

Stock Code: 200771

Stock ID: Hangqilun B

Announcement No.: 2024-22

Hangzhou Turbine Power Group Co., Ltd.

2023 Financial Report

(Stock Code: 200771)



April 2024

I. Auditors' Report

Type of auditing opinion	Standard report without qualified opinion
Date of signature of audit report	April 28,2024
Name of the CPA	Pan-China Certified Public Accountants (Special common partnership)
Reference number of audit Report	Tianjianshen(2024)No.: 4802
Name of the certified Public Accountants	Sheng Weiming, Lin Qunhui

Auditors' Report

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

I. Opinion

We have audited the financial statements of Hangzhou Steam Turbine Co., Ltd.(hereinafter referred to as "the Company"), which comprise the balance sheet as at December 31, 2023, and the income statement, the statement of cash flows and the statement of changes in owners' equity for the year then ended and notes to the financial statements.

In our opinion, the attached financial statements are prepared, in all material respects, in accordance with Accounting Standards for Business Enterprises and present fairly the financial position of the Company as at December 31, 2023 and its operating results and cash flows for the year then ended.

II. Basis for Our Opinion

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

III. Key Audit Matters

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

(I) Recognition of income**1.Description of the matter**

For details of the relevant information disclosure, please refer to Note X ,V (37) and Note X ,VII (61) in the financial statements.

The operating income of Hangzhou Turbine Co., Ltd. mainly comes from the R&D, production and sales of industrial steam turbines and other products. In 2023, the amount of operating income items shown in the consolidated financial statements of Hangzhou Steam Turbine Co., Ltd. was RMB 5,924.238 million, of which the

operating income of industrial steam turbine and supporting sales business was RMB 3,952.6021 million, accounting for 66.72% of the operating income.

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

2. Audit Countermeasures

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

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

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

(3) Implement the analysis procedure for the operating income and gross profit margin by month, product, customer, etc., identify whether there are significant or abnormal fluctuations, and find out the reasons;

(4) For domestic sales income, select relevant supporting documents for project inspection, including sales contract, sales invoice, invoice and receipt, etc.; For export income, select relevant supporting documents for project inspection, including sales contract, export declaration form, bill of lading, sales invoice, etc.;

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

(6) Implement a cut-off test to check whether the income is recognized in an appropriate period;

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

(II) Impairment of accounts receivable

1. Description of the matter

For related information disclosure, please refer to Note X,V (11) and Note X,VII (6) in this report.

As of December 31, 2023, the book balance of accounts receivable of Hangzhou Turbine Co., Ltd. was RMB 3,132.9346 million, the bad debt provision was RMB 890.7927 million, the book value was RMB 2,242.1419 million, the book balance of contract assets was RMB 701.2932 million, the impairment provision was RMB 60.9066 million, and the book value was RMB 640.3866 million.

According to the credit risk characteristics of all accounts receivable and contract assets, the management measured their loss provision on a individual or portfolio basis according to the expected credit loss amount equivalent to the whole duration. Due to the large amount of accounts receivable and contract assets, and the impairment test of accounts receivable and contract assets involving significant management judgment, we have identified the impairment of accounts receivable and contract assets as key audit items.

2. Audit Countermeasures

In view of the impairment of accounts receivable and contract assets, our audit procedures mainly include:

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

(2) Review the results of the management's estimation of bad debt provision and impairment provision in previous years or the subsequent re-estimation made by the management;

(3) Review the relevant considerations and objective evidence of the management's credit risk assessment of accounts receivable and contract assets, and evaluate whether the management properly identifies the credit risk characteristics of all accounts receivable and contract assets;

(4) For accounts receivable and contract assets that measure expected credit losses on an individual basis, review the management's forecast of expected cash flow, evaluate the appropriateness of major assumptions used in the forecast and the appropriateness, relevance and reliability of data, and check with external evidence obtained;

(5) For accounts receivable and contract assets that measure expected credit losses on portfolio basis, evaluate the rationality of management's division of portfolio according to credit risk characteristics; Evaluate the rationality of the expected credit loss rate of accounts receivable and contract assets determined by the management, including the appropriateness of major assumptions used and the appropriateness, relevance and reliability of data; Test whether the management's calculation of bad debt provision and impairment provision is accurate;

(6) Evaluate the rationality of management's accrual of bad debt provision and impairment provision in combination with the letters and certificates of accounts receivable and contract assets and the payment after the period;

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

(III) Net realizable value of inventories

1. Description of the matter

For details of relevant information disclosure, please refer to Note X,V (17) and Note X,VII (10) in this report.

As of December 31, 2023, the book balance of the inventory items shown in the consolidated financial statements of Hangzhou Turbine Co., Ltd. was RMB 2,717.6864 million, the provision for price falling was RMB 288.1904 million, and the book value was RMB 2,429.496 million.

Inventory is measured by the lower of cost and net realizable value. The management determines the net realizable value according to the estimated selling price minus the estimated cost, estimated sales expenses and related taxes and fees. As the amount of inventory is significant and it is determined that the net realizable value of inventory involves significant management judgment, we have determined the net realizable value of inventory as a key audit item.

2. Audit Countermeasures

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

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

(2) Review the results of the management's estimation of net realizable value of inventory in previous years or the subsequent re-estimation made by the management;

(3) Select items to evaluate the rationality of the estimated selling price of inventory, and check whether the estimated selling price is consistent with the situation and market information after the period;

(4) Evaluate the rationality of the management's estimation of the costs, sales expenses and related taxes and fees that will occur from inventory to completion;

(5) Test whether the management's calculation of the net realizable value of inventory is accurate;

(6) Combined with inventory supervision, identify whether there are situations such as long storage age, outdated models, suspension or termination of project, changes in market demand, etc., and evaluate the rationality of the management's estimation of the net realizable value of inventory;

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

IV. Other information

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

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

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

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

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

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

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

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

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

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

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

(1) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from

fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, omissions, misrepresentations, or the override of internal control.

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

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

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

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

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

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

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

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

April 28, 2024

II. The Financial Statements

Statement in Financial Notes are carried in RMB

1. Consolidated Balance Sheet

Prepared by: Hangzhou Turbine Power Group Co., Ltd

December 31, 2023

In RMB

Items	December 31, 2023	January 1, 2023
Current asset:		
Monetary fund	2,798,168,129.50	1,954,980,787.90
Settlement provision		
Outgoing call loan		
Transactional financial assets	568,887,484.10	607,001,143.44
Derivative financial assets		
Notes receivable	84,988,677.11	95,612,927.26
Account receivable	2,242,141,940.94	1,924,679,367.08
Financing of receivables	756,873,166.56	817,555,768.45
Prepayments	725,264,109.04	401,523,615.49
Insurance receivable		
Reinsurance receivable		
Provisions of Reinsurance contracts receivable		
Other account receivable	43,018,211.13	25,366,963.26
Including: Interest receivable		
Dividend receivable		
Repurchasing of financial assets		
Inventories	2,429,496,037.81	2,322,461,286.52
Contract assets	640,386,559.53	587,719,735.46
Assets held for sales		
Non-current asset due within 1 year		
Other current asset	5,622,606.07	78,949,731.48
Total of current assets	10,294,846,921.79	8,815,851,326.34
Non-current assets:		
Loans and payment on other's behalf disbursed		
Creditor's right investment		
Long-term receivable	14,779,983.03	77,541,093.03
Long term share equity investment		
Other equity instruments investment	2,721,470,812.06	3,556,127,694.48
Other non-current financial assets	5,534,773.22	5,534,773.22
Property investment	1,544,449.40	6,451,478.55
Fixed assets	1,995,150,533.24	1,926,594,610.89
Construction in progress	298,071,246.03	286,290,854.97
Production physical assets		
Oil & gas assets		
Use right assets	34,274,571.45	28,105,943.29
Intangible assets	409,302,531.32	274,844,788.47
Development expenses		
Goodwill	15,415,678.59	
Long-germ expenses to be amortized		
Deferred income tax asset	73,600,434.50	352,734,092.61
Other non-current asset	63,688,181.60	44,922,954.47
Total of non-current assets	5,632,833,194.44	6,559,148,283.98
Total of assets	15,927,680,116.23	15,374,999,610.32
Current liabilities		

Short-term loans	504,428,866.04	287,753,227.89
Loan from Central Bank		
Borrowing funds		
Transactional financial liabilities		
Derivative financial liabilities		
Notes payable	481,424,952.96	411,886,347.73
Account payable	1,409,130,502.72	1,202,915,727.29
Advance receipts	29,998.47	230,204.48
Contract liabilities	2,753,211,717.09	2,306,912,441.68
Selling of repurchased financial assets		
Deposit taking and interbank deposit		
Entrusted trading of securities		
Entrusted selling of securities		
Employees' wage payable	139,367,042.75	139,014,673.58
Tax payable	91,797,224.07	73,385,124.09
Other account payable	151,669,883.07	203,788,336.85
Including: Interest payable		
Dividend payable		90,000.00
Fees and commissions payable		
Reinsurance fee payable		
Liabilities held for sales		
Non-current liability due within 1 year	80,815,769.12	42,802,886.86
Other current liability	310,595,405.34	267,585,963.69
Total of current liability	5,922,471,361.63	4,936,274,934.14
Non-current liabilities:		
Reserve fund for insurance contracts		
Long-term loan	222,819,841.07	159,903,673.86
Bond payable		
Including: preferred stock		
Sustainable debt		
Lease liability	15,945,346.47	16,334,023.10
Long-term payable	12,195,896.78	11,104,088.21
Long-term remuneration payable to staff		
Expected liabilities	11,768,979.69	
Deferred income	1,069,670,711.41	877,381,129.85
Deferred income tax liability	73,994,186.59	474,809,014.19
Other non-current liabilities	58,696,860.00	
Total non-current liabilities	1,465,091,822.01	1,539,531,929.21
Total of liability	7,387,563,183.64	6,475,806,863.35
Owners' equity		
Share capital	1,175,444,400.00	980,179,980.00
Other equity instruments		
Including: preferred stock		
Sustainable debt		
Capital reserves	399,213,704.44	394,935,862.00
Less: Shares in stock	86,290,288.75	136,466,388.09
Other comprehensive income	1,980,939,256.24	2,690,397,606.30
Special reserve	20,355,377.31	17,841,325.92
Surplus reserves	625,178,089.82	625,178,089.82
Common risk provision		
Retained profit	3,784,435,361.60	3,756,414,638.24
Total of owner's equity belong to the parent company	7,899,275,900.66	8,328,481,114.19
Minority shareholders' equity	640,841,031.93	570,711,632.78
Total of owners' equity	8,540,116,932.59	8,899,192,746.97
Total of liabilities and owners' equity	15,927,680,116.23	15,374,999,610.32

Legal Representative: Zheng Bin Person in charge of Accounting Works: Zhao Jiamao

2. Parent Company Balance Sheet

I RMB

Items	December 31, 2023	January 1, 2023
Current asset :		
Monetary fund	1,198,706,140.69	1,074,031,333.05
Transactional financial assets	451,960,706.24	381,998,737.18
Derivative financial assets		
Notes receivable	48,723,200.00	34,407,856.32
Account receivable	1,610,475,971.83	1,438,060,860.05
Financing of receivables	466,224,508.82	456,488,422.29
Prepayments	194,044,916.86	316,162,169.59
Other account receivable	6,258,018.53	8,397,079.99
Including: Interest receivable		
Dividend receivable		110,000.00
Inventories	1,309,708,237.14	1,258,239,826.08
Contract assets	383,286,226.27	358,622,953.48
Assets held for sales		
Non-current asset due within 1 year		
Other current asset	59,000.08	66,426,019.02
Total of current assets	5,669,446,926.46	5,392,835,257.05
Non-current assets:		
Creditor's right investment		
Other investment on bonds		
Long-term receivable		
Long term share equity investment	741,912,842.24	400,480,973.25
Other equity instruments investment	2,721,470,812.06	3,556,127,694.48
Other non-current financial assets	5,534,773.22	5,534,773.22
Property investment		
Fixed assets	1,558,177,974.55	1,474,208,708.15
Construction in progress	249,066,837.78	283,786,818.95
Production physical assets		
Oil & gas assets		
Use right assets	4,377,781.09	2,717,667.45
Intangible assets	241,459,124.96	188,674,302.83
Development expenses		
Goodwill		
Long-germ expenses to be amortized		
Deferred income tax asset		297,762,053.26
Other non-current asset	60,817,500.00	30,999,462.87
Total of non-current assets	5,582,817,645.90	6,240,292,454.46
Total of assets	11,252,264,572.36	11,633,127,711.51
Current liabilities		
Short-term loans	354,073,287.67	200,169,863.01
Transactional financial liabilities		
Derivative financial liabilities		
Notes payable	118,677,114.86	5,900,000.00
Account payable	875,769,755.40	740,412,296.58
Advance receipts	315,237.45	
Contract Liabilities	1,281,868,805.36	1,332,554,908.08
Employees' wage payable	84,954,153.08	82,125,367.12
Tax payable	26,868,892.51	17,200,998.61
Other account payable	132,513,722.18	184,847,189.08
Including: Interest payable		
Dividend payable		

Liabilities held for sales		
Non-current liability due within 1 year	3,600,766.81	1,503,579.95
Other current liability	145,644,551.64	140,853,281.80
Total of current liability	3,024,286,286.96	2,705,567,484.23
Non-current liabilities:		
Long-term loan	75,055,479.45	
Bond payable		
Including: preferred stock		
Sustainable debt		
Lease liability	1,033,302.92	1,575,000.00
Long-term payable	9,093,277.96	5,852,616.69
Long-term remuneration payable to staff		
Expected liabilities	3,106,235.92	
Deferred income	951,548,103.70	741,999,661.14
Deferred income tax liability	66,103,761.74	474,809,014.19
Other non-current liabilities		
Total non-current liabilities	1,105,940,161.69	1,224,236,292.02
Total of liability	4,130,226,448.65	3,929,803,776.25
Owners' equity		
Share capital	1,175,444,400.00	980,179,980.00
Other equity instruments		
Including: preferred stock		
Sustainable debt		
Capital reserves	221,680,078.37	175,558,788.66
Less: Shares in stock	86,290,288.75	136,466,388.09
Other comprehensive income	1,980,939,256.24	2,690,397,606.30
Special reserve	5,240,943.39	6,000,000.00
Surplus reserves	602,356,402.65	602,356,402.65
Retained profit	3,222,667,331.81	3,385,297,545.74
Total of owners' equity	7,122,038,123.71	7,703,323,935.26
Total of liabilities and owners' equity	11,252,264,572.36	11,633,127,711.51

Legal Representative: Zheng Bin Person in charge of Accounting Works: Zhao Jiamao

Person in charge of Accounting Institution: Lv Lin

3.Consolidated Income statement

In RMB

Items	Year 2023	Year 2022
I. Income from the key business	5,924,238,021.22	5,518,841,939.82
Incl: Business income	5,924,238,021.22	5,518,841,939.82
Interest income		
Insurance fee earned		
Fee and commission received		
II. Total business cost	5,606,309,789.60	5,133,169,840.46
Incl: Business cost	4,475,707,358.67	4,027,414,803.26
Interest expense		
Fee and commission paid		
Insurance discharge payment		
Net claim amount paid		
Net amount of withdrawal of insurance contract reserve		
Insurance policy dividend paid		
Reinsurance expenses		
Business tax and surcharge	36,504,541.61	38,383,758.77
Sales expense	309,537,776.05	221,489,523.60
Administrative expense	539,443,616.46	590,938,269.71

R & D costs	276,685,638.98	284,239,883.04
Financial expenses	-31,569,142.17	-29,296,397.92
Including: Interest expense	20,910,664.51	24,366,789.74
Interest income	44,289,213.68	18,946,425.24
Add: Other income	112,573,844.66	73,730,674.31
Investment gain (“-”for loss)	125,962,024.74	135,599,082.88
Incl: investment gains from affiliates		
Financial assets measured at amortized cost cease to be recognized as income		
Gains from currency exchange		
Net exposure hedging income		
Changing income of fair value	686,725.67	313,477.36
Credit impairment loss	82,719,910.10	82,441,348.93
Impairment loss of assets	-37,827,614.77	-24,440,216.13
Assets disposal income	68,805,634.27	95,281.00
III. Operational profit (“-”for loss)	670,848,756.29	653,411,747.71
Add : Non-operational income	67,284,290.91	57,650,448.40
Less: Non-operating expense	2,615,000.42	3,130,575.97
IV. Total profit (“-”for loss)	735,518,046.78	707,931,620.14
Less: Income tax expenses	69,298,705.58	82,692,261.45
V. Net profit	666,219,341.20	625,239,358.69
(I) Classification by business continuity		
1.Net continuing operating profit	666,219,341.20	625,239,358.69
2.Termination of operating net profit		
(II) Classification by ownership		
1.Net profit attributable to the owners of parent company	517,680,522.56	522,396,807.32
2.Minority shareholders’ equity	148,538,818.64	102,842,551.37
VI. Net after-tax of other comprehensive income	-709,458,350.06	59,821,266.74
Net of profit of other comprehensive income attributable to owners of the parent company.	-709,458,350.06	59,972,370.69
(I) Other comprehensive income items that will not be reclassified into gains/losses in the subsequent accounting period	-709,458,350.06	60,084,420.53
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	-709,458,350.06	60,084,420.53
4. Changes in the fair value of the company’s credit risks		
5.Other		
(II)		
Other comprehensive income that will be reclassified into profit or loss.		-112,049.84
1.Other comprehensive income under the equity method investee can be reclassified into profit or loss.		
2. Changes in the fair value of investments in other debt obligations		
3. Other comprehensive income arising from the reclassification of financial assets		
4.Allowance for credit impairments in investments in other debt obligations		
5. Reserve for cash flow hedges		
6.Translation differences in currency financial statements		-112,049.84
7.Other		
Net of profit of other comprehensive income attributable to Minority shareholders’ equity		-151,103.95
VII. Total comprehensive income	-43,239,008.86	685,060,625.43

Total comprehensive income attributable to the owner of the parent company	-191,777,827.50	582,369,178.01
Total comprehensive income attributable minority shareholders	148,538,818.64	102,691,447.42
VIII. Earnings per share		
(I) Basic earnings per share	0.44	0.45
(II) Diluted earnings per share	0.44	0.45

Legal Representative: Zheng Bin Person in charge of Accounting Works: Zhao Jiamao

Person in charge of Accounting Institution: Lv Lin

4. Income statement of the Parent Company

In RMB

Items	Year 2023	Year 2022
I. Income from the key business	3,300,848,259.74	3,185,535,942.16
Incl: Business cost	2,782,581,534.94	2,463,100,672.79
Business tax and surcharge	17,704,307.45	21,955,800.03
Sales expense	125,232,935.57	94,333,279.35
Administrative expense	311,695,730.53	392,945,595.33
R & D expense	146,405,970.16	138,488,509.23
Financial expenses	-31,588,731.08	-31,955,926.80
Including: Interest expenses	7,685,083.49	5,389,750.73
Interest income	29,858,490.59	11,578,539.98
Add: Other income	68,228,908.43	46,434,957.91
Investment gain (“-”for loss)	200,528,802.96	216,423,127.90
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	-38,030.94	313,477.36
Credit impairment loss	91,505,070.63	68,354,461.56
Impairment loss of assets	-6,427,744.43	-28,878,579.86
Assets disposal income	67,611.66	26,288.11
II. Operational profit (“-”for loss)	302,681,130.48	409,341,745.21
Add : Non-operational income	43,789,126.42	47,625,261.60
Less: Non -operational expenses	643,958.18	1,929,713.30
III. Total profit (“-”for loss)	345,826,298.72	455,037,293.51
Less: Income tax expenses	18,796,713.45	35,367,282.97
IV. Net profit	327,029,585.27	419,670,010.54
1.Net continuing operating profit	327,029,585.27	419,670,010.54
2.Termination of operating net profit		
V. Net after-tax of other comprehensive income	-709,458,350.06	60,084,420.53
(I) Other comprehensive income items that will not be reclassified into gains/losses in the subsequent accounting period	-709,458,350.06	60,084,420.53
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	-709,458,350.06	60,084,420.53
4. Changes in the fair value of the company’s credit risks		
5.Other		
(II)Other comprehensive income that will be reclassified into profit or loss		
1.Other comprehensive income under the equity method investee can be reclassified into profit or loss.		
2. Changes in the fair value of investments in other debt obligations		
3. Other comprehensive income arising from the reclassification of financial assets		
4.Allowance for credit impairments in investments in other debt obligations		
5. Reserve for cash flow hedges		
6.Translation differences in currency financial statements		
7.Other		
VI. Total comprehensive income	-382,428,764.79	479,754,431.07

VII. Earnings per share		
(I) Basic earnings per share		
(II)Diluted earnings per share		

Legal Representative: Zheng Bin Person in charge of Accounting Works: Zhao Jiamao

Person in charge of Accounting Institution: Lv Lin

5. Consolidated Cash flow statement

In RMB

Items	Year 2023	Year 2022
I. Cash flows from operating activities		
Cash received from sales of goods or rendering of services	5,480,553,759.26	4,396,331,648.09
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	35,505,297.26	81,231,460.36
Other cash received from business operation	624,660,952.22	251,137,216.37
Sub-total of cash inflow	6,140,720,008.74	4,728,700,324.82
Cash paid for purchasing of merchandise and services	3,257,512,577.78	2,662,046,241.61
Net increase of client trade and advance		
Net increase of savings in central bank and brother company		
Cash paid for original contract claim		
Net increase in financial assets held for trading purposes		
Net increase for Outgoing call loan		
Cash paid for interest, processing fee and commission		
Cash paid to staffs or paid for staffs	1,057,669,829.30	1,027,230,600.33
Taxes paid	209,923,929.22	344,859,140.11
Other cash paid for business activities	738,404,186.82	370,423,537.14
Sub-total of cash outflow from business activities	5,263,510,523.12	4,404,559,519.19
Net cash generated from /used in operating activities	877,209,485.62	324,140,805.63
II. Cash flow generated by investing		
Cash received from investment retrieving	3,549,300.00	10,752,958.20
Cash received as investment gains	122,351,924.02	131,449,638.53
Net cash retrieved from disposal of fixed assets, intangible assets, and other long-term assets	159,969,369.62	1,216,686.31
Net cash received from disposal of subsidiaries or other operational units	4,416,344.67	
Other investment-related cash received	1,949,106,998.18	2,627,490,212.88
Sub-total of cash inflow due to investment activities	2,239,393,936.49	2,770,909,495.92
Cash paid for construction of fixed assets, intangible assets and other long-term assets	350,527,607.65	272,801,578.46
Cash paid as investment		
Net increase of loan against pledge		
Net cash received from subsidiaries and other operational units	43,465,050.37	
Other cash paid for investment activities	1,652,881,291.38	2,085,697,180.39
Sub-total of cash outflow due to investment activities	2,046,873,949.40	2,358,498,758.85
Net cash flow generated by investment	192,519,987.09	412,410,737.07
III. Cash flow generated by financing		
Cash received as investment	44,462,700.00	169,795,500.00
Including: Cash received as investment from minor shareholders	44,462,700.00	169,795,500.00
Cash received as loans	634,662,465.91	306,300,000.00
Other financing –related cash received	8,000,000.00	200,000.00
Sub-total of cash inflow from financing activities	687,125,165.91	476,295,500.00
Cash to repay debts	338,200,000.00	267,900,000.00
Cash paid as dividend, profit, or interests	357,070,007.29	363,192,673.98

Including: Dividend and profit paid by subsidiaries to minor shareholders	44,053,580.00	44,416,370.00
Other cash paid for financing activities	211,579,920.94	273,340,869.54
Sub-total of cash outflow due to financing activities	906,849,928.23	904,433,543.52
Net cash flow generated by financing	-219,724,762.32	-428,138,043.52
IV. Influence of exchange rate alternation on cash and cash equivalents	6,583,468.87	29,075,934.51
V. Net increase of cash and cash equivalents	856,588,179.26	337,489,433.69
Add: balance of cash and cash equivalents at the beginning of term	1,805,028,401.76	1,467,538,968.07
VI ..Balance of cash and cash equivalents at the end of term	2,661,616,581.02	1,805,028,401.76

Legal Representative: Zheng Bin Person in charge of Accounting Works: Zhao Jiamao

Person in charge of Accounting Institution: Lv Lin

6. Cash Flow Statement of the Parent Company

In RMB

Items	Year 2023	Year 2022
I. Cash flows from operating activities		
Cash received from sales of goods or rendering of services	2,586,471,545.56	1,980,841,503.83
Tax returned	19,739,483.93	52,872,382.00
Other cash received from business operation	52,919,649.72	66,396,405.12
Sub-total of cash inflow	2,659,130,679.21	2,100,110,290.95
Cash paid for purchasing of merchandise and services	1,516,551,719.97	1,314,401,634.33
Cash paid to staffs or paid for staffs	599,439,633.36	597,944,639.72
Taxes paid	38,521,453.03	159,798,491.41
Other cash paid for business activities	107,576,657.61	85,114,385.41
Sub-total of cash outflow from business activities	2,262,089,463.97	2,157,259,150.87
Net cash generated from /used in operating activities	397,041,215.24	-57,148,859.92
II. Cash flow generated by investing		
Cash received from investment retrieving	30,655,007.83	10,288,000.00
Cash received as investment gains	202,245,282.78	217,826,572.17
Net cash retrieved from disposal of fixed assets, intangible assets, and other long-term assets	1,396,837.93	800,882.00
Net cash received from disposal of subsidiaries or other operational units		
Other investment-related cash received	1,344,890,547.93	1,943,515,564.65
Sub-total of cash inflow due to investment activities	1,579,187,676.47	2,172,431,018.82
Cash paid for construction of fixed assets, intangible assets and other long-term assets	204,031,687.01	208,876,108.57
Cash paid as investment	412,452,500.00	203,652,611.00
Net cash received from subsidiaries and other operational units		
Other cash paid for investment activities	1,160,000,000.00	1,260,000,000.00
Sub-total of cash outflow due to investment activities	1,776,484,187.01	1,672,528,719.57
Net cash flow generated by investment	-197,296,510.54	499,902,299.25
III. Cash flow generated by financing		
Cash received as investment		
Cash received as loans	428,670,807.13	200,000,000.00
Other financing –related cash received		
Sub-total of cash inflow from financing activities	428,670,807.13	200,000,000.00
Cash to repay debts	200,000,000.00	150,000,000.00
Cash paid as dividend, profit, or interests	301,606,989.62	306,578,624.17
Other cash paid for financing activities	5,289,347.00	7,456,797.00
Sub-total of cash outflow due to financing activities	506,896,336.62	464,035,421.17
Net cash flow generated by financing	-78,225,529.49	-264,035,421.17
IV. Influence of exchange rate alternation on cash and cash equivalents	3,153,632.43	21,960,352.49
V. Net increase of cash and cash equivalents	124,672,807.64	200,678,370.65

Add: balance of cash and cash equivalents at the beginning of term	1,074,013,333.05	873,334,962.40
VI ..Balance of cash and cash equivalents at the end of term	1,198,686,140.69	1,074,013,333.05

Legal Representative: Zheng Bin Person in charge of Accounting Works: Zhao Jiamao

