Production physical assets		
Oil & gas assets		
Use right assets		
Intangible assets	159,665,388.35	161,688,374.81
Development expenses		
Goodwill		

Long-germ expenses to be amortized		
Deferred income tax asset	183,734,008.93	174,060,251.09
Other non-current asset		
Total of non-current assets	4,498,302,033.62	4,502,926,400.06
Total of assets	10,194,766,945.06	9,590,473,569.98
Current liabilities		
Short-term loans	100,000,000.00	
Transactional financial liabilities		
Derivative financial liabilities		
Notes payable	59,855,000.00	10,000,000.00
Account payable	870,541,884.64	623,426,940.99
Advance receipts		1,908,382,258.12
Contract Liabilities	2,093,277,784.86	
Employees' wage payable	43,161,622.57	49,620,330.21
Tax payable	21,462,612.64	3,776,368.66
Other account payable	199,571,747.54	54,954,443.47
Including: Interest payable	93,150.68	0.00
Dividend payable	148,760,495.00	0.00
Liabilities held for sales		
Non-current liability due within 1 year		
Other current liability		
Total of current liability	3,387,870,652.25	2,650,160,341.45
Non-current liabilities:		
Long-term loan		
Bond payable		
Including: preferred stock		
Sustainable debt		
Lease liability		
Long-term payable	498,773,794.77	545,357,990.20
Long-term remuneration payable to staff		
Expected liabilities	32,202,504.57	32,202,504.57
Deferred income	49,125,498.07	50,316,362.61
Deferred income tax liability	294,641,275.32	316,910,472.07
Other non-current liabilities		
Total non-current liabilities	874,743,072.73	944,787,329.45

Total of liability	4,262,613,724.98	3,594,947,670.90
Owners' equity		
Share capital	754,010,400.00	754,010,400.00
Other equity instruments		
Including: preferred stock		
Sustainable debt		
Capital reserves	138,953,250.09	138,953,250.09
Less: Shares in stock	73,364,395.79	
Other comprehensive income	1,662,029,639.60	1,784,509,419.91
Special reserve	6,000,000.00	6,000,000.00
Surplus reserves	602,356,402.65	602,356,402.65
Retained profit	2,842,167,923.53	2,709,696,426.43
Total of owners' equity	5,932,153,220.08	5,995,525,899.08
Total of liabilities and owners' equity	10,194,766,945.06	9,590,473,569.98

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

3.Consolidated Income Statement

Items	In RMB	
	The first half year of 2020	The first half year of 2019
I. Income from the key business	2,021,667,426.27	1,920,181,703.03
Incl: Business income	2,021,667,426.27	1,920,181,703.03
Interest income		
Insurance fee earned		
Fee and commission received		
II. Total business cost	1,827,754,914.11	1,814,433,246.91
Incl: Business cost	1,387,814,297.42	1,366,404,401.26
Interest expense		
Fee and commission paid		
Insurance discharge payment		
Net claim amount paid		
Net amount of withdrawal of insurance contract reserve		
Insurance policy dividend paid		
Reinsurance expenses		

Business tax and surcharge	10,846,939.80	13,458,140.99
Sales expense	83,979,396.90	86,895,939.32
Administrative expense	261,099,800.18	235,168,325.98
R & D costs	103,228,915.93	116,760,942.52
Financial expenses	-19,214,436.12	-4,254,503.16
Including: Interest expense	3,356,373.45	7,163,329.72
Interest income	14,883,294.02	13,686,150.29
Add: Other income	55,716,643.40	15,761,589.03
Investment gain (“-”for loss)	118,388,068.47	99,460,322.66
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	-597,375.82	-1,474,755.34
Credit impairment loss	-69,862,741.38	6,225,948.82
Impairment loss of assets		197,857.88
Assets disposal income	247,052.27	-1,183.02
III. Operational profit (“-”for loss)	297,804,159.10	225,918,236.15
Add : Non-operational income	6,216,124.18	744,839.16
Less: Non-operating expense	4,178,810.71	5,220,762.28
IV. Total profit (“-”for loss)	299,841,472.57	221,442,313.03
Less: Income tax expenses	30,545,431.68	36,775,399.29
V. Net profit	269,296,040.89	184,666,913.74
(I) Classification by business continuity		
1. Net continuing operating profit	269,296,040.89	184,666,913.74
2. Termination of operating net profit		
(II) Classification by ownership		
1. Net profit attributable to the owners of parent company	230,908,137.72	160,325,133.00
2. Minority shareholders' equity	38,387,903.17	24,341,780.74
VI. Net after-tax of other comprehensive income	-122,468,038.54	215,462,868.76
Net of profit of other comprehensive income attributable to owners of the parent company.	-122,474,780.71	215,149,629.90
(I) Other comprehensive income items that will not be reclassified	-122,479,780.31	214,917,350.34

into gains/losses in the subsequent accounting period		
1.Re-measurement of defined benefit plans of changes in net debt or net assets		
2.Other comprehensive income under the equity method investee can not be reclassified into profit or loss.		
3. Changes in the fair value of investments in other equity instruments	-122,479,780.31	214,917,350.34
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.	4,999.60	232,279.56
1.Other comprehensive income under the equity method investee can be reclassified into profit or loss.		
2. Changes in the fair value of investments in other debt obligations		
3. Other comprehensive income arising from the reclassification of financial assets		
4.Allowance for credit impairments in investments in other debt obligations		
5. Reserve for cash flow hedges		
6.Translation differences in currency financial statements	4,999.60	232,279.56
7.Other		
Net of profit of other comprehensive income attributable to Minority shareholders' equity	6,742.17	313,238.86
VII. Total comprehensive income	146,828,002.35	400,129,782.50
Total comprehensive income attributable to the owner of the parent company	108,433,357.01	375,474,762.90
Total comprehensive income attributable minority shareholders	38,394,645.34	24,655,019.60
VIII. Earnings per share		
(I) Basic earnings per share	0.31	0.21
(II)Diluted earnings per share	0.31	0.21

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

4. Income statement of the Parent Company

In RMB

Items	The first half year of 2020	The first half year of 2019
I. Income from the key business	1,148,712,572.64	1,201,433,732.23
Incl: Business cost	791,758,011.88	868,692,769.43
Business tax and surcharge	4,568,531.98	6,969,423.29
Sales expense	49,068,995.79	48,049,960.92
Administrative expense	194,237,408.24	159,919,647.14
R & D expense	56,990,534.25	72,044,163.87
Financial expenses	-18,514,981.66	-7,258,639.20
Including: Interest expenses	628,468.93	3,304,641.54
Interest income	11,826,317.27	12,022,468.87
Add: Other income	52,463,135.32	5,455,874.12
Investment gain (“-”for loss)	230,963,096.02	152,548,740.20
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	-597,375.82	-1,474,755.34
Credit impairment loss	-61,473,384.29	1,997,481.94
Impairment loss of assets	0.00	197,857.88
Assets disposal income	247,056.74	0.00
II. Operational profit (“-”for loss)	292,206,600.13	211,741,605.58
Add : Non-operational income	1,978,691.24	631,962.46
Less: Non -operational expenses	2,656,166.56	2,904,084.35
III. Total profit (“-”for loss)	291,529,124.81	209,469,483.69
Less: Income tax expenses	10,297,132.71	11,979,726.29
IV. Net profit	281,231,992.10	197,489,757.40
1.Net continuing operating profit	281,231,992.10	197,489,757.40
2.Termination of operating net profit		
V. Net after-tax of other comprehensive income	-122,479,780.31	214,917,350.34
(I) Other comprehensive income items that will not be reclassified into gains/losses in the subsequent accounting period	-122,479,780.31	214,917,350.34
1.Re-measurement of defined benefit plans of changes in net debt or net assets		
2.Other comprehensive income under the equity method investee can not be reclassified into profit or loss.		

3. Changes in the fair value of investments in other equity instruments	-122,479,780.31	214,917,350.34
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 losses		
1. Other comprehensive income under the equity method investee can be reclassified into profit or loss.		
2. Changes in the fair value of investments in other debt obligations		
3. Other comprehensive income arising from the reclassification of financial assets		
4. Allowance for credit impairments in investments in other debt obligations		
5. Reserve for cash flow hedges		
6. Translation differences in currency financial statements		
7. Other		
VI. Total comprehensive income	158,752,211.79	412,407,107.74
VII. Earnings per share		
(I) Basic earnings per share		
(II) Diluted earnings per share		

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

5. Consolidated Cash flow statement

In RMB

Items	The first half year of 2020	The first half year of 2019
I. Cash flows from operating activities		
Cash received from sales of goods or rendering of services	1,728,815,809.43	1,518,810,866.20
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	5,387,680.16	5,744,179.17
Other cash received from business operation	65,325,817.64	26,127,131.84
Sub-total of cash inflow	1,799,529,307.23	1,550,682,177.21
Cash paid for purchasing of merchandise and services	862,580,281.24	898,280,785.94
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	418,895,651.22	379,575,581.35
Taxes paid	106,510,146.66	180,054,533.44
Other cash paid for business activities	84,578,536.08	102,111,872.85
Sub-total of cash outflow from business activities	1,472,564,615.20	1,560,022,773.58
Net cash generated from /used in operating activities	326,964,692.03	-9,340,596.37
II. Cash flow generated by investing		
Cash received from investment retrieving	50,000,000.00	
Cash received as investment gains	28,996,731.18	31,491,521.16
Net cash retrieved from disposal of fixed assets, intangible assets, and other long-term assets	17,924.42	24,493.28
Net cash received from disposal of subsidiaries or other operational units		
Other investment-related cash received	1,533,898,000.00	2,050,778,164.28
Sub-total of cash inflow due to investment activities	1,612,912,655.60	2,082,294,178.72
Cash paid for construction of fixed assets, intangible assets and other long-term assets	158,051,359.80	228,526,111.45
Cash paid as investment		13,440,000.00
Net increase of loan against pledge		
Net cash received from subsidiaries and other operational units		

Other cash paid for investment activities	1,913,998,000.00	1,157,904,000.00
Sub-total of cash outflow due to investment activities	2,072,049,359.80	1,399,870,111.45
Net cash flow generated by investment	-459,136,704.20	682,424,067.27
III. Cash flow generated by financing		
Cash received as investment		
Including: Cash received as investment from minor shareholders		
Cash received as loans	177,700,000.00	77,700,000.00
Other financing –related cash received		
Sub-total of cash inflow from financing activities	177,700,000.00	77,700,000.00
Cash to repay debts	77,800,000.00	119,900,000.00
Cash paid as dividend, profit, or interests	82,634,116.70	203,426,853.46
Including: Dividend and profit paid by subsidiaries to minor shareholders		
Other cash paid for financing activities	75,745,129.13	2,530,666.67
Sub-total of cash outflow due to financing activities	236,179,245.83	325,857,520.13
Net cash flow generated by financing	-58,479,245.83	-248,157,520.13
IV. Influence of exchange rate alternation on cash and cash equivalents	6,747,263.44	-707,669.86
V. Net increase of cash and cash equivalents	-183,903,994.56	424,218,280.91
Add: balance of cash and cash equivalents at the beginning of term	1,645,907,650.92	1,262,186,817.20
VI. Balance of cash and cash equivalents at the end of term	1,462,003,656.36	1,686,405,098.11

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

6. Cash flow statement of the Parent Company

In RMB

Items	The first half year of 2020	The first half year of 2019
I. Cash flows from operating activities		
Cash received from sales of goods or rendering of services	1,009,834,279.72	771,903,511.87
Tax returned	4,056.54	0.00
Other cash received from business operation	49,456,848.95	13,952,892.56
Sub-total of cash inflow	1,059,295,185.21	785,856,404.43
Cash paid for purchasing of merchandise and services	502,853,109.86	469,234,191.52

Cash paid to staffs or paid for staffs	285,820,623.95	246,224,211.20
Taxes paid	25,792,568.08	109,451,334.92
Other cash paid for business activities	26,431,269.07	43,083,180.34
Sub-total of cash outflow from business activities	840,897,570.96	867,992,917.98
Net cash generated from /used in operating activities	218,397,614.25	-82,136,513.55
II. Cash flow generated by investing		
Cash received from investment retrieving	50,000,000.00	0.00
Cash received as investment gains	141,288,093.65	84,579,938.70
Net cash retrieved from disposal of fixed assets, intangible assets, and other long-term assets	0.00	0.00
Net cash received from disposal of subsidiaries or other operational units	0.00	0.00
Other investment-related cash received	625,000,000.00	1,236,201,629.52
Sub-total of cash inflow due to investment activities	816,288,093.65	1,320,781,568.22
Cash paid for construction of fixed assets, intangible assets and other long-term assets	70,383,582.14	102,779,580.07
Cash paid as investment	0.00	369,212,943.59
Net cash received from subsidiaries and other operational units	0.00	0.00
Other cash paid for investment activities	1,045,000,000.00	302,000,000.00
Sub-total of cash outflow due to investment activities	1,115,383,582.14	773,992,523.66
Net cash flow generated by investment	-299,095,488.49	546,789,044.56
III. Cash flow generated by financing		
Cash received as investment		
Cash received as loans	100,000,000.00	0.00
Other financing –related ash received		
Sub-total of cash inflow from financing activities	100,000,000.00	
Cash to repay debts		
Cash paid as dividend, profit, or interests	535,318.25	154,217,773.32
Other cash paid for financing activities	73,364,395.79	0.00
Sub-total of cash outflow due to financing activities	73,899,714.04	154,217,773.32
Net cash flow generated by financing	26,100,285.96	-154,217,773.32
IV. Influence of exchange rate alternation on cash and cash equivalents		
	6,556,443.98	-976,692.26
V. Net increase of cash and cash equivalents		
	-48,041,144.30	309,458,065.43
Add: balance of cash and cash equivalents at the beginning of	967,501,994.48	842,347,117.83

term		
VI ..Balance of cash and cash equivalents at the end of term	919,460,850.18	1,151,805,183.26

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

7. Consolidated Statement on Change in Owners' Equity

Amount in this period

In RMB

Items	The first half year of 2020														
	Owner's equity Attributable to the Parent Company													Minor shareholders' equity	Total of owners' equity
	Share Capital	Other Equity instrument			Capital reserves	Less: Shares in stock	Other Comprehensive Income	Specialized reserve	Surplus reserves	Common risk provision	Retained profit	Other	Subtotal		
	Preferrred stock	Sustainable debt	Other												
I. Balance at the end of last year	754,010,400.00				152,973,219.65		1,784,195,156.34	18,324,473.28	621,112,807.78		3,276,880,091.53		6,607,496,148.58	451,479,493.03	7,058,975,641.61
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				152,973,219.65		1,784,195,156.34	18,324,473.28	621,112,807.78		3,276,880,091.53		6,607,496,148.58	451,479,493.03	7,058,975,641.61
III. Changed in the current year						73,364,395.79	-122,474,780.71	-218,142.40			82,147,642.72		-113,909,676.18	-42,871,915.67	-156,781,591.85
(1) Total comprehensive income							-122,474,780.71				230,908,137.72		108,433,357.01	38,394,645.34	146,828,002.35
(II) Investment or decreasing of capital by owners						73,364,395.79							-73,364,395.79		-73,364,395.79
1. Ordinary Shares invested by shareholders						73,364,395.79							-73,364,395.79		-73,364,395.79
2. Holders of other equity instruments invested capital															

	400.00			19.65	79	375.63		807.78		34.25		72.40		
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Legal Representative: Zheng Bin Person in charge of accounting: Zhao Jiamao Person in charge of Accounting institute: Jin Chan

Amount in last year

In RMB

Items	The first half year of 2019															Minor shareholders' equity	Total of owners' equity			
	Owner's equity Attributable to the Parent Company													Subtotal	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						Minor shareholders' equity	Total of owners' equity
		Pref erred stock	Sust aina ble debt	Othe r																
I. Balance at the end of last year	754,010,400.00				151,684,419.65		1,377,168,522.74	21,020,671.47	621,112,807.78		3,082,544,107.52		6,007,540,929.16	416,989,449.71	6,424,530,378.87					
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				151,684,419.65		1,377,168,522.74	21,020,671.47	621,112,807.78		3,082,544,107.52		6,007,540,929.16	416,989,449.71	6,424,530,378.87					
III. Changed in the current year							215,149,629.90	-784,037.71			9,523,053.01		223,888,645.20	-22,025,528.44	201,863,116.76					
(I) Total comprehensive income							215,149,629.90				160,325,133.00		375,474,762.90	24,655,019.60	400,129,782.50					
(II) Investment or decreasing of capital by owners																				
1. Ordinary Shares invested by shareholders																				

2. Holders of other equity instruments invested capital																				
3. Amount of shares paid and accounted as owners' equity																				
4. Other																				
(III) Profit allotment												-150,802,079.99		-150,802,079.99		-46,358,790.00		-197,160,869.99		
1. Providing of surplus reserves																				
2. Providing of common risk provisions																				
3. Allotment to the owners (or shareholders)												-150,802,079.99		-150,802,079.99		-46,358,790.00		-197,160,869.99		
4. Other																				
(IV) Internal transferring of owners' equity																				
1. Capitalizing of capital reserves (or to capital shares)																				
2. Capitalizing of surplus reserves (or to capital shares)																				
3. Making up losses by surplus reserves.																				
4. Change amount of defined benefit plans that carry forward																				
Retained earnings																				
5. Other comprehensive income carry-over retained earnings																				
6. Other																				
(V). Special reserves												-784,037.71		-784,037.71		-321,758.04		-1,105,795.75		
1. Provided this year												434,456.69		434,456.69				434,456.69		
2. Used this term												1,218,494.40		1,218,494.40		321,758.04		1,540,252.44		

