

Stock Code: 200771

Stock ID: Hangqilun B

Announcement No. 2019-52

Hangzhou Steam Turbine Co., Ltd.

SEMIANNUAL FINANCIAL REPORT 2019

(Stock Code: 200771)



August 2019

I. Auditors' Report

The Semi-annual Financial Report is not audited.

II. The Financial Statements

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

1. Consolidated Balance Sheet

Prepared by: Hangzhou Steam Turbine Co., Ltd

June 30,2019

In RMB

Items	June 30,2019	December 31,2018
Current asset:		
Monetary fund	1,819,859,022.91	1,382,392,009.59
Settlement provision		
Outgoing call loan		
Transactional financial assets	578,769,000.00	
Financial assets measured at fair value with variations accounted into current income account		
Derivative financial assets		
Notes receivable	480,606,384.84	595,089,175.22
Account receivable	2,060,368,351.36	1,940,798,255.26
Financing of receivables		
Prepayments	415,291,957.37	370,958,990.74
Insurance receivable		
Reinsurance receivable		
Provisions of Reinsurance contracts receivable		
Other account receivable	102,819,441.41	32,552,458.76
Including: Interest receivable	0.00	0.00
Dividend receivable	84,526,094.10	16,557,292.60
Repurchasing of financial assets		
Inventories	2,222,781,933.26	2,188,121,342.87
Contract assets		
Assets held for sales		
Non-current asset due within 1 year		
Other current asset	65,115,936.29	1,188,747,955.74
Total of current assets	7,745,612,027.44	7,698,660,188.18
Non-current assets:		
Loans and payment on other's behalf disbursed		

Debt investment		
Available for sale of financial assets	0.00	2,130,076,555.20
Other investment on bonds		
Expired investment in possess		
Long-term receivable		
Long term share equity investment	10,261,439.29	8,221,439.29
Other equity instruments investment	2,264,720,465.98	0.00
Other non-current financial assets	131,881,883.86	0.00
Property investment		
Fixed assets	761,603,992.58	783,740,928.49
Construction in progress	659,588,447.28	454,767,328.93
Production physical assets		
Oil & gas assets		
Use right assets		
Intangible assets	276,098,586.15	279,740,756.49
Development expenses		
Goodwill		
Long-germ expenses to be amortized		
Deferred income tax asset	214,788,537.17	213,962,707.23
Other non-current asset		
Total of non-current assets	4,318,943,352.31	3,870,509,715.63
Total of assets	12,064,555,379.75	11,569,169,903.81
Current liabilities		
Short-term loans	97,500,000.00	139,600,000.00
Loan from Central Bank		
Borrowing funds		
Transactional financial liabilities		
Financial liabilities measured at fair value with variations accounted into current income account		
Derivative financial liabilities		
Notes payable	237,870,569.88	263,897,462.79
Account payable	1,188,329,724.43	1,086,685,918.74
Advance receipts	2,555,520,011.33	2,582,234,158.36
Selling of repurchased financial assets		
Deposit taking and interbank deposit		
Entrusted trading of securities		
Entrusted selling of securities		
Employees' wage payable	65,138,079.59	86,390,955.29
Tax payable	22,926,791.79	62,405,200.62
Other account payable	37,609,410.52	36,904,303.01

Including: Interest payable	100,958.90	437,314.72
Dividend payable	0.00	0.00
Fees and commissions payable		
Reinsurance fee payable		
Contract Liabilities		
Liabilities held for sales		
Non-current liability due within 1 year	100,100,000.00	100,100,000.00
Other current liability		
Total of current liability	4,304,994,587.54	4,358,217,998.81
Non-current liabilities:		
Reserve fund for insurance contracts		
Long-term loan	22,600,000.00	22,700,000.00
Bond payable		
Including: preferred stock		
Sustainable debt		
Lease liability		
Long-term payable	785,666,859.28	474,876,451.26
Long-term remuneration payable to staff		
Expected liabilities		
Deferred income	42,773,215.20	44,675,128.30
Deferred income tax liability	282,127,222.10	244,169,946.57
Other non-current liabilities		
Total non-current liabilities	1,133,167,296.58	786,421,526.13
Total of liability	5,438,161,884.12	5,144,639,524.94
Owners' equity		
Share capital	754,010,400.00	754,010,400.00
Other equity instruments		
Including: preferred stock		
Sustainable debt		
Capital reserves	151,684,419.65	151,684,419.65
Less: Shares in stock		
Other comprehensive income	1,592,318,152.64	1,377,168,522.74
Special reserve	20,236,633.76	21,020,671.47
Surplus reserves	621,112,807.78	621,112,807.78
Common risk provision		
Retained profit	3,092,067,160.53	3,082,544,107.52
Total of owner's equity belong to the parent company	6,231,429,574.36	6,007,540,929.16
Minority shareholders' equity	394,963,921.27	416,989,449.71
Total of owners' equity	6,626,393,495.63	6,424,530,378.87

Total of liabilities and owners' equity	12,064,555,379.75	11,569,169,903.81
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Legal Representative: Zheng Bin

Person in charge of accounting: Zhao Jiamao

Accounting Dept Leader: Jin Chan

2.Parent Company Balance Sheet

In RMB

Items	June 30,2019	December 31,2018
Current asset:		
Monetary fund	1,186,805,183.26	877,357,020.98
Transactional financial assets	270,000,000.00	
Financial assets measured at fair value with variations accounted into current income account		
Derivative financial assets		
Notes receivable	183,102,369.76	302,284,986.43
Account receivable	1,518,779,763.11	1,374,628,210.45
Financing of receivables		
Prepayments	209,504,216.64	208,498,421.20
Other account receivable	89,097,232.56	19,984,760.06
Including: Interest receivable		
Dividend receivable	84,526,094.10	16,557,292.60
Inventories	1,555,631,232.70	1,584,030,951.83
Contract assets		
Assets held for sales		
Non-current asset due within 1 year		
Other current asset	19,651,815.47	890,000,000.00
Total of current assets	5,032,571,813.50	5,256,784,350.95
Non-current assets:		
Debt investment		
Available for sale of financial assets		2,090,631,297.62
Other investment on bonds		
Expired investment in possess		
Long-term receivable		
Long term share equity investment	860,732,321.62	502,919,378.03
Other equity instruments investment	2,264,720,465.98	
Other non-current financial assets	92,436,626.28	
Property investment		
Fixed assets	439,398,797.03	448,890,495.75
Construction in progress	236,257,765.82	142,310,055.48
Production physical assets		
Oil & gas assets		
Use right assets		
Intangible assets	163,711,361.27	165,734,347.73
Development expenses		
Goodwill		
Long-germ expenses to be amortized		
Deferred income tax asset	163,692,893.96	163,871,631.81
Other non-current asset		

Total of non-current assets	4,220,950,231.96	3,514,357,206.42
Total of assets	9,253,522,045.46	8,771,141,557.37
Current liabilities		
Short-term loans		
Transactional financial liabilities		
Financial liabilities measured at fair value with variations accounted into current income account		
Derivative financial liabilities		
Notes payable	14,000,000.00	24,200,000.00
Account payable	654,106,514.35	630,653,099.86
Advance receipts	1,780,682,848.49	1,877,069,335.29
Contract Liabilities		
Employees' wage payable	38,755,706.92	43,332,523.01
Tax payable	480,555.24	37,809,874.53
Other account payable	22,183,637.69	24,708,959.22
Including: Interest payable	100,958.90	212,010.69
Dividend payable		
Liabilities held for sales		
Non-current liability due within 1 year	100,000,000.00	100,000,000.00
Other current liability		
Total of current liability	2,610,209,262.69	2,737,773,791.91
Non-current liabilities:		
Long-term loan		
Bond payable		
Including: preferred stock		
Sustainable debt		
Lease liability		
Long-term payable	575,788,940.88	264,512,388.24
Long-term remuneration payable to staff		
Expected liabilities		
Deferred income	41,269,230.20	41,944,793.30
Deferred income tax liability	282,127,222.10	244,169,946.57
Other non-current liabilities		
Total non-current liabilities	899,185,393.18	550,627,128.11
Total of liability	3,509,394,655.87	3,288,400,920.02
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	1,592,701,462.08	1,377,784,111.74
Special reserve	7,391,229.80	7,609,505.31
Surplus reserves	602,356,402.65	602,356,402.65

Retained profit	2,648,714,644.97	2,602,026,967.56
Total of owners' equity	5,744,127,389.59	5,482,740,637.35
Total of liabilities and owners' equity	9,253,522,045.46	8,771,141,557.37

Legal Representative: Zheng Bin

Person in charge of accounting: Zhao Jiamao

Accounting Dept Leader: Jin Chan

3.Consolidated Income Statement

In RMB

Items	Semi-annual of 2019	Semi-annual of 2018
I. Income from the key business	1,920,181,703.03	2,284,130,982.13
Incl: Business income	1,920,181,703.03	2,284,130,982.13
Interest income		
Insurance fee earned		
Fee and commission received		
II. Total business cost	1,814,433,246.91	2,107,752,481.78
Incl: Business cost	1,366,404,401.26	1,612,116,152.26
Interest expense		
Fee and commission paid		
Insurance discharge payment		
Net claim amount paid		
Insurance policy dividend paid		
Insurance policy dividend paid		
Reinsurance expenses		
Business tax and surcharge	13,458,140.99	29,819,229.04
Sales expense	86,895,939.32	77,008,302.22
Administrative expense	235,168,325.98	237,456,060.16
R & D expense	116,760,942.52	151,349,561.03
Financial expenses	-4,254,503.16	3,177.07
Including: Interest expense	7,163,329.72	5,903,346.62
Interest income	13,686,150.29	6,286,823.72
Add: Other income	15,761,589.03	20,337,694.45
Investment gain (“-”for loss)	99,460,322.66	37,144,607.44
Including: 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	-1,474,755.34	
Credit impairment loss		
Impairment loss of assets	6,423,806.70	-43,111,352.82
Assets disposal income	-1,183.02	
III. Operational profit (“-”for loss)	225,918,236.15	190,749,449.42
Add : Non-operational income	744,839.16	4,189,726.48

Less: Non-operating expense	5,220,762.28	2,591,154.54
IV. Total profit("-"for loss)	221,442,313.03	192,348,021.36
Less: Income tax expenses	36,775,399.29	31,977,871.82
V. Net profit	184,666,913.74	160,370,149.54
(I) Classification by business continuity		
1.Net continuing operating profit		
2.Termination of operating net profit		
(II) Classification by ownership		
1.Net profit attributable to the owners of parent company	160,325,133.00	128,510,594.01
2.Minority shareholders' equity	24,341,780.74	31,859,555.53
VI. Net after-tax of other comprehensive income	215,462,868.76	-72,709,845.63
Net of profit of other comprehensive income attributable to owners of the parent company.	215,149,629.90	-72,663,722.00
(I) Other comprehensive income items that will not be reclassified into gains/losses in the subsequent accounting period	214,917,350.34	0.00
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	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.	232,279.56	-72,663,722.00
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.Gains and losses from changes in fair value available for sale financial assets		-72,629,519.42
4. Other comprehensive income arising from the reclassification of financial assets		
5.Held-to-maturity investments reclassified to gains and losses of available for sale financial assets		
6. Allowance for credit impairments in investments in other debt obligations		
7. Reserve for cash flow hedges		
8. Translation differences in currency financial statements	232,279.56	-34,202.58
9.Other		
Net of profit of other comprehensive income attributable to Minority shareholders' equity	313,238.86	-46,123.63
VII. Total comprehensive income	400,129,782.50	87,660,303.91

Total comprehensive income attributable to the owner of the parent company	375,474,762.90	55,846,872.01
Total comprehensive income attributable minority shareholders	24,655,019.60	31,813,431.90
VIII. Earnings per share		
(I) Basic earnings per share	0.21	0.17
(II)Diluted earnings per share	0.21	0.17

Legal Representative: Zheng Bin

Person in charge of accounting: Zhao Jiamao

Accounting Dept Leader: Jin Chan

4. Income statement of the Parent Company

In RMB

Items	Semi-annual of 2019	Semi-annual of 2018
I. Income from the key business	1,201,433,732.23	1,490,738,884.48
Incl: Business cost	868,692,769.43	1,092,425,706.34
Business tax and surcharge	6,969,423.29	19,980,875.77
Sales expense	48,049,960.92	42,075,448.13
Administrative expense	159,919,647.14	154,842,987.96
R & D expense	72,044,163.87	112,115,169.45
Financial expenses	-7,258,639.20	-1,279,101.79
Including: Interest expenses	3,304,641.54	2,904,737.05
Interest income	12,022,468.87	4,229,484.01
Add: Other income	5,455,874.12	18,256,287.33
Investment gain (“-”for loss)	152,548,740.20	97,645,790.91
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	-1,474,755.34	
Credit impairment loss		
Impairment loss of assets	-2,195,339.82	32,973,333.00
Assets disposal income		
II. Operational profit (“-”for loss)	211,741,605.58	153,506,543.86
Add : Non-operational income	631,962.46	4,125,525.27
Less: Non -operational expenses	2,904,084.35	991,089.95
III. Total profit (“-”for loss)	209,469,483.69	156,640,979.18
Less: Income tax expenses	11,979,726.29	14,024,749.88
IV. Net profit	197,489,757.40	142,616,229.30
1. Net continuing operating profit	197,489,757.40	142,616,229.30
2. Termination of operating net profit		
V. Net after-tax of other comprehensive income	214,917,350.34	-72,629,519.42
(I) Other comprehensive income items that will not be reclassified into gains/losses in the subsequent accounting period	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	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.		-72,629,519.42
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. Gains and losses from changes in fair value available for sale financial assets		-72,629,519.42

4. Other comprehensive income arising from the reclassification of financial assets		-72,629,519.42
5. Held-to-maturity investments reclassified to gains and losses of available for sale financial assets		
6. Allowance for credit impairments in investments in other debt obligations		
7. Reserve for cash flow hedges		
8. Translation differences in currency financial statements		
9. Other		
VI. Total comprehensive income	412,407,107.74	69,986,709.88
VII. Earnings per share		
(I) Basic earnings per share	0.26	0.19
(II) Diluted earnings per share	0.26	0.19