Person in charge of Accounting Institution: Lv Lin

7. Consolidated Statement on Change in Owners' Equity

Amount in this period

In RMB

Items	Year 2023													Minor shareholders' equity	Total of owners' equity
	Owner's equity Attributable to the Parent Company											Subtotal			
	Share Capital	Other Equity instrument		Share Capital Sustainable debt	Other Equity instrument Other	Other Comprehensive Income	Specialized reserve	Surplus reserves	Common risk provision	Retained profit	Other				
	Preferred stock	Sustainable debt	Preferred stock												
I. Balance at the end of last year	980,179.980.00				394,935,862.00	136,466,388.09	2,690,397,606.30	17,841,325.92	625,178,089.82		3,756,414,638.24	8,328,481,114.19	570,711,632.78	8,899,192,746.97	
Add: Change of accounting policy															
Correcting of previous errors															
Other															
II. Balance at the beginning of current year	980,179.980.00				394,935,862.00	136,466,388.09	2,690,397,606.30	17,841,325.92	625,178,089.82		3,756,414,638.24	8,328,481,114.19	570,711,632.78	8,899,192,746.97	
III. Changed in the current year	195,264.420.00				4,277,842.44	-50,176,099.34	-709,458,350.06	2,514,051.39			28,020,723.36	-429,205,213.53	70,129,399.15	-359,075,814.38	
(I) Total comprehensive income							-709,458,350.06				517,680,522.56	-191,777,827.50	148,538,818.64	-43,239,008.86	
(II) Investment or decreasing of capital by owners	-642,980.00				41,646,498.96	-3,834,873.75						44,838,392.71	44,521,555.42	89,359,948.13	
1. Ordinary Shares invested by shareholders	-642,980.00				-3,191,893.75	-3,834,873.75							44,462,700.00	44,462,700.00	
2. Holders of other equity instruments invested capital															
3. Amount of shares paid and accounted as owners' equity					44,838,392.71							44,838,392.71	58,855.42	44,897,248.13	
4. Other															

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(III) Profit allotment						-7,313,545.20						-293,752,399.20		-286,438,854.00	-43,963,580.00	-330,402,434.00
1. Providing of surplus reserves																
2. Providing of common risk provisions																
3. Allotment to the owners (or shareholders)						-7,313,545.20						-293,752,399.20		-286,438,854.00	-43,963,580.00	-330,402,434.00
4. Other																
(IV) Internal transferring of owners' equity	195,907,400.00											-195,907,400.00				
1. Capitalizing of capital reserves (or to capital shares)																
2. Capitalizing of surplus reserves (or to capital shares)																
3. Making up losses by surplus reserves.																
4. Change amount of defined benefit plans that carry forward Retained earnings																
5. Other comprehensive income carry-over retained earnings																
6. Other	195,907,400.00											-195,907,400.00				
(V). Special reserves								493,759.19						493,759.19	-659,952.17	-166,192.98
1. Provided this year								14,996,887.19						14,996,887.19	6,263,720.75	21,260,607.94
2. Used this term								-14,503,128.00						-14,503,128.00	-6,923,672.92	-21,426,800.92
(VI) Other					-37,368,656.52	-39,027,680.39		2,020,292.20						3,679,316.07	-78,307,442.74	-74,628,126.67
IV. Balance at the end of this term	1,175,444,400.00				399,213,704.44	86,290,288.75	1,980,939,256.24	20,355,377.31	625,178,089.82			3,784,435,361.60		7,899,275,900.66	640,841,031.93	8,540,116,932.59

Amount in last year

In RMB

Items	Year 2022														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	Other													

			debt												
I.Balance at the end of last year	754,010,400.00				282,946,030.50	144,078,948.09	2,629,477,756.99	18,369,033.52	625,178,089.82		3,761,583,410.91		7,927,485,773.65	402,064,747.47	8,329,550,521.12
Add: Change of accounting policy															
Correcting of previous errors															
Other															
II.Balance at the beginning of current year	754,010,400.00				282,946,030.50	144,078,948.09	2,629,477,756.99	18,369,033.52	625,178,089.82		3,761,583,410.91		7,927,485,773.65	402,064,747.47	8,329,550,521.12
III.Changed in the current year	226,169,580.00				111,989,831.50	-7,612,560.00	60,919,849.31	-527,707.60			-5,168,772.67		400,995,340.54	168,646,885.31	569,642,225.85
(I) Total comprehensive income							59,972,370.69				522,396,807.32		582,369,178.01	102,691,447.42	685,060,625.43
(II) Investment or decreasing of capital by owners					54,919,487.13								54,919,487.13	171,128,102.88	226,047,590.01
1.Ordinary shares in vested by shareholders														169,795,500.00	169,795,500.00
2. Holders of other equity instruments invested capital															
3. Amount of shares paid and accounted as owners' equity					54,919,487.13								54,919,487.13	1,332,602.88	56,252,090.01
4. Other															
(III) Profit allotment						-7,612,560.00					-301,395,999.99		-293,783,439.99	-44,416,370.00	-338,199,809.99

1.Providing of surplus reserves																
2.Providing of common risk provisions																
3. Allotment to the owners (or shareholders)						-7,612,560.00						-301,395,999.99		-293,783,439.99	-44,416,370.00	-338,199,809.99
4. Other																
(IV) Internal transferring of owners' equity	226,169,580.00											-226,169,580.00				
1. Capitalizing of capital reserves (or to capital shares)																
2. Capitalizing of surplus reserves (or to capital shares)																
3. Making up losses by surplus reserves.																
4.Change amount of defined benefit plans that carry forward Retained earnings																
5. Other comprehensive income carry-over retained earnings																
6. Other	226,169,580.00											-226,169,580.00				
(V). Special reserves								443,211.69					443,211.69	-167,410.71	275,800.98	
1. Provided this year								5,749,535.20					5,749,535.20	999,586.73	6,749,121.93	
2. Used this term								-5,306,323.51					-5,306,323.51	-1,166,997.44	-6,473,320.95	
(VI) Other					57,070,344.37		947,478.62	-970,919.29					57,046,903.70	-60,588,884.28	-3,541,980.58	
IV. Balance at the end of this term	980,179,980.00				394,935,862.00	136,466,388.09	2,690,397,606.30	17,841,325.92	625,178,089.82			3,756,414,638.24	8,328,481,114.19	570,711,632.78	8,899,192,746.97	

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

Amount in this period

In RMB

Items	Year 2023											
	Share capital	Other Equity instrument			Capital reserves	Less: Shares in stock	Other Comprehensive Income	Specialized reserve	Surplus reserves	Retained profit	Other	Total of owners' equity
		Preferred stock	Sustainable debt	Other								
I.Balance at the end of last year	980,179,980.00				175,558,788.66	136,466,388.09	2,690,397,606.30	6,000,000.00	602,356,402.65	3,385,297,545.74		7,703,323,935.26
Add: Change of accounting policy												
Correcting of previous errors												
Other												
II.Balance at the beginning of current year	980,179,980.00				175,558,788.66	136,466,388.09	2,690,397,606.30	6,000,000.00	602,356,402.65	3,385,297,545.74		7,703,323,935.26
III.Changed in the current year	195,264,420.00				46,121,289.71	-50,176,099.34	-709,458,350.06	-759,056.61		-162,630,213.93		-581,285,811.55
(I) Total comprehensive income							-709,458,350.06			327,029,585.27		-382,428,764.79
(II) Investment or decreasing of capital by owners	-642,980.00				41,705,354.38	-3,834,873.75						44,897,248.13
1. Ordinary Shares invested by shareholders	-642,980.00				-3,191,893.75	-3,834,873.75						
2. Holders of other equity instruments invested capital												
3.Amount of shares paid and accounted as owners' equity					44,897,248.13							44,897,248.13
4. Other												
(III) Profit allotment						-7,313,545.20				-293,752,399.20		-286,438,854.00
1.Providing of surplus reserves												
2. Allotment to the owners (or shareholders)						-7,313,545.20				-293,752,399.20		-286,438,854.00
3. Other												
(IV) Internal transferring of owners' equity	195,907,400.00									-195,907,400.00		

1. Capitalizing of capital reserves (or to capital shares)												
2. Capitalizing of surplus reserves (or to capital shares)												
3. Making up losses by surplus reserves.												
4. Change amount of defined benefit plans that carry forward Retained earnings												
5. Other comprehensive income carry-over retained earnings												
6. Other	195,907,400.0 0									- 195,907,400.0 0		
(V) Special reserves								-759,056.61				-759,056.61
1. Provided this year								5,795,535.94				5,795,535.94
2. Used this term								- 6,554,592.55				-6,554,592.55
(VI) Other					4,415,935.33	- 39,027,680.3 9						43,443,615.72
IV. Balance at the end of this term	1,175,444,400. 00				221,680,078. 37	86,290,288.7 5	1,980,939,256.24	5,240,943.39	602,356,402. 65	3,222,667,331. 81		7,122,038,123. 71

Amount in last year

In RMB

Items	Year 2022											
	Share Capital	Other Equity instrument			Capital reserves	Less: Shares in stock	Other Comprehensive Income	Specialized reserve	Surplus reserves	Retained profit	Other	Total of owners' equity
		Preferred stock	Sustainable debt	Other								
I. Balance at the end of last year	754,010,400. 00				121,457,098. 65	144,078,948. 09	2,630,313,185.77	6,000,000.00	602,356,402. 65	3,493,193,115. 19		7,463,251,254. 17
Add: Change of accounting policy												
Correcting of previous errors												
Other												
II. Balance at the beginning of current year	754,010,400. 00				121,457,098. 65	144,078,948. 09	2,630,313,185.77	6,000,000.00	602,356,402. 65	3,493,193,115. 19		7,463,251,254. 17
III. Changed in the current year	226,169,580. 00				54,101,690.0 1	- 7,612,560.00	60,084,420.53			- 107,895,569.4 5		240,072,681.0 9

(I) Total comprehensive income							60,084,420.53			419,670,010.54		479,754,431.07
(II) Investment or decreasing of capital by owners					54,101,690.01							54,101,690.01
1. Ordinary Shares invested by shareholders												
2. Holders of other equity instruments invested capital												
3.Amount of shares paid and accounted as owners' equity					54,101,690.01							54,101,690.01
4. Other												
(III) Profit allotment						-7,612,560.00				-301,395,999.99		-293,783,439.99
1.Providing of surplus reserves												
2. Allotment to the owners (or shareholders)						-7,612,560.00				-301,395,999.99		-293,783,439.99
3. Other												
(IV) Internal transferring of owners' equity	226,169,580.00									-226,169,580.00		
1. Capitalizing of capital reserves (or to capital shares)												
2. Capitalizing of surplus reserves (or to capital shares)												
3. Making up losses by surplus reserves.												
4.Change amount of defined benefit plans that carry forward Retained earnings												
5. Other comprehensive income carry-over retained earnings												
6. Other	226,169,580.00									-226,169,580.00		
(V) Special reserves												
1. Provided this year								3,900,260.39				3,900,260.39
2. Used this term								-3,900,260.39				-3,900,260.39
(VI) Other												
IV. Balance at the end of this term	980,179,980.00				175,558,788.66	136,466,388.09	2,690,397,606.30	6,000,000.00	602,356,402.65	3,385,297,545.74		7,703,323,935.26

Legal Representative: Zheng Bin Person in charge of accounting: Zhao Jiamao

Person in charge of Accounting Institution: Lv Lin

III. Basic Information of the Company

Hangzhou Turbine Power Group Co., Ltd. (Hereinafter referred to as "the Company") was incorporated as a joint stock limited company exclusively promoted by Hangzhou Turbine Holdings Co., Ltd. (Herein after referred to as "Turbine Holdings") approved by the Securities Regulatory Commission of the State Council with the Document SRC [1998] No. 8 by offering domestically listed foreign currency ordinary shares (B Shares), with registration date: April 23, 1998, Headquartered in Hangzhou, Zhejiang Province. The company now holds a unified social credit code for the 913300007042026204 business license, The Company's registered capital is RMB 1,175.4444 million with total capital share of 1,175.4444 million shares (face value RMB1.00). Among which state-owned legal person shares were 748.526688 million shares and 426.917712 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.

These Financial Statements are released upon approval at the 6th meeting of the 9th term of Board held on April 28, 2024.

IV. Basis of compiling the financial statement

(1) Basis of compiling

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

(2) Assessment on perpetuation

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

V. Principal Accounting Policies and Estimations

Principal Accounting Policies and Estimations

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

1. Statement of compliance to the Enterprise Accounting Standard

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

2. Fiscal year

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

3. Operational period

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

4. Standard currency for bookkeeping

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

5. Determination method and selection basis of importance standard

Applicable Not applicable

Items	Criterion of importance
Material projects under construction	The Company identified the single project under construction with an amount of over 0.5% of the total assets as a significant project under construction.
Material non-wholly-owned subsidiaries	Non-wholly-owned subsidiaries whose total assets/revenues/profits exceed 15% of the total assets/revenues/profits of the Group are identified as material non-wholly-owned subsidiaries.
Material commitments	The Company will identify the commitments that have been signed and have not been fully performed, with an amount of single contracts exceeding 5% of the total assets or with special nature as material commitments.
Material contingencies	The Company regards the contingencies whose claim amount exceeds 5% of the total profit or whose nature is special as material contingencies.
Material matters after the balance sheet date	The Company identifies the matters with a single impact amount exceeding 5% of the total assets or with special nature as material matters after the balance sheet date.

6. 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

7. Criteria for control and preparation method of consolidated financial statements

(1) Control judgment

Control refers to the power over the investee, the entitlement to variable returns by participating in the related activities of the investee, and the ability to influence the variable return amount by using the power over the investee.

(2) 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.

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

9. 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.

10. Foreign currency trade and translation of foreign currencies

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.

11. Financial instruments

(1) Classification of financial assets and financial liabilities

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

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

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

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

2) Subsequent measurement methods of financial assets

① Financial assets measured at amortized cost

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

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

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

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

Fair value is adopted for subsequent measurement. Dividends received (except those that belong to the part of investment cost recovery) are included in current profits and losses, and other gains or losses are included in

other comprehensive income. Upon termination of recognition, the accumulated gains or losses previously included in other comprehensive income shall be transferred out of other comprehensive income and included in retained income.

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

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

(3) Subsequent measurement methods of financial liabilities

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

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

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

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

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

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

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

If the overall transfer of financial assets meets the conditions for derecognition, the difference between the following two amounts shall be included in the current profits and losses: 1) The book value of the transferred financial assets on the derecognition date; 2) The sum of the consideration received for the transfer of financial assets and the amount of the corresponding derecognized portion of the accumulated amount of changes in fair value originally directly included in other comprehensive income (the financial assets involved in the transfer are debt instrument investments measured at fair value, whose changes are included in other comprehensive

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

(5) Impairment of financial instruments

1) Impairment measurement and accounting treatment of financial instruments

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

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

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

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

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

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

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

The company evaluates expected credit risks and measures expected credit losses on the basis of individual

financial instruments or combinations of financial instruments. When based on the combination of financial instruments, the company divides financial instruments into different combinations based on common risk characteristics.

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

(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.

(7) Recognition standard and accrual method of expected credit loss of receivables and contract assets

1) Accounts receivable and contract assets with expected credit losses accrued according to the portfolio of credit risk characteristics

Category	Basis for determining combination	Methods of measuring expected credit loss
Bank acceptance bills receivable	Bill type	Refer to the historical credit loss experience, combine the current situation and the forecast of the future economic situation, compile a comparison table between the aging of accounts receivable and the expected credit loss rate during the whole duration, and calculate the expected credit loss.
Commercial acceptance bills receivable		
Account receivable— —Aging combination	Aging	Refer to the historical credit loss experience, combine the current situation and the forecast of the future economic situation, compile a comparison table between the aging of accounts receivable and the expected credit loss rate during the whole duration, and calculate the expected credit loss.
Account receivable— associated transaction combinations	Related parties within the scope of the consolidated financial statements	Refer to the historical credit loss experience, combine the current situation and the forecast of the future economic situation, compile a comparison table between the aging of accounts receivable and the expected credit loss rate during the whole duration, and calculate the expected credit loss.
Other receivable— Aging combination	Aging	Refer to the historical credit loss experience, combine the current situation and the forecast of the future economic situation, compile a comparison table between the aging of accounts receivable and the expected credit loss rate during the whole duration, and calculate the expected credit loss.
Other receivable— associated transaction combinations	Related parties within the scope of the consolidated financial statements	Refer to the historical credit loss experience, combine the current situation with the forecast of future economic situation, and calculate the expected credit loss through default risk exposure and the expected credit loss rate within the next 12 months or the whole duration.
Contract assets— Aging combination	Aging	Refer to the historical credit loss experience, combine the current situation and the forecast of the future economic situation, compile a comparison table between the aging of accounts receivable and the expected credit loss rate during the whole duration, and calculate the expected credit loss.
Contract assets— associated transaction combinations	Related parties within the scope of the consolidated financial statements	Refer to the historical credit loss experience, combine the current situation with the forecast of future economic situation, and calculate the expected credit loss through default risk exposure and the expected credit loss rate within the next 12 months or the whole duration.
Long-term receivable—aging combination	Overdue time	Refer to the historical credit loss experience, combine the current situation and the forecast of the future economic situation, compile a comparison table between the aging of accounts receivable and the expected credit loss rate

Category	Basis for determining combination	Methods of measuring expected credit loss
		during the whole duration, and calculate the expected credit loss.

2) Comparison table of aging and expected credit loss rate of aging portfolio

① Account receivable, Other receivable and Contract assets—Table of Aging of Aging Combination and

Expected Credit Loss Rate

Aging	Expected credit loss rate of accounts receivable (%)	Expected credit loss rate of other receivables (%)	Expected credit loss rate of contract assets (%)
Within 1 year (inclusive, the same below)	5	5	5
1-2 years	10	10	10
2-3 years	30	30	30
3-4 years	60	60	60
4-5 years	80	80	80
Over 5 years	100	100	100

The aging of accounts receivable/other receivables/contract assets shall be calculated from the month when the payment actually occurs.

②The overdue aging of long-term receivables shall be calculated from the month when the payment is actually overdue.

Overdue time	Expected credit loss rate of long-term receivables (%)
Not overdue	5
Overdue within 1 year (inclusive, the same below)	10
Overdue 1-2 years	30
Overdue 2-3 years	60
Overdue 3-4 years	80
Overdue for more than 4 years	100

The overdue time of long-term receivables shall be calculated from the month when the payment is actually overdue.

3) Identification standard of accounts receivable and contract assets with expected credit loss accrued individually

For receivables and contract assets whose credit risk is significantly different from that of portfolio credit risk, the Company shall accrue the expected credit loss individually.

12. Notes receivable

For details, please refer to Section X(5)-11 Financial instrument of this report.

13. Account receivable

For details, please refer to Section X(5)-11 Financial instrument of this report.

14. Financing of receivables

For details, please refer to Section X(5)-11 Financial instrument of this report.

15. Other account receivable

For details, please refer to Section X(5)-11 Financial instrument of this report.

16. Contract assets

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

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

Recognition standard and accrual method of expected credit loss of receivables and contract assets: For details, please refer to Section X(5)-11 Financial instrument of this report.

17. Inventories

(1) Inventory classification

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

(2) Pricing of inventory to be delivered

The raw materials issued by u Zhongneng Company are priced by moving weighted mean method.

(3) Inventory system

Inventory system: perpetual inventory system

(4) 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

(5) Pricing of inventory to be delivered

Pricing of inventory to be delivered

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..

18.Held-for-sale asset

19.Creditor's rights investment

20.Other Creditor's rights investment

21.Long-term account receivable

22. Long-term equity investment

1. Recognition of common control and substantial influence

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

2. Recognition of initial investment costs

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

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

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

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

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

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

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

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

(3) Formed by means other than entity merger:

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

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

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

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

3. Subsequent measurement and recognition of gain/loss

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

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

(1) Individual account

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

(2) Basis of Consolidated Financial Statements

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

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

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

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

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

23. Investment property

The measurement mode of investment property

Measurement cost method

Depreciation or amortization method

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

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

24. Fixed assets

1. Conditions for fixed asset recognition

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

2. Depreciation

Categories	Basis of depreciation	Depreciation age (year)	Retain value rate	Annual depreciation ratio
Houses & buildings	Straight average on period	30-40	4-5	3.20-2.38
Equipment & machinery	Straight average on period	5-20	4-5	19.2-4.75
Transportation equipment	Straight average on period	5-12	4-5	19.2-7.92
Office equipment	Straight average on period	3-10	4-5	32-9.5

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.

Category	Standard and time point for carrying forward construction in progress to fixed assets
Houses and buildings	Reach the predetermined serviceable state or delivered for use at the time of acceptance
Machinery and equipment	Meet the design requirements or standards stipulated in the contract after installation and debugging
Office equipment	Meet the design requirements or standards stipulated in the contract after installation and debugging

Category	Standard and time point for carrying forward construction in progress to fixed assets
Software project	Meet the design requirements or standards stipulated in the contract after acceptance

26. Loan expenses

1. Capitalizing of loan expenses

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

2. Capitalization period of loan expenses

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

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

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

3. Rates and amounts of loan expense capitalization

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

27. Biological assets

28. Oil-gas assets

29. Intangible assets

(1) Pricing Method, service life and impairment test

1. Intangible assets are land using rights, patents and proprietary technology, 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	Service life and its determination basis	Amortization method
Land using right	50 years, number of years specified in the warrant	Straight-line method
Patent and proprietary technology	5-20 years, estimated serviceable life	Straight-line method

Items	Service life and its determination basis	Amortization method
Non patent technology	10 years, estimated serviceable life	Straight-line method
Software	3-10 years, estimated serviceable life	Straight-line method

(2) Collection scope of R&D expenditure and related accounting treatment methods

1) Collection scope of R&D expenditure

Staff labor cost

① Staff labor cost

Staff labor costs include the salary, basic endowment insurance, basic medical insurance, unemployment insurance, work-related injury insurance, maternity insurance and housing provident fund of the Company's R&D staff, share payment granted by the company to R&D staff, and labor costs of external R&D staff.

If the R&D staff serve multiple R&D projects at the same time, the labor costs shall be recognized according to the working hours records of R&D staff of each R&D project provided by the management department of the Company, and distributed among different R&D projects in proportion.

If the staff directly engaged in R&D activities and the external R&D staff are engaged in non-R&D activities at the same time, the Company will allocate the actual staff labor costs between R&D expenses and production and operation expenses according to the working hours records of the R&D staff in different positions and reasonable methods such as the proportion of actual working hours.

② Direct input cost

Direct input cost refers to the related expenditure actually incurred by the Company for implementing R&D activities. Including: 1) Direct consumption of materials, fuel and power costs; 2) Development and manufacturing expenses of molds, process equipment used for intermediate test and trial production of products, purchase fees for samples, prototypes and general testing means that do not constitute fixed assets, and inspection fees for trial-produced products; 3) Expenses for operation, maintenance, adjustment, inspection, testing and maintenance of instruments and equipment used for R&D activities.

③ Depreciation expense

Depreciation expense refers to the depreciation expense of instruments, equipment and buildings in use for R&D activities.

If instruments, equipment and buildings in use for R&D activities are used for non-R&D activities at the same time, necessary records shall be made on the use of such instruments, equipment and buildings in use, and the actual depreciation expenses shall be allocated between R&D expenses and production and operation expenses by reasonable methods according to the actual working hours and use area.

④ Amortization expense of intangible assets

Amortization expense of intangible assets refers to the amortization expense of software, intellectual property and non-patented technology (proprietary technology, license, design and calculation method, etc.) used for R&D activities.

⑤ Design expense

Design expense refers to the expense incurred in conceiving, developing and manufacturing new products and new processes, designing processes, technical specifications, procedures and operational characteristics, including the related expenses incurred in creative design activities to obtain innovative, creative and breakthrough products.

⑥ Commissioned external R&D expense

Commissioned external R&D expense refers to the expense incurred by the Company to commission other institutions or individuals at home and abroad to carry out R&D activities (the results of R&D activities are owned by the Company and closely related to the Company's main business).

⑦ Other expenses

Other expenses refer to other expenses directly related to R&D activities besides the above expenses, including technical books and materials fees, materials translation fees, expert consultation fees, high-tech R&D insurance fees, R&D results retrieval, demonstration, evaluation, appraisal and acceptance fees, application fees, registration fees and agency fees for intellectual property rights, conference fees, travel expenses, communication fees, etc.

2) Expenditure of internal R&D projects in the research stage is included in the current profits and losses when it occurs. Expenditure of internal R&D projects in the development stage is recognized as intangible assets if it meets the following conditions at the same time: ① It is technically feasible to complete the intangible assets so that they can be used or sold; ② It has the intention to complete the intangible assets and use or sell them; ③ The ways in which intangible assets generate economic benefits, including the ability to prove that there is a market for the products produced by using the intangible assets or for the intangible assets themselves, and if the intangible assets will be used internally, the ability to prove their usefulness; ④ It has sufficient technical, financial and other resources to support the development of the intangible assets, and has the ability to use or sell the intangible assets; ⑤ Expenditure attributable to the development stage of the intangible assets can be reliably measured.

30. 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.

31. Long-term amortizable expenses

32. Contract Liabilities

The Company presents contract assets or contractual liabilities in the balance sheet according to the relationship between the fulfillment of performance obligations and customer payment. The Company will offset the contract assets and contractual liabilities under the same contract and present them in net amount.

The Company presents the obligation to transfer goods to customers for consideration received or receivable from customers as contractual liabilities.

33. Employees' wage

1. Accounting of short-term wages

In the fiscal period when an employee is providing services, short-term wages actually occurred is recognized as liability, and recorded into current gain/loss account or cost of related asset.

2. Accounting of stipulated beneficiary plan is on following steps:

1) On basis of expected accumulation of welfare, estimations on population variables and financial variables, calculating of liabilities from stipulated beneficiary plan, and recognition of the period of related liabilities, are performed on basis of non-bias and accordance actuary. Meanwhile, discount is performed on the liabilities from stipulated beneficiary plan to recognize the current value and service cost of the liabilities from the stipulated beneficiary plan.

2) When there is asset involved in the stipulated beneficiary asset, the deficit or premium from the balance of the current value of liabilities of stipulated beneficiary plan over their fair values is recognized as its net liability or net asset. When there is a premium with a stipulated beneficiary plan, the lower one between the premium and the upper limit of the asset is recognized as the net asset of such stipulated beneficiary asset;

3) At end of period, employees' wages from stipulated beneficiary plan are recognized by three parts including service cost, net interest of net liability or net asset, and recalculated net asset or liability variation. The first two are recorded into current gain/loss or related asset cost, the third is recorded to other gains, which will not be written back to gain/loss in successive fiscal periods, but the amount can be transferred with the range of equity.

3. Accounting of dismissing welfare

Welfares for employees who are dismissed, the earlier one of the following is recognized as employee wage liability, and recorded to current gain /loss:

(1) When the Company cannot, on its own call only, retrieve the dismissing welfare provided by dismissing of service plan or suggestion;

(2) When the costs or expenses related to restructuring involved in the dismissing welfare are recognized by the Company.

4. Accounting of other long-term employees' welfares

As of long-term welfares provided to the employees, those which satisfy conditions of the stipulated saving plan are treated according to related regulations of stipulated saving plan; those which other than the aforesaid, are treated according to the stipulated beneficiary plan. In viewing of simplifying accounting treatment, employee wage costs are recognized as service costs, the net amounts of interests of other long-term welfare net liability or asset, along with recalculated variations of the both are recorded to the related gain/loss or cost of related asset.