(VI) Other														
IV. Balance at the end of this term	754,010,400.00			151,684,419.65		1,592,318,152.64	20,236,633.76	621,112,807.78		3,092,067,160.53		6,231,429,574.36	394,963,921.27	6,626,393,495.63

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

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

Amount in this period

In RMB

Items	The first half year of 2020											
	Share capital	Other Equity instrument			Capital reserves	Less: Shares in stock	Other Comprehensive Income	Specialized reserve	Surplus reserves	Retained profit	Other	Total of owners' equity
		Pref erred stock	Sust aina ble debt	Other								
I. Balance at the end of last year	754,010,400.00				138,953,250.09		1,784,509,419.91	6,000,000.00	602,356,402.65	2,709,696,426.43		5,995,525,899.08
Add: Change of accounting policy												
Correcting of previous errors												
Other												
II. Balance at the beginning of current year	754,010,400.00				138,953,250.09		1,784,509,419.91	6,000,000.00	602,356,402.65	2,709,696,426.43		5,995,525,899.08
III. Changed in the current year						73,364,395.79	-122,479,780.31			132,471,497.10		-63,372,679.00
(I) Total comprehensive income							-122,479,780.31			281,231,992.10		158,752,211.79
(II) Investment or decreasing of capital by owners						73,364,395.79						-73,364,395.79
1. Ordinary Shares invested by shareholders						73,364,395.79						-73,364,395.79

2. Holders of other equity instruments invested capital													
3.Amount of shares paid and accounted as owners' equity													
4. Other													
(III) Profit allotment												-148,760,495.00	-148,760,495.00
1.Providing of surplus reserves													
2. Allotment to the owners (or shareholders)												-148,760,495.00	-148,760,495.00
3. Other													
(IV) Internal transferring of owners' equity													
1. Capitalizing of capital reserves (or to capital shares)													
2. Capitalizing of surplus reserves (or to capital shares)													
3. Making up losses by surplus reserves.													
4.Change amount of defined benefit plans that carry forward													
Retained earnings													
5. Other comprehensive income carry-over retained earnings													
6. Other													
(V) Special reserves													
1. Provided this year												700,061.12	700,061.12
2. Used this term												700,061.12	700,061.12
(VI) Other													

IV. Balance at the end of this term	754,010,400.00				138,953,250.09	73,364,395.79	1,662,029,639.60	6,000,000.00	602,356,402.65	2,842,167,923.53		5,932,153,220.08
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Legal Representative: Zheng Bin Person in charge of accounting: Zhao Jiamao Person in charge of Accounting institute: Jin Chan

Amount in last year

In RMB

Items	The first half year of 2019											
	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	Sust aina ble debt	Other								
I. Balance at the end of last year	754,010,400.00				138,953,250.09		1,377,784,111.74	7,609,505.31	602,356,402.65	2,602,026,967.56		5,482,740,637.35
Add: Change of accounting policy												
Correcting of previous errors												
Other												
II. Balance at the beginning of current year	754,010,400.00				138,953,250.09		1,377,784,111.74	7,609,505.31	602,356,402.65	2,602,026,967.56		5,482,740,637.35
III. Changed in the current year							214,917,350.34	-218,275.51		46,687,677.41		261,386,752.24
(I) Total comprehensive income							214,917,350.34			197,489,757.40		412,407,107.74
(II) Investment or decreasing of capital by owners												
1. Ordinary Shares invested by shareholders												
2. Holders of other equity instruments invested capital												
3. Amount of shares paid and accounted as owners' equity												

4. Other												
(III) Profit allotment										-150,802,079.99		-150,802,079.99
1.Providing of surplus reserves												
2. Allotment to the owners (or shareholders)										-150,802,079.99		-150,802,079.99
3. Other												
(IV) Internal transferring of owners' equity												
1. Capitalizing of capital reserves (or to capital shares)												
2. Capitalizing of surplus reserves (or to capital shares)												
3. Making up losses by surplus reserves.												
4.Change amount of defined benefit plans that carry forward Retained earnings												
5. Other comprehensive income carry-over retained earnings												
6. Other												
(V) Special reserves								-218,275.51				-218,275.51
1. Provided this year								434,456.69				434,456.69
2. Used this term								652,732.20				652,732.20
(VI) Other												
IV. Balance at the end of this term	754,010,400.00				138,953,250.09	1,592,701,462.08	7,391,229.80	602,356,402.65	2,648,714,644.97			5,744,127,389.59

Legal Representative: Zheng Bin

Person in charge of accounting: Zhao Jiamao

Person in charge of Accounting institute: Jin Chan

III. Basic Information of the Company

Hangzhou Steam Turbine Co., Ltd. (the Company) was incorporated as a joint stock limited company exclusively promoted by Hangzhou Steam Turbine & Power Group Company Limited (“HSTG”) approved by the Securities Regulatory Commission of the State Council with the Document SRC [1998] No. 8 by offering domestically listed foreign currency ordinary shares (B Shares), with registration date: April 23, 1998, Headquartered in Hangzhou, Zhejiang Province. The company now holds a unified social credit code for the 913300007042026204 business license, The Company’s registered capital is increased to RMB754.0104 million with total capital share of 754.0104 million shares (face value RMB1.00). Among which state-owned legal person shares were 479.8248 million shares and 274.1856 million shares of current B shares. The shares were issued and listed for trading in Shenzhen Stock Exchange on April 28, 1998.

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

These Financial Statements are released upon approval at the 7th meeting of the 8th term of Board held on August 27, 2020.

19 subsidiaries including Zhejiang Steam Turbine Packaged Technologies Co., Ltd., Hangzhou Zhongneng Steam Turbine Power Co., Ltd., Hangzhou Steam Turbine Casting Co.,Ltd. Hangzhou Steam Turbine Auxiliary Co., Ltd., Hangzhou Steam Turbine Machinery & Equipment Co., Ltd., Zhejiang Turbine Import & Export Co., Ltd., and Hangzhou Steam Turbine Heavy Industry Co., Ltd., were consolidated to the Financial Statements. For details Note VI of Financial statement notes

IV. Basis of compiling the finance report

(I) Basis of compiling

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

(II) Assessment on perpetuation

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

V. Principal Accounting Policies and Estimations

Principal Accounting Policies and Estimations

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

1. Statement of compliance to the Enterprise Accounting Standard

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

2. Fiscal year

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

3. Operational period

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

4. Standard currency for bookkeeping

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

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

1. Treatment of entities under common control

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

2. Treatment of entities under different control

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

6. Method for preparing the consolidated financial statements

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

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

None

8. Recognition of cash and cash equivalents

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

9. Foreign currency trade and translation of foreign currencies

1. Translation of foreign currency

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

2. Translation of foreign currency financial statements

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

equity in the balance sheet.

10. Financial instruments

(1) Classification of financial assets and financial liabilities

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

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

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

However, if the accounts receivable initially recognized by the company do not contain significant financing components or the company does not consider the financing components in the contract for less than one year, the initial measurement shall be made according to the transaction price.

2) Subsequent measurement methods of financial assets

① Financial assets measured at amortized cost

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

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

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

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

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

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

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

3) Subsequent measurement methods of financial liabilities

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

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

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

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

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

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

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

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

(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	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.

(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.

2) Account receivable—Table of Aging of Aging Combination and Expected Credit Loss Rate for the Whole

Duration

Aging	Receivables 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 XI(5)-10 Financial instrument of this report.

12. Account receivable

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

13. Financing of receivables

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

15. Inventories

(1) Inventory classification

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

(2) Pricing of inventory to be delivered

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

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

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

(4) Inventory system

Inventory system: perpetual inventory system

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

1. Low price consumable

Basis of amortizing: one-off

2.Packaging materials

Basis of amortizing: one-off

16.Contract assets

17.Construct cost

18.Held-for-sale asset

None

19.Creditor's rights investment

None

20.Other Creditor's rights investment

None

21.Long-term account receivable

None

22. Long-term equity investment

1. Recognition of common control and substantial influence

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

2. Recognition of initial investment costs

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

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

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

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

(2) For the long-term equity investments formed by merger of enterprises under different control, the initial investment cost is recognized by the fair value of combined consideration on purchasing day and related expenses.

Long-term equity investment formed by acquisition of entities under different control by trade in multiple stages are accounted separately in the financial statements and consolidated financial statements.

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

2) Recognition of “one-off” trade in consolidated financial statements

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

(3) Formed by means other than entity merger:

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

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

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

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

3. Subsequent measurement and recognition of gain/loss

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

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

(1) Individual account

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

(2) Basis of Consolidated Financial Statements

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

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

At losing of control power over a former subsidiary, the retained equity shares shall be re-calculated according to the fair value at the day of losing power. Sum of the consideration obtained from disposal and fair value of the retained equity shares, less the share of net asset attributable to the Company on continued basis since purchasing or merger, is accounted into investment gains of the period when the control power is disposed, and goodwill shall be offset meanwhile. Other gains related to the equities in formal subsidiary shall be written over to current investment gains at the period when control power was disposed.

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

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

23. Investment property

The measurement mode of investment property

Not applicable

24. Fixed assets

1. Conditions for fixed asset recognition

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

2. Depreciation

Categories	Basis of depreciation	Depreciation age (year)	Retain value rate	Annual depreciation ratio
Houses & buildings	Straight average on period	20-30	4	4.8-3.2
Equipment & machinery	Straight average on period	8-15	4	12-6.4
Transportation equipment	Straight average on period	4-8	4	24-12
Office equipment	Straight average on period	5	4	19.2

(3) Recognition basis, valuation and depreciation method for financing leased fixed assets

None

25. Construction in process

1. Construction in process is recognized on the basis of characteristics: very possible economic benefit flow in, cost can be measured reliably. Since the date when the construction in process reaches its useful status as expected, the construction in process is measured by the happened cost Since the date when the construction in process reaches its useful status as expected.

2. When the construction in process reaches its useful status as expected, it is transferred into fixed asset at actual cost. If the construction in process has reached useful status but with completion of project settlement process, it is transferred to fixed asset at the value estimated, and adjustment will happen after completion of project settlement process but no adjustment on depreciation provided previously.

26. Loan expenses

1. Capitalizing of loan expenses

Loan expenses occurred in the Company, which can be categorized to purchasing or construction of assets satisfying the conditions of capitalization, shall be capitalized and accounted into capital costs; while other loan expenses are recognized as expenses and recorded into current income account.

2. Capitalization period of loan expenses

(1) Capitalization started as soon as all of these conditions are satisfied: 1) Capital expenditures have occurred; 2) Loan expenses have occurred; 3) Necessary purchasing or construction processes have been started to make the asset usable

or sellable.

(2) If irregular interruption occurred in the purchasing or construction process of the assets satisfying the capitalizing conditions, and suspended for over successive three months, capitalizing of loan expenses is suspended; loan expenses occurred during the suspension period are recognized as current expenses until the purchasing or construction process resumes.

(3) Capitalizing of loan expenses is terminated as soon as the asset satisfying the capitalizing conditions reaches the state of usable or sellable as expected.

3. Rates and amounts of loan expense capitalization

Special loans raised for purchasing or construction of assets satisfying the conditions of capitalization, interest to be capitalized will be the actual interest expenses occurred in the current period of loan (including the discount, premium, or amortizing decided on actual interest rate basis), less the interest income from the unused loans in bank account or provisional investment gains; common loans used for purchasing or construction of assets satisfying the conditions of capitalization, the interest to be capitalized will be the weighted average of balance over special loans multiply capitalization rate of common loans.

27. Biological assets

None

28. Oil-gas assets

None

29. Assets of the right to use

None

30. Intangible assets

(1) Pricing Method, service life and impairment test

1. Intangible assets are land using rights, patents, and non-patent technologies, which are measured at cost basis.

2. For intangible assets with limited useful life, during the use life it is amortized according to the anticipating implementation method of the economic benefit of the intangible asset systematically and reasonably. If can't recognize the anticipating implementation method, the straight basis is deployed.

Items	Amorting years
Land using right	50
Patent	5-20
Software	5

(2) Accounting policy for internal research and development expenditure

Expenditures of internal researching projects are accounted into current term gain and loss when happens. The development period expenditures are recognized as intangible assets when fulfill following conditions: (1) The intangible asset is completed and technically possible to be used or sold; (2) With intention to complete the intangible asset for purpose of use or sale; (3) Evidence showing that there are markets or the products produced with using of the intangible asset, or markets of the intangible asset itself, by which the intangible asset may produce financial benefits.

Intangible assets used inside the Company must be approved for their usable characters. (4) Developing of the intangible assets are supported by sufficient technical, financial, and other resources, and the intangible assets can be used or sold. (5) Expenditures occurred in developing of the intangible asset may be reliably measured.

31. Impairment of partial long-term assets

For those long-term assets such as equity investment, fixed assets measured on cost basis, construction-in-process, intangible assets with limited service life, their recoverable amount shall be evaluated as soon as there was evidence indicating impairment at the balance sheet day. For intangible assets such as goodwill from merger or intangible assets with uncertain service lives, impairment test is performed each year whatever there is evidence of impairment or not. Impairment test on goodwill is performed on combination of related assets.

When the result of prediction shows that the recoverable amount is lower than its book value, the balance shall be provided impairment provision and accounted into current gain/loss.

32. Long-term amortizable expenses

None

33. Contract Liabilities

Before transferring goods to the customer, if the customer has already paid the contract consideration or the company has obtained the right to unconditionally receive the contract consideration, the company shall, at the earlier of the time between the actual payment by the customer and the payment due, make the paid or receivable sums of money the contract liabilities.

34. Employees' wage

1. Employee compensation comprises short-term compensation, post-service benefit, resignation benefit and other long-term employee benefits.

2. 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.

3. 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

None

36. Expected liabilities

(1) When it is very much likely to cause economic interests which can be reliably calculated outflow from the company to fulfill the obligation which is due to giving security outside, contentious matter, quality guarantee of products, onerous contract and other contingency, the company will regard the obligation as anticipation liabilities.

(2) The company will make an initial measurement of anticipation liabilities according to needed expense of best estimation when fulfilling related obligations and check the book value of anticipation liabilities on the balance sheet date.

37.Share-based Payment

None

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

None

39.Revenues

1. Recognizing of revenue

Since the starting date of the contract, the company shall evaluate the contract, identifies each individual performance obligation contained in, and determines whether each individual performance obligation is performed within a certain period of time or at a certain point of time.

The performance obligation is defined as fulfillment within a certain period of time if one of the following conditions is met, otherwise, it is defined as fulfilled at a certain point in time: (1) The customer obtains and consumes the economic benefits brought by the company's performance while the company performs the contract; 2) The

customer can control the goods under manufacturing or services during the company's performance; (3) The goods or services produced during the company's performance have irreplaceable uses, and the company has the right to accumulate for the completed performances during the entire contract period.

For obligations performed within a certain period of time, the company recognizes revenue in accordance with the performance progress in that period. If the performance progress cannot be reasonably determined, and the cost incurred is expected to be compensated, the revenue shall be recognized according to the amount of the cost incurred until the performance progress can be reasonably determined. For obligations performed at a certain point in time, revenue shall be recognized at the point when the customer obtains control of the relevant goods or services. When judging whether the customer has obtained control of the product, the company shall consider the following points: (1) The company has the current right to receive payment for the product, that is, the customer has the current payment obligation for the product; (2) The company has transferred the legal ownership of the product to the customer, that is, the customer has the legal ownership of the product; (3) The company has transferred the physical product to the customer, that is, the customer has physically taken possession of the product; (4) The company has transferred the main risks and rewards on the ownership of the product to the customer, that is, the customer has obtained the main risks and rewards on the ownership of the product; (5) the customer has accepted the product; (6) other signs that the customer has obtained control of the product.

2. Principle of income measurement

(1) The company shall measure revenue based on the transaction price allocated to each individual performance obligation. The transaction price is the amount of consideration that the company expects to be entitled to receive due to the transfer of goods or services to customers, while does not include payments received on behalf of third parties and payments expected to be returned to customers.

(2) If there is variable consideration in the contract, the company shall determine its best estimate according to the expected value or the most likely amount, but the transaction price including the variable consideration shall not exceed the accumulated amount that, if relevant uncertainty is eliminated, will most likely have no significant reversal.

(3) If there is any significant financing component in the contract, the company shall determine the transaction price based on the amount payable in cash when the customer assumes control of the goods or services. The difference between transaction price and contract consideration shall be amortized through effective interest method during the contract period.

(4) If the contract contains two or more performance obligations, the company shall, on date of the contract, allocate the transaction price to each individual obligation item in accordance with the relative proportion of the separate selling price of promised goods.

