

Wuhan Boiler Company Limited

2018 Interim Report

2018-019

August 2018

Section I Important Notes, Contents & Definition

The Board of Directors, the Board of Supervisors as well as all Board Directors, Supervisors and Senior Management of Wuhan Boiler Company Limited (hereinafter referred to as the “Company”) hereby warrant that this Interim Report is authentic, accurate and complete without any misstatement, misleading statement or material omission and will take individual and joint and several liabilities for that.

Mr. Stuart Adam Connor, Company Principal, Mr. Feng Zheng, the Accounting Principal, and Mr. Zhang Ke, the Accounting Division’s Principal (Accounting Manager), hereby ensure that the Financial Report enclosed in this Interim Report is true, accurate and complete.

All Board Directors attended the Board Meeting for reviewing this Report.

The audited 2017 annual net profits attributable to the shareholders with common shares after excluding non-recurring gains and losses were positive. In addition, KPMG Huazhen (Special General Partnership) issued a standard Auditor’s Report with unqualified opinion to the Company for year 2017 (as of December 31, 2017, the equity attributable to owners of the Company was RMB-1,281,838,103.18 and the net profit attributable to the shareholders with common shares after excluding non-recurring gains and losses was RMB107,478,875.35). Pursuant to Article 18 of the Interim Measures for the Transfer of Shares of STAQ, NET and Delisted Companies on National Equities Exchange and Quotations, WBC share transfer changed from three times a week to five times a week since May 2, 2018. The stock abbreviation has thus been changed to “Wuguo B5” and the stock code 420063 remains unchanged.

The Company has designated the website of the NEEQ (www.neeq.com.cn), Securities Times and Ta Kung Pao as the media for information disclosure. In strict accordance with applicable laws and regulations, the Company will perform its duty of information disclosure in an earnest and timely manner. Investors are kindly reminded to invest rationally and pay attention to possible risks.

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Definition

Term	Refers to	Definition
CSRC	Refers to	China Securities Regulatory Commission
Hubei CSRC	Refers to	Hubei Securities Regulatory Bureau under China Securities Regulatory Commission
SZSE	Refers to	Shenzhen Stock Exchange
The Company Law	Refers to	The Company Law of the People's Republic of China
The Securities Law	Refers to	The Securities Law of the People's Republic of China
The Stock Listing Rules	Refers to	The Stock Listing Rules of Shenzhen Stock Exchange (Revised in 2014)
The Articles of Association	Refers to	The Articles of Association of Wuhan Boiler Company Limited
Controlling shareholder	Refers to	Alstom (China) Investment Company Limited
WBG	Refers to	Wuhan Boiler Group Co., Ltd
Lanxiang Company	Refers to	Wuhan Lanxiang Energy & Environmental Protection Technologies Inc.
Alstom	Refers to	Alstom (a France-listed company)
Alstom Holdings	Refers to	Alstom Holdings
GE	Refers to	General Electric Company
GE Albany	Refers to	GE Albany Global Holdings B.V.
Company, the Company	Refers to	Wuhan Boiler Company Limited
The NEEQ website	Refers to	The website of the National Equities Exchange and Quotations (www.neeq.com.cn)
The cninfo website	Refers to	http://www.cninfo.com.cn
Report period	Refers to	January 1, 2018- June 30, 2018
RMB, RMB'0,000	Refers to	RMB yuan, RMB ten thousand yuan

Section II Company Profile & Financial Highlights

I. Basic information about the Company

Stock abbreviation	Wuguo B5	Stock code	420063
Stock abbreviation after change (if any)	Changed from “Wuguo B3” to “Wuguo B5” on May 2, 2018		
Stock exchange listed with	National Equities Exchange and Quotations (NEEQ)		
Company name in Chinese	武汉锅炉股份有限公司		
Abbreviation (if any)	武锅股份		
Company name in English (if any)	WUHAN BOILER COMPANY LIMITED		
Abbreviation (if any)	WBC		
Legal Representative	Stuart Adam Connor		

II. Contact information

	Board Secretary	Securities Representative
Name	Xu Youlan	Jin Lin
Contact address	No. 1, Liufangyuan Road, East Lake New Technology Development Zone, Wuhan, Hubei Province, P.R.China	No. 1, Liufangyuan Road, East Lake New Technology Development Zone, Wuhan, Hubei Province, P.R.China
Tel.	(027) 81993700	(027) 81993611
Fax	(027) 81993701	(027) 81993701
E-mail	youlan.xu@ge.com	lin.jin@ge.com

III. Other information

1. Contact information of the Company

Did any change occur to the registered address, office address and the postal code, website address and email address of the Company during the report period?

Applicable Not applicable

The registered address, office address and the postal code, website address and email address of the Company did not change during the report period. The said information can be found in the 2017 Annual Report.

2. About information disclosure and where this report is placed

Did any change occur to information disclosure media and where this report is placed during the report period?

Applicable Not applicable

The newspapers designated by the Company for information disclosure, the CSRC-designated website for the publication of the Interim Report and the location where this Interim Report is placed did not change during the report period. The detail information can be found in 2017 Annual Report.

IV. Major accounting data and financial indexes

Does the Company need to adjust retrospectively or restate accounting data of previous periods?

Yes No

	January-June 2018	January-June 2017	+/- (%)
Operating revenues (RMB)	556,997,518.83	581,637,970.56	-4.24%
Net profit attributable to shareholders of the Company (RMB)	78,802,262.57	20,043,916.05	293.15%
Net profit attributable to shareholders of the Company after excluding non-recurring gains and losses (RMB)	78,278,985.36	18,605,028.04	320.74%
Net cash flows from operating activities (RMB)	129,034,235.74	148,564,254.09	-13.15%
Basic EPS (RMB/share)	0.27	0.07	285.71%
Diluted EPS (RMB/share)	0.27	0.07	285.71%
Weighted average ROE (%)	6.30%	1.33%	4.97%
	June 30, 2018	December 31, 2017	+/- (%)
Total assets (RMB)	1,069,256,696.11	1,200,726,969.91	-10.95%
Net assets attributable to shareholders of the Company (RMB)	-1,142,616,651.66	-1,281,838,103.18	10.86%

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

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

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

Unit: RMB

	Net profit attributable to shareholders of the Company		Net assets attributable to shareholders of the Company	
	Report period	Same period of last year	Closing amount	Opening amount

According to Chinese accounting standards	78,802,262.57	20,043,916.05	-1,142,616,651.66	-1,281,838,103.18
Items and amounts adjusted according to overseas accounting standards				

3. Explain reasons for the differences between accounting data under domestic and overseas accounting standards

Applicable Not applicable

VI. Items and amounts of non-recurring gains and losses

Applicable Not applicable

Unit: RMB

Item	Report period	Note
Gain/loss on the disposal of non-current assets (including the offset part of the asset impairment provisions)	338,888.00	-
Others	184,389.21	-
Total	523,277.21	--

Explain the reasons if the Company classifies an item as a non-recurring gain/loss according to the definition in the Explanatory Announcement No. 1 on Information Disclosure for Public Listed Companies - Non-recurring Gains and Losses, or classifies any non-recurring gain/loss item mentioned in the said explanatory announcement as a recurrent gain/loss item

Applicable Not applicable

The Company didn't classify any non-recurring gain/loss item mentioned in the Explanatory Announcement No. 1 on Information Disclosure for Public Listed Companies – Non-recurring Gains and Losses as a recurrent gain/loss item.

Section III Business Highlights

I. Main business during report period

Is the Company subject to the disclosure requirements for special industries?

No.

In the first half year of 2018, as the “Belt and Road Initiative” carries on, the domestic EPC sector has entered a fast development stage. Upholding the “triple-win” principle, GE is working with Chinese EP companies to provide cleaner, more intelligent and efficient energy solutions for the world. With GE as a platform, the Company will also find strength from within so that it can move up to a new level of development and respond more vigorously to power demand at home and abroad.

In the report period, the Management and all employees dedicated to the following three priorities set out at the beginning of 2018:

1. Continued to provide high quality products cater for global market with the strength of technology, brand and manufacturing capacity.
2. Dedicated to expand its share in domestic market and improve its market position.
3. Continued to improve business operation management, provide more training to on-the-job employees, and continue with cost control, so as to complete orders with good quality and timely delivery and strengthen its competitiveness in the market.

Operating revenue achieved during the report period was RMB 556,997,518.83, decreased by 4.24% over the same period of last year; operating profit was RMB 79,946,613.91, increased by 142.89% as compared to the same period of last year; and net profit attributable to shareholders of the Company was RMB 78,802,262.57, increased by 293.15% over the same period of last year.

II. Material changes in main assets

1. Material changes in main assets

Applicable Not applicable

2. Main assets overseas

Applicable Not applicable

III. Core competitiveness analysis

Is the Company subject to the disclosure requirements for special industries?

No.

Core competitiveness represents the ability of a company to stay competitive in competition for a long time and is the key for the sustainable development of a company. Amid domestic and overseas markets and development opportunities, the Company is competitive in terms of brand, technology, etc.

1. Technological superiority

The advanced thermal power boiler technologies of the Company mainly include subcritical, supercritical and ultra-supercritical utility boiler technologies, as well as supercritical and subcritical circulating fluidized bed boiler technologies.

2. Overall upgrade of the Company's core technologies

Currently, the Company owns the latest (ultra) supercritical boiler technology, materials, software and standards, as well as relevant personnel training, and it is able to produce utility boilers and their relevant products that are in line with ASME standard, EN standard and domestic GB standard, which allows it to be a strong competitor of Harbin Electric, Shanghai Electric and Dongfang Electric in the domestic utility boiler market.

3. Increase of export orders

The controlling shareholder of the Company and its related parties have provided all-rounded business support for the Company by helping it secure many main component subcontracting orders of overseas projects to expand the export market. Along with the overall upgrade of its technologies, the Company has gradually solidified its position in the domestic market.

Section IV Performance Discussion and Analysis

I. Business overview

In the first half of 2018, domestic nuclear power, wind power and solar power generation grew at a faster rate. New progress was made in energy conservation and consumption reduction in the power industry. The overall efficiency of the energy industry has improved. However, due to rising coal prices and rising power generation costs, thermal power enterprises have a severe operating situation. Nearly half of the companies are in a state of loss, facing the grim situation of thermal power companies, with the guide of *the Belt and the Road*, the Company intends to expand China boiler and mill market with its advanced technology and high efficiency boiler products and positively work hard for GE internal orders. Management believes that the Company can make continuous and stable development with the dedication of all employees and the full support from GE.

During the report period, all the employees of the Company overcame difficulties and forged ahead under the leadership of the Management, saving expenses and at the same time keeping production and operation continuously stable. According to the Chinese accounting standards, for the report period, operating revenue achieved during the report period was RMB 556,997,518.83, decreased by 4.24% over the same period of last year; operating profit was RMB 79,946,613.91, increased by 142.89% as compared to the same period of last year; and net profit attributable to shareholders of the Company was RMB 78,802,262.57, increased by 293.15% over the same period of last year.

The Company's business scope is research, design, development and manufacturing of power plant boilers, special boilers, pressure vessel of Class 1, 2 & 3, boiler auxiliary equipment and desulphurization equipment, and sales of self-manufactured product (related governmental permit shall be obtained before engaging in the projects required mandatory license).

No changes occurred to the main business model and business line of the Company in the report period.

II. Main business analysis

See "I. Business overview" above

Year-on-year changes in major financial data:

Unit: RMB

	Report period	Same period of last year	+/- (%)	Main reasons for change
Operating revenues	556,997,518.83	581,637,970.56	-4.24%	—
Operating costs	410,826,165.74	535,201,975.94	-23.24%	—
Selling expenses	6,970,902.25	6,676,231.08	4.41%	Mainly due to selling department expense and tendering expense increase.
Administrative expenses	12,329,470.51	17,464,103.29	-29.40%	Mainly due to building taxes ect. reclassified to Taxes and surcharges

Financial costs	34,896,225.55	40,076,368.21	-12.93%	Mainly due to exchange loss decrease in the prior period
Corporate income tax expenses	1,467,423.21	14,318,819.11	-89.75%	Mainly due to the decrease of reduction of the temporary deductible differences resulted from the reversal of bad debts provision booked in previous years
Net cash flows from operating activities	129,034,235.74	148,564,254.09	-13.15%	Mainly due to payment for raw material for projects decrease this period
Net cash flows from investing activities	141,385.88	-3,066,368.50	104.61%	Mainly due to the decrease of payment for fixed assets this period
Net cash flows from financing activities	-140,817,909.46	-126,751,426.42	-11.10%	Mainly due to the decrease of entrusted loans this period
Net increase in cash and cash equivalents	-11,566,149.60	18,742,966.31	-161.71%	Mainly due to the changes of net cash flows from operating and financing activities

Major changes to the profit structure or sources of the Company during the report period:

Applicable Not applicable

There is no major change to the profit structure or sources of the Company during the report period.

Breakdown of main business

Unit: RMB

	Operating revenues	Operating costs	Gross profit rate	Increase/decrease of operating revenues over the same period of last year	Increase/decrease of operating costs over the same period of last year	Increase/decrease of gross profit rate over the same period of last year
Classified by industry:						
Manufacturing	552,526,751.17	410,826,165.74	25.65%	-4.60%	-23.23%	18.04%
Classified by product:						
Boilers and auxiliary	552,526,751.17	410,826,165.74	25.65%	-4.60%	-23.23%	18.04%

Classified by region:						
Domestic	10,007,052.91	8,955,217.78	10.51%	-89.04%	-90.15%	10.08%
Overseas	542,519,698.26	401,870,947.96	25.93%	11.21%	-9.53%	16.98%

III. Breakdown of non-core business

Applicable Not applicable

IV. Asset and liability analysis

1. Major changes in asset composition

Unit: RMB

	As of June 30, 2018		As of June 30, 2017		Change (%)	Explain any major change
	Amount	Proportion in total assets (%)	Amount	Proportion in total assets (%)		
Monetary funds	84,546,470.04	7.91%	96,112,619.64	8.00%	-0.09%	—
Accounts receivable	33,868,848.01	3.17%	63,922,312.54	5.32%	-2.15%	Mainly due to collection of accounts receivable which are booked in prior period
Inventories	167,338,355.07	15.65%	188,873,182.09	15.73%	-0.08%	—
Fixed assets	623,214,927.56	58.28%	638,252,905.72	53.16%	5.12%	—
Construction in progress	167,521.37	0.02%	167,521.37	0.01%	0.01%	—
Short-term loans	1,514,800,000.00	141.67%	1,624,800,000.00	135.32%	6.35%	Loan repayment

2. Assets and liabilities measured at fair value

Applicable Not applicable

Unit: RMB

Item	Opening balance	Gain/loss from change in fair value in this period	Accumulated gain/loss in the change of fair value included in equity	Impairment accrued in this period	Purchasing Amount in this period	Sales Amount in this period	Closing balance
Financial assets							

Derivative financial assets	1,750,839.77	-1,660,832.41					90,007.36
Total	1,750,839.77	-1,660,832.41					90,007.36
Financial liability	2,666,571.07	-374,441.92					2,292,129.15

In the report period, is there any material change in the measurement attribution of main assets of the Company?

Yes No

3. Restricted assets and rights as of end of report period

V. Investment analysis

1. Total investments

Applicable Not applicable

2. Major equity investments made in report period

Applicable Not applicable

3. Major non-equity investments ongoing in report period

Applicable Not applicable

4. Financial investments

(1) Securities investments

Applicable Not applicable

No such cases in report period

(2) Derivatives investments

Applicable Not applicable

Unit: RMB'0,000

Operator	Relation	Related party transaction or not	Type of derivative investment	Initial investment amount	Beginning date	Ending date	Opening investment amount	Purchased in report period	Sold in report period	Impairment provision (if any)	Closing investment amount	Proportion of the closing investment amount in the Company's closing	Actual gain/loss in report period
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												net assets (%)	
HSBC	Non-Relation	No	Forward FX contract	4,061	2014-10-28	2019-3-29	4,061	82.23	2,279.39		1,863.84	-1.63%	-380.27
SCB	Non-Relation	No	Forward FX contract	3,250.05	2016-11-30	2020-3-30	3,250.05	286.35	1,518.62		2,017.78	-1.77%	-178.96
Total				7,311.05	--	--	7,311.05	368.58	3,798.01		3,881.62	-3.40%	-559.23
Capital source for derivative investment				Own funds									
Any litigation involved (if applicable)				NA									
Disclosure date of the board announcement approving the derivative investment (if any)				April 26, 2018									
Disclosure date of the Shareholders' Meeting announcement approving the derivative investment (if any)				NA									
Analysis on risks and control measures of derivative products held in the report period (including but not limited to market risk, liquidity risk, credit risk, operation risk, law risk, etc.)				<p>In order to satisfy needs arising from business development and avoid risk concerning exchange rates, the Company signed forward FX contracts with HSBC, SCB, etc. respectively. For exchange rate fluctuations risk, the company and banks do collaborative exchange rate trend forecasts, closely track changes in exchange rates, changes in market conditions to implement dynamic management; For liquidity risk, foreign exchange hedging operations carried out by the company are based on the Company's estimated foreign exchange payments and collection of trade, because the foreign exchange hedging operations match with the actual foreign exchange trade, so this can ensure sufficient fund for settlement at delivery time, there is less affected on the liquidation of the company's current assets; For operational risk, the Company developed a standardized operational processes and authorization management systems, equipped with full-time staff and strictly control their authority to conduct foreign exchange hedging operations; while strengthening business related personnel training and professional ethics, and improving quality of personnel, and the establishing anomalies timely reporting system to avoid the occurrence of operational risk at the maximum; For credit risk, the Company's counterparties of foreign exchange hedging are reputable business and the company has established long-term business relationship with large commercial banks and foreign banks, so, basically there is no performance risk; For legal risk, the Company conducted foreign exchange hedging operations legally in accordance with relevant laws and regulations and relevant transaction management practices, and signed a legal agreement with the counterparties for clear and accurate terms to avoid possible legal disputes at the maximum; and the Company has carried out sufficient assessment and effective control on possible risk concerning credit, operation and cash flows.</p>									

Changes of market prices or fair values in the report period of the invested derivatives. And the analysis on the fair value of the derivatives should include the specific use methods and the relevant assumptions and parameters.	The company recognized the gain and loss of fair values of the invested derivatives, the fair values loss of the invested derivatives this period was 1.29MRMB. The calculation of fair values was based on the contract values and forward rate quote of end of this accounting period provided by the related business partners which was accordance with the expiry date of each forward contracts.
Whether significant changes occurred to the Company's accounting policy and specific accounting principles of derivatives in the report period compared to the previous report period	No major change
Independent Directors' opinions on derivatives investment and risk control	The foreign exchange trading for hedging purpose made by WBC in order to prevent exchange rate risk is based on reasonable estimation and current need for foreign exchange payment and collection. The business process is compliant with laws and regulations. There is almost no market risk, no performance risk and no impact on liquidity of WBC. WBC has established organization, business procedures, approval process and Internal Control Rules on Derivatives Investment for foreign exchange trading, so as to improve foreign exchange risk management and prevent exchange rate risk through derivatives investment business.

VI. Sale of major assets and equity interests

1. Sale of major assets

Applicable Not applicable

No such cases in report period

2. Sale of major equity interests

Applicable Not applicable

VII. Main subsidiaries and shareholding companies

Applicable Not applicable

Main subsidiaries and shareholding companies with a 10% greater influence on the Company's net profit

Unit: RMB

Company name	Company variety	Main business	Industry	Registered capital	Total assets	Net assets	Operating revenues	Operating profit	Net profit
Wuhan Lanxiang Environment Protection	Subsidiary	Boiler	R&D, design, consultation and technology services	20,000,000.00	3,575,809.03	2,104,235.44	0.00	4,106.78	4,106.78

Technology Co., Ltd			related to boilers, energy & environmental protection products, steel structures, thermal energy-related products and their auxiliary equipments; marketing of products developed; energy project (non-land construction projects) contracting and technical service (special-purpose projects subject to governmental approval).						
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Subsidiaries obtained or disposed in report period

Applicable Not applicable

VIII. Structured bodies controlled by the Company

Applicable Not applicable

IX. Business performance estimate for January-September 2018

Warnings of estimated possible losses or major changes of the accumulative net profit achieved during the period from the beginning of the year to the end of the next report period compared with the same period of last year, as well as the reasons

Applicable Not applicable

X. Risks faced by the Company and countermeasures

Considering the fact that there are typically a great quantity of import orders for the Company's products and

services, the Company has signed forward FX contracts with HSBC, SCB, etc., respectively, to avoid FX risk. For exchange rate fluctuations risk, the Company and banks do collaborative exchange rate trend forecasts, closely track changes in exchange rates, changes in market conditions to implement dynamic management; For liquidity risk, foreign exchange hedging operations carried out by the Company are based on the Company's estimated foreign exchange payments and collection of trade, because the foreign exchange hedging operations match with the actual foreign exchange trade, so this can ensure sufficient fund for settlement at delivery time, there is less affected on the liquidation of the Company's current assets; For operational risk, the Company has developed a standardized operational processes and authorization management systems, is equipped with full-time staff and strictly controls their authority to conduct foreign exchange hedging operations; while strengthening business related personnel training and professional ethics , and improving quality of personnel, and the establishing anomalies timely reporting system to avoid the occurrence of operational risk at the maximum; For credit risk, the Company's counterparties of foreign exchange hedging are reputable business and the Company has established long-term business relationship with large commercial banks and foreign banks, so, basically there is no performance risk; For legal risk, the Company conducts foreign exchange hedging operations legally in accordance with relevant laws and regulations and relevant transaction management practices, and signs legal agreements with the counterparties for clear and accurate terms to avoid possible legal disputes at the maximum; and the Company has carried out sufficient assessment and effective control on possible risk concerning credit, operation and cash flows.

Section V Significant Events

I. Particulars about annual shareholders' meeting and extraordinary shareholders' meeting held during the report period

1. Particulars about shareholders' meeting held during the report period

Session	Type of meeting	Investor participation rate	Convening date	Disclosure date	Disclosure index
2017 Annual Shareholders' Meeting	Annual shareholders' meeting	58.48%	06/21/2018	06/23/2018	NEEQ website, Securities Times and Ta Kung Pao

2. Extraordinary shareholders' meetings convened upon the request of preference share holders with resumed voting right

Applicable Not applicable

II. Preplan for profit distribution and transferring capital reserve into share capital for the report period

Applicable Not applicable

The Company didn't plan to distribute cash dividends, or grant bonus shares, or transfer capital reserves into share capital for the first half of 2018.

III. Commitments of the Company's actual controller, shareholders, related parties and acquirer, as well as the Company and other commitment makers, fulfilled in the report period or ongoing at the period-end

Applicable Not applicable

Commitment	Commitment maker	Type of commitment	Contents	Time of making commitment	Period of commitment	Fulfillment
Commitment on share reform	Alstom (China) Investment Co., Ltd	Avoid horizontal competition	Avoid horizontal competition	April 14, 2006	Long-term effective	Strictly fulfill the commitment and no breaches
	General Electric	Ensure the independence	Ensure the independence	December 28, 2015	Long-term effective	Strictly fulfill the

	Company, GE Albany Global Holdings B.V.	of the Company	of the Company			commitment and no breaches
	General Electric Company, GE Albany Global Holdings B.V.	Avoid horizontal competition	Avoid horizontal competition	December 28, 2015	Long-term effective	Strictly fulfill the commitment and no breaches
	General Electric Company, GE Albany Global Holdings B.V.	Ensure new related party transactions will obtain appropriate approvals	Ensure new related party transactions will obtain appropriate approvals	December 28, 2015	Long-term effective	Strictly fulfill the commitment and no breaches
Commitment in the acquisition report or the report on equity changes						
Commitments made in assets reorganization						
Commitments made in IPO or refinancing						
Equity incentive commitment						
Other commitments made to minority shareholders						

IV. Engagement and dismissal of the CPAs firm

Has the Interim Financial Report been audited by a CPAs firm?