34. 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.

35.Share-based Payment

(1) Types of share-based payment

Including equity-settled share-based payment and cash-settled share-based payment.

(2) Accounting treatment related to implementation, modification and termination of share-based payment

plan

1) Equity-settled share-based payment

Equity-settled share-based payment in exchange for employee services immediately after the grant, shall be included in relevant costs or expenses according to the fair value of equity instruments on the grant date, and the capital reserve shall be adjusted accordingly. For equity-settled share-based payment that can only be exchanged for employee services if the service in the waiting period is completed or the specified performance conditions are met, on each balance sheet date in the waiting period, based on the best estimation of the number of equity instruments with the vesting right, the services obtained in the current period shall be included in relevant costs or expenses according to the fair value of the equity instruments on the granting date, and the capital reserve shall be adjusted accordingly.

Share-based payment for equity settlement of other parties' services, if the fair value of other parties' services can be reliably measured, shall be measured according to the fair value of other parties' services on the acquisition date; If the fair value of other parties' services cannot be measured reliably, but the fair value of equity instruments can be measured reliably, it shall be measured according to the fair value of equity instruments on the service acquisition date, and included in the related costs or expenses, and the owner's equity shall be increased accordingly.

2) Cash-settled share-based payment

Cash-settled share-based payment in exchange for employee services immediately after the grant, shall be included in relevant costs or expenses according to the fair value of liabilities borne by the Company on the grant date, and liabilities shall be increased accordingly. For cash-settled share-based payment in exchange for employee services only after the service in the waiting period is completed or the specified performance conditions are met, on each balance sheet date in the waiting period, based on the best estimation of the situation of the vesting right, the services obtained in the current period shall be included in the relevant costs or expenses and corresponding liabilities according to the fair value of the liabilities assumed by the Company.

3) Modification and termination of the share-based payment plan

If the modification increases the fair value of the granted equity instruments, the Company shall correspondingly recognize the increase of the obtained services according to the increase of the fair value of the equity instruments; If the modification increases the number of equity instruments granted, the fair value of the increased equity instruments will be recognized as the increase of services by the Company; If the Company modifies the vesting conditions in a way that is beneficial to employees, the Company will consider the modified vesting conditions when dealing with the vesting conditions.

If the modification reduces the fair value of the granted equity instruments, the Company will continue to recognize the amount of services obtained based on the fair value of the equity instruments on the granting date, without considering the reduction of the fair value of the equity instruments; If the modification reduces the number of granted equity instruments, the Company will treat the reduced part as the cancellation of the granted equity instruments; If the vesting conditions are modified in a way that is unfavorable to employees, the modified vesting conditions will not be considered when dealing with the vesting conditions.

If the Company cancels the granted equity instruments or settles the granted equity instruments during the waiting period (except those cancelled due to failure to meet the vesting right conditions), the cancellation or settlement will be treated as accelerated vesting right, and the amount originally recognized during the remaining waiting period will be immediately recognized.

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

37.Revenues

Accounting policies used for revenue recognition and measurement

1. Recognizing of revenue

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

The performance obligation is defined as fulfillment within a certain period of time if one of the following conditions is met, otherwise, it is defined as fulfilled at a certain point in time: (1) The customer obtains and consumes the economic benefits brought by the company's performance while the company performs the contract; (2) The customer can control the goods under manufacturing or services during the company's performance; (3) The goods or services produced during the company's performance have irreplaceable uses, and the company has the right to accumulate for the completed performances during the entire contract period.

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

2. Principle of income measurement

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

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

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

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

proportion of the separate selling price of promised goods.

3. Specific methods of revenue recognition

1) Industrial steam turbine and other products sales business

The company's selling of steam turbines, gas turbine and complement or, spare parts shall belong to the performance of obligation at a certain point in time.

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

2) Hydro-generator set sales business and engineering service business (including EPC and other general contracting projects)

The Company's business of selling hydro-generator sets and providing engineering services are the performance obligations performed within a certain period of time. The performance progress is determined according to the proportion of the incurred cost to the estimated total cost, and the revenue is recognized according to the performance progress. When the performance progress cannot be reasonably recognized, if the cost already incurred by the Company is expected to be compensated, the revenue will be recognized according to the cost amount already incurred until the performance progress can be reasonably recognized.

The adoption of different business models in similar businesses leads to differences in accounting policies for revenue recognition

Nil.

38. Contract cost

39. 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.

40. 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.

(5) When the following conditions are met at the same time, the Company presents the deferred income tax assets and deferred income tax liabilities as the offset net amount: 1) When the taxpayer has the legal right to settle the current income tax assets and liabilities on a net basis; 2) Deferred income tax assets and deferred income tax liabilities are related to the income tax levied by the same tax collection department on the same taxpayer or to different taxpayers, but in the future, during the period when each important deferred income tax asset and deferred income tax liability are reversed, the taxpayers involved intend to settle the current income tax assets and current income tax liabilities on a net basis or acquire assets and pay off debts at the same time.

41. Lease

(1) Accounting treatment method for leasing as a lessee

On the start date of the lease term, the company will recognize the lease with a lease term of no more than 12 months and without the purchase option as a short-term lease; and recognize the lease with lower value when a single leased asset is a brand-new asset as a low-value asset lease. If the company subleases or expects to sublet the leased assets, the original lease shall not be deemed as low-value asset lease.

For all short-term leases and low-value asset leases, the company will calculate the lease payment amount into the relevant asset cost or current profits and losses according to the straight-line method in each period of the lease term.

In addition to the above-mentioned short-term leases and low-value asset leases with simplified processing, the company recognizes the right to use assets and lease liabilities for leases on the start date of the lease term.

① Right-to-use assets

The right-to-use assets are initially measured according to the cost, which includes: i. The initial measurement amount of lease liabilities; ii. If there is lease incentive for the lease payment issued on or before the start date of the lease term, the amount related to the lease incentive enjoyed shall be deducted; iii. Initial direct expenses incurred by the lessee; iv. The estimated costs that the lessee will incur for dismantling and removing the leased assets, restoring the leased assets' site or restoring the leased assets to the state agreed in the lease terms.

The company depreciates the right-to-use assets according to the straight-line method. If it can be reasonably determined that the ownership of the leased asset is acquired at the expiration of the lease term, the company shall accrue depreciation within the remaining service life of the leased asset. If it is impossible to reasonably determine that the ownership of the leased asset can be acquired at the expiration of the lease term, the company shall accrue depreciation within the shorter of the lease term and the remaining service life of the leased asset.

② Lease liabilities

On the lease start date, the company recognizes the present value of the unpaid lease payment as the lease liability. When calculating the present value of the lease payment amount, the lease inclusive interest rate is used as the discount rate. If the lease inclusive interest rate cannot be determined, the company's incremental loan interest rate is used as the discount rate. The difference between the lease payment amount and its present value is considered as unrecognized financing expense, and the interest expense is recognized according to the discount rate for recognizing the present value of the lease payment amount in each period of the lease term, which is included in the current profits and losses. The variable lease payments that are not included in the measurement of lease liabilities are included in the current profits and losses when they actually occur.

After the start of the lease term, when the actual fixed payment amount changes, the estimated payable amount of the guarantee residual value changes, the index or ratio used to determine the lease payment amount changes, and the evaluation result or actual exercise situation of the purchase option, renewal option or termination option changes, the company will re-measure the lease liability according to the present value of the changed lease payment amount, and adjust the book value of the right-to-use assets accordingly. If the book value of the right-to-use assets has been reduced to zero, but the lease liability still needs to be further reduced, the remaining amount will be included in the current profits and losses.

(2) Accounting treatment method for leasing as a lessor

On the lease start date, the company classifies the lease with almost all risks and rewards related to the ownership of leased assets transferred as financial lease, and all other leases as operating leases.

① Operating lease

During each period of the lease term, the company recognizes the lease receipts as lease income according to

the straight-line method, and the initial direct expenses incurred are capitalized and allocated on the same basis as the lease income recognition, and are included in the current profits and losses by stages. The variable lease payments related to operating leases that are not included in the lease receipts obtained by the company are included in the current profits and losses when they actually occur.

② Financing lease

On the start date of the lease term, the company recognizes the receivable financing lease payments according to the net lease investment (the sum of the unsecured residual value and the present value of the lease receipts that have not been received at the start date of the lease term), and derecognizes the financing lease assets. During each period of the lease term, the company calculates and recognizes the interest income according to the interest rate included in the lease.

The variable lease payments obtained by the company that are not included in the measurement of net lease investment are recorded into the current profits and losses when they actually occur.

3) After-sale leaseback

① Company as the Lessee

According to the Accounting Standards for Business Enterprises No.14-Income, the company evaluates and determines whether the asset transfer in the after-sale leaseback transaction is a sale.

If the asset transfer in the after-sale leaseback transaction is a sale, the company shall measure the right-to-use assets formed by the after-sale leaseback according to the part of the book value of the original assets related to the right-to-use acquired by leaseback, and only recognize the related gains or losses for the rights transferred to the lessor.

If the asset transfer in the after-sale leaseback transaction is not a sale, the company will continue to recognize the transferred asset, and at the same time recognize a financial liability equal to the transfer income, and conduct accounting treatment on the financial liability in accordance with Accounting Standards for Business Enterprises No.22-Recognition and Measurement of Financial Instruments.

② Company as the Lessor

According to the Accounting Standards for Business Enterprises No.14-Income, the company evaluates and determines whether the asset transfer in the after-sale leaseback transaction is a sale.

If the asset transfer in the after-sale leaseback transaction is a sale, the company shall conduct accounting treatment on asset purchase according to other applicable accounting standards for enterprises, and conduct accounting treatment on asset lease according to Accounting Standards for Enterprises No.21-Lease.

If the asset transfer in the after-sale leaseback transaction is not a sale, the company will not recognize the transferred asset, but recognize a financial asset equal to the transfer income, and conduct accounting treatment on the financial asset in accordance with Accounting Standards for Business Enterprises No.22-Recognition and Measurement of Financial Instruments.

42. Other significant accounting policies and estimates

(1) Work safety costs

The Company withdraws and includes work safety costs into relevant product costs or current profits and loss and the subject of "special reserve" as per Measures for Management of Enterprise Withdrawal and Use of Work Safety Costs (Cai Qi [2022] No.136) jointly promulgated by Ministry of Finance and State Administration of Work Safety. As work safety costs withdrawn are used, ones attributable to the cost disbursement shall directly offset special reserve. To form fixed assets, the disbursement incurred for inclusion into the subject of "construction in progress" shall be recognized as fixed assets when safety projects are completed and available for

use as expected; meanwhile, costs for forming fixed assets shall offset special reserve, cumulative depreciation in the corresponding amount shall be recognized and depreciation shall no longer be withdrawn for the fixed assets in the following period.

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

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

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

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

43. Change of main accounting policies and estimations

(1) Change of main accounting policies

Applicable Not applicable

Since January 1, 2023, the Company has implemented the provisions of the *Interpretation No.16 of Accounting Standards for Business Enterprises* on "Accounting Treatment for Deferred Income Tax Related to Assets and Liabilities Arising from Individual Transactions", which was promulgated by the Ministry of Finance. This accounting policy change has no significant impact on the Company's financial statements.

(2) Change of main accounting estimations

Applicable Not applicable

(3) The Company started implementing the updated accounting standards commencing from 2023 and adjusted the relevant items in the financial statements at the beginning of the very year involved in the initial implementation of the said standards

Applicable Not applicable

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

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

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

Name	Income tax rate
The Company, Guoneng Company, Huayuan Company, Zhongneng Company, Hangfa Company, Casting Company and Western Power Company	15%
Other Subsidiary (Domestic)	25%

2. Preferential tax

(1) According to the High-tech Enterprise Certificate (certificate numbers are GR202333006671, GR202333011986, GR202333008372, GR202333012099 and GR202333012799 respectively, valid for three years) issued by Department of Science and Technology of Zhejiang Province, Zhejiang Provincial Department of Finance and Zhejiang Provincial Tax Service, State Taxation Administration on December 8, 2023, the Company and its subsidiaries Guoneng Company, Huayuan Company, Zhongneng Company and Hangfa Company enjoy preferential income tax for high-tech enterprises, so the enterprise income tax in 2023 was calculated and paid at a reduced rate of 15%.

(2) According to the "High-tech Enterprise Certificate" (Certificate number: GR202233002954, validity: three years) issued by the Zhejiang Provincial Department of Science and Technology, the Zhejiang Provincial Department of Finance and the Zhejiang Provincial Taxation Bureau of the State Administration of Taxation on December 24, 2022, the subsidiary casting company enjoys high-tech enterprise income tax incentives, thus the enterprise income tax in 2023 shall be reduced to be 15%.

(3) According to the High-tech Enterprise Certificate (Certificate No.: GR202251003392, valid for three years) issued by Sichuan Provincial Department of Science and Technology, Sichuan Provincial Department of

Finance and Sichuan Provincial Tax Service, State Taxation Administration on December 2, 2022, the subsidiary Western Power is entitled to the preferential income tax for high-tech enterprises, so the enterprise income tax in 2023 will be calculated and charged at a reduced rate of 15%.

(4) According to the Announcement on the Policy of Adding and Deducting VAT for Advanced Manufacturing Enterprises (Announcement No.43 of the Ministry of Finance and the State Taxation Administration in 2023), the Company and its subsidiaries Guoneng Company, Huayuan Company, Zhongneng Company, Hangfa Company, Casting & Forging Company and Western Power Company, as advanced manufacturing enterprises, add 5% of the deductible input tax for the current period to offset the payable VAT tax.

3.Other

VII. Notes to the Consolidated Financial Statements

1.Monetary funds

In RMB

Items	End of term	Beginning of term
Cash in stock	14,634.65	107,551.80
Bank deposit	2,661,596,779.47	1,852,884,189.83
Other monetary fund	136,556,715.38	101,989,046.27
Other	2,798,168,129.50	1,954,980,787.90

Other note:

- ① The ending bank margin includes the restricted ETC deposit of RMB 43,000.00.
- ② Other ending monetary funds include RMB 130,198,606.73 of bank acceptance bills with restricted use, RMB 5,666,941.75 of L/G margin, RMB 643,000.00 of foreign exchange transactions, RMB 24,783.25 of convertible bonds with unrestricted use, and RMB 5,785.10 of balance in special account for treasury share repurchase, RMB 12,644.95 of interest on the deposit that can be transferred at any time and RMB 4,953.60 of deposit balance on the third-party payment platform.

2. Transactional financial assets

In RMB

Items	End of term	Beginning of term
Financial assets measured at fair value through profit or loss	568,887,484.10	607,001,143.44
Of which :		
Structure deposit	536,200,000.00	375,000,000.00
Financing product	30,002,021.25	230,002,406.26
Stock	1,960,706.24	1,998,737.18
Derivative financial assets	724,756.61	
Of which:		
Total	568,887,484.10	607,001,143.44

Other note: ending derivative financial assets are formed by forward sales contracts.

3. Derivative financial assets

4. Notes receivable

(1) Notes receivable listed by category

In RMB

Items	End of term	Beginning of term
Bank acceptance bill	100,000.00	42,622,891.99
Trade acceptance bill	84,888,677.11	52,990,035.27
Total	84,988,677.11	95,612,927.26

(2) According to the bad debt provision method classification disclosure

In RMB

Category	End of term					Beginning of term				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Proportion(%)	Amount	Proportion(%)		Amount	Proportion(%)	Amount	Proportion(%)	
Of which:										
Accrual of bad debt provision by portfolio	98,592,371.66	100.00%	13,603,694.55	13.80%	84,988,677.11	106,144,380.06	100.00%	10,531,452.80	9.92%	95,612,927.26
Of which:										
Bank acceptance	100,000.00	0.10%			100,000.00	42,622,891.99	40.16%			42,622,891.99
Commercial acceptance	98,492,371.66	99.90%	13,603,694.55	13.81%	84,888,677.11	63,521,488.07	59.84%	10,531,452.80	16.58%	52,990,035.27
Total	98,592,371.66	100.00%	13,603,694.55	13.80%	84,988,677.11	106,144,380.06	100.00%	10,531,452.80	9.92%	95,612,927.26

Accrual of bad debt provision by portfolio:13,603,694.55

In RMB

Name	Amount in year-end		
	Book balance	Bad debt provision	Proportion
Bank acceptance bill	100,000.00		
Trade acceptance bill	98,492,371.66	13,603,694.55	13.80%
Total	98,592,371.66	13,603,694.55	

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

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

The withdrawal amount of the bad debt provision:

In RMB

Category	Opening balance	Amount of change in the current period				Closing balance
		Accrual	Reversed or collected amount	Write-off	Other	
Accrual of bad debt provision by single						
Accrual of bad debt provision by portfolio	10,531,452.80	3,072,241.75			13,603,694.55	
Total	10,531,452.80	3,072,241.75			13,603,694.55	

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

Applicable Not applicable

(4) Notes receivable pledged by the company at the end of the period

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

In RMB

Items	Amount derecognized at the end of the period	Amount not yet derecognized at the end of the period
Commercial acceptance		89,703,453.14
Total		89,703,453.14

(6) The actual write-off accounts receivable

5. Accounts receivable

(1) Disclosure according to the aging

In RMB

Aging	Balance in year-end	Balance Year-beginning
Within one year(one year included)	1,387,446,232.83	1,088,113,527.42
1-2 years	636,601,795.91	539,252,217.59
2-3 years	357,688,203.87	409,886,653.36
Over 3 years	751,198,423.19	877,380,758.74
3-4 years	214,302,960.22	223,768,796.98
4-5 years	94,111,763.66	146,081,720.26
Over 5 years	442,783,699.31	507,530,241.50
Total	3,132,934,655.80	2,914,633,157.11

(2) According to the bad debt provision method classification disclosure

In RMB

Category	Amount in year-end					Balance Year-beginning				
	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	74,459,027.13	2.38%	74,459,027.13	100.00%		74,459,027.13	2.55%	74,459,027.13	100.00%	
Including :										
Accrual of bad debt provision by portfolio	3,058,475,628.67	97.62%	816,333,687.73	26.69%	2,242,141,940.94	2,840,174,129.98	97.45%	915,494,762.90	32.23%	1,924,679,367.08
Including :										
Total	3,132,934,655.80	100.00%	890,792,714.86	28.43%	2,242,141,940.94	2,914,633,157.11	100.00%	989,953,790.03	33.96%	1,924,679,367.08

. Bad debt provision accrual on single basis:74,459,027.13

In RMB

Name	Opening balance		Ending balance			
	Book balance	Bad debt provision	Book balance	Bad debt provision	Accrual ratio	Reason for accrual
Accrual of bad debt provision by single	74,459,027.13	74,459,027.13	74,459,027.13	74,459,027.13	100.00%	Not expected to be recovered
Total	74,459,027.13	74,459,027.13	74,459,027.13	74,459,027.13		

Accrual of bad debt provision by portfolio:816,333,687.73

In RMB

Name	Amount in year-end		
	Book balance	Bad debt provision	Proportion
Accrual of bad debt provision by portfolio	3,058,475,628.67	816,333,687.73	26.69%

Total	3,058,475,628.67	816,333,687.73	
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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

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

The withdrawal amount of the bad debt provision:

In RMB

Category	Opening balance	Amount of change in the current period				Closing balance
		Accrual	Reversed or collected amount	Write-off	Other(Note)	
Accrual of bad debt provision by single	74,459,027.13					74,459,027.13
Accrual of bad debt provision by portfolio	915,494,762.90	- 95,856,001.19	1,801,585.61	2,363,044.45	- 2,743,615.14	816,333,687.73
Total	989,953,790.03	- 95,856,001.19	1,801,585.61	2,363,044.45	- 2,743,615.14	890,792,714.86

[Note] Other changes are due to the impact of changes in the scope of consolidation, which transferred in the bad debt provision of 1,587,469.01 yuan of Western Power Company and transferred out the bad debt provision of 4,331,084.15 yuan of the sales company

(4) The actual write-off accounts receivable

In RMB

Items	Amount
The actual write-off accounts receivable	2,363,044.45

(5) The top five accounts receivable and contract assets at the end of the period aggregated according to debtor

In RMB

Name of the organization	Ending balance of accounts receivable	Ending balance of contract assets	Ending balance of accounts receivable and contract assets	Proportion to the total ending balance of accounts receivable and contract assets	Ending balance of accounts receivable bad debt provision and contract asset impairment provision
Unit 1	745,450,707.70	91,589,569.51	837,040,277.21	21.83%	169,887,263.74
Unit 2	173,557,640.13	8,009,500.00	181,567,140.13	4.74%	87,459,387.66
Unit 3	99,978,988.32	9,659,200.00	109,638,188.32	2.86%	9,370,431.11
Unit 4	83,198,787.82	24,986,900.00	108,185,687.82	2.82%	10,757,951.09
Unit 5	77,705,000.00	12,897,500.00	90,602,500.00	2.36%	5,646,625.00
Total	1,179,891,123.97	147,142,669.51	1,327,033,793.48	34.61%	283,121,658.60

6. Contract assets**(1) Information of contract assets**

In RMB

Items	Ending balance			Opening balance		
	Book balance	Bad debt provision	Book value	Book balance	Bad debt provision	Book value

Warranty receivable	618,709,463.82	47,801,589.69	570,907,874.13	577,093,698.74	44,818,828.73	532,274,870.01
Construction contract forms assets	82,583,691.03	13,105,005.63	69,478,685.40	63,333,343.14	7,888,477.69	55,444,865.45
Total	701,293,154.85	60,906,595.32	640,386,559.53	640,427,041.88	52,707,306.42	587,719,735.46

(2) The significant amount change in book value during the reporting period and its reason

(3) According to the bad debt provision method classification disclosure

In RMB

Category	Amount in year-end					Balance Year-beginning				
	Book Balance		Bad debt provision		Book value	Book Balance		Bad debt provision		Book value
	Amount	Proportion(%)	Amount	Proportion(%)		Amount	Proportion(%)	Amount	Proportion(%)	
Including:										
Accrual of bad debt provision by portfolio	701,293,154.85	100.00%	60,906,595.32	8.68%	640,386,559.53	640,427,041.88	100.00%	52,707,306.42	8.23%	587,719,735.46
Including:										
Total	701,293,154.85	100.00%	60,906,595.32	8.68%	640,386,559.53	640,427,041.88	100.00%	52,707,306.42	8.23%	587,719,735.46

Provision for bad debts is made according to the general model of expected credit losses

Applicable Not applicable

(4) Bad debt provision accrual, collected or reversal in the period

In RMB

Items	Accrual	Collected or reversal	Other(Note)	Reason
Accrual of bad debt provision by single				
Accrual of bad debt provision by portfolio	8,201,559.89	8,201,559.89	-2,270.99	60,906,595.32
Total	8,201,559.89	8,201,559.89	-2,270.99	—

Thereinto, the important amount of bad debt provision recovered or reversed in the current period:

Other notes: [Note] Other changes are due to the impact of the transfer of RMB 86,354.01 to the impairment provision of Western Power Company and the transfer of RMB 88,625.00 to the impairment provision of the Sales Company caused by the changes in the scope of consolidation.

(5) Contract assets actually written off in the current period

7. Receivable financing

(1) Classification of receivables financing

InRMB

Items	End of term	Beginning of term
Bank acceptance	756,873,166.56	817,555,768.45
Total	756,873,166.56	817,555,768.45

(2) According to the bad debt provision method classification disclosure

In RMB

Category	Amount in year-end				Book value	Balance Year-beginning				
	Book Balance		Bad debt provision			Book Balance		Bad debt provision		Book value
	Amount	Proportion(%)	Amount	Proportion(%)		Amount	Proportion(%)	Amount	Proportion(%)	
Inducing										
Accrual of bad debt provision by portfolio	756,873,166.56	100.00%			756,873,166.56	817,555,768.45	100.00%		817,555,768.45	
Inducing										
Bank acceptance	756,873,166.56	100.00%			756,873,166.56	817,555,768.45	100.00%		817,555,768.45	
Total	756,873,166.56	100.00%			756,873,166.56	817,555,768.45	100.00%		817,555,768.45	

(3) Bad debt provision accrual, collected or reversal in the period**(4) Financing of accounts receivable pledged by the Company at the end of the period**

In RMB

Items	Pledged amount at the end of the period
Bank acceptance	60,417,669.80
Total	60,417,669.80

(5) Financing of accounts receivable that have been endorsed or discounted by the Company at the end of the period and have not yet matured on the balance sheet date

In RMB

Item	The amount of derecognition at the end of the period	The amount not derecognized at the end of the period
Bank acceptance	968,575,557.45	
Total	968,575,557.45	

The acceptor of the bank acceptance bill is a commercial bank, because the commercial bank has high credit, the possibility of the bank acceptance bill not being paid at maturity is low, so the company has endorsed or discounted the bank acceptance bill to terminate the confirmation. However, if the bill is not paid at maturity, the company shall remain jointly and severally liable to the holder under the provisions of the bill act.

(6) Financing situation of accounts receivable actually written off in this period

The write off information of important accounts receivable financing thereinto

(7) Changes in accounts receivable financing and fair value changes in the current period

(8) Other note**8. Other account receivable**

In RMB

Item	Ending balance	Opening balance
Other account receivable	43,018,211.13	25,366,963.26
Total	43,018,211.13	25,366,963.26

(1) Interest receivable**1) Category****2) Important overdue interest****3) Accrual of bad debt provision**

Applicable Not applicable

4) Bad debt provision accrual, collected or reversal in the period**5) Interest receivable actually written off in the current period****(2) Dividend receivable****1) Category****2) Important dividend receivable with over one year aged****3) Accrual of bad debt provision**

Applicable Not applicable

4) Bad debt provision accrual, collected or reversal in the period**5) Dividends receivable actually written off in the current period****(3) Account receivable****1) By nature**

In RMB

Nature	Ending book balance	Opening book balance
Deposit	41,244,042.62	27,489,135.94
Compensation for demolition and removal receivable	8,793,600.00	
Receivable temporary payment	1,634,278.25	4,142,897.09
Export tax rebate receivable	808,119.86	285,444.13
Petty cash	371,299.95	255,434.00

Other	1,269,912.97	1,826,705.64
Equity transfer payment receivable		4,120,000.00
Total	54,121,253.65	38,119,616.80

2) Disclosure by aging

In RMB

Aging	Ending book balance	Opening book balance
Within one year(one year included)	37,790,424.24	18,018,097.76
1-2 years	3,889,545.20	4,022,812.16
2-3 years	3,192,464.33	6,456,053.57
Over 3 years	9,248,819.88	9,622,653.31
3-4 years	3,368,228.57	173,504.87
4-5 years	173,504.87	203,000.00
Over 5 years	5,707,086.44	9,246,148.44
Total	54,121,253.65	38,119,616.80

3) According to the bad debt provision method classification disclosure

Applicable Not applicable

In RMB

Category	Amount in year-end					Balance Year-beginning				
	Book Balance		Bad debt provision		Book value	Book Balance		Bad debt provision		Book value
	Amount	Proportion(%)	Amount	Proportion(%)		Amount	Proportion(%)	Amount	Proportion(%)	
Inducing										
Accrual of bad debt provision by portfolio	54,121,253.65	100.00%	11,103,042.52	20.52%	43,018,211.13	38,119,616.80	100.00%	12,752,653.54	33.45%	25,366,963.26
Inducing										
Total	54,121,253.65	100.00%	11,103,042.52	20.52%	43,018,211.13	38,119,616.80	100.00%	12,752,653.54	33.45%	25,366,963.26

The withdrawal amount of the bad debt provision: 11,103,042.52

In RMB

Name	Closing balance		
	Book balance	Bad debt provision	Proportion
Aging portfolio	54,121,253.65	11,103,042.52	20.52%
Including: Within 1 year	37,790,424.24	1,889,521.22	5.00%
1-2 years	3,889,545.20	388,954.52	10.00%
2-3 years	3,192,464.33	957,739.30	30.00%
3-4 years	3,368,228.57	2,020,937.14	60.00%

4-5 years	173,504.87	138,803.90	80.00%
Over 5 years	5,707,086.44	5,707,086.44	100.00%
Total 计	54,121,253.65	11,103,042.52	

Provision for bad debts is made according to the general model of expected credit losses

In RMB

Bad debt provision	Phase I	Phase II	Phase III	Total
	Expected credit losses over next 12 months	Expected credit losses for the entire duration (without credit impairment occurred)	Expected credit losses for the entire duration (with credit impairment occurred)	
Balance on January 1, 2023	900,904.89	402,281.22	11,449,467.43	12,752,653.54
January 1, 2023 balance in the current period				
--Transfer to the second stage	-194,477.26	194,477.26		
-- Transfer to the third stage		-319,246.44	319,246.44	
Provision in Current Year	1,092,966.95	102,862.48	-2,893,090.09	-1,697,260.66
Write off in Current Year			247,337.00	247,337.00
Other change(Note)	90,126.64	8,580.00	196,280.00	294,986.64
Balance on December 31, 2023	1,889,521.22	388,954.52	8,824,566.78	11,103,042.52

[Note] Other changes are due to the impact of changes in the scope of consolidation, which transferred in the bad debt provision of 404,762.11 yuan of Western Power Company and transferred out the bad debt provision of 109,775.47 yuan of the sales company

The basis for the division of each stage and the proportion of bad debt provision

Basis for dividing each stage: those with an age of less than 1 year are divided into the first stage, those with an age of 1-2 years are divided into the second stage, and those with an age of more than 2 years are divided into the third stage.