3. Specific methods of revenue recognition

The company's selling of steam turbines, gas turbine or spare parts shall belong to the performance of obligation at a certain point in time. Recognition of domestic product revenue shall meet the following conditions: The company has

delivered the product to the customer in accordance with the contract and the customer has accepted the product. the payment has been recovered or the receipt of payment has been obtained and the relevant economic benefits are likely to flow in, the main risk and remuneration on ownership of the product has been transferred, and the legal ownership of the goods has been transferred. Recognition of export product revenue shall meet the following conditions: The company has declared the product in accordance with the contract, obtained the bill of lading, recovered the payment or obtained the receipt of payment and related economic benefits are likely to flow in, the main risks and rewards on the ownership of the product have been transferred, and the legal ownership of the goods has been transferred.

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

When the Company is the lessee, the amount is recorded to asset cost or recognized as gain/loss of current period on straight basis to the periods of lease. Initial direct expenses are accounted into current gain/loss. Contingent rentals are recorded to current gain/loss at actual occurrence.

When the Company is the leaser, the amount is recorded to current gain/loss at straight basis to the periods of lease. Initial direct expenses are recorded to current gain/loss other than those with greater amount which are capitalized and recorded to gain/loss of different periods. Contingent rentals are recorded to current gain/loss at actual occurrence.

(2) Accounting Method for Financing Leases

None

43. Other significant accounting policies and estimates

Work safety costs

The Company withdraws and includes work safety costs into relevant product costs or current profits and loss and the subject of "special reserve" as per Measures for Management of Enterprise Withdrawal and Use of Work Safety Costs (Cai Qi [2012] No.16) jointly promulgated by Ministry of Finance and State Administration of Work Safety. As work safety costs withdrawn are used, ones attributable to the cost disbursement shall directly offset special reserve. To form fixed assets, the disbursement incurred for inclusion into the subject of "construction in progress" shall be recognized as fixed assets when safety projects are completed and available for use as expected; meanwhile, costs for forming fixed assets shall offset special reserve, cumulative depreciation in the corresponding amount shall be recognized and depreciation shall no longer be withdrawn for the fixed assets in the following period.

44. Change of main accounting policies and estimations

(1) Change of main accounting policies

Contents and causes of changes in accounting policies	Approval procedure	Remarks
In July 2017, the Ministry of Finance issued the "Notice on the Amendment and Issuance of the 'Accounting Standards for Business Enterprises No. 14-Revenue' (Cai Kuai [2017] No. 22)" targeting companies that are listed both at home and abroad or those are listed abroad and adopt international finance reporting standards or corporate accounting standards to prepare financial statements, effected on January 1, 2018. For other domestic listed companies, effected on January 1, 2020. The new revenue standard incorporates the original standards on revenue and construction contract into a unified model. Replace the transfer of control rights to the transfer of risk rewards as the time of revenue recognition. Identify individual performance obligations contained in the contract and recognize revenue at each performance. Provide clearer guidance for the accounting treatment of contracts that include multiple transaction arrangements. Provide clear rules for revenue recognition and measurement of certain specific transactions (or events).	The fourth resolution of the eighth meeting of board of directors	

1. Changes in important accounting policies

(1) Changes in accounting policies caused from amendment of corporate accounting standards

1) The company will, since January 1, 2020, implement the "Accounting Standards for Business Enterprises No. 14-Revenue" revised by the Ministry of Finance (hereinafter referred to as the new revenue standards). In accordance with relevant regulations for convergence of the old and new standards, the comparable period information is not adjusted, and the cumulative impact from new standards on the first implementation date is retrospectively adjusted to the amount of retained earnings and other related items in the financial statements at the beginning of the reporting

period.

- ① The main impact of the implementation of the new financial instrument standards on the company's financial statements on January 1, 2020 is as follows:

Items	Balance sheet		
	December 31,2019	Impact of the adjustment of new financial instrument	January 1,2020
Advance payment	2,818,130,397.17	-2,818,130,397.17	
Contract liabilities		2,818,130,397.17	2,818,130,397.17

(2) Change of main accounting estimations

Not applicable

(3) Adjustments to the Financial Statements at the Beginning of the First Execution Year of any New Standards Governing Financial Instruments, Revenue or Leases from year 2020

Applicable

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

Consolidated balance sheet

In RMB

Items	December 31,2019	January 1,2020	Amount involved in the adjustment
Current asset:			
Monetary fund	1,756,320,237.50	1,756,320,237.50	
Settlement provision			
Outgoing call loan			
Transactional financial assets	854,210,990.44	854,210,990.44	
Derivative financial assets			
Notes receivable	46,484,259.65	46,484,259.65	
Account receivable	2,025,081,342.74	2,025,081,342.74	
Financing of receivables	680,279,893.94	680,279,893.94	
Prepayments	388,562,447.80	388,562,447.80	
Insurance receivable			
Reinsurance receivable			
Provisions of Reinsurance contracts receivable			

Other account receivable	45,520,789.89	45,520,789.89	
Including: Interest receivable			
Dividend receivable	27,827,292.60	27,827,292.60	
Repurchasing of financial assets			
Inventories	2,051,290,269.07	2,051,290,269.07	
Contract assets			
Assets held for sales			
Non-current asset due within 1 year			
Other current asset	71,592,063.09	71,592,063.09	
Total of current assets	7,919,342,294.12	7,919,342,294.12	
Non-current assets			
Loans and payment on other's behalf disbursed			
Creditor' rights investment			
Other creditor's rights investment			
Long-term receivable			
Long term share equity investment	22,129,585.83	22,129,585.83	
Other equity instruments investment	2,490,376,886.96	2,490,376,886.96	
Other non-current financial assets	142,244,014.16	142,244,014.16	
Property investment			
Fixed assets	724,702,558.18	724,702,558.18	
Construction in progress	799,410,358.84	799,410,358.84	
Production physical assets			
Oil & gas assets			
Use right assets			
Intangible assets	275,140,367.22	275,140,367.22	
Development expenses			
Goodwill			
Long-germ expenses to be amortized			
Deferred income tax asset	226,769,514.65	226,769,514.65	
Other non-current asset			
Total of non-current assets	4,680,773,285.84	4,680,773,285.84	
Total of assets	12,600,115,579.96	12,600,115,579.96	
Current liabilities			

Short-term loans	97,840,187.21	97,840,187.21	
Loan from Central Bank			
Borrowing funds			
Transactional financial liabilities			
Derivative financial liabilities			
Notes payable	227,961,541.12	227,961,541.12	
Account payable	1,030,408,716.74	1,030,408,716.74	
Advance receipts	2,818,130,397.17		-2,818,130,397.17
Contract liabilities		2,818,130,397.17	2,818,130,397.17
Selling of repurchased financial assets			
Deposit taking and interbank deposit			
Entrusted trading of securities			
Entrusted selling of securities			
Employees' wage payable	96,205,949.57	96,205,949.57	
Tax payable	34,521,756.98	34,521,756.98	
Other account payable	82,148,405.19	82,148,405.19	
Including: Interest payable			
Dividend payable			
Fees and commissions payable			
Reinsurance fee payable			
Liabilities held for sales			
Non-current liability due within 1 year	200,319.30	200,319.30	
Other current liability			
Total of current liability	4,387,417,273.28	4,387,417,273.28	
Non-current liabilities:			
Reserve fund for insurance contracts			
Long-term loan	22,435,762.23	22,435,762.23	
Bond payable			
Including: preferred stock			
Sustainable debt			
Lease liability			
Long-term payable	730,460,508.59	730,460,508.59	
Long-term remuneration payable to staff			
Expected liabilities	32,202,504.57	32,202,504.57	

Deferred income	51,713,417.61	51,713,417.61	
Deferred income tax liability	316,910,472.07	316,910,472.07	
Other non-current liabilities			
Total non-current liabilities	1,153,722,665.07	1,153,722,665.07	
Total of liability	5,541,139,938.35	5,541,139,938.35	
Owners' equity			
Share capital	754,010,400.00	754,010,400.00	
Other equity instruments			
Including: preferred stock			
Sustainable debt			
Capital reserves	152,973,219.65	152,973,219.65	
Less: Shares in stock			
Other comprehensive income	1,784,195,156.34	1,784,195,156.34	
Special reserve	18,324,473.28	18,324,473.28	
Surplus reserves	621,112,807.78	621,112,807.78	
Common risk provision			
Retained profit	3,276,880,091.53	3,276,880,091.53	
Total of owner's equity belong to the parent company	6,607,496,148.58	6,607,496,148.58	
Minority shareholders' equity	451,479,493.03	451,479,493.03	
Total of owners' equity	7,058,975,641.61	7,058,975,641.61	
Total of liabilities and owners' equity	12,600,115,579.96	12,600,115,579.96	

Parent Company Balance Sheet

In RMB

Items	December 31,2019	January 1,2020	Amount involved in the adjustment
Current asset:			
Monetary fund	1,017,072,165.81	1,017,072,165.81	
Transactional financial assets	532,040,990.44	532,040,990.44	
Derivative financial assets			
Notes receivable	4,712,981.35	4,712,981.35	
Account receivable	1,470,224,608.96	1,470,224,608.96	
Financing of receivables	376,974,822.75	376,974,822.75	

Prepayments	222,187,452.27	222,187,452.27	
Other account receivable	31,067,688.80	31,067,688.80	
Including: Interest receivable			
Dividend receivable	27,827,292.60	27,827,292.60	
Inventories	1,402,933,995.29	1,402,933,995.29	
Contract assets			
Assets held for sales			
Non-current asset due within 1 year			
Other current asset	30,332,464.25	30,332,464.25	
Total of current assets	5,087,547,169.92	5,087,547,169.92	
Non-current assets:			
Creditor's rights investment			
Other Creditor's rights investment			
Long-term receivable			
Long term share equity investment	897,978,418.75	897,978,418.75	
Other equity instruments investment	2,490,376,886.96	2,490,376,886.96	
Other non-current financial assets	119,345,893.13	119,345,893.13	
Property investment			
Fixed assets	413,089,308.63	413,089,308.63	
Construction in progress	246,387,266.69	246,387,266.69	
Production physical assets			
Oil & gas assets			
Use right assets			
Intangible assets	161,688,374.81	161,688,374.81	
Development expenses			
Goodwill			
Long-germ expenses to be amortized			
Deferred income tax asset	174,060,251.09	174,060,251.09	
Other non-current asset			
Total of non-current assets	4,502,926,400.06	4,502,926,400.06	
Total of assets	9,590,473,569.98	9,590,473,569.98	
Current liabilities			
Short-term loans			
Transactional financial liabilities			

Derivative financial liabilities			
Notes payable	10,000,000.00	10,000,000.00	
Account payable	623,426,940.99	623,426,940.99	
Advance receipts	1,908,382,258.12		-1,908,382,258.12
Contract Liabilities		1,908,382,258.12	1,908,382,258.12
Employees' wage payable	49,620,330.21	49,620,330.21	
Tax payable	3,776,368.66	3,776,368.66	
Other account payable	54,954,443.47	54,954,443.47	
Including: Interest payable	0.00	0.00	
Dividend payable	0.00	0.00	
Liabilities held for sales			
Non-current liability due within 1 year			
Other current liability			
Total of current liability	2,650,160,341.45	2,650,160,341.45	
Non-current liabilities:			
Long-term loan			
Bond payable			
Including: preferred stock			
Sustainable debt			
Lease liability			
Long-term payable	545,357,990.20	545,357,990.20	
Long-term remuneration payable to staff			
Expected liabilities	32,202,504.57	32,202,504.57	
Deferred income	50,316,362.61	50,316,362.61	
Deferred income tax liability	316,910,472.07	316,910,472.07	
Other non-current liabilities			
Total non-current liabilities	944,787,329.45	944,787,329.45	
Total of liability	3,594,947,670.90	3,594,947,670.90	
Owners' equity			
Share capital	754,010,400.00	754,010,400.00	
Other equity instruments			
Including: preferred stock			
Sustainable debt			
Capital reserves	138,953,250.09	138,953,250.09	

Less: Shares in stock			
Other comprehensive income	1,784,509,419.91	1,784,509,419.91	
Special reserve	6,000,000.00	6,000,000.00	
Surplus reserves	602,356,402.65	602,356,402.65	
Retained profit	2,709,696,426.43	2,709,696,426.43	
Total of owners' equity	5,995,525,899.08	5,995,525,899.08	
Total of liabilities and owners' equity	9,590,473,569.98	9,590,473,569.98	

(4) Retrospective Restatement of Previous Comparative Data due to the First Execution of any New Standards Governing Financial Instruments or Leases from year 2020

Not applicable

45.Other:None

VI. Taxation

1. Main categories and rates of taxes

Category of taxes	Tax base	Tax rate
VAT	Sales of goods or providing of taxable labor service	13%, 6%
City maintenance and construction tax	Turnover tax payable	5%, 7%
Enterprise income tax	Amount of income taxable	15%, 25%
House tax	For those on price basis, taxes are paid at 1.2% of the balance of original value of the property after deducting of 30%; for those on rental basis, taxes are paid at 12% of the rental.	1.2%, 12%
Educational surcharge	Turnover tax payable	3%
Local education additional	Turnover tax payable	2%

Notes of the disclosure situation of the taxpaying bodies with different enterprises income tax rate

Name	Income tax rate
The Company , Zhongneng Company, Packaged Tech. Company,Casting Company, Zhejiang Huayuan Steam Turbine Machinery Co.,Ltd. and Hangzhou Guoneng Steam Turbine Engineering Co.,Ltd.	15%
Hangzhou Zhongneng Steam Turbine Power (Indonesia) Co., Ltd.	Hangzhou Zhongneng Steam Turbine Power (Indonesia) Co., Ltd. registered in Indonesia

	overseas subsidiaries, the applicable local relevant tax laws and regulations.
Other Subsidiary (Domestic)	25%

2. Preferential tax

1. According to the document “Notice for Qualification of High-tech Enterprises” (GKHZD (2017) No.201) issued by Department of Science and Technology High-tech Development Center, the Company along with Hangzhou Zhongneng Steam Turbine Power Co., Ltd., Zhejiang Packaged Technologies Development Co., Ltd., Zhejiang Huayuan Steam Turbine Machinery Co.,Ltd. and Hangzhou Guoneng Steam Turbine Engineering Co.,Ltd. – subsidiaries of the Company, were qualified as high-tech enterprises for term of three years. As the result of the re-examination on 2020 high-tech enterprises has not yet been determined, the corporate income tax is temporarily reduced at a 15% tax rate.

2. According to the document “Notice for Qualification of High-tech Enterprises” (GKHZD [2020] No.32) issued by Department of Science and Technology High-tech Development Center, the Company along with The Casting Company – subsidiaries of the Company, were qualified as high-tech enterprises for term of three years. Therefore they enjoy 15% of tax for 2020.

3. According to the Notice on Implementing the Policy of Inclusive Tax Relief for Small and Micro Enterprises (CS [2019] No.13) of the Ministry of Finance and the State Administration of Taxation, the subsidiary companies Kunming Hangzhongneng Steam Turbine Power Technology Service Co., Ltd., Guangxi Hangzhongneng Steam Turbine Technology Service Co., Ltd., Tangshan Hangneng Steam Turbine Power Technology Service Co., Ltd., Jilin Hangzhongneng Steam Turbine Power Technology Service Co., Ltd., Urumqi Hangzhongneng Steam Turbine Technology Service Co., Ltd. and Luoyang Hangqi Steam Turbine Technology Service Co., Ltd. shall adopt preferential tax policies for small profit-making enterprises in 2020. For the part of annual taxable income not exceeding 1 million yuan, it shall be included in the taxable income by 20%, and the enterprise income tax shall be calculated and paid at 20%; For the part with an annual taxable income over 1 million yuan but less than 3 million yuan, it shall be included in the taxable income by 50%, and the enterprise income tax shall be calculated and paid at 20%.

3. Other

None

VII. Notes to the Consolidated Financial Statements

1. Monetary funds

In RMB

Items	End of term	Beginning of term
Cash in stock	81,043.96	272,578.83
Bank deposit	1,388,051,822.12	1,680,635,443.37
Other monetary fund	143,702,266.55	75,412,215.30
Total	1,531,835,132.63	1,756,320,237.50

Incl: Total of accounts saved overseas	7,359,628.75	11,220,811.11
The total amount of money that has restrictions on use due to mortgage , pledge or freezing	69,831,476.27	110,412,586.58

Other note:

The bank deposits at the end of the period include the use of restricted guarantee deposit of RMB 92,000.00; the other currency funds at the end of the period include the use of restricted bank acceptance deposit of RMB 68,856,676.27, the guarantee deposit of RMB 882,800.00, and the use of unrestricted repurchase of treasury stock special account funds RMB 72,761,124.46 he can transfer out the payment of RMB 1,201,665.82 due to the acceptance bill at any time.