Legal Representative: Zheng Bin

Person in charge of accounting: Zhao Jiamao

Accounting Dept Leader: Jin Chan

5. Consolidated Cash flow statement

In RMB

Items	Semi-annual of 2019	Semi-annual of 2018
I.Cash flows from operating activities		
Cash received from sales of goods or rendering of services	1,518,810,866.20	1,990,685,784.21
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	5,744,179.17	2,343,735.23
Other cash received from business operation	26,127,131.84	21,813,193.03
Sub-total of cash inflow	1,550,682,177.21	2,014,842,712.47
Cash paid for purchasing of merchandise and services	898,280,785.94	848,782,286.99
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 for policy dividend		
Cash paid to staffs or paid for staffs	379,575,581.35	354,090,861.86
Taxes paid	180,054,533.44	170,805,653.61
Other cash paid for business activities	102,111,872.85	83,376,719.28
Sub-total of cash outflow from business activities	1,560,022,773.58	1,457,055,521.74
Net cash generated from /used in operating activities	-9,340,596.37	557,787,190.73
II. Cash flow generated by investing		
Cash received from investment retrieving	0.00	100,000,000.00

Cash received as investment gains	31,491,521.16	37,144,607.44
Net cash retrieved from disposal of fixed assets, intangible assets, and other long-term assets	24,493.28	0.00
Net cash received from disposal of subsidiaries or other operational units		
Other investment-related cash received	2,050,778,164.28	2,054,176,329.00
Sub-total of cash inflow due to investment activities	2,082,294,178.72	2,191,320,936.44
Cash paid for construction of fixed assets, intangible assets and other long-term assets	228,526,111.45	207,219,715.24
Cash paid as investment	13,440,000.00	16,000,000.00
Net increase of loan against pledge		
Net cash received from subsidiaries and other operational units		
Other cash paid for investment activities	1,157,904,000.00	2,477,114,000.00
Sub-total of cash outflow due to investment activities	1,399,870,111.45	2,700,333,715.24
Net cash flow generated by investment	682,424,067.27	-509,012,778.80
III. Cash flow generated by financing		
Cash received as investment	0.00	0.00
Including: Cash received as investment from minor shareholders		
Cash received as loans	77,700,000.00	115,000,000.00
Cash received from bond placing		
Other financing –related cash received	0.00	0.00
Sub-total of cash inflow from financing activities	77,700,000.00	115,000,000.00
Cash to repay debts	119,900,000.00	72,600,000.00
Cash paid as dividend, profit, or interests	203,426,853.46	70,365,668.92
Including: Dividend and profit paid by subsidiaries to minor shareholders		
Other cash paid for financing activities	2,530,666.67	2,530,666.67
Sub-total of cash outflow due to financing activities	325,857,520.13	145,496,335.59
Net cash flow generated by financing	-248,157,520.13	-30,496,335.59
IV. Influence of exchange rate alternation on cash and cash equivalents	-707,669.86	-516,323.71
V. Net increase of cash and cash equivalents	424,218,280.91	17,761,752.63
Add: balance of cash and cash equivalents at the beginning of term	1,262,186,817.20	1,137,492,834.83
VI ..Balance of cash and cash equivalents at the end of term	1,686,405,098.11	1,155,254,587.46

Legal Representative: Zheng Bin

Person in charge of accounting: Zhao Jiamao

Accounting Dept Leader: Jin Chan

6. Cash flow statement of the Parent Company

In RMB

Items	Semi-annual of 2019	Semi-annual of 2018
I. Cash flows from operating activities		
Cash received from sales of goods or rendering of services	771,903,511.87	1,092,421,368.98
Tax returned		
Other cash received from business operation	13,952,892.56	5,955,302.39
Sub-total of cash inflow	785,856,404.43	1,098,376,671.37
Cash paid for purchasing of merchandise and services	469,234,191.52	437,942,428.63
Cash paid to staffs or paid for staffs	246,224,211.20	227,570,629.51
Taxes paid	109,451,334.92	90,652,184.51
Other cash paid for business activities	43,083,180.34	26,292,496.98
Sub-total of cash outflow from business activities	867,992,917.98	782,457,739.63
Net cash generated from /used in operating activities	-82,136,513.55	315,918,931.74
II. Cash flow generated by investing		
Cash received from investment retrieving		100,000,000.00
Cash received as investment gains	84,579,938.70	97,645,790.91
Net cash retrieved from disposal of fixed assets, intangible assets, and other long-term assets		
Net cash received from disposal of subsidiaries or other operational units		
Other investment-related cash received	1,236,201,629.52	1,510,049,339.73
Sub-total of cash inflow due to investment activities	1,320,781,568.22	1,707,695,130.64
Cash paid for construction of fixed assets, intangible assets and other long-term assets	102,779,580.07	67,740,573.08
Cash paid as investment	369,212,943.59	16,000,000.00
Net cash received from subsidiaries and other operational units		
Other cash paid for investment activities	302,000,000.00	1,780,000,000.00
Sub-total of cash outflow due to investment activities	773,992,523.66	1,863,740,573.08
Net cash flow generated by investment	546,789,044.56	-156,045,442.44
III. Cash flow generated by financing		
Cash received as investment		
Cash received as loans		
Cash received from bond placing		
Other financing –related ash received		
Sub-total of cash inflow from financing activities		
Cash to repay debts		
Cash paid as dividend, profit, or interests	154,217,773.32	40,616,895.37
Other cash paid for financing activities		
Sub-total of cash outflow due to financing activities	154,217,773.32	40,616,895.37
Net cash flow generated by financing	-154,217,773.32	-40,616,895.37
IV. Influence of exchange rate alternation on cash and cash equivalents		
	-976,692.26	-333,572.64
V. Net increase of cash and cash equivalents		
	309,458,065.43	118,923,021.29
Add: balance of cash and cash equivalents at the beginning of term	842,347,117.83	650,546,455.53

VI..Balance of cash and cash equivalents at the end of term	1,151,805,183.26	769,469,476.82
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Legal Representative: Zheng Bin Person in charge of accounting: Zhao Jiamao Accounting Dept Leader: Jin Chan

7. Consolidated Statement on Change in Owners' Equity

Amount in this period

In RMB

Items	Semi-annual of 2019														
	Owner's equity Attributable to the Parent Company												Minor shareholders' equity	Total of owners' equity	
	share Capital	Other Equity instrument			Capital reserves	Less : Shares in stock	Other Comprehensive Income	Specialized reserve	Surplus reserves	Common risk provision	Retained profit	Other			Subtotal
	preferred stock	Sustainable debt	Other												
I. Balance at the end of last year	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													0.00		0.00
Correcting of previous errors													0.00		0.00
Merger of entities under common control													0.00		0.00
Other													0.00		0.00
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	0.00	0.00	0.00	0.00	0.00	0.00	215,149,629.90	-784,037.71	0.00	0.00	9,523,053.01	0.00	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													0.00		0.00
1. Ordinary Shares invested by s													0.00		0.00

shareholders																
2. Holders of other equity instruments invested capital													0.00		0.00	
3. Amount of shares paid and accounted as owners' equity													0.00		0.00	
4. Other													0.00		0.00	
(III) Profit allotment													-150,802,079.99	-150,802,079.99	-46,358,790.00	-197,160,869.99
1. Providing of surplus reserves													0.00		0.00	
2. Providing of common risk provisions													0.00		0.00	
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													0.00		0.00	
(IV) Internal transferring of owners' equity													0.00		0.00	
1. Capitalizing of capital reserves (or to capital shares)													0.00		0.00	
2. Capitalizing of surplus reserves (or to capital shares)													0.00		0.00	
3. Making up losses by surplus reserves.													0.00		0.00	
4. Change amount of defined benefit plans that carry forward Retained earnings													0.00		0.00	
5. Other comprehensive income carry-over retained earnings													0.00		0.00	

6. Other														0.00		0.00
(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														0.00		0.00
IV. Balance at the end of this term	754,010,400.00	0.00	0.00	0.00	151,684,419.65	0.00	1,592,318,152.64	20,236,633.76	621,112,807.78	0.00	3,092,067,160.53	0.00	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 Accounting Dept: Jin Chan

Amount in last year

In RMB

Items	Semi-annual of 2018														Minor shareholders' equity	Total of owners' equity
	Owner's equity Attributable to the Parent Company															
	share Capital	Other Equity instrument			Capital reserves	Less: Shares in stock	Other Comprehensive Income	Specialized reserve	Surplus reserves	Common risk provision	Retained profit	Other	Subtotal			
	preferred stock	Sustainable debt	Other													
I. Balance at the end of last year	754,010,400.00				139,545,089.02		1,570,358,510.09	25,369,714.61	621,112,807.78		2,774,420,288.05		5,884,816,809.55	335,355,637.35	6,220,172,446.90	
Add: Change of accounting policy													0.00		0.00	
Correcting of previous errors													0.00		0.00	
Merger of entities under common control													0.00		0.00	
Other													0.00		0.00	
II. Balance at the beginning of current year	754,010,400.00				139,545,089.02		1,570,358,510.09	25,369,714.61	621,112,807.78		2,774,420,288.05		5,884,816,809.55	335,355,637.35	6,220,172,446.90	
III. Changed in the current year	0.00	0.00	0.00	0.00	12,139,330.63	0.00	-193,189,987.35	-4,349,043.14	0.00	0.00	308,123,819.47	0.00	122,724,119.61	81,633,812.36	204,357,931.97	
(1) Total comprehensive income							-193,189,987.35				345,824,339.47		152,634,339.61	68,232,844.36	220,867,196.97	

						87.35					9.47		52.12	54	.66
(II) Investment or decreasing of capital by owners					12,139,330.63								12,139,330.63	74,763,561.25	86,902,891.88
1. Ordinary Shares invested by shareholders					12,139,330.63								12,139,330.63	74,763,561.25	86,902,891.88
2. Holders of other equity instruments invested capital													0.00		0.00
3. Amount of shares paid and accounted as owners' equity													0.00		0.00
4. Other													0.00		0.00
(III) Profit allotment											-37,700,520.00		-37,700,520.00	-60,812,795.00	-98,513,315.00
1. Providing of surplus reserves													0.00		0.00
2. Providing of common risk provisions													0.00		0.00
3. Allotment to the owners (or shareholders)													-37,700,520.00	-60,812,795.00	-98,513,315.00
4. Other													0.00		0.00
(IV) Internal transferring of owners' equity													0.00		0.00
1. Capitalizing of capital reserves (or to capital shares)													0.00		0.00
2. Capitalizing of surplus reserves (or to capital shares)													0.00		0.00
3. Making up losses by surplus reserves.													0.00		0.00
4. Change amount of defined benefit plans that carry forward													0.00		0.00
Retained earnings															

5. Other comprehensive income carry-over retained earnings													0.00		0.00
6. Other													0.00		0.00
(V). Special reserves								-4,349,043.14					-4,349,043.14	-549,798.43	-4,898,841.57
1. Provided this year								-1,141,291.88					-1,141,291.88	0.00	-1,141,291.88
2. Used this term								3,207,751.26					3,207,751.26	549,798.43	3,757,549.69
(VI) Other													0.00		0.00
IV. Balance at the end of this term	754,010,400.00	0.00	0.00	0.00	151,684,419.65	0.00	1,377,168,522.74	21,020,671.47	621,112,807.78	0.00	3,082,544,107.52	0.00	6,007,540,929.16	416,989,449.71	6,424,530,378.87

Legal representative: Zheng Bin

Person in charge of accounting: Zhao Jiamao

Accounting Dept: Jin Chan

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

Amount in this period

In RMB

Items	Semi-annual of 2019											Other	Total of owners' equity
	Share capital	Other Equity instrument			Capital reserves	Less: Shares in stock	Other Comprehensive Income	Specialized reserve	Surplus reserves	Retained profit			
		preferred stock	Sustainable 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 Accounting Dept: Jin Chan

Amount in last year

In RMB

Items	Semi-annual of 2018											
	Share Capital	Other Equity instrument			Capital reserves	Less: Shares in stock	Other Comprehensive Income	Specialized reserve	Surplus reserves	Retained profit	Other	Total of owners' equity
		preferred stock	Sustainable debt	Other								
I. Balance at the end of last year	754,010,400.00				138,953,250.09		1,570,912,609.09	9,629,800.19	602,356,402.65	2,298,641,960.41		5,374,504,422.43
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		1,570,912,609.09	9,629,800.19	602,356,402.65	2,298,641,960.41		5,374,504,422.43

III.Changed in the current year							-72,629,519.42	-207,180.79		104,915,709.30		32,079,009.09
(I) Total comprehensive income							-72,629,519.42			142,616,229.30		69,986,709.88
(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										-37,700,520.00		-37,700,520.00
1.Providing of surplus reserves												
2. Allotment to the owners (or shareholders)										-37,700,520.00		-37,700,520.00
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								-207,180.79				-207,180.79
1. Provided this year								706,095.97				706,095.97
2. Used this term								913,276.76				913,276.76
(VI) Other												
IV. Balance at the end of this term	754,010,400.00				138,953,250.09		1,498,283,089.67	9,422,619.40	602,356,402.65	2,403,557,669.71		5,406,583,431.52

Legal representative: Zheng Bin

Person in charge of accounting: Zhao Jiamao

Accounting Dept: Jin Chan

III. Company Profile

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

19 subsidiaries including Zhejiang Steam Turbine Packaged Technologies Co., Ltd., Hangzhou Zhongneng Steam Turbine Power Co., Ltd., Hangzhou Steam Turbine Casting Co., Hangzhou Steam Turbine Auxiliary Co., Ltd., Hangzhou Steam Turbine Machinery & Equipment Co., Ltd., Zhejiang Turbine Import & Export Co., Ltd., and Hangzhou Steam Turbine Industry Co., Ltd., were consolidated to the Financial Statements. For details of changing consolidation range and equity position please go to the Notes to the Financial Statements.

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

Nil

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

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

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

After initial recognition, subsequent measurement shall be made according to the higher of the following two amounts: A. Loss reserve amount determined according to the impairment provisions of financial instruments; B. The balance of the initial recognized amount after deducting the accumulated amortization amount determined in accordance with relevant regulations.

④ Financial liabilities measured in amortized cost

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

4) Termination of recognition of financial assets and financial liabilities

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

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

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.

On the balance sheet date, if the company judges that the financial instrument is with only low credit risk, it is assumed that the credit risk of the financial instrument has not increased significantly since the initial recognition.