Yes No

This Interim Report has not been audited by a CPAs firm.

Note: The Proposal for further Employment of Auditor to KPMG Huazhen for 2018 and Fee has been considered and approved at the 2017 Annual Shareholders' Meeting held on June 21, 2018.

V. Explanation of the Board of Directors and the Board of Supervisors on the “Non-standard Auditing Report” issued by the CPA firm for the report period

Applicable Not applicable

The audited 2017 annual net profits attributable to the shareholders with common shares after excluding non-recurring gains and losses were positive. In addition, KPMG Huazhen (Special General Partnership) issued a standard Auditor's Report with unqualified opinion to the Company for year 2017.

VI. Explanation of the Board of Directors about the “Non-standard Auditing Report” of last year

Applicable Not applicable

VII. Bankruptcy reorganization

Applicable Not applicable

No such cases in report period

VIII. Lawsuits

Significant lawsuits or arbitrations

Applicable Not applicable

No such cases in report period

Other lawsuits

Applicable Not applicable

IX. Punishment and rectification

Applicable Not applicable

No such cases in report period

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

Applicable Not applicable

XI. Implementation of equity incentive plan, employee stock ownership plan or other incentive measures for employees

Applicable Not applicable

No such cases in report period

XII. Significant related transactions**1. Related transactions relevant to routine operation**

Applicable Not applicable

Related party	Relationship	Type of the related party transaction	Contents of the related party	Pricing principle of the related party	Transaction price	Transaction amount (RMB'0,000)	Proportion in same kind of transaction	Limited amount approved (RMB'0,	If exceed the limited	Settlement method of the related party transaction	Obtainable market price of the	Disclosure date	Disclosure index

		n	transaction	transactio		ns (%)	000)	amount		same			
		n	transaction	n						kind			
ALSTOM Power Turbomachines LLC	A subsidiary of the ultimate actual controller	Reception of service	Meeting and Training	Fair market price	—	17.68	1.22%	0.00	Yes	Settlement as per contract term	-	-	
Alstom Power Inc.	A subsidiary of the ultimate actual controller	Reception of service	Engineering expense	Fair market price	—	226.71	15.71%	21,070.20	No	Settlement as per contract term	-	Apr. 26, 2018	NEEQ.com.cn
GE Power India Limited	A subsidiary of the ultimate actual controller	Reception of service	Engineering expense	Fair market price	—	24.96	1.73%	11,878.50	No	Settlement as per contract term	-	Apr. 26, 2018	NEEQ.com.cn
Dresser, Inc.	A subsidiary of the ultimate actual controller	Purchasing	Boiler parts	Fair market price	—	320.12	1.05%	5,325.30	No	Settlement as per contract term	-	Apr. 26, 2018	NEEQ.com.cn
General Electric (Switzerland) GmbH	A subsidiary of the ultimate actual controller	Reception of service	Labor expense	Fair market price	—	359.76	24.93%	2,110.40	No	Settlement as per contract term	-	Apr. 26, 2019	NEEQ.com.cn
ALSTOM Power Inc.	A subsidiary of the ultimate actual controller	Sale of products	Sale of products	Fair market price	—	14,732.28	26.66%	30,098.68	No	Settlement as per contract term	-	Apr. 26, 2018	NEEQ.com.cn
GE Power Sp.z o.o.	A subsidiary of the ultimate	Sale of products	Sale of products	Fair market price	—	55.52	0.10%	55.60	No	Settlement as per contract term	-	Apr. 26, 2018	NEEQ.com.cn

	actual controller												
ALSTOM Boiler France	A subsidiary of the ultimate actual controller	Sale of products	Sale of products	Fair market price	—	228.04	0.41%	2,486.50	No	Settlement as per contract term	-	Apr. 26, 2018	NEEQ.com.cn
GE (Shanghai) Power Technology Co., Ltd.	A subsidiary of the ultimate actual controller	Sale of products	Sale of products	Fair market price	—	224.83	0.41%	80,124.00	No	Settlement as per contract term	-	Apr. 26, 2018	NEEQ.com.cn
General Electric (Switzerland) GmbH	A subsidiary of the ultimate actual controller	Sale of products	Sale of products	Fair market price	—	20,485.52	37.08%	657,394.60	No	Settlement as per contract term	-	Apr. 26, 2018	NEEQ.com.cn
GE Power India Limited	A subsidiary of the ultimate actual controller	Sale of products	Sale of products	Fair market price	—	3,736.85	6.76%	1,407.50	Yes	Settlement as per contract term	-	Apr. 26, 2018	NEEQ.com.cn
GE Boiler Deutschland GmbH	A subsidiary of the ultimate actual controller	Sale of products	Sale of products	Fair market price	—	285.94	0.52%	59,025.00	No	Settlement as per contract term	-	Apr. 26, 2018	NEEQ.com.cn
GE Power Systems GmbH	A subsidiary of the ultimate actual controller	Sale of products	Sale of products	Fair market price	—	38.50	0.07%	38.50	No	Settlement as per contract term	-	Apr. 26, 2018	NEEQ.com.cn
GE Power Estonia AS	A subsidiary of the ultimate	Sale of products	Sale of products	Fair market price	—	3.29	0.01%	0.00	Yes	Settlement as per contract term	-	-	-

	actual controller												
GE Power Services (Malaysia) Sdn.	A subsidiary of the ultimate actual controller	Provision of service	Labor expense	Fair market price	—	2.26	0.004%	150.00	No	Settlement as per contract term	-	Apr. 26, 2018	NEEQ.com.cn
GE Power Sweden AB	A subsidiary of the ultimate actual controller	Provision of service	Labor expense	Fair market price	—	167.99	0.30%	532.60	No	Settlement as per contract term	-	Apr. 26, 2018	NEEQ.com.cn
GE (Shanghai) Power Technology Co., Ltd.	A subsidiary of the ultimate actual controller	Provision of service	Labor expense	Fair market price	—	115.49	25.83%	1,421.00	No	Settlement as per contract term	-	Apr. 26, 2018	NEEQ.com.cn
GE (Wuhan) Engineering & Technology Co., Ltd.	A subsidiary of the ultimate actual controller	Provision of service	Testing and Rental	Fair market price	—	15.88	3.55%	362.00	No	Settlement as per contract term	-	Apr. 26, 2018	NEEQ.com.cn
GE Power Vietnam Company Limited	A subsidiary of the ultimate actual controller	Provision of service	Testing service	Fair market price	—	8.93	2.00%	350.00	No	Settlement as per contract term	-	Apr. 26, 2018	NEEQ.com.cn
ALSTOM Beizhong Power (Beijing) Co.	A subsidiary of the ultimate actual controller	Provision of service	Testing service	Fair market price	—	4.26	0.95%	120.00	No	Settlement as per contract term	-	Apr. 26, 2018	NEEQ.com.cn
ALSTOM Power Inc.	A subsidiary of the	Provision of service	Sale of products	Fair market price	—	238.14	53.27%	1,671.90	No	Settlement as per contract term	-	Apr. 26, 2018	NEEQ.com.cn

	ultimate actual controller												
ALSTOM Power Ltd.	A subsidiary of the ultimate actual controller	Provision of service	Testing service	Fair market price	—	13.31	2.98%	50.00	No	Settlement as per contract term	-	Apr. 26, 2018	NEEQ.com.cn
GE (Shanghai) Power Technology Co., Ltd.	A subsidiary of the ultimate actual controller	Rental	Rental	Fair market price	—	7.81	35.39%	0.00	Yes	Settlement as per contract term	-	-	-
ALSTOM (China) Investment Co., Ltd.	The biggest shareholder	Payment of interest on loans	Interest on loans	88% of the PBOC benchmark rate	—	2,907.35	100.00%	6,580.00	No	Settlement as per contract term	-	Apr. 26, 2018	NEEQ.com.cn
Total				--	--	44,221.42	--	882,252.28	--	--	--	--	--
Details of large amount of sales returns				None									
As for the estimation on the total amount of routine related party transactions to be occurred in the report period by relevant types, the actual performance in the report period (if any)				1 Purchasing: Actual transaction amount is less than forecasted amount 2.Sales of products: Actual transaction amount is less than forecasted amount									
Reason for significant difference between the transaction price and the market price (if applicable)				None									

2. Related transactions regarding purchase and sales of assets or equity interests

Applicable Not applicable

3. Significant related transactions regarding joint investments

Applicable Not applicable

No such cases in report period

4. Significant credits and liabilities with related parties

√Applicable □ Not applicable

Related party	Relationship	Type of credit or liability	Reason of formation	Existing non-operating funds occupation or not	Opening balance (RMB'0,000)	Current amount (RMB'0,000)	Closing balance (RMB'0,000)
GE (Shanghai) Power Technology Co.,Ltd	A subsidiary of ultimate holding company	Receivables	Sale of products	No	915.76	-578.82	336.94
ALSTOM Power Systems	A subsidiary of ultimate holding company	Receivables	Sale of products	No	131.05	-131.05	0.00
ALSTOM Bharat Forge Power Private Limited	A subsidiary of ultimate holding company	Receivables	Labor service	No	24.00	0.00	24.00
ALSTOM Power Inc	A subsidiary of ultimate holding company	Receivables	Sale of products	No	1,762.05	-385.48	1,376.57
GE Power Services (Malaysia) Sdn. Bhd.	A subsidiary of ultimate holding company	Receivables	Labor service	No	109.29	-8.33	100.96
General Electric (Switzerland) GmbH	A subsidiary of ultimate holding company	Receivables	Sale of products	No	3,574.67	-2,382.07	1,192.60
GE Middle East FZE	A subsidiary of ultimate holding company	Receivables	Sale of products	No	35.20	-35.20	0.00
GE Power India Limited	A subsidiary of ultimate holding company	Receivables	Labor service	No	0.00	860.51	860.51

Wuhan Boiler Group Co.,Ltd	The second largest shareholder	Receivables	Relocation expense	No	281.00	0.00	281.00
Wuhan Boiler Group Express Co., Ltd.	A subsidiary of the second largest shareholder	Receivables	Service	No	1.02	0.00	1.02
GE (China) Co., Ltd	A subsidiary of ultimate holding company	Receivables	Service	No	4.02	-4.02	0.00
ALSTOM (Beijing) Engineering & Technology Co., Ltd	A subsidiary of ultimate holding company	Receivables	Service expense	No	1.41	0.00	1.41
GE (Wuhan) Engineering & Technology Co., Ltd	A subsidiary of ultimate holding company	Receivables	Service	No	14.03	-14.03	0.00
GE Power Sweden AB	A subsidiary of ultimate holding company	Receivables	Labor service	No	1.76	101.81	103.57
General Electric Global Services GmbH	A subsidiary of the second largest shareholder	Receivables	Test service	No	34.16	0.00	34.16
GE Enerji Endüstri Ticaret ve Servis Anonim Sirketi	A subsidiary of ultimate holding company	Receivables	Service	No	96.70	-96.70	0.00
GE Power Vietnam Company Limited	A subsidiary of ultimate holding company	Receivables	Service	No	145.31	-97.28	48.03

GENERAL ELECTRIC ENERGY UK LIM	A subsidiary of ultimate holding company	Receivables	Test service	No	0.00	2.70	2.70
ALSTOM POWER ITALIA S.P.	A subsidiary of ultimate holding company	Receivables	Test service	Purchase of materials	0.00	3.00	3.00
General Electric (Switzerland) GmbH	A subsidiary of ultimate holding company	Payables	Labor service	No	297.34	62.42	359.76
GE (Wuhan) Engineering & Technology Co., Ltd	A subsidiary of ultimate holding company	Payables	Engineering expense	No	1.50	0.00	1.50
Wuhan Boiler Group Express Co., Ltd.	A subsidiary of the second largest shareholder	Payables	Transportation	No	0.00	1.74	1.74
ALSTOM Power Inc.	A subsidiary of ultimate holding company	Payables	Engineering expense	No	208.21	0.00	208.21
GE Intelligent Platforms (Shanghai) Co., Ltd.	A subsidiary of ultimate holding company	Payables	Receipt of Service	No	63.08	-63.08	0.00
GE Power India Limited	A subsidiary of ultimate holding company	Payables	Receipt of Service	No	17.58	-17.58	0.00
GE (Shanghai) Power Technology Co.,Ltd	A subsidiary of ultimate holding company	Payables	Receipt of Service	No	27.57	0.00	27.57
ALSTOM Holdings	A subsidiary of ultimate holding company	Payables	Receipt of Service	No	1.51	0.00	1.51

ALSTOM POWER- S.R.O	A subsidiary of ultimate holding company	Payables	Receipt of Service	No	26.89	-1.22	25.67
Wuhan Boiler Group Co.,Ltd	The second largest shareholder	Payables	Receipt of Service	No	97.41	0.00	97.41
ALSTOM (China) Investment Co., Ltd.	The biggest shareholder	Payables	Receipt of Service	No	110.62	-110.62	0.00
ALSTOM Power Energy Chattanooga Plant	A subsidiary of ultimate holding company	Payables	Equipment	No	32.35	-32.35	0.00
ALSTOM IS&T SAS	A subsidiary of ultimate holding company	Payables	Receipt of Service	No	0.67	-0.67	0.00
ALSTOM Power Turbomachines LLC	A subsidiary of ultimate holding company	Payables	Meeting and Training	No	18.69	0.00	18.69
GE Boiler Deutschland GmbH	A subsidiary of ultimate holding company	Payables	Designing expense	No	6,327.27	-6,327.27	0.00
GE (China) Co., Ltd.	A subsidiary of ultimate holding company	Payables	Receipt of Service	No	46.52	-46.52	0.00
Alstom Power Systems Indonesia	A subsidiary of ultimate holding company	Payables	Receipt of Service	No	1.06	-1.06	0.00
GE (Shanghai) Power Technology Co.,Ltd	A subsidiary of ultimate holding company	Payables	Advance from customer	No	123.90	5,680.83	5,804.73

GE Power Sp. z o.o.	A subsidiary of ultimate holding company	Payables	Advance from customer	No	91.51	0.00	91.51
ALSTOM Boiler France	A subsidiary of ultimate holding company	Payables	Advance from customer	No	40.25	0.00	40.25
ALSTOM Power Inc.	A subsidiary of ultimate holding company	Payables	Advance from customer	No	12,955.32	-10,443.66	2,511.66
GE Middle East FZE	A subsidiary of ultimate holding company	Payables	Advance from customer	No	1.16	0.00	1.16
Alstom power Systems Gmbh	A subsidiary of ultimate holding company	Payables	Advance from customer	No	50.90	0.00	50.90
General Electric (Switzerland) GmbH	A subsidiary of ultimate holding company	Payables	Advance from customer	No	4,416.45	0.00	4,416.45
Effect of the credits and liabilities with related parties on the operating results and financial situation	None						

Was there any non-operating credit or liability with any related party?

Yes No

No such cases in report period

5. Other major related transactions

Applicable Not applicable

No such cases in report period

XIII. Occupation of the Company's funds for non-operating purposes by the controlling shareholder and its related parties

Applicable Not applicable

No such cases in report period

XIV. Significant contracts and execution

1. Trusteeship, contract and lease

(1) Trusteeship

Applicable Not applicable

No such cases in report period

(2) Contracting

Applicable Not applicable

No such cases in report period

(3) Lease

Applicable Not applicable

No such cases in report period

2. Significant guarantees provided by the Company

Applicable Not applicable

No such cases in report period

3. Other significant contracts

Applicable Not applicable

No such cases in report period

XV. Social responsibility

1. Material environmental issues

Is the Company or any of its subsidiaries a heavily polluting business identified by the environmental protection authorities of China?

No

2. Targeted measures taken to help people lift themselves out of poverty

Applicable Not applicable

XVI. Other significant events

Applicable Not applicable

No such cases in report period

XVII. Significant events of subsidiaries

Applicable Not applicable

Section VI Changes in Shares and Particulars about Shareholders

I. Particulars about the changes in shares

1. Particulars about the changes in shares

Unit: share

	Before		Increase/decrease (+, -)					After	
	Amount	Proportion (%)	Issuance of new shares	Bonus shares	Capitalization of capital reserve	Other	Subtotal	Amount	Proportion (%)
I. Restricted shares	172,000,000	57.91%	0	0	0	0	0	172,000,000	57.91%
2. Shares held by state-owned corporations	20,530,000	6.91%	0	0	0	0	0	20,530,000	6.91%
4. Shares held by foreign entities	151,470,000	51.00%	0	0	0	0	0	151,470,000	51.00%
Of which: Shares held by foreign corporations	151,470,000	51.00%	0	0	0	0	0	151,470,000	51.00%
II. Non-restricted shares	125,000,000	42.09%	0	0	0	0	0	125,000,000	42.09%
2. Domestically listed foreign shares	125,000,000	42.09%	0	0	0	0	0	125,000,000	42.09%
III. Total shares	297,000,000	100.00%	0	0	0	0	0	297,000,000	100%

Reason for the change in shares

 Applicable Not applicable

Approval of the change in shares

 Applicable Not applicable

Transfer of the change in shares

 Applicable Not applicable

Effects of the change in shares on the basic EPS, diluted EPS, net assets per share attributable to common shareholders of the Company and other financial indexes over the last year and last period

 Applicable Not applicable

Other contents that the Company considered necessary or were required by the securities regulatory authorities to disclose

 Applicable Not applicable

2. Changes in restricted shares

□ Applicable √ Not applicable

II. Issuance and listing of securities

□ Applicable √ Not applicable

III. Total number of shareholders and their shareholdings

Unit: share

Total number of shareholders with common shares at the end of the report period		5,324		Total number of shareholders with preference shares who had resumed their voting right at the end of the report period (if any)			0	
Shareholdings of shareholders with more than 5% common shares or top 10 shareholders with common shares								
Name of shareholder	Nature of shareholder	Shareholding percentage	Total common shares held at the period-end	Increase / decrease during the report period	Number of restricted common shares held	Number of non-restricted common shares held	Pledged or frozen shares	
							Status of shares	Number of shares
ALSTOM (CHINA) INVESTMENT CO., LTD	Domestic non-state-owned corporation	51.00%	151,470,000		151,470,000		0	0
WUHAN BOILER GROUP CO., LTD	State-owned corporation	6.91%	20,530,000		20,530,000		0	0
WANG XIAO	Domestic individual	0.90%	2,672,800			2,672,800		
CHEN PENG	Domestic individual	0.79%	2,331,545			2,331,545		
HU ZHIHONG	Domestic individual	0.47%	1,390,397			1,390,397		
CHEN CHUYUN	Domestic individual	0.46%	1,367,450			1,367,450		
LI ZHIJIAN	Domestic individual	0.43%	1,286,281			1,286,281		
HSBC BROKING	Foreign corporation	0.40%	1,185,114			1,185,114		

SECURITIES (ASIA) LIMITED-CLIENTS A/C								
CHINA MERCHANTS SECURITIES (HK) CO., LTD.	State-owned corporation	0.40%	1,176,836			1,176,836		
ZHUANG CHANGXIONG	Domestic individual	0.35%	1,045,000			1,045,000		
Strategic investor or corporation becoming a top ten common shareholder due to placing of new shares (if any)	Not applicable							
Explanation on affiliated relationship or persons acting in concert among the above-mentioned shareholders:	Alstom (China) Investment Co., Ltd. (the first principal shareholder of the Company) and Wuhan Boiler Group Co., Ltd. (the second principal shareholder of the Company) hold non-tradable shares of the Company. No affiliated relationship exists between Alstom (China) Investment Co., Ltd. (the first principal shareholder of the Company), Wuhan Boiler Group Co., Ltd. (the second principal shareholder of the Company) and the other shareholders with tradable shares, and they are not persons acting in concert as defined in the Administrative Rules on Information Disclosure about Changing of Shareholding Status. The Company is not aware of whether there is any affiliated relationship among the top ten shareholders with tradable shares and whether there are persons acting in concert among them. The Company is not aware of whether there is any affiliated relationship among the top ten shareholders and the top ten shareholders with tradable share.							
Shareholdings of top ten shareholders holding non-restricted common shares								
Name of shareholder	Number of non-restricted common shares held at the period-end	Type of shares						
		Type	Number					
WANG XIAO	2,672,800	Domestically listed foreign shares						2,672,800
CHEN PENG	2,331,545	Domestically listed foreign shares						2,331,545
HU ZHIHONG	1,390,397	Domestically listed foreign shares						1,390,397
CHEN CHUYUN	1,367,450	Domestically listed foreign shares						1,367,450
LI ZHIJIAN	1,286,281	Domestically listed foreign shares						1,286,281

HSBC BROKING SECURITIES (ASIA) LIMITED-CLIENTS A/C	1,185,114	Domestically listed foreign shares	1,185,114
CHINA MERCHANTS SECURITIES (HK) CO., LTD.	1,176,836	Domestically listed foreign shares	1,176,836
ZHUANG CHANGXIONG	1,045,000	Domestically listed foreign shares	1,045,000
SUN WEIWEI	966,567	Domestically listed foreign shares	966,567
TANG JUAN	887,236	Domestically listed foreign shares	887,236
Explanation on affiliated relationship or persons acting in concert among the top ten non-restricted common shareholders and between the top ten non-restricted common shareholders and the top ten common shareholders	The top ten shareholders of the Company are public shareholders with tradable shares. The Company is not aware of whether there is any affiliated relationship among the top ten shareholders with tradable shares and whether there are persons acting in concert among them. The Company is not aware of whether there is any affiliated relationship among the top ten shareholders and the top ten shareholders with tradable share.		
Explanation on the top 10 common shareholders participating in the margin trading business (if any)	Not applicable		

Whether the top 10 shareholders with common shares and the top 10 shareholders with non-restricted common shares of the Company reach agreement of buy-back trading in the report period?

Yea No

No top 10 shareholders with common shares and top 10 shareholders with non-restricted common shares of the Company carried out any agreed buy-back trading in the report period.

IV. Change in the controlling shareholder or the actual controller

Change of the controlling shareholder in the report period

Applicable Not applicable

The controlling shareholder of the Company did not change in the report period.

Change of the actual controller in the report period

Applicable Not applicable

The actual controller of the Company did not change in the report period.

Section VII Preference Shares

Applicable Not applicable

No preference shares in the report period.

Section VIII Particulars about Directors, Supervisors and Senior Management

I. Changes in shareholding of Directors, Supervisors and Senior Management

Applicable Not applicable

Shareholding of the Company's Directors, Supervisors and Senior Management remained unchanged during the report period. For details, please refer to the 2017 Annual Report.

II. Change of Directors, Supervisors and Senior Management

Applicable Not applicable

Name	Position	Type	Date	Reason
Astra Ying Chui Lam	Director	Resigned	06/21/2018	Resigned for personal reason
Shen Bo	Director	Resigned	06/21/2018	Resigned for personal reason
Tang Guoping	Independent Director	Leaving office	06/21/2018	Expiration of the term of office
Lai Shiaobun	Director	Elected	06/21/2018	Elected by shareholders meeting
Guan Haitao	Director	Elected	06/21/2018	Elected by shareholders meeting
Li Jianghong	Independent Director	Elected	06/21/2018	Elected by shareholders meeting

Section IX Corporate Bonds

Corporate bonds publicly offered and listed on the stock exchange which were undue before the approval date of this report or were due but could not be redeemed in full

None

Section X Financial Report

I Auditor's Report

Has this Interim Report been audited?