Bad debt provision	Phase I	Phase II	Phase III	Total
	Expected credit losses over next 12 months	Expected credit losses for the entire duration (without credit impairment occurred)	Expected credit losses for the entire duration (with credit impairment occurred)	

Ending balance	1,889,521.22	388,954.52	8,824,566.78	11,103,042.52
End of the proportion of provision for bad debts (%)	5.00	10.00	70.93	20.52

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

Applicable Not applicable

4) Other Accounts receivable withdraw, reversed or collected during the reporting period**5) The actual write-off accounts receivable**

In RMB

Items	Amount
The actual write-off accounts receivable	247,337.00

6) 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
Hangzhou East Bay New City Development and Construction Headquarters	Compensation for demolition and removal receivable	8,793,600.00	Within 1 year	16.25%	439,680.00
Capital Airport Customs of the People's Republic of China	Deposit	7,597,789.67	Within 1 year	14.04%	379,889.48
Alashankou Customs, The People's Republic of China	Deposit	6,252,867.25	Within 1 year	11.55%	312,643.36
Shanghai Customs Waigaoqiao Office	Deposit	3,710,320.94	Over 5 years	6.86%	3,710,320.94
Fuding City Guanxi Cross-basin Water Diversion Investment Co., Ltd.	Deposit	2,300,000.00	2-3 years	4.25%	690,000.00
Total		28,654,577.86		52.95%	5,532,533.78

7) Reported in other receivables due to centralized management of funds**9. Accounts paid in advance****(1) Accounts paid in advance by ageing**

In RMB

Account age	Ending balance		Opening balance	
	Amount	Ratio	Amount	Ratio
Within one year	686,141,037.16	94.61%	367,741,841.11	91.59%
1-2 years	19,367,287.42	2.67%	13,954,754.79	3.48%

2-3 years	4,874,823.59	0.67%	2,556,543.70	0.63%
Over 3 years	14,880,960.87	2.05%	17,270,475.89	4.30%
Total	725,264,109.04		401,523,615.49	

Explanation on un-settlement in time for advance payment with over one year account age and major amounts:

(2) Top 5 advance payment at ending balance by prepayment object

Name	Ending balance	Ratio in total advance e payment(%)
Siemens Energy Co., Ltd.	253,178,859.43	34.91
Siemens Energy AB	120,316,956.77	16.59
Xizi Clean Energy Equipment Manufacturing Co., Ltd.	84,012,000.00	11.58
Mitsubishi Hitachi Electric Gas Engine Service (Nanjing) Co., Ltd	43,609,316.85	6.01
Shandong Jinan Power Generation Equipment Plant Co., Ltd.	24,442,051.18	3.37
Subtotal	525,559,184.23	72.46

10. Inventories

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

No

(1) Category of Inventory

In RMB

Items	Closing book balance			Opening book balance		
	Book balance	Provision for inventory impairment	Book value	Book balance	Provision for inventory impairment	Book value
Raw materials	878,258,389.29	83,357,628.87	794,900,760.42	762,193,831.50	77,637,312.67	684,556,518.83
Goods in progress	1,050,322,781.22	58,337,126.65	991,985,654.57	1,019,899,099.40	74,567,968.42	945,331,130.98
Stock goods	789,105,232.83	146,495,610.01	642,609,622.82	834,710,221.13	142,136,584.42	692,573,636.71
Total	2,717,686,403.34	288,190,365.53	2,429,496,037.81	2,616,803,152.03	294,341,865.51	2,322,461,286.52

(2) Falling price reserves of inventory

In RMB

Items	Opening balance	Increased amount		Decreased amount		Closing balance
		Withdrawal	Reverse or write-off	Reverse or write-off	Other	
Raw materials	77,637,312.67	6,384,975.79		664,659.59		83,357,628.87
Goods in progress	74,567,968.42	13,742,632.09		29,973,473.86		58,337,126.65
Stock goods	142,136,584.42	7,540,982.20		3,181,956.61		146,495,610.01
Total	294,341,865.51	27,668,590.08		33,820,090.06		288,190,365.53

The specific basis for determining the net realizable value, and the reasons for reversing or reselling the inventory depreciation reserve in the current period

Items	Specific basis for determining net realizable value	Current write-off Reason for provision for inventory
Raw materials	For raw materials that need to be processed, the net realizable value shall be determined according to the estimated selling price of related finished products minus the estimated cost to completion, estimated sales expenses and related taxes; For raw materials directly used for sale, the net realizable value shall be determined according to the estimated selling price minus the estimated sales expenses and related taxes	Used for current production and use and sales realization
Goods in progress	The net realizable value determines the amount after deducting the estimated sales cost and the relevant taxes, For the suspended project or the project whose sales agreement has been cancelled, the net realizable value shall be determined according to the estimated recoverable compensation.	Used for current production and use and sales realization
Stock goods	The net realizable value shall be recognized by the amount of the estimated selling prices minus the estimated selling costs and relevant taxes and dues, wherein regarding suspended projects expected not be to be recovered or projects whose sales agreements are released, the net realizable value shall be recognized by the expected recoverable compensation	Used for current production and use and sales realization

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

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

11. Assets divided as held-to-sold

12. Non-current assets due within 1 year

(1) Debt investment due within one year

Applicable Not applicable

(2) Other Debt investment due within one year

Applicable Not applicable

13. Other current assets

In RMB

Item	Ending balance	Opening balance
Input tax to be deducted	5,323,079.76	51,338,998.29
Advance payment of enterprise income tax	25,491.23	26,920,714.32
Rent charge	274,035.08	690,018.87
Total	5,622,606.07	78,949,731.48

14. Creditor's right investment

(1) Debt investment**(2) Important debt investment****(3) Accrual of impairment provision**

In RMB

Bad debt provision	Phase I	Phase II	Phase III	Total
	Expected credit losses over next 12 months	Expected credit losses for the entire duration (without credit impairment occurred)	Expected credit losses for the entire duration (with credit impairment occurred)	
January 1, 2023 balance in the current period				

The basis for the division of each stage and the proportion of bad debt provision

(4) Information of debt investment actually written off in the current period

Change of book balance of loss provision with amount has major changes in the period

Applicable Not applicable

15. Other debt investment**(1) Other debt investment****(2) Important debt investment****(3) Accrual of impairment provision****(4) Other debt investments actually written off during the period**

Change of book balance of loss provision with amount has major changes in the period

Applicable Not applicable

16. Investment in other equity instrument

In RMB

Item name	Ending balance	Opening balance	Gains recognized in other comprehensive income for the current period	Loss recognized in other comprehensive income for the current period	Accumulated gains recognized in other comprehensive income at the end of the current period	Accumulated losses recognized in other comprehensive income at the end of the current period	Dividend income recognized in the current period	Reason for designated in fair value measurement with changes recognized in other comprehensive income
Hangzhou Bank	2,721,470,812.06	3,556,127,694.48		834,656,882.42	2,330,516,772.06		108,750,082.40	The shares of Hangzhou Bank Co., Ltd. held by the company cannot pass the contract cash flow characteristic test, but the company does not hold the equity instrument for the purpose of trading, so it is designated as a financial asset measured at fair value and its changes are included in other comprehensive income.
Total	2,721,470,812.06	3,556,127,694.48		834,656,882.42	2,330,516,772.06		108,750,082.40	

17. Long-term account receivable**(1) Long-term account receivable**

In RMB

Item	Ending balance			Opening balance			Discount rate interval
	Book balance	Bad debt provision	Book value	Book balance	Bad debt provision	Book value	
Project item	55,022,203.37	40,242,220.34	14,779,983.03	106,022,203.37	28,481,110.34	77,541,093.03	
Total	55,022,203.37	40,242,220.34	14,779,983.03	106,022,203.37	28,481,110.34	77,541,093.03	

(2) According to the bad debt provision method classification disclosure

In RMB

Category	Amount in year-end					Balance Year-beginning				
	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	38,600,000.00	70.15%	38,600,000.00	100.00%		41,600,000.00	39.24%	24,960,000.00	60.00%	16,640,000.00
Including:										
Accrual of bad debt provision by portfolio	16,422,203.37	29.85%	1,642,220.34	10.00%	14,779,983.03	64,422,203.37	60.76%	3,521,110.34	5.47%	60,901,093.03
Including:										
Total	55,022,203.37	100.00%	40,242,220.34	73.14%	14,779,983.03	106,022,203.37	100.00%	28,481,110.34	26.86%	77,541,093.03

Accrual of bad debt provision by single item: 38,600,000.00

In RMB

Name	Beginning of term		End of term			
	Book balance	Bad debt provision	Book balance	Bad debt provision	Proportion	Reason
Accrual of bad debt provision by single item:	41,600,000.00	24,960,000.00	38,600,000.00	38,600,000.00	100.00%	Not expected to be recovered
Total	41,600,000.00	24,960,000.00	38,600,000.00	38,600,000.00		

Accrual of bad debt provision by portfolio:1,642,220.34

In RMB

Name	Amount in year-end		
	Book balance	Bad debt provision	Proportion
Aging portfolio	16,422,203.37	1,642,220.34	10.00%
Total	16,422,203.37	1,642,220.34	

Note:

Provision for bad debts is made according to the general model of expected credit losses

In RMB

Bad debt provision	Phase I	Phase II	Phase II	Total
	Expected credit losses over next 12 months	Expected credit losses for the entire duration (without credit impairment occurred)	Expected credit losses for the entire duration (with credit impairment occurred)	
January 1, 2023 balance in the current period				

The basis for the division of each stage and the proportion of bad debt provision

(3) Bad debt provision accrual, collected or reversal in the period

In RMB

Category	Opening balance	Current changes				Ending balance
		Accrual	Collected or reversal	Write off	Other	
Accrual of bad debt provision by single	24,960,000.00	13,640,000.00				38,600,000.00
Accrual of bad debt provision by portfolio	3,521,110.34	-1,878,890.00				1,642,220.34
Total	28,481,110.34	11,761,110.00				40,242,220.34

(4) Long-term receivables actually written off in the current period**18. Long-term equity investment**

The recoverable amount is determined on the basis of the net amount of fair value less disposal costs

Applicable Not applicable

The recoverable amount is determined by the present value of the projected future cash flows

Applicable Not applicable

19. Other non-current Financing assets

In RMB

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

Other note:

Investees	Opening balance	Additional investment	Decrease in investment	End of term
Greenesol power systems PVT Ltd.	5,534,773.22			5,534,773.22
Total	5,534,773.22			5,534,773.22

20. Investment real estate**(1) Investment real estate adopted the cost measurement mode**

Applicable Not applicable

In RMB

Items	House, Building	Land use right	Construction in process	Total
I. Original price				
1. Balance at period-beginning	10,169,000.55			10,169,000.55
2. Increase in the current period				
(1) Purchase				
(2) Inventory \ fixed assets \ project under construction transfer				
(3) Increased of Enterprise Combination				
3. Decreased amount of the period	7,288,939.03			7,288,939.03
(1) Dispose	7,288,939.03			7,288,939.03
(2) Other out				

4. Balance at period-end	2,880,061.52			2,880,061.52
II. Accumulated amortization				
1. Opening balance	3,717,522.00			3,717,522.00
2. Increased amount of the period	397,186.80			397,186.80
(1) Withdrawal	397,186.80			397,186.80
3. Decreased amount of the period	2,779,096.68			2,779,096.68
(1) Dispose	2,779,096.68			2,779,096.68
(2) Other out				
4. Balance at period-end	1,335,612.12			1,335,612.12
III. Impairment provision				
1. Balance at period-beginning				
2. Increased amount of the period				
(1) Withdrawal				
3. Decreased amount of the period				
(1) Dispose				
(2) Other out				
4. Balance at period-end				
IV. Book value				
1. Book value at period -end	1,544,449.40			1,544,449.40
2. Book value at period-beginning	6,451,478.55			6,451,478.55

The recoverable amount is determined on the basis of the net amount of fair value less disposal costs

Applicable Not applicable

The recoverable amount is determined by the present value of the projected future cash flows

Applicable Not applicable

(2) Investment property adopted fair value measurement mode

Applicable Not applicable

(3) Converted to investment real estate and measured at fair value

(4) Investment real estate without property rights certificate

21. Fixed assets

In RMB

Item	Ending balance	Opening balance
Fixed assets	1,995,150,533.24	1,926,594,610.89
Liquidation of fixed assets		
Total	1,995,150,533.24	1,926,594,610.89

(1) List of fixed assets

In RMB

Items	Houses & buildings	Machinery equipment	Transportations	Office equipment	Total

I. Original price					
1. Opening balance	1,596,783,530.05	1,243,389,910.30	32,710,150.60	145,275,818.25	3,018,159,409.20
2. Increased amount of the period	49,372,402.19	231,555,900.73	645,605.36	19,926,033.92	301,499,942.20
(1) Purchase		6,367,701.65	645,605.36	5,588,007.30	12,601,314.31
(2) Transferred from construction in progress	11,467,597.57	189,174,151.35		13,531,389.14	214,173,138.06
(3) Increased of Enterprise Combination(Note 1)	37,904,804.62	36,014,047.73		806,637.48	74,725,489.83
3. Decreased amount of the period	64,620,922.01	31,763,239.39	6,895,336.55	3,059,953.98	106,339,451.93
(1) Disposal	27,326,522.80	31,236,218.48	2,018,702.26	2,616,552.37	63,197,995.91
(2) Relocation transfer(Note 2)	37,294,399.21	527,020.91	4,876,634.29	443,401.61	43,141,456.02
4. Balance at period-end	1,581,535,010.23	1,443,182,571.64	26,460,419.41	162,141,898.19	3,213,319,899.47
II. Accumulated depreciation					
1. Opening balance	211,726,237.99	796,580,369.31	24,487,930.68	46,508,510.13	1,079,303,048.11
2. Increased amount of the period	50,716,399.23	107,831,332.12	321,076.67	18,948,772.87	177,817,580.89
(1) Withdrawal	48,786,975.81	95,642,121.97	321,076.67	18,325,397.85	163,075,572.30
2) Increased of Enterprise Combination(Note 1)	1,929,423.42	12,189,210.15		623,375.02	14,742,008.59
3. Decreased amount of the period	14,540,045.86	29,824,009.67	6,081,372.73	2,708,897.57	53,154,325.83
(1) Disposal	11,274,485.34	29,612,659.80	1,914,236.07	2,372,517.99	45,173,899.20
(2) Relocation transfer(Note 2)	3,265,560.52	211,349.87	4,167,136.66	336,379.58	7,980,426.63
4. Closing balance	247,902,591.36	874,587,691.76	18,727,634.62	62,748,385.43	1,203,966,303.17
III. Impairment provision					
1. Opening balance	9,028,267.09	3,233,483.11			12,261,750.20
2. Increase in the reporting period		1,957,464.80			1,957,464.80
(1) Withdrawal		1,957,464.80			1,957,464.80
3. Decreased amount of the period		16,151.94			16,151.94
(1) Disposal		16,151.94			16,151.94
4. Closing balance	9,028,267.09	5,174,795.97			14,203,063.06
IV. Book value					
1. Book value of the period-end	1,324,604,151.78	563,420,083.91	7,732,784.79	99,393,512.76	1,995,150,533.24
2. Book value of the period-begin	1,376,029,024.97	443,576,057.88	8,222,219.92	98,767,308.12	1,926,594,610.89

[Note 1] It's the change in the scope of consolidation that transferred in the original book value of RMB 74,725,489.83 and the accumulated depreciation of RMB 14,742,008.59 of the fixed assets of Western Power Company

[Note 2]: It's the change in the scope of consolidation that transferred out the original book value of RMB 43,141,456.02 and the accumulated depreciation of RMB 7,980,426.63 of the fixed assets of the sales company.

(2) Fixed assets temporarily idled**(3) Fixed assets leased out through operating leases****(4) Details of fixed assets failed to accomplish certification of property**

In RMB

Items	Book value	Reason
Steam Turbine Heavy Industry Plant - Complete sets of factory	42,417,819.84	In the process

(5) Information of impairment test of fixed assets
Applicable Not applicable

The recoverable amount is determined on the basis of the net amount of fair value less disposal costs

Applicable Not applicable

In RMB

Items	Book value	Recreable amount	Impairment amount	Determination method for fair value and disposal expenses	Key parameter	Basis for determining key parameters
CNC heavy-duty horizontal lathe of Hangfa Company	4,542,125.32	2,885,940.00	1,656,185.32	Evaluation value	Replacement cost, newness rate	Calculated by multiplying the replacement cost by the newness rate
Milling machine of Hangfa Company	1,076,209.48	774,930.00	301,279.48	Evaluation value	Replacement cost, newness rate	Calculated by multiplying the replacement cost by the newness rate
Total	5,618,334.80	3,660,870.00	1,957,464.80			

The recoverable amount is determined by the present value of the projected future cash flows

Applicable Not applicable
(6) Liquidation of fixed assets**22. Construction in progress**

In RMB

Items	End of term	Beginning of term
Construction in progress	298,071,246.03	286,290,854.97
Total	298,071,246.03	286,290,854.97

(1) List of construction in progress

In RMB

Items	End of term			Beginning of term		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Annual output of 10 sets of gas turbine unit project	234,238,227.81		234,238,227.81	81,700,278.09		81,700,278.09
New Plant project				161,344,450.28		161,344,450.28
Production line project with an annual output of 15,000 tons of steel castings and 40,000 tons of forged blanks	33,656,665.95		33,656,665.95			
Integrated industrial base project for energy-saving, carbon-reducing and high-efficiency turbine machinery intelligent manufacturing service	17,090,554.63		17,090,554.63			
Software project	1,892,328.64		1,892,328.64	13,362,743.79		13,362,743.79
Other project	6,960,399.87		6,960,399.87	27,285,325.58		27,285,325.58
Prepayment for equipment or projects	4,233,069.13		4,233,069.13	2,598,057.23		2,598,057.23
Total	298,071,246.03		298,071,246.03	286,290,854.97		286,290,854.97

(2) Changes of significant construction in progress

In RMB

Name of project	Budget ('000)	Opening balance	Increase	Transferred to fixed assets	Other decrease(Not e)	End balance	Proportion %	Project process	Capitalization of interest	Including: capitalization of interest this period	Capitalization of interest rate (%)	Source of funding
New Plant project	166,916.29	161,344,450.28	4,383,296.52	165,727,746.80			100.00%	Completed	9,819,482.47			Other

t												
Annual output of 10 sets of gas turbine unit project	50,000.00	81,700,278.09	152,537,949.72			234,238,227.81	46.85%	Under construction	521,584.19	521,584.19	2.70%	Loan for financial institutions ,Other
Total	216,916.29	243,044,728.37	156,921,246.24	165,727,746.80		234,238,227.81			10,341,066.66	521,584.19		

(3) List of the withdrawal of the impairment provision of the construction in progress**(4) Information of impairment test of construction in progress**

Applicable Not applicable

(5) Engineering materials**23. Productive biological asset****(1) Productive biological assets measured by cost**

Applicable Not applicable

(2) Impairment test of productive biological assets using cost measurement mode

Applicable Not applicable

(3) Productive biological assets measured by fair value

Applicable Not applicable

24. Oil and gas asset

Applicable Not applicable

25. Right-of-use assets**(1) Right-of-use assets**

In RMB

Items	House and Building	Mechanical equipment	Total
I. Original price			
1. Balance at period-beginning	46,776,400.16	391,374.21	47,167,774.37
2. Increase in the current period	23,971,112.95		23,971,112.95
(1) Rent	17,078,969.66		17,078,969.66
(2) Other[Note]	6,892,143.29		6,892,143.29
3. Decreased amount of the period	5,813,713.82	391,374.21	6,205,088.03
(1) Disposition	5,813,713.82	391,374.21	6,205,088.03
4. Balance at period-end	64,933,799.29		64,933,799.29
II. Accumulated depreciation			
1. Opening balance	18,866,143.96	195,687.12	19,061,831.08
2. Increased amount of the period	17,509,859.39	195,687.09	17,705,546.48
(1) Withdrawal	14,842,103.16	195,687.09	15,037,790.25
(2) Other [Note]	2,667,756.23		2,667,756.23
3. Decreased amount of the period	5,716,775.51	391,374.21	6,108,149.72
(1) Disposal	5,716,775.51	391,374.21	6,108,149.72

4.Closing balance	30,659,227.84		30,659,227.84
III. Impairment provision			
1. Opening balance			
2. Increase in the reporting period			
(1) Withdrawal			
3. Decreased amount of the period			
(1) Disposal			
4. Closing balance			
IV. Book value			
1. Book value of the period-end	34,274,571.45		34,274,571.45
2. Book value of the period-begin	27,910,256.20	195,687.09	28,105,943.29

Other notes: [Note] Other changes are due to the long-term lease of Hangzhou Turbine Industry and Trade Co., Ltd. (hereinafter referred to as Industry and Trade Company), a subsidiary of Sales Company, the original subsidiary, which is no longer included in the scope of consolidated statements.

(2) Information of impairment test of right-of-use assets

Applicable Not applicable

Other note:

26. Intangible assets

(1) Information

In RMB

Items	Land using right	Patent and proprietary technology	Non patent technology	Software	Total
I. Original price					
1. Balance at period-beginning	324,343,159.25	344,087.43	8,000,000.00	26,625,890.13	359,313,136.81
2. Increase in the current period	143,904,987.02			17,521,459.08	161,426,446.10
(1) Purchase	131,946,100.00			2,256,474.84	134,202,574.84
(2) Internal Development					
(3) Increased of Enterprise Combination(Note 1)	11,958,887.02			507,259.04	12,466,146.06
(4) Projects under construction are transferred				14,757,725.20	14,757,725.20
3. Decreased amount of the period	13,935,900.00		8,000,000.00	126,213.59	22,062,113.59

(1) Disposal	8,260,600.00		8,000,000.00		16,260,600.00
(2) Merge scope change and transfer out [Note2]	5,675,300.00			126,213.59	5,801,513.59
4.Closing balance	454,312,246.27	344,087.43		44,021,135.62	498,677,469.32
II.Accumulated amortization					
1.Opening balance	67,306,817.90	283,831.36	6,066,666.95	10,811,032.13	84,468,348.34
2.Increased amount of the period	8,979,116.14	6,038.40	1,933,333.05	5,503,708.36	16,422,195.95
(1) Withdrawal	8,296,199.59	6,038.40	1,933,333.05	5,362,748.77	15,598,319.81
(2) Increased of Enterprise Combination[Note1]	682,916.55			140,959.59	823,876.14
3.Decreased amount of the period	3,389,392.70		8,000,000.00	126,213.59	11,515,606.29
(1) Disposal	2,265,448.44		8,000,000.00		10,265,448.44
(2) Merge scope change and transfer out [Note 2]	1,123,944.26			126,213.59	1,250,157.85
4.Closing balance	72,896,541.34	289,869.76		16,188,526.90	89,374,938.00
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	381,415,704.93	54,217.67		27,832,608.72	409,302,531.32
2.Opening book value	257,036,341.35	60,256.07	1,933,333.05	15,814,858.00	274,844,788.47

[Note 1] It's the change in the scope of consolidation that transferred in the original book value of RMB 12,466,146.06 and the accumulated amortization of RMB 823,876.14 of the intangible assets of Western Power Company

[Note 2]: It's the change in the scope of consolidation that transferred out the original book value of RMB

5,801,513.59 and the accumulated amortization of RMB 5,801,513.59 of the intangible assets of the sales company.

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

(3) Information of impairment test of intangible assets

Applicable Not applicable

27. Goodwill

(1) Original book value of goodwill

In RMB

The invested entity or items	Opening balance	Current increased		Current decreased		Ending balance
		Resulted by enterprise combination		Dispose		
Western Power Company		15,415,678.59				15,415,678.59
Total		15,415,678.59				15,415,678.59

(2) Impairment provision of goodwill

(3) Information about the asset group or asset group portfolio to which the goodwill belongs

Name	Composition and basis of the asset group or portfolio	Operating segment and basis	Whether it is consistent with the previous year
Western Power Company	Goodwill formed by the acquisition of the equity of Western Power, an enterprise not under the same control by Ranchuang Company	The Company's main business is to produce and sell industrial steam turbines, accessories and other products. The Company regards such business as a whole to implement management and evaluate the operating results	Yes

(4) The specific method of determining the recoverable amount

The recoverable amount is determined on the basis of the net amount by fair value less disposal costs

Applicable Not applicable

The recoverable amount is determined by the present value of the projected future cash flows

Applicable Not applicable

In RMB

Items	Book value	Recoverable amount	Impairment	The number	Key parameters	Key parameters of	Basis for determining
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			amount	of years in the forecast period	for the forecast period	stable phase	the key parameters of the stable period
Western Power Company	118,792,376.12	155,000,000.00		5	Revenue growth rate during the forecast period, profit margin during the forecast period	stable period growth rate, stable period profit rate	The company determines the growth rate in the stable period to be 0% and the profit rate to be 15.60% based on actual historical operating data and industry development trends.
Total	118,792,376.12	155,000,000.00					

Other note: The Company entrusted Kunyuan Asset Appraisal Co., Ltd. to issue an Asset Appraisal Report (No. 337 [2024]Kunyuan Appraisal) on the present value of the estimated future cash flows of the asset group portfolio (including goodwill) of Western Power Company as of December 31, 2023.