2. Transactional financial assets

In RMB

Items	End of term	Beginning of term
Financial assets measured at fair value through profit or loss	1,233,985,614.62	854,210,990.44
Of which :		
Equity instrument investment	1,715,614.62	2,040,990.44
Financing product	1,232,270,000.00	852,170,000.00
Of which:		
Total	1,233,985,614.62	854,210,990.44

3. Derivative financial assets

None

4. Notes receivable

(1) Notes receivable listed by category

In RMB

Items	End of term	Beginning of term
Bank acceptance bill	25,322,344.94	30,437,261.72
Trade acceptance bill	45,731,685.68	16,046,997.93
Total	71,054,030.62	46,484,259.65

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 portfolio	82,460,961.46	100.00%	11,406,930.84	13.83%	71,054,030.62	47,328,838.49	100.00%	844,578.84	1.78%	46,484,259.65
Of which:										
Bank acceptance	25,322,344.94	31.00%	0.00		25,322,344.94	30,437,261.72	64.31%			30,437,261.72
Commercial acceptance	57,138,616.52	69.00%	11,406,930.84	19.96%	45,731,685.68	16,891,576.77	35.69%	844,578.84	5.00%	16,046,997.93
Total	82,460,961.46	100.00%	11,406,930.84	13.83%	71,054,030.62	47,328,838.49	100.00%	844,578.84	1.78%	46,484,259.65

Accrual of bad debt provision by portfolio: 11,406,930.84yuan

In RMB

Name	End of term		
	Book balance	Bad debt provision	Proportion%
Commercial acceptance by portfolio term	57,138,616.52	11,406,930.84	19.96%
Total	57,138,616.52	11,406,930.84	--

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

Applicable Not applicable

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

The withdrawal amount of the bad debt provision:

In RMB

Category	Opening balance	Amount of change in the current period				Closing balance
		Accrual	Reversed or collected amount	Write-off	Other	
Commercial acceptance by portfolio term	844,578.84	10,740,824.20	178,472.20	0.00	0.00	11,406,930.84
Total	844,578.84	10,740,824.20	178,472.20			11,406,930.84

Of which the significant actual write-off accounts receivable:

Not applicable

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

None

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

In RMB

Items	Amount of recognition termination at the period-end	Amount of not terminated recognition at the period-end
Bank acceptance bill	15,647,625.54	
Total	15,647,625.54	

(5) Notes transferred to accounts receivable because drawer of the notes fails to executed the contract or agreement

None

(6) The actual write-off accounts receivable

None

5. Accounts receivable

(1) Accounts receivable disclosed by category

In RMB

Category	End of term					Beginning of term				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Proportion %	Amount	Proportion %		Amount	Proportion %	Amount	Proportion %	
Accrual of bad debt provision by single item						3,047,721.94	0.10%	3,047,721.94	100.00%	
Including:										
Accrual of bad debt provision by portfolio	3,149,069,584.24	100.00%	1,095,065,896.56	34.77%	2,054,003,687.68	3,056,135,168.07	99.90%	1,031,053,825.33	33.74%	2,025,081,342.74
Including:										
Total	3,149,069,584.24	100.00%	1,095,065,896.56	34.77%	2,054,003,687.68	3,059,182,890.01	100.00%	1,034,101,547.27	33.80%	2,025,081,342.74

Accrual of bad debt provision by portfolio: 1,095,065,896.56 yuan

In RMB

Name	Closing balance		
	Book balance	Bad debt provision	Proportion
Accrual of bad debt provision by portfolio	3,149,069,584.24	1,095,065,896.56	34.77%
Total	3,149,069,584.24	1,095,065,896.56	--

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

Not applicable

Disclosure by aging

In RMB

Aging	Closing balance
Within 1 year (Including 1 year)	1,064,517,972.95
1-2 years	742,589,235.91
2-3 years	373,245,355.16
Over 3 years	968,717,020.22
3-4 years	199,679,718.64
4-5 years	166,188,325.66
Over 5 years	602,848,975.92
Total	3,149,069,584.24

(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	
Provision for bad debts shall be withdrawn on an individual basis	3,047,721.94		3,047,721.94			
Accrual of bad debt provision by portfolio	1,031,006,728.47	71,127,520.77	7,068,352.68			1,095,065,896.56
Total	1,031,006,728.47	71,127,520.77	10,116,074.62			1,095,065,896.56

(3) The actual write-off accounts receivable

None

(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	717,819,306.07	22.79%	312,265,318.85
Client 2	218,722,248.37	6.95%	148,431,273.75
Client 3	102,167,200.56	3.24%	6,537,862.02
Client 4	80,455,224.36	2.55%	11,647,977.91
Client 5	67,863,644.77	2.16%	67,863,644.77
Total	1,187,027,624.13	37.69%	

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

None

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

None

6. Financing of receivables

In RMB		
Items	End of term	Beginning of term
Notes receivable	663,430,298.85	680,279,893.94
Total	663,430,298.85	680,279,893.94

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:

Not applicable

7. Prepayments

(1) Aging analysis

In RMB				
Aging	End of term		Beginning of term	
	Book balance	Proportion(%)	Book balance	Proportion(%)

Within 1 year	407,653,650.74	89.94%	350,460,871.05	90.19%
1-2 years	27,977,000.00	6.17%	29,444,937.03	7.58%
2-3 years	11,844,055.00	2.61%	3,055,563.05	0.79%
Over 3 years	5,754,044.20	1.28%	5,601,076.67	1.44%
Total	453,228,749.94	--	388,562,447.80	--

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

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

Name	Amount	Proportion(%)
SIEMENS (CHINA) LIMITED	127,678,790.00	28.17%
Shanghai Xiji Generator Co., Ltd.	37,408,095.58	8.25%
Siemens Industrial Turbo machinery AB	23,674,974.26	5.22%
Kailuowen thermal Power technology (Jiangsu) Co., Ltd.	19,364,627.00	4.27%
Mitsubishi Hitachi Electric Gas Engine Service (Nanjing) Co., Ltd	16,363,851.14	3.61%
Total	224,490,337.98	49.53%

8. Other account receivable

In RMB

Nature	Closing balance	Opening balance
Dividend receivable	122,983,614.70	27,827,292.60
Other	19,071,291.16	17,693,497.29
Total	142,054,905.86	45,520,789.89

(1) Interest receivable : None

2) Significant overdue interest

None

3) Bad-debt provision

Not applicable

(2) Dividend receivable

(1) Dividend receivable

In RMB

Items	End of term	Beginning of term
Hangzhou Bank	122,983,614.70	27,827,292.60
Total	122,983,614.70	27,827,292.60

2) Significant dividend receivable aged over 1 year

In RMB

Items	Closing balance	Aging	Reason	Whether occurred impairment and its judgment basis
Hangzhou Bank	27,827,292.60	1-4 years	Equity pledge	No
Total	27,827,292.60	--	--	--

3) Bad-debt provision

Not applicable

(3) Other accounts receivable

1) Other accounts receivable classified by the nature of accounts

In RMB

Nature	Closing book balance	Opening book balance
Accrual of bad debt provision by portfolio:	33,551,927.96	32,955,532.35
Total	33,551,927.96	32,955,532.35

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, 2020	724,820.99	254,659.24	14,282,554.83	15,262,035.06
Balance as at January 1, 2020 in current	—	—	—	—
--Transfer to Stage 2	-321,894.20	321,894.20		
--Transfer to Stage 3		-186,179.70	186,179.70	
--Transfer to Stage 2				
--Transfer to Stage 1				
Provision in the current period	403,985.52	35,200.21	132,353.69	571,539.42
Turn back in the current period	110,792.87	82,713.92	1,159,430.89	1,352,937.68
Reseller in the current period				
Write - off in the current period				

Other				
Balance as at June 30, 2020	696,119.44	342,860.03	13,441,657.33	14,480,636.80

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

Not applicable

Disclosure by aging

In RMB

Aging	Closing balance
Within 1 year(Including 1 year)	14,546,253.61
1-2 years	4,247,456.70
2-3 years	1,039,713.21
Over 3 years	13,718,504.44
3-4 years	1,298,936.82
4-5 years	910,852.25
Over 5 years	11,508,715.37
Total	33,551,927.96

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:	15,262,035.06	571,539.42	1,352,937.68			14,480,636.80
Total	15,262,035.06	571,539.42	1,352,937.68			14,480,636.80

4) The actual write-off accounts receivable

None

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

In RMB

Name	Nature	Closing balance	Aging	Proportion of the total year end balance of the accounts receivable	Closing balance of bad debt provision
Shanghai Customs Waigaoqiao Office	Deposit	3,710,320.94	Over 5 years	11.06%	3,710,320.94
Shandong Jinan Power Generation Equipment Plant Co., Ltd.	Temporary payment receivable	1,360,000.00	Over 5 years	4.05%	1,360,000.00
Hangzhou Boiler Group Co., Ltd.	Temporary payment receivable	1,000,000.00	Over 5 years	2.98%	1,000,000.00
Nantong Jiaxing Thermal Power Co., Ltd.	Deposit	700,000.00	Within 1 year	2.09%	35,000.00
Hangzhou Yuhang District Finance Bureau non-tax income settlement account	Deposit	567,423.00	Over 3 years	1.69%	387,854.80
Total	--	7,337,743.94	--	21.87%	6,493,175.74

6) Accounts receivable involved with government subsidies

None

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

None

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

None

9. Inventories

Whether the company need to comply with the disclosure requirements of the real estate industry

No

(1) Category of Inventory

In RMB

Items	Closing book balance			Opening book balance		
	Book balance	Provision for inventory impairment	Book value	Book balance	Provision for inventory impairment	Book value
Raw materials	453,367,537.48	102,764,892.58	350,602,644.90	496,493,898.48	102,764,892.58	393,729,005.89
Goods in progress	780,364,308.68	62,335,747.40	718,028,561.28	777,309,981.82	62,335,747.40	714,974,234.42
Stock goods	1,313,451,640.66	123,488,458.84	1,189,963,181.82	1,067,164,081.98	124,577,053.23	942,587,028.76
Total	2,547,183,486.82	288,589,098.82	2,258,594,388.00	2,340,967,962.28	289,677,693.21	2,051,290,269.07

(2) Falling price reserves of inventory

In RMB

Items	Opening balance	Increased amount		Decreased amount		Closing balance
		Withdrawal	Reverse or write-off	Reverse or write-off	Other	
Raw materials	102,764,892.58					102,764,892.58
Goods in progress	62,335,747.40					62,335,747.40
Stock goods	124,577,053.23			1,088,594.39		123,488,458.84
Total	289,677,693.21			1,088,594.39		288,589,098.82

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

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

10. Contact assets

None

11. Assets divided as held-to-sold

None

12. Non-current assets due within 1 year

None

13. Other current assets

In RMB

Items	End of term	Beginning of term
Bank financing product		
Input tax deductible	45,412,042.24	65,719,458.12
To verify the input tax		
Prepaid income tax	1,167,776.62	1,771,366.76
Rent charge	915,551.87	4,101,238.21
Property losses pending disposal	91,183.29	
Total	47,586,554.02	71,592,063.09

14.Creditor's right investment: None

15.Other Creditor's right investment: None

16. Long-term accounts receivable : None

17. Long-term equity investment

In RMB

Investees	Opening balance	Increase /decrease								Closing balance	Closing balance of impairment provision
		Additional investment	Decrease in investment	Profits and losses on investments Recognized under the equity method	Other comprehensive income	Changes in other equity	Cash bonus or profits announced to issue	Withdrawal of impairment provision	Other		
2. Affiliated Company											
Zhejiang Zhongrun Gas turbine technology Co., Ltd.	10,883,488.70									10,883,488.70	
Zhejiang Ranchuang Touping Machinery Co., Ltd.	11,246,097.13			-944,417.34						10,301,679.79	
Subtotal	22,129,585.83			-944,417.34						21,185,168.49	
Total	22,129,585.83			-944,417.34						21,185,168.49	

18. Other equity instruments investment

In RMB

Items	End of term	Beginning of term
Hangzhou Bank	2,346,283,027.78	2,490,376,886.96
Total	2,346,283,027.78	2,490,376,886.96

Itemized disclosure of the current non - trading equity instrument investment

In RMB

Name	Recognized dividend income	Accumulating profit	Accumulating profit	Amount of other comprehensive income transferred to retained earnings	Reasons for being measured at fair value and whose changes are included in other comprehensive income	Reasons for other comprehensive income transferred to retained earnings
Hangzhou Bank	95,156,322.10				The company's intention to hold this equity instrument is not to sell or repurchase it in the near future, but to hold it for a long time to obtain stable dividends.	

19. Other non-current 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	87,445,986.77	142,244,014.16
Total	87,445,986.77	142,244,014.16

20. Investment property

(1) Investment property adopted the cost measurement mode

Not applicable

(2) Investment property adopted fair value measurement mode

Not applicable

(3) Details of investment property failed to accomplish certification of property

None

21. Fixed assets

In RMB

Items	End of term	Beginning of term
Fixed assets	692,659,233.28	724,702,558.18
Total	692,659,233.28	724,702,558.18

(1) Details

In RMB

Items	Houses & buildings	Machinery equipment	Transportation equipment	Office equipment	Total
I. Original price					
1. Balance at period-beginning	723,688,582.73	1,017,986,468.77	27,373,257.78	98,848,619.12	1,867,896,928.40
2. Increase in the current period	0.00	3,614,300.92	346,866.82	2,447,593.23	6,408,760.97
(1) Purchase	0.00	3,614,300.92	346,866.82	1,271,552.58	5,232,720.32

(2)					
Transferred from construction in progress	0.00	0.00	0.00	1,176,040.65	1,176,040.65
(3)Increased of Enterprise Combination	0.00	0.00	0.00	0.00	0.00
3.Decreased amount of the period	3,855,956.51	2,899,770.36	627,118.00	1,453,706.35	8,836,551.22
(1) Dispose	3,855,956.51	2,899,770.36	627,118.00	1,453,706.35	8,836,551.22
4. Balance at period-end	719,832,626.22	1,018,700,999.33	27,093,006.60	99,842,506.00	1,865,469,138.15
II.Accumulated amortization					
1.Opening balance	223,930,021.17	811,201,684.42	20,847,765.51	81,033,928.62	1,137,013,399.72
2.Increased amount of the period	10,794,157.09	22,244,367.55	272,845.70	681,057.59	33,992,427.93
(1) Withdrawal	10,794,157.09	22,244,367.55	272,845.70	681,057.59	33,992,427.93
3.Decrease in the reporting period	154,238.25	2,260,007.51	567,349.64	1,386,377.64	4,367,973.04
(1) Disposal	154,238.25	2,260,007.51	567,349.64	1,386,377.64	4,367,973.04
4.Closing balance	234,569,940.01	831,186,044.46	20,553,261.57	80,328,608.57	1,166,637,854.61
III. Impairment provision					
1.Opening balance	1,504,928.24	3,600,121.12		1,075,921.14	6,180,970.50
2.Increase in the reporting period					
(1) Withdrawal					
3.Decrease the reporting period	0.00	0.00	0.00	8,920.24	8,920.24
(1) Disposal	0.00	0.00	0.00	8,920.24	8,920.24
4. Closing balance	1,504,928.24	3,600,121.12	0.00	1,067,000.90	6,172,050.26
IV. Book value					
1.Book value of the period-end	483,757,757.97	183,914,833.75	6,539,745.03	18,446,896.53	692,659,233.28
2.Book value of the period-begin	498,253,633.32	203,184,663.23	6,525,492.27	16,738,769.36	724,702,558.18

(2) List of temporarily idle fixed assets

None

(3) Fixed assets leased in from financing lease

None

(4) Fixed assets leased out from operation lease

None

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

In RMB

Items	Book value	Reason
Steam turbine power Building	210,830,073.49	In process
Complete sets of factory	39,920,071.94	In process

(6) Liquidation of fixed assets

None

22. Construction in progress

In RMB

Items	End of term	Beginning of term
Construction in progress	1,077,342,567.61	799,410,358.84
Total	1,077,342,567.61	799,410,358.84

(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	1,025,968,176.03		1,025,968,176.03	770,118,198.38		770,118,198.38

Software project	7,779,939.24		7,779,939.24	7,779,939.24		7,779,939.24
Other project	35,161,210.08		35,161,210.08	13,337,401.59		13,337,401.59
Prepayment for equipment or projects	8,433,242.26		8,433,242.26	8,174,819.63		8,174,819.63
Total	1,077,342,567.61		1,077,342,567.61	799,410,358.84		799,410,358.84

(2) Changes of significant construction in progress

In RMB												
Name of project	Budget	Opening balance	Increase	Transferred to fixed assets	Other decrease	End balance	Proportion %	Project process	Capitalization of interest	Including capitalization of interest this period	Capitalization of interest rate (%)	Source of funding
New Plant project	173,328.76	770,118,198.38	255,849,977.65			1,025,968,176.03	59.19%	59.68%	7,806,913.54	1,155,487.14	1.20%	Other
Software project	797.00	7,779,939.24				7,779,939.24	97.62%	95.00%				Other
Other project		13,337,401.59	24,648,440.91	1,176,040.65	1,648,591.77	35,161,210.08						Other
Prepayment for equipment or projects		8,174,819.63	8,073,290.56		7,814,867.93	8,433,242.26						Other
Total	174,125.76	799,410,358.84	288,571,709.12	1,176,040.65	9,463,459.70	1,077,342,567.61	--	--	7,806,913.54	1,155,487.14		--

