

Wuhan Boiler Company Limited

2019 Semi-annual Financial Report

(Un-audited)

August 2019

1. Balance sheet

Prepared by Wuhan Boiler Company Limited

Unit: RMB

Item	June 30, 2019	December 31, 2018
Current assets:		
Cash and cash equivalents	70,334,740.56	148,131,705.14
Deposit reservation for balance		
Outgoing call loans		
Held for trading financial assets		
Financial assets measured at fair value and of which the changes are recorded into the current gains and losses		
Derivative financial assets		
Notes receivable		8,960,000.00
Accounts receivable	92,458,475.36	67,552,067.71
Financing backed by accounts receivable		
Prepayment	57,441,780.23	28,329,127.86
Insurance receivables		
Reinsurance Receivable		
Provision of reinsurance contracts		
Other receivables	6,617,625.94	13,302,779.14
Including: Interests receivable		
Dividends receivable		
Financial assets purchased under agreements to resell		
Inventories	320,786,128.83	253,557,672.49
Contract assets		
Divided into hold for sale financial assets		
Non-current assets due within 1-year		
Other current assets	29,053,168.89	33,533,020.03
Total current assets	576,691,919.81	553,366,372.37
Non-current assets:		
Loan and payment on other's behalf disbursed		
Debt investments		
Available-for-sale investments (financial assets)		
Other debt investments		
Investment held to maturity		
Long-term receivables		

Long-term equity investment		
Other equity investment		
Other non-current financial assets		
Investment property		
Fixed assets/Property, plant and equipment	598,579,782.06	613,279,238.82
Construction in progress	2,256,401.14	2,066,522.55
Bearer biological assets		
Oil and gas properties		
Right to use assets		
Intangible assets	51,246,404.49	52,699,541.07
R&D expense		
Goodwill		
Long-term deferred expenses		
Deferred tax assets	13,830,700.45	14,519,881.90
Other non-current assets		737,385.01
Total non-current assets	665,913,288.14	683,302,569.35
Total assets	1,242,605,207.95	1,236,668,941.72
Current liabilities:		
Short-term loans	1,528,000,000.00	1,558,000,000.00
Loans from central bank		
Deposits received and hold for others		
Transactional financial liabilities		
Financial liabilities at fair value through profit or loss		
Derivative financial liabilities		
Notes payable	125,460,156.68	184,114,589.21
Accounts payable	436,570,253.89	358,910,603.06
Advance from customers	277,179,299.77	210,994,851.58
Financial assets sold under agreements to repurchase		
Deposits from customers and interbank		
Funds received as agent of stock exchange		
Funds received as stock underwrite		
Payroll payable	12,412,803.16	18,190,276.51
Taxes payable	-2,211,211.49	19,712,170.88
Other payables	33,965,533.13	50,158,454.81
Including: Interests payable	1,656,673.33	1,656,673.33
Dividends payable		
Fees and commissions payable		
Amount due to reinsurance		

Contract liabilities		
Holding liabilities for sale		
Non-current liabilities due within 1-year		
Other Current liabilities	1,142,213.91	2,802,489.18
Total Current liabilities	2,412,519,049.05	2,402,883,435.23
Non-current liabilities:		
Insurance contract provision		
Long-term loans		
Bonds payable		
Including: Preferred shares		
Perpetual Capital Securities		
Lease liability		
Long-term payables		
Long-term payroll payable	16,526,921.76	16,517,476.09
Accrued liabilities		
Deferred income	10,786,968.00	10,925,856.00
Deferred taxes liabilities		
Other non-current liabilities		737,385.01
Total non-current liabilities:	27,313,889.76	28,180,717.10
Total liabilities	2,439,832,938.81	2,431,064,152.33
Shareholders' Equity:		
Share capital	297,000,000.00	297,000,000.00
Other equity instruments		
Including: Preferred shares		
Perpetual Capital Securities		
Capital reserve	235,273,493.07	235,273,493.07
Less: treasury stock		
Other comprehensive income	3,111,845.45	3,111,845.45
Special reserve fund		
Surplus reserve	39,418,356.83	39,418,356.83
General risk reserve		
Retained earnings	-1,772,031,426.21	-1,769,198,905.96
Total equity attributable to owners of the Company	-1,197,227,730.86	-1,194,395,210.61
Minority interests		
Total shareholders' equity	-1,197,227,730.86	-1,194,395,210.61
Total liabilities & shareholders' equity	1,242,605,207.95	1,236,668,941.72