The company considers the following factors when evaluating whether the credit risk has increased significantly:

① Whether the contract payment is overdue for more than (including) 30 days. If the overdue period exceeds 30 days, the company confirms that the credit risk of financial instruments has increased significantly. Unless the company can obtain reasonable and reliable information without paying too much cost or effort, which proves that although the payment period stipulated in the contract is over 30 days, the credit risk has not increased significantly since the initial recognition.

② Whether the company's credit management methods for financial instruments have changed.

③ Whether the debtor's expected performance and repayment behavior have changed significantly.

④ Whether the actual or expected operating results of the debtor have changed significantly.

⑤ Whether there has been any significant adverse change in the regulatory, economic or technological environment for the debtor.

⑥ Whether there are adverse changes in business, financial or economic conditions that are expected to lead to significant changes in the debtor's ability to fulfill its debt-paying obligations.

⑦ Whether the internal price index has changed significantly due to changes in credit risk.

⑧ If an existing financial instrument is originated or issued as a new financial instrument on the reporting date, whether the interest rate or other terms of the financial instrument change significantly.

⑨ Whether the external market indicators of credit risks of the same financial instrument or similar financial instruments with the same expected duration have changed significantly. These indicators include: credit spreads, the price of credit default swaps for borrowers, the duration and extent that the fair value of financial assets is less than its amortized cost, and other market information related to borrowers (such as price changes of borrowers' debt instruments or equity instruments).

⑩ Whether the actual or expected external credit rating of financial instruments has changed significantly.

⑪ Whether the actual or expected internal credit rating of the debtor is lowered.

⑫ Whether the credit risks of other financial instruments issued by the same debtor have increased significantly.

⑬ Whether there has been any significant change in the value of collateral used as debt collateral or the quality of guarantee or credit enhancement provided by a third party.

⑭ Whether the expected borrower's economic motivation to repay the loan within the time limit stipulated in the contract has changed significantly.

⑮ Anticipated changes to the loan contract include whether the anticipatory breach of contract may result in exemption or revision of contractual obligations, granting of interest-free period, sharp increase of interest rate, demand for additional collateral or guarantees, or other changes to the contractual framework of financial instruments.

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.

The company remeasures the expected credit loss on each balance sheet date, and the increase or reversal amount of the loss reserve thus formed shall be included in the current profits and losses as impairment loss or profit. 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) Accounts receivable for expected credit losses measured by individual item

Judgment basis for individual measurement of expected credit loss	Receivables with obvious characteristics of single credit risk with evidence or can be judged based on common sense
Methods of measuring expected credit loss	Considering the reasonable and reliable information about past events, current situation and future economic situation forecast, it shall estimate the expected cash flow, and determine the provision for bad debt to be accrued accordingly

3) Accounts receivable for expected credit losses measured by combination

① Methods of specific combination and measurement of expected credit loss

Items	Basis for determining combination	Methods of measuring expected credit loss
Aging portfolio	With aging as credit risk characteristic, the receivables are combined	Referring to historical credit loss experience and adjusting according to forward-looking estimation, a comparison table between the aging of receivables and loss given default is prepared to determine the provision for bad debt to be accrued

② Bill receivable with expected credit loss measured by combination-comparison table of aging of commercial acceptance bill, accounts receivable and other receivables and expected credit loss rate for the whole duration

Aging	Commercial acceptance bills receivable	Receivables	Other receivables
		Expected credit loss rate (%)	Expected credit loss rate (%)

	Expected credit loss rate (%)		
Within 1 year (inclusive, the same below)	5	5	5
1-2 years	10	10	10
2-3 years	20	20	20
3-4 years	30	30	30
4-5 years	50	50	50
Over 5 years	100	100	100

(6) Setoff of Financial Assets and Liabilities

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

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

11. Notes receivable

For details, please refer to Section X V-10 of this report.

12. Account receivable

For details, please refer to Section X V-10 of this report.

13. Financing of receivables

Nil

14. Other account receivable

For details, please refer to Section X V-10 of this report.

15. Inventories

Whether the company needs to comply with the disclosure requirements of the particular industry

No

(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

Nil

17.Construct cost

Nil

18.Held-for-sale asset

Nil

19.Creditor's rights investment

Nil

20.Other Creditor's rights investment

Nil

21.Long-term account receivable

Nil

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	5	4	19.2

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

Nil

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

Nil

28. Oil-gas assets

Nil

29. Assets of the right to use

Nil

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

Long-term amortizable expenses which have been paid but with amortizing period over 1 year (not included). Long-term amortizable expenses are recorded at actual amount occurred, and straight amortized to stipulated periods. In case a long-term expense was not benefiting the succeeding periods, then the balance of the account shall be transferred over to current income account.

33. Contract Liabilities

Nil

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

Nil

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

Nil

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

Nil

39.Revenues

Whether the company needs to comply with the disclosure requirements of the particular industry

No

Whether implemented new revenue guidelines?

No

1. Recognizing of revenue

(1) Sales of goods

Sales income is recognized when all of these conditions are satisfied: (1) Major risks and rewards attached to the goods have been transferred to the purchaser; (2) The Company holds neither successive management power which is normally attached to ownership, nor effective control, over the goods which have been sold out; (4) Amount of income may be reliably measured; (5) when the costs, occurred or will occur, may be measured reliably.

(2) Providing of services

At balance sheet day, those service trades (simultaneously satisfying the requirements of those: income can be measured reliably, related economic benefit will flow in very possibly, transaction procedure can be confirmed reliably, happened and happening cost can be measured reliably) which can be reliably estimated are recognized at the percentage of completion, and progress of completion of service is decided by the portion of costs occurred over the estimated total costs. At balance sheet day, those service trades which can not be reliably estimated, if the happened services cost will be compensated, the services income are recognized according to happened service cost and transited to service cost according to same amount; if the happened services cost will not be compensated, the happened services cost are accounted into current term's gain or loss and the services income will not be recognized.

(3) Giving of asset using rights

Income from giving of assets is recognized when satisfying requirements: related economic benefit flows in very possibly, income can be measured reliably. Amount of interest income is calculated according to the time and actual interest rate of the monetary capital is used by other party. Income of using fee is calculated upon the charge period and calculation provided by the related contract or agreement.

2. Practical basis for recognition of revenue

Particular methods for recognition of revenue. The Company is mainly engaged in designing, manufacturing, sales, and service of steam turbines and gas turbines falling in the range of rotating and reciprocating machinery, and parts. Recognition of sales in the country shall satisfy: products had been delivered to the buyer and the amount had been fixed. Payment was received or documents received with great possibility of cash inflow. And the cost of the products is able to be measured appropriately. Recognition of sales outside the country shall satisfy: The goods had been filed by the custom with bill of lading obtained. The amount had been fixed, and payment was received or documents received with great possibility of cash inflow. And the cost of the products is able to be measured appropriately.

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

Nil

43. Other significant accounting policies and estimates

Nil

44. Change of main accounting policies and estimations

(1) Change of main accounting policies

√Applicable □ Not applicable

The content and reason for change of accounting policy	Approval process	Remark
In 2017, the Ministry of Finance of the People's Republic of China issued the revised " No. 22 Accounting Standards for Business Enterprises-Recognition and Measurement of Financial Instruments", " No. 23 Accounting Standards for Business Enterprises-Transfer of Financial Assets", " No. 24 Accounting Standards for Business Enterprises-Hedge Accounting, and " No. 37 Accounting Standards for Business Enterprises-Financial Instruments Presentation", and it required the domestic listed companies to implement the afore-said accounting standards from January 1, 2019.	On March 27, 2019, the Company held the 31st meeting of the seventh Board of Directors and the 14th meeting of the seventh Board of Supervisors, in which the "Proposal on Change in Accounting Policy" was reviewed and approved, and this change of accounting policy did not need to be submitted to the shareholders' general meeting for deliberation.	Announcement No.2019-24

(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

√Applicable □Not applicable

Consolidated balance sheet

In RMB

Items	December 21,2018	January 1,2019	Adjustment amount
Current asset:			
Monetary fund	1,382,392,009.59	1,382,392,009.59	
Settlement provision			
Outgoing call loan			
Transactional financial assets		1,156,870,000.00	1,156,870,000.00
Financial assets measured at fair value with variations accounted into current income account			

Derivative financial assets			
Notes receivable	595,089,175.22	595,089,175.22	
Account receivable	1,940,798,255.26	1,940,798,255.26	
Financing of receivables			
Prepayments	370,958,990.74	370,958,990.74	
Insurance receivable			
Reinsurance receivable			
Provisions of Reinsurance contracts receivable			
Other account receivable	32,552,458.76	32,552,458.76	
Including: Interest receivable	0.00		
Dividend receivable	16,557,292.60	16,557,292.60	
Repurchasing of financial assets			
Inventories	2,188,121,342.87	2,188,121,342.87	
Contract assets			
Assets held for sales			
Non-current asset due within 1 year			
Other current asset	1,188,747,955.74	31,877,955.74	-1,156,870,000.00
Total of current assets	7,698,660,188.18	7,698,660,188.18	
Non-current assets:			
Loans and payment on other's behalf disbursed			
Debt investment			
Available for sale of financial assets	2,130,076,555.20		-2,130,076,555.20
Other investment on bonds			
Expired investment in possess			
Long-term receivable			
Long term share equity investment	8,221,439.29	8,221,439.29	
Other equity instruments investment	0.00	2,011,876,524.40	2,011,876,524.40
Other non-current financial assets	0.00	118,200,030.80	118,200,030.80
Property investment			
Fixed assets	783,740,928.49	783,740,928.49	
Construction in progress	454,767,328.93	454,767,328.93	
Production physical assets			
Oil & gas assets			

Use right assets			
Intangible assets	279,740,756.49	279,740,756.49	
Development expenses			
Goodwill			
Long-germ expenses to be amortized			
Deferred income tax asset	213,962,707.23	213,962,707.23	
Other non-current asset			
Total of non-current assets	3,870,509,715.63	3,870,509,715.63	
Total of assets	11,569,169,903.81	11,569,169,903.81	
Current liabilities			
Short-term loans	139,600,000.00	139,600,000.00	
Loan from Central Bank			
Borrowing funds			
Transactional financial liabilities			
Financial liabilities measured at fair value with variations accounted into current income account			
Derivative financial liabilities			
Notes payable	263,897,462.79	263,897,462.79	
Account payable	1,086,685,918.74	1,086,685,918.74	
Advance receipts	2,582,234,158.36	2,582,234,158.36	
Selling of repurchased financial assets			
Deposit taking and interbank deposit			
Entrusted trading of securities			
Entrusted selling of securities			
Employees' wage payable	86,390,955.29	86,390,955.29	
Tax payable	62,405,200.62	62,405,200.62	
Other account payable	36,904,303.01	36,904,303.01	
Including: Interest payable	437,314.72	437,314.72	
Dividend payable	0.00	0	
Fees and commissions payable			
Reinsurance fee payable			
Contract Liabilities			
Liabilities held for sales			
Non-current liability due within 1 year	100,100,000.00	100,100,000.00	

Other current liability			
Total of current liability	4,358,217,998.81	4,358,217,998.81	
Non-current liabilities:			
Reserve fund for insurance contracts			
Long-term loan	22,700,000.00	22,700,000.00	
Bond payable			
Including: preferred stock			
Sustainable debt			
Lease liability			
Long-term payable	474,876,451.26	474,876,451.26	
Long-term remuneration payable to staff			
Expected liabilities			
Deferred income	44,675,128.30	44,675,128.30	
Deferred income tax liability	244,169,946.57	244,169,946.57	
Other non-current liabilities			
Total non-current liabilities	786,421,526.13	786,421,526.13	
Total of liability	5,144,639,524.94	5,144,639,524.94	
Owners' equity			
Share capital	754,010,400.00	754,010,400.00	
Other equity instruments			
Including: preferred stock			
Sustainable debt			
Capital reserves	151,684,419.65	151,684,419.65	
Less: Shares in stock			
Other comprehensive income	1,377,168,522.74	1,377,168,522.74	
Special reserve	21,020,671.47	21,020,671.47	
Surplus reserves	621,112,807.78	621,112,807.78	
Common risk provision			
Retained profit	3,082,544,107.52	3,082,544,107.52	
Total of owner's equity belong to the parent company	6,007,540,929.16	6,007,540,929.16	
Minority shareholders' equity	416,989,449.71	416,989,449.71	
Total of owners' equity	6,424,530,378.87	6,424,530,378.87	
Total of liabilities and owners' equity	11,569,169,903.81	11,569,169,903.81	

Notes

Balance sheet of Parent Company

In RMB

Items	December 31,2018	January 1,2019	Adjustment amount
Current asset :			
Monetary fund	877,357,020.98	877,357,020.98	
Transactional financial assets		890,000,000.00	890,000,000.00
Financial assets measured at fair value with variations accounted into current income account			
Derivative financial assets			
Notes receivable	302,284,986.43	302,284,986.4	
Account receivable	1,374,628,210.45	1,374,628,210.45	
Financing of receivables			
Prepayments	208,498,421.20	208,498,421.20	
Other account receivable	19,984,760.06	19,984,760.06	
Including: Interest receivable			
Dividend receivable	16,557,292.60	16,557,292.60	
Inventories	1,584,030,951.83	1,584,030,951.83	
Contract assets			
Assets held for sales			
Non-current asset due within 1 year			
Other current asset	890,000,000.00		-890,000,000.00
Total of current assets	5,256,784,350.95	5,256,784,350.95	
Non-current assets:			
Debt investment			
Available for sale of financial assets	2,090,631,297.62		-2,090,631,298.00
Other investment on bonds			
Expired investment in possess			
Long-term receivable			
Long term share equity investment	502,919,378.03	502,919,378.03	
Other equity instruments investment		2,011,876,524.40	2,011,876,524.40
Other non-current financial assets		78,754,773.22	78,754,773.22
Property investment			