Yes No

The interim financial statements have not been audited.

II Financial statements

Monetary unit of Notes to financial statements: RMB

1. Consolidated balance sheet

Prepared by Wuhan Boiler Company Limited

Unit: RMB

Item	Closing balance	Opening balance
Current assets:		
Monetary funds	84,546,470.04	96,112,619.64
Deposit reservation for balance		
Outgoing call loans		
Financial assets measured at fair value of which changes are recorded in current profits and losses	14,989.71	5,935.82
Derivative financial assets		
Notes receivable		70,230,066.61
Accounts receivable	33,868,848.01	63,922,312.54
Prepayment	39,631,957.00	17,031,061.84
Insurance receivables		
Reinsurance receivables		
Provision of reinsurance contract reserve receivable		
Interest receivable		
Dividend receivable		
Other receivables	18,314,833.01	8,417,521.21
Financial assets purchased under agreement to resell		

Inventories	167,338,355.07	188,873,182.09
-Assets held for sale		
Non-current assets due within 1 year		
Other current assets	25,731,934.51	35,855,153.17
Total current assets	369,447,387.35	480,447,852.92
Non-current assets:		
Loan and payment on other's behalf disbursed		
Available-for-sale financial assets		
Investment held to maturity		
Long-term receivables		
Long-term equity investment		
Investment property		
Fixed assets	623,214,927.56	638,252,905.72
Construction in progress	167,521.37	167,521.37
Engineering materials		
Disposal of fixed assets		
Productive living assets		
Oil-gas assets		
Intangible assets	54,351,587.41	56,646,107.97
R&D expenses		
Goodwill		
Long-term deferred expenses		
Deferred income tax assets	22,000,254.77	23,467,677.98
Other non-current assets	75,017.65	1,744,903.95
Total non-current assets	699,809,308.76	720,279,116.99
Total assets	1,069,256,696.11	1,200,726,969.91
Current liabilities:		
Short-term loans	1,514,800,000.00	1,624,800,000.00
Loans from central bank		
Deposits received and held for others		
Call loans received		
Financial liabilities measured at fair value of which changes are recorded in current profits and losses	2,224,021.65	716,317.43

Derivative financial liabilities		
Notes payable	126,809,227.66	99,911,367.88
Accounts payable	291,862,171.91	329,921,660.91
Advance from customers	184,368,215.86	255,926,770.40
Financial assets sold under agreements to repurchase		
Fees and commissions payable		
Payroll payable	13,775,990.60	13,969,778.38
Taxes payable	5,456,397.59	5,810,947.64
Interest payable	1,704,036.82	1,704,036.82
Dividend payable	562,000.00	562,000.00
Other payables	41,608,938.77	106,746,820.52
Amount due to reinsurance		
Insurance contract provision		
Entrusted trading of securities		
Amount payable under security underwriting		
-Liabilities held for sale		
Non-current liabilities due within 1-year		
Other current liabilities		11,620,345.76
Total current liabilities	2,183,171,000.86	2,451,690,045.74
Non-current liabilities:		
Long-term loans		
Bonds payable		
Of which: preference shares		
Perpetual bonds		
Long-term payables		
Long-term payroll payables	17,464,283.64	17,616,135.28
Specific payables		
Provision for liabilities		
Deferred income	11,064,744.00	11,203,632.00
Deferred income tax liabilities		
Other non-current liabilities	68,107.50	1,950,253.64
Total non-current liabilities	28,597,135.14	30,770,020.92

Total liabilities	2,211,768,136.00	2,482,460,066.66
Owners' equity:		
Share capital	297,000,000.00	297,000,000.00
Other equity instruments		
Of which: preference shares		
Perpetual bonds		
Capital reserves	235,078,596.41	174,659,407.46
Less: Treasury stock		
Other comprehensive income	2,935,272.11	2,935,272.11
Specific reserve		
Surplus reserve	39,418,356.83	39,418,356.83
General risk provision		
Retained earnings	-1,717,048,877.01	-1,795,851,139.58
Total owners' equity attributable to the Company	-1,142,616,651.66	-1,281,838,103.18
Minority interests	105,211.77	105,006.43
Total owners' equity	-1,142,511,439.89	-1,281,733,096.75
Total liabilities & owners' equity	1,069,256,696.11	1,200,726,969.91

Legal representative: Stuart Adam Connor

CFO: Feng Zheng

Accounting manager: Zhang Ke

2. Balance sheet of the Company

Unit: RMB

Item	Closing balance	Opening balance
Current assets:		
Monetary funds	81,674,585.54	93,245,025.92
Financial assets measured at fair value of which changes are recorded in current profits and losses	14,989.71	5,935.82
Derivative financial assets		
Notes receivable		70,230,066.61
Accounts receivable	33,868,848.01	63,922,312.54
Prepayment	39,631,957.00	17,031,061.84
Interest receivable		
Dividend receivable		

Other receivables	18,522,690.10	8,636,014.56
Inventories	167,338,355.07	188,873,182.09
Assets held for sale		
Non-current assets due within 1 year		
Other current assets	25,731,934.51	35,855,153.17
Total current assets	366,783,359.94	477,798,752.55
Non-current assets:		
Available-for-sale financial assets		
Investment held to maturity		
Long-term receivables		
Long-term equity investment	24,984,500.00	24,984,500.00
Investment property		
Fixed assets	623,371,904.55	638,409,882.71
Construction in progress	167,521.37	167,521.37
Engineering materials		
Disposal of fixed assets		
Productive living assets		
Oil-gas assets		
Intangible assets	54,351,587.41	56,646,107.97
R&D expenses		
Goodwill		
Long-term deferred expenses		
Deferred income tax assets	22,000,254.77	23,467,677.98
Other non-current assets	75,017.65	1,744,903.95
Total non-current assets	724,950,785.75	745,420,593.98
Total assets	1,091,734,145.69	1,223,219,346.53
Current liabilities:		
Short-term loans	1,514,800,000.00	1,624,800,000.00
Financial liabilities measured at fair value of which changes are recorded in current profits and losses	2,224,021.65	716,317.43
Derivative financial liabilities		
Notes payable	126,809,227.66	99,911,367.88
Accounts payable	292,298,171.91	330,357,660.91
Advance from customers	184,368,215.86	255,926,770.40

Payroll payable	13,606,394.62	13,800,182.40
Taxes payable	5,456,397.59	5,810,947.64
Interest payable	1,704,036.82	1,704,036.82
dividend payable		
Other payables	79,481,632.08	144,619,513.84
Liabilities held for sale		
Non-current liabilities due within 1 year		
Other current liabilities		11,620,345.76
Total current liabilities	2,220,748,098.19	2,489,267,143.08
Non-current liabilities:		
Long-term loans		
Bonds payable		
Of which: preference shares		
Perpetual bonds		
Long-term payables		
Long-term payroll payables	17,464,283.64	17,616,135.28
Specific payables		
Provision for liabilities		
Deferred income	11,064,744.00	11,203,632.00
Deferred income tax liabilities		
Other non-current liabilities	68,107.50	1,950,253.64
Total non-current liabilities	28,597,135.14	30,770,020.92
Total liabilities	2,249,345,233.33	2,520,037,164.00
Owners' equity:		
Share capital	297,000,000.00	297,000,000.00
Other equity instruments		
Of which: preference shares		
Perpetual bonds		
Capital reserves	235,273,493.07	174,854,304.12
Less: Treasury stock		
Other comprehensive income	2,935,272.11	2,935,272.11
Specific reserve		
Surplus reserve	39,418,356.83	39,418,356.83

Retained earnings	-1,732,238,209.65	-1,811,025,750.53
Total owners' equity	-1,157,611,087.64	-1,296,817,817.47
Total liabilities & owners' equity	1,091,734,145.69	1,223,219,346.53

3. Consolidated income statement

Unit: RMB

Item	Report period	Same period of last year
I Total sales	556,997,518.83	581,637,970.56
Including: Sales	556,997,518.83	581,637,970.56
Interest income		
Premium income		
Service charge and commission income		
II Total cost of sales	475,966,238.57	544,682,394.17
Including: Cost of sales	410,826,165.74	535,201,975.94
Interest expenses		
Service charge and commission expenses		
Cash surrender value		
Claim expenses-net		
Provision for insurance contract reserves-net		
Insurance policy dividend paid		
Reinsurance expense		
Taxes and surtaxes	7,855,074.59	4,407,569.66
Distribution expenses	6,970,902.25	6,676,231.08
Administrative expenses	12,329,470.51	17,464,103.29
Financial costs	34,896,225.55	40,076,368.21
Impairment loss	3,088,399.93	-59,143,854.01
Add: gain/(loss) from change in fair value ("-" means loss)	-1,286,390.49	-4,041,244.85
Gain/(loss) from investment ("-" means loss)		
Including: income from investment on associates and joint ventures		

Foreign exchange difference (“-” means loss)		
--Gain/(loss) from asset disposal (“-” means loss)	1,724.14	
Other income	200,000.00	
III Business profit (“-” means loss)	79,946,613.91	32,914,331.54
Add: non-business income	323,277.21	1,438,888.01
-Less: non-business expense		
IV Total profit (“-” means loss)	80,269,891.12	34,353,219.55
Less: income tax expense	1,467,423.21	14,318,819.11
V Net profit (“-” means loss)	78,802,467.91	20,034,400.44
(I) Net profit from continuing operations (“-” for net loss)		
(II) Net profit from discontinued operations (“-” for net loss)		
Attributable to owners of the Company	78,802,262.57	20,043,916.05
Minority interest income	205.34	-9,515.61
VI After-tax net amount of other comprehensive incomes		
After-tax net amount of other comprehensive incomes attributable to owners of the Company		
(I) Other comprehensive incomes that will not be reclassified into gains and losses		
1. Changes in net liabilities or assets with a defined benefit plan upon re-measurement		
2. Enjoyable shares in other comprehensive incomes in investees that cannot be reclassified into gains and losses under the equity method		
(II) Other comprehensive incomes that will be reclassified into gains and losses		
1. Enjoyable shares in other comprehensive incomes in investees that will be reclassified into gains and losses		

under the equity method		
2. Gains and losses on fair value changes of available-for-sale financial assets		
3. Gains and losses on reclassifying held-to-maturity investments into available-for-sale financial assets		
4. Effective hedging gains and losses on cash flows		
5. Foreign-currency financial statement translation difference		
6. Other		
After-tax net amount of other comprehensive incomes attributable to minority shareholders		
VII Total comprehensive incomes	78,802,467.91	20,034,400.44
Attributable to owners of the Company	78,802,262.57	20,043,916.05
Attributable to minority shareholders	205.34	-9,515.61
VIII Earnings per share		
(I) Basic earnings per share	0.27	0.07
(II) Diluted earnings per share	0.27	0.07

Where business mergers under the same control occurred in the report period, the net profit achieved by the merged parties before the business mergers was RMB 0.00, with the corresponding amount for the last period being RMB 0.00.

Legal representative: Stuart Adam Connor

CFO: Feng Zheng

Accounting manager: Zhang Ke

4. Income statement of the Company

Unit: RMB

Item	Report period	Same period of last year
I Total sales	556,997,518.83	581,637,970.56
Less: cost of sales	410,826,165.74	535,201,975.94
Taxes and surtaxes	7,855,074.59	4,407,569.66
Distribution expenses	6,970,902.25	6,676,231.08
Administrative expenses	12,329,470.51	17,464,103.29
Financial costs	34,900,332.33	40,080,383.96

Impairment loss	3,099,220.18	-59,120,710.30
Add: gain/(loss) from change in fair value (“-” means loss)	-1,286,390.49	-4,041,244.85
Gain/(loss) from investment (“-” means loss)		
Including: income from investment on associates and joint ventures		
--Gain/(loss) from asset disposal (“-” means loss)	1,724.14	
Other income	200,000.00	
II Business profit (“-” means loss)	79,931,686.88	32,887,172.08
Add: non-business income	323,277.21	1,438,888.01
--Less: non-business expense		
III Total profit (“-” means loss)	80,254,964.09	34,326,060.09
Less: income tax expense	1,467,423.21	14,318,819.11
IV Net profit (“-” means loss)	78,787,540.88	20,007,240.98
(I) Net profit from continuing operations (“-” for net loss)		
(II) Net profit from discontinued operations (“-” for net loss)		
V After-tax net amount of other comprehensive incomes		
(I) Other comprehensive incomes that will not be reclassified into gains and losses		
1. Changes in net liabilities or assets with a defined benefit plan upon re-measurement		
2. Enjoyable shares in other comprehensive incomes in investees that cannot be reclassified into gains and losses under the equity method		
(II) Other comprehensive incomes that will be reclassified into gains and losses		
1. Enjoyable shares in other comprehensive incomes in investees that will be reclassified into gains and		

losses under the equity method		
2. Gains and losses on fair value changes of available-for-sale financial assets		
3. Gains and losses on reclassifying held-to-maturity investments into available-for-sale financial assets		
4. Effective hedging gains and losses on cash flows		
5. Foreign-currency financial statement translation difference		
6. Other		
VI Total comprehensive incomes	78,787,540.88	20,007,240.98
VII Earnings per share		
(I) Basic earnings per share		
(II) Diluted earnings per share		

5. Consolidated cash flow statement

Unit: RMB

Item	Report period	Same period of last year
1. Cash flows from operating activities		
Cash received from sales of goods or rendering of services	542,369,313.69	742,400,865.03
Net increase of deposits received and held for others		
Net increase of loans from central bank		
Net increase of inter-bank loans from other financial institutions		
Cash received against original insurance contracts		
Cash received from reinsurance		
Net increase of client deposit and investment		
Net increase of disposal of financial assets measured at fair value of which changes are recorded into		

current gains and losses		
Cash received as interest, fees and commissions		
Net increase of inter-bank fund received		
Net increase of cash received under repurchasing		
Tax returned	9,654,121.06	25,438,375.69
Other cash received from operating activities	1,496,950.30	6,742,460.00
Sub-total of cash inflow from operating activities	553,520,385.05	774,581,700.72
Cash paid for goods and services	268,384,801.05	436,393,547.29
Net increase of loans and advances		
Net increase of deposit in central bank, banks and other financial institutions		
Cash paid for original contract claim		
Cash paid for interest, fees and commissions		
Cash paid for policy dividend		
Cash paid to and for employees	102,489,702.78	119,725,592.45
Cash paid for all types of taxes	24,329,016.94	41,834,797.70
Other cash paid relating to operating activities	29,282,628.54	28,063,509.19
Sub-total of cash outflows from operating activities	424,486,149.31	626,017,446.63
Net cash flows from operating activities	129,034,235.74	148,564,254.09
2. Cash flows from investing activities		
Cash received from retraction of investment		
Cash received from investment income		
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		

Net cash received from disposal of subsidiaries and other operating units		
Other cash received relating to investing activities	141,385.88	122,175.60
Sub-total of cash inflows of investing activities	141,385.88	122,175.60
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		3,188,544.10
Cash paid for acquisition of investments		
Net increase of pledge loans		
Net cash paid for acquisition of subsidiaries and other operating units		
Other cash paid relating to investing activities		
Sub-total of cash outflows of investing activities		3,188,544.10
Net cash flow from investing activities	141,385.88	-3,066,368.50
3. Cash flows from financing activities		
Cash received from investment		
Including: cash received from minority shareholders of subsidiaries		
Cash received from borrowings	30,000,000.00	215,000,000.00
Cash received from bonds issuing		
Other cash received relating to financing activities		
Sub-total of cash inflows of financing activities	30,000,000.00	215,000,000.00
Cash paid for repayment of borrowings	140,000,000.00	314,790,000.00
Cash paid for dividends, profit distribution or interest	30,817,909.46	26,961,426.42
Including: dividends or profits paid to minority shareholders by subsidiaries		
Other cash paid relating to financing activities		

Sub-total of cash outflows of financing activities	170,817,909.46	341,751,426.42
Net cash flow from financing activities	-140,817,909.46	-126,751,426.42
4. Effect of foreign exchange rate changes on cash and cash equivalents	76,138.24	-3,492.86
5. Net increase in cash and cash equivalents	-11,566,149.60	18,742,966.31
Add: cash and cash equivalents at the beginning of this period	96,112,619.64	16,517,402.72
6. Cash and cash equivalents at the end of this period	84,546,470.04	35,260,369.03

6. Cash flows statement of the Company

Unit: RMB

Item	Report period	Same period of last year
1. Cash flows from operating activities		
Cash received from sales of goods or rendering of services	542,369,313.69	742,400,865.03
Tax returned	9,654,121.06	25,438,375.69
Other cash received from operating activities	1,496,950.30	6,742,460.00
Sub-total of cash inflow from operating activities	553,520,385.05	774,581,700.72
Cash paid for goods and services	268,384,801.05	436,393,547.29
Cash paid to and for employees	102,489,702.78	119,725,592.45
Cash paid for all types of taxes	24,329,016.94	41,834,797.70
Other cash paid relating to operating activities	29,282,568.54	28,063,449.19
Sub-total of cash outflows from operating activities	424,486,089.31	626,017,386.63
Net cash flows from operating activities	129,034,295.74	148,564,314.09
2. Cash flows from investing activities		
Cash received from retraction of investment		
Cash received from investment		

income		
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		
Net cash received from disposal of subsidiaries and other operating units		
Other cash received relating to investing activities	137,035.10	117,837.85
Sub-total of cash inflows of investing activities	137,035.10	117,837.85
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		3,188,544.10
Cash paid for acquisition of investments		
Net cash paid for acquisition of subsidiaries and other operating units		
Other cash paid relating to investing activities		
Sub-total of cash outflows of investing activities		3,188,544.10
Net cash flow from investing activities	137,035.10	-3,070,706.25
3. Cash flows from financing activities		
Cash received from investment		
Cash received from borrowings	30,000,000.00	215,000,000.00
Cash received from issuing bonds		
Other cash received relating to financing activities		
Sub-total of cash inflows of financing activities	30,000,000.00	215,000,000.00
Cash paid for repayment of borrowings	140,000,000.00	314,790,000.00
Cash paid for dividends, profit distribution or interest	30,817,909.46	26,961,426.42
Other cash paid relating to financing activities		
Sub-total of cash outflows of	170,817,909.46	341,751,426.42

financing activities		
Net cash flow from financing activities	-140,817,909.46	-126,751,426.42
4. Effect of foreign exchange rate changes on cash and cash equivalents	76,138.24	-3,492.86
5. Net increase in cash and cash equivalents	-11,570,440.38	18,738,688.56
Add: cash and cash equivalents at the beginning of this period	93,245,025.92	13,658,394.87
6. Cash and cash equivalents at the end of this period	81,674,585.54	32,397,083.43

7. Consolidated statement of changes in owners' equity

For the report period

Unit: RMB

Item	Report period												
	Equity attributable to owners of the Company											Minority interests	Total owners' equity
	Share capital	Other equity instruments			Capital reserve	Less: Treasury stock	Other comprehensive incomes	Specific reserve	Surplus reserve	General risk reserve	Retained profit		
Preference shares		Perpetual bonds	Other										
I Balance at the end of the previous year	297,000,000.00				174,659,407.46		2,935,272.11		39,418,356.83		-1,795,851,139.58	105,006.43	-1,281,733,096.75
Add: change of accounting policy													
Correction of errors in previous periods													
Business mergers under the same control													
Other													
II Balance at the beginning of the year	297,000,000.00				174,659,407.46		2,935,272.11		39,418,356.83		-1,795,851,139.58	105,006.43	-1,281,733,096.75
III Increase/					60,419,						78,802,	205.34	139,221

decrease in the period (“-” means decrease)					188.95						262.57		,656.86
(I) Total comprehensive incomes											78,802,262.57	205.34	78,802,467.91
(II) Capital increased and reduced by owners					60,419,188.95								60,419,188.95
1. Common shares increased by shareholders													
2. Capital increased by holders of other equity instruments													
3. Amounts of share-based payments recognized in owners’ equity													
4. Other					60,419,188.95								60,419,188.95
(III) Profit distribution													
1. Appropriations to surplus reserves													
2. Appropriations to general risk provisions													
3. Appropriations to owners (or shareholders)													
4. Other													
(IV) Internal carry-forward of owners’ equity													

1. New increase of capital (or share capital) from capital public reserves													
2. New increase of capital (or share capital) from surplus reserves													
3. Surplus reserves for making up losses													
4. Other													
(V) Specific reserve													
1. Withdrawn for the period													
2. Used in the period													
(VI) Other													
IV Closing balance	297,000,000.00				235,078,596.41		2,935,272.11		39,418,356.83		-1,717,048,877.01	105,211.77	-1,142,511,439.89

For the same period of last year

Unit: RMB

Item	Same period of last year												
	Equity attributable to owners of the Company											Minority interests	Total owners' equity
	Share capital	Other equity instruments			Capital reserve	Less: treasury stock	Other comprehensive incomes	Specific reserve	Surplus reserve	General risk reserve	Retained profit		
	Preferred shares	Perpetual bonds	Other										
I Balance at the end of the previous year	297,000,000.00				174,659,407.46		3,492,272.11		39,418,356.83		-1,923,770,307.07	122,315.45	-1,409,077,955.22
Add: change of accounting policy													
Correction of													

errors in previous periods													
Business mergers under the same control													
Other													
II Balance at the beginning of the year	297,000,000.				174,659,407.46		3,492,272.11		39,418,356.83		-1,923,770,307.07	122,315.45	-1,409,077,955.22
III Increase/decrease in the period (“-” means decrease)							-557,000.00				127,919,167.49	-17,309.02	127,344,858.47
(I) Total comprehensive incomes							-557,000.00				127,919,167.49	-17,309.02	127,344,858.47
(II) Capital increased and reduced by owners													
1. Common shares increased by shareholders													
2. Capital increased by holders of other equity instruments													
3. Amounts of share-based payments recognized in owners' equity													
4. Other													
(III) Profit distribution													
1. Appropriations to surplus reserves													
2. Appropriations to general risk													

provisions													
3. Appropriations to owners (or shareholders)													
4. Other													
(IV) Internal carry-forward of owners' equity													
1. New increase of capital (or share capital) from capital public reserves													
2. New increase of capital (or share capital) from surplus reserves													
3. Surplus reserves for making up losses													
4. Other													
(V) Specific reserve													
1. Withdrawn for the period													
2. Used in the period													
(VI) Other													
IV Closing balance	297,000,000.00			174,659,407.46		2,935,272.11		39,418,356.83		-1,795,851,139.58	105,006.43		-1,281,733,096.75

8. Statement of changes in owners' equity of the Company

For the report period

Unit: RMB

Item	Report period									
	Share	Other equity instruments	Capital	Less:	Other	Specific	Surplus	Retaine	Total	

	capital	Prefere nce shares	Perpetu al bonds	Other	reserve	treasury stock	comprehe nsive incomes	reserve	reserve	d profit	owners' equity
I Balance at the end of the previous year	297,000,000.00				174,854,304.12		2,935,272.11		39,418,356.83	-1,811,025,750.53	-1,296,817,817.47
Add: change of accounting policy											
Correction of errors in previous periods											
Other											
II Balance at the beginning of the year	297,000,000.00				174,854,304.12		2,935,272.11		39,418,356.83	-1,811,025,750.53	-1,296,817,817.47
III Increase/decrease in the period (“-” means decrease)					60,419,188.95					78,787,540.88	139,206,729.83
(I) Total comprehensive incomes										78,787,540.88	78,787,540.88
(II) Capital increased and reduced by owners					60,419,188.95						60,419,188.95
1. Common shares increased by shareholders											
2. Capital increased by holders of other equity instruments											
3. Amounts of share-based payments recognized in owners' equity											
4. Other					60,419,188.95						60,419,188.95
(III) Profit											

distribution											
1. Appropriations to surplus reserves											
2. Appropriations to owners (or shareholders)											
3. Other											
(IV) Internal carry-forward of owners' equity											
1. New increase of capital (or share capital) from capital public reserves											
2. New increase of capital (or share capital) from surplus reserves											
3. Surplus reserves for making up losses											
4. Other											
(V) Specific reserve											
1. Withdrawn for the period											
2. Used in the period											
(VI) Other											
IV Closing balance	297,000,000.00				235,273,493.07		2,935,272.11		39,418,356.83	-1,732,238,209.65	-1,157,611,087.64

For the same period of last year

Unit: RMB

Item	Same period of last year
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	Share capital	Other equity instruments			Capital reserve	Less: treasury stock	Other comprehensive incomes	Specific reserve	Surplus reserve	Retained profit	Total owners' equity
		Preference shares	Perpetual bonds	Other							
I Balance at the end of the previous year	297,000,000.00				174,854,304.12		3,492,272.11		39,418,356.83	-1,938,850,915.45	-1,424,085,982.39
Add: change of accounting policy											
Correction of errors in previous periods											
Other											
II Balance at the beginning of the year	297,000,000.00				174,854,304.12		3,492,272.11		39,418,356.83	-1,938,850,915.45	-1,424,085,982.39
III Increase/decrease in the period (“-” means decrease)							-557,000.00			127,825,164.92	127,268,164.92
(I) Total comprehensive incomes							-557,000.00			127,825,164.92	127,268,164.92
(II) Capital increased and reduced by owners											
1. Common shares increased by shareholders											
2. Capital increased by holders of other equity instruments											
3. Amounts of share-based payments recognized in owners' equity											
4. Other											
(III) Profit											

distribution											
1. Appropriations to surplus reserves											
2. Appropriations to owners (or shareholders)											
3. Other											
(IV) Internal carry-forward of owners' equity											
1. New increase of capital (or share capital) from capital public reserves											
2. New increase of capital (or share capital) from surplus reserves											
3. Surplus reserves for making up losses											
4. Other											
(V) Specific reserve											
1. Withdrawn for the period											
2. Used in the period											
(VI) Other											
IV Closing balance	297,000,000.00				174,854,304.12		2,935,272.11		39,418,356.83	-1,811,025,750.53	-1,296,817,817.47

III. Company profile

Wuhan Boiler Company Limited (the "Company") is a company limited by shares established in Wuhan with its head office located at Wuhan. The parent of the Company is ALSTOM (China) Investment Co., Ltd, and its ultimate holding company is General

Electric Company.