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

None

(4) Engineering material

None

23. Productive biological assets

(1) Productive biological assets measured at cost methods

Not applicable

(2) Productive biological assets measured at fair value

Not applicable

24. Oil and gas assets

Not applicable

25. Right to use assets

None

26. Intangible assets

(1) Information

In RMB

Items	Land using right	Patent	Non patent technology	Software	Total
I. Original price					
1. Balance at period-beginning	332,298,312.33	309,433.96	0.00	6,203,204.75	338,810,951.04
2. Increase in the current period	0.00	0.00	0.00	853,300.84	853,300.84
(1) Purchase				853,300.84	853,300.84
(2) Internal Development					
(3) Increased of Enterprise Combination					
3. Decreased amount of the period					
(1) Disposal					
4. Closing balance	332,298,312.33	309,433.96	0.00	7,056,505.59	339,664,251.88
II. Accumulated amortization					
1. Opening balance	61,769,705.92	263,920.58	0.00	1,636,957.32	63,670,583.82
2. Increased amount of the period	3,331,432.68	2,735.10	0.00	654,480.03	3,988,647.81
(1) Withdrawal	3,331,432.68	2,735.10	0.00	654,480.03	3,988,647.81
3. Decreased amount of the period					
(1) Disposal					
4. Closing balance	65,101,138.60	266,655.68	0.00	2,291,437.35	67,659,231.63
III. Impairment provision					
1. Opening balance					
2. Increased amount of the					

period					
(1) Withdrawal					
3. Decreased amount of the period					
(1) Disposal					
4. Closing balance					
IV. Book value					
1. Closing book value	267,197,173.73	42,778.28	0.00	4,765,068.24	272,005,020.25
2. Opening book value	270,528,606.41	45,513.38	0.00	4,566,247.43	275,140,367.22

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

None

27. R&D expenses

None

28. Goodwill

None

29. Long-term amortized expenses

None

30. Deferred income tax assets/deferred income tax liabilities

(1) Deferred income tax assets had not been off-set

In RMB

Items	End of term		Beginning of term	
	Deductible difference	temporary assets	Deductible difference	temporary assets
Provision for Asset Impairment	1,409,447,153.05	217,427,661.47	1,342,544,151.28	207,111,114.23
Internal trade profit not realized	51,940,784.12	9,292,438.63	49,610,648.35	8,942,918.26
Deductible loss				
Revenue from changes in fair value generated by financial assets	39,466,566.08	5,919,984.91	37,770,873.39	5,665,631.00

classified at fair value through profit or loss				
Estimated liabilities	32,202,504.57	4,830,375.69	32,202,504.57	4,830,375.69
Temporary difference such as amortizing of software expense	1,463,169.81	219,475.47	1,463,169.81	219,475.47
Total	1,534,520,177.63	237,689,936.17	1,463,591,347.40	226,769,514.65

(2) Deferred income tax liabilities had not been off-set

In RMB

Items	End of term		Beginning of term	
	Deductible temporary difference	Deferred income tax liabilities	Deductible temporary difference	Deferred income tax liabilities
Appraisal and appreciation of combined assets of companies not under the same control				
Changes in fair value of investments in other creditor's rights				
Changes in fair value of investments in other equity instruments	1,955,328,987.78	293,299,348.17	2,099,422,846.96	314,913,427.04
Revenue from changes in fair value generated by financial assets classified at fair value through profit or loss			4,526,027.39	678,904.11
Accumulated depreciation	6,180,970.50	927,145.58	6,180,970.50	927,145.57
Deferred income	2,765,210.50	414,781.57	1,574,345.96	390,995.35
Total	1,964,275,168.78	294,641,275.32	2,111,704,190.81	316,910,472.07

Note: The opening balance and closing balance of unoffset deferred income tax assets or deferred income tax liabilities are presented according to the category of temporary differences, and the corresponding amount of temporary differences.

(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	Temporarily Deductable or Taxable Difference at the End of Report Period	Deferred Income Tax Assets or Liabilities at the Beginning of	Temporarily Deductable or Taxable Difference at the Beginning of Report Period
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	Period		Report Period	
Deferred income tax assets		237,689,936.17		226,769,514.65
Deferred income tax liabilities		294,641,275.32		316,910,472.07

(4) Details of income tax assets not recognized

In RMB

Items	End of term	Beginning of term
Deductible provisional differences	6,276,380.47	3,522,673.60
Deductible losses	3,869,065.70	3,363,565.02
Total	10,145,446.17	6,886,238.62

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

In RMB

Year	End of term	Beginning of term	Remark
2021	507,583.48	507,583.48	
2022	2,762,296.57	2,762,296.57	
2023	93,489.37	93,489.37	
2024	195.60	195.60	
2025	505,500.68		
Total	3,869,065.70	3,363,565.02	--

31. Other non-current assets

None

32. Short-term borrowings

(1) Category of short-term borrowings

In RMB

Items	End of term	Beginning of term
Mortgage Borrowings	60,000,000.00	60,085,066.67
Guarantee Borrowing	137,700,000.00	37,755,120.54
Total	197,700,000.00	97,840,187.21

Note:

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

None

33. Transactional financial liabilities

None

34. Derivative financial liability

None

35. Notes payable

In RMB

Items	End of term	Beginning of term
Bank acceptance bill	240,170,034.62	227,961,541.12
Total	240,170,034.62	227,961,541.12

36. Accounts payable

(1) List of accounts payable

In RMB

Items	End of term	Beginning of term
Goods	1,237,895,913.72	976,932,194.16
Equipment and Engineering	97,035,784.64	53,476,522.58
Total	1,334,931,698.36	1,030,408,716.74

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

None

37. Advances received

(1) List of Advances received

None

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

None

38.Contract liabilities

In RMB

Items	End of term	Beginning of term
Goods	3,099,833,164.03	2,818,130,397.17
Total	3,099,833,164.03	2,818,130,397.17

39. Payroll payable

(1) List of Payroll payable

In RMB

Items	Beginning of term	Increased this period	Decreased this period	End of term
Short-term compensation	71,207,361.75	351,348,653.30	371,917,120.47	50,638,894.58
Post-employment benefits - defined contribution plans	24,998,587.82	35,354,803.41	42,573,301.08	17,780,090.15
Dismissal welfare		18,678.00	18,678.00	
Total	96,205,949.57	386,722,134.71	414,509,099.55	68,418,984.73

(2) Presentation of short-term compensation

In RMB

Items	Opening balance	Increase	Decrease	Closing balance
(1) Salary, bonus, allowance and subsidy	53,459,703.08	281,526,390.60	311,371,037.89	23,615,055.79
(2) Employee benefits		16,415,741.25	9,133,138.48	7,282,602.77
(3) Social insurance expenses	7,315,733.29	18,930,218.11	19,097,217.83	7,148,733.57
Including: medical insurance premium	6,806,787.26	18,203,750.80	17,965,805.39	7,044,732.67
Work-related injury insurance premium	106,621.82	479,887.61	483,048.53	103,460.90
Maternity insurance premium	402,324.21	246,579.70	648,363.91	540.00
(4) Housing fund	104,323.96	27,175,999.00	27,180,689.00	99,633.96
(5) Labor union expenditures and employee education expenses	10,327,601.42	7,300,304.34	5,135,037.27	12,492,868.49
Total	71,207,361.75	351,348,653.30	371,917,120.47	50,638,894.58

(3) List of drawing scheme

In RMB

Items	Opening balance	Increase	Decrease	Closing balance
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1. Basic pension insurance	4,734,914.56	20,128,512.71	20,388,644.52	4,474,782.75
2. Unemployment insurance	171,523.17	719,828.70	728,676.20	162,675.67
3. Enterprise annual fee	20,092,150.09	14,506,462.00	21,455,980.36	13,142,631.73
Total	24,998,587.82	35,354,803.41	42,573,301.08	17,780,090.15

40. Taxes Payable

In RMB

Items	End of term	Beginning of term
VAT	11,926,489.68	7,102,002.57
Enterprise Income tax	32,029,014.71	16,168,061.29
Individual Income tax	847,846.85	1,471,876.19
City Construction tax	854,907.02	702,531.26
Property tax	348,901.25	5,020,068.01
Land use tax	98,643.50	3,152,220.40
Education subjoin	367,175.72	312,788.18
Locality Education subjoin	244,764.03	208,525.44
Other	191,545.90	383,683.64
Total	46,909,288.66	34,521,756.98

41. Other account payable

In RMB

Items	End of term	Beginning of term
Interest payable	93,150.68	
Dividend payable	148,760,495.00	
Other account payable	68,855,390.60	82,148,405.19
Total	217,709,036.28	82,148,405.19

(1) Interest payable

In RMB

Items	End of term	Beginning of term
Interest on short-term borrowings	93,150.68	

Total	93,150.68	
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Particulars of significant overdue unpaid interest:

None

(2) Dividends payable

In RMB

Items	End of term	Beginning of term
Common dividends	148,760,495.00	
Total	148,760,495.00	

(3) Other accounts payable

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

In RMB

Items	End of term	Beginning of term
Deposit	14,466,786.31	13,661,447.55
Provisional account payable	53,035,769.01	66,817,647.74
Other	1,352,835.28	1,669,309.90
Total	68,855,390.60	82,148,405.19

② Significant other payables for over 1 year

None

42. Liabilities classified as holding for sale

None

43. Non-current liabilities due within 1 year

In RMB

Items	End of term	Beginning of term
Long-term Borrowing loans due within 1 year	100,000.00	200,319.30
Total	100,000.00	200,319.30

44. Other current-liabilities

None

45. Long-term borrowing

(1) Category of long-term loan

In RMB

Items	End of term	Beginning of term
Mortgage loan	12,500,000.00	12,519,956.60
Guarantee loan	9,900,000.00	9,915,805.63
Total	22,400,000.00	22,435,762.23

46. Bonds payable

None

47. Lease liability

None

48. Long-term payable

In RMB

Items	End of term	Beginning of term
Long term account payable	182,330,000.00	183,554,599.99
Special Payable	500,321,713.17	546,905,908.60
Total	682,651,713.17	730,460,508.59

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

In RMB

Items	End of term	Beginning of term
CDB investment fund	182,000,000.00	182,000,000.00
Income payable of CDB		1,224,599.99
Drawing in administrative restructuring	330,000.00	330,000.00
Total	182,330,000.00	183,554,599.99

Other notes:

According to the relevant agreement of the National Development Fund Investment Contract (hereinafter referred

to as the Investment Contract) jointly signed by the Company, National Development Fund Co., Ltd. (hereinafter referred to as the NDF), Hangzhou Steam Turbine Industry Co., Ltd. and Hangzhou Steam Turbine Group, the NDF invested RMB 208,000,000.00 in Hangzhou Steam Turbine Industry Co., Ltd., the subsidiary, The NDF obtains 1.2% of the proceeds through dividends or repurchasing premium each year for the above investment; According to the investment contract, Hangzhou Turbine Group will buy back its stake in the turbine heavy industry company by stages from 2019 to the national development fund. In addition, according to the share transfer agreement in the buyback stage, Hangzhou Turbine Group will resell the shares to the company at the same price after buyback. Hangzhou Turbine Group has bought back the investment of 26,000,000.00 yuan from the national development fund and resold it to the company at the same price. Turbine Heavy Industry Company received the above-mentioned investment from CDI Development Fund on December 27, 2016. According to the relevant investment return agreement in the investment contract, the Company will report it as long-term payables when preparing the consolidated financial statements. As of June 30, 2020, the accumulated recognized income payable for this investment is 8,662,333.35 yuan, of which the current recognized income payable is 1,156,133.35 yuan.

(2) Special Payable

In RMB

Items	Beginning of term	Increased this period	Decreased this period	End of term	Reason
Compensation for relocation	545,401,106.60		47,297,399.04	498,103,707.56	
Funding for Personnel Training	1,504,802.00	1,220,000.00	506,796.39	2,218,005.61	
Subtotal	546,905,908.60	1,220,000.00	47,804,195.43	500,321,713.17	--

Other note:

The decrease of relocation compensation in the current period is mainly because RMB 47,297,399.04 is transferred into other income.

49. Long term payroll payable

None

50. Estimated liabilities

In RMB

Items	End of term	Beginning of term	Reason
Proceedings without judgement	32,202,504.57	32,202,504.57	
Total	32,202,504.57	32,202,504.57	--

51. Deferred income

In RMB

Items	Beginning of term	Increased this period	Decreased this period	End of term	Reason
Government Subsidy	51,713,417.61	47,297,399.04	48,488,263.58	50,522,553.07	Receive government subsidies
Total	51,713,417.61	47,297,399.04	48,488,263.58	50,522,553.07	--

Details of government subsidies

In RMB

Items	Beginning of term	New subsidy in current period	Amount transferred to non-operational income	Other income recorded in the current period	Amount of cost deducted in the current period	Other change	End of term	Asset-related or income-related
Financial support for industrial projects	201,460.00						201,460.00	Related to assets
Government subsidy for casting project	201,460.00						201,460.00	Related to assets
Circular economy financial subsidy	79,870.00						79,870.00	Related to assets
Finance for casting project	914,265.00						914,265.00	Related to assets
Compensation for requisition and relocation-newly built complete plant	40,595,635.04			674,719.70			39,920,915.34	Related to assets
Compensation for requisition and relocation-Heavy Equipment	9,720,727.57			516,144.84			9,204,582.73	Related to assets

Compensation for requisition and relocation-- Relocation expenditure	0.00	47,297,399.04		47,297,399.04			0.00	Related to earnings
Total	51,713,417.61	47,297,399.04	0.00	48,488,263.58	0.00	0.00	50,522,553.07	

52. Other non-current liabilities

None

53. Stock capital

In RMB

	Balance Year-beginning	Increase/decrease this time (+, -)					Balance year-end
		Issuing of new share	Bonus shares	Transferred from reserves	Other	Subtotal	
Total of capital shares	754,010,400.00						754,010,400.00

54. Other equity instruments

None

55. Capital reserves

In RMB

Items	Year-beginning balance	Increase in the current period	Decrease in the current period	Year-end balance
Capital premium	92,942,694.56			92,942,694.56
Other capital reserves	60,030,525.09			60,030,525.09
Total	152,973,219.65			152,973,219.65

56. Treasury stock

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

Treasury stock	0.00	73,364,395.79		73,364,395.79
Total		73,364,395.79		73,364,395.79

57. Other comprehensive income

In RMB

Items	Opening balance	Occurred current term						Closing balance
		Amount incurred before income tax	Less: Amount transferred into profit and loss in the current period that recognized into other comprehensive income in prior period	Less: Prior period included in other composite income transfer to retained income in the current period	Less: Income tax expenses	After-tax attribute to the parent company	After-tax attribute to minority shareholder	
I. Other comprehensive income that cannot be reclassified in the loss and gain in the future	1,784,509,419.91	-144,093,859.18	0.00	0.00	-21,614,078.87	-122,479,780.31	0.00	1,662,029,639.60
Changes in fair value of investments in other equity instruments	1,784,509,419.91	-144,093,859.18			-21,614,078.87	-122,479,780.31	0.00	1,662,029,639.60
II. Other Comprehensive income that will be reclassified subsequently to profit or loss	-314,263.57	11,741.77	0.00	0.00	0.00	4,999.60	6,742.17	-309,263.97
Difference of translating of foreign currency accounts	-314,263.57	11,741.77				4,999.60	6,742.17	-309,263.97
Total of other comprehensive	1,784,195,156.34	-144,082,117.41	0.00	0.00	-21,614,078.87	-122,474,780.71	6,742.17	1,661,720,375.63

income								
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58.Special reserves

In RMB

Items	Beginning of term	Increased this period	Decreased this period	End of term
Labor safety expenses	18,324,473.28	838,616.00	1,056,758.40	18,106,330.88
Total	18,324,473.28	838,616.00	1,056,758.40	18,106,330.88

Other note, including changes and reason of change:

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

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

59. Surplus reserves

In RMB

Items	Beginning of term	Increased this period	Decreased this period	End of term
Statutory surplus reserves	621,112,807.78			621,112,807.78
Total	621,112,807.78			621,112,807.78

60. Retained profit

In RMB

Items	Amount of this period	Amount of last period
After adjustments: Retained profits at the period beginning	3,276,880,091.53	3,082,544,107.52
Add: Net profit belonging to the owner of the parent company	230,908,137.72	345,138,064.00
Common stock dividend payable	148,760,495.00	150,802,079.99
Retained profit at the end of this term	3,359,027,734.25	3,276,880,091.53

As regards the details of adjusted the beginning undistributed profits

(1) As the retroactive adjustment on Enterprise Accounting Standards and its related new regulations, the affected beginning undistributed profits are RMB 0.00.

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

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

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

61. Business income and Business cost

In RMB

Items	Amount of this period		Amount of last period	
	Income	Cost	Income	Cost
Main Business	2,014,106,118.81	1,383,031,333.07	1,911,865,806.20	1,364,677,904.22
Other	7,561,307.46	4,782,964.35	8,315,896.83	1,726,497.04
Total	2,021,667,426.27	1,387,814,297.42	1,920,181,703.03	1,366,404,401.26

Information related to performance obligations:

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

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

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

The income corresponding to the performance obligations that have not been performed or have been performed incompletely but the contract has been signed at the end of the reporting period is RMB5,578,080,000.00.