(5) Status of completion of performance commitment and corresponding goodwill impairment

When goodwill is formed, there is a performance commitment and the reporting period or the previous period in the reporting period is within the performance commitment period

Applicable Not applicable

28. Long-term expenses to be apportioned

29. Deferred income tax asset /Deferred income tax liabilities

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

In RMB

Item	Ending balance		Opening balance	
	Deductible temporary difference	Deferred income tax asset	Deductible temporary difference	Deferred income tax asset
Relocation compensation	951,038,395.56	142,655,759.32	1,005,531,878.82	151,865,228.79
bad debt provision	870,466,211.50	145,563,542.96	953,003,752.91	152,772,938.75
Provision for Asset Impairment	228,545,720.46	36,389,300.80	292,918,269.21	44,744,124.49
Recipiable loss	133,497,400.25	20,548,342.36		
Internal trade profit not realized	31,974,592.37	4,796,188.86	21,474,851.24	3,221,227.69
LeSE Liabilities	35,458,429.22	5,969,542.18		
Product quality assurance	11,768,979.69	2,461,108.72		

Revenue from changes in fair value generated by financial assets classified at fair value through profit or loss	908,513.56	136,277.03	870,485.96	130,572.89
Total	2,263,658,242.61	358,520,062.23	2,273,799,238.14	352,734,092.61

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

In RMB

Items	Balance in year-end		Balance in year-begin	
	Deductible temporary difference	Deferred income tax liabilities	Deductible temporary difference	Deferred income tax liabilities
Changes in fair value of investments in other equity instruments	2,330,516,772.06	349,577,515.81	3,165,173,654.48	474,776,048.17
Use right assets	34,274,571.45	5,765,793.33		
Unconsolidated assets under the same control	13,383,487.86	3,345,871.96		
Accelerated depreciation of fixed assets	772,798.24	115,919.73	219,773.45	32,966.02
Derivative financial assets	724,756.61	108,713.49		
Total	2,379,672,386.22	358,913,814.32	3,165,393,427.93	474,809,014.19

(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 Deductable or Taxable Difference at the End of Report Period	Deferred Income Tax Assets or Liabilities at the Beginning of Report Period	Temporarily Deductable or Taxable Difference at the Beginning of Report Period
Deferred income tax assets	284,919,627.73	73,600,434.50		352,734,092.61
Deferred income tax liabilities	284,919,627.73	73,994,186.59		474,809,014.19

(4) Details of income tax assets not recognized

In RMB

Items	End of term	Beginning of term
Deductible temporary difference	220,040,635.06	155,107,906.71
Deductible loss	64,638,766.24	123,070,154.92
Total	284,679,401.30	278,178,061.63

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

In RMB

Year	Balance in year-end	Balance in year-begin	Remark
2023		10,388,277.67	
2024		26,189,768.32	
2025		5,397,758.37	
2026		12,109,526.82	
2027	365,388.54	2,554,125.34	
2028	4,972,495.80		
2029	4,137,298.09	4,137,298.09	
2031	46,910,685.54	46,982,771.08	
2032	3,575,082.10	15,310,629.23	
2033	4,677,816.17		

Total	64,638,766.24	123,070,154.92	
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30 .Other non-current assets

In RMB

Items	Balance in year-end			Balance in year-begin		
	Book balance	Provision for devaluation	Book value	Book balance	Provision for devaluation	Book value
Prepaid equity transfer payment	60,817,500.00		60,817,500.00			
Advance equipment payment	2,870,681.60		2,870,681.60	31,572,954.47		31,572,954.47
Advance land payable				13,350,000.00		13,350,000.00
Total	63,688,181.60		63,688,181.60	44,922,954.47		44,922,954.47

31. Assets with restricted ownership or right to use

In RMB

Item	End of period				Beginning of period			
	Book balance	Book value	Restricted type	Restricted circumstance	Book balance	Book value	Restricted type	Restricted circumstance
Monetary funds	136,551,548.48	136,551,548.48	Pledge/Freeze	Bank acceptance bill margin, L/G margin and foreign exchange transaction margin, etc.	149,952,386.14	149,952,386.14	Pledge/Freeze	Bank acceptance bill margin, L/G margin, etc.
Notes receivable	89,703,453.14	80,000,369.38	Discounted/Endorsed	Discounted or endorsed bills undue that have not been derecognized	11,130,774.54	9,520,412.31	Endorsed	Endorsed bills undue that have not been derecognized
Receivable financing	60,417,669.80	60,417,669.80	Mortgage	Mortgage to obtain bank borrowings	143,516,310.23	143,516,310.23	Pledge	Pledge for issuing bank acceptance bills
Fixed assets	141,658,223.80	96,623,112.51	Mortgage	Mortgage to obtain bank borrowings	178,306,754.63	124,868,888.02	Mortgage	Mortgage to obtain bank borrowings
Intangible assets	30,946,908.19	22,138,256.09	Mortgage	Mortgage to obtain bank borrowings	24,729,790.25	17,207,776.09	Mortgage	Mortgage to obtain bank borrowings
Total	459,277,803.41	395,730,956.26			507,636,015.79	445,065,772.79		

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

In RMB

Items	End of term	Beginning of term
Credit borrowing	335,570,306.56	155,634,400.89
Undiscounted discounted of the maturity	94,716,727.40	
Mortgage Borrowings	50,050,263.88	50,059,115.83
Guarantee Borrowing	24,028,569.45	70,059,711.17
Pledge borrowing	62,998.75	
Domestic letter of credit discount loan		12,000,000.00
Total	504,428,866.04	287,753,227.89

(2) List of the short-term borrowings overdue but not return**33. Transactional financial liabilities****34. Derivative financial liability****35. Notes payable**

In RMB

Items	End of term	Beginning of term
Commercial acceptance bill		8,000,000.00
Bank acceptance bill	481,424,952.96	403,886,347.73
Total	481,424,952.96	411,886,347.73

The total amount of outstanding notes payable at the end of this period is RMB .

36. Accounts payable**(1) List of accounts payable**

In RMB

Items	End of term	Beginning of term
Goods	1,218,137,627.44	1,050,477,495.94
Equipment and Engineering	169,972,464.80	140,729,051.34
Other	21,020,410.48	11,709,180.01
Total	1,409,130,502.72	1,202,915,727.29

(2) Notes of the accounts payable aging over one year**37. Advances received**

In RMB

Items	End of term	Beginning of term
Dividend payable		90,000.00
Other payable	151,669,883.07	203,698,336.85
Total	151,669,883.07	203,788,336.85

(1) Interest payable**(2) Dividend Payable**

In RMB

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

(3) Other account payable**1) By nature**

In RMB

Items	End of term	Beginning of term
Receipt of temporary collection	79,525,977.96	92,141,265.66
Restricted stock subscription funds[Note]	62,440,537.64	100,222,346.86
Deposit	8,602,381.26	8,650,506.77
Other	1,100,986.21	2,684,217.56
Total	151,669,883.07	203,698,336.85

Note: It refers to the subscription money for restricted stock-that's still in the waiting period cumulatively received from the equity incentive recipients

2) Significant other payable with over one year age**3) Other payables of the top five ending balances aggregated by counterparty****38. Advances received****(1) List of Advances received**

In RMB

Items	End of term	Beginning of term
Rent	29,998.47	230,204.48
Total	29,998.47	230,204.48

(2) Notes of the accounts payable aging over one year**39.Contract liabilities**

In RMB

Items	End of term	Beginning of term
Goods	2,753,211,717.09	2,306,912,441.68
Total	2,753,211,717.09	2,306,912,441.68

40. Payable Employee wage

(1) List of Payroll payable

In RMB

Items	Balance in year-begin	Increase in this period(Note 1)	Payable in this period(Note 2)	Balance in year-end
I. Short-term compensation	100,054,602.85	929,693,810.45	931,859,628.23	97,888,785.07
II. Post-employment benefits - defined contribution plans	38,960,070.73	126,309,007.76	123,790,820.81	41,478,257.68
III. Dismissal benefits		3,345,203.67	3,345,203.67	
Total	139,014,673.58	1,059,348,021.88	1,058,995,652.71	139,367,042.75

[Note 1] Including the change in the scope of consolidation that transferred in the short-term remuneration of Western Power Company of 459,490.73 yuan

[Note 2] Including the change in the scope of consolidation that transferred out the short-term remuneration of the sales company of 401,598.21 yuan, and the post-employment benefit-set deposit and withdrawal plan of 861,188.73 yuan

(2) Short-term remuneration

In RMB

Items	Balance in year-begin	Increase in this period	Decrease in this period	Balance in year-end
(1) Salary, bonus, allowance and subsidy	87,578,245.29	720,204,531.50	718,804,718.02	88,978,058.77
(2) Employee benefits		52,224,401.24	52,224,401.24	
(3) Social insurance expenses	7,556,043.17	61,012,856.84	63,108,713.27	5,460,186.74
Including: medical insurance premium	7,291,882.17	57,573,098.18	59,777,386.75	5,087,593.60
Work-related injury insurance premium	264,161.00	3,439,758.66	3,331,326.52	372,593.14
(4) Housing fund	458,263.96	78,907,719.86	79,234,266.86	131,716.96
(5) Labor union expenditures and employee education expenses	4,462,050.43	17,344,301.01	18,487,528.84	3,318,822.60
Total	100,054,602.85	929,693,810.45	931,859,628.23	97,888,785.07

(3) List of drawing scheme

In RMB

Items	Opening balance	Increase	Decrease	Closing balance
1. Basic pension insurance	7,215,189.04	89,475,432.36	87,057,305.36	9,633,316.04
2. Unemployment insurance	250,067.96	3,212,824.34	3,118,841.39	344,050.91

3. Enterprise annual fee	31,494,813.73	33,620,751.06	33,614,674.06	31,500,890.73
Total	38,960,070.73	126,309,007.76	123,790,820.81	41,478,257.68

41. Taxes Payable

In RMB

Items	End of term	Beginning of term
Enterprise Income tax	38,060,458.93	19,296,080.94
VAT	24,479,472.25	26,831,710.72
Property tax	13,194,561.97	14,880,121.69
Individual Income tax	5,400,839.17	3,947,213.74
Land use tax	5,237,869.78	3,836,290.15
City Construction tax	2,448,306.59	2,081,991.58
Education subjoin	1,097,584.16	941,347.25
Locality Education subjoin	731,722.75	632,108.09
Other	1,146,408.47	938,259.93
Total	91,797,224.07	73,385,124.09

42. Liability held for sale

43. Non-current liabilities due within one year

In RMB

Item	Ending balance	Opening balance
Long-term loans due within 1 year	61,069,333.33	30,637,507.55
lease liabilities due within 1 year	19,746,435.79	12,165,379.31
Total	80,815,769.12	42,802,886.86

44. Other current liabilities

In RMB

Items	End of term	Beginning of term
Output tax to be transferred	309,290,405.34	266,480,963.69
Maintenance and renovation costs	1,105,000.00	1,105,000.00
Advance relocation costs	200,000.00	
Total	310,595,405.34	267,585,963.69

45. Long-term borrowing

(1) Category of long-term loan

In RMB

Items	End of term	Beginning of term
Guarantee loan	100,116,111.11	150,192,500.00
Credit loan	75,055,479.45	
Mortgage loan	47,648,250.51	9,711,173.86
Total	222,819,841.07	159,903,673.86

46. Bonds payable**(1) Bonds payable****(2) Changes on bonds payable (not including other financial instrument classified as preferred stock and perpetual capital securities of financial liabilities)****(3) Note to conditions and time of share transfer of convertible bonds****(4) Note to other financial instrument classified as financial liabilities****47. Lease liability**

In RMB

Items	End of term	Beginning of term
Unpaid lease payments	16,414,052.70	17,206,632.59
Less: Financing charges are not recognized	468,706.23	872,609.49
Total	15,945,346.47	16,334,023.10

48. Long-term payable

In RMB

Items	End of term	Beginning of term
Long term account payable	330,000.00	330,000.00
Special Payable	11,865,896.78	10,774,088.21
Total	12,195,896.78	11,104,088.21

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

In RMB

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

(2) Special Payable

In RMB

Items	Opening balance	Increase	Decrease	End balance	Reason
Compensation for relocation	2,498,212.20	257,606,998.18	260,105,210.38		
Funding for Personnel Training	6,234,947.69	4,382,450.00	775,429.23	9,841,968.46	
Demolition and resettlement funds	2,040,928.32	33,360.29	50,360.29	2,023,928.32	
Total	10,774,088.21	262,022,808.47	260,930,999.90	11,865,896.78	

Other note:

1. The reduction of compensation for land requisition and relocation in the current period is caused by the carry-over of compensation for land requisition and relocation, in which the corresponding part of the relocation cost of RMB7,953,100.69 in the current period is transferred to other income, and the corresponding part of the fixed assets of RMB 249,024,441.63 in the new factory area put into use in the current period is transferred to deferred revenue. In addition, the subsidiary Machinery Company transferred the balance of compensation for relocation of RMB 127,668.06 into capital reserve-other capital reserve. as shown in Note X,XVIII(8)1 to this Financial Statement.

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

49. Long term payroll payable

(1) List of long term payroll payable

(2) Changes of defined benefit plans

50. Estimated liabilities

In RMB

Item	Ending balance	Opening balance	Causes
Product quality assurance	11,768,979.69		after service
Total	11,768,979.69		

51. Deferred income

In RMB

Items	Beginning of term	Increased this period	Decreased this period(Note)	End of term	Reason
Government Subsidy	877,381,129.85	265,931,982.32	73,642,400.76	1,069,670,711.41	Receive government subsidies
Total	877,381,129.85	265,931,982.32	73,642,400.76	1,069,670,711.41	--

Note: The deferred income of the sales company transferred out from the change of the scope of consolidation is 9,073,485.95 yuan

52. Other non-current liabilities

In RMB

Item	Ending balance	Opening balance
Collect the relocation compensation money in advance[Note]	58,696,860.00	
Total	58,696,860.00	

[Note] It is the compensation for relocation received by Zhongneng Company, a subsidiary, for the relocation project at No.18, 22nd Street, Baiyang Block, Hangzhou Economic and Technological Development Zone. For details, please refer to the explanation in Section X, XVIII 8 (2) of this report.

53. Stock capital

In RMB

	Balance Year-beginning	Increase/decrease this time (+, -)					Balance year-end
		Issuing of new share	Bonus shares	Transferred from reserves	Other	Subtotal	
Total of capital shares	980,179,980.00		195,907,400.00		- 642,980.00	195,264,420.00	1,175,444,400.00

Other note

According to the Proposal on Repurchase and Cancellation of Some Restricted Stocks reviewed and adopted at the 30th meeting of the Eighth Board of Directors and the 19th meeting of the Eighth Board of Supervisors in 2022, nine of the incentive objects in the restricted stock incentive plan of the Company in 2021 are no longer qualified for incentive objects due to retirement, and one is no longer qualified for incentive objects due to personal reasons. The above-mentioned retirees can still release the restricted sale of the corresponding shares according to the agreed conditions according to their specific tenure in the performance assessment period, and the remaining restricted sale that have not been released from the restricted sale shall not be released from the restricted sale, and the Company will repurchase and cancel them according to the granted price plus the interest of bank deposits in the same period; The above-mentioned restricted stocks that have been granted but have not been released from the restricted sale of the former employees shall be subject to repurchase cancellation by the Company according to the granted price. The number of restricted shares cancelled in this repurchase is 531,180 shares, and the repurchase price payable by the Company for this repurchase of restricted shares is 2,197,649.00 yuan. Upon the audit and confirmation by Shenzhen Branch of China Securities Depository and Clearing Corporation Limited, this repurchase and cancellation of restricted stocks were completed on March 27, 2023. The above-mentioned repurchase and cancellation of restricted stocks have been verified by Zhejiang Nanfang Certified Public Accountants Co., Ltd., which issued the Capital Verification Report (NFY Zi (2023) No.003), and the Company completed the industrial and commercial change registration procedures on July 13, 2023.

2) According to the Proposal on Cancelling the Remaining Shares in the Special Securities Account for Repurchase, which was reviewed and adopted at the 32nd meeting of the Eighth Board of Directors in 2023, the Company cancelled the remaining 111,800 shares in the Special Securities Account for Repurchase in accordance with the relevant provisions of the Company Law. Upon the recognition by Shenzhen Branch of China Securities Depository and Clearing Corporation Limited, this share repurchase was completed on June 21, 2023. The above-mentioned repurchase and cancellation of restricted stocks have been verified by Zhejiang Nanfang Certified Public Accountants Co., Ltd., which issued the Capital Verification Report (NFY Zi (2023) No.009), and the Company completed the industrial and commercial change registration procedures on July 13, 2023.

3) According to the Profit Distribution Plan for 2022 adopted by the resolution at the 2022 Annual General Meeting of Shareholders, in this equity distribution, based on the total share capital of 980,179,980 shares at the end of 2022, after deducting 111,800 treasury shares repurchased on the date of record for equity distribution by the Company and 531,180 shares cancelled in December 2022 due to the retirement and resignation of equity incentive objects, that is, based on 979,537,000 shares, 2 bonus shares are distributed to all shareholders for every 10 shares, totaling 195,907,400 shares. The above-mentioned transferred shares have been automatically credited to the securities accounts of all investors in proportion on June 16, 2023 by China Securities Depository and Clearing Corporation Limited Shenzhen Branch through the computer network according to the number of shares held by all investors registered on the date of record (June 16, 2023). The paid-in amount of the above-mentioned newly-increased registered capital has been verified by Pan-China Certified Public Accountants (Special General Partnership), and the Capital Verification Report (TJY [2023] No.462) was issued by Pan-China Certified Public Accountants, and the Company has completed the industrial and commercial change registration procedures on September 12, 2023.

54. Other equity instruments

(1) Basic information of preferred stock, perpetual capital securities and other financial instruments outstanding issued at period-end

(2) Change list of preferred stock, perpetual capital securities and other financial instruments outstanding issued at period-end

55. Capital reserves

In RMB

Items	Year-beginning balance	Increase in the current period	Decrease in the current period	Year-end balance
Capital premium	262,539,139.50	61,373,377.95	53,443,393.16	270,469,124.29
Other capital reserves	132,396,722.50	46,464,780.10	50,116,922.45	128,744,580.15
Total	394,935,862.00	107,838,158.05	103,560,315.61	399,213,704.44

Other notes, including changes and reason of change:

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

① The first phase of restricted stocks granted by the Company in 2021 met the conditions for unlocking restricted stocks, and the original recognized share payment fee of RMB 46,894,922.45 was transferred from capital reserve-other capital reserve to capital reserve-share capital premium.

② When the Company merged under the same control in 2021 to acquire the Sales Company (the equity of the Sales Company held by Hangzhou Steam Turbine Holdings Company), the difference between the consideration paid by the merger and the net assets of the merged party on the date of merger of RMB 14,478,455.50 was adjusted, which was reduced by the capital reserve-share capital premium. In the current period, when the Company transferred all the equity of the Sales Company to Hangzhou Steam Turbine Holdings Company and lost control, it increased the capital reserve-share capital premium by RMB 14,478,455.50 accordingly.

2) The current decrease of share capital premium includes:

① In the current period, the share capital was reduced by RMB 642,980.00 due to the repurchase and cancellation of 642,980 restricted stocks, the capital reserve-share capital premium was reduced by RMB 3,191,893.75, and the treasury shares was reduced correspondingly by RMB 3,834,873.75.

② The first phase of restricted stocks granted by the Company in 2021 met the conditions for unlocking restricted stocks, and the difference between the corresponding amount of RMB 39,027,680.39 repurchased from the secondary market and the restricted stock repurchase obligation of RMB 28,965,160.22 corresponding to the first unlocking of the employee stock ownership plan was offset by the capital reserve-share capital premium of RMB 10,062,520.17.

③ Due to the purchase of minority shareholders' equity in Machinery Company, a subsidiary, the Company adjusted and reduced the capital reserve-share capital premium by RMB 38,168,687.04 for the difference between the newly acquired long-term equity investment cost and the net identifiable assets share of subsidiaries calculated since the merger date according to the newly increased shareholding ratio.

④ In the current period, the Company increased its special reserve due to the purchase of minority shareholders' equity in Machinery Company, and adjusted to reduce the capital reserve-share capital premium by RMB 2,020,292.20.

3) The increase of other capital reserves in the current period includes:

① In the current period, the Company recognized the share-based payment fee of RMB 44,838,392.71 due to the equity incentive, and increased the capital reserve-other capital reserve. For details, please refer to the explanation in Section X,XV of this report.

② Machinery Company, a subsidiary, transferred the balance of compensation for policy relocation to capital reserve, and the Company increased the capital reserve-other capital reserve by RMB 1,626,387.39 according to its shareholding ratio.

4) The decrease of other capital reserves in the current period includes:

① Zhejiang Zhongrun Gas Turbine Technology Co., Ltd. (hereinafter referred to as Zhongrun Company), the original subsidiary, was cancelled in the current period, and the capital reserve-other capital reserve of RMB 3,222,000.00, which was recognized when it was an original affiliated enterprise of Zhejiang Turbine Import and Export Trading Co., Ltd. (hereinafter referred to as Turbine Company), was transferred out accordingly.

② The internal carry-over of capital reserve is RMB 46,894,922.45. For details, please refer to the explanation in Section X 55 Other Notes 1) ① of this report.

56. Treasury stock

In RMB

Items	Year-beginning balance	Increase in the current period	Decrease in the current period	Year-end balance
Restricted stock with a repurchase obligation	136,466,388.09		50,176,099.34	86,290,288.75
Total	136,466,388.09		50,176,099.34	86,290,288.75

Other notes, including changes and reason of change:

The decrease in treasury shares in the current period includes:

1) The Company reduced its treasury shares by RMB 3,834,873.75 due to the repurchase and cancellation of restricted stocks. For details, please refer to the explanations of other explanations in Section X 55 Other Notes 1) ① of this report.

2) According to the resolution of the Company's 2022 annual general meeting of shareholders, the Company distributed a cash dividend of RMB 3.00 (including tax) to all shareholders for every 10 shares, and the total number of restricted stocks that are expected to be unlocked for the first time and reserved for granting is 24,378,484 shares (the original total number of shares granted is 18,752,680 shares, and 3 shares are distributed to every 10 shares in the 2021 profit distribution plan), corresponding dividend is RMB 7,313,545.20. Other accounts payable and treasury stock were reduced by RMB 7,313,545.20 accordingly.

3) The first phase of restricted stocks granted by the Company for the first time in 2021 met the conditions for unlocking restricted stocks, 9,254,045 shares were unlocked (The original number of granted shares was 5,932,080 shares. The profit distribution plan of giving 3 bonus shares for every 10 shares implemented in 2021 increased the number of shares by 1,779,624 shares. The profit distribution plan of giving 2 bonus shares for every 10 shares implemented in 2022 increased the number of shares by 1,542,341 shares). The corresponding reduction in treasury shares was RMB 39,027,680.39.

57. Other comprehensive income

In RMB

Items	Opening balance	Occurred current term					Closing balance
		Amount incurred before income tax	Less: Amount transferred into profit and loss in the current period that recognized into other comprehensive income in prior period	Less: Prior period included in other composite income transfer to retained income in the current period	Less: Income tax expenses	After-tax attribute to the parent company	
1. Other comprehensive income that cannot be reclassified in the loss and gain in the future	2,690,397,606.30	-834,656,882.42			-125,198,532.36	-709,458,350.06	1,980,939,256.24
Changes in fair value of investments in other equity instruments	2,690,397,606.30	-834,656,882.42			-125,198,532.36	-709,458,350.06	1,980,939,256.24
Total of other comprehensive income	2,690,397,606.30	-834,656,882.42			-125,198,532.36	-709,458,350.06	1,980,939,256.24

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

58. Special reserves

In RMB

Items	Beginning of term	Increased this period	Decreased this period	End of term
Labor safety expenses	17,841,325.92	17,017,179.39	14,503,128.00	20,355,377.31
Total	17,841,325.92	17,017,179.39	14,503,128.00	20,355,377.31

Other note, including changes and reason of change:

- 1) The increase in the current period is due to the special reserve of RMB 2,020,292.20 increased due to the purchase of minority shareholders' equity of the Machinery Company.
- 2) The decrease in the current period is due to the work safety expenses extracted by the Company and subsidiary for the purchase of safety protection supplies and equipment.
- 3) After adding the work safety expenses attributable to minority shareholders, the total work safety expenses of the Company and its subsidiaries at the end of the current period is RMB 27,675,068.88.

59. Surplus reserves

In RMB

Items	Beginning of term	Increased this period	Decreased this period	End of term
Statutory surplus reserves	625,178,089.82			625,178,089.82
Total	625,178,089.82			625,178,089.82

60. Retained profits

(1)Detail

In RMB

Items	Amount of this period	Amount of last period
Adjust the undistributed profits before and at the end of the period	3,756,414,638.24	3,761,583,410.91
Add: Net profit belonging to the owner of the parent company	517,680,522.56	522,396,807.32
Common stock dividend payable	293,752,399.20	301,395,999.99
Common stock dividends converted to share stock	195,907,400.00	226,169,580.00
Retained profits at the period end	3,784,435,361.60	3,756,414,638.24

(2)Other note:

According to the 2022 profit distribution plan deliberated and approved by the 2022 Annual General Meeting of Shareholders, the Company will distribute cash dividends of 3 yuan (including tax) and 2 bonus shares for every 10 shares, based on the total share capital of 979,537,000 shares as the base as of December 31, 2022 which is calculated by the total share capital of 980,179,980 shares deducting 111,800 repurchased treasury shares as of the equity distribution registration date, and deducting the cancellation of 531,180 shares due to the retirement and resignation of equity incentive recipients in December 2022. A total stock dividend of RMB 195,907,400.00 and a cash dividend of RMB 293,861,100.00 will be distributed, including the 108,700.80 yuan in cash dividends for restricted stocks that are expected to be unlocked.

Adjustment for retained profit at period-begin:

- 1) Retroactive adjustment due to the Accounting Standards for Business Enterprise and relevant new regulations, retained profit at period-begin has 0.00 Yuan affected;
- 2) Due to the accounting policy changes, retained profit at period-begin has 0.00 Yuan affected;
- 3) Due to the major accounting errors correction, retained profit at period-begin has 0.00 Yuan affected;
- 4) Consolidation range changed due to the same control, retained profit at period-begin has 0.00 Yuan affected;
- 5) Total other adjustment impacts 0.00 Yuan retained profit at period-begin

61. Business income and Business cost

In RMB

Items	Amount of this period		Amount of last period	
	Income	Cost	Income	Cost
Main Business	5,877,944,944.25	4,455,359,342.99	5,495,693,244.56	4,016,656,619.93
Other	46,293,076.97	20,348,015.68	23,148,695.26	10,758,183.33
Total	5,924,238,021.22	4,475,707,358.67	5,518,841,939.82	4,027,414,803.26

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

Yes No

Other note:

Information related to the transaction price allocated to the remaining performance obligation:

At the end of the reporting period, the amount of income corresponding to the performance obligations with signed contract but not yet fulfilled or not fulfilled is RMB 7,833,390,000.00.