Fixed assets	448,890,495.75	448,890,495.75	
Construction in progress	142,310,055.48	142,310,055.48	
Production physical assets			
Oil & gas assets			
Use right assets			
Intangible assets	165,734,347.73	165,734,347.73	
Development expenses			
Goodwill			
Long-germ expenses to be amortized			
Deferred income tax asset	163,871,631.81	163,871,631.81	
Other non-current asset			
Total of non-current assets	3,514,357,206.42	3,514,357,206.42	
Total of assets	8,771,141,557.37	8,771,141,557.37	
Current liabilities			
Short-term loans			
Transactional financial liabilities			
Financial liabilities measured at fair value with variations accounted into current income account			
Derivative financial liabilities			
Notes payable	24,200,000.00	24,200,000.00	
Account payable	630,653,099.86	630,653,099.86	
Advance receipts	1,877,069,335.29	1,877,069,335.29	
Contract Liabilities			
Employees' wage payable	43,332,523.01	43,332,523.01	
Tax payable	37,809,874.53	37,809,874.53	
Other account payable	24,708,959.22	24,708,959.22	
Including: Interest payable	212,010.69	212,010.69	
Dividend payable			
Liabilities held for sales			
Non-current liability due within 1 year	100,000,000.00	100,000,000.00	
Other current liability			
Total of current liability	2,737,773,791.91	2,737,773,791.91	
Non-current liabilities:			
Long-term loan			

Bond payable			
Including: preferred stock			
Sustainable debt			
Lease liability			
Long-term payable	264,512,388.24	264,512,388.24	
Long-term remuneration payable to staff			
Expected liabilities			
Deferred income	41,944,793.30	41,944,793.30	
Deferred income tax liability	244,169,946.57	244,169,946.57	
Other non-current liabilities			
Total non-current liabilities	550,627,128.11	550,627,128.11	
Total of liability	3,288,400,920.02	3,288,400,920.02	
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	1,377,784,111.74	1,377,784,111.74	
Special reserve	7,609,505.31	7,609,505.31	
Surplus reserves	602,356,402.65	602,356,402.65	
Retained profit	2,602,026,967.56	2,602,026,967.56	
Total of owners' equity	5,482,740,637.35	5,482,740,637.35	
Total of liabilities and owners' equity	8,771,141,557.37	8,771,141,557.37	

Notes

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

Not applicable

45.Other

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	16%,13%,6%
City maintenance and construction tax	Turnover tax payable	5%,7%
Enterprise income tax	Amount of income taxable	15%,25%
Educational surcharge	Turnover tax payable	3%
Local education additional	Turnover tax payable	2%
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%

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. Therefore they enjoy 15% of tax for 2018.

2. According to the document “Notice for Qualification of High-tech Enterprises” (GKHZD(2016)No.149) issued by Department of Science and Technology High-tech Development Center, Hangzhou Steam Turbine Casting Co., Ltd– subsidiaries of the Company, were qualified as high-tech enterprises for term of three years. Therefore they enjoy 15% of tax for 2016-2018.

3.Other

VII. Notes to the Consolidated Financial Statements

1.Monetary Capital

In RMB

Items	End of term	Beginning of term
Cash in stock	132,336.73	128,198.82
Bank deposit	1,721,272,261.33	1,297,059,605.97
Other monetary fund	98,454,424.85	85,204,204.80
Total	1,819,859,022.91	1,382,392,009.59
Incl: Total of accounts saved overseas	5,188,570.66	4,535,870.05

Other notes:

The ending bank deposits include a court-blocked deposit with a restricted usage of RMB 35,000,000.00; Other monetary fund composes , Security for bank acceptance notes RMB 98,363,924.80 of security for Letter of credit, RMB90,000.00 of security for bank guarantee letter and refundable deposit without a restricted usage of RMB 500.56.

2. Transactional financial assets

In RMB

Items	End of term	Beginning of term
Financial assets measured at fair value through profit or loss	578,769,000.00	1,156,870,000.00
Of which :		
Of which:		
Total	578,769,000.00	1,156,870,000.00

3. Derivative financial assets

Nil

4. Notes receivable

(1) Notes receivable listed by category

In RMB

Items	End of term	Beginning of term
Bank acceptance bill	471,996,506.16	574,782,175.22
Trade acceptance bill	8,609,878.68	20,307,000.00
Total	480,606,384.84	595,089,175.22

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

Nil

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

In RMB

Items	Pledged amount
Bank acceptance bill	62,824,000.00
Total	62,824,000.00

(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	715,062,076.86	
Trade acceptance bill	2,542,730.25	
Total	717,604,807.11	

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

(6) The actual write-off accounts receivable

Nil

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	29,819,607.69	0.95%	29,819,607.69	100.00%	0.00	29,819,607.69	0.99%	29,819,607.69	100.00%	
Including:										
Accrual of bad debt provision by portfolio	3,096,045,722.22	99.05%	1,035,677,370.86	33.45%	2,060,368,351.36	2,982,887,216.78	99.01%	1,042,088,961.52	34.94%	1,940,798,255.26
Including:										
Total	3,125,865,329.91	100.00%	1,065,496,978.55	34.09%	2,060,368,351.36	3,012,706,824.47	100.00%	1,071,908,569.21	35.58%	1,940,798,255.26

Accrual of bad debt provision by single item:29,819,607.69 yuan

In RMB

Name	End of term			
	Other receivable account	Bad debt provision	Proportion%	Reason

Accrual of bad debt provision by single item:	29,819,607.69	29,819,607.69	100.00%	There are evidences or receivables based on common sense that the credit risk is significantly higher or lower.
Total	29,819,607.69	29,819,607.69	--	--

Accrual of bad debt provision by portfolio:1,035,677,370.86 yuan

In RMB

Name	Closing balance		
	Book balance	Bad debt provision	Proportion
Within 1 year (Including 1 year)	1,207,787,957.34	60,389,397.94	5.00%
1-2 years	624,005,759.19	62,400,575.84	10.00%
2-3 years	328,553,152.78	98,565,945.84	30.00%
3-4 years	208,046,764.12	124,828,058.47	60.00%
4-5 years	190,793,480.12	152,634,784.10	80.00%
Over 5 years	536,858,608.67	536,858,608.67	100.00%
Total	3,096,045,722.22	1,035,677,370.86	--

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:

Disclosure by aging

In RMB

Aging	Closing balance
Within 1 year (Including 1 year)	1, 147, 398, 559. 40
1-2 years	561, 605, 183. 35
2-3 years	229, 987, 206. 94
Over 5 years	121, 377, 401. 67
3-4 years	83, 218, 705. 65
4-5 years	38, 158, 696. 02
Over 5 years	0. 00
Total	2, 060, 368, 351. 36

(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	
Accrual of bad debt provision by single item	29,819,607.69				29,819,607.69

Accrual of bad debt provision by portfolio	1,042,088,961.52	-6,411,590.66			1,035,677,370.86
Total	1,071,908,569.21	-6,411,590.66			1,065,496,978.55

(3) The actual write-off accounts receivable

In RMB

Items	Amount
Uncollectible amount	0.00

The significant actual write-off accounts receivable:

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

Name	Amount	Proportion(%)	Bad debt provision
Client 1	670,859,810.45	21.46%	300,449,816.90
Client 2	240,631,511.27	7.70%	163,538,638.03
Client 3	161,326,729.06	5.16%	9,871,314.19
Client 4	63,427,500.00	2.03%	6,342,750.00
Client 5	53,953,673.36	1.73%	2,697,683.67
Subtotal	1,190,199,224.14	38.08%	482,900,202.79

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

Nil

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

Nil

6. Financing of receivables

Nil

7. Prepayments

(1) Age analysis

In RMB

Age	End of term	Beginning of term
-----	-------------	-------------------

	Book balance	Proportion(%)	Book balance	Proportion(%)
Within 1 year	387,035,194.27	93.20%	339,805,990.35	91.60%
1-2 years	15,114,713.00	3.64%	22,067,247.82	5.95%
2-3 years	4,009,227.00	0.97%	1,208,614.00	0.33%
Over 3 years	9,132,823.10	2.20%	7,877,138.57	2.12%
Total	415,291,957.37	--	370,958,990.74	--

Notes:

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

Name	Amount	Proportion(%)
Hangzhou Hangfa generation Equipment Co., Ltd.	41,416,785.00	9.97
Jinling International Co., Ltd.	35,654,354.43	8.59
Siemens Industrial Turbomachinery AB	31,279,682.87	7.53
Wuhan Baiya Electric power Technology Co., Ltd.	21,154,000.00	5.09%
FORMOSA ELECTRIC POWER SYSTEM CO.,LTD.	20,954,980.57	5.05%
Subtotal	150,459,802.87	36.23

Other notes:

8. Other account receivable

In RMB

Nature	Closing balance	Opening balance
Interest receivable	0.00	
Dividend receivable	84,526,094.10	16,557,292.60
Other	18,293,347.31	15,995,166.16
Total	102,819,441.41	32,552,458.76

(1) Interest receivable : Nil

(2) Dividend receivable

(1) Dividend receivable

In RMB

Items	End of term	Beginning of term
Hangzhou Bank	84,526,094.10	16,557,292.60
Total	84,526,094.10	16,557,292.60

2) Significant dividend receivable aged over 1 year

In RMB

Items	Closing balance	Aging	Reason	Whether occurred impairment and its judgment basis
Hangzhou Bank	9,657,292.60	1-2 years	Equity pledge	No
Hangzhou Bank	6,900,000.00	2-3 years	Equity pledge	No
Total	16,557,292.60	--	--	--

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
Export tax rebate receivable		2,153,878.45
Deposit	13,265,110.29	16,937,448.95
Provisional payment receivable	10,572,543.47	5,251,040.00
Petty cash	4,133,206.64	1,327,534.34
Other	3,713,119.52	3,730,374.47
Total	31,683,979.92	29,400,276.21

2) Bad-debt provision

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

Applicable Not applicable

Disclosure by aging

In RMB

Aging	Closing balance
Within 1 year(Including 1 year)	13,046,814.07
1-2 years	2,802,463.45
2-3 years	1,271,991.21
Over 3 years	1,172,078.58
3-4 years	824,700.80
4-5 years	347,377.78

Over 5 years	0.00
Total	18,293,347.31

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	
Other receivables with provision for bad debts based on credit risk characteristics	13,405,110.05	-14,477.44		13,390,632.61
Total	13,405,110.05	-14,477.44		13,390,632.61

4) The actual write-off accounts receivable

Nil

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	11.71%	3,710,320.94
Hangzhou Zhongneng Steam Turbine Power (Indonesia) Co., Ltd.	Investment	3,431,600.00	5-6 years	10.83%	3,431,600.00
Hangzhou Intermediate People's Court, Zhejiang Province	Temporary payment receivable	1,105,395.00	1 year	3.49%	55,269.75
Guoxin Tendering Group Co., Ltd	Deposit	800,000.00	4 years	2.52%	480,000.00
National Central and Western Regional Cooperation Demonstration Zone Bidding Management Office	Deposit	800,000.00	1 year	2.52%	40,000.00
Total	--	9,847,315.94	--	31.07%	7,717,190.69

6) Accounts receivable involved with government subsidies

Nil

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

Nil

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

Nil

9. Inventories

Whether implemented new revenue guidelines?

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	537,036,361.35	53,003,915.45	484,032,445.90	585,528,478.85	53,187,189.03	532,341,289.82
Goods in progress	794,557,915.19	28,954,137.55	765,603,777.64	731,748,385.18	25,188,298.67	706,560,086.51
Stock goods	1,107,771,113.80	134,625,404.08	973,145,709.72	1,093,823,673.99	144,603,707.45	949,219,966.54
Total	2,439,365,390.34	216,583,457.08	2,222,781,933.26	2,411,100,538.02	222,979,195.15	2,188,121,342.87

Whether the company is required to comply with the "Shenzhen Stock Exchange Industry Information Disclosure Guidelines No. 4 - listed companies engaged in seed industry, planting business" disclosure requirements

No

(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	53,187,189.03	0.00	0.00	183,273.58	0.00	53,003,915.45
Goods in progress	28,968,721.85	0.00	0.00	14,584.30	0.00	28,954,137.55

Stock goods	140,823,284.27	0.00	0.00	6,197,880.19	0.00	134,625,404.08
Total	222,979,195.15	0.00	0.00	6,395,738.07	0.00	216,583,457.08

2) The specific basis for determining the net realizable value, and the reasons for the reversal of the inventory depreciation reserve for the current period

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

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

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

10. Assets divided as held-to-sold

Nil

11. Non-current assets due within 1 year

Nil

12. Other current assets

Whether implemented new revenue guidelines?

No

In RMB

Items	End of term	Beginning of term
Input tax deductible	59,238,064.27	28,260,278.71
To verify the input tax	47,553.14	
Prepaid income tax	4,992,881.54	2,804,366.47

Rent charge	837,437.34	813,310.56
Total	65,115,936.29	31,877,955.74

13.Creditor's right investment: Nil

14.Other Creditor's right investment: Nil

15. Long-term accounts receivable

Nil

16. Long-term equity investment

In RMB

Investees	Opening balance	Increase /decrease								Closing balance	Closing balance of impairment provision
		Additional investment	Decrease in investment	Profits and losses on investments Recognized under the equity method	Other comprehensive income	Changes in other equity	Cash bonus or profits announced to issue	Withdrawal of impairment provision	Other		
I. Joint venture											
2. Affiliated Company											
Zhejiang Zhongrun Gas turbine technology Co., Ltd.	8,221,439.29	2,040,000.00								10,261,439.29	
Subtotal	8,221,439.29	2,040,000.00								10,261,439.29	
Total	8,221,439.29	2,040,000.00								10,261,439.29	

Other notes

17. Other equity instruments investment

In RMB

Items	End of term	Beginning of term
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Hangzhou Bank	2,264,720,465.98	2,011,876,524.40
Total	2,264,720,465.98	2,011,876,524.40

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	67,968,801.50	1,873,766,425.98			The Company takes a position of holding the equity instrument for a long-term to obtain stable dividends, and it does not care about the impact of price fluctuations on profit and loss. The Cash flow is not entirely the principal and interest.	