The principal activities of the Company and its subsidiaries (referred to as the “Group”)

are research, design, development and manufacturing of power plant boilers, special boilers, pressure vessel of Type 1 I , II & III, boiler auxiliary equipment and desulphurization equipment, and sales of self-manufactured product (related governmental permit shall be obtained before engaging in the projects required mandatory license).

No changes occurred to the main business model and business line of the Company in the report period. Please refer to Note VI for details of the subsidiaries of the Company.

No change occurred to the Group’s subsidiary during the reporting period.

IV. Basis for preparation of financial statements

1、Basis of preparation

30 June 2018, the group suffered an accumulated loss of RMB 1,717,048,877.01, its total liabilities exceeded its total assets by RMB 1,142,511,439.80 and its current liabilities exceeded its current assets by RMB 1,813,723,613.51. The Group has reviewed the current performance and cashflow projections as part of assessment of its ability to continue as a going concern, and after carefully considering the matters described below, the Group has a reasonable expectation that it is able to continue as a going concern for at least next twelve months from the end of the reporting period and to meet its obligations, as and when they fall due, having regard to the following:

- As at 30 June 2018, the Group’s main liability is the entrusted loan provided by the parent company- Alstom (China) Investment Co., Ltd., the loan balance is RMB 1,514,800,000.00 and the total loan facility is RMB 1,800,000,000.00. The loan is renewable.
- The parent company - GE Albany Global Holding B.V. of the controlling shareholder of the Group - Alstom (China) Investment Co., Ltd., of the Group confirm to provide adequate financial support to the Group as is necessary to ensure its continuing operation for a period of at least twelve months from the end of the reporting period.

Consequently, the Group has adequate resources to continue in operational existence for the foreseeable future and that there are no material uncertainties related to events or conditions which, individually or collectively, may cast significant doubt on the Group’s ability to continue as a going concern. Thus, the financial statements have been prepared on the going concern basis.

2、Continuation

The necessary funding and business can be obtained to continue as a going concern within at least 12 months after 30 June 2018, Therefore the financial statements have been prepared on a going concern basis.

V. Significant accounting policies and accounting estimates

The prompt of accounting policies and estimates:

The consolidated financial statements of the Company and its subsidiaries are prepared based on assumption of the Company's continuing operations, according to transactions and events actually occurred, and based on the following preparation basis, important accounting policies and accounting estimates.

1. Statement of compliance

The financial statements have been prepared in accordance with the requirements of Accounting Standards for Business Enterprises or referred to as China Accounting Standards ("CAS") issued by the Ministry of Finance ("MOF"). These financial statements present truly and completely the consolidated financial position and financial position of the Company as at 30 June 2018, and the consolidated financial performance and financial performance and the consolidated cash flows and cash flows of the Company for the year ended.

These financial statements also comply with the disclosure requirements of "Regulation on the Preparation of Information Disclosures by Companies Issuing Securities", No. 15: General Requirements for Financial Reports" as revised by the China Securities Regulatory Commission ("CSRC") in 2014.

2. Accounting period

The accounting period is from 1 January to 31 December.

3. Operating cycle

The normal operating cycle starts from the purchase of the assets /materials to the realization of sales revenue (receiving the case and cash equivalents). Due to the characteristics of the industry the Group is involved, the construction cycle of the real estate projects is longer than one year. The normal operating cycle is 2 or 3 years in general. The company classifies the relevant assets as the current assets despite the fact that it takes more than one year to realize, sale/consume these assets, likewise, the liabilities settled more one year later than the balance sheet date are classified as current liabilities. Besides, the Group's other business cycle is within one year. For the business cycle is less than one year, the assets and liabilities are classified as current assets and current liabilities when the assets converted and the liabilities settled within one year.

4. Functional currency

The Group's functional currency is Renminbi and these financial statements are presented in Renminbi. Functional currency is determined by the Group and its subsidiaries on the basis of the currency in which major income and costs are denominated and settled.

5. Consolidated financial statements

(1) General principles

The scope of consolidated financial statements is based on control and the consolidated financial statements comprise the Company and its subsidiaries. Control exists when the investor has all of following: power over the investee; exposure, or rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over

the investee. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

Non-controlling interests are presented separately in the consolidated balance sheet within shareholders' equity. Net profit or loss attributable to non-controlling shareholders is presented separately in the consolidated income statement below the net profit line item. Total comprehensive income attributable to non-controlling shareholders is presented separately in the consolidated income statement below the total comprehensive income line item.

When the amount of loss for the current period attributable to the non-controlling shareholders of a subsidiary exceeds the non-controlling shareholders' share of the opening owners' equity of the subsidiary, the excess is still allocated against the non-controlling interests.

(2) Preparation of consolidated financial statements

The consolidated financial statements are prepared by the Group, based on the financial statements of the Company and its subsidiaries, according to other relevant information.

Considering the Group as one accounting entity, the Company prepares the consolidated financial statements to reflect the financial position, the operating results and the cash flows of the entire Group in accordance with the unified accounting policy, as well as the recognition, measurement and presentation requirements of the relevant accounting standards.

When the accounting period or accounting policies of a subsidiary are different from those of the Company, the Company makes necessary adjustments to the financial statements of the subsidiary based on the Company's own accounting period or accounting policies. Where a subsidiary was acquired during the reporting period, through a business combination involving entities not under common control, the identifiable assets and liabilities of the acquired subsidiaries are included in the scope of consolidation from the date that control commences, based on the fair value of those identifiable assets and liabilities at the acquisition date.

6、 Recognition standards for cash and cash equivalents

Cash comprises cash on hand and deposits that can be readily drawn on demand. Cash equivalents are the short-term (normally matured within three months after purchase date), highly-liquid investment which is readily convertible into known amounts of cash, subject to an insignificant risk of fluctuation in value.

7、 Foreign currency business and translations of financial statements in foreign currencies

Any foreign currency transaction is converted into the reporting currency according to the spot rate on the occurrence date of the transaction. The Company prepares monetary items and non-monetary items in accordance with the following provisions: Monetary items denominated in foreign currencies are translated to Renminbi at the spot exchange rate at the balance sheet date. Foreign exchange gains and losses arising from the difference between the balance sheet date exchange rate and the exchange rate ruling at the time of initial recognition or the exchange rate ruling at the last balance sheet date are recognized in income statement; Non-monetary items that are measured at historical cost in foreign currencies are translated to Renminbi using the exchange rate at the transaction date. Non-monetary items that are measured at fair value in foreign currencies are translated using the exchange rate at the date the fair value is determined. The resulting exchange differences (Including exchange rate variations) are recognized in profit or loss. During the capitalization period, exchange differences on the principal and interest of foreign currency specific borrowings are capitalized and included in the cost of assets eligible for capitalization.

8、 Financial instruments

(1) Recognition of financial instrument

The Company recognizes a financial asset or financial liability on its balance sheet when, and only when, the Company becomes a contractual party of financial instrument.

(2) Classification and measurement of financial assets

a) For the purpose of risks management, investment strategies and objective of holding the financial assets and for other reasons, the Company classifies the financial assets into the following four Category: a) financial assets at fair value through profit or loss; b) held-to-maturity investments; c) loans and receivables; and d) available-for-sale financial assets.

① A financial asset is classified as at fair value through profit or loss(“FVTPL” financial assets) if it is acquired or incurred principally for the purpose of selling or repurchasing in the near term or if it is a derivative, unless the derivative is a designated and effective hedging instrument, or a financial guarantee contract, or a derivative that is linked to and must be settled by delivery of an equity instrument that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

② Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Company has the positive intention and ability to hold to maturity.

③ Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

④ Available-for-sale financial assets (AFS financial assets) are those non-derivative financial assets that are designated as available for sale and those financial assets in addition to those above mentioned.

Once the initial recognition of a certain financial asset has been classified as (“FVTPL” financial assets) by the Group, it shall not be re-classified as other financial assets; other financial assets could not be re-classified as “FVTPL” financial assets.

The Group did not hold available-for-sale financial assets and held-to-maturity investments during the reporting period and the comparative period.

b) The financial assets are initially recognized at fair value. In the case of financial assets at fair value through profit or loss (“FVTPL” financial assets), the related transaction costs are recognized in profit or loss for the current period. For other financial assets, transaction costs that are attributable to the acquisition of the financial assets are included in the initial recognition amounts.

c) Subsequently measurement

Financial assets at fair value through profit or loss include financial assets held for trading and those designated upon initial recognition as at fair value through profit or loss. This kind of financial assets are subsequently measured at fair value, all realized and unrealized gains and losses arising from a change in the fair value of a financial asset are recognized in profit or loss for the current period. Loans and receivables are subsequently measured at amortized cost using the effective interest method. Gains or losses arising from de-recognition, impairment or amortization are recognized in profit or loss for the current period.

d) Impairment of financial assets

For the calculation method of impairment of receivables, refer to Note III.10. The impairment of other financial assets is measured as follows:

① The Company assesses the carrying amount of the financial assets except the financial asset at fair value through profit or loss at each balance sheet date, if there is any objective evidence that a financial asset or group of financial assets is impaired,

the Company shall recognize impairment loss.

- ② The objective evidences that the Group uses to determine the impairment are as follows.
- i. Significant financial difficulty of the issuer or obligor;
 - ii. A breach of contract, such as a default or delinquency in interest or principal payments;
 - iii. The lender, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
 - iv. It becomes probable that the borrower will enter bankruptcy or other financial reorganization;
 - v. The disappearance of an active market for that financial asset because of financial difficulties;
 - vi. Observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group, including: (I) Adverse changes in the payment status of borrowers in the group or (ii) an increase in the unemployment rate in the geographical area of the borrowers, a decrease in property prices for mortgages in the relevant area, or adverse changes in industry conditions that affect the borrowers.
 - vii. Significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the borrower operates, and indicates that the cost of the investment in the equity instrument may not be recovered;
 - viii. A significant or non-temporary decrease in fair value of equity investment instruments;
 - ix. Other objective evidences showing the impairment of the financial assets.
 - x. Provision for impairment of loans and receivables (financial assets subsequently measured at amortized cost) is recognized in the profit or loss for the current period, based on the difference between the expected future cash flow of the financial asset and its book value.

The Group conducts impairment tests for the accounts receivables, and accordingly provides for bad debts at the balance sheet date. The significant and insignificant individual amounts of accounts receivable, were individually tested for impairment. If there is objective evidence that the accounts receivable has impaired, the impairment loss shall be recognized and the provision for bad debts shall be made according to the amount of the present value of future cash flow lower than the book value.

Once the Group recognizes the impairment loss of financial assets measured at the amortized cost, if there is objective evidence that the value of financial assets has been recovered which is objectively related to events after the loss, the previously recognized impairment losses shall be reversed and charged in the current profits and losses.

(3) Classification and measurement of financial liabilities

- a) The Group's financial liabilities are classified as: financial liabilities at fair value through profit or loss (FVTPL) or other financial liabilities.

Financial liabilities at FVTPL include trading financial liabilities and financial liabilities designated as at fair value through profit or loss in the initial recognition.

A financial liability is classified as at fair value through profit or loss if it is acquired or incurred principally for the purpose of selling or repurchasing in the near term or if it is a derivative, unless the derivative is a designated and effective hedging instrument, or a financial guarantee contract, or a derivative that is linked to and must be settled by delivery of an equity instrument that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

Once the initial recognition of a certain financial liability has been classified as FVTPL by the Group, it shall not be re-classified as other financial liabilities; other financial liabilities could not be re-classified as FVTPL.

- b) Financial liabilities are initially measured at fair value. For the financial liability at fair value through profit or loss at its

fair value, relevant transaction costs are recognized as expense when it incurred. For the other financial liabilities, relevant transaction costs are recognized as costs.

c) Subsequent measurement of financial liabilities

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial assets designated by the Company as at fair value through profit or loss. The Group recognizes a financial liability at fair value through profit or loss at its fair value. A gain or loss of change in fair value is recognized in the profit or loss of the current period. Other financial liabilities are measured by amortized cost using effective interest rate.

(4) Disclosure of financial assets and financial liabilities

Financial assets and financial liabilities are separately presented in the balance sheet and are not offset by each other. However, if the following conditions are satisfied, the net amount after offsetting each other shall be listed in the balance sheet:

- The company has the legal right to offset the confirmed amount, and the legal right is currently enforceable;
- The company plans to have net settlement, or realize the financial assets and liquidate the financial liabilities at the same time.

(5) Termination of recognition of financial liabilities

When one of the following conditions is met, the company derecognizes the financial asset:

- Termination of contractual rights to receive cash flows from this financial asset;
- The financial assets have been transferred, and the company transfers almost all the risks and rewards of ownership of the financial assets to the transferee.
- The financial asset has been transferred. Although the company has neither transferred nor retained almost all risks and rewards of ownership of the financial asset, it has given up control of the financial asset.

If the overall transfer of financial assets satisfies the conditions for termination of recognition, the company shall account the difference between the following two amounts in the current profit and loss:

- Book value of the transferred financial assets.
- The consideration received due to the transfer.

If all or part of the current obligations of a financial liability have been discharged, the company derecognizes the financial liability fully or partly.

9、Accounts Receivables

(1) Bad debt provision for individually significant account receivables

Basis or monetary standards of provision for bad debts of the individually significant receivables	Top 5 account receivables at year end.
Method of provision for bad debts of the individually significant receivables	On balance sheet date, the impairment test is carried on individually for the individually significant receivables; if there are substantive evidences shown that a receivable has been impaired, a provision based on the difference between the book value and the discounted future cash flow (excluding future credit losses that have not been incurred) should be made

	<p>for bad debts.</p> <p>If a receivable is found not to be individually impaired, it should be included in a group of similar credit risk characteristics receivables and make a collective assessment of impairment.</p>
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(2) Recognition and measurement of bad debt provision for Credit risk characteristics Group

Names of group	Basis of recognition
Group A	Aging analysis method.
Group B	Other method.

The aging analysis group:

Applicable Not applicable

Aging of receivables	Percentage Accounts receivables (%)	Percentage of Other receivables (%)
Within 1 year (including 1 year)	3	3
1-2 years(including 2 years)	3	3
2-3 years(including 3 years)	6	6
3-4 years(including 4 years)	20	20
4-5 years(including 5 years)	20	20
Over 5 years	100	100

The percentage of balance method:

Applicable Not applicable

Other method:

Applicable Not applicable

Aging of receivables	Percentage Accounts receivables (%)	Percentage of Other receivables (%)
The receivables for letters of credit or guarantees that the banks promises to pay when they are mature and sales taxes accrued according to the process of contract	0	0

(3) Receivables which are not significant, but individual provision for bad debt needed

Reasons for provision individually	Although objective evidence shows that the single amount is not significant, a single impairment test should be conducted for the receivables that have been specifically impaired.
Method of provision	If there are substantive evidences shown that a receivable has been impaired, a provision based on the difference between the book value and the discounted future cash flow (excluding future credit losses that have not been incurred) should be made for bad debts.

10、 Inventory

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

No

(1) Classification

Inventories are asset items held for sale in the ordinary course of business or goods that will be used or consumed in the production of goods to be sold. They are divided into the following Category: Raw materials, finished goods in stock, assets for construction contract in progress and so on.

Costs of a construction contract comprise the direct and indirect costs attributable to the contract and incurred during the period from the date of entering into the contract to the final completion of the contract. The costs incurred plus recognized profits (or less recognized losses) and progress billings in respect of construction contract are offset and the net amount is presented in the balance sheet. The excess of (a) costs incurred plus recognized profits (less recognized losses) over (b) progress billings is presented in the balance sheet as inventory, or as advances from customers when (b) exceeds (a).

(2) Recognition of inventory

The Group recognizes inventories when the following conditions are satisfied:

-It is probable that future economic benefits associated with the inventories will flow to the Company entity;

-The cost of the inventories can be measured reliably.

(3) Pricing method for outgoing inventories

Raw materials and circulating materials are measured at actual cost method. The moving weighted average method shall be used when sending out these materials. Finished goods and work-in-progress are measured at actual cost which is allocated according to the job reference.

(4) Amortization method of low-value consumption goods and packages

Low-value consumption goods and packages are fully amortized when they are required and delivered.

(5) Determination basis of net realizable value of inventories and provision method of inventory impairment

Inventories shall be measured at the lower of cost and net realizable value at the balance sheet date. Where the net realizable

value is lower than the cost, the difference shall be recognized as provision for impairment of inventories and charged to profit or loss.

a) Estimation of net realizable value

Estimates of net realizable value are based on the most reliable evidence available.

These estimates take into consideration the purpose for which the inventory is held and the influence the events after balance sheet date.

Materials and other supplies held for use in the production are measured at cost if the net realizable value of the finished goods in which they will be incorporated is higher than their cost. However, when a decline in the price of materials indicates that the cost of the finished products will exceed their net realizable value, the materials are measured at net realizable value. The net realizable value of inventories held to satisfy sales or service contracts is generally based on the contract price. If the quantity specified in sales contracts is less than the inventory quantities held by the Company, the net realizable value of the excess shall be based on general selling prices.

b) The Group generally provides provision for impairment of inventory individually.

For large quantity and low value items of inventories, cost and net realizable value are determined based on Category of inventories. Where certain items of inventory have similar purposes or end uses and relate to the same product line produced and marketed in the same geographical area, and therefore cannot be practicably evaluated separately from other items in that product line, costs and net realizable values of those items may be determined on an aggregate basis.

c) The inventory provision made by the Group includes the non-cancellable contracts signed with the customers. An impairment loss in respect of the non-cancellable contracts is calculated as the excess of its cost amount over the inflow of economic benefits arising from the contract.

(6) Inventory taking system

The Company adopts perpetual inventory system for its inventory taking.

11、 Long-term equity investment

The long-term equity investment of the Group includes mainly the investment to the subsidiary.

(1) Initial measurement

The Company initially measures long-term equity investments under the following condition:

For long-term equity investment obtained in any method other than business combination, the initial cost is recognized under the following principles:

If the long-term equity investment is acquired in cash consideration, the initial cost is the actual payment which includes direct expenses paid to acquire the long-term equity investment, taxes and other necessary expenses. Cash dividends or profits that are declared but unpaid shall not be included in the initial cost during the acquisition.

(2) Subsequent measurement

The equity method is used when the Company has joint control or significant influence over the investee enterprise. The cost method is used when the Company has control or does not have joint control or significant influence over the investee enterprise and there is no quoted price in active market or there is no reliable fair value.

Long-term equity investment adopting the cost method is valued at the initial investment cost. The cost of long-term equity investment needs to be adjusted in terms of adding or withdrawing investment. The cash dividends or profits declared to be distributed by the investee are recognized as current investment income.

When the Group disposes of a long-term equity investment, the difference between its carrying amount and the actual purchase price is included in the current profit or loss.

(3) Method of impairment test and method of provision for impairment loss

For method of impairment test and method of provision for impairment loss, refer to Note V.16.

12、Fixed assets

(1) Recognition conditions

Fixed assets are tangible assets that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes; and have useful life more than one year.

a) A fixed asset shall be initially recognized at cost when the following condition are satisfied:

- It is probable that future economic benefits associated with the assets will flow to the Company;

- The cost of the assets can be measured reliably. The cost of a purchased fixed asset comprises the purchase price, related taxes, and any directly attributable expenditure for bringing the asset to working condition for its intended use. The cost of self-constructed assets is measured in accordance with the policy set out in Note III.13. Where the parts of an item of fixed assets have different useful lives or provide benefits to the Group in a different pattern, thus necessitating use of different depreciation rates or methods, each part is recognized as a separate fixed asset.

b) Subsequent costs, which satisfy the condition of fixed assets recognition, are recognized as assets. Subsequent costs, which cannot satisfy the condition of fixed assets recognition are recognized in profit or loss as incurred. The group's method of depreciation of fixed assets is the method of average life. At the end of each fiscal year, the group reviews the useful life, estimated net residual value, and depreciation method of fixed assets. If there is a difference between the service life and the original estimate, the group adjusts the useful life of the fixed asset; if there is a difference between the estimated value of the net residual value and the original estimate, the group adjusts the estimated net residual value; If the expected mode of realizing the economic benefits related to the fixed asset has changed significantly, the group changes the depreciation method of fixed assets. Changes in the useful life, estimated net residual value, and depreciation method of fixed assets are regarded as changes in accounting estimates.

c) For method of impairment test and method of provision for impairment loss, refer to Note V.16.

d) Disposal of fixed assets

The carrying amount of a fixed asset is derecognized:

-when the fixed asset is holding for disposal; or

-when no future economic benefit is expected to be generated from its use or disposal.

Gains or losses arising from the retirement or disposal of an item of fixed asset are determined as the difference between the net disposal proceeds and the carrying amount of the item, and are recognized in profit or loss on the date of retirement or disposal.