Legal representative: Stuart Adam Connor

CFO: Feng Zheng

Accounting manager: Zhou Wei

2. Income statement

Unit: RMB

Item	H1 2019	H1 2018
I. Total revenue	597,379,592.01	556,997,518.83
Including: Sales revenue	597,379,592.01	556,997,518.83
Interest income		
Insurance fee income		
Fee and commission income		
II. Total Operating Cost	599,535,808.27	472,881,945.42
Including: Cost of sales	538,825,287.66	410,826,165.74
Interest expenses		
Service charge and commission income		
Insurance discharge payment		
Claim expenses-net		
Provision for insurance contract reserve-net		
Insurance policy dividend paid		
Reinsurance expense		
Business taxes and surcharges	5,239,653.40	7,855,074.59
Selling expenses	6,500,464.66	6,970,902.25
Administrative expenses	15,116,993.49	12,329,470.51
R&D expenses		
Financial costs	33,853,409.06	34,900,332.33
Including: Interest expenses	30,688,225.33	30,817,909.46
Interest income	135,049.78	137,035.10
Add: Other income	1,056,200.00	200,000.00
Gain/(loss) from investment ("-" means loss)		
Including: income from investment on associates and jointly ventures		
Income from the derecognition of financial assets at amortized cost ("-" for loss)		
Foreign exchange gains ("-" means loss)		
Net open hedging gains ("-" means loss)		
Gains/(losses) from changes in fair value ("-" means loss)	1,461,934.69	-1,286,390.49
Credit impairment loss ("-" for loss)		
Asset impairment loss ("-" for loss)	-493,154.50	-3,099,220.18
Gains/(losses) from disposal of assets ("-" means loss)		1,724.14
III. Operating profit/- loss	-131,236.07	79,931,686.88
Add: non-operating income	743,949.62	323,277.21

Less: non-operating expenses		
IV. Total profit ("-" means losses)	612,713.55	80,254,964.09
Less: income tax expenses	3,445,233.80	1,467,423.21
V. Net profit ("-" means losses)	-2,832,520.25	78,787,540.88
(I) Classification by operating continuity		
1. Net continuing operating profit ("-" means losses)		
2. Termination of operating net profit ("-" means losses)		
(II) Classification by ownership		
1. Attributable to equity holders of the parent company	-2,832,520.25	78,787,540.88
2. Minority interest		
VI. Other comprehensive income		
Attributable to owners of the Company		
(I) Not reclassified subsequently to profit or loss		
1. Changes in net liabilities or assets by remeasurement of defined benefit plans		
2. The proportion of other comprehensive income in investee entities cannot be classified as profit/loss under the equity method		
3. Changes in fair value of other equity instruments		
4. Fair value change of enterprise credit risk		
5. Others		
(II) Reclassified subsequently to profit or loss		
1. The proportion of other comprehensive income in investee entities shall be reclassified as profit/loss under the equity method		
2. Changes in fair value of other debt investments		
3. Profit/(loss) from changes in fair value of available for sale financial assets		
4. The amount of financial assets reclassified into other comprehensive income		
5. Held-to-maturity investments are reclassified as gains and losses on available-for-sale financial assets		
6. Other debt investment credit impairment provisions		
7. Valid proportion of profit/(loss) from hedging in cash flows		
8. Differences from translation of foreign currency financial statements		
9. Others		
Minority's total other comprehensive income		

after tax		
VII. Total comprehensive income attributable to:	-2,832,520.25	78,787,540.88
Equity holders for the company	-2,832,520.25	78,787,540.88
Minority interests		
VIII. Earnings per share		
(I) Basic earnings per share (RMB/share)	-0.01	0.27
(II) Diluted earnings per share (RMB/share)	-0.01	0.27