62. Taxes and surcharges

In RMB

Items	Amount of this period	Amount of last period
Urban maintenance and construction tax	8,788,972.71	10,009,589.55
Educational surtax	4,098,008.10	4,366,464.42
Locality Education surcharge	2,727,966.25	2,910,976.25
House tax	13,303,026.15	14,957,149.91
Land royalties	2,272,256.02	2,400,686.40
Stamp tax	5,220,714.59	3,667,483.45
vehicle and vessel tax	50,303.92	60,286.64
Other	43,293.87	11,122.15
Total	36,504,541.61	38,383,758.77

63. Administrative expense

In RMB

Items	Amount of this period	Amount of last period
Employees' remunerations	340,087,067.76	394,509,449.15
Asset depreciation and amortizing	61,008,230.48	42,711,626.99
Stock payable	24,517,471.39	56,252,090.01
Rental fee, House rental, property management, water and power	24,506,606.57	22,495,865.42
Agency fee	15,198,845.71	8,075,703.91
Office expenses	12,485,360.50	10,780,226.70
Service charge	11,526,078.87	11,335,478.39
Travel expenses and overseas travel expenses	8,845,035.67	5,647,664.14
Repair costs	6,457,776.28	7,522,911.20
Business expenses	5,966,754.30	4,043,833.72
Other	28,844,388.93	27,563,420.08
Total	539,443,616.46	590,938,269.71

64. Sales expense

In RMB

Items	Amount of this period	Amount of last period
Employees' remunerations	156,343,689.26	131,040,859.19
Consulting service fee	50,891,753.84	25,231,173.94
Travel expenses	33,489,616.91	24,781,070.36
Business reception expenses	25,668,457.66	17,726,723.65
Three charge	18,101,534.55	7,800,806.05
Advertising fee	4,844,307.99	1,584,233.98
Stock payable	4,429,212.60	

Warehousing	3,832,895.90	1,758,083.86
Other	11,936,307.34	11,566,572.57
Total	309,537,776.05	221,489,523.60

65. R&D Expense

In RMB

Items	Amount of this period	Amount of last period
Labor cost	154,704,802.86	162,914,571.31
Direct materials	86,453,337.62	98,709,801.80
Test and inspection fee	10,013,530.53	4,583,898.71
Stock payable	7,401,707.41	
Commissioned research & development	4,943,543.55	5,246,830.91
Depreciation expenses	2,955,244.37	5,331,971.14
Other	10,213,472.64	7,452,809.17
Total	276,685,638.98	284,239,883.04

66. Financial expenses

In RMB

Items	Amount of this period	Amount of last period
Interest expense	20,910,664.51	24,366,789.74
Less: Incoming interests	44,289,213.68	18,946,425.24
Exchange gains/losses	-14,617,667.37	-38,338,007.69
Commission	6,427,074.37	3,621,245.27
Total	-31,569,142.17	-29,296,397.92

67. Other income

In RMB

Items	Amount of this period	Amount of last period
Government subsidies related to assets	45,124,624.75	29,873,987.51
Government subsidies related to income	45,030,290.95	43,438,557.91
Individual tax commission refunds	313,045.39	418,128.89
VAT additional deduction	22,105,883.57	
Total	112,573,844.66	73,730,674.31

68. Net exposure hedging income

69. Gains on the changes in the fair value

In RMB

Source	Amount of this period	Amount of last period
Transactional Financial assets	686,725.67	-646,522.64
Other non-current financial assets		960,000.00
Total	686,725.67	313,477.36

70. Investment income

In RMB

Items	Amount of this period	Amount of last period
Long-term equity investment income by equity method	1,251,609.18	-563,981.22
Investment income of trading financial assets during the holding period	-3,955,962.69	-2,689,211.31
Investment income obtained from the disposal of trading financial assets	13,420,165.23	36,295,722.69
Dividend income from other equity instrument investments during the holding period		364,839.26
Dividend income derived from other equity instrument investments during the holding period	108,750,082.40	95,156,322.10
Debt restructuring gains	6,496,130.62	7,035,391.36
Total	125,962,024.74	135,599,082.88

Other note:

The investment income from the disposal of long-term equity investment in the current period includes the investment income of RMB -1,971,507.10 obtained from the transfer of the equity of the former subsidiary the Sales Company, the investment income of RMB 1,055.26 written off and recognized by the subsidiary China mechanical and Electrical Institute. and the investment income of RMB 3,222,061.02 written off and recognized by the subsidiary Zhongrun Company

71. Credit impairment loss

In RMB		
Items	Amount of this period	Amount of last period
Losses on bad debt	82,719,910.10	82,441,348.93
Total	82,719,910.10	82,441,348.93

72. Losses from asset impairment

In RMB		
Items	Amount of this period	Amount of last period
II. Loss of inventory value and impairment of contract performance costs	-27,668,590.08	-32,352,000.41
V. Impairment loss of fixed assets	-1,957,464.80	
XII. Loss of impairment of contract assets	-8,201,559.89	7,911,784.28
Total	-37,827,614.77	-24,440,216.13

73. Asset disposal income

In RMB		
Source	Amount of this period	Amount of last period
Non-policy relocation of assets disposal income	65,888,315.19	
Profits of disposal of fixed assets	2,888,752.81	95,281.00
Income from disposal of use assets	28,566.27	
Total	68,805,634.27	95,281.00

74. Non-operating income

In RMB

Items	Amount of this period	Amount of last period	Recorded in the amount of the non-recurring gains and losses
Compensation income[Note]	58,290,615.54	56,511,643.28	58,290,615.54
No payment required	8,963,540.03	1,136,297.51	8,963,540.03
Loss of non-current assets: obsolescence gain	17,327.42		17,327.42
Other	12,807.92	2,507.61	12,807.92
Total	67,284,290.91	57,650,448.40	67,284,290.91

Other note:

[Note] The compensation income in the current period mainly consists of: (1) The Company and Hangzhou Steam Turbine Holdings Company agreed to terminate the two *Equipment and Materials Purchase Contract* signed in 2014, and through communication between the two parties, the project default income was recognized to be RMB 16.378 million; (2) According to the *Purchase Order Termination and Settlement Agreement* signed by the Company and INEOS Zhuhai Chemical Co., Ltd., the cooperation with INEOS Zhuhai Chemical Co., Ltd. was terminated due to the cancellation of its Kapok project because of the adjustment of project investment strategy. Through communication between the two parties, the project default income was recognized to be RMB 16.177 million; (3) According to the *Contract Cancellation Agreement* signed by Zhongneng Company, a subsidiary, and Shenyang Turbine Machinery Co., Ltd., the project that has been suspended for a long time due to the end user's own reasons and has little possibility of restart was cleared and cancelled. Through communication between the two parties, the project default income was recognized to be RMB 13,481,200.

75. Non-operational expenses

In RMB

Items	Amount of this period	Amount of last period	Recorded in the amount of the non-recurring gains and losses
Compensation expenses	1,663,071.38	1,955,731.38	1,663,071.38
Donations	605,000.00	765,000.00	605,000.00
Non-current assets scrapping loss	236,510.59	324,233.68	236,510.59
Fine, late payment	74,760.99	45,155.29	74,760.99
Other	35,657.46	40,455.62	35,657.46
Total	2,615,000.42	3,130,575.97	2,615,000.42

76. Income tax expenses

(1) Details

In RMB

Items	Amount of this period	Amount of last period
Income tax of current term	70,175,325.94	52,728,108.37
Deferred income tax	-876,620.36	29,964,153.08
Total	69,298,705.58	82,692,261.45

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

In RMB

Items	Amount of this period
Total profit	735,518,046.78
Income tax expense at parent company's applicable tax rate	110,327,707.02
Effect of different tax rates applicable to subsidiaries	15,396,749.00
Adjustment for income tax in prior year	5,670,496.06
Income not subject to tax	-16,312,512.36
Effects of non-deductible costs, expenses and losses	4,580,791.10
Impact of additional deductions for R & D expenses	-28,593,888.26
Impact of additional deductions for the disabled	-437,640.95
Impact of share payments	3,485,886.65
The impact of the tax rate changes on the income tax expenses at the beginning of the year	-4,144,837.48
impact of temporary differences in deferred income tax assets	-2,838,224.29
Impact of deductible losses from previously unidentified deferred income tax assets	-23,599,166.62
The deductible temporary difference or deductible loss of deferred income tax assets are not recognized in this period	5,763,345.71
Income tax expense	69,298,705.58

77. Other comprehensive income

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

78. Items of Cash flow statement

(1) Cash related to operating activities

Other cash received from business operation

In RMB

Items	Amount of this period	Amount of last period
Recovery of operating bank deposits	537,561,050.96	199,173,666.41
Deposit interest	44,300,483.94	18,946,425.24
Government subsidies received	38,144,639.45	27,321,284.08
Receipt of operating current account	1,521,930.00	3,936,945.05
Lease income	2,458,358.28	1,091,668.02
Other	674,489.59	667,227.57
Total	624,660,952.22	251,137,216.37

Other cash paid in relation to operation activities

In RMB

Items	Amount of this period	Amount of last period
Payment of operational bank deposits	456,118,090.16	180,292,694.53
Payment cash sales expenses	132,425,055.62	86,924,480.00
Payment cash Management expenses	90,008,549.35	81,915,119.72
Payment cash R & D cost	24,508,885.58	16,719,251.91
Payment cash financial expenses	6,427,074.37	3,621,245.27
Payment of business transactions	28,189,513.29	
Other	727,018.45	950,745.71
Total	738,404,186.82	370,423,537.14

(2) Cash related to Investment activities

Cash receivable related to other Investment activities

In RMB

Items	Amount of this period	Amount of last period
Repurchasing of trusteeship	1,691,500,000.00	2,430,000,000.00
Receipt of levy and relocation compensation	257,606,998.18	197,297,786.03
Receive the interest on the funds occupied by the non-related parties		192,426.85
Total	1,949,106,998.18	2,627,490,212.88

In RMB

Cash paid related with investment activities

In RMB

Items	Amount of this period	Amount of last period
Purchasing of financial products	1,652,700,000.00	2,077,000,000.00
Loss of forward foreign exchange settlement and sale	181,291.38	
Net cash reduction from the disposal of subsidiaries		8,697,180.39
Total	1,652,881,291.38	2,085,697,180.39

(3)Cash related to Financing activities

Other cash received in relation to financing activities

In RMB

Items	Amount of this period	Amount of last period
Discounting payment of financing bill	8,000,000.00	
Pay the rent of the right to use the asset		200,000.00
Total	8,000,000.00	200,000.00

Other cash paid related with financing activities

In RMB

Items	Amount of this period	Amount of last period
Return the related party's capital occupation and interest	182,452,500.00	2,902,611.00
Pay the rent of the right to use the asset	16,446,562.49	15,314,937.25
Financing notes due and payment	8,000,000.00	7,500,000.00
Subsidiary cancels and returns minority shareholders	2,986,677.67	
Repurchase stocks	1,394,403.00	2,197,649.00
Pay discount interest on financing bills	299,777.78	
Payment of discounted interest on financing bills		245,425,672.29
Total	211,579,920.94	273,340,869.54

Changes in various liabilities arising from fund-raising activities

Applicable Not applicable
(4) Statement of cash flows on a net basis**(5) Major activities and financial impacts that do not involve cash receipts and expenditures in the current period, but affect the financial position of the enterprise or may affect the cash flow of the enterprise in the future****79. Supplementary information to statement of cash flow****(1) Supplementary information to statement of cash flow**

In RMB

Supplementary information	Current amount	Amount of the previous period
1. Net profit adjusted to cash flow of operation activities:		
Net profit	666,219,341.20	625,239,358.69
Add: Assets impairment provision	-44,892,295.33	-58,001,132.80
Depreciation of fixed assets, consumption of oil assets and depreciation of productive biology assets	163,472,759.10	128,776,068.89
Depreciation of right-of-use assets	15,037,790.25	12,582,536.56
Amortization of intangible assets	15,435,729.41	11,461,545.32
Amortization of long-term deferred expenses		
Loss from disposal of fixed assets, intangible assets and other long-term assets (gain is listed with "-")	-79,667,812.38	-95,281.00
Losses on scrapping of fixed assets (gain is listed with "-")	219,183.17	326,033.68
Gain/loss of fair value changes (gain is listed with "-")	-686,725.67	-313,477.36
Financial expenses (gain is listed with "-")	6,229,487.55	-14,033,357.95
Investment loss (gain is listed with "-")	-123,421,856.81	-131,252,902.83
Decrease of deferred income tax asset (increase is listed with "-")	278,384,531.44	29,931,187.06
Increase of deferred income tax liability (decrease is listed with "-")	-279,261,151.80	32,966.02
Decrease of inventory (increase is listed with "-")	-118,782,583.70	686,701,189.28
Decrease of operating receivable accounts (increase is listed with "-")	-420,744,101.07	409,317,867.69
Increase of operating payable accounts (decrease is listed with "-")	754,936,135.11	-1,433,059,686.61

Other	44,731,055.15	56,527,890.99
Net cash flow arising from operating activities	877,209,485.62	324,140,805.63
2. Material investment and financing not involved in cash flow		
Conversion of debt into capital		
Switching Company bonds due within one year		
Financing lease of fixed assets		
3. Net change of cash and cash equivalents:		
Balance of cash at period end	2,661,616,581.02	1,805,028,401.76
Less: Balance of cash equivalent at year-begin	1,805,028,401.76	1,467,538,968.07
Add: Balance at year-end of cash equivalents		
Less: Balance at year-begin of cash equivalents		
Net increased amount of cash and cash equivalent	856,588,179.26	337,489,433.69

(2) Net cash paid for obtaining subsidiary in the Period

	Amount
Cash or cash equivalents paid in the current period as a business combination occurring in the current period	102,670,000.00
Thereinto:	
Western Power Company	102,670,000.00
Less: Cash and cash equivalents held by subsidiary on the date of purchase	59,204,949.63
Thereinto:	
Western Power Company	59,204,949.63
Add: Cash or cash equivalents paid in the current period for business combination occurring in prior periods	
Thereinto:	
Net cash paid for acquiring the subsidiary	43,465,050.37

(3) Net cash received by disposing subsidiary in the Period

	Amount
Cash or cash equivalents received from the disposal of subsidiary in the current period	28,920,000.00
Thereinto:	
Sales company	28,920,000.00
Less: Cash and cash equivalents held by subsidiary on the date of loss of control	28,623,655.33
Thereinto:	
Sales company	28,623,655.33
Add: Cash or cash equivalents received in the current period for the disposal of subsidiaries in previous periods	4,120,000.00
Thereinto:	
Hangzhou Zhongneng Steam Turbine Power (Indonesia) Co., Ltd	4,120,000.00
Net cash received from disposal of subsidiaries	4,416,344.67

(4) Constitution of cash and cash equivalent

In RMB

Item	Ending balance	Opening balance
I. Cash	2,661,616,581.02	1,805,028,401.76
Including: Cash on hand	14,634.65	107,551.80
Bank deposit available for payment at any time	2,661,553,779.47	1,804,892,189.83
Other monetary capital could be used at any time	48,166.90	28,660.13
III. Balance of cash and cash equivalents at the period end	2,661,616,581.02	1,805,028,401.76

(5) Situations where the scope of use is limited but still classified as cash and cash equivalents**(6) Monetary funds that do not belong to cash and cash equivalents**

In RMB

Item	Amount of the current period	Amount of the previous period	Reason for not belonging to cash and cash equivalents
Bank acceptance bill margin	130,198,606.73	92,639,033.89	It is used to pledge for issuing bank acceptance bills, and cannot be paid at any time
L/G margin	5,666,941.75	9,321,352.25	It is used to pledge for issuing L/G, and cannot be paid at any time
Foreign exchange trading margin	643,000.00		The account is frozen and cannot be paid at any time
Pledged time deposit		47,973,000.00	It is used to pledge for issuing bank acceptance bills, and cannot be paid at any time
ETC business margin	43,000.00	19,000.00	The account is frozen and cannot be paid at any time
Total	136,551,548.48	149,952,386.14	

(7) Description of other major activities

① Changes in liabilities related to fund-raising activities

Items	Opening amount	Increase in the current period	
		Cash change	Non-cash change
Short-term loan	287,753,227.89	509,662,465.91	19,096,789.39
Long-term loans (including long-term loans due within one year)	190,541,181.41	125,000,000.00	13,619,703.13
Other payables-restricted stock repurchase obligations	100,222,346.86		
Lease liabilities (including lease liabilities due within one year)	28,499,402.41		23,565,785.86
Subtotal	607,016,158.57	634,662,465.91	56,282,278.38

(Continued)

Items	Decrease in the current period		Ending amount
	Cash change	Non-cash change	
Short-term loans	312,083,617.15		504,428,866.04
Long-term loans (including long-term loans due within one year)	45,271,710.14		283,889,174.40
Other payables-restricted stock repurchase obligations	8,816,649.00	28,965,160.22	62,440,537.64
Lease liabilities (including lease liabilities due within one year)	15,421,193.51	952,212.50	35,691,782.26
Subtotal	381,593,169.80	29,917,372.72	886,450,360.34

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

Items	Current amount	Amount of the same period last year
Amount of commercial bill endorsed and transferred	1,371,516,066.24	1,304,085,972.09
In which: payment for goods	1,371,516,066.24	1,296,077,749.78
Payment for the purchase of long-term assets such as fixed assets		8,008,222.31

80. Note of statement of changes in the owner's equity**81. 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			487,221,446.95
Incl: USD	60,657,803.01	7.0827	429,621,021.38
Euro	7,328,307.83	7.8592	57,594,636.90
HKD	6,383.77	0.9062	5,785.10
Yen	71.00	0.0502	3.57
Account receivable			194,405,664.52
Incl: USD	25,602,681.41	7.0827	181,336,111.62
Euro	1,630,308.43	7.8592	12,812,920.01
HKD			
SGD	47,726.12	5.3772	256,632.89
Long-term loans			
Incl: USD			
Euro			

HKD			
Contract assets			11,264,011.25
Incl: USD	1,590,355.55	7.0827	11,264,011.25
Account payable			16,069,522.46
Incl: USD	1,409,475.91	7.8592	11,077,353.07
Euro	675,979.96	7.0827	4,787,763.26
Swedish krona	242,100.00	0.7110	172,129.40
Pound	3,570.00	9.0411	32,276.73

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

Applicable Not applicable

82. Leasing

(1) The Company acts as the lessee

Applicable Not applicable

Variable lease payments that are not included in the measurement of lease liabilities

Applicable Not applicable

Simplified processing of lease costs for short-term leases or lease for low-value assets

Applicable Not applicable

Cases involving sale-leaseback transactions

1) Information about the right-to-use assets is detailed in Section X.VII.25 Right-to-use Assets of this report.

2) The Company's accounting policies for short-term leasing and low-value asset leasing are detailed in Section X.V.41 Lease of this report. The amounts of short-term lease expenses and low-value asset lease expenses included in the current profits and losses are as follows:

Items	Current amount	Amount of the same period last year
Short-term lease expense	8,815,444.55	3,496,724.77
Low-value asset lease expense (except short-term lease)	7,207.22	2,277.88
Total	8,822,651.77	3,499,002.65

3) Current profits and losses and cash flow related to leasing

Items	Current amount	Amount of the same period last year
Interest expense of lease liabilities	1,369,136.88	1,585,096.61
Total cash outflow related to leasing	16,416,562.49	15,314,937.25

4) Maturity analysis of lease liabilities and the corresponding liquidity risk management are detailed in Section X.XII.1 Various Risks Arising from Financial Instruments of this report.

(2) The Company acts as the lessor

Operating lease as a lessor

Applicable Not applicable

Financial lease as a lessor

Applicable Not applicable

Annual undiscounted lease receipts for the next five years

Applicable Not applicable

Adjustment table for undiscounted lease receipts and net lease investments

Operating lease

1) Lease income

Items	Current amount	Amount of the same period last year
Lease income	2,553,572.87	1,674,164.91

2) Operating lease assets

Items	Ending amount	Ending amount last year
Investment real estate	1,544,449.40	6,451,478.55
Subtotal	1,544,449.40	6,451,478.55

3) According to the lease contract signed with the lessee, the undiscounted lease receipts that will be received in the future for irrevocably lease

Remaining term	Ending amount	Ending amount last year
Within 1 year	1,340,896.11	1,261,194.10
1-2 years	678,261.52	843,931.92
2-3 years	312,001.53	705,187.41
3-4 years	229,057.03	151,722.56
4-5 years		48,677.27
Total	2,560,216.19	3,010,713.26

(3) Recognition of financial lease sales gains and losses as a producer or distributor

Applicable Not applicable

83.Other

VIII. R&D expenditure

In RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Direct labor	154,704,802.86	162,914,571.31
Direct material	86,453,337.62	98,709,801.80
Test and inspection fee	10,013,530.53	4,583,898.71

Share-based payment	7,401,707.41	
Outsourcing R&D	4,943,543.55	5,246,830.91
Depreciation and amortization	2,955,244.37	5,331,971.14
Others	10,213,472.64	7,452,809.17
Total	276,685,638.98	284,239,883.04
Including: expensed R&D expenditure	276,685,638.98	284,239,883.04

1. R&D projects that meet the conditions for capitalization

2. Important outsourcing projects under research

IX. Changes of merge scope

1. Business merger not under same control

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

In RMB

Acquiree	Time point for equity obtained	Cost of equity obtained	Ratio of equity obtained	Acquired way Equity obtained way	Purchasing date	Standard to determine the purchasing date	Income of acquiree from purchasing date to period-end	Net profit of acquiree from purchasing date to period-end	Cash flow of the buyer to the end of the period
Western Power Company	March 31, 2023	102,670,000.00	56.64%	Equity acquisition and capital increase	March 31, 2023	The industrial and commercial changes were completed	58,051,677.79	9,481,721.91	323,683.13

Other note:

In January 2023, according to the first shareholder decision in 2023, the subsidiary Ranchuang Company signed the "Pengzhou Western Blue Power Technology Co., Ltd. Equity Transaction Framework Agreement" with Western Power Company, Liaoning Paisen Energy Technology Service Co., Ltd., Liu Yuhuan, Liu Qing and Jiang Hang, and signed the "Property Rights Transaction Contract" with Chengdu Mengjiang Investment Group Co., Ltd. at a price not higher than the appraised value of the corresponding equity assets for the record (1.26 yuan / unit registered capital) acquired 20% of the shares of Western Power Company held by Chengdu Mengjiang Investment Group Co., Ltd., meanwhile acquiring the 15% equity and the 3% equity of Western Power Company held by Liaoning Paisen Energy Technology Service Co., Ltd. and the natural person Liu Yuhuan respectively at a price of 1.27 yuan/unit registered capital, and paying subscription of the registered capital of 43 million yuan increased by Western Power Company at the price of 1.27 yuan per unit of registered capital. As of

the completion date of the merger, Ranchuang Company acquired a total of 56.64% equity of Western Power Company, and paid 48.06 million yuan for equity transfer and 54.61 million yuan for capital increase, with a total merger cost of 102.67 million yuan. As of December 31, 2023, the registration of industrial and commercial changes related to the equity transfer and capital increase has been completed.

(2) Merger cost and goodwill

In RMB

Consolidation cost	Western Power Company
--Cash	102,670,000.00
--Fair value of non-cash assets	
--Fair value of debts issued or assumed	
--Fair value of equity securities issued	
-- Fair value of contingent consideration	
--Fair value of the equity prior to the purchasing date	
--Other	
Total combination cost	102,670,000.00
Less: shares of fair value of identifiable net assets acquired	87,254,321.41
The amount by which the goodwill/cost of consolidation is less than the share of fair value of identifiable net assets acquired	15,415,678.59

(3) Identifiable assets and liability on purchasing date under the acquiree

In RMB

	Western Power Company	
	Fair value on purchasing date	Book value on purchasing date
Assets:	179,371,806.49	164,987,094.28
Monetary fund	59,641,949.63	59,641,949.63
Account receivable	27,042,876.04	27,042,876.04
Inventory	17,147,167.62	17,147,167.62
Fixed assets	59,983,481.24	51,340,538.11
Intangible assets	11,642,269.92	5,900,500.84
Other	3,914,062.04	3,914,062.04
Liability:	47,330,344.62	47,259,921.40
Loan	13,016,668.07	13,016,668.07
Account payable	30,717,498.50	30,717,498.50
Deferred income tax liabilities	3,596,178.05	
Deferred income		3,525,754.83
Net assets (Note)	132,041,461.87	117,727,172.88
Less: Minority interests	44,787,140.46	38,580,951.44
Net assets acquired	87,254,321.41	79,146,221.44

Note: The net assets on the date of purchase do not include the unpaid capital contribution of 22 million yuan by Liaoning Paisen Energy Technology Service Co., Ltd., one of the shareholders of Western Power Company

Determination method for fair value of the identifiable assets and liabilities:

On the date of purchase, Ranchuang Company adjusted the fair value of fixed assets and intangible assets and

recognized the corresponding deferred income tax liabilities according to the *Assessment Report* (BFYSPB Zi [2022]No. 01-739) issued by Beijing North Asia Assets Assessment Firm (special general partnership) (the assessment base date was May 31, 2022). Except for fixed assets and intangible assets, other assets and liabilities did not increase or decrease significantly, and the Company recognized it as fair value according to the book value on the date of purchase.