62. Taxes and surcharges

In RMB

Items	Amount of this period	Amount of last period
City maintenance and construction tax	5,680,290.68	6,258,277.92
Education surtax	2,463,698.33	2,722,783.20
House tax	348,901.29	332,977.63
Land use tax	98,643.50	1,655,168.00
vehicle and vessel tax	23,420.08	26,793.80
Stamp tax	589,540.08	646,951.82
Locality Education surcharge	1,642,445.84	1,815,188.62
Total	10,846,939.80	13,458,140.99

63. Sales expense

In RMB

Items	Amount of this period	Amount of last period
Employees' remunerations	31,552,848.27	35,345,136.48
Transportation	19,931,848.17	17,358,879.72
Travel expenses	7,154,671.71	11,000,584.22
Business reception expenses	3,275,416.18	3,518,464.60
Consulting service fee	12,063,577.89	8,877,804.98
Conferences	497,005.86	857,979.45
Three charge	2,318,038.13	2,965,403.66
Advertising fee	213,848.82	645,456.86
Office expenses	434,985.47	294,547.52
Unit premium	199,193.37	443,566.81
Other	6,337,963.03	5,588,115.02

Total	83,979,396.90	86,895,939.32
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64. Administrative expense

In RMB

Items	Amount of this period	Amount of last period
Employees' remunerations	161,494,325.81	163,845,277.06
Enterprise relocation costs	50,087,508.78	1,960,436.28
Asset depreciation and amortizing	13,405,445.30	12,905,965.64
Business reception expenses	1,212,732.17	1,341,508.33
Rental fee, House rental, property management, water and power	8,307,176.25	11,812,826.37
Traveling fees	2,136,128.58	4,586,971.31
Material, low-value-consumable	1,004,457.29	1,755,846.28
Office expenses	1,343,574.69	1,171,344.18
Repair costs	4,308,076.64	1,822,902.87
Transpiration expenses	3,061,654.14	4,533,846.56
Other	14,738,720.53	29,431,401.10
Total	261,099,800.18	235,168,325.98

65. R&D Expense

In RMB

Items	Amount of this period	Amount of last period
Labor cost	53,727,113.87	50,307,098.47
Direct materials	41,609,825.30	51,643,451.05
Depreciation expenses	6,079,964.29	6,273,507.75
Test and inspection fee	106,249.26	5,852,855.49
Commissioned research & development	0.00	906,393.74
Other	1,705,763.21	1,777,636.02
Total	103,228,915.93	116,760,942.52

66. Financial expenses

In RMB

Items	Amount of this period	Amount of last period
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Interest expense	3,356,373.45	7,163,329.72
Less: Incoming interests	14,883,294.02	13,686,150.29
Exchange gains/losses	-8,469,678.49	1,120,184.65
Commission	1,027,188.78	1,072,945.23
Other	-245,025.84	75,187.53
Total	-19,214,436.12	-4,254,503.16

67. Other income

In RMB

Items	Amount of this period	Amount of last period
Government subsidies	55,591,999.22	14,470,802.89
Individual tax commission refunds	124,644.18	1,290,786.14
Total	55,716,643.40	15,761,589.03

68. Investment income

In RMB

Items	Amount of this period	Amount of last period
Long - term equity investment income calculated by the equity method	-944,417.34	
Revenue from changes in fair value generated by financial assets classified at fair value through Other comprehensive income	716,981.13	2,763,749.82
Other equity instrument investment during the holding period of dividend income	95,156,322.10	67,968,801.50
Revenue from changes in fair value generated by financial assets classified at fair value through Other comprehensive income	23,459,182.58	28,727,771.34
Total	118,388,068.47	99,460,322.66

69. Net exposure hedging income

None

70. Gains on the changes in the fair value

In RMB

Source	Amount of this period	Amount of last period

Revenue from changes in fair value generated by financial assets classified at fair value through profit or loss	-597,375.82	-1,474,755.34
Total	-597,375.82	-1,474,755.34

71. Credit impairment loss

In RMB

Source	Amount of this period	Amount of last period
Losses on bad debt	-69,862,741.38	6,225,948.82
Total	-69,862,741.38	6,225,948.82

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		197,857.88
Total		197,857.88

73. Asset disposal income

In RMB

Source	Amount of this period	Amount of last period
Profits of disposal of fixed assets	247,052.27	-1,183.02
Total	247,052.27	-1,183.02

74. Non-operating income

In RMB

Items	Amount of this period	Amount of last period	Recorded in the amount of the non-recurring gains and losses
Compensation income	4,631,112.82	576,158.72	
Payment not to be paid	1,240,080.10		

Others	344,931.26	168,680.44	
Total	6,216,124.18	744,839.16	

75. Non-operational expenditure

In RMB

Items	Amount of this period	Amount of last period	Recorded in the amount of the non-recurring gains and losses
Debt restructuring loss	115,229.71	526,315.79	115,229.71
Donations	77,709.00	70,000.00	77,709.00
Non-current assets scrapping loss	395,264.37	497,573.36	395,264.37
Compensation expenses	3,561,655.09	3,681,180.41	3,561,655.09
Fine, late payment	3,462.40	87,175.73	3,462.40
Special Fund for Water Conservancy Construction		66.99	
Other	25,490.14	358,450.00	25,490.14
Total	4,178,810.71	5,220,762.28	4,178,810.71

76. Income tax expenses

(1) Details

In RMB

Items	Amount of this period	Amount of last period
Income tax of current term	40,874,307.40	37,570,544.94
Deferred income tax	-10,328,875.72	-795,145.65
Total	30,545,431.68	36,775,399.29

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

In RMB

Items	Amount of this period
Total profit	299,841,472.57

Income tax expense at statutory / applicable tax rates	44,976,220.89
Effect of different tax rates applicable to subsidiaries	1,960,499.20
Adjustment for income tax in prior year	787,507.48
Income not subject to tax	-16,910,365.81
Expenses not deductible for tax purposes	182,000.78
Affect the use of deferred tax assets early unconfirmed deductible losses	-492,103.27
The current period does not affect the deferred tax assets recognized deductible temporary differences or deductible loss	41,672.41
Income tax expenses	30,545,431.68

77. Other Comprehensive income

See note.

78. Notes Cash flow statement

(1) Other cash received from business operation

Items	In RMB	
	Amount of this period	Amount of last period
Court freezing of deposits	35,000,000.00	
Deposit interest	14,883,294.02	12,657,033.86
Government subsidies received	7,103,735.64	8,849,942.78
Tender and other margin	6,080,914.51	3,376,150.00
Compensation income		63,697.10
Receipt of operating current account	1,229,295.31	900,072.19
Other	1,028,578.16	280,235.91
Total	65,325,817.64	26,127,131.84

2. Other cash paid for Operating activities

Items	In RMB	
	Amount of this period	Amount of last period
Transportation	2,716,781.40	1,852,243.48
Travel expenses	10,926,514.53	16,200,400.44
Business trips	4,510,515.68	4,675,551.83

Maintaining	2,152,993.76	932,917.88
Property management and civil services	5,187,945.81	14,459,646.16
Deposit for bidding and others	9,105,081.51	7,002,407.01
Office expenses	2,045,990.41	1,125,869.55
Conferences	455,082.31	1,012,286.97
Consulting service fee	4,671,841.14	4,134,383.92
Transportation and vehicles	1,455,786.99	1,800,422.55
Other	41,350,002.54	48,915,743.06
Total	84,578,536.08	102,111,872.85

3. Other investment-related cash received

In RMB

Items	Amount of this period	Amount of last period
Repurchasing of trusteeship	1,533,898,000.00	1,736,229,711.39
Receipt of levy and relocation compensation		314,548,452.89
Total	1,533,898,000.00	2,050,778,164.28

4. Other cash paid for investment activities

In RMB

Items	Amount of this period	Amount of last period
Purchasing of financial products	1,913,998,000.00	1,157,904,000.00
Total	1,913,998,000.00	1,157,904,000.00

5. Other financing-related cash received

None

(6) Other cash paid relevant to financing activities

In RMB

Items	Amount of this period	Amount of last period
Payment of CDB investment interest	2,380,733.34	2,530,666.67
Repurchase stocks	73,364,395.79	
Total	75,745,129.13	2,530,666.67

79. Supplement Information for cash flow statement

(1) Supplement Information for cash flow statement

In RMB

Supplementary Info.	Amount of this period	Amount of last period
I. Adjusting net profit to cash flow from operating activities	--	--
Net profit	269,296,040.89	184,666,913.74
Add: Impairment loss provision of assets	69,862,741.38	-6,423,806.70
Depreciation of fixed assets, oil and gas assets and consumable biological assets	33,992,427.93	30,399,548.46
Depreciation of use rights assets		
Amortization of intangible assets	3,988,647.81	3,642,170.34
Amortization of Long-term deferred expenses		
Loss on disposal of fixed assets, intangible assets and other long-term deferred assets	-247,052.27	1,183.02
Loss on scrap of fixed assets	395,264.37	497,573.36
Loss to changes in fair value	597,375.82	1,474,755.34
Financial cost	-5,113,305.04	8,467,221.60
Loss on investment	-118,388,068.47	-99,460,322.66
Decrease of deferred income tax assets	-10,920,421.52	-825,829.94
Increased of deferred income tax liabilities	-22,269,196.75	37,957,275.53
Decrease of inventories	-207,394,199.77	-28,264,852.32
Decrease of operating receivables	-167,471,610.97	-127,219,533.71
Increased of operating Payable	480,854,191.02	-12,688,968.55
Other	-218,142.40	-1,563,923.88
Net cash flows arising from operating activities	326,964,692.03	-9,340,596.37
II. Significant investment and financing activities that without cash flows:	--	--
Debts converted to capital		
Convertible debts mature within one year		

Fixed assets acquired under finance leases		
III. Net changes in cash and cash equivalents:	--	--
Cash at end of year	1,462,003,656.36	1,686,405,098.11
Less: cash at beginning of year	1,645,907,650.92	1,262,186,817.20
Add: cash equivalents at end of year		
Less: cash equivalents at beginning of year		
Net increase of cash and cash equivalents	-183,903,994.56	424,218,280.91

(2) Net Cash paid of obtaining the subsidiary

None

(3) Net Cash receive of disposal of the subsidiary

None

(4) Component of cash and cash equivalents

In RMB

Items	End of term	Beginning of term
I. Cash	1,462,003,656.36	1,645,907,650.92
Of which: Cash in stock	81,043.96	272,578.83
Bank savings could be used at any time	1,387,959,822.12	1,645,633,443.37
Other monetary capital could be used at any time	73,962,790.28	1,628.72
A central bank deposit available for payment		
Deposit of inter-bank funds		
Debit and release of interbank money		
2) Cash equivalents		
Including: Bond investment due in three months		
III. Balance of cash and cash equivalents at the period end	1,462,003,656.36	1,645,907,650.92

Including Use of restricted cash and cash equivalents by parent or group subsidiaries	:		
--	---	--	--

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.
None

81. Assets with limitation on ownership or using rights

In RMB

Items	Closing book value	Causation o limitation
Monetary capital	69,831,476.27	Used as security for issuing of acceptance drafts and bill of guarantees
Fixed assets	114,535,863.69	Collateral for obtaining bank loans and investment funds from CDB
Intangible assets	82,929,877.00	Collateral for obtaining bank loans and investment funds from CDB
Transactional Financial Assets	1,715,614.62	In a lock-up period
Dividend receivable	43,605,292.60	Collateral for obtaining bank loans and investment funds from CDB
Other equity instrument investment	389,040,400.00	Collateral for obtaining bank loans and investment funds from CDB
Construction in process	619,207,141.72	Collateral for obtaining bank loans and investment funds from CDB
Financing receivable	125,299,879.99	Used as security for issuing of acceptance drafts and bill
Total	1,446,165,545.89	--

82. Monetary items in foreign currencies

(1) Foreign currency monetary items

In RMB

Items	Balance at end of period	Exchange rate	Translated to RMB at end of period
Monetary capital	--	--	356,095,052.41
Incl: USD	48,874,318.87	7.0795	346,005,740.41
Euro	298,716.50	7.9610	2,378,082.06

HKD	5.51	0.9129	5.03
Yen	5,342,757.00	0.0658	351,596.16
Rupiah	15,929,932,352.59	0.0005	7,359,628.75
Account receivable	--	--	154,711,030.76
Incl: USD	20,414,411.55	7.0795	144,523,826.57
Euro	970,509.14	7.9610	7,726,223.26
HKD			
Rupiah	4,801,883,549.79	0.0005	2,218,470.20
SGD	47,726.12	5.0813	242,510.73
Long-term borrowing	--	--	
Incl: USD			
Euro			
HKD			
Account payable			26,465,651.62
Incl: USD	573,574.99	7.0795	4,060,624.14
Euro	2,385,626.86	7.9610	18,991,975.43
Rupiah	7,387,558,549.79	0.0005	3,413,052.05
Other receivable			3,539,750.00
Incl: USD	500,000.00	7.0795	3,539,750.00

(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.

Not applicable

83. Hedging

None

84. Government subsidy

1) Government subsidies related to assets

In RMB

Items	Amount	Project	Amount included in current profit and loss
Compensation for requisition- Relocation costs	48,488,263.58	Other income	48,488,263.58
Social security fee refund	2,290,961.12	Other income	2,290,961.12
Hangzhou Economic and Technological Development Zone promotes subsidies for scientific and	1,595,400.00	Other income	1,595,400.00

technological innovation & entrepreneurship			
Several policies for subsidies for the first (set) of major technical equipment	1,455,000.00	Other income	1,455,000.00
Awards for military-civilian integration industry development	800,000.00	Other income	800,000.00
Performance reward for high-level talents in Zhejiang province	285,000.00	Other income	285,000.00
Electricity subsidies for pandemic prevention and control to help companies resume work and production	214,248.00	Other income	214,248.00
Hero rewards for yield per unit area	200,000.00	Other income	200,000.00
Patent incentive rewards	120,600.00	Other income	120,600.00
Proportional employment subsidies for disabled persons	58,290.00	Other income	58,290.00
Financial subsidy for green enterprise development	50,000.00	Other income	50,000.00
Other	34,236.52	Other income	34,236.52
Total	55,591,999.22		55,591,999.22

(2) Government subsidy return

Not applicable

85.Other : None

VIII. Changes of merge scope

1. Business merger not under same control

None

2. Business combination under the same control

None

3. Counter purchase

None

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

None

6. Other

None

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	
Zhejiang Steam Turbine Packaged Technologies Development Co., Ltd.	Hangzhou Zhejiang	Hangzhou Zhejiang	Commerce	70.86%		Incorporation
Hangzhou Zhongneng Steam Turbine Power Co., Ltd.	Hangzhou Zhejiang	Hangzhou Zhejiang	Manufacturing	60.83%		Incorporation
Hangzhou Steam Turbine Casting Co., Ltd.	Hangzhou Zhejiang	Hangzhou Zhejiang	Manufacturing	38.03%		Incorporation
Hangzhou Steam Turbine Machinery Equipment Co., Ltd.	Hangzhou Zhejiang	Hangzhou Zhejiang	Manufacturing	52.00%		Incorporation

Hangzhou Steam Turbine Auxiliary Machinery Co., Ltd. (Auxiliary Machinery Co.)	Hangzhou Zhejiang	Hangzhou Zhejiang	Manufacturing	87.53%		Incorporation
Zhejiang Turbine Import & Export Co., Ltd. (Turbine Co.)	Hangzhou Zhejiang	Hangzhou Zhejiang	Commerce	100.00%		Incorporation
Hangzhou Steam Turbine Heavy Industry Co., Ltd.	Hangzhou Zhejiang	Hangzhou Zhejiang	Manufacturing	100.00%		Incorporation

Basis for holding 50% or less than 50% of the voting power but still controlling the invested organizations

In December 2018, the subsidiary Casting Company introduced external strategic investors, leading to a decrease in the shareholding ratio of the Company from 51% to 38.03%. Since the Company still held more than 1/3 of shares and took three seats in the board of five directors, it still had power of control over the Casting Company.