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: Zhou Wei

3. Cash flow statement

Unit: RMB

Item	H1 2019	H1 2018
I. Cash flows from operating activities		
Cash received from sales of goods or rendering of services	637,597,438.36	542,369,313.69
Net increase of deposits received and held for others		
Net increase of loans from central bank		
Net increase of funds borrowed from other financial institutions		
Cash received against original insurance contract		
Net Cash received from reinsurance		
Net increase of client deposit and investment		
Cash received as Interests, fees and commissions received		
Net increase of inter-bank fund received		
Net cash received under repurchasing,		
Net cash received by proxy trading securities		
Tax refunds	13,786,224.95	9,654,121.06
Other cash received relating to operating activities	1,103,290.38	1,496,950.30
Subtotal of cash inflows from operating activities	652,486,953.69	553,520,385.05
Cash paid for goods and services	493,718,371.97	268,384,801.05
Net increase of loans and advances		

Net increase of deposit in central bank, banks and other financial institutions		
Cash paid for original contract claim		
Net increase in financial assets held for trading		
Net increase in funds dismantled		
Cash paid for interests, fees and commission		
Cash paid for policy dividend		
Cash paid to and for employees	105,095,769.72	102,489,702.78
Cash paid for all types of taxes	40,232,885.00	24,329,016.94
Other cash paid relating to operating activities	28,899,970.16	29,282,568.54
Subtotal of cash outflows from operating activities	667,946,996.85	424,486,089.31
Net cash flow from operating activities	-15,460,043.16	129,034,295.74
II. Cash Flows from Investing Activities		
Cash received from return on investments		
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	135,049.78	137,035.10
Subtotal of cash inflows from investing activities	135,049.78	137,035.10
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	1,800,952.00	
Cash paid for investment		
Net increase of pledged loans		
Net cash paid for acquisition of subsidiaries and other operating units		
Other cash paid relating to investing activities		
Subtotal of cash outflows from investing activities	1,800,952.00	
Net cash flow from investing activities	-1,665,902.22	137,035.10
III. Cash Flows from Financing Activities:		
Cash received from investment		

in accounting policies															
Correction of errors in previous period															
Business combination under the same control															
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		-1,296,817,817.47	
III. Increase/-decrease during the financial year				60,419,188.95						78,787,540.88		139,206,729.83		139,206,729.83	
(I) Total comprehensive income										78,787,540.88		78,787,540.88		78,787,540.88	
(II) Contributions and decrease of capital															
1. Capital paid in by shareholders															
2. Capital paid in by holders of other equity instruments															
3. Equity settled share-based payment															
4. Others															
(III) Profit distribution															
1. Surplus reserve accrued															
2. Appropriations to general risk provisions															
3. Distribution to owners (shareholders)															
4. Others															
(V) Transfer within shareholders'															

equity															
1. Capital reserve transferred to capital (share capital)															
2. Surplus reserve transferred to capital (share capital)															
3. Surplus reserve offsetting losses															
4. Change amount of defined benefit plans that carry forward retained earnings															
5. Other comprehensive income that carry forward retained earnings															
6. Others															
(V) Specific reserve															
1. Withdrawn for the period															
2. Used for the period															
(VI) Others					60,419,188.95							60,419,188.95		60,419,188.95	
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		-1,157,611,087.64

I. Company status

Wuhan Boiler Company Limited (the “Company”) is a company limited by shares established in Wuhan with its head office located in 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 (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.