(4) Gains or losses arising from re-measured by fair value for the equity held before purchasing date

Whether it is a business combination realized by two or more transactions of exchange and a transaction of obtained control rights in the Period or not

Yes No

(5) On purchasing date or period-end of the combination, combination consideration or fair value of identifiable assets and liability for the acquiree are un-able to confirm rationally

(6) Other note

2. Business combination under the same control

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

(2) Combination cost

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

3. Counter purchase

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

4. The disposal of subsidiary

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

Yes No

In RMB

Subsidiary name	Equity disposal price	Equity disposal ratio	Equity disposal method	point of loss of control	Determination basis for the point of loss of control	The difference between the disposal price and the share of the subsidiary's net assets at the consolidated financial statement level corresponding to the disposal investment	Percentage of remaining equity at the date of loss of control	Book value of remaining equity on the date of loss of control	Fair value of remaining equity at the date of loss of control	Gain or loss from remeasurement of remaining equity at fair value	Determination method and main assumptions of fair value of remaining equity on the date of loss of control	Amount transferred from other comprehensive income related to equity investment in atomic company to investment profit and loss
Sales Company	28,920,000.00	30.00%	Agreement transfer	December 31, 2023	Resolutions of shareholders' meeting, equity transfer agreement and industrial and commercial change	-1,971,507.10	0.00%	0.00	0.00	0.00	0	0.00

					materials, etc.							
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Other note:

In January 2023, according to the first shareholder decision in 2023, the subsidiary Ranchuang Company signed the "Pengzhou Western Blue Power Technology Co., Ltd. Equity Transaction Framework Agreement" with Western Power Company, Liaoning Paisen Energy Technology Service Co., Ltd., Liu Yuhuan, Liu Qing and Jiang Hang, and signed the "Property Rights Transaction Contract" with Chengdu Mengjiang Investment Group Co., Ltd. at a price not higher than the appraised value of the corresponding equity assets for the record (1.26 yuan / unit registered capital) acquired 20% of the shares of Western Power Company held by Chengdu Mengjiang Investment Group Co., Ltd., The registration procedures for industrial and commercial changes was completed on December 21, 2023 for this equity transfer. The net assets of the Sales Company at the end of December 2023 were RMB 54,488,224.22, and the Company enjoyed the net assets of the Sales Company of RMB 16,346,467.26 according to the 30% shareholding ratio. The difference between the net assets and the disposal price of RMB 28,920,000.00 was recognized as investment income of RMB 12,573,532.74; At the same time, in 2021, the Company transferred 30% equity of the Sales Company to Hangzhou Steam Turbine Holdings Company, and the difference between the consideration paid by the merger and the net assets of the merged party on the date of merger of RMB 14,478,455.50 was adjusted and reduced the capital reserve-share capital premium. When the Company transferred all the equity of the Sales Company to Hangzhou Steam Turbine Holdings Company in the current period and lost control, it adjusted accordingly to increase the capital reserve-share capital premium and to reduce the investment income by RMB 14,478,455.50; In addition, at the end of 2023, the Company and its subsidiaries recognized the long-term lease of its subsidiary Industrial and Trade Company because the Sales Company was no longer included in the scope of consolidated statements, and accordingly recognized the investment income of RMB -66,584.34; Total recognized investment income is RMB -1,971,507.10

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

Yes No

5. Other reasons for the changes in combination scope

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

Name	Equity disposal method	Equity disposal point	Net assets on disposal date	Net profit from opening to disposal date
Zhongrun Company	Log off	2023.12.28	3,268,288.89	-3,919,136.51
China mechanical and Electrical Institute	Log off	2023.12.5	3,152,641.02	275,421.92

6. Other

IX. Equity in other entities

1. Equity in subsidiary

(1) The structure of the enterprise group

In RMB

Subsidiary	Registered capital	Main operation place	Registered place	Business nature	Share-holding ratio		Acquired way
					Directly	Indirectly	
Auxiliary Machine Co.	80,000,000.00	Hangzhou	Hangzhou	Commerce	87.53%		Incorporation
Guoneng Company	40,000,000.00	Hangzhou	Hangzhou	Manufacturing		100.00%	Incorporation
Packaged Technologies Co.	51,000,000.00	Hangzhou	Hangzhou	Commerce	75.86%		Incorporation
Machinery Co.	30,000,000.00	Hangzhou	Hangzhou	Manufacturing	82.00%		Incorporation
Huayuan Company	21,000,000.00	Hangzhou	Hangzhou	Manufacturing		100.00%	Incorporation
Turbine Co.	20,000,000.00	Hangzhou	Hangzhou	Commerce	100.00%		Incorporation
Zhongneng Company	120,000,000.00	Hangzhou	Hangzhou	Manufacturing	46.89%		Incorporation
Hangfa Company	80,000,000.00	Hangzhou	Hangzhou	Manufacturing		100.00%	Business consolidation under the same control
Casing Company	29,500,000.00	Hangzhou	Hangzhou	Manufacturing	38.03%		Incorporation
Anhui Casting Company	130,000,000.00	Wuhu	Wuhu	Manufacturing		51.54%	Incorporation

				g			
New Energy Company	500,000,000.00	Hangzhou	Hangzhou	Manufacturing	100.00%		Business consolidation under the same control
Ranchuang Company	155,000,000.00	Hangzhou	Hangzhou	Manufacturing	100.00%		Business consolidation under the same control
Western Power Company	143,000,000.00	Pengzhou	Pengzhou	Manufacturing		56.64%	Business consolidation Not under the same control

Notes: holding proportion in subsidiary different from voting proportion:

Basis of holding half or less voting rights but still been controlled investee and holding more than half of the voting rights not been controlled investee:

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

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

(2) Significant not wholly owned subsidiary

In RMB

Name of the subsidiaries	Share portion of minor shareholders	Gains/loss of the period attributable to minor shareholders	Dividend announced in the period to minor shareholders	Balance of equity of minor shareholders at end of period
Machinery Co.	18.00%	49,093,274.53	28,800,000.00	50,079,787.77
Zhongneng Company	53.11%	68,726,506.65		228,020,177.14

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

In RMB

Subsidiaries Name	End of term						Beginning of term					
	Current assets	Non-current assets	Total of assets	Current liabilities	Non-current liabilities	Total of liability	Current assets	Non-current assets	Total of assets	Current liabilities	Non-current liabilities	Total of liability
Machinery Co.	397,257,565.60	25,526,332.85	422,783,898.45	143,315,955.64	1,246,899.64	144,562,855.28	341,338,629.47	27,559,634.57	368,898,264.04	132,131,820.03	4,453,089.98	136,584,910.01
Zhongneng Company	1,752,124,738.59	311,404,723.64	2,063,529,462.23	1,351,153,891.27	283,053,637.87	1,634,207,529.14	1,592,257,465.58	256,916,512.99	1,849,173,978.57	1,277,138,143.86	271,091,873.73	1,548,230,017.59

In RMB

Subsidiaries Name	Amount of current period				Amount of previous period			
	Turnover	Turnover	Net profit	Total Misc Gains	Turnover	Net profit	Total Misc Gains	Cash flow for business activities
Machinery Co.	378,044,818.89	102,277,655.21	102,277,655.21	89,513,073.09	306,871,315.89	95,410,281.94	95,410,281.94	87,100,058.13
Zhongneng Company	1,350,099,692.90	129,399,937.58	129,399,937.58	8,025,373.43	1,477,489,208.21	78,762,807.47	78,499,653.68	-108,465,527.91

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

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

(1) Note to owner's equity share changed in subsidiary

Subsidiaries Name	Change time	Shareholding ratio before change	Shareholding ratio after change
Machinery Co.	2023.12.26	52.00%	82.00%

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

In RMB

Cost/disposal consideration	
--Cash	121,635,000.00
-- Fair value of the non-cash assets	
Total purchase cost/disposal consideration	121,635,000.00
Less: share of net assets of subsidiaries calculated according to the proportion of equity acquired/disposed of	83,466,312.96
Difference	38,168,687.04
Including: adjustment of capital reserve	38,168,687.04
Adjustment of Surplus reserve	
Adjustment of the minority shareholders' equity	

3. Equity in joint venture arrangement or associated enterprise

(1) Significant joint venture arrangement or associated enterprise

(2) Major joint ventures and associates

(3) Main financial information of significant associated enterprise

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

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

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

(7) The unrecognized commitment related to joint venture investment

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

4. Significant common operation

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

6. Other

XI. Government subsidy

1. Government subsidies recognized according to the receivable amount at the end of the reporting period

Applicable Not applicable

The reason for not receiving the estimated amount of government subsidies at the expected point in time

Applicable Not applicable

2. Liabilities involving government subsidies

☑Applicable ☐Not applicable

In RMB

Accounting subject	Beginning balance	New subsidy amount in the current period	Amount included in non-operating income in the current period	Amount transferred to other income in the current period	Other changes in the current period	Closing balance	Related to assets/income
Deferred income-Compensation for expropriation and relocation[Note 1]	865,739,777.28	249,024,441.63		45,055,654.75	-9,073,485.95(Note 2)	1,060,635,078.21	Related to assets
Deferred income- Compensation for expropriation and relocation[Note 1]		7,953,100.69		7,953,100.69			Related to income
Deferred income- other subsidies	275,880.00			68,970.00		206,910.00	Related to assets
Deferred income- other subsidies	11,365,472.57	8,954,440.00		11,491,189.37		8,828,723.20	Related income
Special payable- subsidy for personnel training funds	6,234,947.69	4,382,450.00		775,429.23		9,841,968.46	Related to income
Special payable- Compensation for expropriation and relocation	2,498,212.20	629,455.86			-3,127,668.06(Note 3)		
Subtotal	886,114,289.74	270,943,888.18		65,344,344.04	-12,201,154.0	1,079,512,679.87	

[Note 1] In accordance with the provisions of the Interpretation No. 3 of the Accounting Standards for Business Enterprises, the Company shall include special payables when it receives policy-based expropriation compensation, and when it compensates for the expropriation losses and newly built assets, it shall be transferred from the special payables to deferred income

[Note 2] It's due to change of the scope of consolidation that transferred out the deferred income of RMB 9,073,485.95 of the sales company

[Note 3] The subsidiary machinery company will be the policy relocation compensation balance into the capital reserves - other capital reserve

3. Government subsidies included in the current profit and loss

☑Applicable ☐Not applicable

In RMB

Accounting items	Amount incurred in the current period	Amount incurred in the previous period
Amount of government subsidies included in other income	90,154,915.70	73,312,545.42
Impacted amount of financial discount	12,777.79	

on total profit		
Total	90,167,693.49	73,312,545.42

Other note:

XII. Risks related to financial instruments

1. Risks related to financial instruments

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

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

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

(I) Credit risks

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

1. Credit risk management practice

(1) Evaluation method of credit risk

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

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

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

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

(2) Definition of default and credit impairment assets

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

1) The debtor has major financial difficulties;

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

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

4) The creditor gives concessions that the debtor will not make under any other circumstances due to economic or contractual considerations related to the debtor's financial difficulties.

2. Measurement of expected credit loss

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

3. Please refer to Notes X (7)4,5,6,8 and 17 of these financial statements for details of the reconciliation statement of the opening balance and closing balance of the financial instrument loss reserve.

4. Credit risk exposure and credit risk concentration

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

(1) Monetary fund

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

(2) Account receivable

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

As the Company only does business with recognized and reputable third parties, so no collateral is needed. Credit risks are centralized managed in accordance with customers. As of December 31,2023, the Company has a characteristic of specific credit risk concentration. 34.61% (December 31,2022: 37.17%) of the Company's accounts receivable comes from the top five customers. The Company does not hold any collateral or other credit enhancement for the balance of accounts receivable.

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

(II) Liquidation risks

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

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

Categorizing of financial liabilities on remained period to due

Items	Year-end balance				
	Book value	Contract amount not discounted	within 1 year	1-3 years	Over 3 years
Bank loans	788,318,040.44	812,028,339.70	581,556,041.73	230,472,297.97	
Notes payable	481,424,952.96	481,424,952.96	481,424,952.96		
Account payable	1,409,130,502.72	1,409,130,502.72	1,409,130,502.72		
Other payable	151,669,883.07	151,669,883.07	151,669,883.07		
Lease liabilities[Note]	35,691,782.26	36,975,758.52	20,561,705.82	15,395,787.98	1,018,264.72
Subtotal	2,866,235,161.45	2,891,229,436.97	2,644,343,086.30	245,868,085.95	1,018,264.72

(Continued)

Items	Year-beginning balance				
	Book value	Contract amount not discounted	within 1 year	1-3 years	Over 3 years
Bank loans	478,294,409.30	501,882,838.03	331,194,021.29	119,282,104.41	51,406,712.33
Notes payable	411,886,347.73	411,886,347.73	411,886,347.73		
Account payable	1,202,915,727.29	1,202,915,727.29	1,202,915,727.29		
Other payable	203,788,336.85	203,788,336.85	203,788,336.85		

Items	Year-beginning balance				
	Book value	Contract amount not discounted	within 1 year	1-3 years	Over 3 years
Lease liabilities	28,499,402.41	30,325,807.64	13,119,175.05	14,501,193.61	2,705,438.98
Subtotal	2,325,384,223.58	2,350,799,057.54	2,162,903,608.21	133,783,298.02	54,112,151.31

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

(III) Market risks

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

1. Interest risks

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

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

As of December 31, 2023, the company's bank borrowings with floating interest rate were RMB 293,600,000.00 (December 31, 2022: RMB160,000,000.00). Under the assumption that other variables remain unchanged, assuming that the interest rate changes by 50 benchmark points, there will be no significant impact on the company's total profits and shareholders' equity.

2. Foreign currency risks

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

Details of the company's foreign currency monetary assets and liabilities at the end of the period are described in note X (VII)81 to the Financial Statements.

2. Hedging

(1) The Company conducts hedging business for risk management

Applicable Not applicable

(2) The Company conducts qualified hedging business and applies hedge accounting**(3) The Company conducts hedging business for risk management and expects to achieve risk management objective but does not apply hedge accounting**

Applicable Not applicable

3. Financial assets**(1) Classification of transfer methods**

Applicable Not applicable

(2) Financial assets that have been derecognized as a result of a transfer

Applicable Not applicable

(3) Financial assets of continued involvement in asset transfer

Applicable Not applicable

XIII. The disclosure of the fair value**1. Closing fair value of assets and liabilities calculated by fair value**

In RMB

Items	Closing fair value			Total
	Fair value measurement items at level 1	Fair value measurement items at level 2	Fair value measurement items at level 3	
I. Consistent fair value measurement	--	--	--	--
—Consistent fair value measurement				
1. Transactional financial assets and other non-current financial assets	1,960,706.24	724,756.61	571,736,794.47	574,422,257.32
Financial assets classified as fair value through profit or loss	1,960,706.24	724,756.61	571,736,794.47	574,422,257.32
Structure deposit			536,200,000.00	536,200,000.00
Financing product			30,002,021.25	30,002,021.25
Equity instrument investment	1,960,706.24		5,534,773.22	7,495,479.46
Derivative financial assets		724,756.61		724,756.61
2. Financing receivable			756,873,166.56	756,873,166.56
3. Other equipment instrument investment	2,721,470,812.06			2,721,470,812.06
Total liabilities of consistent fair value measurement	2,723,431,518.30	724,756.61	1,328,609,961.03	4,052,766,235.94

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

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

3. Continuous and non-continuous Second-

level fair value measurement items, using valuation techniques and qualitative and quantitative information on important parameters

4. Continuous and noncontinuous thirdlevel fair value measurement items, using valuation techniques and qualitative and quantitative information on important parameters

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

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

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

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

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

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

9. Other

XIV. Related party and related Transaction

1. Information related to parent company of the Company

Name of the parent company	Registered place	Business nature	Registered capital	Shareholding ratio in the Company (%)	Voting ratio in the Company (%)
Turbine Holdings	Hangzhou	Manufacturing	800 million	58.68%	58.68%

Notes

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

2.Subsidiaries of the enterprise

For details of the subsidiary, see note X,10,1 to the financial statements.

3. Information on the joint ventures and associated enterprises of the Company

4.Other related parties of the Company

Name of other related parties	Relationship with the Company
Hangzhou Capital	The parent company of Hangzhou Steam Turbine Holdings
Hangzhou Xiangjiang Technology Co., Ltd.	A subsidiary enterprise of Hangzhou Turbine Holdings
Hangzhou Guoyu Property Management Co.,Ltd.	A subsidiary enterprise of Hangzhou Turbine Holdings
Hangzhou Turbine Compressor Co., Ltd.	A subsidiary enterprise of Hangzhou Turbine Holdings, was cancelled on September 6, 2023
Hangzhou Oxygen Group Co., Ltd	Affiliated enterprise of Hangzhou Capital
Hangzhou Oxygen Turbine Machinery Co., Ltd	Affiliated enterprise of Hangzhou Oxygen
Hangzhou Oxygen Expander Machine Co., Ltd.	Affiliated enterprise of Hangzhou Oxygen
Hangzhou Oxygen Cryogenic Container Co., Ltd	Affiliated enterprise of Hangzhou Oxygen
Hangzhou Oxygen Tooling Pump Co., Ltd	Affiliated enterprise of Hangzhou Oxygen
Hangzhou Oxygen Machine Research Institute Co., LTD	Affiliated enterprise of Hangzhou Oxygen
Greenesolpower systems PVT Ltd.	shareholding enterprise of the company
Sales Company	Original Subsidiary, which completed the equity transfer at the end of December 2023, became an associated enterprise of Hangzhou Steam Turbine Holdings Company
Industry and trade Company	The subsidiary of the Sales Company was transferred out along with the equity transfer of the Sales Company at the end of December, 2023, and became a subsidiary of the affiliated enterprise of Hangzhou Steam Turbine Holdings Company

5.Related transaction

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

Purchase of goods and service

In RMB

Related parties	Content of related transaction	Amount of current period	Amount of previous period	Over the trading limit or not?	Amount of last period
Hangzhou Oxygen Tooling Pump Co., Ltd	Regulating value	128,318.59	150,000.00	No	292,917.77
Greenesol power systems PVT Ltd.	Technical service	89,172.00	1,000,000.00	No	1,389,571.62
Hangzhou Oxygen Turbine Machinery Co., Ltd	Part		1,800,000.00	No	1,785,840.69
Hangzhou Oxygen Machine Research Institute Co., Ltd	Test				4,528.30
Subtotal		217,490.59	2,950,000.00	No	3,472,858.38

Related transactions regarding sales of goods or providing of services

In RMB

Related parties	Subjects of the related transactions	Current term	Same period of last term
Hangzhou Oxygen Co., Ltd	Auxiliary	8,849,557.53	21,824,796.49
Greenesolpower systems PVT Ltd.	Part	3,355,861.57	2,974,801.65
Hangzhou Oxygen Expander Machine Co., Ltd.	Auxiliary, Part	415,929.20	104,424.77
Hangzhou Oxygen Cryogenic Container Co., Ltd	Transport service	30,733.94	87,981.66
Hangzhou Turbine	Material repair		4,344.52
Subtotal		12,652,082.24	24,996,349.09

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

- The company was lessee:

In RMB

Lessor	Category of leased assets	Rental charges for short-term and low-value assets (if any)		Variable lease payments not included in lease liabilities measurement (if any)		Rent paid		Interest expenses on lease liabilities assumed		Increased use right assets	
		Amount of	Amount of	Amount of	Amount of	Amount of	Amount of	Amount of	Amount of	Amount of	Amount of
		current period	previous period	current period	previous period	current period	previous period	current period	previous period	current period	previous period
Hangzhou Xiangji Technology Co., Ltd.	House and Building					1,145,495.20	1,145,495.20	181,034.56	225,264.58		
Industry and Trade Company	House and Building									689,2143.29	[Note 9]

[Note] Due to the fact that the sales company of the subsidiary is no longer included in the scope of the consolidated statement, the original book value of the increased right-to-use assets for the long-term lease of its subsidiary, the Industrial and Trade Company, was recognized at the end of 2023

(4) Related-party guarantee

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

In RMB

Items	Current term	Same period of last term
Remunerations of key managements	14,664,240.90	13,050,763.17

(8) Other related transactions

1) Equity acquisition

In December 2023, the Company transferred its 30% equity in the sales company to Hangzhou Steamship Holding Company at a price of RMB 28,920,000.00.

2) Equity transfer

In December 2023, the Company transferred 30% equity of the Sales Company to Hangzhou Steam Turbine Holdings Company at a price of RMB 28,920,000.00.

3) Trademark royalty

The Company may exclusively use the registered trademark owned by Hangzhou Steam Turbine Holdings Company for free in the current period.

4) Exclusive license of intangible assets

In the current period, the Company exclusively uses 82 patents, 6 software copyrights, non-patented technologies and R&D achievements related to the 50MW power gas turbine R&D project (i.e. licensed project) owned by Hangzhou Steam Turbine Holdings Company for free.

5) Other

In the current period, due to the settlement agreement signed by the end user and Hangzhou Steam Turbine Holdings Company, the corresponding Hangzhou Steam Turbine Holdings Company signed a contract termination agreement with the Company, and the Company recognized the liquidated damages income of Hangzhou Steam Turbine Holdings Company of RMB 16,378,000.00.

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
Account receivable	Greenesol power systems PVT Ltd.	15,024,890.99	14,990,316.19	14,774,392.59	14,738,519.62
	Hangzhou Oxyen Turbine Machinery Co., Ltd.	6,666,500.00	6,376,000.00	7,847,500.00	7,847,500.00
	Hangzhou Oxyen Co., Ltd.	275,000.00	13,750.00		

	Hangzhou Steam Turbine Compressor Co., Ltd'			59,000.00	59,000.00
	Hangzhou Oxyen Cryogenic Container Co., Ltd			46,600.00	2,330.00
Subtotal		21,966,390.99	21,380,066.19	22,727,492.59	22,647,349.62
Financing receivable	Hangzhou Oxyen Turbine Machinery Co., Ltd.	2,500,000.00			
	Hangzhou Oxyen Co., Ltd.			7,050,000.00	
Subtotal		2,500,000.00		7,050,000.00	
Other receivable	Hangzhou Xiangjiang Technology Co., Ltd.	601,384.98	360,830.99	601,384.98	180,415.49
	Industry and trade Company	121,091.88	6,054.59		
Subtotal		722,476.86	366,885.58	601,384.98	180,415.49
Construct assets	Hangzhou Oxyen Co., Ltd.	3,719,000.00	310,650.00	2,823,000.00	141,150.00
	Hangzhou Oxyen Expander Machine Co., Ltd.	47,000.00	2,350.00		
	Hangzhou Oxyen Turbine Machinery Co., Ltd.			489,000.00	48,900.00
Subtotal		3,766,000.00	313,000.00	3,312,000.00	190,050.00

(2) Payables

In RMB

Name	Related party	Amount at year	Amount at year beginning
Account payable	Sales Company	15,451,123.39	
	Industry and trade Company	2,360,725.17	
	Greenesol power systems PVT Ltd.	1,857,484.54	2,625,853.11
	Hangzhou Oxyen Turbine Machinery Co., Ltd.	106,194.68	557,522.07
	Hangzhou Oxyen Tooling Pump Co., Ltd		128,316.00
Subtotal		19,775,527.78	3,311,691.18
Notes Payable	Industry and trade Company	600,000.00	
	Sales Company	330,000.00	
Subtotal		930,000.00	
Construct liabilities	Hangzhou Oxyen Turbine Machinery Co., Ltd.	3,584,070.80	
	Greenesol power systems PVT Ltd.	41,208.81	640,216.61
	Turbine Holdings		14,493,805.32
	Hangzhou Oxyen Co., Ltd.		3,539,823.01
	Hangzhou Oxyen Expander Machine Co., Ltd.		124,778.76
Subtotal		3,625,279.61	18,798,623.70
Other payable	Turbine Holdings	211,830.51	15,211,830.51
	Sales Company	100,000.00	
Subtotal		311,830.51	15,211,830.51
Lease liabilities	Industry and trade Company	4,290,971.40	
	Hangzhou Xiangjiang Technology Co., Ltd.	3,085,078.68	4,049,539.32
Subtotal		7,376,050.08	4,049,539.32

7. Related party commitment

8. Other

XV. Stock payment

1. The Stock payment overall situation

√ Applicable □ Not applicable

In RMB

Grant object category	Grant in the current period		Exercise in the current period		Unlocking in the current period		Failure in the current period	
	Qty	Amount	Qty	Amount	Qty	Amount	Qty	Amount
Management staff					9,254,045	33,672,577.14	434,803	1,579,155.31
Total					9,254,045	33,672,577.14	434,803	1,579,155.31

[Note] The number of original shares unlocked in the current period is 5,932,080, and the number of invalid original shares is 278,720. Those in the table are all after previous bonus shares, with 3 bonus shares for every 10 shares in the 2021 profit distribution plan and 2 bonus shares for every 10 shares in the 2022 profit distribution plan.

Stock options or other equity instruments issued at the end of the period

√ Applicable □ Not applicable

Grant object	Other equity instruments outstanding at the end of the period	
	Strike price Range	Remaining term of the contract
Management personnel, R& D personnel, Sales personnel, production personnel	The price of restricted shares initially granted in September 2021 and reserved for grant in December 2021 was HK\$ 6.625 per share.	The lock-up period for the first grant and reserved grant of restricted shares is 24 months, 36 months and 48 months respectively from the date of completion of the registration of restricted shares.

Other note:

(1) Restricted stocks released in the current period

According to the *Proposal on Achievement of Partial First-phase Lifting of Restricted Sale of the First Grant Part of Restricted Stock Incentive Plan in 2021*, which was reviewed and passed by the Third Meeting of the Ninth Board of Directors and the Third Meeting of the Ninth Board of Supervisors in 2023, as of October 23, 2023, the first period for restricted sale of restricted stock of first grant in 2021 in the equity incentive plan has expired. The number of restricted stocks that can be lifted for restricted sale is 9,254,045 shares.

(2) Restricted stock that lapses in the current period

According to the *Proposal on Repurchase and Cancellation of Some Restricted Stocks* reviewed and passed by the Third Meeting of the Ninth Board of Directors and the Third Meeting of the Ninth Board of Supervisors in 2023, 14 of the incentive objects of the restricted stock incentive plan of the Company in 2021 are no longer qualified for incentive objects due to retirement and 3 due to resignation because of personal reasons; Two people are no longer qualified for incentive objects because their performance assessment results are not good or above, and some restricted stocks in the first lifting period do not meet the conditions for lifting the restricted sales. The above-mentioned retirees can still release the restricted sale of the corresponding shares according to the agreed conditions according to their specific tenure in the performance assessment period, and the remaining restricted sale that have not been released from the restricted sale shall not be released from the restricted sale, and the Company will repurchase and cancel them according to the granted price plus the interest of bank deposits in the same period; The above-mentioned restricted stocks that have been granted but have not been released from the restricted sale of the former employees shall be subject to repurchase cancellation by the Company according to the granted price. The above-mentioned restricted stocks whose restrict sales cannot be lifted in the current period due to personal performance assessment results shall be repurchased and cancelled by the Company according to the grant price. The number of restricted stocks cancelled in this repurchase is

RMB 434,803, and the repurchase price that the Company should pay for this restricted stock repurchase is RMB 1,394,403.00. The above-mentioned repurchased and cancelled restricted stocks are verified by Pan-China Certified Public Accountants (special general partnership), who issues the *Capital Verification Report* (TJY [2023] No.716). Upon the audit and confirmation by Shenzhen Branch of China Securities Depository and Clearing Corporation Limited, this repurchase and cancellation of restricted stocks were completed on January 2, 2024. The Company has completed the industrial and commercial change registration procedures on January 5, 2024.

2. Equity-settled share-based payment

Applicable Not applicable

In RMB

Significant parameters of fair value of equity instruments on the grant date	Closing price on the grant date
Basis for determining the number of unlockable equity instruments	Best estimate of the number of unlocked
Cumulative amount of equity-settled share-based payment included in capital reserve	116,237,990.12
Total expenses recognized for equity-settled share-based payments in the current period	44,897,248.13

Other note:

3. The Stock payment settled by cash

Applicable Not applicable

4. Modification and termination of the stock payment

Applicable Not applicable

In RMB

Grant object category	Equity-settled share-based payment fees	Cash-settled share-based payment fees
Management staff	24,517,471.39	
R&D staff	7,401,707.41	
Sales staff	4,429,212.60	
Production staff	8,548,856.73	
Total	44,897,248.13	

5. Revised and termination on share-based payment

6. Other

XVI. Commitment or contingency

1. Important commitments

Important commitments in balance sheet date

As of December 31, 2023, the outstanding balance of L/G issued by the Company and its subsidiaries in relevant banks was EUR 55,483,160.00 and SEK 450,954,750.00, and the outstanding balance of L/G was USD 12,790,931.50, EUR 1,576,354.20 and RMB 1,132,729,597.18.