Other notes:

18.Other non-current assets

In RMB

Items	End of term	Beginning of term
Hangzhou Jushi Investment Partnership (LP)	50,000,000.00	50,000,000.00
Hangzhou Steam Turbine Engineering Co., Ltd.	4,820,000.00	4,820,000.00
Wuxi Xinchang Steel Bube Co., ltd.	13,845,257.58	13,845,257.58
Zhejiang Zhongkong Solar Energy Technology Co., Ltd.	15,000,000.00	15,000,000.00
Zhejiang Tianhang Steam Turbine Auxiliary Machinery Co., Ltd.	10,000,000.00	10,000,000.00

Greenesol power systems PVT Ltd.	5,534,773.22	5,534,773.22
Zhejiang Hangzhou Steam Turbine Gas turbine machinery innovation center	2,400,000.00	2,400,000.00
Zhejiang Sanxin Automation Engineering Co., Ltd.	600,000.00	600,000.00
Juyuan Xinxing No.9 private equity fund raising special account	16,000,000.00	16,000,000.00
Sichuan Lutianhua Co., Ltd.	2,281,853.06	
Turbine Company	11,400,000.00	
Total	131,881,883.86	118,200,030.80

Other notes:

19. Investment property

Nil

20. Fixed assets

In RMB

Items	End of term	Beginning of term
Fixed assets	761,603,992.58	783,740,928.49
Total	761,603,992.58	783,740,928.49

(1) Details

In RMB

Items	Houses & buildings	Machinery equipment	Transportation equipment	Office equipment	Total
I. Original price					
1. Balance at period-beginning	732,378,844.81	1,022,902,093.21	27,934,764.05	100,670,157.77	1,883,885,859.84
2. Increase in the current period	0.00	14,065,140.36	420,882.90	964,332.12	15,450,355.38
(1) Purchase	0.00	7,383,988.74	420,882.90	548,836.44	8,353,708.08
(2)	0.00	6,681,151.62	0.00	415,495.68	7,096,647.30
Transferred from construct					

ion in progress					
(3)Increased of Enterprise Combination					0.00
					0.00
3.Decreased amount of the period	0.00	5,825,250.24	140,000.00	1,693,493.76	7,658,744.00
(1) Dispose	0.00	5,825,250.24	140,000.00	1,693,493.76	7,658,744.00
					0.00
4. Balance at period-end	732,378,844.81	1,031,141,983.33	28,215,646.95	99,940,996.13	1,891,677,471.22
II.Accumulated amortization					0.00
1.Opening balance	205,744,672.74	782,001,809.78	21,626,415.94	84,120,061.22	1,093,492,959.68
2.Increased amount of the period	12,846,518.83	22,455,549.23	415,621.91	1,271,956.33	36,989,646.30
(1) Withdrawal	12,846,518.83	22,455,549.23	415,621.91	1,271,956.33	36,989,646.30
					0.00
3.Decrease in the reporting period	0.00	4,825,001.33	133,000.00	1,632,096.51	6,590,097.84
(1) Disposal	0.00	4,825,001.33	133,000.00	1,632,096.51	6,590,097.84
					0.00
4.Closing balance	218,591,191.57	799,632,357.68	21,909,037.85	83,759,921.04	1,123,892,508.14
III. Impairment provision					0.00
1.Opening balance	1,504,928.24	4,033,520.42	0.00	1,113,523.01	6,651,971.67
2.Increase in the reporting period	0.00	0.00	0.00	0.00	0.00
(1) Withdrawal					0.00
					0.00
3.Decrease the reporting period	0.00	433,399.30	0.00	37,601.87	471,001.17
(1) Disposal	0.00	433,399.30	0.00	37,601.87	471,001.17
					0.00
4. Closing balance	1,504,928.24	3,600,121.12	0.00	1,075,921.14	6,180,970.50
IV. Book value					0.00
1.Book value of the period-end	525,553,099.54	214,639,129.99	6,306,609.10	15,105,153.95	761,603,992.58

2. Book value of the period-begin	525,129,243.83	236,866,763.01	6,308,348.11	15,436,573.54	783,740,928.49
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(2) List of temporarily idle fixed assets

Nil

(3) Fixed assets leased in from financing lease

Nil

(4) Fixed assets leased out from operation lease

Nil

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

In RMB

Items	Book value	Reason
Steam turbine power Building	217,937,640.97	In process
Complete sets of factory	40,753,085.36	In process

(6) Liquidation of fixed assets

Nil

21. Construction in progress

In RMB

Items	End of term	Beginning of term
Construction in progress	659,588,447.28	454,767,328.93
Total	659,588,447.28	454,767,328.93

(1) List of construction in progress

In RMB

Items	End of term			Beginning of term		
	Book balance	Provision for	Book value	Book balance	Provision for	Book value

		impairment			impairment	
New Plant project	631,046,137.11		631,046,137.11	429,609,053.59		429,609,053.59
Steam turbine power Building	1,726,143.04		1,726,143.04			
Software project	7,779,939.24		7,779,939.24	7,779,939.24		7,779,939.24
Other project	15,116,301.15		15,116,301.15	8,457,875.95		8,457,875.95
Prepayment for equipment or projects	3,919,926.74		3,919,926.74	8,920,460.15		8,920,460.15
Total	659,588,447.28		659,588,447.28	454,767,328.93		454,767,328.93

(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 g: capitalization of interest this period	Capitalization of interest rate (%)	Source of funding
New Plant project	1,733,287,600.00	429,609,053.59	201,437,083.52			631,046,137.11	39.46%	Under Construction	5,427,195.39	1,255,268.85	1.20%	Other
Steam turbine power Building	231,425,300.00		1,726,143.04			1,726,143.04	100.00%	Completed				Other
Software project	7,970,000.00	7,779,939.24				7,779,939.24	97.62%	Under Construction				Other
Other project		8,457,875.95	8,750,212.35	2,091,787.15		15,116,301.15		Under Construction				Other
Prepayment for equipment or projects		8,920,460.15	4,326.74	5,004,860.15		3,919,926.74		Under Construction				Other

Total	1,972,682,900.00	454,767,328.93	211,917,765.65	7,096,647.30	0.00	659,588,447.28	--	--	5,427,195.39	1,255,268.85	--
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(3) List of the withdrawal of the impairment provision of the construction in progress

Nil

(4) Engineering material

Nil

22. Productive biological assets

Nil

23. Oil and gas assets

Nil

24. Right to use assets

Nil

25. 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	3,240,025.87	335,847,772.16
2. Increase in the current period					
(1) Purchase					
(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	3,240,025.87	335,847,772.16
II. Accumulated amortization					
1. Opening balance	55,106,840.56	258,450.38	0.00	741,724.73	56,107,015.67
2. Increased amount of the period	3,331,432.68	2,735.10	0.00	308,002.56	3,642,170.34
(1) Withdrawal	3,331,432.68	2,735.10	0.00	308,002.56	3,642,170.34
3. Decreased amount of the period					
(1) Disposal					
4. Closing balance	58,438,273.24	261,185.48	0.00	1,049,727.29	59,749,186.01
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	273,860,039.09	48,248.48	0.00	2,190,298.58	276,098,586.15
2. Opening book value	277,191,471.77	50,983.58	0.00	2,498,301.14	279,740,756.49

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

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

Nil

26. R&D expenses

Nil

27. Goodwill

Nil

28. Long-term unamortized expenses

Nil

29. 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	1,300,939,413.26	200,993,717.84	1,339,474,275.36	207,199,125.83
Internal trade profit not realized	61,806,771.99	9,463,856.66	41,572,138.74	6,430,832.03
Deductible loss	0.00	0.00		

Temporary difference such as amortizing of software expense	2,218,329.11	332,749.37	2,218,329.11	332,749.37
Changes in fair value of other non-current assets	26,654,755.34	3,998,213.30		
Total	1,391,619,269.70	214,788,537.17	1,383,264,743.21	213,962,707.23

(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
Changes in fair value of investments in other equity instruments	1,873,766,425.98	281,064,963.90	1,620,922,484.40	243,138,372.66
Accumulated depreciation	6,180,970.50	927,145.58	6,651,971.67	997,795.75
Deferred income	900,750.80	135,112.62	225,187.70	33,778.16
Total	1,880,848,147.28	282,127,222.10	1,627,799,643.77	244,169,946.57

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

In RMB

Items	Deferred Income Tax Assets or Liabilities at the End of Report Period	Temporarily Deductible or Taxable Difference at the End of Report Period	Deferred Income Tax Assets or Liabilities at the Beginning of Report Period	Temporarily Deductible or Taxable Difference at the Beginning of Report Period
Deferred income tax assets		214,788,537.17		213,962,707.23
Deferred income tax liabilities		282,127,222.10		244,169,946.57

(4) Details of income tax assets not recognized

In RMB

Items	End of term	Beginning of term
Deductible provisional differences	734,654.14	650,570.73
Deductible losses	30,691,075.97	25,565,760.83

Total	31,425,730.11	26,216,331.56
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(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
2020	352,606.82	439,625.66	
2021	712,938.27	712,938.27	
2022	5,902,717.30	5,953,854.74	
2023	18,459,342.16	18,459,342.16	
2024	5,263,471.42		
Total	30,691,075.97	25,565,760.83	--

30. Other non-current assets

Nil

31. Short-term borrowings

(1) Category of short-term borrowings

In RMB

Items	End of term	Beginning of term
Pledge Borrowing	0.00	0.00
Mortgage Borrowings	59,800,000.00	47,900,000.00
Guarantee Borrowing	37,700,000.00	37,700,000.00
Credit borrowing	0.00	0.00
Mortgage and Guarantee	0.00	54,000,000.00
Total	97,500,000.00	139,600,000.00

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

32. Transactional financial liabilities

Nil

33. Derivative financial liability

Nil

34. Notes payable

In RMB

Items	End of term	Beginning of term
Bank acceptance bill	237,870,569.88	263,897,462.79
Total	237,870,569.88	263,897,462.79

35. Accounts payable

(1) List of accounts payable

In RMB

Items	End of term	Beginning of term
Goods	1,088,197,720.56	1,026,275,855.39
Equipment and Engineering	100,132,003.87	60,410,063.35
Total	1,188,329,724.43	1,086,685,918.74

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

Nil

36. Advances received

Whether implemented new revenue guidelines?

Nil

(1) List of Advances received

In RMB

Items	End of term	Beginning of term
Goods	2,555,520,011.33	2,582,234,158.36
Total	2,555,520,011.33	2,582,234,158.36

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

Nil

37. Employees' wage payable

(1) List of Payroll payable

In RMB

Items	Beginning of term	Increased this period	Decreased this period	End of term
I. Short-term wages	63,423,331.59	324,039,923.67	337,179,017.91	50,284,237.35

II. Welfare after leaving of position-fixed provision scheme	22,967,623.70	43,995,715.30	52,109,496.76	14,853,842.24
Total	86,390,955.29	368,035,638.97	389,288,514.67	65,138,079.59

(2) Details of short term wages

In RMB

Items	Beginning of term	Increased this period	Decreased this period	End of term
1. Wage, bonus, allowance and subsidies	48,159,059.49	243,286,098.34	263,117,557.72	28,327,600.11
2. Employee welfare	0.00	18,336,994.82	13,091,480.29	5,245,514.53
3. Social insurance	6,861,555.29	26,760,752.54	26,728,272.16	6,894,035.67
Incl. Medical insurance	6,406,895.63	23,347,637.26	23,313,021.09	6,441,511.80
Labor injury insurance	96,387.91	742,611.04	740,032.75	98,966.20
Maternity insurance	358,271.75	2,670,504.24	2,675,218.32	353,557.67
4. Housing fund	111,421.96	25,731,882.00	25,726,039.00	117,264.96
5. Labour union fee and employee education fee	8,291,294.85	8,251,195.97	6,842,668.74	9,699,822.08
6. Short-term paid absence	0.00	0.00	0.00	0.00
7. Short-term profit sharing scheme	0.00	1,673,000.00	1,673,000.00	0.00
Total	63,423,331.59	324,039,923.67	337,179,017.91	50,284,237.35

(3) Details of fixed provision scheme

In RMB

Items	Beginning of term	Increased this period	Decreased this period	End of term
1. Basic pension insurance	4,080,388.66	31,241,284.39	31,189,936.66	4,131,736.39
2. Unemployment insurance	145,938.27	1,114,649.31	1,113,025.82	147,561.76
3. Enterprise annual fee	18,741,296.77	11,639,781.60	19,806,534.28	10,574,544.09
Total	22,967,623.70	43,995,715.30	52,109,496.76	14,853,842.24

38. Taxes Payable

In RMB

Items	End of term	Beginning of term
VAT	3,815,501.92	29,776,940.88
Enterprise Income tax	15,707,673.47	23,909,724.68
Individual Income tax	684,083.90	1,043,483.57
City Construction tax	260,719.16	2,366,801.27

Property tax	348,901.25	1,520,839.72
Land use tax	1,655,168.00	1,654,687.31
Education subjoin	125,288.80	1,014,509.41
Locality Education subjoin	83,525.82	676,339.74
Other	245,929.47	441,874.04
Total	22,926,791.79	62,405,200.62

39. Other account payable

In RMB

Items	End of term	Beginning of term
Interest payable	100,958.90	437,314.72
Dividend payable	0.00	0.00
Other account payable	37,508,451.62	36,466,988.29
Total	37,609,410.52	36,904,303.01

(1) Interest payable

In RMB

Items	End of term	Beginning of term
Long term interest on borrowings due in installments	100,958.90	245,102.36
Interest on short-term borrowings		192,212.36
Total	100,958.90	437,314.72

(2) Dividends payable

In RMB

Items	End of term	Beginning of term
Total	0.00	0.00

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

(3) Other accounts payable

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

In RMB

Items	End of term	Beginning of term
Deposit	11,818,556.60	12,075,403.25
Provisional account payable	24,008,353.70	22,537,821.34
Other	1,681,541.32	1,853,763.70
Total	37,508,451.62	36,466,988.29

② Significant other payables for over 1 year

Nil

40. Liabilities classified as holding for sale

Nil

41. Non-current liabilities due within 1 year

In RMB

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

42. Other current-liabilities

Nil

43. Long-term borrowing

(1) Category of long-term loan

In RMB

Items	End of term	Beginning of term
Mortgage loan	12,600,000.00	12,700,000.00
Guarantee loan	10,000,000.00	10,000,000.00
Total	22,600,000.00	22,700,000.00

44. Bonds payable

Nil

45. Lease liability

Nil

46. Long-term payable

In RMB

Items	End of term	Beginning of term
Long term account payable	208,330,000.00	209,598,799.99
Special Payable	577,336,859.28	265,277,651.27
Total	785,666,859.28	474,876,451.26

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

In RMB

Items	End of term	Beginning of term
CDB investment fund	208,000,000.00	208,000,000.00
Income payable of CDB		1,268,799.99
Drawing in administrative restructuring	330,000.00	330,000.00
Total	208,330,000.00	209,598,799.99

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; under the investment contract, Hangzhou Steam Turbine Group will transfer its shares of Steam Turbine Industry Co., Ltd from 2019 to the NDF by installment. Hangzhou Steam Turbine Industry Co., Ltd has received the above investment on December 27, 2016, according to the agreement of the investment contract on the relevant investment returns, The Company reports it as a long-term payables, the current accrued income is RMB1,248,000. Cumulative recognized income payable is RMB6,281,600.01.