II. Basis for preparation of financial statements

1. Basis of preparation

30 Jun 2019, the group suffered an accumulated loss of RMB 1,772,031,426.21, its total liabilities exceeded its total assets by RMB 1,197,227,730.86 and its current liabilities exceeded its current assets by RMB 1,835,827,129.24. 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 30 Jun 2019, the Group's main liability is the entrusted loan provided by the parent company- Alstom (China) Investment Co., Ltd., the loan balance is RMB 1,528,000,000.00. GE Albany Global Holding B.V., the controlling shareholder of ALSTOM (China) Investment Co., Ltd., confirms to provide support for the company's continued operation, and renewed the entrusted loan agreement with the company, extending the loan period to May 08, 2020. The company's management and board of directors are confident that they will be able to refinance within six months after 30 June 2019.

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 Jun 2019, Therefore the financial statements have been prepared on a going concern basis.

III. 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 financial position of the Company as at 30 June 2019, and the financial performance and the cash flows of the Company for the period.

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. 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.

6. 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.

7. 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 V.8. 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.

8. 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	<p>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 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>

(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
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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.

9. 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 recognised profits (or less recognised 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 recognised profits (less recognised 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.

10. 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.15.

11. 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 V.12. 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.15.

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

12. 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.15.

13. 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.

14. 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 V.15).

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.

15. 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.

16. 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.

17. 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.

18. Revenue

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

No

Has the new revenue guidelines been implemented

Yes 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.

(4) Interest income

Interest income is recognised on a time proportion basis with reference to the principal outstanding and the applicable effective interest rate.

19. 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.

20. 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:

(i)The same taxable entity; or

(ii)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.

21. 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.

22. 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 V.11 and 14) and provision for impairment of various types of assets. Other significant accounting estimates are as follows:

- (i) Note VII.11: Deferred income tax assets;
- (ii) Note VII.21: Post-employment benefits – defined benefit plans;
- (iii) Note VII.35: Gains and losses from changes in fair value.

23. Other

None.

IV. Taxation

1. Main taxes and tax rate

Category of taxes	Tax basis	Tax rate
VAT	Output VAT is calculated on product sales 17% (Change to 16% from 1 May 2018) and taxable services revenue 6%. The basis for VAT payable is to deduct input VAT from the output VAT for the period.	6%、9%、10%、13%、16%
Urban maintenance and construction tax	Based on VAT paid	7%
Enterprise income tax	Based on taxable profits	25%
Education surtax	Based on VAT paid	3%
Local education surtax	Based on VAT paid	1.5%

2. Others

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

V. Notes to the consolidated financial statements

1、Cash and cash equivalents

Unit: RMB Yuan

Item	Closing Balance	Opening balance
Bank Deposit	70,334,740.56	148,131,705.14
Total	70,334,740.56	148,131,705.14

2、Notes receivable

(1) Classification of notes receivable

Unit: RMB Yuan

Category	Closing balance	Opening balance
Bank acceptance bills	0.00	8,960,000.00
Total	0.00	8,960,000.00

3、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	%	
Accounts receivable that are individually provided for bad debt						21,424,712.85	31.14%			21,424,712.85
Including: Accounts receivable that are individually significant in amount and provided for bad debt separately						21,424,712.85	31.14%			21,424,712.85
Accounts receivable withdrawal of bad debt provision by the group	95,315,766.55	100.00%	2,857,291.19	3.00%	92,458,475.36	47,377,979.90	68.86%	1,250,625.04	2.64%	46,127,354.86
Including: Accounts receivable whose bad debts provision was accrued by credit risk feature	95,315,766.55	100.00%	2,857,291.19	3.00%	92,458,475.36	47,377,979.90	68.86%	1,250,625.04	2.64%	46,127,354.86
Total	95,315,766.55	100.00%	2,857,291.19	3.00%	92,458,475.36	68,802,692.75	100.00%	1,250,625.04	1.82%	67,552,067.71

Bad debt provision by the group:

Unit: RMB Yuan

Aging	Closing balance		
	Account receivable	Provision for bad debts	Accrual ratio
Credit risk feature	95,315,766.55	2,857,291.19	3.00%
Total	95,315,766.55	2,857,291.19	--

Disclosure by age

Unit: RMB Yuan

Aging	Closing balance
Within 1 year (Including 1 year)	95,315,766.55
Total	95,315,766.55

(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 2,845,809.94 and the reversal or recovery amount for provision for bad & doubtful debts is RMB 1,239,143.83 in the reporting period.