II Contingency

(1) Significant contingency at balance sheet date

In October 2019, Hesheng Electric (Shanshan) Co., Ltd (hereinafter referred to as Hesheng Company) filed a lawsuit against Zhongneng Company in the Turpan Intermediate People's Court, requesting to cancel the "25MW Backpressure Steam Turbine and Auxiliary Equipment Sales Contract" (contract number: SSDY-2016-019, the total contract price is 5.75 million yuan) signed by the two parties, and Zhongneng Company to refund the paid amount of 4.76 million yuan of goods payment and compensate 66.29 million yuan for various losses. In March 2021, the Turpan Intermediate People's Court issued the Civil Mediation Letter, according to which after completing the maintenance of the rotor and accessories and reinstalling and debugging the steam turbine unit to achieve 72+24-hour smooth operation, Hesheng Company shall pay the maintenance fee of 1.193 million yuan and the final payment of the contract of 1.19 million yuan; and if the delivered steam turbine unit has quality problems and cannot be started and used normally due to reasons attributable to Zhongneng Company, Zhongneng Company needs to refund the received payment of 4.76 million. After the mediation letter came into effect, Zhongneng completed the maintenance, installation and commissioning work according to the agreement, the steam turbine unit was connected to the grid and operated with load, and Hesheng Company unilaterally stopped the operation of the equipment on the grounds of defects elimination. On April 7, 2022, Hesheng filed a lawsuit in the People's Court of Shanshan, Xinjiang Uygur Autonomous Region, arguing that the steam turbine unit delivered by Zhongneng after completing the maintenance still can not be started and used normally, and regarded as the purpose of the contract can not be achieved, and demanded to terminate the original contract and Zhongneng Company refunds the paid amount of 4.76 million yuan and compensates various losses of 89.55 million yuan (including 3.55 million yuan for third-party procurement price difference, 85 million yuan for production loss and 1 million yuan for labor loss). In May 2022, Zhongneng countersued Hesheng Company for continued to perform the original contract, requiring it to pay maintenance fees of 1.193 million yuan and the final payment of 1.19 million yuan of the contract. As of the date of approval of this financial report, the case has not yet been tried.

On January 4, 2023, Shanshan County People's Court entrusted Zhejiang Testing & Inspection Institute for Mechanical and Electrical Products Quality Co.,Ltd. to appraise the 25MW back-pressure steam turbine involved. On March 12, 2023, Zhejiang Testing & Inspection Institute for Mechanical and Electrical Products Quality Co.,Ltd. appraised the unit in Hesheng Company, and on August 18, 2023, it issued the *Appraisal Opinion* ([2023] JDZJ Zi No.050): "According to the operation condition on September 28, 2021, the problems of vibration and differential expansion have been eliminated, and other factors have no impact on the continuous start-up and smooth operation for 72+24 hours, that is, the turbine involved can continue to start-up and operate smoothly for 72+24 hours under the operation condition on September 28, 2021."

Because the appraisal time was too long, which affected the trial limit, the Shanshan County People's Court did not accept the lawsuit of Hesheng Company and the counterclaim of Zhongneng Company, and both parties were requested to resubmit the litigation materials for prosecution. Zhongneng Company submitted the materials of March 2024, and Hesheng Company has not resubmitted the litigation materials.

As of the date of approval of the financial statements, the case has not yet been heard.

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

There was no significant contingency in the Company.

3.Other**XVII. Events after balance sheet date****1. Significant events had not adjusted****2. Profit distribution**

Profit or dividend proposed to be distributed	According to the 2023 annual profit distribution plan reviewed and passed the 6th Meeting of the 9th board of director of the Company on April 28, 2024, Based on the Company's total share capital of 1,175,444,400 shares at the end of 2023, after deducting 434,803 treasury shares repurchased in December 2023 due to the retirement and resignation of equity incentive objects, that is, based on 1,175,009,597 shares, a cash dividend of RMB 5 (including tax) will be distributed to all shareholders for every 10 shares, The above profit distribution plan is subject to approval by the shareholders' meeting
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3. Sales return**4. Notes of other significant events****(1) Repurchase and cancellation of restricted stocks**

In January, 2024, the repurchase and cancellation of restricted stocks were completed. See the explanation in Section X.II.2 of this report for details.

(2) Lifting of restricted stock from restricted sale

According to the Proposal on Achievement of Partial First-phase Lifting of Restricted Sale of the Reserved Grant Part of Restricted Stock Incentive Plan in 2021, which was reviewed and passed by the Fourth Meeting of the Ninth Board of Directors and the Fourth Meeting of the Ninth Board of Supervisors in 2024, as of January 15, 2024, the first period for restricted sale of restricted stock of reserved grant in 2021 in the equity incentive plan has expired. The number of restricted stocks that can be lifted for restricted sale is 700,128 shares.

(3) Acquisition of minority shares in Machinery Company

In January 2024, according to the relevant equity transfer agreement, Hangzhou Turbine Lanjin Enterprise Management Consulting Partnership (Limited Partnership), Hangzhou Steam Turbine Industry Co., Ltd., Tong Haiwen, Lin Feng, Wang Fang, Yang Yang and Bu Hanming, the shareholders of the Machinery Company, transferred a total of 18% equity of the Machinery Company to the Company. The registration procedures for industrial and commercial changes was completed on January 10, 2024 for the above equity transfer.

XVIII. Other significant events**1. The accounting errors correction in previous period**

(1) Retrospective restatement

(2) Prospective application

2. Debt restructuring**3. Replacement of assets**

(1) Non-monetary assets exchange

(2) Other assets replacement

4. Pension plan**5. Discontinuing operation****6. Segment information**

(1) Recognition basis and accounting policies of reportable segment

(2) The financial information of reportable segment

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

The Company's main business is to produce and sell industrial steam turbines, their auxiliaries, accessories and other products. The Company regards such business as a whole to implement management and evaluate the operating results. Therefore, the Company does not need to disclose segment information. The operating income and operating costs of the Company by product/region are detailed in Note X VII (61) 1 of the Financial Statements.

(4) Other note

7. Other important transactions and events have an impact on investors' decision-making**8. Other**

(1) Shiqiao Road Factory Relocation

According to the planning of the Hangzhou Municipal Government, the property right bodies of 6 companies including Hangzhou Steam Turbine Holdings within the plant area of Hangzhou Steam Shiqiao Road factory area were included in the scope of the Expropriation and Relocation Planning. According to the Hangzhou Municipal People's Government's Minutes (Hangfu Minutes [2016] No. 87) on the relevant issues concerning the compensation for the relocation of the Steam Turbine Shiqiao road plant area and the spirit of

the minutes (Hangfu Minutes [2016] No. 47) of the special meeting of Hangzhou Municipal people's Government on the relevant issues concerning speeding up the relocation of the Shiqiao Road Factory area of Hangzhou Steam Turbine and the Construction of the Hangzhou Steam Turbine Heavy Industry Project, Hangzhou Municipal Government, in accordance with the principle of "one factory, one policy", determines that the compensation for the overall relocation of the plant area of Hangzhou Steam Turbine Shiqiao road plant is RMB 1.815 billion, with the compensation contents include the compensation for physical assets such as buildings, structures, housing renovations, equipment, and land within the area of relocation, as well as personnel resettlement fees, compensation fees for shutdown loss and production stoppage loss and incentive fees, and the compensation agreement shall be signed by the Xiacheng Urban Construction Investment Group—the land-making main-body affiliated to Hangzhou Xiacheng District Municipal Government with each relocation unit.

On March 21, 2018, based on the evaluation opinion of Kunyuan Assets Appraisal Co., Ltd (No. 606-2017 Kunnyuan Appraisal Report, No. 609-2017 Kunnyuan Appraisal Report, No. 18-2018 Kunnyuan Appraisal Report,), the company signed the "Relocation Compensation Agreement for Non-residential Buildings on State-owned Land" with Xiacheng Urban Construction Investment Group, and determined that Xiacheng Urban Construction Investment Group shall make full monetary relocation compensation for the Company and its subsidiary the Machinery Company, with the total amount of compensation for various physical assets and expenses is RMB 1,321,860,410.00 (Including the incentive fee of RMB 35,275,640.00), and this aforementioned compensation shall be firstly collected by Hangzhou Steam Turbine Holdings.

After the Company and its subsidiaries received the compensation of RMB 257,606,998.18 in the current period, a total compensation of RMB 1,315,425,632.63 had been received, so far all the compensation had been received. In the current period, the Company and its subsidiaries incurred relocation expenses of RMB 7,953,100.69, and accumulated a relocation expense of RMB 267,950,491.84; The Company and its subsidiaries incurred an asset purchase and construction expenditure of RMB 249,024,441.63, and accumulated an asset purchase and construction expenditure of RMB 1,044,347,472.73; The Company correspondingly carried forward the special payable-compensation for relocation of RMB 256,977,542.32, which was included in deferred income and other income. In addition, in the current period, the subsidiary Machinery Company transferred its compensation balance of RMB 3,127,668.06 to capital reserve-other capital reserve.

(2) Relocation of Zhongneng Company

The 27th meeting of the Eighth Board of Directors of the Company reviewed and passed the *Proposal on Zhongneng Company's Investment in Building a New Production Base*. Zhongneng Company started the overall relocation of the enterprise and planned to invest in building a new production base in Qianjin Manufacturing Park, Dajiangdong Industrial Cluster Area, Qiantang New District, Hangzhou. According to the needs of the development and construction of Dongbuwan New Town in Qiantang New District, Hangzhou, Zhongneng Company and the development and construction headquarters of Dongbuwan New Town in Hangzhou signed the *Compensation Agreement for Relocation of Non-residential Houses* on February 13, 2023. The relevant plots are No.18, 22nd Street, Baiyang Block, Hangzhou Economic and Technological Development Zone and No.855, 18th Street, Baiyang Block, Hangzhou Economic and Technological Development Zone. The compensation includes compensation for real estate, decoration and accessories within the relocation scope, compensation for equipment relocation, relocation expenses, loss of production and business suspension (including compensation for employee resettlement, operating losses, etc.), contract award and plot ratio subsidy award, etc. The total compensation for relocation of the two plots is RMB 202.227 million. On December 18, 2023, Zhongneng Company completed the handover work within the relocation scope of No.855, 18th Street, Baiyang Block, Hangzhou Economic and Technological Development Zone, and received 90% of

the compensation funds for the plot relocation, namely RMB 85,154,850.00, and recognized the income from the disposal of the relocated assets of RMB 65,888,315.19. As of December 31, 2023, the relocation project of No.18, 22nd Street, Baiyang Block, Hangzhou Economic and Technological Development Zone had not been completed, and 60% of the compensation funds for this plot relocation, namely RMB 64,566,300.00 (including RMB 58,696,860.00 for relocation compensation and RMB 5,869,440.00 for incentive subsidies) had been received.

(3) Transfer of the equity of controlling shareholder

On February 3, 2023, the Company received a notice from its controlling shareholder, Hangzhou Steam Turbine Holdings Company, that Hangzhou Steam Turbine Holdings Company intended to transfer 5% of its unlisted circulating shares (49,008,999 shares) by public solicitation at a transfer price of no less than RMB 8.95 per share (the arithmetic average of the daily weighted mean price in the 30 trading days before the suggestive announcement date of the listed company and the audited net asset value per share of the listed company in the latest fiscal year, whichever is higher). On March 10, 2023, the Company received a written notice from Hangzhou Steam Turbine Holdings Company, and the public solicitation transfer plan has been filed in the state-owned asset management information system. Hangzhou Qitong Equity Investment Partnership (Limited Partnership) was determined to be the intended transferee in this public solicitation transfer through comprehensive evaluation by Hangzhou Steam Turbine Holdings Company. On April 3, 2023, Hangzhou Steam Turbine Holdings Company and Hangzhou Qitong Equity Investment Partnership (Limited Partnership) signed the *Share Transfer Agreement* with entry-into-force conditions, to transfer 49,008,999 shares at a price of RMB 8.95 per share, with a total share transfer price of RMB 438,630,541.05. On June 5, 2023, Hangzhou Steam Turbine Holdings Company registered its 49,008,999 unlisted shares (accounting for 5% of the Company's total share capital) under the name of Hangzhou Qitong Equity Investment Partnership (Limited Partnership). The Company has completed the relevant industrial and commercial change procedures on July 13, 2023.

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

1. Accounts receivable

(1) Disclosure according to the aging

In RMB

Aging	Balance in year-end	Balance Year-beginning
Within one year(one year included)	920,119,639.65	724,266,757.49
1-2 years	456,641,110.95	455,105,646.76
2-3 years	296,849,266.51	307,281,131.33
Over 3 years	532,143,329.79	645,374,771.96
3-4 years	167,941,610.93	185,462,760.12
4-5 years	72,219,824.81	111,413,542.91
Over 5 years	291,981,894.05	348,498,468.93
Total	2,205,753,346.90	2,132,028,307.54

(2) According to the bad debt provision method classification disclosure

In RMB

Categor	Amount in year-end	Balance Year-beginning
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y	Book Balance		Bad debt provision		Book value	Book Balance		Bad debt provision		Book value
	Amount	Proportion(%)	Amount	Proportion(%)		Amount	Proportion(%)	Amount	Proportion(%)	
Including:										
Accrual of bad debt provision by portfolio	2,205,753,346.90	100.00%	595,277,375.07	26.99%	1,610,475,971.83	2,132,028,307.54	100.00%	693,967,447.49	32.55%	1,438,060,860.05
Including:										
Total	2,205,753,346.90	100.00%	595,277,375.07	26.99%	1,610,475,971.83	2,132,028,307.54	100.00%	693,967,447.49	32.55%	1,438,060,860.05

Accrual of bad debt provision by portfolio:595,277,375.07

In RMB

Name	Closing balance		
	Book balance	Bad debt provision	Proportion
Aging portfolio	2,004,672,592.96	595,277,375.07	29.69%
Associated transaction portfolio	201,080,753.94		
Total	2,205,753,346.90	595,277,375.07	

Accrual of bad debt provision by portfolio:595,277,375.07

In RMB

Name	Closing balance		
	Book balance	Bad debt provision	Proportion
Within 1 year	779,779,269.43	38,988,963.47	5.00%
1-2 years	436,620,861.94	43,662,086.20	10.00%
2-3 years	282,079,026.51	84,623,707.95	30.00%
3-4 years	161,972,047.13	97,183,228.28	60.00%
4-5 years	67,009,993.90	53,607,995.12	80.00%
Over 5 years	277,211,394.05	277,211,394.05	100.00%
Total	2,004,672,592.96	595,277,375.07	

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

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

The withdrawal amount of the bad debt provision:

In RMB

Category	Opening balance	Amount of change in the current period				Closing balance
		Accrual	Reversed or collected amount	Write-off	Other	
Accrual of bad debt provision by Single term						
Accrual of bad debt provision by portfolio	693,967,447.49	-97,236,671.56	25,247.61	1,478,648.47	595,277,375.07	

Total	693,967,447.49	- 97,236,671.56	25,247.61	1,478,648.47		595,277,375.07
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(4) The actual write-off accounts receivable

In RMB

Items	Amount
The actual write-off accounts receivable	1,478,648.47

(5) The top five accounts receivable and contract assets at the end of the period aggregated according to debtor

In RMB

Name of the organization	Ending balance of accounts receivable	Ending balance of contract assets	Ending balance of accounts receivable and contract assets	Proportion to the total ending balance of accounts receivable and contract assets	Ending balance of accounts receivable bad debt provision and contract asset impairment provision
Client 1	714,134,399.47	83,078,464.51	797,212,863.98	30.49%	163,607,122.30
Client 2	172,252,704.19	7,176,500.00	179,429,204.19	6.86%	86,854,579.40
Client 3	133,698,581.62	38,379,940.00	172,078,521.62	6.58%	
Client 4	99,978,988.32	9,659,200.00	109,638,188.32	4.20%	9,370,431.11
Client 5	72,411,200.00		72,411,200.00	2.77%	7,241,120.00
Total	1,192,475,873.60	138,294,104.51	1,330,769,978.11	50.90%	267,073,252.81

2. Other account receivable

In RMB

Item	Ending balance	Opening balance
Dividend receivable		110,000.00
Other receivable	6,258,018.53	8,287,079.99
Total	6,258,018.53	8,397,079.99

(1) Interest receivable**1) Category****2) Important overdue interest****3) Accrual of bad debt provision**

Applicable Not applicable

4) Bad debt provision accrual, collected or reversal in the period**5) Interest receivables actually written off in the current period****(2) Dividend receivable****1) Category**

In RMB

Items	Ending balance	Opening balance
China mechanical and Electrical Institute		110,000.00
Total		110,000.00

2) Important dividend receivable with over one year aged**3) Accrual of bad debt provision**

Applicable Not applicable

4) Bad debt provision accrual, collected or reversal in the period**5) Dividend receivables actually written off in the current period****(3) Other account receivable****1) By nature**

In RMB

Nature	Ending book balance	Opening book balance
Deposit	10,056,195.41	11,450,773.84
Provisional payment receivable	789,486.16	598,767.58
Other	866,480.12	1,672,805.50
Total	11,712,161.69	13,722,346.92

2) Disclosure by aging

In RMB

Aging	Ending book balance	Opening book balance
Within 1 year(Including 1 year)	4,306,954.42	7,013,397.47
1-2 years	1,909,699.00	399,429.02
2-3 years	35,987.84	1,680,368.59
Over 3 years	5,459,520.43	4,629,151.84
3-4 years	980,368.59	185.00
4-5 years	185.00	100,000.00

Over 5 years	4,478,966.84	4,528,966.84
Total	11,712,161.69	13,722,346.92

3) According to the bad debt provision method classification disclosure

In RMB

Category	Amount in year-end					Balance Year-beginning				
	Book Balance		Bad debt provision		Book value	Book Balance		Bad debt provision		Book value
	Amount	Proportion(%)	Amount	Proportion(%)		Amount	Proportion(%)	Amount	Proportion(%)	
Including:										
Accrual of bad debt provision by portfolio	11,712,161.69	100.00%	5,454,143.16	46.57%	6,258,018.53	13,722,346.92	100.00%	5,435,266.93	39.61%	8,287,079.99
Including:										
Total	11,712,161.69	100.00%	5,454,143.16	46.57%	6,258,018.53	13,722,346.92	100.00%	5,435,266.93	39.61%	8,287,079.99

Accrual of bad debt provision by portfolio:5,454,143.16

In RMB

Name of the Company	Ending balance		
	Book balance	Bad debt provision	Accrual ratio
Related party Portfolio	606,136.08		
Aging portfolio	11,106,025.61	5,454,143.16	49.11%
Including: Within 1 year	3,700,818.34	185,040.92	5.00%
1-2 years	1,909,699.00	190,969.90	10.00%
2-3 years	35,987.84	10,796.35	30.00%
3-4 years	980,368.59	588,221.15	60.00%
4-5 years	185.00	148.00	80.00%
Over 5 years 上	4,478,966.84	4,478,966.84	100.00%
Total	11,712,161.69	5,454,143.16	

Accrual of bad debt provision by portfolio: 5,454,143.16

Provision for bad debts is made according to the general model of expected credit losses

In RMB

Bad debt provision	Phase I	Phase II	Phase III	Total
	Expected credit losses over next 12 months	Expected credit losses for the entire duration (without credit impairment occurred)	Expected credit losses for the entire duration (with credit impairment occurred)	
Balance on January 1, 2023	282,135.61	39,942.90	5,113,188.42	5,435,266.93
January 1, 2023 balance in the current period				
——Transfer to stage	-95,484.96	95,484.96		

II				
—Transfer to stage		-3,598.78	3,598.78	
III				
Provision in the current period	-1,609.73	59,140.82	111,945.14	169,476.23
Written off in the current period			150,600.00	150,600.00
Balance on December 31, 2023	185,040.92	190,969.90	5,078,132.34	5,454,143.16

The division of each stage is based on: age within 1 year divided into the first stage, age of 1-2 years divided into the second stage, and age of more than 2 years divided into the third stage.

Provision for bad debts

In RMB

Bad debt provision	Phase I	Phase II	Phase III	Subtotal
	Expected credit losses over next 12 months	Expected credit losses for the entire duration (without credit impairment occurred)	Expected credit losses for the entire duration (with credit impairment occurred)	
Ending balance	185,040.92	190,969.90	5,078,132.34	5,454,143.16
End of the proportion of provision for bad debts (%)	4.30	10.00	92.41	46.57

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

Applicable Not applicable

4) Bad debt provision accrual, collected or reversal in the period

5) Other account receivables actually write-off during the reporting period

In RMB

Items	Amount
Other account receivables actually write-off	150,600.00

6) Top 5 other account receivable collected by arrears party at ending balance

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	31.68%	3,710,320.94
Hangzhou Ganghua Gas Co., Ltd.	Deposit	900,000.00	(Note)	7.68%	580,000.00
China Machinery Equipment Engineering Co., Ltd.	Deposit	600,000.00	Within 1 year	5.12%	30,000.00
Ningxia Baofeng	Deposit	500,000.00	1-2 years	4.27%	50,000.00

Energy Group Co.,Ltd.					
Hangzhou Yuhang Finance Bureau	Receivable temporary payment	472,553.00	Over 5 years	4.03%	472,553.00
Total		6,182,873.94		52.78%	4,842,873.94

Note: 3- 4 years: RMB 800,000.00, Over 5 year: RMB 100,000.00

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

3. Long-term equity investment

In RMB

Items	Closing balance			Opening balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Investments in subsidiaries	741,912,842.24		741,912,842.24	400,480,973.25		400,480,973.25
Total	741,912,842.24		741,912,842.24	400,480,973.25		400,480,973.25

(1) Investments in subsidiaries

In RMB

Investees	Opening balance	Opening balance of the impairment provision	Increase /decrease				Closing balance	Closing balance of impairment provision
			Add investment	Decreased investment	Withdrawn impairment provision	Other		
Auxiliary Machine Co.	46,286,513.41					160,741.27	46,447,254.68	
Packaged Co.	40,000,389.56					160,741.27	40,161,130.83	
Machinery Company	7,968,000.00		121,635,000.00				129,603,000.00	
Turbine Company	20,793,692.97					499,615.50	21,293,308.47	
Zhongneng Company	27,644,475.06						27,644,475.06	
Casting Company	11,220,000.00						11,220,000.00	
New Energy Company	205,642,806.18		100,000,000.00			4,104,500.00	309,747,306.18	
Ranchuang Company	25,669,783.27		130,000,000.00			126,583.75	155,796,367.02	
Sales Company	13,721,544.50			13,721,544.50				
China Mechanical Institute Company	1,533,768.30			1,533,768.30				

Total	400,480,973.25		351,635,00 0.00	15,255,312. 80		5,052,181.79	741,912,842.24	
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Note: Other changes are share-based payment expenses recognized in the current period

(2) Investments in associates and joint ventures

The recoverable amount is determined on the basis of the net amount of fair value less disposal costs

Applicable Not applicable

The recoverable amount is determined by the present value of the projected future cash flows

Applicable Not applicable

(3) Other note

4. Business income and Business cost

In RMB

Items	Amount of current period		Amount of previous period	
	Income	Cost	Income	Cost
Main business	3,281,547,555.63	2,774,495,184.23	3,165,445,499.40	2,453,557,174.72
Other	19,300,704.11	8,086,350.71	20,090,442.76	9,543,498.07
Total	3,300,848,259.74	2,782,581,534.94	3,185,535,942.16	2,463,100,672.79

Information related to the transaction price allocated to the remaining performance obligation:

At the end of the reporting period, the amount of revenue corresponding to the performance obligations with signed contract but not yet fulfilled or not fulfilled is RMB 3,482,470,000.00, of which the revenue of RMB is expected to recognize in year, the revenue of RMB is expected to recognize in year, and the revenue of RMB is expected to recognize in year.

5. Investment income

In RMB

Items	Occurred current term	Occurred in previous term
Dividend income from other equity instrument investments during the holding period	108,750,082.40	95,156,322.10
Long-term equity investment income by Cost method	83,936,420.00	90,883,630.00
Investment income obtained from the disposal of trading financial assets	9,448,780.38	31,896,620.07
Disposition of the investment income generated by the long-term equity investments	921,239.53	
Discounted loss of financing receivable	-2,527,719.35	-1,721,444.27
Investment income obtained from the disposal of other non-current financial assets		208,000.00
Total	200,528,802.96	216,423,127.90

6. Other

XX. Supplement information

1. Particulars about current non-recurring gains and loss

√ Applicable □ Not applicable

In RMB

Items	Amount	Notes
Non-current asset disposal gain/loss	80,700,238.39	It is mainly due to the proceeds from the relocation of assets of Zhongneng Company and the investment real estate disposal of Hangfa Company
Governmental Subsidy accounted as current gain/loss, except for those subsidies at with amount or quantity fixed by the national government and closely related to the Company's business operation.	82,198,992.80	It's mainly due to the government subsidy confirmed in the current period for the relocation compensation of the Shiqiao Road plant of the joint-stock company,
Gain and loss from change of the fair value arising from transactional monetary assets, transactional financial liabilities as held as well as the investment income arising from disposal of the transactional monetary assets, transactional financial liabilities and financial assets available for sale excluding the effective hedging transaction in connection with the Company's normal business	14,106,890.90	It is mainly due to the investment income of bank wealth management products
Capital occupation charges on non-financial enterprises that are recorded into current gains and losses	0.00	
Gain/loss on entrusting others with investments or asset management	0.00	
Gain/loss from external entrusted loan	0.00	
Asset impairment provisions due acts of God such as natural disasters	0.00	
Reverse of the provision for impairment of accounts receivable undergoing impairment test individually	0.00	
Gains due to that the investment costs for the Company to obtain subsidiaries, associates and joint ventures are lower than the enjoyable fair value of the identifiable net assets of the investees when making the investments	0.00	
Net gain and loss of the subsidiary under the common control and produced from enterprise consolidation from the beginning of the period to the consolidation date	0.00	
Gain/loss on non-monetary asset swap	0.00	
Gains/losses of debt restructure	6,496,130.62	It is mainly due to the debt restructuring income of Turbine Company
One-off costs incurred by the Company as a result of discontinued operations, such as expenses for employee arrangements	0.00	
One-time effect on current profit or loss due to adjustments in tax, accounting and other laws and regulations	0.00	
One-time share-based payments recognized due to cancellation and modification of equity incentive plans	0.00	
Gain or loss on changes in the fair value of employee benefits payable after the vesting date for cash-settled share-based payments	0.00	
Gain or loss on fair-value changes in investment property of which subsequent measurement is carried out using the fair	0.00	

value method		
Income from transactions with distinctly unfair prices	0.00	
Gain or loss on contingencies that are unrelated to the Company's normal business operations	0.00	
Income from charges on entrusted management	0.00	
Operating income and expenses other than the aforesaid items	64,888,473.66	It is mainly due to the liquidated damages income recognized by the customer's termination of the contract
Other gains and losses that meet the definition of exceptional gain/loss	0.00	
Less: Influenced amount of income tax	32,530,196.68	
Amount of influence of minority interests (After tax)	60,186,902.36	
Total	155,673,627.33	--

Details of other gains/losses items that meets the definition of non-recurring gains/losses:

Applicable Not applicable

There are no other gains/losses items that meet the definition of non-recurring gains/losses in the Company.

Explain the items defined as recurring profit (gain)/loss according to the lists of extraordinary profit (gain)/loss in Q&A Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public - -- Extraordinary Profit/loss

Applicable Not applicable

Items	Amount involved (RMB)	Reason
Property tax and individual income tax fee refund	443,793.98	In 2022, according to the Explanatory Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public - Non-recurring Gains and Losses (revised in 2023), recalculation recurring gains and losses should be re-calculated

2. Return on net asset and earnings per share

Profit of report period	Weighted average returns equity(%)	Earnings per share	
		Basic earnings per share(RMB/share)	Diluted earnings per share(RMB/share)
Net profit attributable to the Common stock shareholders of Company.	6.38%	0.44	0.44
Net profit attributable to the Common stock shareholders of Company after deducting of non-recurring gain/loss.	4.46%	0.31	0.31

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

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

Applicable Not applicable

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

Applicable Not applicable

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

4. Other

Hangzhou Turbine Power Group Co., Ltd.

April 30, 2024