(3) Special Payable

In RMB

Items	Beginning of term	Increased this period	Decreased this period	End of term	Reason
Compensation for relocation	265,277,651.27	314,548,452.89	2,489,244.88	577,336,859.28	
Total	265,277,651.27	314,548,452.89	2,489,244.88	577,336,859.28	--

47. Long term payroll payable

Nil

48. Accrued liabilities

Nil

49. Deferred income

In RMB

Items	Beginning of term	Increased this period	Decreased this period	End of term	Reason
Government Subsidy	44,675,128.30	2,489,244.88	4,391,157.98	42,773,215.20	Receive government subsidies
Total	44,675,128.30	2,489,244.88	4,391,157.98	42,773,215.20	--

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 changes	End of term	Asset-related or income-related
Financial support for industrial projects	230,240.00	0.00		28,780.00			201,460.00	Related to assets
Government subsidy for casting project	1,911,645.00	0.00		997,380.00			914,265.00	Related to assets
Circular economy financial subsidy	91,280.00	0.00		11,410.00			79,870.00	Related to assets
Subsidy for industrial upgrading by provincial	160,000.00	0.00		160,000.00			0.00	Related to assets

government								
Finance for casting project	230,240.00	0.00		28,780.00			201,460.00	Related to assets
Government subsidy for industrial entities from Yuhang District Government in the 2nd half of 2009	106,930.00	0.00		0.00			106,930.00	Related to assets
Compensation for requisition and relocation-newly built complete plant	41,944,793.30	2,489,244.88		3,164,807.98			41,269,230.20	Related to assets
Total	44,675,128.30	2,489,244.88	0.00	4,391,157.98	0.00	0.00	42,773,215.20	

50. Other non-current liabilities

Nil

51. 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

52. Other equity instruments

Nil

53. Capital reserves

In RMB

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

		period		
Capital premium	93,909,294.56			93,909,294.56
Other capital reserves	57,775,125.09			57,775,125.09
Total	151,684,419.65			151,684,419.65

54. Treasury stock

Nil

55. Other comprehensive income

In RMB

Items	Opening balance	Occurred current term						Closing balance
		Amount incurred before income tax	Less: Amount transferred into profit and loss in the current period that recognized into other comprehensive income in prior period	Less: Prior period included in other composite income transfer to retained income in the current period	Less: Income tax expenses	After-tax attribute to the parent company	After-tax attribute to minority shareholder	
1. Other comprehensive income that cannot be reclassified in the loss and gain in the future	1,377,784,111.74	252,843,941.58	0.00	0.00	37,926,591.24	214,917,350.34	0.00	1,592,701,462.08
Changes in fair value of investments in other equity instruments	1,377,784,111.74	252,843,941.58			37,926,591.24	214,917,350.34	0.00	1,592,701,462.08
II. Other Comprehensive income that will be reclassified subsequently to profit or loss	-615,589.00	545,518.42	0.00	0.00	0.00	232,279.56	313,238.86	-383,309.44

Difference of translating of foreign currency accounts	-615,589.00	545,518.42				232,279.56	313,238.86	-383,309.44
Total of other comprehensive income	1,377,168,522.74	253,389,460.00	0.00	0.00	37,926,591.24	215,149,629.90	313,238.86	1,592,318,152.64

56.Special reserves

In RMB

Items	Beginning of term	Increased this period	Decreased this period	End of term
Labor safety expenses	21,020,671.47	434,456.69	1,218,494.40	20,236,633.76
Total	21,020,671.47	434,456.69	1,218,494.40	20,236,633.76

57. 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

58. Retained profit

In RMB

Items	Amount of this period	Amount of last period
After adjustments: Retained profits at the period beginning	3,082,544,107.52	2,774,420,288.05
Add: Net profit belonging to the owner of the parent company	160,325,133.00	345,824,339.47
Common stock dividend payable	150,802,079.99	37,700,520.00
Retained profit at the end of this term	3,092,067,160.53	3,082,544,107.52

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.

59. Business income and Business cost

In RMB

Items	Amount of this period		Amount of last period	
	Income	Cost	Income	Cost
Main Business	1,911,865,806.20	1,364,677,904.22	2,276,427,071.38	1,608,263,667.71
Other	8,315,896.83	1,726,497.04	7,703,910.75	3,852,484.55
Total	1,920,181,703.03	1,366,404,401.26	2,284,130,982.13	1,612,116,152.26

Whether implemented new revenue guidelines?

Yes No

60. Taxes and surcharges

In RMB

Items	Amount of this period	Amount of last period
City maintenance and construction tax	6,258,277.92	11,822,700.18
Education surtax	2,722,783.20	5,249,866.83
House tax	332,977.63	3,216,786.22
Land use tax	1,655,168.00	5,178,759.26
vehicle and vessel tax	26,793.80	24,888.00
Stamp tax	646,951.82	1,027,019.01
Locality Education surcharge	1,815,188.62	3,299,209.54
Total	13,458,140.99	29,819,229.04

61. Sales expense

In RMB

Items	Amount of this period	Amount of last period
Employees' remunerations	35,345,136.48	32,773,059.29
Transportation	17,358,879.72	14,693,552.44
Business trips	11,000,584.22	9,452,510.07
Business reception expenses	3,518,464.60	3,399,943.75
Conferences	8,877,804.98	8,058,157.00
Consulting service fee	857,979.45	900,990.48
Three charge	2,965,403.66	1,829,961.31
Advertising fee	645,456.86	904,782.48
Office expenses	294,547.52	610,525.86
Unit premium	443,566.81	175,631.84
Other	5,588,115.02	4,209,187.70
Total	86,895,939.32	77,008,302.22

62. Administrative expense

In RMB

Items	Amount of this period	Amount of last period
Employees' remunerations	163,845,277.06	180,210,554.84
Asset depreciation and amortizing	12,905,965.64	6,891,121.59
Business reception expenses	1,341,508.33	5,547,320.26

Rental fee, House rental, property management, water and power	11,812,826.37	5,015,031.88
Traveling fees	4,586,971.31	4,275,372.97
Material, low-value-consumable	1,755,846.28	1,720,636.69
Office expenses	1,171,344.18	904,559.60
Maintaining	1,822,902.87	1,375,919.85
Other	35,925,683.94	31,515,542.48
Total	235,168,325.98	237,456,060.16

63. R&D Expense

In RMB

Items	Amount of this period	Amount of last period
Labor cost	50,307,098.47	52,135,762.31
Direct materials	51,643,451.05	85,259,892.10
Depreciation expenses	6,273,507.75	6,939,770.84
Test and inspection fee	5,852,855.49	3,476,581.20
Commissioned research & development	906,393.74	1,738,575.99
Other	1,777,636.02	1,798,978.59
Total	116,760,942.52	151,349,561.03

64. Financial expenses

In RMB

Items	Amount of this period	Amount of last period
Interest expense	7,347,036.95	6,422,483.44
Less: Incoming interests	13,761,463.96	6,343,865.32
Exchange gains/losses	1,120,184.65	-1,251,354.77
Commission	1,072,945.23	1,032,189.81
Other	-33,206.03	143,723.91
Total	-4,254,503.16	3,177.07

65. Other income

In RMB

Items	Amount of this period	Amount of last period
-------	-----------------------	-----------------------

Government subsidies	14,470,802.89	20,337,694.45
Individual tax commission refunds	1,290,786.14	
Total	15,761,589.03	20,337,694.45

66. Investment income

In RMB

Items	Amount of this period	Amount of last period
Long-term equity investment income by equity method	0.00	
Investment income from disposal of Long-term equity investment	0.00	
Investment gains from holding of sellable financial assets	2,320,462.15	
Investment income from disposal of available for sale financial assets	29,171,059.01	
Dividend income from other equity instrument investments during the holding period	67,968,801.50	
Investment income received from holding of held-to-maturity investments during holding period	0.00	
Available for sale financial assets in the holding period of investment income	0.00	11,428,418.13
Investment income from disposal of available for sale financial assets	0.00	
Disposal of investment proceeds from hold-to-maturity investments	0.00	
Investment income from the remaining equity recalculated by fair value after losing control	0.00	
Interest income earned by the debt investment during the holding period	0.00	
Interest income earned by other debt investments during the holding period	0.00	
Investment income from disposal of other debt investments	0.00	
Investment income of financial products	0.00	25,716,189.31
Total	99,460,322.66	37,144,607.44

67. Net exposure hedging income

Nil

68. Gains on the changes in the fair value

In RMB

Source	Amount of this period	Amount of last period
Transactional financial assets	-1,474,755.34	
Total	-1,474,755.34	

69. Credit impairment loss

Nil

70. Losses from asset impairment

Whether implemented new revenue guidelines?

Yes No

In RMB

Items	Amount of this period	Amount of last period
Losses on bad debt	6,034,889.10	-43,111,352.82
Inventory price loss	388,917.60	
Total	6,423,806.70	-43,111,352.82

71. Asset disposal income

In RMB

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

72. 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	576,158.72	3,727,204.67	576,158.72

Others	168,680.44	462,521.81	167,716.46
Total	744,839.16	4,189,726.48	743,875.18

73. 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	526,315.79		526,315.79
Donations	70,000.00	10,000.00	70,000.00
Penalty paid out	3,681,180.41	2,488,554.74	3,681,180.41
Local water source foundation	66.99	770.69	
Fine, late payment	87,175.73	4,673.35	87,175.73
Non-current assets scrapping loss	497,573.36	3,031.08	497,573.36
Other	358,450.00	84,124.68	353,800.00
Total	5,220,762.28	2,591,154.54	5,216,045.29

74. Income tax expenses

(1) Details

In RMB

Items	Amount of this period	Amount of last period
Income tax of current term	37,570,544.94	27,761,803.39
Deferred income tax	-795,145.65	4,216,068.43
Total	36,775,399.29	31,977,871.82

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

In RMB

Items	Amount of this period
Total profit	221,442,313.03

Income tax expense at statutory / applicable tax rates	33,216,346.96
Effect of different tax rates applicable to subsidiaries	3,268,612.11
Adjustment for income tax in prior year	6,658,104.43
Income not subject to tax	-7,388,913.37
Expenses not deductible for tax purposes	230,138.89
Affect the use of deferred tax assets early unconfirmed deductible losses	-34,539.07
The current period does not affect the deferred tax assets recognized deductible temporary differences or deductible loss	825,649.34
Income tax expenses	36,775,399.29

75. Other Comprehensive income

Please find the statement in the notes of consolidated balance sheet.

76. Notes Cash flow statement

(1) Other cash received from business operation

In RMB

Items	Amount of this period	Amount of last period
Deposit interest(Notes)	12,657,033.86	6,343,865.32
Government subsidies received	8,849,942.78	2,161,611.71
Recovery of operating bank deposits	3,376,150.00	
Compensation income	63,697.10	11,483,287.56
Receipt of operating current account	900,072.19	1,000.00
Other	280,235.91	1,823,428.44
Total	26,127,131.84	21,813,193.03

Notes:

2. Other cash paid for Operating activities

In RMB

Items	Amount of this period	Amount of last period
Transportation	1,852,243.48	2,761,048.87

Travel expenses	16,200,400.44	13,727,883.04
Business trips	4,675,551.83	8,947,264.01
Maintaining	932,917.88	991,158.80
Property management and civil services	14,459,646.16	6,043,553.85
Deposit for bidding and others	7,002,407.01	4,967,366.64
Office expenses	1,125,869.55	2,365,249.57
Conferences	1,012,286.97	1,286,844.32
Consulting service fee	4,134,383.92	9,460,726.55
Transportation and vehicles	1,800,422.55	2,693,178.46
Other	48,915,743.06	30,132,445.17
Total	102,111,872.85	83,376,719.28

3. Other investment-related cash received

In RMB

Items	Amount of this period	Amount of last period
Repurchasing of trusteeship	1,736,229,711.39	2,054,176,329.00
Receipt of levy and relocation compensation	314,548,452.89	
Total	2,050,778,164.28	2,054,176,329.00

4. Other cash paid for investment activities

In RMB

Items	Amount of this period	Amount of last period
Purchasing of financial products	1,157,904,000.00	2,477,114,000.00
Total	1,157,904,000.00	2,477,114,000.00

5. Other financing-related cash received

In RMB

Items	Amount of this period	Amount of last period
Total	0.00	0.00

(6) Other cash paid relevant to financing activities

In RMB

Items	Amount of this period	Amount of last period
Payment of CDB investment interest	2,530,666.67	2,530,666.67
Total	2,530,666.67	2,530,666.67

77. 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	184,666,913.74	160,370,149.54
Add: Impairment loss provision of assets	-6,423,806.70	43,111,352.82
Depreciation of fixed assets, oil and gas assets and consumable biological assets	30,399,548.46	34,665,195.13
Amortization of intangible assets	3,642,170.34	3,549,845.84
Amortization of Long-term deferred expenses		126,943.44
Loss on disposal of fixed assets, intangible assets and other long-term deferred assets	1,183.02	
Loss on scrap of fixed assets	497,573.36	3,031.08
Loss to changes in fair value	1,474,755.34	
Financial cost	8,467,221.60	5,171,128.67
Loss on investment	-99,460,322.66	-37,144,607.44
Decrease of deferred income tax assets	-825,829.94	4,216,068.43
Increased of deferred income tax liabilities	37,957,275.53	
Decrease of inventories	-28,264,852.32	36,950,352.31
Decrease of operating receivables	-127,219,533.71	-206,949,145.32
Increased of operating Payable	-12,688,968.55	514,803,440.92
Other	-1,563,923.88	-1,086,564.69
Net cash flows arising from operating activities	-9,340,596.37	557,787,190.73

II. Significant investment and financing activities that without cash flows:	--	--
III. Net changes in cash and cash equivalents:	--	--
Cash at end of year	1,686,405,098.11	1,155,254,587.46
Less: cash equivalents at beginning of year	1,262,186,817.20	1,137,492,834.83
Net increase of cash and cash equivalents	424,218,280.91	17,761,752.63

(2) Net Cash paid of obtaining the subsidiary

Nil

(3) Net Cash receive of disposal of the subsidiary

Nil

(4) Component of cash and cash equivalents

In RMB

Items	End of term	Beginning of term
I. Cash	1,686,405,098.11	1,262,186,817.20
Of which: Cash in stock	132,336.73	128,198.82
Bank savings could be used at any time	1,686,272,261.33	1,262,057,605.97
Other unrestricted monetary funds	500.05	1,012.41
III. Closing balance of cash and cash equivalents	1,686,405,098.11	1,262,186,817.20

78. 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.