(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 RMB92,658,035.20, representing 97% of the total accounts receivable, and the provision of bad and doubtful debts is RMB 2,779,741.06.

Customer	Closing Balance	Proportion to the total balance of accounts receivables	Bad Debts provision
GE (Shanghai) Power Technology Co.,Ltd	49,727,374.47	52%	1,491,821.23
GE Energy Switzerland GmbH	31,531,653.00	33%	945,949.59
GE Steam Power, Inc.	5,739,465.77	6%	172,183.97
GE Power Services (Malaysia) Sdn.	3,190,106.00	3%	74,083.08
GE Power India Limited	2,469,435.96	3%	95,703.18
Total	92,658,035.20	97%	2,779,741.06

4、Prepayment

(1) List by aging analysis

Unit: RMB Yuan

Aging	Closing Balance		Opening Balance	
	Amount	%	Amount	%
Within 1 year	38,681,038.61	67.34%	27,198,172.88	96.01%
1 years to 2 years	16,050,804.53	27.94%		
2 years to 3 years	718,432.41	1.25%	738,472.53	2.61%
Over 3 years	1,991,504.68	3.47%	392,482.45	1.38%
Total	57,441,780.23	--	28,329,127.86	--

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 RMB 49,152,770.38, representing 85.57% of the total prepayments.

5、Other accounts receivable

Unit: RMB Yuan

Item	Closing balance	Opening balance
Other accounts receivable	6,617,625.94	13,302,779.14
Total	6,617,625.94	13,302,779.14

(1) Other accounts receivable

1) Other accounts receivable disclosed by category

Unit: RMB Yuan

Nature	Closing Balance	Opening Balance
Sales tax	28,377,636.20	28,527,566.19
Accounts receivable due from related parties	4,285,176.41	4,622,803.27
Accounts receivable due from non-related parties	6,558,777.06	14,556,130.02
Less: Provision for bad and doubtful debts	-32,603,963.73	-34,403,720.34
Total	6,617,625.94	13,302,779.14

2) Bad Debt Provision

Significant changes in book balance of bad debt provision during the current period:

Applicable Inapplicable

Disclosure by age

Unit: RMB Yuan

Aging	Closing balance
Within 1 year (including 1 year)	136,919.92
1-2 years(including 2 years)	27,043.90
4-5 years(including 5 years)	329,032.25
Over 5 years	32,110,967.66
Total	32,603,963.73

3) Addition, recoveries or reversals of bad debt provision during the reporting period

The booking amount of the bad debt provision during the reporting period was of RMB 69,560.07; the amount of the reversed or collected part during the reporting period was of RMB 1,869,316.64.

4) The actual write-off other accounts receivable

There is no other receivable written off during the period.

5) Top 5 of the closing balance of the other account receivable by debtor

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	50.87%	19,950,586.83
Shanxi Zhenxing Group Co., Ltd.	Sales tax	6,722,635.47	more than 5 years	17.14%	6,722,635.47
GE (Shanghai) Power Technology Co., Ltd.	Advanced for related party	2,022,403.33	1-2 years	5.16%	63,783.10
Wuhan Eastlake Development Zone Government	Electricity fees	1,655,647.44	more than 5 years	4.22%	1,655,647.44
Wuhan Boiler Group Co.,Ltd	Relocation compensation for the old factory	1,297,689.00	more than 5 years	3.31%	1,297,689.00
Total	--	31,648,962.07	--		29,690,341.84

6、 Inventory

Has the new revenue guidelines been implemented:

Yes No

(1) Category of inventory

Unit: RMB Yuan

Category	Closing balance			Opening balance		
	Balance	Impairment	Net amount	Balance	Impairment	Net amount
Raw materials	86,269,034.55	17,644,102.53	68,624,932.02	69,581,518.47	17,644,102.53	51,937,415.94