(2) Depreciation method

Category	Depreciation	Estimated Useful Lives (years)	Residual value rate (%)	Annual Depreciation Rate (%)
Property and buildings	The straight-line method	40	0	2.50
Machineries	The straight-line method	7-20	0	5.00-14.29
Transportation equipment	The straight-line method	6	0	16.67
Electronic and other equipment	The straight-line method	3-18	0	5.56-33.33

13、 Construction in progress

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

No

(1) Construction in progress is recorded at actual costs incurred. It also includes borrowing costs eligible for capitalization and gain or loss of exchange difference.

(2) The Group transfers construction in progress to fixed assets when the project is completed or the project is available for use. For the construction in progress which is capable of operating in the manner intended by management without the final account for completed project, an estimated value is recognized as its cost and the depreciation amount is based on the estimated value. When the final account for completed project is obtained, cost of the asset should be adjusted to the actual cost. However, there is no need to adjust depreciation of the asset in prior period.

(3) Construction in progress is stated in the balance sheet at cost less impairment, please refer to Note V.16.

14、 Borrowing costs

(1) Recognition principle and period of capitalization of borrowing costs

Where the borrowing costs incurred to the Group can be directly attributable to the acquisition and construction or production of assets eligible for capitalization, it shall be capitalized and recorded into the costs of relevant assets. The borrowing costs shall not be capitalized unless they simultaneously meet the following requirements:

- a) The asset disbursements have already incurred;
- b) The borrowing costs have already incurred;
- c) The acquisition and construction or production activities which are necessary to prepare the asset for its intended use or sale have already started.

Other borrowing costs shall be recognized as expenses on the basis of the actual amount incurred, and shall be recorded into the current profits and losses.

Where the acquisition and construction or production of a qualified asset is interrupted abnormally and the interruption period lasts for more than 3 months, the capitalization of the borrowing costs shall be suspended. The borrowing costs incurred during such period shall be recognized as expenses, and shall be recorded into the profits and losses of the current period, till the acquisition and construction or production of the asset restarts. If the interruption is a necessary step for making the qualified asset under acquisition and construction or production ready for the intended use or sale, the capitalization of the borrowing costs shall continue.

When the qualified asset under acquisition and construction or production is ready for the intended use or sale, the capitalization of the borrowing costs shall be ceased. The borrowing costs incurred after that shall be recognized as expenses.

Assets eligible for transferring to the fixed assets refers to assets such as fixed assets, investment real estate, inventories and other assets which need to go through the acquisition and construction or production activities for quite a long time to reach the intended use or status for sale.

(2) Calculation method of capitalized amount of borrowing costs

As for specifically borrowed loans for the acquisition and construction or production of assets eligible for capitalization, the to-be-capitalized amount of interests shall be determined in light of the actual cost incurred of the specially borrowed loan at the present period minus the income of interests earned on the unused borrowing loans as a deposit in the bank or as a temporary investment.

Where a general borrowing is used for the acquisition and construction or production of assets eligible for capitalization, the enterprise shall calculate and determine the to-be-capitalized amount of interests on the general borrowing by multiplying the weighted average asset disbursement of the part of the accumulative asset disbursements minus the general borrowing by the capitalization rate of the general borrowing used. The capitalization rate shall be calculated and determined in light of the weighted average interest rate of the general borrowing.

During the capitalization period, exchange differences of the special foreign currency borrowings shall all be capitalized, while the exchange differences of the general borrowing shall be included in the current profit or loss.

15、Intangible assets

(1) Pricing method, useful life, impairment test

Intangible assets are identifiable non-monetary asset that are owned or controlled by the Group and are without physical substance. Intangible assets are stated in the balance sheet at cost less accumulated amortisation (limited to intangible assets with finite useful lives) and impairment losses (see Note III.16).

For intangible assets with limited service life, the service life of the intangible assets is determined and is amortized over the service life using the straight-line method over the useful life. The amortization amount is accounted for in the relevant costs and expenses according to the benefit items. Intangible assets with indefinite useful lives are not amortized.

The service life of the land use right of the Group is the stated life of is the land use right certificate, the estimated useful life of the proprietary technology is 15 years, and the estimated service life of the software is 3 years.

At the end of the period, the useful life and amortization method of intangible assets with limited useful life are reviewed, and if any changes occur, they are treated as changes in accounting estimates.

16、Impairment of long-term assets

It suggests that an asset may be impaired if there is any of the following indication:

- During the period, an asset's market value has declined significantly more than it would be expected as a result of the passage of time or normal use during the current period;

- Significant changes with an adverse effect on the Group have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the Group operates or in the market to which an asset is dedicated;

- Market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially;

- Evidence is available of obsolescence or physical damage of an asset;

- The asset becomes idle, or the Group plans to discontinue or to dispose of an asset before the previously expected date;

- Evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected, for example, the net cash flow generated from assets or the operating profit (or loss) realized by assets is lower (higher) than the expected amount, etc.; and

- Other evidence indicates that assets may be impaired.

The Group assesses long-term equity investment, fixed assets, construction materials, constructions in progress and intangible assets (except for those with uncertain useful life) that apply Accounting Standard for Business Enterprises No. 8 - Impairment of assets at the balance sheet date. If there is any indication that an asset may be impaired, the Group should assess the asset for impairment and estimate the recoverable amount of the impaired asset.

Recoverable amount is measured as the higher of an asset's fair value less costs to sell and the present value of estimated future cash flows from continuing use of the asset. If carrying amount of an asset is higher than its recoverable amount, the carrying amount of this asset should be written down to its recoverable amount with the difference recognized as impairment loss and charged to profit or loss accordingly. Simultaneously a provision for impairment loss should be made.

There is any indication that an asset may be impaired, the Group usually estimates its recoverable amount on an individual item basis. However if it's not possible to estimate recoverable amount of the individual asset, the Group should determine the recoverable amount of the cash-generating unit to which the asset belongs.

An asset's cash-generating unit is the smallest group of assets that includes the asset and generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Identification of cash-generating unit is based on whether the cash inflows generated by the cash-generating unit are largely independent of the cash inflows from other assets or groups of assets.

Once impairment loss is recognized, it cannot be reversed in subsequent financial period.

17、 Employee compensation

(1) Accounting treatment of short-term compensation

The actual short-term employee benefit shall be recognized as the debt during the accounting period when the employees provide service and included in current profits and losses or related asset costs according to the benefit object.

(2) Accounting treatment of the welfare after demission

Post-employment benefit plan includes defined contribution plans and defined benefit plans. Post-employment benefit refers to the agreement regarding the post-employment benefits between the Group and employees, or the regulations or rules on post-employment benefits stipulated by the Group. Defined contribution plans are post-employment benefit plans under which an enterprise pays fixed contributions into a separate fund and will have no obligation to pay further contributions. Defined benefit plans are post-employment benefit plans other than defined contribution plans.

a) Defined contribution plans

The defined contribution plans are primarily for social basic old-age insurance and unemployment insurance etc., which are

organized by labor and social security institute. The Group shall recognize, in the accounting period in which an employee provides service, the contribution payable to a defined contribution plan as a liability, with a corresponding charge to the profit or loss for the current period or the cost of a relevant asset.

b) Defined benefit plans

The defined benefit plans are primarily for the supplementary retirement benefit provided for part of the retired employees. The cost of the benefit provided under defined benefit plans is calculated in the estimated cumulative unit method. At the end of the reporting period, the Group recognizes the cost of service, including current cost of service, past cost of service and profit or loss, and the net amount of interest of net liabilities or net assets under the defined benefit plans, including interest income of planned assets, interest expense of the obligation of defined benefit plans and interest of the ceiling effect on assets, as liabilities, of which the variation is recorded into the profits and losses of the current period or related cost of assets; the Company re-measures the change of the net liabilities and net assets under the defined benefit plans, including actuarial profit or loss, planned return on asset (deducting the amount of net interest of net liabilities or net assets under the defined benefit plans), and ceiling effect on assets (deducting the amount of net interest of net liabilities or net assets under the defined benefit plans) into other comprehensive income, which is not allowed to reverse to the profit and loss in the subsequent accounting periods, but the Group could transfer the confirmed amount of other comprehensive income within the scope of equity. The Company shall recognize the past cost of service as current expense at the earlier date of the following dates: the date when the Company alters the defined benefit plans or the date when the Company confirms related restructuring expense and termination benefits.

(3) Accounting treatment of the demission welfare

Demission welfare are primarily for internal employee retirement plan. The company recognizes the proposed salaries and social insurance of internal retired employees from the date they stop providing service to the normal retirement date into current profit and loss (termination benefits), when it meets the recognition conditions of employee benefits payable.

(4) Accounting treatment of the welfare of other long-term staffs

When other long-term employee benefits provided by the Group to the employees satisfied the conditions for classifying as a defined contribution plan, those benefits shall be accounted for in accordance with the above requirements relating to defined contribution plan, but the movement of net liabilities or assets in the investee's re-measurement defined benefit plan in the cost of relevant employee benefits shall be recognized in profit or loss for the current period or the relevant cost of assets.

18、Provisions

(1) Recognition criteria of provisions

An obligation for additional losses related to a contingency is recognized as a provision when all of the following conditions are satisfied:

- a) The obligation is a present obligation of the Group;
- b) It is probable that an outflow of economic benefits from the Group will be required to settle the obligation;
- c) The amount of the obligation can be measured reliably.

(2) Measurement of provisions

Provisions are initially measured at the best estimate of the payment to settle the associated obligations and consider the relevant risk, uncertainty and time value of money. Where there is a continuous range of possible amounts of the expenditure required to settle

the liability, and all kinds of possibilities are at same level, the best estimate should be determined according to the median of the range. In other cases, the best estimate should be determined in accordance with the following methods:

a) Where the contingency involves a single item, the best estimate should be determined according to the most likely outcome;

b) Where the contingency involves several items; the best estimate should be determined by weighting all possible outcomes by their associated probabilities of occurrence.

To determine the best estimate, it should be considered with factors such as: related contingency risks, uncertainty and time value of money. If the impact of time value of money is significant, the best estimate is determined as its present value of future cash outflow.

Where some or all of the expenditures are expected to be reimbursed by a third party, the reimbursement should be separately recognized as an asset only when it is virtually received. The amount of the reimbursement should not exceed the carrying amount of the liability recognized.

The Group reviews the carrying amount of provisions at the balance sheet date. If there is strong evidence that the book value does not truly indicate the current best estimate, the adjustment should be made to the carrying amount to reflect the best estimate.

19、 Revenue

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

No

The Group's revenue consists of construction contract, Sale of goods and rendering services.

(1) Construction contract revenue

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs associated with the construction contract is recognized as revenue and expenses respectively by reference to the stage of completion of the contract activity at the balance sheet date. The stage of contract completion is recognized by reference to the ratio of the accumulative actual contract cost to totally estimated contract cost. The outcome of a construction contract can be estimated reliably when all the following conditions are satisfied:

- When the outcome of a construction contract can be estimated reliably, total contract revenue can be measured reliably;
- It is probable that the economic benefits associated with the contract will flow to the entity;
- Both the contract costs to complete the contract and the stage of contract completion at the balance sheet date can be measured reliably;
- The actual contract costs attributable to the contract can be clearly identified and reliably measured.

When the outcome of a construction contract cannot be estimated reliably and contract costs are expected to be recoverable, revenue is recognized only to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognized as an expense in the period in which they are incurred. Contract costs that are not probable of being recovered are recognized as an expense immediately and no revenue is recognized.

If the accumulative estimated contract costs exceed the contract revenue, an estimated loss should be recognized in the current financial period.

(2) Sale of goods

The Group recognizes revenue from sale of goods when all the following conditions have been satisfied:

a) The Group has transferred to the buyer the significant risks and rewards of ownership of the goods;

b) The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective

control over the goods sold;

- c) The relevant amount of revenue and costs can be measured reliably; and
- d) The economic benefits associated with the transaction will flow to the Group.

(3) Rendering of services:

a) Revenue associated with the transaction is recognized by reference to the stage of completion of the transaction at the balance sheet date. The service revenue is recognized at the balance sheet date according to the percentage of completion of the services when (i) the total revenue and total cost can be reliably measured, (ii) the economic benefit pertaining to the service will flow to the Company; (iii) the percentage of completion can be determined reliably.

b) When the outcome of the transaction involving the rendering of services cannot be estimated reliably at the balance sheet date, revenue is recognized according to the following:

When it is probable that the Company will recover the transaction costs incurred, revenue is recognized only to the extent of the expenses recognized that are recoverable, and the costs incurred are recognized as an expense.

When it is not probable that the costs incurred will be recovered, revenue is not recognized and the costs incurred are recognized as an expense.

20、Government subsidies

(1) Judgment basis and accounting treatment of government subsidies related to assets

The government subsidies pertinent to assets shall be recognized as deferred income. When the relevant assets are ready for their intended use, the government subsidies shall be recorded in non-operating income in subsequent periods in a reasonable and systematic manner within the useful life of the asset. When the relevant assets are sold, transferred, scrapped or damaged before the end of their useful lives, the undistributed balance of deferred income shall be transferred once to the profit or loss of the asset disposal in the current period.

(2) Judgment basis and accounting treatment of government subsidies related to profits

Other government grants obtained by the Group other than assets are government grants related to profits. If the government subsidy documents do not clearly identify the target of the subsidy, apart from the conclusive evidence that it is a government subsidy related to the asset, the Group classifies it as a government subsidy related to profits. If the government grants related to profits are used to compensate for the related costs or losses of the Group in the future period, the Group shall recognize them as deferred income, and shall accrued them into other income or business during the period which confirms the related costs, expenses or losses. Otherwise the government grants should be directly included in other income or non-operating income.

21、Deferred income tax assets/deferred income tax liabilities

The Company adopts the balance sheet liability method for corporate income taxes.

(1) Deferred tax asset

a) Where there are deductible temporary differences between the carrying amount of assets or liabilities in the balance sheet and their tax bases, a deferred tax asset shall be recognized for all those deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized. Deferred tax assets should be measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled.

b) At the balance sheet date, where there is strong evidence showing that sufficient taxable profit will be available against which

the deductible temporary difference can be utilized, the deferred tax asset unrecognized in prior period shall be recognized.

c) The Company assesses the carrying amount of deferred tax asset at the balance sheet date. If it's probable that sufficient taxable profit will not be available against which the deductible temporary difference can be utilized, the Company shall write down the carrying amount of deferred tax asset, or reverse the amount written down later when it's probable that sufficient taxable profit will be available.

(2) Deferred tax liability

A deferred tax liability shall be recognized for all taxable temporary differences, which are differences between the carrying amount of an asset or liability in the balance sheet and its tax base, and measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled.

At the balance sheet date, deferred tax assets and deferred tax liabilities are offset if all of the following conditions are met:

-The taxable entity has a legally enforceable right to offset current tax liabilities and current tax assets;

-They relate to income taxes levied by the same tax authority on either:

-The same taxable entity; or

-Different taxable entities which intend either to settle the current tax liabilities and current tax assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or deferred tax assets are expected to be settled or recovered.

22、Lease

(1) Accounting treatment of operating lease

Operating lease shall treat the lease payment under an operating lease as a relevant asset cost or the current profit or loss on a straight-line basis over the lease term. The initial direct costs incurred shall be recognized as the current profit or loss; Contingent rents shall be charged as expenses in the periods in which they are incurred.

Operating lease shall present the assets subject to operating leases in the relevant items of their balance sheet according to the nature of the asset. Lease income from operating leases shall be recognized as the current profit or loss on a straight-line basis over the lease term; Initial direct costs incurred by lessors shall be recognized as the current profit or loss; Lessors shall apply the depreciation policy for the similar assets to depreciate the fixed assets in the operating lease; For other assets in the operating lease, lessors shall adopt a reasonable systematical method to amortize; Contingent rents shall be charged as expenses in the periods in which they are incurred.

23、Other significant accounting policies and estimates

(1) Specific reserve

The Group recognizes a safety fund in the specific reserve pursuant to relevant government regulations, with a corresponding increase in the costs of the related products or expenses. When the safety fund is subsequently used for revenue expenditure, the specific reserve is reduced accordingly. On utilization of the safety fund for fixed assets, the specific reserve is reduced as the fixed assets are recognized, which is the time when the related assets are ready for their intended use; in such cases, an amount that corresponds to the reduction in the specific reserve is recognized in accumulated depreciation with respect to the related fixed assets. As a consequence, such fixed assets are not depreciated in subsequent periods.

(2) Hedge accounting

Hedge accounting is a method which recognizes in profit or loss the offsetting effect of changes in the fair value of the hedging instrument and the hedged item in the same accounting periods.

Hedged items are the items that expose the Group to risks of changes in fair value or future cash flows and that are designated as being hedged. The Group's hedged items include a firm commitment that is settled with a fixed amount of foreign currency and exposes the Group to foreign currency risk etc.

A hedging instrument is a designated derivative whose changes in fair value or cash flows are expected to offset changes in the fair value or cash flows of the hedged item. The group hedges foreign exchange risk.

The hedge is assessed by the Group for effectiveness on an ongoing basis and judged whether it was highly effective throughout the accounting periods for which the hedging relationship was designated. A hedge is regarded as highly effective if both of the following conditions are satisfied:

-At the inception and in subsequent periods, the hedge is expected to be highly effective in achieving offsetting changes in fair value or cash flows attributable to the hedged risk during the period for which the hedge is designated;

-The actual results of offsetting are within a range of 80% to 125%.

The Group adopted the method of fair value hedges.

A fair value hedge is a hedge of the exposure to changes in fair value of a recognized asset or liability or an unrecognized firm commitment, or an identified portion of such an asset, liability or firm commitment.

The gain or loss from re-measuring the hedging instrument at fair value is recognized in profit or loss. The gain or loss on the hedged item attributable to the hedged risk adjusts the carrying amount of the hedged item and is recognized in profit or loss.

When a hedging instrument expires or is sold, terminated or exercised, or no longer meets the criteria for hedge accounting, the Group discontinues prospectively the hedge accounting treatments. If the hedged item is a financial instrument measured at amortized cost, any adjustment to the carrying amount of the hedged item is amortized to profit or loss from the adjustment date to the maturity date using the recalculated effective interest rate at the adjustment date.

(3) Related parties

If a party has the power to control, jointly control or exercise significant influence over another party, or vice versa, or where two or more parties are subject to common control or joint control from another party, they are considered to be related parties.

Related parties may be individuals or enterprises. Enterprises with which the Company is under common control only from the State and that have no other related party relationships are not regarded as related parties.

In addition to the related parties stated above, the Company determines related parties based on the disclosure requirements of Administrative Procedures on the Information Disclosures of Listed Companies issued by the CSRC.

(4) Segment reporting

Reportable segments are identified based on operating segments which are determined based on the structure of the Group's internal organization, management requirements and internal reporting system after taking the materiality principle into account. Two or more operating segments may be aggregated into a single operating segment if the segments have the similar economic characteristics and are same or similar in respect of the nature of each segment's products and services, the nature of production processes, the types or classes of customers for the products and services, the methods used to distribute the products or provide the services, and the nature of the regulatory environment.

Inter-segment revenues are measured on the basis of the actual transaction prices for such transactions for segment reporting. Segment accounting policies are consistent with those for the consolidated financial statements.

(5) Significant accounting estimates and judgements

The preparation of the financial statements requires management to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates as well as underlying assumptions and uncertainties involved are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

Except for accounting estimates relating to depreciation and amortization of assets such as fixed assets and intangible assets (see Notes III.12 and 15) and provision for impairment of various types of assets (see Notes V.3, 5, 6, 8, 10 and Note XIII.1, 2). Other significant accounting estimates are as follows:

- (i) Note V.11: Recognition of deferred tax assets;
- (ii) Note V.22: Post-employment benefits – defined benefit plans;
- (iii) Note V.37: Gains from changes in fair value.

VI. Taxation

1. Main taxes and tax rate

Category of taxes	Tax basis	Tax rate
VAT	Taxable revenue	6%,17%
Urban maintenance and construction tax	Taxable VAT, taxable business tax	7%
Enterprise income tax	Taxable income	25%
Education surtax	Taxable VAT, taxable business tax	3%
Local education surtax	Taxable VAT, taxable business tax	1.5%

2. Others

The income tax rate applicable to the Company and each of its subsidiaries for the year is 25% (2017: 25%).

VII. Notes to the consolidated financial statements

1. Monetary funds

Unit: RMB Yuan

Item	Closing Balance	Opening balance
Cash on hand	84,546,470.04	96,112,619.64
Total	84,546,470.04	96,112,619.64

2、Financial assets measured at fair value and whose changes are recorded in the profits and losses of the current period

Unit: RMB Yuan

Item	Closing Balance	Opening balance
Transaction financial assets	14,989.71	5,935.82
--Derivative financial assets	14,989.71	5,935.82
Total	14,989.71	5,935.82

3、Bills receivable

(1) Classification of bills receivable

Unit: RMB Yuan

Category	Closing balance	Opening balance
Bank acceptance bills		42,733,146.61
Commercial acceptance bill		27,496,920.00
Total		70,230,066.61

(2) Outstanding endorsed or discounted bills that have not matured at the end of the year

Unit: RMB Yuan

Category	Closing balance	Opening balance
Bank acceptance bills	28,140,000.00	19,283,500.00
Total	28,140,000.00	19,283,500.00

4、Accounts receivable

(1) Accounts receivable disclosed by category

Unit: RMB Yuan

Category	Closing balance					Opening Balance				
	Balance		Provision for bad & doubtful debts		Net amount	Balance		Provision for bad & doubtful debts		Net amount
	Amount	%	Amount	%		Amount	%	Amount	%	
Receivables that are individually significant in amount	45,469,174.94	67.98%	25,554,022.55	56.20%	19,915,152.39	68,556,088.26	70.97%	25,056,076.23	36.55%	43,500,012.03

and provided for bad debt separately										
Accounts receivable whose bad debts provision was accrued by credit risk feature	21,413,048.86	32.02%	7,459,353.24	34.84%	13,953,695.62	28,037,108.43	29.03%	7,614,807.92	27.16%	20,422,300.51
Total	66,882,223.80	100.00%	33,013,375.79	49.36%	33,868,848.01	96,593,196.69	100.00%	32,670,884.15	33.82%	63,922,312.54

Accounts receivable with significant single amount for which bad debt provision separately accrued at the period-end

Applicable Inapplicable

Unit: RMB Yuan

Item	Closing balance	Bad debt provision	Provision %	Reasons for provision
General Electric (Switzerland) GmbH	11,926,021.42	357,780.64	3.00%	Amount collected after the balance sheet date
Henan Zhongmai Yong'an power Co.,Ltd.	15,358,090.00	15,358,090.00	100.00%	Bankruptcy
Sanmen Valley Huineng Thermopower Co.,Ltd.	9,580,000.00	9,580,000.00	100.00%	Difficult to recover the warranty
GE Power India Limited	8,605,063.52	258,151.91	3.00%	Amount collected after the balance sheet date
Total	45,469,174.94	25,554,022.55	--	--

In the groups, accounts receivable adopting aging analysis method to accrue bad debt provision:

Applicable Inapplicable

Unit: RMB Yuan

Aging	Closing balance		
	Account receivable	Provision for bad debts	Accrual ratio
Within 1 year	11,374,458.70	341,233.76	3.00%
2 years to 3 years	3,104,021.41	183,550.73	5.91%
Over 5 years	6,934,568.75	6,934,568.75	100.00%
Total	21,413,048.86	7,459,353.24	34.84%

Notes of the basis of recognizing the group:

Refer to note V 9 for the classification basis of the portfolio.

In the groups, accounts receivable adopting balance percentage method to withdraw bad debt provision

Applicable Inapplicable

In the groups, accounts receivable adopting other methods to accrue bad debt provision: None.