2. Major non-fully-Owned subsidiaries

In RMB

Name of the subsidiaries	Share portion of minor shareholders	Gains/loss of the period attributable to minor shareholders	Dividend announced in the period to minor shareholders	Balance of equity of minor shareholders at end of period
Zhejiang Steam Turbine Packaged Technologies Development Co., Ltd.	29.14%	5,298,607.46	11,891,160.00	35,464,716.25
Hangzhou Zhongneng Steam turbine Power Co., Ltd.	39.17%	9,593,156.54	40,372,000.00	118,900,238.50

Hangzhou Steam Turbine Casting Co., Ltd.	61.97%	8,558,134.94		159,213,425.42
Hangzhou Steam Turbine Machinery Equipment Co., Ltd.	48.00%	12,596,256.65	28,800,000.00	64,993,798.78
Hangzhou Steam Turbine Auxiliary Machinery Co., Ltd.	12.47%	3,162,289.29		30,035,398.41

3. Material financial information of major non-fully-owned subsidiaries

In RMB

Subsidiaries Name	End of term						Beginning of term					
	Current assets	Non-current assets	Total of assets	Current liabilities	Non-current liabilities	Total liability	Current assets	Non-current assets	Total of assets	Current liabilities	Non-current liabilities	Total liability
Zhejiang Steam Turbine Packaged Technologies Development Co., Ltd.	336,710,841.28	8,792,172.74	345,503,014.02	223,819,247.19	-	223,819,247.19	325,685,155.57	8,209,255.66	333,894,411.23	189,590,803.82	-	189,590,803.82
Hangzhou Zhongneng Steam turbine Power Co., Ltd.	1,183,766,254.68	69,710,164.00	1,253,476,418.68	977,115,113.59	330,000.00	977,445,113.59	1,168,147,686.49	70,569,360.17	1,238,717,046.66	887,176,126.37	330,000.00	887,506,126.37
Hangzhou Steam Turbine Casting Co., Ltd.	415,751,268.77	151,294,951.60	567,046,220.37	279,297,070.94	23,797,055.00	303,094,125.94	387,332,497.08	158,618,200.30	545,950,697.38	271,808,868.65	23,832,817.23	295,641,685.88
Hangzhou Steam Turbine Machinery Equipment	264,845,211.12	28,284,544.26	293,129,755.38	156,178,089.51	1,547,918.40	157,726,007.91	275,472,861.67	30,235,342.07	305,708,203.74	134,998,739.23	1,547,918.40	136,546,657.63

Co., Ltd.												
Hangzhou Steam Turbine Auxiliary Machinery Co., Ltd.	694,988,768.03	100,610,070.16	795,598,838.19	527,883,724.20	-	527,883,724.20	659,359,841.29	103,773,643.18	763,133,484.47	520,777,546.84	-	520,777,546.84

In RMB

Subsidiaries Name	Amount of current period				Amount of previous period			
	Turnover	Net profit	Total Misc Gains	Cash flow for business activities	Turnover	Net profit	Total Misc Gains	Cash flow for business activities
Zhejiang Steam Turbine Packaged Technologies Development Co., Ltd.	88,950,190.73	18,180,159.42	18,180,159.42	50,678,440.33	132,931,775.76	14,770,529.69	14,770,529.69	16,677,677.17
Hangzhou Zhongneng Steam turbine Power Co., Ltd.	463,773,371.54	26,262,274.43	26,274,016.20	48,380,466.31	434,209,306.91	17,020,437.04	17,565,955.46	25,182,061.76
Hangzhou Steam Turbine Casting Co., Ltd.	188,039,370.62	13,810,994.94	13,810,994.94	-2,650,207.83	201,953,546.36	-4,923,525.49	-4,923,525.49	-4,923,310.09
Hangzhou Steam Turbine Machinery	131,998,141.54	26,242,201.36	26,242,201.36	10,784,295.08	134,372,561.91	31,959,387.07	31,959,387.07	34,542,152.34

Equipment Co., Ltd.								
Hangzhou Steam Turbine Auxiliary Machinery Co., Ltd.	307,652,062.40	25,359,176.36	25,359,176.36	3,444,358.68	238,328,136.56	6,346,621.51	6,346,621.51	1,340,271.89

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

None

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

None

3. Equity in joint venture arrangement or associated enterprise

(1) Significant joint venture arrangement or associated enterprise

None

(2) Major joint ventures and associates
None

(3) Main financial information of significant associated enterprise

None

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

In RMB

	Amount of current period	Amount of previous period
Joint venture:	---	---
The total of following items according to the shareholding proportions	---	---
Associated enterprise:	---	---
Total book value of investment	21,185,168.49	22,129,585.83
Totals calculated by shareholding ratio are as follows	---	---
Net profit	-944,417.34	
Total comprehensive income	-944,417.34	

(5) Note to the significant restrictions of the ability of joint venture or associated enterprise transfer funds to the Company

None

(6) The excess loss of joint venture or associated enterprise

None

(7) The unrecognized commitment related to joint venture investment

None

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

None

4. Significant common operation

None

5. Equity of structure entity not including in the scope of consolidated financial statements

None

6. Other

None

X. The risk related financial instruments

The objective of the Company's risk management is to achieve a balance between the risk and gains. Constrain the negative influence on business operation to the lowest limit, and maximum the interests of shareholders and other equity holders. With regard to this target, the basic policies of the Company are; locate and analyse the risks, set appropriate bottom line for risks, and manage and monitor on each risk and constrain them in a certain extent.

Risks attached to financial instruments are mainly credit risks, liquidity risks, and market risks.

The following risk managing policies have been examined and approved by the management:

(I) Credit risks

Credit risks are introduced when one party of the financial instrument failed to exercise its liabilities and then caused financial loss to another.

1. Credit risk management practice

(1) Evaluation method of credit risk

On each balance sheet date, the company evaluates whether the credit risk of relevant financial instruments has increased significantly since the initial confirmation. When determining whether the credit risk has increased significantly since the initial confirmation, the company considers to obtain reasonable and reliable information without unnecessary extra costs or efforts, including qualitative and quantitative analysis based on historical data, external credit risk rating and forward-looking information. Based on a single financial instrument or a combination of financial instruments with similar credit risk characteristics, the company compares the risk of default of financial instruments on the balance sheet date with the risk of default on the initial confirmation date to determine the change of default risk of financial instruments during their expected duration.

When one or more of the following quantitative and qualitative criteria are triggered, the company believes that the credit risk of financial instruments has increased significantly:

1) The quantitative standard is mainly that the probability of default for the remaining duration on the balance sheet date rises by more than a certain proportion compared with the initial confirmation;

2) Qualitative criteria mainly include significant adverse changes in the debtor's operation or financial situation, changes in existing or expected technology, market, economic or legal environment, and significant adverse effects on the debtor's repayment ability of the company.

(2) Definition of default and credit impairment assets

When a financial instrument meets one or more of the following conditions, the company defines the financial asset as having defaulted, and its criteria are consistent with the definition of having incurred credit impairment:

1) The debtor has major financial difficulties;

2) The debtor violates the binding provisions on the debtor in the contract;

3) The debtor is likely to go bankrupt or undergo other financial restructuring;

4) The creditor gives concessions that the debtor will not make under any other circumstances due to

economic or contractual considerations related to the debtor's financial difficulties.

2. Measurement of expected credit loss

Key parameters of expected credit loss measurement include default probability, loss given default and default risk exposure. The company considers the quantitative analysis and forward-looking information of historical statistical data (such as counterparty rating, guarantee method, collateral type, repayment method, etc.) to establish default probability, loss given default and default risk exposure models.

3. Please refer to Notes V (I)3, V (I)4, V (I)5 and V (I)7 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, 2020, the Company has a characteristic of specific credit risk concentration. 37.69% (June 30, 2019: 38.08%) 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.

Financial liabilities are classified by remaining maturity date

Items	Balance in year-end				
	Book value	Undiscounted contract amount	Within 1 year	1-3 years	Over 3 years
Short-term loan	197,700,000.00	203,869,044.63	203,869,044.63		
Note payable	240,170,034.62	240,170,034.62	240,170,034.62		
Account payable	1,334,931,698.36	1,334,931,698.36	1,334,931,698.36		

Other account payable	217,709,036.28	217,709,036.28	217,709,036.28		
Non-current liability due within 1 year	100,000.00	101,190.14	101,190.14		
Long-term loan	22,400,000.00	23,184,940.14		23,184,940.14	
Long-term payable [Note]	182,330,000.00	189,722,000.00	29,352,000.00	57,072,000.00	103,298,000.00
Subtotal	2,195,340,769.26	2,209,687,944.16	2,026,133,004.02	80,256,940.14	103,298,000.00

(Continued)

Items	Balance in year-Beginning				
	Book value	Undiscounted contract amount	Within 1 year	1-3 years	Over 3 years
Short-term loan	97,840,187.21	99,448,165.24	99,448,165.24		
Note payable	227,961,541.12	227,961,541.12	227,961,541.12		
Account payable	1,030,408,716.74	1,030,408,716.74	1,030,408,716.74		
Other account payable	82,148,405.19	82,148,405.19	82,148,405.19		
Non-current liability due within 1 year	200,319.30	205,283.05	205,283.05		
Long-term loan	22,435,762.23	23,820,343.69		23,820,343.69	
Long-term payable [Note]	183,554,599.99	190,484,000.00	29,184,000.00	57,396,000.00	103,904,000.00
Subtotal	1,644,549,531.78	1,654,476,455.03	1,469,356,111.34	81,216,343.69	103,904,000.00

Note: Special payables are not included.

(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, 2020, the company's bank borrowings with floating interest rate were RMB 19,000,000.00

(December 31, 2019: RMB 19,000,000.00). Under the assumption that other variables remain unchanged, assuming that the interest rate changes by 50 benchmark points, there will be no significant impact on the company's total profits and shareholders' equity.

2. Foreign currency risks

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

For details of foreign currency assets and liabilities, please go to the descriptions in the notes to the consolidated financial statements.

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	--	--	--	--
(I) Transactional financial assets and other non-current financial assets	1,715,614.62		1,319,715,986.77	1,321,431,601.39
1. Financial assets classified as fair value through profit or loss	1,715,614.62		1,319,715,986.77	1,321,431,601.39
(1) Financing product			1,232,270,000.00	1,232,270,000.00
(2) Equity instrument investment	1,715,614.62		87,445,986.77	89,161,601.39
(II) Financing receivable			663,430,298.85	663,430,298.85
(III) Other equipment instrument investment	2,346,283,027.78			2,346,283,027.78
Total assets of consistent fair value measurement	2,347,998,642.40		1,983,146,285.62	4,331,144,928.02
Total liabilities of consistent fair value measurement	1,715,614.62		1,319,715,986.77	1,321,431,601.39
II. Non-continuous fair value measurement	---	---	---	---
Total assets of inconsistent fair value measurement				
Total liabilities of inconsistent fair value measurement				

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

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

3. Valuation technique adopted and nature and amount determination of important parameters for consistent and inconsistent fair value measurement items at level 2

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

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

2. Financing of receivables means that the measurement mode held by the company is bills receivable that are measured at fair value and whose changes are included in other comprehensive income. Cost represents the 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

None

6. Explain the reason for conversion and the policy governing when the conversion happens if conversion happens among consistent fair value measurement items at different levels

None

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

None

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

None

9. Other

None

XII. Related party and related Transaction

1. Information related to parent company of the Company

Name of the parent company	Registered place	Business nature	Registered capital	Shareholding ratio in the Company (%)	Voting ratio in the Company (%)
Hangzhou Steam Turbine Group	Hangzhou China	Manufacturing	800 million yuan	63.64%	63.64%

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

2. Subsidiaries of the enterprise

For details of subsidiaries please go to the statement of equities in other entities.

3. Situation of joint ventures and associated enterprises

For details of joint ventures and associated enterprises please go to the statement of equities in other entities.

4. Other related parties

Name of the related parties	Relationship with the Company
Hangzhou Steam turbine Automobile sales service Co., Ltd.	Affiliate of the Group
Hangzhou Hangfa Power Generating Equipment Co., Ltd.	Affiliate of the Group
Hangzhou Nanhua Wooden Packaging Co., Ltd.	Affiliate of the Group
Hangzhou Steam Turbine Engineering Co., Ltd.	Affiliate of the Group
Hangzhou Steam Turbine Power Group Equipment Co., Ltd.	Affiliate of the Group
Hangzhou Steam Turbine Compressor Co., Ltd.	Affiliate of the Group
China Electrical and Mechanical Institute-Hangzhou Turbine Group (Hangzhou) United Research Institute Co., Ltd.	Affiliate of the Group
Hangzhou Steam Turbine Industry & Trade Co., Ltd.	Affiliate of the Group
Greenesol power systems PVT Ltd.	Shareholding enterprise
Hangzhou Bank	Shareholding enterprise

5. Related transaction

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

Purchase of goods and service

In RMB

Related parties	Content of related transaction	Amount of current period	Amount of previous period	Over the trading limit or not?	Amount of last period
-----------------	--------------------------------	--------------------------	---------------------------	--------------------------------	-----------------------

Hangzhou Hangfa Generating Equipment Co., Ltd.	Generators	80,787,433.63	80,787,433.63	No	80,979,594.17
Hangzhou Steam turbine Automobile sales service Co., Ltd.	Transportation , repair , etc.	31,678,281.96	31,678,281.96	No	30,443,515.87
Hangzhou Nanhua Wooden Packaging Co., Ltd.	Packaging			No	7,475,985.95
China Electrical and Mechanical Institute-Hangzhou Turbine Group (Hangzhou) United Research Institute Co., Ltd.	Raw material	775,896.30	775,896.30	No	171,982.76
Hangzhou Steam Turbine Industry & Trade Co., Ltd.	Grind fee, Bagging	7,148,374.71	7,148,374.71	No	
Hangzhou Steam Turbine Engineering Co., Ltd.	Raw material, Technical service	613,207.55	613,207.55	No	861,320.75
Subtotal		121,003,194.15	121,003,194.15		119,932,399.50

Related transactions regarding sales of goods or providing of services

In RMB

Related parties	Subjects of the related transactions	Current term	Same period of last term
Hangzhou Steam Turbine Engineering Co., Ltd.	Steam Turbine, Compressor, Installation service	36,248,770.80	3,209,482.76
Hangzhou Hangfa Generating Equipment Co., Ltd.	Cast parts	5,135,196.02	3,902,039.33
Greenesol power systems PVT Ltd.	Part	114,322.52	315,180.53
Hangzhou Steam Turbine Power Group Co., Ltd.	Small amount materials	349.80	1,019.70
Hangzhou Steam Turbine Automobile Sales Service Co., Ltd.	Small amount materials	69.52	117.49
Subtotal		41,498,708.66	7,427,839.81

(2) Related trusteeship/contract

None

(3) Information of related lease

- The company was lessee: None

The Company was lessee:

In RMB

Name of lessee	Category of leased assets	The lease income confirmed in this year	The lease income confirmed in last year
HSTG	House and building	614,470.42	1,693,306.96
Hangzhou Steam Turbine Industry & Trade Co., Ltd.	House and building	958,376.15	
Hangzhou Steam Turbine Industry & Trade Co., Ltd.	Site leasing	153,250.00	
Hangzhou Steam Turbine Automobile Sales Service Co., Ltd.	Site leasing		1,032,514.68
Hangzhou Steam Turbine Automobile Sales Service Co., Ltd.	Car rental	21,238.94	
Subtotal		1,747,335.51	2,725,821.64

(4) Related-party guarantee

The Company was guarantor

In RMB

Guarantor	Guarantee amount	Start date	End date	Execution accomplished or not
HSTG	208,000,000.00	December 28,2016	December 22,2026	No

The company as guarantor: None

The company and its subsidiaries as guarantors

Guokai Development Fund's investment of 208,000,000.00 yuan to Steam Turbine Heavy Industries Co., Ltd. shall be repurchased by Hangzhou Steam Turbine Group from 2019. The Fund requires the Company and Steam Turbine Heavy Industries Co., Ltd. to provide guarantee for The performance of the equity obligation of the transferred shares by Hangzhou Steam Turbine Group. The company mortgaged to the Development Fund the 45.08 million shares of Hangzhou Bank Co., Ltd. with a carrying value of 389,040,400.00 yuan and dividends receivable of 43,605,292.60 yuan, and the land use right with a carrying value of 64,445,939.27 yuan, the fixed assets with a carrying value of 39,920,071.94 yuan and the on-going projects with a carrying value of 619,207,141.72 yuan held by Steamboat Heavy Industry.

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

None

(6) Related party asset transfer and debt restructuring

In RMB

Related party	Content	Current term	Same period of last term
Hangzhou Steam Turbine Automobile Sales Service Co., Ltd.	Purchase fixed assets	225,663.72	131,110.93

(7) Remunerations of key managements

In RMB

Items	Current term	Same period of last term
Remunerations of key managements	4,221,118.60	4,302,268.00

(8) Other related transactions

(1) Service and power supply

1) HSTG supplies water and power to the Company and some of the subsidiaries amounted to RMB 5521043.12 this period.

2) Hangzhou Steam Turbine Automobile Sales & Service Co., Ltd. provided transportation to the Company's employees and RMB 1050284 was paid this period.

3) Hangzhou Steam Turbine Industry & Trade Co., Ltd. provides garbage clearance services for the company. RMB 14,971.70 is paid in this regard for the current period.

4) Hangzhou Steam Turbine Industry & Trade Co., Ltd. provides site management services for the company. RMB 1,480,71.32 is paid in this regard for the current period.

(2) Expenses paid on behalf the Company

During the current period, Hangzhou Steam Turbine Group advanced the payment of RMB 541001.76 salaries for the company.

(3) Bank credit and entrusted wealth-management

1) The Company applied for a line of credit of RMB 300 million to Shiqiao Sub-branch, Bank of Hangzhou Co., Ltd. and till June 30,2020, the balance of loan under the line of credit was still RMB 0.

2) The Company entered into a financial management agent contract with Bank of Hangzhou Co., Ltd. in the cumulative amount of financial management of RMB 550,000,000.00 and till June 30, 2020, the balance of the financial management was RMB500,000,000.00.