Category	Closing balance			Opening balance		
	Balance	Impairment	Net amount	Balance	Impairment	Net amount
Work in process	20,042,657.58		20,042,657.58	34,155,905.37		34,155,905.37
Construction contract assets	233,619,936.47	1,501,397.24	232,118,539.23	169,007,908.53	1,543,557.35	167,464,351.18
Total	339,931,628.60	19,145,499.77	320,786,128.83	272,745,332.37	19,187,659.88	253,557,672.49

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

(2) Falling price reserves of inventory

Unit: RMB Yuan

Category	Opening balance	Increase		Decrease		Closing balance
		Provision	Others	Reversal or Written off	Others	
Raw materials	17,644,102.53					17,644,102.53
Construction contract assets	1,543,557.35			42,160.11		1,501,397.24
Total	19,187,659.88			42,160.11		19,145,499.77

(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	6,505,843,834.78
The cumulative has confirmed gross margin	1,302,337,779.26
Minus: expected loss	1,501,397.24
Already dealt with the amount of settlement has to handle the settlement amount	7,574,561,677.57
Outstanding assets from a completed construction contract	232,118,539.23

7、 Other current assets

Has the new revenue guidelines been implemented:

Yes No

Unit: RMB Yuan

Item	Closing Balance	Opening balance
Prepaid VAT	27,910,866.37	28,861,304.38
Prepaid individual income tax		1,869,226.47
Hedged instruments due within one year		712,160.21
Hedged items due within one year	1,142,302.52	2,090,328.97
Total	29,053,168.89	33,533,020.03

8、 Fixed assets

Unit: RMB Yuan

Item	Closing Balance	Opening balance
Fixed assets	598,579,782.06	613,279,238.82
Total	598,579,782.06	613,279,238.82

(1) List of fixed assets

Unit: RMB Yuan

Item	Property and building	Machinery and equipment	Electrical Equipment	Transportation	Total
I. Cost					
1. Opening balance	566,469,111.79	409,193,435.17	28,696,197.19	884,504.27	1,005,243,248.42
2 Additions					
(1) Purchasing		1,008,620.31			1,008,620.31
(2) Construction in progress transferred					
(3) Increased by enterprise merger					
3. Decreased Amount					
(1) Disposals					
4. Closing balance	566,469,111.79	410,202,055.48	28,696,197.19	884,504.27	1,006,251,868.73
II. Accumulated depreciation					
1. Opening balance	123,944,301.61	238,449,058.40	27,302,322.28	737,900.85	390,433,583.14
2. increased in the Period					
(1) Accrual	7,133,685.92	8,481,717.33	85,277.24	7,396.58	15,708,077.07

3. Decreased Amount					
(1) Disposal or scrap					
4. Closing amount	131,077,987.53	246,930,775.73	27,387,599.52	745,297.43	406,141,660.21
III. Impairment provision					
1. Opening amount		1,489,576.60		40,849.86	1,530,426.46
2. Increased in the Period					
(1) Accrual					
3. Decreased Amount					
(1) Disposal or scrap					
4. Closing amount		1,489,576.60		40,849.86	1,530,426.46
IV. Net book amount					
1. Closing net book amount	435,391,124.26	161,781,703.15	1,308,597.67	98,356.98	598,579,782.06
2. Opening net book amount	442,524,810.18	169,254,800.17	1,393,874.91	105,753.56	613,279,238.82

9、Construction in progress

Unit: RMB Yuan

Item	Closing balance	Opening balance
Construction in progress	2,256,401.14	2,066,522.55
Total	2,256,401.14	2,066,522.55

(1) List of construction in progress

Unit: RMB Yuan

Item	Closing balance			Opening balance		
	Balance	Impairment	Net amount	Balance	Impairment	Net amount
4MV heater	109,051.72		109,051.72	109,051.72		109,051.72
Cutting machine improvement	372,000.00		372,000.00	372,000.00		372,000.00