(2) Information of provided reversal or recovery amounts of Provision for bad & doubtful debts of accounts receivable in the reporting period.

The provision amount of bad debt of accounts receivable is RMB 1,011,741.67 and the reversal or recovery amount for Provision for bad & doubtful debts is RMB1,832,367.13 in the reporting period. The significant amounts for the reversal or recovery for Provision for bad & doubtful debts are as follows.

Unit: RMB Yuan

Debtors	The reversal or recovery amount	Reasons
General Electric (Switzerland) GmbH	1,072,067.95	Amount collected
Other individually insignificant items	760,299.18	Amount collected
合计	1,832,367.13	--

(3) Top 5 of the closing balance of the accounts receivable collected according to the arrears party

The subtotal of five largest accounts receivable of the Group at the end of the year is RMB56,083,067.66, representing 84% of the total accounts receivable, and the provision of bad and doubtful debts is RMB 25,872,921.20.

5、Prepayment

(1) List by aging analysis:

Unit: RMB Yuan

Aging	Closing Balance		Opening Balance	
	Amount	%	Amount	%
Less than 1 year	30,846,333.27	77.84%	10,233,863.91	60.09%
1 years to 2 years	6,719,005.49	16.95%	6,046,971.97	35.50%
2 years to 3 years	20,040.12	0.05%	750,225.96	4.41%
Over 3 years	2,046,578.12	5.16%		
Total	39,631,957.00	--	17,031,061.84	--

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

Prepayments of significant amount with aging over 1 year are mainly for unsettled project purchases. The aging of prepayments is quite long due to the fact that the construction period of the projects signed by the Company and corresponding project purchase cycle are quite long.

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

The total of five largest prepayments of the Group at the end of the year is RMB35,749,723.42, representing 90.2% of the total prepayments.

Other explanation: Down payment increased by 132.7%, mainly due to increase on purchasing material for Hassyan, Lucky projects.

6、 Other accounts receivable**(1) Other accounts receivable disclosed by category**

Unit: RMB Yuan

Category	Closing Balance					Opening Balance				
	Balance		Provision for bad & doubtful debts		Net amount	Balance		Provision for bad & doubtful debts		Net amount
	Amount	%	Amount	%		Amount	%	Amount	%	
Other receivables that individually significant in amount and provided for bad debt separately	26,673,222.30	50.73%	26,673,222.30	100.00%	0.00	26,673,222.30	61.00%	26,673,222.30	100.00%	
Other accounts receivable whose bad debts provision was accrued by credit risk feature	14,326,745.31	27.25%	5,021,807.30	35.05%	9,304,938.01	12,588,388.91	28.79%	5,065,047.08	40.24%	7,523,341.83
Other receivables that individually insignificant in amount but provided for bad debt separately	11,578,220.95	22.02%	2,568,325.95	22.18%	9,009,895.00	4,464,240.89	10.21%	3,570,061.51	79.97%	894,179.38
Total	52,578,188.56	100.00%	34,263,355.55	65.17%	18,314,833.01	43,725,852.10	100.00%	35,308,330.89	80.75%	8,417,521.21

Other accounts receivable with significant single amount for which bad debt provision separately accrued at the period-end:

√ Applicable □ Inapplicable

Company	Closing Balance			
	Balance	Bad debt amount	Provision %	Reason
Shandong luneng material group co., LTD	19,950,586.83	19,950,586.83	100.00%	difficult to recover the money.

Shanxi Zhenxing Group Co., Ltd.	6,722,635.47	6,722,635.47	100.00%	difficult to recover the money.
Total	26,673,222.30	26,673,222.30	--	--

In the groups, other accounts receivable adopting aging analysis method to accrue bad debt provision:

Applicable Inapplicable

Unit: RMB Yuan

Aging	Closing balance		
	Balance	Provision for bad & doubtful debts	Provision %
Within 1 year (including 1 year)	8,124,861.38	243,745.84	3.00%
1-2 years(including 2 years)	1,450,753.31	43,522.60	3.00%
2-3 years(including 3 years)	421.42	25.28	6.00%
3-4 years(including 4 years)	18,300.01	3,660.00	20.00%
4-5 years(including 5 years)	1,944.52	388.91	20.00%
Over 5 years	4,730,464.67	4,730,464.67	100.00%
Total	14,326,745.31	5,021,807.30	35.05%

Notes of the basis of recognizing the group:

The classification basis for the portfolio is specified in note V 9.

In the groups, other accounts receivable adopting balance percentage method to withdraw bad debt provision

Applicable Inapplicable

In the groups, other accounts receivable adopting other methods to accrue bad debt provision:

Applicable Inapplicable

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

The booking amount of the bad debt provision during the reporting period was of RMB 260,130.77; the amount of the reversed or collected part during the reporting period was of RMB 200,984.67.

There is no other individually significant receivable collected during the year.

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

Unit: RMB Yuan

Nature	Closing Balance	Opening Balance
Sales tax	28,413,176.31	28,527,566.19
Accounts receivable due from related parties	11,885,262.24	4,885,495.92
Accounts receivable due from non-related parties	12,279,750.01	10,312,789.99

Total	52,578,188.56	43,725,852.10
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(4) Top 5 of the closing balance of the other accounts receivable collected according to the arrears party

Unit: RMB Yuan

Debtors	Nature	Closing balance	Aging	Proportion of the total	Closing balance of provisions for bad & doubtful debts
Shandong Luneng Material Group Co. Limited	Sales tax	19,950,586.83	more than 5 years	37.94%	19,950,586.83
Shanxi Zhenxing Group Co., Ltd.	Sales tax	6,722,635.47	more than 5 years	12.79%	6,722,635.47
GE (Shanghai) Power Technology Co.,Ltd	Reimbursed expenses on behalf of related parties	3,369,430.78	Less than 1 year	6.41%	104,193.93
Alstom Power Ltd.	Reimbursed expenses on behalf of related parties	3,151,815.06	Less than 1 year	5.99%	94,554.45
Wuhan Boiler (Group) Co., Ltd.	Relocation compensation for the old factory	2,810,000.00	more than 5 years	5.34%	2,810,000.00
Total	--	36,004,468.14	--	68.47%	29,681,970.68

7、Inventory

Whether the Company needs to comply with the disclosure requirements of the real estate industry

No

(1) Category of inventory

Unit: RMB Yuan

Category	Closing balance			Opening balance		
	Balance	Impairment	Net amount	Balance	Impairment	Net amount
Raw materials	68,318,136.57	21,135,222.29	47,182,914.28	88,266,886.32	18,486,547.21	69,780,339.11
Work in process	8,990,682.10		8,990,682.10	17,932,508.11		17,932,508.11

Category	Closing balance			Opening balance		
	Balance	Impairment	Net amount	Balance	Impairment	Net amount
Construction contract assets	111,677,256.93	512,498.24	111,164,758.69	102,319,169.72	1,158,834.85	101,160,334.87
Total	188,986,075.60	21,647,720.53	167,338,355.07	208,518,564.15	19,645,382.06	188,873,182.09

(2) Falling price reserves of inventory

Unit: RMB Yuan

Category	Opening balance	Increase		Decrease		Closing balance
		Provision	Others	Reversal or Written off	Others	
Raw materials	18,486,547.21	2,648,675.08				21,135,222.29
Construction contract assets	1,158,834.85			646,336.61		512,498.24
Total	19,645,382.06	2,648,675.08		646,336.61		21,647,720.53

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

Not applicable.

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

Unit: RMB Yuan

Item	Amount
The cumulative cost has occurred	5,983,212,284.80
The cumulative has confirmed gross margin	1,102,614,609.14
Minus: expected loss	512,498.24
Already dealt with the amount of settlement has to handle the settlement amount	6,974,149,637.01
Outstanding assets from a completed construction contract	111,164,758.69

8、 Other current assets

Unit: RMB Yuan

Item	Closing Balance	Opening balance
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Prepaid VAT	25,731,934.51	35,855,153.17
Total	25,731,934.51	35,855,153.17

9、Fixed assets

(1) List of fixed assets

Unit: RMB Yuan

Item	Property and building	Machinery and equipment	Electrical Equipment	Transportation	Total
I. Cost					
1. Opening balance	565,986,003.66	408,934,788.17	31,479,896.65	882,784.61	1,007,283,473.09
2 Additions					
--- (1) Purchasing	312,167.96	881,649.36	178,755.48	58,119.66	1,430,692.46
--- (2) Construction in progress transferred					
--- (3) Increased by enterprise merger					
--3. Decreased Amount					
--- (1) Disposals			338,000.00		338,000.00
--4. Closing balance	566,298,171.62	409,816,437.53	31,320,652.13	940,904.27	1,008,376,165.55
II. Accumulated depreciation					
--1. Opening balance	109,684,138.80	227,170,200.13	29,600,112.23	777,728.38	367,232,179.54
--2. increased in the Period					
--- (1) Accrual	7,128,319.99	8,894,830.63	441,150.49	4,369.51	16,468,670.62
--3. Decreased Amount					
--- (1) Disposal or scrap			338,000.00		338,000.00
--4. Closing amount	116,812,458.79	236,065,030.76	29,703,262.72	782,097.89	383,362,850.16
III. Impairment provision					
--1. Opening amount		1,695,013.78	57,717.82	45,656.23	1,798,387.83

--2. Increased in the Period					
--- (1) Accrual					
--3. Decreased Amount					
--- (1) Disposal or scrap					
--4. Closing amount		1,695,013.78	57,717.82	45,656.23	1,798,387.83
IV. Net book amount					
--1. Closing net book amount	449,485,712.83	172,056,392.99	1,559,671.59	113,150.15	623,214,927.56
--2. Opening net book amount	456,301,864.86	180,069,574.26	1,822,066.60	59,400.00	638,252,905.72

10、Construction in progress

(1) List of construction in progress

Unit: RMB Yuan

Item	Closing balance			Opening balance		
	Balance	Impairment	Net amount	Balance	Impairment	Net amount
P91 heater	167,521.37		167,521.37	167,521.37		167,521.37
Total	167,521.37		167,521.37	167,521.37		167,521.37

(2) Changes of significant construction in progress

Unit: RMB Yuan

Item	Budget amount	Opening amount	Increase in the period	Fixed assets transferred in current period	Decrease in the period	Closing amount	The rate of project investment in budget	The progress of the project	The accumulative amount of Interest capitalization	Among them: the current amount of interest capitalized	Current interest capitalization rate	Sources of funding
Individually		167,521.37				167,521.37						

insignificant construction projects in progress												
Total		167,521.37				167,521.37	--	--				--

11、Intangible assets

(1) Information

Unit: RMB Yuan

Item	Land use right	Proprietary technology	Non-proprietary technology	Total
I. Cost				
--1. Opening amount	41,599,836.72	94,409,176.87	17,855,866.81	153,864,880.40
--2. Increase amount in current period				
--- (1) Purchases				
--- (2) Internal research and development				
--- (3) Increased by enterprise merger				
--3. Decrease amount in current period				
--- (1) Disposal				
--4. Closing amount	41,599,836.72	94,409,176.87	17,855,866.81	153,864,880.40
II. Accumulated amortization				
--1. Opening amount	8,046,786.62	71,832,471.41	17,339,514.40	97,218,772.43
--2. Increase amount in current period	415,946.90	1,718,787.41	159,786.25	2,294,520.56
--- (1) Amortization	415,946.90	1,718,787.41	159,786.25	2,294,520.56

--3. Decrease amount in current period				
--- (1) Disposal				
--4. Closing amount	8,462,733.52	73,551,258.82	17,499,300.65	99,513,292.99
III. Impairment provision				
--1. Opening amount				
--2. Increase amount in current period				
--- (1) Amortization				
--3. Decrease amount in current period				
--- (1) Disposal				
--4. Closing amount				
IV. Net book value				
--1. Closing net book value	33,137,103.20	20,857,918.05	356,566.16	54,351,587.41
--2. Opening net book value	33,553,050.10	22,576,705.46	516,352.41	56,646,107.97

The proportion of the intangible assets formed by internal research and development in the total amount is 0%

12、Deferred income tax assets/deferred income tax liabilities

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

Unit: RMB Yuan

Item	Closing balance		Opening balance	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Provision for impairment of assets	85,563,975.18	21,390,993.80	87,986,923.50	21,996,730.88
Tax difference arising from intangible assets	733,007.09	183,251.77	2,605,328.23	651,332.06
Accrued warranty	0.00	0.00	1,574,423.36	393,605.84
Interest payable	1,704,036.82	426,009.20	1,704,036.80	426,009.20
Total	88,001,019.09	22,000,254.77	93,870,711.89	23,467,677.98

(2) Deferred income tax assets or liabilities listed by net amount after off-set

Unit: RMB

Item	The final amount set-off deferred income tax assets and liabilities	Offset the ending balance of deferred income tax assets or liabilities	Initial amount set-off deferred income tax assets and liabilities	Offset deferred income tax assets and liabilities after beginning balance
Deferred tax assets		22,000,254.77		23,467,677.98
Deferred tax liabilities				

(3) List of unrecognized deferred income tax assets

Unit: RMB Yuan

Item	Closing balance	Opening balance
Deductible temporary differences	45,183,961.05	26,774,748.36
Deductible loss	11,278,683.58	11,278,683.58
Total	56,462,644.63	38,053,431.94

(4) Deductible losses of unrecognized deferred income tax assets will due the following years

Unit: RMB Yuan

Year	Closing balance	Opening balance	Notes
2018	10,000,647.87	10,000,647.87	
2019	0.00	0.00	
2020	0.00	0.00	
2021	1,278,035.71	1,278,035.71	
2022	0.00	0.00	
Total	11,278,683.58	11,278,683.58	--

13、 Other non-current assets

Unit: RMB Yuan

Item	Closing balance	Opening balance
Hedged item	75,017.65	1,744,903.95
Total	75,017.65	1,744,903.95

Note: Other non-current assets decreased by 95.70%, mainly due to decrease of hedging gain for un-expired forward contracts in this

period

14、Short-term loans

(1) Category of short-term loans

Unit: RMB Yuan

Category	Closing balance	Opening balance
Entrusted loan	1,514,800,000.00	1,624,800,000.00
Total	1,514,800,000.00	1,624,800,000.00

Note: Entrusted loan is provided by the controlling shareholder - Alstom (China) Investment Co., Ltd. The total amount is not more than RMB 1.8 billion. The loan interest rate is 12% lower than the benchmark interest rate. The closing balance of entrusted loan is RMB 1,514,800,000.00.

15、Financial liability measured at fair value and whose changes are recorded in the profits and losses of the current period

Unit: RMB Yuan

Item	Closing balance	Opening balance
Derivative financial assets	2,224,021.65	716,317.43
Total	2,224,021.65	716,317.43

16、Notes payable

Unit: RMB Yuan

Aging	Closing balance	Opening balance
Bank acceptance bill	126,809,227.66	99,911,367.88
Total	126,809,227.66	99,911,367.88

The amount of the due unpaid notes payable at the period-end was of RMB0.00

17、Accounts payable

(1) List of accounts payable

Unit: RMB Yuan

Item	Closing balance	Opening balance
Procurement payable of materials and	291,862,171.91	329,921,660.91

components of finished goods		
Total	291,862,171.91	329,921,660.91

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

Unit: RMB Yuan

Creditors	Closing balance	Reasons for outstanding
Wuhan Beifang Xinchuang Environment Science Development Co.,Ltd	7,409,160.34	Project not settled
Wuhan Huadian Constructure Equipment Co.,Ltd	6,871,492.44	Project not settled
Shanghai Clyde Bergemann Machinery Co.,Ltd	6,120,500.00	Project not settled
Shandong Hua'an Heavy Industry Co.,Ltd	5,940,798.76	Project not settled
Howden Hua Project Co. Ltd	5,700,000.00	Project not settled
Total	32,041,951.54	-

18、Advance from customers**(1) List of advance from customers**

Unit: RMB Yuan

Item	Closing balance	Opening balance
Advance payment from the sales of boiler products	43,116,805.07	67,047,101.24
Billed but incomplete construction contracts projects	141,251,410.79	188,879,669.16
Total	184,368,215.86	255,926,770.40

(2) Significant advance from customers aging over one year

Unit: RMB Yuan

Item	Closing balance	Reasons for outstanding
------	-----------------	-------------------------

China Nuclear Energy Industry Corp	20,276,831.25	Not reaching the settlement date of the engineering construction contract
Other individually insignificant items	1,756,519.99	Not reaching the settlement date of the engineering construction contract
Total	22,033,351.24	

(3) Billed but incomplete construction contracts projects at the end of the year

Item	Amount
Accumulated cost incurred	4,059,403,480.14
Accumulated gross profit recognized	875,892,626.60
--Billed amount	5,076,547,517.53
Billed but incomplete construction contracts projects	-141,251,410.79

19、Payroll payable

(1) List of Payroll payable

Unit: RMB Yuan

Item	Opening balance	Increase	Decrease	Closing balance
Short-term remuneration	12,065,778.38	84,832,371.37	84,286,715.28	12,611,434.47
Post-employment benefits- defined contribution plans		18,165,223.26	18,118,785.54	46,437.72
Other benefits due within one year	1,904,000.00		785,881.59	1,118,118.41
Total	13,969,778.38	102,997,594.63	103,191,382.41	13,775,990.60

(2) List of Short-term salary

Unit: RMB Yuan

Item	Opening balance	Increase	Decrease	Closing balance
1. Salary, bonus, allowance, subsidy	11,117,341.41	65,754,396.61	65,065,970.79	11,805,767.23
3. Social insurance	3,559.61	7,593,740.93	7,582,558.24	14,742.30
Including: Medical insurance premiums	-983.21	6,562,417.70	6,548,167.50	13,266.99
Work-related injury insurance	-83.88	580,681.29	580,178.95	418.46
Maternity insurance	4,626.70	450,641.94	454,211.79	1,056.85
4. Housing fund		10,222,320.70	10,187,708.00	34,612.70

Item	Opening balance	Increase	Decrease	Closing balance
5.Trade union funds and employee education expenses	944,877.36	1,261,913.13	1,450,478.25	756,312.24
Total	12,065,778.38	84,832,371.37	84,286,715.28	12,611,434.47

(3) List of drawing scheme

Unit: RMB Yuan

Item	Opening amount	Increase in current period	Decrease in current period	Closing amount
1. Basic endowment insurance		17,516,689.42	17,471,433.37	45,256.05
2. Unemployment insurance		648,533.84	647,352.17	1,181.67
Total		18,165,223.26	18,118,785.54	46,437.72

20、Taxes payable

Unit: RMB Yuan

Item	Closing balance	Opening balance
Value-added tax	4,148,114.69	4,276,960.04
Personal income tax	-789,406.67	-392,517.95
Housing property tax	1,368,176.99	1,351,770.45
Land use tax	391,112.01	391,112.01
Stamp duty	229,816.50	91,903.93
Others	108,584.07	91,719.16
Total	5,456,397.59	5,810,947.64

21、Interest payable

Unit: RMB Yuan

Item	Closing balance	Opening balance
Interest for short-term loan	1,704,036.82	1,704,036.82
Total	1,704,036.82	1,704,036.82

22. Dividends payable

Unit: RMB Yuan

Main investors	Closing balance	Opening balance
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Harbin Institute Of East Force Mechanical And Electrical Company	108,000.00	108,000.00
West Jiaotong University Xingyuan Power Corporation	166,000.00	166,000.00
Shanghai Power Equipment Research Institute	144,000.00	144,000.00
Wuhan City Environmental Protection Engineering Co., Ltd	144,000.00	144,000.00
Total	562,000.00	562,000.00

Note: The dividend payable is due from the subsidiary company, Wuhan Lan Xiang Energy Environmental Protection Science and Technology Co.Ltd which is still in the process of liquidation.

23、 Other accounts payable

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

Unit: RMB Yuan

Item	Closing balance	Opening balance
Payable to related companies	1,521,558.98	64,941,787.59
Payable to unrelated companies	40,087,379.79	41,805,032.93
Total	41,608,938.77	106,746,820.52

(2) Significant other payables aged over one year:

Unit: RMB Yuan

Item	Closing balance	Reason for no repayment
Estimated factory compensation	10,663,746.52	Compensation issues are not resolved yet
Total	10,663,746.52	--

24. Other current liabilities

Unit: RMB Yuan

Item	Closing Balance	Opening balance
Taxes not invoiced	0.00	11,620,345.76
Total	0.00	11,620,345.76

Note: Other current liabilities decreased by 100.00%, mainly represented by unbilled taxes in 2017, no same thing in the reporting period.

25、 Long term payroll payable**(1) List of long term payroll payable**

Unit: RMB Yuan

Item	Closing balance	Opening balance
I. Posted employment benefits---defined benefit plan net debt	17,382,411.91	18,168,293.50
II. Termination benefits	1,199,990.14	1,351,841.78
Less: Settled within one year	-1,118,118.41	-1,904,000.00
Total	17,464,283.64	17,616,135.28

(2) Changes of defined benefit plans

Present worth of defined benefit plans obligation:

Unit: RMB Yuan

Item	Reporting period	Last period
I. Opening balance	18,168,293.50	18,670,225.67
4、 Net interest		536,000.00
1.Actuarial gain (loss expressed with "-")		557,000.00
2. Benefits have paid	785,881.59	1,594,932.17
V. Closing balance	17,382,411.91	18,168,293.50

Net liabilities (net assets) of defined benefit plans

Unit: RMB Yuan

Item	Reporting period	Last period
I. Opening balance	18,168,293.50	18,670,225.67
II. Defined benefit cost included in the current profits and losses		536,000.00
III. Defined benefit cost included in other comprehensive income		557,000.00
IV. Other changes	785,881.59	1,594,932.17
V. Closing balance	17,382,411.91	18,168,293.50

Other note: The benefit plan of the group is for retiree benefits. According to the "retirement and personnel inside meeting minutes" of the Group with Wu Guo Group Co., Ltd. signed on September 17, 2007, promise the staff who retired before the old factory relocation (December 31, 2009) can enjoy retirement subsidies in accordance with the related policy of share purchase agreement (SPA).

26、Deferred income

Unit: RMB Yuan

Item	Opening balance	Increase	Decrease	Closing balance	Nature
Government grants	11,203,632.00		138,888.00	11,064,744.00	
Total	11,203,632.00		138,888.00	11,064,744.00	

Items involved in government subsidies:

Unit: RMB Yuan

Item	Opening balance	New grant in current period	Amount included in Non-operating gains	Amount included in operating income	Amount reversed to cost/expense	Other changes	Closing balance	Assets-related/income related
Land use right of the Company's new plant	11,203,632.00		138,888.00				11,064,744.00	Assets-related
Total	11,203,632.00		138,888.00				11,064,744.00	

27. Other non-current liabilities

Unit: RMB Yuan

Item	Closing balance	Opening balance
The hedging instrument	68,107.50	1,950,253.64
Total	68,107.50	1,950,253.64

Note: Other non-current liabilities decreased by 96.51%, mainly due to decrease on hedging losses arising from non-settled forward contracts in the reporting period.

28 Share capital

Unit: RMB Yuan

Item	Opening balance	Increase/Decrease (+/-)	Closing balance
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		New shares issued	Bonus shares	Capitalized Capital reserves	Others	Subtotal	
Total shares	297,000,000.00						297,000,000.00

29. Capital surplus

Unit: RMB Yuan

Item	Opening balance	Increase	Decrease	Closing balance
Capital premium (share capital premium)	144,909,718.58			144,909,718.58
Other capital reserves	29,749,688.88	60,419,188.95		90,168,877.83
Total	174,659,407.46	60,419,188.95		235,078,596.41

Other note: Capital reserve increased by 34.59%, mainly due to debt forgiveness from related company-GE Boiler Deutschland GmbH.