79. Assets with limitation on ownership or using rights

In RMB

Items	Closing book value	Causation o limitation
Monetary capital	133,453,924.80	Used as security for issuing of acceptance drafts and bill of guarantees
Note receivable	62,824,000.00	Used as security for issuing of acceptance drafts

Fixed assets	118,662,101.07	Collateral for obtaining bank loans and investment funds from CDB
Intangible assets	84,981,463.59	Collateral for obtaining bank loans and investment funds from CDB
Construction in process	420,170,711.42	Used for mortgage to obtain bank loan and guarantee investment fund for CDB
Dividend receivable	27,827,292.60	Used for mortgage to obtain bank loan and guarantee investment fund for CDB
Other Equipment instrument Investment	375,516,399.00	Used for mortgage to obtain bank loan and guarantee investment fund for CDB
Total	1,223,435,892.48	--

Other notes:

80. 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	--	--	164,396,901.76
Incl: USD	23,148,814.88	6.8742	159,129,583.25
Euro	9,828.56	7.8170	76,829.86
HKD	0.00		0.00
Yen	30,055.00	0.063816	1,917.99
Rupiah	10,992,734,449.92	0.000472	5,188,570.66
Account receivable	--	--	224,759,835.13
Incl: USD	31,461,943.71	6.8742	216,275,693.45
Euro	551,673.43	7.8170	4,312,431.20
HKD			
Rupiah	8,324,656,609.57	0.000472	3,929,237.92
SGD	47,726.12	5.0805	242,472.56
Long-term borrowing	--	--	
Incl: USD			

Euro			
HKD			
Account payable			10,413,054.69
Incl: USD	951,442.96	6.8742	6,540,409.20
Euro	381,143.86	7.8170	2,979,401.55
Rupiah	1,892,465,980.00	0.000472	893,243.94
Other receivable			3,437,100.00
Incl: USD	500,000.00	6.8742	3,437,100.00

Other notes:

(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

81. Hedging

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

82. Government subsidy

1) Government subsidies related to assets

In RMB

Items	Amount	Project	Amount included in current profit and loss
Social security fee refund	8,859,468.01	Other income	8,859,468.01
Relocation compensation - relocation costs	3,164,807.98	Other income	3,164,807.98
Incentive for scientific and technological innovation	1,000,000.00	Other income	1,000,000.00
Forging project financial resources	997,380.00	Other income	997,380.00
Provincial industrial transformation and upgrading financial support	160,000.00	Other income	160,000.00
Economic work reward	126,500.00	Other income	126,500.00
Refund for land use tax	49,703.56	Other income	49,703.56
Social insurance subsidy for	9,513.34	Other income	9,513.34

post stabilization and employment			
Other incidental government subsidies	103,430.00	Other income	103,430.00
Total	14,470,802.89		14,470,802.89

(2) Government subsidy return

Applicable Not applicable

83.Other : Nil

VIII. Changes of merge scope

1. Business merger not under same control

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

Nil

(2) Merger of enterprises under the same control

Nil

3. Counter purchase

Nil

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

Nil

6. Other :Nil

IX. Equities in Other Entities

(I) Equity in major subsidiaries

(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. (Zhongneng Co.)	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

(2) 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 four seats in the board of seven directors, it still had power of control over the Casting & Forging 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%	4,304,870.88	2,972,790.00	27,302,058.72
Hangzhou Zhongneng Steam turbine Power Co., Ltd.	39.17%	7,733,747.67	21,786,000.00	136,358,773.38
Hangzhou Steam	61.97%	-3,050,916.73		148,321,569.19

Turbine Casting Co., Ltd.				
Hangzhou Steam Turbine Machinery Equipment Co., Ltd.	48.00%	15,340,505.79	21,600,000.00	67,661,649.67
Hangzhou Steam Turbine Auxiliary Machinery Co., Ltd.	12.47%	791,423.70		26,150,764.23

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 of liability	Current assets	Non-current assets	Total of assets	Current liabilities	Non-current liabilities	Total of liability
Zhejiang Steam Turbine Packaged Technologies Development Co., Ltd.	260,418,141.15	24,604,348.96	285,022,490.11	191,345,843.28	0.00	191,345,843.28	248,134,781.83	24,640,726.05	272,775,507.88	183,669,390.74	0.00	183,669,390.74
Hangzhou Zhongneng Steam turbine PowerCo., Ltd.	1,071,372,607.22	70,297,767.42	1,141,670,374.64	818,079,077.13	330,000.00	818,409,077.13	1,105,955,992.17	71,963,602.76	1,177,919,594.93	819,218,843.06	330,000.00	819,548,843.06
Hangzhou Steam Turbine Casting Co., Ltd.	351,890,242.72	165,407,628.46	517,297,871.18	253,941,603.34	23,997,055.00	277,938,658.34	441,396,913.82	172,078,042.91	613,474,956.73	343,698,819.51	25,323,405.00	369,022,224.51
Hangzhou Steam Turbine Machinery Equipment Co., Ltd.	257,731,414.27	21,481,634.32	279,213,048.59	136,703,360.04	1,547,918.40	138,251,278.44	232,419,338.54	21,258,598.11	253,677,936.65	98,910,290.54	765,263.03	99,675,553.57
Hangzhou Steam	659,262,621.68	107,914,924.1	767,177,545.8	557,361,199.37	106,930.00	557,468,129.37	642,467,713.4	110,484,194.2	752,951,907.6	549,240,066	106,930.00	549,346,996.2

Turbine Auxiliary Machinery Co., Ltd.		6	4			7	1	8	9	.20		0
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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.	132,931,775.76	14,770,529.69	14,770,529.69	16,677,677.17	103,740,083.15	8,964,799.55	8,964,799.55	-3,782,165.04
Hangzhou Zhongneng Steam turbine Power Co., Ltd.	434,209,306.91	17,020,437.04	17,565,955.46	25,182,061.76	404,080,803.34	13,107,189.41	13,026,863.20	81,799,842.65
Hangzhou Steam Turbine Casting Co., Ltd.	201,953,546.36	-4,923,525.49	-4,923,525.49	-4,923,310.09	217,307,955.01	11,884,986.18	11,884,986.18	-36,112,238.38

Hangzhou Steam Turbine Machinery Equipment Co., Ltd.	134,372,561.91	31,959,387.07	31,959,387.07	34,542,152.34	120,928,873.57	25,913,896.24	25,913,896.24	13,513,334.06
Hangzhou Steam Turbine Auxiliary Machinery Co., Ltd.	238,328,136.56	6,346,621.51	6,346,621.51	1,340,271.89	225,615,296.83	5,792.82	5,792.82	33,715,715.56

(4) Significant restrictions of using enterprise group assets and pay off enterprise group debt

Nil

(5) Provide financial support or other support for structure entities incorporate into the scope of consolidated financial statements

Nil

2. The transaction of the Company with its owner's equity share changed but still controlling the subsidiary

Nil

3. Equity in joint venture arrangement or associated enterprise

Nil

4. Significant common operation

Nil

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

Nil

6. Other: Nil

X. Risks related to financial instruments

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

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

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

(I) Credit risks

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

The credit risks of the Company are mainly composed by bank savings and receivable accounts. Following measurements are adopted to control these risks:

1. Bank deposit

The Company puts its bank savings in financial institutions with higher credit ranks, therefore with lower risks.

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, 2019, the Company has a characteristic of specific credit risk concentration. 38.08% (June 30, 2018: 36.50%) 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.

(1) Analyzing of receivable accounts neither due nor impaired, and those have due but not impaired:

Items	End of term				
	Not overdue and not impaired	Overdue but not impaired			Total
		Within 1 year	1-2 years	Over 2 years	
Note receivable	480,606,384.84				480,606,384.84
Subtotal	480,606,384.84				480,606,384.84
Items	Beginning of term				
	Not overdue and not impaired	Overdue but not impaired			Total
		Within 1 year	1-2 years	Over 2 years	
Note receivable	595,089,175.22				595,089,175.22
Subtotal	595,089,175.22				595,089,175.22

(2) Refer to Notes of the Financial Statements in conjunction with notes of the consolidated financial statements-accounts receivable for individual accounts receivable with provision for impairment.

(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.

(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.

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 Fair value disclosure

(I) Closing balance of assets and liabilities measured at fair value

In RMB

Items	Closing fair value			
	Level 1	Level 2	Level 3	Total
I. Consistent fair value measurement	--	--	--	--
(I) Trading financial assets	2,281,853.06	16,000,000.00	692,369,030.80	710,650,883.86
1. Financial assets at fair value through profit or loss	2,281,853.06	16,000,000.00	692,369,030.80	710,650,883.86
(1) Debt instrument investment			578,769,000.00	578,769,000.00
(2) Equity instrument investment	2,281,853.06	16,000,000.00	113,600,030.80	131,881,883.86
(3) Derivative financial assets				0.00
1. Designated Financial assets at fair value through profit or loss	0.00	0.00	0.00	0.00
(1) Debt instrument investment				0.00
(2) Equity instrument investment				0.00
2. Other creditor's right investment				0.00
3. Other equipment instrument investment	2,264,720,465.98			2,264,720,465.98
4. Investment Real estate				0.00
1. The right to use the leased land				0.00
2. Leased buildings				0.00
3. Land use rights held and prepared for transfer after appreciation				0.00
5. Biological assets				0.00
1. Consumable biological assets				0.00
2. Productive biological assets				0.00

Total assets of inconsistent fair value measurement	2,267,002,319.04	16,000,000.00	692,369,030.80	2,975,371,349.84
II.Total liabilities of inconsistent fair value measurement	--	--	--	--

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

The shares held by the Company, Hangzhou Bank Co., Ltd and Sichuan Lutianhua Co., Ltd have active market quotations, thus those are measured at the first level fair value.

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

The fair value of the Juyuan Xinxing 9 Private Equity Fund held by the Company, as the quotation of same or similar assets or liabilities can be obtained in the active or inactive market, is determined on the basis of the quoted price and in accordance with the valuation method agreed in the subscription contract.

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

As the quotations cannot be obtained in the similar active market, the equity and debt-type financial assets held by the Company other than the above, including wealth management products, are measured at the third-level fair value.

5. Sensitiveness analysis on unobservable parameters and adjustment information between opening and closing book value of consistent fair value measurement items at level 3

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

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

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

9. Other

XII. Related party and related Transaction

1. Information related to parent company of the Company

Name of the parent	Registered place	Business nature	Registered capital	Shareholding ratio in	Voting ratio in the Company
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company				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

Nil

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 Steam turbine Industry Trade 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
Shanghai Relian Group Co., Ltd.	Shareholding enterprise
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 Nanhua Wooden Packaging Co., Ltd.	Packaging	7,475,985.95	18,060,000.00	No	6,153,165.35
China Electrical and Mechanical	Raw material	171,982.76	2,000,000.00	No	998,507.96

Institute-Hangzhou Turbine Group (Hangzhou) United Research Institute Co., Ltd.					
Hangzhou Hangfa Generating Equipment Co., Ltd.	Generators	80,979,594.17	176,724,137.93	No	66,654,877.76
Hangzhou Steam Turbine Engineering Co., Ltd.	Raw material and technical service	861,320.75	3,900,000.00	No	427,350.43
Hangzhou Steam turbine Automobile sales service Co., Ltd.	Transportation , repair , etc.	30,443,515.87	45,560,000.00	No	20,047,920.03
		119,932,399.50	246,244,137.93		94,281,821.53

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	3,209,482.76	45,627,247.27
Hangzhou Hangfa Generating Equipment Co., Ltd.	Cast parts	3,902,039.33	7,495,811.84
Greensol power systems PVT Ltd.	Part	315,180.53	521,141.46
Hangzhou Steam Turbine Automobile Sales Service Co., Ltd.	Small amount materials	117.49	302.06
Hangzhou Steam Turbine Power Group Co., Ltd.	Small amount materials	1,019.70	0.00
Subtotal		7,427,839.81	53,644,502.63

(2) Related trusteeship/contract

Nil

(3) Information of related lease

- The company was lessee:

In RMB

Lessor	Category of leased assets	The lease income confirmed in this year	Category of leased assets
HSTG	House and Building	1,693,306.96	737,888.21
Hangzhou Steam Turbine Automobile Sales Service Co., Ltd.	Site leasing	1,032,514.68	1,197,365.43

Subtotal		2,725,821.64	1,935,253.64
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(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 was secured party

In RMB

Guarantor	Guarantee amount	Start date	End date	Execution accomplished or not
HSTG	100,000,000.00	November 30,2017	November 30,2019	No

Notes:

In accordance with the *National Development Fund Investment Contract*, jointly signed by the Company, NDF, Turbine Industry Company and Hangzhou Steam Turbine Group, the investment of the NDF on Turbine Industry Company, RMB 208,000,000.00, is repurchased by the Hangzhou Steam Turbine Group, and the NDF asks the Company and Hangzhou Steam Turbine Group to provide guarantee for the fulfillment of Hangzhou Steam Turbine Group of the transferee equity obligations. The Company and Steam Turbine Company pledge to the NDF with a total of 45.08 million shares of Hangzhou Bank Co., Ltd. with book value of RMB 375,516,399.00, Dividend Receivable of RMB 27,827,292.60, Steam Turbine heavy Industry Co., Ltd. mortgaged the book value of 65,987,061.22 yuan of land use rights and book value of 40,753,085.36 yuan of fixed assets and book value of 420,170,711.42 yuan of construction in progress to the National Development Fund.