P91 heater	167,521.37		167,521.37	167,521.37		167,521.37
Welding Fume Project Phase II	319,575.00		319,575.00	319,575.00		319,575.00
Heat treatment machine	1,281,201.76		1,281,201.76	1,098,374.46		1,098,374.46
Welding Robot for Header Tube Joint	7,051.29		7,051.29			
Total	2,256,401.14		2,256,401.14	2,066,522.55		2,066,522.55

(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 insignificant construction projects in progress		2,066,522.55	189,878.59			2,256,401.14						
Total		2,066,522.55	189,878.59			2,256,401.14	--	--				--

10、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	18,165,300.78	154,174,314.37
2. Increase amount in current period				

(1) Purchases			479,094.83	479,094.83
(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	18,644,395.61	154,653,409.20
II. Accumulated amortization				
1. Opening amount	8,878,680.42	74,890,150.32	17,705,942.56	101,474,773.30
2. Increase amount in current period				
(1) Amortization	415,946.90	177,393.01	1,338,891.50	1,932,231.41
3. Decrease amount in current period				
(1) Disposal				
4. Closing amount	9,294,627.32	75,067,543.33	19,044,834.06	103,407,004.71
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	32,305,209.40	19,341,633.54	-400,438.45	51,246,404.49
2. Opening net book value	32,721,156.30	19,519,026.55	459,358.22	52,699,541.07

The proportion of the intangible assets formed by internal research and development in the total amount is 0.00%

11、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
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	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Provision for impairment of assets	54,839,492.14	13,709,873.03	56,372,431.72	14,093,107.93
Tax difference arising from intangible assets	734,864.53	183,716.13	1,588,707.42	397,176.86
Accrued warranty	3,866,115.11	966,528.78	3,866,115.11	966,528.78
Interest payable	1,656,673.33	414,168.33	1,656,673.33	414,168.33
Tax difference arising from fixed assets	-5,774,343.30	-1,443,585.83	-5,404,400.00	-1,351,100.00
Total	55,322,801.81	13,830,700.44	58,079,527.58	14,519,881.90

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

Unit: RMB Yuan

Item	Deferred Income Tax Assets or Liabilities at the End of Report Period	Temporarily Deductible or Taxable Difference at the End of Report Period	Deferred Income Tax Assets or Liabilities at the Beginning of Report Period	Temporarily Deductible or Taxable Difference at the Beginning of Report Period
Deferred income tax assets		13,830,700.45		14,519,881.90

(3) List of unrecognized deferred income tax assets

Unit: RMB Yuan

Item	Closing balance	Opening balance
Deductible temporary differences	13,389,305.71	16,239,130.37
Total	13,389,305.71	16,239,130.37

12. Other non-current assets

Has the new revenue guidelines been implemented:

Yes No

Unit: RMB Yuan

Item	Closing balance	Opening balance
Hedged item		737,385.01
Total		737,385.01

13. Short-term loans

(1) Category of short-term loans

Unit: RMB Yuan

Category	Closing balance	Opening balance
Entrusted loan	1,528,000,000.00	1,558,000,000.00
Total	1,528,000,000.00	1,558,000,000.00

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 (It is a floating downward 5% of PBoC benchmark interest rate from May 8th 2019). The closing balance of entrusted loan is RMB1,528,000,000.00.

14. Notes payable

Unit: RMB Yuan

Aging	Closing balance	Opening balance
Bank acceptance bill	125,460,156.68	184,114,589.21
Total	125,460,156.68	184,114,589.21

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

15. Accounts payable

(1) List of accounts payable

Unit: RMB Yuan

Item	Closing balance	Opening balance
Procurement payable of materials and components of finished goods	436,570,253.89	358,910,603.06
Total	436,570,253.89	358,910,603.06

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

Unit: RMB Yuan

Creditors	Closing balance	Reasons for outstanding
Shanghai Electric Heavy Milling Equipment Co., Ltd.	6,799,999.83	Purchasing Quality Guarantee
Aohua New Energy Technology (Shanghai) Co., Ltd.	6,192,733.33	Purchasing Quality Guarantee
Wuhan Huadian Engineering Equipment Co., Ltd.	5,818,861.41	Purchasing Quality Guarantee
Howden Energy Technology Co., Ltd.	4,700,000.00	Purchasing Quality Guarantee
Diamond Electric Machinery (Hubei) Co., Ltd.	4,468,587.07	Purchasing Quality Guarantee
Total	27,980,181.64	--

16. Advance from customers

Has the new revenue guidelines been implemented?