30. Other comprehensive income

Unit: RMB Yuan

Item	Opening balance	Increase/Decrease in 2014					Closing balance
		Amount before income tax in current period	Less: recorded in other comprehensive income in prior period and transferred to profit or loss in current period	Less: Income tax expense	Attributable to owners of the Company after tax	Attributable to minority shareholders after tax	
(1) Other comprehensive income not reclassified into gains and losses	2,935,272.11						2,935,272.11
Including: the change caused by remeasuring	2,935,272.11						2,935,272.11

Item	Opening balance	Increase/Decrease in 2014					Closing balance
net assets or liabilities of defined benefit plans or changes							
Total	2,935,272.11						2,935,272.11

31、Surplus reserves

Unit: RMB Yuan

Item	Opening balance	Increase	Decrease	Closing balance
Statutory surplus reserves	39,418,356.83			39,418,356.83
Total	39,418,356.83			39,418,356.83

32、Retained earnings

Unit: RMB Yuan

Item	Reporting period	Last period
Opening balance of retained profits before adjustments	-1,795,851,139.58	-1,923,770,307.07
Add: Total amount of adjustment for the opening balance of undistributed profit (Increase '+', Decrease '-')	-1,795,851,139.58	-1,923,770,307.07
Add: Net profit attributable to owners of the Company	78,802,262.57	127,919,167.49
Closing retained profits	-1,717,048,877.01	-1,795,851,139.58

List of adjustment of opening retained profits:

- 1) RMB 0 opening retained profits was affected by retrospective adjustment conducted according to the Accounting Standards for Business Enterprises and relevant new regulations.
- 2) RMB 0 opening retained profits was affected by changes on accounting policies.
- 3) RMB 0 opening retained profits was affected by correction of significant accounting errors.
- 4) RMB 0 opening retained profits was affected by changes in combination scope arising from same control.
- 5) RMB 0 opening retained profits was affected totally by other adjustments.

33. Revenue and Cost of Sales

Unit: RMB Yuan

Item	Reporting period		Last period	
	Sales revenue	Cost of sales	Sales revenue	Cost of sales
Main business	552,526,751.17	410,826,165.74	579,191,775.37	535,135,558.09
Other business	4,470,767.66	0.00	2,446,195.19	66,417.85
Total	556,997,518.83	410,826,165.74	581,637,970.56	535,201,975.94

34. Business tax and surcharges

Unit: RMB Yuan

Item	Reporting period	Last period
City maintenance and construction tax	2,427,438.80	2,682,868.49
Education Levy	1,040,330.90	1,149,800.78
Housing property tax	2,740,428.59	
Land use right tax	782,224.02	
Stamp duty	344,486.82	
Local educational levy	520,165.46	574,900.39
Total	7,855,074.59	4,407,569.66

Other note: Business tax and surcharges increased by 78.22%, mainly due to additional tax for VAT increase this period.

35. Selling expenses

Unit: RMB Yuan

Item	Reporting period	Last period
Wages and bonus	4,201,006.69	2,472,585.92
Social insurance	867,783.80	474,729.90
Travel expenses	323,092.73	680,293.75
Housing fund	154,916.00	109,101.00
Depreciation	249,822.34	235,587.35
Rental fee	32,064.14	84,613.62
Energy cost	23,706.31	40,981.24
Consult fees	0.00	6,950.00

Item	Reporting period	Last period
IT related cost	10,796.64	13,662.56
Office expenses	60,065.50	71,983.51
Tendering and Other expenses	1,047,648.10	2,485,742.23
Total	6,970,902.25	6,676,231.08

36. Administration expenses

Unit: RMB Yuan

Item	Reporting period	Last period
Salary and bonus	5,636,705.12	7,180,176.33
Social insurance and benefit	1,597,298.86	1,670,790.82
Housing property tax/Land use right tax/Other taxes		3,686,973.07
Travel and Entertainment	196,704.66	267,997.68
Housing Fund	285,234.00	295,527.50
Consulting services	486,658.40	
Depreciation and Amortization	975,501.89	
Office supplies fee	209,121.27	
Insurance	815,946.10	
Others	2,126,300.21	4,362,637.89
Total	12,329,470.51	17,464,103.29

37. Financial expenses

Unit: RMB Yuan

Item	Reporting period	Last period
Interest expenses from loans and payables	30,817,909.46	26,706,211.47
Less: Interest income	137,035.10	122,175.60
Net exchange losses / gains	620,033.31	12,338,736.03
Other financial expenses	3,595,317.88	1,153,596.31
Total	34,896,225.55	40,076,368.21

38. Impairment losses

Unit: RMB Yuan

Item	Reporting period	Last period
(1) Bad debts losses	-492,589.98	-45,469,632.50
(2) Inventory impairment loss	3,580,989.91	-13,674,221.51
Total	3,088,399.93	-59,143,854.01

Other note: Impairment losses increased by 105.22%, mainly due to large reversed bad-debt provision for cash collection in the prior period but no same thing this period.

39. Gains and losses from changes in fair value

Unit: RMB Yuan

Sources of changes in fair value gains.	Reporting period	Last period
Financial assets measured at fair value and whose changes are recorded in the profits and losses of the current period	-1,286,390.49	-4,041,244.85
Including: Fair value change gain/loss derived from derivative financial instruments	-1,286,390.49	-4,041,244.85
Total	-1,286,390.49	-4,041,244.85

Note: Changes in fair value gains increased by 68.17%, mainly due to the decreased of hedging losses from exchange rate movement of hedging instrument.

40. Asset disposal income

单位：元

Item	Reporting period	Last period
Fix assets disposal	1,724.14	

41. Other income

单位：元

Item	Reporting period	Last period
Safety enterprise award 2017 by Development Zone Administrative Committee Finance Bureau	200,000.00	0.00

42. Non-operating gains

Unit: RMB Yuan

Item	Reporting period	Last period	Amount recorded in current non-operating gains and losses
Government grants	138,888.00	1,238,888.00	138,888.00
Others	184,389.21	200,000.01	184,389.21
Total	323,277.21	1,438,888.01	

List of government subsidies recorded into current profits and losses

Unit: RMB

Item	Reporting period	Last period	Related to assets/related income
The foreign trade and economic cooperation development fund		1,000,000.00	Related to income
Wuhan Clean Production Enterprise Award		100,000.00	Related to income
Gains from the land use right of the Company's new plant	138,888.00	138,888.00	Related to assets
Total	138,888.00	1,238,888.00	

Note: Non-operating income decreased by 77.53%, mainly due to Technology and Development fund from Wuhan Finance Ministry in the prior period but no same thing this period.

43. Non-operating expenses

Unit: RMB Yuan

Item	Reporting period	Last period	Amount recorded in non-operating gains and losses in current gains and losses
Losses from debt restructuring	0.00	0.00	0.00

44. Income tax expenses**(1) Details of income taxes expenses**

Unit: RMB Yuan

Item	Reporting period	Last period
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Item	Reporting period	Last period
Deferred income tax expense	1,467,423.21	14,318,819.11
Total	1,467,423.21	14,318,819.11

(2) Reconciliation between income tax expenses and accounting profits is as follows

Unit: RMB Yuan

Item	Report period
Profit before tax	80,269,891.12
Income tax expenses calculated at legal (or applicable) tax rate	20,067,472.78
Tax for nondeductible cost, expense and loss	-387,585.46
Tax effect of using prior years' deductible loss for which the deferred tax not recognized	-22,814,767.28
Tax effect of deductible loss and deductible temporary difference for which the deferred tax not recognized	4,602,303.17
Income tax expenses	1,467,423.21

45. Other comprehensive income

Refer to the notes VII 30.

46. Supplementary information to cash flow statement**(1) Other cash received relevant to operating activities**

Unit: RMB Yuan

Item	Reporting period	Last period
Tender deposit	1,100,000.00	5,642,460.00
Special Fund for Resource-saving society & Environment-friendly society		100,000.00
The foreign trade and economic cooperation development fund		1,000,000.00
Safety enterprises award	200,000.00	
Rental	196,950.30	
Total	1,496,950.30	6,742,460.00

(2) Other cash paid relevant to operating activities

Unit: RMB Yuan

Item	Report period	Same period of last year
Information Disclosure fees of listed Companies	419,280.00	0.00
Office expenses	415,996.98	1,079,619.28
Security fees	489,600.00	405,360.00
Insurance expenses	648,736.25	0.00
Meal fees	2,462,598.85	2,455,043.15
Travel and other expenses	3,237,002.96	1,540,885.85
Car fares		593,778.09
Conference expenses	311,383.26	12,000.00
Detection costs	70,355.00	48,773.24
Gas expense	2,296,243.79	3,249,276.82
Training expenses		211,492.00
Fuel expense		77,000.00
Cleaning expense	701,371.00	155,446.00
Audit fee	750,000.00	0.00
Water expense	114,716.85	105,059.84
Commuting costs	2,926,154.08	3,921,710.00
General repairs & maintenances	87,921.50	804,678.98
Property costs	180,100.20	560,410.15
Postage expenses	224,344.22	670,777.21
Transportation expenses	1,023,084.04	4,619,240.02
Consult fees	1,284,086.88	887,319.00
Bank charge	4,935,680.81	484,915.08
Others	56,329.00	28,970.08
Tender deposit	2,000,000.00	230,000.00
Electric charge	3,326,594.22	5,921,754.40
Medical examination	512,509.25	
Labor cost	577,493.36	
Certification fee	231,046.04	
Total	29,282,628.54	28,063,509.19

(3) Other cash received relevant to investment activities

Unit: RMB Yuan

Item	Reporting period	Last period
Interest income	141,385.88	122,175.60
Total	141,385.88	122,175.60

47. Supplemental information of Cash Flow Statement**(1) Supplemental information of Cash Flow Statement**

Unit: RMB Yuan

Supplemental information	Reporting period	Last period
1. Reconciliation between net profit and net cash flows generated from operations:		
Net profit	78,802,467.91	20,034,400.44
Add: Provision for assets impairments	3,088,399.93	-59,143,854.01
Depreciation of fixed assets, depletion of oil & gas assets and productive biological assets	16,468,670.62	16,653,151.02
Amortization of intangible assets	2,294,520.56	2,428,678.47
Losses/gains on disposal of property, intangible asset and other long-term assets (gains:) “-”	-1,724.14	0.00
Loss on changes of fair value (“-”for gain)	1,286,390.49	4,041,244.85
Financial cost (income: “-”)	31,300,907.67	38,922,771.90
Decrease in deferred tax assets (increase: “-”)	1,467,423.21	14,318,819.11
Decrease in inventory (increase: “-”)	19,532,488.55	-30,383,831.13
Decrease in accounts receivable from operating activities (increase: “-”)	67,785,324.18	238,905,580.76
Increase in accounts payable from operating activities (decrease: “-”)	-92,990,633.24	-97,212,707.32
Net cash flows generated from operating activities	129,034,235.74	148,564,254.09
2. Significant investing and financing activities without involvement of cash	--	--

Supplemental information	Reporting period	Last period
receipts and payments		
3. Change of cash and cash equivalent:	--	--
Closing balance of Cash	84,546,470.04	35,260,369.03
Less: opening balance of cash	96,112,619.64	16,517,402.72
The net increase in cash and cash equivalents	-11,566,149.60	18,742,966.31

(2) Composition of cash and cash equivalents

Unit: RMB Yuan

Item	Closing balance	Opening balance
I. Cash	84,546,470.04	96,112,619.64
III. Closing balance of cash and cash equivalents	84,546,470.04	96,112,619.64

48. Assets/Liabilities denominated in foreign currency

(1) Items in Foreign currency

Unit: RMB Yuan

Item	Foreign currency amount	Exchange rate	Equivalent RMB
Cash and Cash equivalents	--	--	1,755,490.87
Including: USD	260,344.16	6.6166	1,722,593.17
EUR	4,299.51	7.6515	32,897.70
Account receivable	--	--	2,510,315.68
Including: USD	379,396.62	6.6166	2,510,315.68
Other Account receivable			1,572,869.70
Including: USD	237,715.70	6.6166	1,572,869.70
Account payable			1,073,387.77
Including: USD	160,064.00	6.6166	1,059,079.46

Item	Foreign currency amount	Exchange rate	Equivalent RMB
EUR	1,870.00	7.6515	14,308.31
Other payable			126,603.48
Including: USD	19,134.22	6.6166	126,603.48

49. Arbitrage

Disclosure of arbitrage items according to the category of arbitrage and the qualitative and quantitative information of related arbitrage tools and hedging risk:

Required by the business development and in order to avoid the exchange rate risk, the Company has signed forward foreign exchange contracts with HSBC and Standard Chartered Bank. In terms of the risk of exchange rate fluctuations, the Company cooperates with the banks to forecast the exchange rate trend, closely tracking the exchange rate change, and implements dynamic management according to the change of market. In terms of liquidity risk, foreign exchange hedging transactions carried out by the Company are based on company's foreign exchange revenue and expenditure budget. Since the foreign exchange hedging business matches the actual foreign exchange receipts and payments, so it can guarantee sufficient funds for settlement and has little impact on the Company's current assets. In terms of operational risks, the Company specifies the business operation process and authorization management system, appoints full-time personnel with segregated responsibilities, strictly conducts foreign exchange hedging business within the authorized scope; meanwhile, the Company strengthens the professional training of relevant personnel and pays attention to the professional ethics, improves the skills of the relevant personnel, and establishes the timely reporting system for abnormal situation, which help to avoid the occurrence of operational risk to the maximum extend. In terms of credit risk, the business partners of the foreign exchange hedging business the Company has selected are large commercial banks and foreign banks which have good credit and have long term business relationship with the Company. Therefore, there is little risk of implementation risk. In terms of legal risk, the Company conducts the foreign exchange hedging business in compliance with relevant laws and regulations, and related transaction management standards. The Company signed accurate and clear legal agreements with the other parties to avoid potential legal disputes to the maximum degree. In terms of potential credit risk, operational risk, and cash flow risk, the Company conducts sufficient assessment and effective control.

VIII. Equity in other entities

1. Equity in subsidiary

(1) The structure of the enterprise group

Name	Main operating place	Registration place	Nature of business	Holding percentage		Way of gaining
				Directly	Indirectly	
Wuhan Lan Xiang Energy Environmental Protection Science	Wuhan	Wuhan	Industrial Production	95%		Set up

and Technology Co.,Ltd						
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(2) Significant not wholly owned subsidiary

Unit: RMB

Name	Shareholding proportion of minority shareholder	The profits and losses arbitrate to the minority shareholders	Declaring dividends distribute to minority shareholder	Balance of minority shareholder at closing period
Wuhan Lan Xiang Energy Environmental Protection Science and Technology Co.,Ltd	5.00%	205.34		105,211.77

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

Unit: RMB

Name	Closing balance						Opening balance						
	Current assets	Non-current assets		Current assets	Non-current assets		Current assets	Non-current assets		Current assets	Non-current assets		
Wuhan Lan Xiang Energy Environmental Protection Science and Technology Co.,Ltd	3,575,809.03	0.00		3,575,809.03	1,471,573.59	0.00	1,471,573.59	3,571,518.25		3,571,518.25	1,471,389.59		1,471,389.59

Unit: RMB

Name	Report Period				Last period			
	Operation revenue	Net profit		Operation revenue	Net profit		Operation revenue	Net profit

Wuhan Lan Xiang Energy Environmental Protection Science and Technology Co.,Ltd	0.00	4,106.78	0.00	0.00	0.00	-190,312.25	0.00	0.00
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IX. The risk related to financial instruments

The Company's major financial instruments include cash and cash equivalents, notes receivable, accounts receivable, other receivables, short-term borrowings, notes payable, accounts payable and other payables, etc. and refer to relevant notes for details.

The Company's main risks caused by financial instruments are credit risk, liquidity risk and market risk. The Company's management manages and monitors the risks to ensure measures taken timely and effectively.

1. Credit risk

Credit risk refers to the risk of financial loss of the Company caused due to default of contract obligation of transaction counterparty.

The Company manages credit risk by the classification of portfolios. Credit risk mainly arises from bank deposits, accounts receivable and other receivables. Credit risk associated to financial assets arises from the counterparty default. The carrying amount is equal to the maximum exposure of these tools.

The Company's bank deposits are in banks with high credit ratings. There is no significant credit risk and it will not create any significant loss caused by the counterparty default.

The Company's accounts receivables mainly are receivables from sales of boiler equipments. Most customers are domestic large thermal power plants and the Company's related parties, including General Electric Company and its subsidiaries, which have good reputation with no significant credit risk. The Company assesses the customers on a regular basis to monitor their credit ratings to ensure there is no significant credit risk. The only potential credit risk in the Company is that the accounts receivable might not be collected when compensations are made to customers due to quality issues, or when there is no asset to be executed after the bankruptcy of the debtor's company. As at 30 June 2018, there are certain credit risks in the following accounts receivable: the amount of RMB 14,325,000.00 might not be collected due from Henan Zhongmai Yong'an Power Co., Ltd. with aging over 5 years, which is caused by the bankruptcy of the company and there is no asset to be executed; the amount of RMB 9,580,000.00 due from Sanmenxia Huineng Thermal Power Co., Ltd. with aging over 5 years, which is caused by the bankruptcy of the company and there is no asset to be executed. The Company has recognized 100% bad debts for the above amounts as well as maintained its rights by lawsuits.

The Company's main business is to manufacture power station boilers, which are the construction contracts of large equipments. The contract amounts are large and the manufacturing cycle is relatively long, therefore customers are relatively concentrated, among which the orders from the controlling shareholder of the Company and its related parties account for 71.74% of total annual sales. However, the controlling shareholder of the Company and its related parties have helped the Company sign a number of subcontracting orders of the main parts, which brings stable sales and timely payments to the Company. It enables the Company to develop the export market and supports the normal operation of the Company in recent years. Therefore, there is no customer concentration risk in the Company.

Refer to note VII 3 and note VII 5 for details about the data of the credit risk exposure resulted from accounts receivable and other receivables.

2. Liquidity risk

Liquidity risk refers to risk of capital shortage caused when the Company executes obligations of settlement in the manner of cash payment or other financial assets.

The company is responsible for monitoring the cash flow forecast, and has signed up an entrusted loan agreement with maximum amount of RMB 1,800 million with ALSTOM (China) Investment Co., Ltd. to ensure the daily cash flows for the Company's daily operation to avoid the shortage of funds. The Company also continues to monitor whether the provisions of the loan agreement are complied or not, which ensures major financial institutions' commitments about sufficient spare cash to meet the short-term and long-term demands for funds.

The maturity analysis for the company's financial liabilities based on the contractual undiscounted cash flow is as follows:

Closing balance:

Item	Financial liabilities				
	Within 1 year (including 1 year)	1-2 years (including 2 years)	2-3 years (including 3years)	Over 3 years	Total
Short-term borrowings	1,514,800,000.00	-	-	-	1,514,800,000.00
Notes payable	126,809,227.66	-	-	-	126,809,227.66
Accounts payable	272,129,989.36	-	-	-	272,129,989.36
Interest payable	1,704,036.82	-	-	-	1,704,036.82

Item	Financial liabilities				
	Within 1 year (including 1 year)	1-2 years (including 2 years)	2-3 years (including 3years)	Over 3 years	Total
Other payables	41,109,391.61	-	-	-	41,109,391.61
Other long-term liabilities		68,107.50	-	-	68,107.50
Total	1,956,552,645.45	68,107.50	0.00	0.00	1,956,620,752.95

Opening balances:

Item	Financial liabilities				
	Within 1 year (including 1 year)	1-2 years (including 2 years)	2-3 years (including 3years)	Over 3 years	Total
Short-term borrowings	1,624,800,000.00	-	-	-	1,624,800,000.00
Notes payable	99,911,367.88	-	-	-	99,911,367.88
Accounts payable	329,921,660.91	-	-	-	329,921,660.91
Interest payable	1,704,036.82	-	-	-	1,704,036.82
Other payables	106,746,820.52	-	-	-	106,746,820.52
Other long-term liabilities		991,927.07	958,326.57	-	1,950,253.64
Total	2,163,083,886.13	991,927.07	958,326.57	-	2,165,034,139.77

3. Market risk

Market risk refers to the risk of fluctuation of fair value or future cash flow of financial instruments caused due to market price change, including interest risk, exchange rate risk and other price risk

(1) Interest rate risk

Interest risk refers to the risk of fluctuation of fair value or future cash flow of financial instruments caused due to interest change.

The interest risk of the Company mainly arises from interest-bearing debts, such as loans from bank and short-term borrowings.

Financial liabilities with floating rate lead the Company to cash flow interest risk. Fixed interest rate financial liabilities lead the Company to fair value interest risk. The Company decides the relative proportion of fixed interest rate and floating rate on the basis of market circumstance at the moment. As at 30 June 2018, the Company's interest-bearing debts mainly consist of RMB interest rate loan contracts with total of RMB 1,514,800,000.

The management has carried out sensitivity analysis, the 50 basis point changes reasonably reflect the possible range of changes in interest rates, under the condition of other unchanged variables, the effects of interest rate increase / decrease 50 basis points on the pretax profit.

Item	Report Period	Last period
	Effect on the pretax profit (RMB 10,000)	Effect on the pretax profit (RMB10,000)
Benchmark interest rate increase 50 basis points	-757.40	-812.40
Benchmark interest rate decrease 50 basis points	757.40	812.40

(2) Other price risk

Other price risk is the risk refers to the market price risk other than exchange risk and interest risk, no matter whether these changes are caused by factors related to individual financial instruments or as a result of all the similar financial instruments within the factors have caused.

The Company does not have other price risk by the end of the reporting period.

4. Fair value

Refer to note X for details.

X. The disclosure of the fair value

1. Closing fair value of assets and liabilities calculated by fair value

Unit: RMB

Item	Closing balance of Fair value			
	First level Fair value measurement	Second level Fair value measurement	Third level Fair value measurement	Total
I. Sustaining fair value measurement	--	--	--	--
(3) Derivative financial assets		90,007.36		90,007.36

Total assets under sustaining fair value measurement		90,007.36		90,007.36
---Derivative financial liabilities		2,292,129.15		2,292,129.15
Total liabilities under sustaining fair value measurement		2,292,129.15		2,292,129.15
II. Non-Sustaining fair value measurement	--	--	--	--

2. Valuation techniques used and the qualitative and quantitative information of key parameters for recurring and non-recurring fair value measurements categorised within Level 2.

The fair value of forward exchange contracts included in derivative financial assets is determined by discounting the difference between the contractual exercise price and the market forward price. The discount rate used is derived from the relevant government yield curve as at the end of the reporting period.

3. Reasons for transfers between different levels, and the policy about the timing of those transfers for recurring fair value measurements

During 2018H1, there were no transfers between different levels of the Group's above assets and liabilities which are measured at fair value on a recurring basis. The Group recognises transfers between different levels at the end of the current reporting period during which such transfers are made.

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

All financial instruments carrying amounts are not materially different from their fair value as at 30 June 2018.

XI. Related Party Relationships and Transactions

1. Information of the parent company of the Company

Name of parent company	Registration	Nature of business	Registered Capital	The parent company's shareholding (%)	The parent company's voting right (%)

ALSTOM (China) Investment Co., Ltd.	Fifth floor. QianKun building ,No. 6 , West No 6 street, Sanlitun, Chaoyang district, Beijing	Lawfully investing in fields in which foreign investment is permitted by the State	USD 60,964,400.00	51%	51%
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The final control of the Company was: General Electric Company

2. Information of subsidiaries of the Company

Information of subsidiaries of the Company refers to note VIII-1.