3)The company applied to Hangzhou Bank Co., Ltd. for bill discount in the current period, with an accumulated discount amount of 39,345,163.903 yuan, and a discount interest of 374,762.69 yuan.

6. Receivables and payables of related parties

(1) Receivables

In RMB

Name	Related party	End of term		Beginning of term	
		Book balance	Bad debt provision	Book balance	Bad debt provision
Note receivable	Hangzhou Steam Turbine Engineering Co., Ltd.	2,000,000.00		3,000,000.00	
	Hangzhou Hangfa Generating Equipment Co., Ltd.	16,780,000.00		3,000,000.00	
Subtotal		18,780,000.00	0.00	6,000,000.00	
Account receivable	Hangzhou Steam Turbine Engineering Co., Ltd.	58,039,265.88	16,739,207.31	44,581,617.41	14,738,525.53
	Hangzhou Hangfa Generating Equipment Co., Ltd.	16,080,958.86	1,150,365.12	17,554,187.37	1,502,203.97
	GreenesolpowersystemsPVTLtd.	14,761,176.40	14,761,176.40	14,761,176.40	14,761,176.40
	Hangzhou Steam Turbine Power Group Co., Ltd.	158,500.00	158,500.00	158,936.29	158,521.81
	Hangzhou Steam Turbine Compressor Co., Ltd'	59,000.00	47,200.00	59,000.00	47,200.00
Subtotal		89,098,901.14	20,012,241.78	77,114,917.47	31,207,627.71
Contract liability	Hangzhou Hangfa Generating Equipment Co., Ltd.	3,696,000.00		3,020,960.00	
	Hangzhou Steam Turbine Engineering Co., Ltd.	670,000.00			
Subtotal		4,366,000.00	0.00	3,020,960.00	
Other account receivable	Hangzhou Steam Turbine Compressor Co., Ltd.				
	Hangzhou Steam Turbine Power Group Co., Ltd.			78,221.03	13,687.39
	Hangzhou Steam Turbine Industry & Trade Co., Ltd.	27,841.00	1,392.05		
	Hangzhou Steam Turbine Automobile Sales Service Co., Ltd.	24,120.00	1,206.00		
Subtotal		51,961.00	2,598.05	78,221.03	13,687.39

(2) Payables

In RMB

Name	Related party	Amount at year	Amount at year beginning
Note payable	Hangzhou Hangfa Generating Equipment Co.,	7,000,000.00	6,810,000.00

	Ltd.		
	Hangzhou Steam Turbine Industry & Trade Co., Ltd.		300,000.00
	Hangzhou Steam Turbine Automobile Sales Service Co., Ltd.	135,000.00	195,000.00
Subtotal		7,135,000.00	7,305,000.00
Account payable	Hangzhou Hangfa Generating Equipment Co., Ltd.	127,709,355.52	81,467,799.85
	Hangzhou Steam Turbine Automobile Sales Service Co., Ltd	23,530,484.71	16,258,569.66
	Hangzhou Steam Turbine Industry & Trade Co., Ltd.	1,238,188.83	4,249,563.88
	Hangzhou Steam Turbine Engineering Co., Ltd.	1,769,000.00	2,955,000.00
	Greeneso l power systems PVTLtd.	2,037,880.52	2,008,144.93
	HSTG	6,581,873.05	886,447.75
	Zhejiang Zhongrun Gas turbine technology Co., Ltd.	292,907.12	555,637.12
	China Electrical and Mechanical Institute-Hangzhou Turbine Group (Hangzhou) United Research Institute Co., Ltd.	509,984.82	120,209.00
Subtotal		163,669,674.57	108,501,372.19
Contract liability	Hangzhou Steam Turbine Compressor Co., Ltd.	12,760,000.00	12,760,000.00
	Hangzhou Steam Turbine Industry & Trade Co., Ltd.	21,007,300.00	12,024,769.03
	Hangzhou Steam Turbine Power Group	3,618,000.00	3,618,000.00
	Greeneso l power systems PVTLtd.		
Subtotal		37,385,300.00	28,402,769.03
Other account payable	Hangzhou Steam Turbine Automobile Sales Service Co., Ltd	100,000.00	100,000.00
	HSTG	777,633.82	47,114.51
Subtotal		877,633.82	147,114.51

7. Related party commitment

None

8. Other

XIII. Stock payment

1. The Stock payment overall situation

Not applicable

2. The Stock payment settled by equity

Not applicable

3. The Stock payment settled by cash

Not applicable

4. Modification and termination of the stock payment

5. Other

XIV. Commitments

1. Significant commitments

Significant commitments at balance sheet date

2. Contingency

(1) Significant contingency at balance sheet date

Litigation matters

(1) On September 5, 2018, due to tort liability, Henan Junhua Development Co., Ltd. sued the Company and Xi'an Shangu Power Co., Ltd. in Zhumadian Intermediate People's Court of Henan Province. On May 22, 2019, the Intermediate People's Court of Zhumadian City in Henan Province ruled against the Company, involving a compensation amount of 32.225 million yuan. The Company appealed to Henan Higher People's Court. On April 30, 2020, the Higher People's Court of Henan Province ruled that it should be sent back for retrial and the first-instance judgment should be revoked.

(2) In 2013, the subsidiary Turbine Company of the Company and Sinosteel Equipment Co., Ltd (hereinafter referred to as Sinosteel Equipment) signed the Supply Contract for M251S Gas Turbine Generator Unit, while the Company also signed a corresponding supply contract with the Turbine Company. In April 2019, the Company sued its subsidiary Turbine Company, requesting to cancel the above-mentioned supply contract and compensate the Company for its losses. On June 30, 2020, Hangzhou Intermediate People's Court ruled that Zhejiang Turbine Import and Export Trade Co., Ltd. would compensate the Company for the loss of 100 million

yuan.

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

None

3.Other

XV. Events after balance sheet date

As of July 31, 2020, the company repurchased 12,489,446 shares through the special securities account of share repurchase through centralized bidding, accounting for 1.66% of the company's current total share capital. The highest transaction price was HK \$8.52 / share, while the lowest transaction price was HK \$7.22 / share, and the total transaction amount was HK \$99,687,219.93.

XVI. Other significant events

1. The accounting errors correction in previous period

None

2. Debt restructuring

None

3. Replacement of assets

None

4. Pension plan

None

5. Discontinuing operation

None

6. Segment information

(1) Recognition basis and accounting policies of reportable segment

None

(2) The financial information of reportable segment

None

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

The Company's business is relatively simple, mainly for the production and sale of steam turbines, gas turbines and their auxiliaries and accessories. The management regards this business as a whole to implement management and evaluate operating results, so there is no reporting division. The main business income and main business cost of the Company by product classification are as follows:

Item	Main business income	Main business cost
Industry steam turbine	1,445,493,683.04	1,015,618,424.48
Casting	78,346,262.00	59,318,994.79
Auxillaries	182,399,905.43	137,918,096.69
Complete set of waste heat power station	49,710,081.27	47,943,557.79
Spare parts	183,273,753.92	87,394,956.39
Other	74,882,433.15	34,837,302.93
Subtotal	2,014,106,118.81	1,383,031,333.07

(4) Other notes

None

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

None

8. Other

None

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

1. Accounts receivable

(1) Accounts receivable classified by category

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	2,240,981,224.05	100.00%	858,554,256.66	38.31%	1,382,426,967.39	2,275,968,563.22	100.00%	805,743,954.26	35.40%	1,470,224,608.96
Including:										
Total	2,240,981,224.05	100.00%	858,554,256.66	38.31%	1,382,426,967.39	2,275,968,563.22	100.00%	805,743,954.26	35.40%	1,470,224,608.96

Accrual of bad debt provision by portfolio: 858,554,256.66

In RMB

Name	End of term		
	Book balance	Bad debt provision	Proportion
Associated transaction portfolio within the scope of consolidated financial statement	80,158,034.22		

Aging portfolio	2,160,823,189.83	858,554,256.66	39.73%
Total	2,240,981,224.05	858,554,256.66	--

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:

Bad debt provision

Disclosure by aging

In RMB

Aging	End of term
Within 1 year (Including 1 year)	610,300,245.80
1-2 years	537,579,114.36
2-3 years	283,861,228.55
Over 3 years	809,240,635.34
3-4 years	164,746,625.04
4-5 years	134,792,614.38
Over 5 years	509,701,395.92
Total	2,240,981,224.05

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

The withdrawal amount of the bad debt provision:

In RMB

Category	Opening balance	Amount of change in the current period				Closing balance
		Accrual	Reversed or collected amount	Write-off	Other	
Accrual of bad debt provision by portfolio	805,743,954.26	52,810,302.40				858,554,256.66
Total	805,743,954.26	52,810,302.40				858,554,256.66

(3) The actual write-off accounts receivable

None

(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	673,249,693.90	30.05%	289,237,299.47

Client 2	214,257,848.80	9.56%	146,657,818.26
Client 3	98,165,919.28	4.38%	6,337,797.96
Client 4	55,789,769.23	2.49%	9,188,932.39
Client 5	51,344,018.00	2.29%	51,344,018.00
Total	1,092,807,249.21	48.77%	

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

None

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

None

2. Other account receivable

In RMB

Nature	End of term	Beginning of term
Dividend receivable	122,983,614.70	27,827,292.60
Other	4,058,901.01	3,240,396.20
Total	127,042,515.71	31,067,688.80

(1) Interest receivable : None

(2) Dividend receivable

(1) Dividend receivable

In RMB

Items	End of term	Beginning of term
Hangzhou Bank	122,983,614.70	27,827,292.60
Total	122,983,614.70	27,827,292.60

2) Significant dividend receivable aged over 1 year

In RMB

Items	Closing balance	Aging	Reason	Whether occurred impairment and its judgment basis
Hangzhou Bank	27,827,292.60	1-4 years	Equity pledge	
Total	27,827,292.60	--	--	--

3) Provision for bad debts

Not applicable

(3) Other accounts receivable

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

In RMB

Nature	Closing book balance	Opening book balance
Deposit	7,718,787.84	6,599,993.65
Provisional payment receivable	571,087.08	473,078.04
Other	253,663.60	1,079,186.43
Total	8,543,538.52	8,152,258.12

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, 2020	122,993.39	29,895.89	4,758,972.64	4,911,861.92
Balance as at January 1, 2020 in current	—	—	—	—
—Transfer to stage II	-45,884.20	45,884.20		0.00
—Transfer to stage III		-35,024.70	35,024.70	0.00
—Transfer to stage II				0.00
—Transfer to stage I	86,397.06	-14,298.84	-499,322.63	-427,224.41
Balance as at June 30, 2020	163,506.25	26,456.55	4,294,674.71	4,484,637.51

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

Not applicable

Disclosure by aging

In RMB

Aging	Closing balance
Within 1 year(Including 1 year)	3,841,212.00
1-2 years	264,565.50
2-3 years	149,763.58
Over 3 years	4,287,997.44
3-4 years	6,004.00

4-5 years	179,251.00
Over 5 years	4,102,742.44
Total	8,543,538.52

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	
Other receivables with provision for bad debts based on credit risk characteristics	4,911,861.92		-427,224.41			4,484,637.51
Total	4,911,861.92		-427,224.41			4,484,637.51

4) The actual write-off accounts receivable

None

(5) Top 5 of the closing balance of Other accounts receivable

In RMB

Name of the company	Account property	Book balance	Age	Percentage in total other receivable %	Bad debt provision
Shanghai Customs Waigaoqiao Office	Deposit in custom	3,710,320.94	Over 5 years	43.43%	3,710,320.94
Nantong Jiaying Thermal Power Co., Ltd.	Deposit in custom	500,000.00	1 year	5.85%	25,000.00
Zhejiang City Construction Gas Thermal Power Design Institute	Deposit in custom	300,000.00	1 year	3.51%	15,000.00
Huadian Tendering Co., Ltd.	Deposit in custom	300,000.00	1 year	3.51%	15,000.00
China Electric Power Complete Equipment Co., Ltd.	Deposit in custom	300,000.00	1 year	3.51%	15,000.00

Total	--	5,110,320.94	--	59.82%	3,780,320.94
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(6) Account receivable involving government subsidies

None

(7) Other account receivable derecognized due to the transfer of financial assets

None

(8) Amount of transfer other account receivable and assets and liabilities formed by its continuous involvement.

None

3. Long-term share equity investment

In RMB

Items	End of term			Beginning of term		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Investments in subsidiaries	886,732,321.62		886,732,321.62	886,732,321.62		886,732,321.62
Investments in associates and joint ventures	10,301,679.79	944,417.34	10,301,679.79	11,246,097.13		11,246,097.13
Total	897,034,001.41	944,417.34	897,034,001.41	897,978,418.75		897,978,418.75

(1) Investments in subsidiaries

In RMB

Company invested in	Beginning of term	Increase /decrease				Closing balance	Closing balance of impairment provision
		Add investment	Decreased investment	Withdrawn impairment provision	Other		
Turbine Company	20,000,000.00					20,000,000.00	
Hangzhou Heavy Industry	743,812,943.59					743,812,943.59	
Hangzhou Auxiliary	46,286,513.41					46,286,513.41	

Machine Co.									
Zhejiang Turbine Packaged Co.	29,800,389.56								29,800,389.56
Zhongneng Co.	27,644,475.06								27,644,475.06
Machinery Co.	7,968,000.00								7,968,000.00
Casting Co.	11,220,000.00								11,220,000.00
Total	886,732,321.62								886,732,321.62

(2) Investments in associates and joint ventures

In RMB

Name	Opening balance	Increase /decrease in reporting period								Closing balance	Closing balance of impairment provision
		Add investment	Decreased investment	Gain/loss of Investment	Adjustment of other comprehensive income	Other equity changes	Declaration of cash dividends or profit	Withdrawn impairment provision	Other		
I. Joint ventures											
II. Associated enterprises											
Zhejiang Ranchuang Turbine Machinery Co., Ltd.	11,246,097.13			-944,417.34							10,301,679.79
Subtotal	11,246,097.13			-944,417.34							10,301,679.79
Total	11,246,097.13			-944,417.34							10,301,679.79

4. Business income and Business cost

In RMB

Items	Amount of current period		Amount of previous period	
	Income	Cost	Income	Cost
Main business	1,143,805,459.09	788,681,371.84	1,195,173,183.58	864,005,383.66
Other	4,907,113.55	3,076,640.04	6,260,548.65	4,687,385.77
Total	1,148,712,572.64	791,758,011.88	1,201,433,732.23	868,692,769.43

Information related to performance obligations:

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

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

The income corresponding to the performance obligations that have not been performed or have been performed incompletely but the contract has been signed at the end of the reporting period is RMB4,108,390,000.00

5. Investment income

In RMB

Items	Occurred current term	Occurred in previous term
Long-term equity investment income by Cost method	120,936,840.00	61,041,210.00
Investment income from disposal of Long-term equity investment	-944,417.34	
It is classified as the investment income during the holding period of financial assets measured at fair value and recorded into the current profit and loss		1,320,462.15
Disposal is classified as investment income of financial assets measured at fair value and recorded into current profit and loss	15,814,351.26	22,218,266.55
Dividend income from other equity instrument investments during the holding period	95,156,322.10	67,968,801.50
Total	230,963,096.02	152,548,740.20

6. Other

XVIII. Supplement information

1. Particulars about current non-recurring gains and loss

√ Applicable Not applicable

In RMB

Items	Amount	Notes
Gains/losses from the disposal of non-current asset	-148,212.10	
Governmental subsidy calculated into current gains and loss (while closely related with the normal business of the Company, excluding the fixed-amount or fixed-proportion governmental subsidy according to the unified national standard)	55,716,643.40	
Gain/loss from debt reorganization	-115,229.71	
In addition to normal business with the company effective hedging related business, holders of tradable financial assets, transactions and financial liabilities arising from	22,861,806.76	

changes in fair value gains and losses, as well as the disposal of trading of financial assets, trading financial liabilities and available-for-sale financial assets gains return on investment		
Other non-business income and expenditures other than the above	2,547,807.55	
Less: Influenced amount of income tax	12,626,321.11	
Amount of influence of minority interests	2,836,377.87	
Total	65,400,116.92	--

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.

Not applicable

2. Return on equity (ROE) and earnings per share (EPS)

Profit as of reporting period	Weighted average ROE (%)	EPS (Yuan/share)	
		EPS-basic	EPS-diluted
Net profit attributable to common shareholders of the Company	3.53%	0.31	0.31
Net profit attributable to common shareholders of the Company after deduction of non-recurring profit and loss	2.53%	0.22	0.22

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

(1) Differences of net profit and net assets disclosed in financial reports prepared under international and Chinese accounting standards

Not applicable

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

Not applicable

(3) Explain reasons for the differences between accounting data under domestic and overseas accounting standards, for audit data adjusting differences had been foreign audited, should indicate the name of the foreign institutions

4. Other

XII. Documents available for inspection

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

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

(III) Original copy of Resolutions of the 7th Meeting of the 8th Term of Board.

Hangzhou Steam Turbine Co., Ltd.

Chairman of the Board: Zheng Bin

August 27, 2020