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

Nil

(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	131,110.93	0.00

(7) Remunerations of key managements

In RMB

Items	Current term	Same period of last term
Remunerations of key managements	4,302,268.00	3,834,075.47

(8) Other related transactions

(1) Service and power supply

HSTG supplies water and power to the Company and some of the subsidiaries amounted to RMB 6762513.50 this period.

HSTG provides property management services for its subsidiary which is Complete Technology Corporation, of which the fee of this period incurred in the property management is RMB 26050.60.

Hangzhou Steam Turbine Automobile Sales & Service Co., Ltd. provided transportation to the Company's employees and RMB 1050286.00 was paid this period.

(3) Expenses paid on behalf the Company

1) During the current period, Hangzhou Steam Turbine Group advanced the payment of RMB 467520.08 salaries for the company. Advanced for paying the fees of 671,627.72 yuan for newspapers and periodicals.

(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 30,2019, 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 318,000,000.00 and till June 30.ber 31, 2019, the balance of the financial management was RMB268,000,000.00.

6. Receivables and payables of related parties

(1) Receivables

In RMB

Name	Related party	End of term		Beginning of term	
		Book balance	Bad debt provision	Book balance	Bad debt provision
Note receivable	Hangzhou Steam Turbine Engineering Co., Ltd.	6,100,000.00		1,033,180.00	
	Hangzhou Hangfa Generating Equipment Co., Ltd.	13,760,000.00		4,000,000.00	
Subtotal		19,860,000.00		5,033,180.00	
Account receivable	Hangzhou Steam Turbine Engineering Co., Ltd.	51,242,293.87	23,846,464.78	56,048,293.87	23,796,436.58
	Hangzhou Hangfa Generating Equipment Co., Ltd.	19,014,343.57	1,475,673.32	18,739,908.99	1,269,459.57
	Greenesol power systems PVT Ltd.			14,522,075.90	14,522,075.90
	Hangzhou Steam Turbine Power Group Co., Ltd.	158,500.00	158,500.00	158,500.00	158,500.00
	Hangzhou Steam Turbine Compressor	59,000.00	35,400.00	59,000.00	35,400.00

	Co., Ltd'				
	Hangzhou Steam Turbine Power Group Complete Equipment Engineering Co., Ltd.				
	Hangzhou Steam Turbine Automobile Sales Service Co., Ltd	134.42	6.72		
Subtotal		70,474,271.86	25,516,044.82	89,527,778.76	39,781,872.05
Prepayment	Hangzhou Hangfa Generating Equipment Co., Ltd.	41,416,785.00		51,691,853.97	
	Hangzhou Steam Turbine Engineering Co., Ltd.	7,715,000.00		5,820,000.00	
	Zhejiang Zhongrun Gas turbine technology Co., Ltd.			792,022.20	
Subtotal		49,131,785.00		58,303,876.17	
Other account receivable	Hangzhou Steam Turbine Compressor Co., Ltd.	300,000.00	30,000.00	300,000.00	30,000.00
	Hangzhou Steam Turbine Group			39,105.34	3,910.53
Subtotal		300,000.00	30,000.00	339,105.34	33,910.53

(2) Payables

In RMB

Name	Related party	Amount at year	Amount at year beginning
Note payable	Hangzhou Hangfa Generating Equipment Co., Ltd.		11,500,000.00
	Hangzhou Steam Turbine Automobile Sales Service Co., Ltd	1,680,000.00	1,650,000.00
	Hangzhou Nanhua Wooden Packaging Co., Ltd.	450,000.00	1,660,000.00
	Hangzhou Steam Turbine Engineering Co., Ltd.		
Subtotal		2,130,000.00	14,810,000.00
Account payable	Hangzhou Hangfa Generating Equipment Co., Ltd.	170,999,628.32	116,462,941.48
	Hangzhou Steam Turbine Automobile Sales Service Co., Ltd	13,943,743.22	11,934,956.54

	Greenesol power systems PVT Ltd.	1, 978, 927. 49	3, 381, 200. 50
	Hangzhou Steam Turbine Engineering Co., Ltd.	3, 562, 056. 60	2, 040, 000. 00
	Hangzhou Nanhua Wooden Packaging Co., Ltd.	1, 313, 835. 14	1, 851, 121. 07
	HSTG	7, 237, 557. 51	1, 652, 987. 82
	China Electrical and Mechanical Institute-Hangzhou Turbine Group (Hangzhou) United Research Institute Co., Ltd.		427, 500. 00
	Hangzhou Steam Turbine Industries & Trade Co., Ltd.	814, 507. 79	476, 525. 45
	Zhejiang Zongrun Gas turbine technology Co., Ltd.	158, 607. 00	
Subtotal		200, 008, 863. 07	138, 227, 232. 86
Advances received	Hangzhou Steam Turbine Compressor Co., Ltd.	14, 190, 000. 00	14, 190, 000. 00
	Hangzhou Steam Turbine Engineering Co., Ltd.	15, 877, 300. 00	10, 543, 300. 00
	Greenesol power systems PVT Ltd.	432, 983. 80	103, 764. 63
Subtotal		30, 500, 283. 80	24, 837, 064. 63
Other account payable	Hangzhou Steam Turbine Automobile Sales Service Co., Ltd	100, 000. 00	100, 000. 00
	HSTG	958, 640. 46	87, 736. 60
Subtotal		1, 058, 640. 46	187, 736. 60

7. Related party commitment

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

Not applicable

5. Other

XIV. Commitments

1. Significant commitments

Nil

2. Contingency

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

3. Other: Nil

XV. Events after balance sheet date

Nil

XVI. Other significant events

1. The accounting errors correction in previous period

Nil

2. Debt restructuring

Nil

3. Replacement of assets

Nil

4. Pension plan

Nil

5. Discontinuing operation

Nil

6. Segment information

(1) Recognition basis and accounting policies of reportable segment

Nil

(2) The financial information of reportable segment

Nil

(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 is single in its business, which is mainly for production and sales of steam turbines, gas turbines and auxiliary turbines. The company's management regard these businesses as a whole to implement management so as to evaluate the business performance, thus there will be no report divisions. According to the product classifications of main business income and main business cost, the Company will make details for them as follows:

Items	Main Business Income	Main Business Cost
Industrial Steam Turbine	1,465,469,922.92	1,047,420,373.19
Castings and Forging	84,257,416.72	66,391,765.42
Auxiliary Engines	78,122,117.16	67,840,098.87
Complete set of waste heat power station	49,244,940.88	47,384,746.06
Part	135,179,927.39	70,470,421.94

Other	107,907,377.96	66,896,995.78
Subtotal	1,920,181,703.03	1,366,404,401.26

(4) Other notes

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

8. Other

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

1. Accounts receivable

(1) Accounts receivable classified by category

In RMB

Category	End of term					Beginning of term				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Proportion %	Amount	Proportion %		Amount	Proportion %	Amount	Proportion %	
Accrual of bad debt provision by single item	29,819,607.69	1.26%	29,819,607.69	100.00%		29,819,607.69	1.34%	29,819,607.69	100.00%	
Including										
Accrual of bad debt provision by portfolio	2,331,855,629.80	98.74%	813,075,866.69	34.87%	1,518,779,763.11	2,189,901,288.35	98.66%	815,273,077.90	37.23%	1,374,628,210.45
Including:										
Total	2,361,675,237.49	100.00%	842,895,474.38	35.69%	1,518,779,763.11	2,219,720,896.04	100.00%	845,092,685.59	38.07%	1,374,628,210.45

Accrual of bad debt provision by single item: 29,819,607.69

In RMB

Name	End of term			
	Book balance	Bad debt provision	Proportion	Reason
Accounts receivable of individually	29,819,607.69	29,819,607.69	100.00%	

withdrawing bad debt provision with non-significant individual amount				
Total	29,819,607.69	29,819,607.69	--	--

Accrual of bad debt provision by portfolio:

In RMB

Name	End of term		
	Book balance	Bad debt provision	Proportion
Account receivables provided bad debt provision in credit risk groups	2,331,855,629.80	813,075,866.69	34.87%

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

Applicable Not applicable

Disclosure by aging

In RMB

Aging	End of term
Within 1 year (Including 1 year)	715,406,019.57
1-2 years	416,495,994.31
2-3 years	169,671,066.85
Over 3 years	96,894,178.79
3-4 years	65,330,464.37
4-5 years	31,563,714.42
Over 5 years	0.00
Total	1,398,467,259.52

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	
Accrual of bad debt provision by single item	29,819,607.69				29,819,607.69
Total	815,273,077.90	-2,197,211.21			813,075,866.69

The significant actual write-off accounts receivable:

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

Nil

(3) The actual write-off accounts receivable

In RMB

Items	Amount
Uncollectible amount	0.00

Total	--	2,392,634.79	--	--	--
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(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	635,020,421.93	26.89	282,449,030.97
Client 2	240,631,511.27	10.19	163,538,638.03
Client 3	112,363,538.46	4.76	7,423,154.66
Client 4	66,736,640.63	2.83	
Client 5	63,427,500.00	2.68	6,342,750.00
Subtotal	1,118,179,612.29	47.35	459,753,573.66

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

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

2. Other account receivable

In RMB		
Nature	End of term	Beginning of term
Dividend receivable	84,526,094.10	16,557,292.60
Other	4,571,138.46	3,427,467.46
Total	89,097,232.56	19,984,760.06

(1) Interest receivable : Nil

(2) Dividend receivable

(1) Dividend receivable

In RMB		
Items	End of term	Beginning of term
Hangzhou Bank	84,526,094.10	16,557,292.60
Total	84,526,094.10	16,557,292.60

2) Significant dividend receivable aged over 1 year

In RMB

Items	Closing balance	Aging	Reason	Whether occurred impairment and its judgment basis
Hangzhou Bank	9,657,292.60	1-2 years	Equity pledge	
Hangzhou Bank	6,900,000.00	2-3 years	Equity pledge	
Total	16,557,292.60	--	--	---

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	2,767,375.00	6,547,501.35
Provisional payment receivable	6,933,682.74	1,953,877.08
Petty cash	360,000.00	0.00
Other	108,827.71	325,106.75
Total	10,169,885.45	8,826,485.18

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, 2019	5,399,017.72			5,399,017.72
Balance as at January 1, 2019 in current	—	—	—	—
Current period accrual	199,729.27			199,729.27
Balance as at June 30, 2019	5,598,746.99			5,598,746.99

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)	4,052,404.63
1-2 years	175,283.58
2-3 years	6,004.00
Over 3 years	5,936,193.24
3-4 years	979,251.00
4-5 years	745,026.90
Over 5 years	4,211,915.34
Total	10,169,885.45

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	
Other receivables with provision for bad debts based on credit risk characteristics	5,399,017.72	199,729.27		5,598,746.99
Total	5,399,017.72	199,729.27		5,598,746.99

4) The actual write-off accounts receivable

(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	36.48%	3,710,320.94
China Electric Power Complete Equipment Co., Ltd.	Deposit in custom	1,105,395.00	1 year	10.87%	55,269.75
Guoxin Bidding Group Co., Ltd.	Deposit in	800,000.00	3 years	7.87%	480,000.00

	custom				
China Petroleum & Chemical Corporation. Nanjing Bidding Center	Deposit in custom	800,000.00	1 year	7.87%	40,000.00
Jian Group Co., Ltd.	Deposit in custom	500,000.00	4years	4.92%	400,000.00
Total	--	6,915,715.94	--	68.01%	4,685,590.69

(6) Account receivable involving government subsidies

Nil

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

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

Other notes:

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
Investment on subsidiaries	860,732,321.62		860,732,321.62	502,919,378.03		502,919,378.03
Total	860,732,321.62		860,732,321.62	502,919,378.03		502,919,378.03

(1) Investments in subsidiaries

In RMB

Company invested in	Beginning of term	Increased this period	Current term decrease	End of term	Provided current term Impairment provision	Impairment provision End of term
Turbine Company	20,000,000.00			20,000,000.00		

Hangzhou Heavy Industry	360,000,000.00	357,812,943.59		717,812,943.59		
Hangzhou Auxiliary Machine Co.	46,286,513.41			46,286,513.41		
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	502,919,378.03	357,812,943.59		860,732,321.62		

(2) Investments in associates and joint ventures

Nil

(3) Other notes

4. Business income and Business cost

In RMB

Items	Amount of current period		Amount of previous period	
	Income	Cost	Income	Cost
Main business	1,195,173,183.58	864,005,383.66	1,483,873,460.09	1,087,042,320.25
Other	6,260,548.65	4,687,385.77	6,865,424.39	5,383,386.09
Total	1,201,433,732.23	868,692,769.43	1,490,738,884.48	1,092,425,706.34

Whether implemented new revenue guidelines?

Yes No

5. Investment income

In RMB

Items	Amount of current period	Amount of previous period
Long-term equity investment income by Cost method	61,041,210.00	64,587,205.00
Investment income from disposal of Long-term equity investment		
Investment gains from holding of sellable financial assets	1,320,462.15	

Investment income from disposal of available for sale financial assets	22,218,266.55	
Dividend income from other equity instrument investments during the holding period	67,968,801.50	
Investment income received from holding of held-to-maturity investments during holding period		
Investment income received from holding of available-for-sale financial assets		10,428,418.13
Investment income arising from disposal of available-for-sale financial assets		
Investment income from the disposal of hold-to-maturity investments		
Investment income from the remaining equity recalculated by fair value after losing control		
Interest income earned by the debt investment during the holding period		
Interest income earned by other debt investments during the holding period		
Investment income from disposal of other debt investments		
Investment income of financial products		22,630,167.78
Total	152,548,740.20	97,645,790.91

6.Other

XVIII. Supplement information

1. Particulars about current non-recurring gains and loss

In RMB

Items	Amount	Notes
Gains/losses from the disposal of non-current asset	-498,756.38	
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)	15,761,589.03	
Gain/loss from debt reorganization	-526,315.79	

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	27,696,303.67	
Other non-business income and expenditures other than the above	-3,448,280.96	
Less: Influenced amount of income tax	6,575,512.32	
Amount of influence of minority interests	3,658,083.93	
Total	28,750,943.32	--

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	2.62%	0.21	0.21
Net profit attributable to common shareholders of the Company after deduction of non-recurring profit and loss	2.15%	0.17	0.17

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

Nil

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

August 23, 2019