3. Information of other related parts of the Company

Name	Relationship
ALSTOM Power Inc.	The subsidiary of ultimate holding company
ALSTOM Bharat Forge Power Private Limited	The subsidiary of ultimate holding company
ALSTOM Boiler France	The subsidiary of ultimate holding company
ALSTOM Power Systems	The subsidiary of ultimate holding company
ALSTOM Power Systems GmbH	The subsidiary of ultimate holding company
ALSTOM Power Systems Indonesia	The subsidiary of ultimate holding company
ALSTOM Power Energy	The subsidiary of ultimate holding company
ALSTOM Estonia AS	The subsidiary of ultimate holding company
ALSTOM IS&T SAS	The subsidiary of ultimate holding company
ALSTOM Power Ltd.	The subsidiary of ultimate holding company
ALSTOM s.r.o	The subsidiary of ultimate holding company
ALSTOM Power Turbomachines LLC	The subsidiary of ultimate holding company
GE Power Sp.z o.o.	The subsidiary of ultimate holding company
GE Power India Limited	The subsidiary of ultimate holding company
GE Boiler Deutschland GmbH	The subsidiary of ultimate holding company
GE Power Sweden AB	The subsidiary of ultimate holding company
GE Power AG	The subsidiary of ultimate holding company
GE Power Services (Malaysia) Sdn. Bhd.	The subsidiary of ultimate holding company
GE Power Systems GmbH	The subsidiary of ultimate holding company
GE Technology GmbH	The subsidiary of ultimate holding company

Name	Relationship
General Electric Global Services GmbH	The subsidiary of ultimate holding company
General Electric Technology GmbH	The subsidiary of ultimate holding company
GE MIDDLE EAST Ltd.	The subsidiary of ultimate holding company
General Electric (Switzerland) GmbH	The subsidiary of ultimate holding company
GE Power Vietnam Company Limited	The subsidiary of ultimate holding company
PT General Electric Power Solutions	The subsidiary of ultimate holding company
GENERAL ELECTRIC ENERGY UK LIMITED	The subsidiary of ultimate holding company
General Electric (China) Ltd.	The subsidiary of ultimate holding company
ALSTOM Beizhong Power (Beijing) Co., Ltd.	The subsidiary of ultimate holding company
ALSTOM (Wuhan) Engineering & Technology Co., Ltd.	The subsidiary of ultimate holding company
ALSTOM (Beijing) Engineering & Technology Co., Ltd.	The subsidiary of ultimate holding company
GE Hydro Equipment (China) Co., Ltd.	The subsidiary of ultimate holding company
ALSTOM Power Energy Chattanooga Plant	The subsidiary of ultimate holding company
General Electric Intelligent Equipment (Shanghai) Co., Ltd.	The subsidiary of ultimate holding company
General Electric Detection Control Technology (Shanghai) Co., Ltd.	The subsidiary of ultimate holding company
GE Grid Engineering (Shanghai) Co., Ltd.	The subsidiary of ultimate holding company
General Electric High Voltage Equipment (Wuhan) Co., Ltd.	The subsidiary of ultimate holding company
General Electric (Shanghai) Electric Power Technology Co., Ltd.	The subsidiary of ultimate holding company
Wuhan Boiler Group Co., Ltd.	The second largest shareholder
Wuhan Boiler (Group) Yuntong Co., Ltd.	The subsidiary of second largest shareholder

4. Information on other related parties of the Company

(1) Information on acquisition of goods and reception of labor service (unit: ten thousand Yuan)

Information on acquisition of goods and reception of labor service (unit: ten thousand Yuan)

Unit: RMB

Related parties	Contents of transactions	Report period	Transaction limit approved	Over the trading limit or not	Same period of last year
ALSTOM Power Turbomachines LLC	Meeting and Training	176,755.29	0.00	Yes	0.00
Alstom Power Inc.	Engineering service	2,267,080.13	210,702,000.00	No	0.00
GE Power India	Engineering	249,583.57	118,785,000.00	No	81,000.00

Limited	service				
Dresser, Inc.	Boiler parts purchasing	3,201,214.57	53,253,000.00	No	2,624,156.78
General Electric (Switzerland) GmbH	Labor expense	3,597,555.04	21,104,000.00	No	744,720.00
ALSTOM (China) Investment Co., Ltd.	IT Services, training	0.00	2,000,000.00	No	100,625.88
GE Inspection and Control Technologies (Shanghai) Co., Ltd	IT Services	0.00	1,640,000.00	No	869,650.08
GE (Wuhan) Engineering & Technology Co., Ltd.	Design service	0.00	3,000,000.00	No	102,729.90
GE Boiler Deutschland GmbH	Design service	0.00	137,091,000.00	No	382,743.93
GE Power Vietnam Company Limited	Design service	0.00	0.00	No	133,253.82

Information of sales of goods and provision of labor service

Unit: RMB

Related parties	Contents of transactions	Report period	Same period of last year
ALSTOM Boiler France	Boiler sales	2,280,423.36	974,155.38
ALSTOM Power Inc.	Boiler sales	147,322,750.63	161,968,564.15
GE Power Sp.z o.o.	Boiler sales	555,220.73	19,574,103.58
GE Power Systems GmbH	Boiler sales	384,962.38	1,260.64
General Electric (Switzerland) GmbH	Boiler sales	204,855,213.42	137,433,835.05
GE (Shanghai) Power Technology Co., Ltd.	Boiler sales	2,248,282.49	29,012.73
GE Power India Limited	Boiler sales	37,368,549.61	0.00
GE Boiler Deutschland GmbH	Boiler sales	2,859,384.37	0.00
GE Power Estonia AS	Boiler sales	32,898.71	0.00
GE POWER SWEDEN AB	Labor expense	1,679,933.96	0.00
GE Power Services (Malaysia)	Labor expense	22,650.00	0.00

Sdn.			
GE (Shanghai) Power Technology Co., Ltd.	Testing services	1,154,952.04	167,950.80
GE (Wuhan) Engineering & Technology Co., Ltd.	Processing services	16,165.19	393,426.76
ALSTOM Ltd	Testing services	0.00	50,428.30
ALSTOM Power Ltd	Testing services	133,050.94	0.00
GE (China) Co., Ltd.	Services	0.00	9,433.96
GE Power Sweden AB	Testing services	0.00	39,960.61
GE Hydro China Co. Ltd	Testing services	0.00	61,032.61
GE Power Vietnam Company Limited	Processing services	89,277.94	387,367.30
ALSTOM Beizhong Power (Beijing) Co., Ltd.	Testing services	42,550.00	49,876.50
ALSTOM Power Inc.	Testing services	2,381,410.02	0.00

(2) Related party lease

As the lessor

Name of lessee	Type of assets leased	Report period	Same period of last year
GE (Wuhan) Engineering & Technology Co., Ltd.	Office space rental	142,553.15	427,659.44
GE (Shanghai) Power Technology Co., Ltd.	Office space rental	78,109.91	-

(3) Funding from related party

Name of related party	Amount of funding	Start date	End date	Notes
Funds Received				
ALSTOM (China) Investment Co., Ltd.	1,514,800,000.00	2018-01-01	2018-6-30	ALSTOM (China) Investment Co., Ltd entrusted China Construction Bank to provide a shareholder's entrusted loan to the Company. The amount is RMB 1,514,800,000.00 with a floating downward 12% of PBoC benchmark interest rate. The

				cumulative interest expenses in 2018H1 were RMB 30,817,909.46
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(4) Remuneration for key management

Item	Report period	Same period of last year
Remuneration for key management	2,407,790.25	2,904,627.24

5. Amounts due from/to related parties**(1) Receivables from related parties**

Item	Related party	Closing balance		Opening balance	
		Booking balance	Bad debts provisions	Booking balance	Bad debts provisions
Accounts receivable	GE (Shanghai) Power Technology Co., Ltd.	0.00	0.00	7,882,400.00	0.00
Accounts receivable	ALSTOM Power Systems	0.00	0.00	1,310,500.00	0.00
Accounts receivable	ALSTOM Bharat Forge Power Private Limited	240,000.00	7,200.00	240,000.00	7,200.00
Accounts receivable	ALSTOM Power Inc	10,613,892.72	318,898.65	15,397,501.15	461,925.03
Accounts receivable	GE Power Services (Malaysia) Sdn. Bhd.	0.00	0.00	83,271.00	2,498.13
Accounts receivable	General Electric (Switzerland) GmbH	11,926,021.42	357,780.64	35,735,598.26	117,986.23
Accounts receivable	GE Middle East FZE	0.00	0.00	351,966.24	10,558.99
Accounts receivable	GE Power India Limited	8,605,063.52	258,151.91	0.00	0.00
Other receivables	Wuhan Boiler Group Co., Ltd.	2,810,000.00	2,810,000.00	2,810,000.00	2,810,000.00
Other receivables	Wuhan Boiler (Group) Yuntong Co., Ltd.	10,171.01	10,171.01	10,171.01	10,171.01
Other receivables	General Electric (China) Ltd.	0.00	0.00	40,158.01	1,204.74
Other receivables	ALSTOM (Beijing) Engineering &	14,074.73	14,074.73	14,074.73	14,074.73

	Technology Co., Ltd.				
Other receivables	General Electric (Shanghai) Electric Power Technology Co., Ltd.	3,369,430.78	104,193.93	1,275,202.30	41,367.07
Other receivables	GE (Wuhan) Engineering & Technology Co., Ltd.	0.00	0.00	140,256.70	4,207.70
Other receivables	ALSTOM Power Inc.	3,151,815.06	94,554.45	2,222,975.80	66,689.27
Other receivables	GE Power Sweden AB	0.00	0.00	17,600.00	528.00
Other receivables	GE Power Services (Malaysia) Sdn. Bhd.	1,009,638.20	30,289.15	1,009,638.20	30,289.15
Other receivables	General Electric Global Services GmbH	341,595.78	10,247.87	341,595.78	10,247.87
Other receivables	General Electric (Switzerland) GmbH	0.00	0.00	11,052.62	331.58
Other receivables	GE Enerji Endustri Ticaret ve Servis Anonim Sirketi	0.00	0.00	966,985.75	29,009.57
Other receivables	GE Power Vietnam Company Limited	480,258.57	14,407.76	1,453,079.09	48,287.34
Other receivables	GE Power Sweden AB	1,035,736.88	31,072.11	0.00	0.00
Other receivables	GENERAL ELECTRIC ENERGY UK LIM	27,029.00	810.87	0.00	0.00
Other receivables	ALSTOM POWER ITALIA S.P.	30,000.00	900.00	0.00	0.00

(2) Payables from related parties

Unit: RMB Yuan

Item	Related parties	Closing balance	Opening balance
Accounts payable	ALSTOM Power Turbomachines LLC	186,898.36	10,143.07
Accounts payable	GE Boiler Deutschland GmbH	0.00	2,853,462.77

Accounts payable	General Electric (Switzerland) GmbH	3,597,555.04	2,088,488.38
Accounts payable	GE (Wuhan) Engineering & Technology Co., Ltd.	15,009.60	15,009.60
Accounts payable	Wuhan Boiler (Group) Yuntong Co., Ltd.	17,440.00	0.00
Accounts payable	ALSTOM Power Inc.	2,082,061.07	2,082,061.07
Accounts payable	GE Inspection and Control Technologies (Shanghai) Co., Ltd	0.00	630,815.73
Accounts payable	GE Power India Limited	0.00	175,844.00
Advance from customers-	General Electric (Shanghai) Electric Power Technology Co., Ltd.	58,047,339.27	1,239,024.82
Advance from customers-	GE Power Sp. z o.o.	915,050.98	915,050.98
Advance from customers-	ALSTOM Boiler France	402,500.00	402,500.00
Advance from customers-	ALSTOM Power Inc.	25,116,612.37	129,553,185.18
Advance from customers-	GE Middle East FZE	11,566.52	11,566.52
Advance from customers-	Alstom power Systems GmbH	509,027.85	509,027.85
Advance from customers-	General Electric (Switzerland) GmbH	44,164,528.18	44,164,528.18
Other payables	General Electric (Shanghai) Electric Power Technology Co., Ltd.	275,720.03	275,720.03
Other payables	ALSTOM Holdings	15,066.97	15,066.97
Other payables	ALSTOM POWER- S.R.O	256,715.85	268,868.83
Other payables	Wuhan Boiler Group Co.,Ltd	974,056.13	974,056.13
Other payables	ALSTOM (China) Investment Co., Ltd.	0.00	1,106,186.62
Other payables	ALSTOM Power Energy Chattanooga Plant	0.00	323,517.58
Other payables	ALSTOM IS&T SAS	0.00	6,682.50
Other payables	ALSTOM Power Turbomachines LLC	0.00	176,755.29
Other payables	GE Boiler Deutschland GmbH	0.00	60,419,188.95
Other payables	GE (China) Co., Ltd.	0.00	465,185.73
Other payables	General Electric (Switzerland)	0.00	884,935.17

	GmbH		
Other payables	Alstom Power Systems Indonesia	0.00	10,614.19

XII. Commitments and contingencies

1. Significant commitments

(1) Capital commitments

As at 30 June 2018, the commitment related to purchases of long-term assets which the contracts were signed but not reflected in the financial statements amounted to RMB 6,467,467.25, USD 157,085.00, and EUR 15,071.50.

(2) Other commitments

As at 30 June 2018, the unexpired bonds issued by the Company are as follows: performance bond RMB202,530,005.46, tendering bond RMB 800,000.00.

(3) The performance of previous commitments

The performance of prior capital commitments: the amount of prior capital commitments fulfilled in 2018H1 was RMB 1,395,504.61. The release of bonds for opening are to: performance bond RMB 67,042,000.

XIII. Notes of main items in the financial statements of the Company

1. Accounts receivable

(1) Accounts receivable disclosed by category

Unit: RMB

Category	Closing balance					Opening Balance				
	Balance		Provision for bad & doubtful debts		Net amount	Balance		Provision for bad & doubtful debts		Net amount
	Amount	%	Amount	%		Amount	%	Amount	%	
Receivables that are individually significant in amount and provided for bad debt separately	44,436,084.94	68.03%	24,520,932.55	55.18%	19,915,152.39	68,556,088.26	70.97%	25,056,076.23	36.55%	43,500,012.03
Accounts receivable whose bad debts provision was accrued by credit risk	20,879,137.13	31.97%	6,925,441.51	33.17%	13,953,695.62	28,037,108.43	29.03%	7,614,807.92	27.16%	20,422,300.51

feature										
Total	65,315,222.07	100.00%	31,446,374.06	48.15%	33,868,848.01	96,593,196.69	100.00%	32,670,884.15	33.82%	63,922,312.54

Accounts receivable with significant single amount for which bad debt provision separately accrued at the period-end

Applicable Inapplicable

Unit: RMB Yuan

Item	Closing balance	Bad debt provision	Provision %	Reasons for provision
General Electric (Switzerland) GmbH	11,926,021.42	357,780.64	3.00%	Amount collected after the balance sheet date
Henan Zhongmai Yong'an power Co.,Ltd.	14,325,000.00	14,325,000.00	100.00%	Bankruptcy
Sanmen Valley Huineng Thermopower Co.,Ltd.	9,580,000.00	9,580,000.00	100.00%	Difficult to recover the warranty
GE Power India Limited	8,605,063.52	258,151.91	3.00%	Amount collected after the balance sheet date
Total	44,436,084.94	24,520,932.55	--	--

In the groups, accounts receivable adopting aging analysis method to accrue bad debt provision:

Applicable Inapplicable

Unit: RMB Yuan

Aging	Closing balance		
	Account receivable	Provision for bad debts	Accrual ratio
Within 1 year	11,374,458.70	341,233.76	3.00%
2 years to 3 years	3,104,021.41	183,550.73	5.91%
Over 5 years	6,400,657.02	6,400,657.02	100.00%
Total	20,879,137.13	6,925,441.51	33.17%

Notes of the basis of recognizing the group:

Refer to note V 9 for the classification basis of the portfolio.

In the groups, accounts receivable adopting balance percentage method to withdraw bad debt provision

Applicable Inapplicable

In the groups, accounts receivable adopting other methods to accrue bad debt provision:

Applicable Inapplicable

(2) Information of provided reversal or recovery amounts of Provision for bad & doubtful debts of accounts receivable in the reporting period.

The provision amount of bad debt of accounts receivable is RMB 1,011,741.67 and the reversal or recovery amount for Provision for bad & doubtful debts is RMB1,892,330.64 in the reporting period. The significant amounts for the reversal or recovery for Provision for bad & doubtful debts are as follows.

Unit: RMB Yuan

Debtors	The reversal or recovery amount	Reasons
General Electric (Switzerland) GmbH	1,072,067.95	Amount collected
Other individually insignificant items	820,262.69	Amount collected
合计	1,892,330.64	--

(3) Top 5 of the closing balance of the accounts receivable collected according to the arrears party

The subtotal of five largest accounts receivable of the Group at the end of the year is RMB55,049,977.66, representing 84% of the total accounts receivable, and the provision of bad and doubtful debts is RMB 24,839,831.20.

2、Other accounts receivable

(1) Other accounts receivable disclosed by category

Unit: RMB Yuan

Category	Closing Balance					Opening Balance				
	Balance		Provision for bad & doubtful debts		Net amount	Balance		Provision for bad & doubtful debts		Net amount
	Amount	%	Amount	%		Amount	%	Amount	%	
Other receivables that individually significant in amount and provided for bad debt separately	26,673,222.30	50.20%	26,673,222.30	100.00%		26,673,222.30	60.23%	26,673,222.30	100.00%	
Other accounts receivable whose bad debts provision was accrued by credit risk feature	14,886,256.64	28.01%	5,373,461.54	36.10%	9,512,795.10	13,147,716.24	29.69%	5,405,881.06	41.12%	7,741,835.18
Other receivables that individually insignificant in	11,578,220.95	21.79%	2,568,325.95	22.18%	9,009,895.00	4,464,240.89	10.08%	3,570,061.51	79.97%	894,179.38

amount but provided for bad debt separately										
Total	53,137,699.89	100.00%	34,615,009.79	65.14%	18,522,690.10	44,285,179.43	100.00%	35,649,164.87	80.50%	8,636,014.56

Other accounts receivable with significant single amount for which bad debt provision separately accrued at the period-end:

Applicable Inapplicable

Company	Closing Balance			
	Balance	Bad debt amount	Provision %	Reason
Shandong luneng material group co., LTD	19,950,586.83	19,950,586.83	100.00%	difficult to recover the money.
Shanxi Zhenxing Group Co., Ltd.	6,722,635.47	6,722,635.47	100.00%	difficult to recover the money.
Total	26,673,222.30	26,673,222.30	--	--

In the groups, other accounts receivable adopting aging analysis method to accrue bad debt provision:

Applicable Inapplicable

Unit: RMB Yuan

Aging	Closing balance		
	Balance	Provision for bad & doubtful debts	Provision %
Within 1 year (including 1 year)	8,125,221.38	243,756.64	3.00%
1-2 years(including 2 years)	1,451,015.31	43,530.46	3.00%
2-3 years(including 3 years)	12,277.62	736.66	6.00%
3-4 years(including 4 years)	127,366.11	25,473.22	20.00%
4-5 years(including 5 years)	138,014.58	27,602.92	20.00%
Over 5 years	5,032,361.64	5,032,361.64	100.00%
Total	14,886,256.64	5,373,461.54	36.10%

Notes of the basis of recognizing the group:

The classification basis for the portfolio is specified in note V 9.

In the groups, other accounts receivable adopting balance percentage method to withdraw bad debt provision

Applicable Inapplicable

In the groups, other accounts receivable adopting other methods to accrue bad debt provision:

Applicable Inapplicable

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

The booking amount of the bad debt provision during the reporting period was of RMB 260,130.77; the amount of the reversed or collected part during the reporting period was of RMB 200,984.67.

There is no other individually significant receivable collected during the year.

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

Unit: RMB Yuan

Nature	Closing Balance	Opening Balance
Sales tax	28,413,176.31	28,527,566.19
Accounts receivable due from related parties	11,885,262.24	4,885,495.92
Accounts receivable due from non-related parties	12,839,261.34	10,872,117.32
Total	53,137,699.89	44,285,179.43

(4) Top 5 of the closing balance of the other accounts receivable collected according to the arrears party

Unit: RMB Yuan

Debtors	Nature	Closing balance	Aging	Proportion of the total	Closing balance of provisions for bad & doubtful debts
Shandong Luneng Material Group Co. Limited	Sales tax	19,950,586.83	more than 5 years	37.55%	19,950,586.83
Shanxi Zhenxing Group Co., Ltd.	Sales tax	6,722,635.47	more than 5 years	12.65%	6,722,635.47
GE (Shanghai) Power Technology Co.,Ltd	Advance payment on behalf of related parties	3,369,430.78	Less than 1 year	6.34%	104,193.93
Alstom Power Ltd.	Advance payment on behalf of related parties	3,151,815.06	Less than 1 year	5.93%	94,554.45
Wuhan Boiler (Group) Co., Ltd.	Relocation compensation for the old factory	2,810,000.00	more than 5 years	5.29%	2,810,000.00
Total	--	36,004,468.14	--	67.76%	29,681,970.68

3. Long-term equity investment

Unit: RMB

The investee	Opening balance	Increase	Decrease	Closing balance	Impairment provisions	Closing balance for impairment provisions
Wuhan Lan Xiang Energy Environmental Protection Technology Co., Ltd.	24,984,500.00			24,984,500.00		
Total	24,984,500.00			24,984,500.00		

4. Operating revenue and costs

Unit: RMB

Item	Report period		Last period	
	Revenue	Cost	Revenue	Cost
Main business	552,526,751.17	410,826,165.74	579,191,775.37	535,135,558.09
Other businesses	4,470,767.66		2,446,195.19	66,417.85
Total	556,997,518.83	410,826,165.74	581,637,970.56	535,201,975.94

XIV. Supplementary information**1. Items and amounts of extraordinary gains and losses**

√ Applicable □ Not applicable

Unit: RMB

Item	Report period	Note
Government grants recognized in the current year, except for those acquired in the ordinary course of business or granted at certain quotas or amounts according to the country's unified standards	338,888.00	
Others	184,389.21	
Total	523,277.21	--

Explain the reasons if the Company classifies an item as an extraordinary gain/loss according to the definition in the Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public—Extraordinary Gains and Losses, or classifies any extraordinary gain/loss item mentioned in the said explanatory announcement as a recurrent gain/loss item

Applicable Not applicable

2. Return on equity and earnings per share

Profit in the reporting period	The weighted average ROE (%)	EPS	
		Basic EPS	Diluted EPS
Net profit attributable to the Company's common stock shareholders	6.34%	0.27	0.27
Net profit attributable to shareholders of the Company's common stock after deducting non-recurring gains and losses	6.30%	0.27	0.27

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

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

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

Unit: RMB

	Net profit attributable to shareholders of the Company		Net assets attributable to shareholders of the Company	
	Report period	Same period of last year	Closing amount	Opening amount
According to Chinese accounting standards	78,802,262.57	20,043,916.05	-1,142,616,651.66	-1,281,838,103.18
Items and amounts adjusted according to overseas accounting standards				

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

Not applicable.

Section XI Documents Available for Reference

- I. 2018 Interim Report with signature of Legal Representative;
- II. Financial statements with signatures and seals of Company Principal, Accounting Principal and Accounting Division's Principal.
- III. Originals of all documents and announcements of the Company disclosed in the report period on the website designated by the CSRC.