Yes No

(1) List of advance from customers

Unit: RMB Yuan

Item	Closing balance	Opening balance
Advance payment from the sales of boiler products	40,093,895.54	7,094,058.54
Billed but incomplete construction contracts projects	237,085,404.23	203,900,793.04
Total	277,179,299.77	210,994,851.58

(2) Significant advance from customers aging over one year

Unit: RMB Yuan

Item	Closing balance	Reasons for outstanding
China Energy Engineering Group Tianjin Electric Power Construction Co.,Ltd	3,854,331.00	Not reaching the settlement date of the engineering construction contract
Huaneng Huoyuan Power Co. Ltd.	1,354,019.99	Not reaching the settlement date of the engineering construction contract
Total	5,208,350.99	--

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

Unit: RMB Yuan

项目	金额
Accumulated cost incurred	2,618,020,575.11
Accumulated gross profit recognized	373,624,279.23
Deduct: estimated losses	-1,501,397.24
Billed amount	3,270,325,551.35
Billed but incomplete construction contracts projects	-277,179,299.77

17. Payroll payable**(1) List of Payroll payable**

Unit: RMB Yuan

Item	Opening balance	Increase	Decrease	Closing balance
Short-term remuneration	16,486,765.73	109,061,260.54	113,910,376.12	11,637,650.15
Post-employment benefits - defined contribution plans		11,507,433.45	11,482,251.70	25,181.75
Other benefits due within one year	1,703,510.78	0.00	953,539.52	749,971.26
Total	18,190,276.51	120,568,693.99	126,346,167.34	12,412,803.16

(2) List of Short-term salary

Unit: RMB Yuan

Item	Opening balance	Increase	Decrease	Closing balance
1.Salary, bonus, allowance, subsidy	13,242,233.01	93,786,082.77	100,511,599.74	6,516,716.04
2. Employee welfare	2,571,230.80	3,360,828.16	1,842,057.58	4,090,001.38
3. Social insurance	-2,358.68	5,489,919.97	5,389,469.13	98,092.16
Including: Medical insurance premiums	-2,124.03	4,938,096.76	4,929,221.47	6,751.26
Work-related injury insurance	-168.69	320,865.38	230,123.83	90,572.86
Maternity insurance	-65.96	230,957.83	230,123.83	768.04
4.Housing fund	1,774.70	4,881,738.76	4,868,519.32	14,994.14
5.Trade union funds and employee education expenses	673,885.90	1,542,690.88	1,298,730.35	917,846.43
Total	16,486,765.73	109,061,260.54	113,910,376.12	11,637,650.15

(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		11,076,866.98	11,052,367.83	24,499.15
2. Unemployment insurance		430,566.47	429,883.87	682.60
Total		11,507,433.45	11,482,251.70	25,181.75

18. Taxes payable

Unit: RMB Yuan

Item	Closing balance	Opening balance
Value-added tax	-2,954,090.16	4,330,623.77
Income tax	-1,410,103.16	13,302,979.73
Housing property tax	1,387,112.21	1,487,767.20
Others	765,869.62	590,800.18
Total	-2,211,211.49	19,712,170.88

19. Other accounts payable

Unit: RMB Yuan

Item	Closing balance	Opening balance
Interest payable	1,656,673.33	1,656,673.33
Other accounts payable	32,308,859.80	48,501,781.48
Total	33,965,533.13	50,158,454.81

(1) Interest payable

Unit: RMB Yuan

Item	Closing balance	Opening balance
Interest for short-term loan	1,656,673.33	1,656,673.33
Total	1,656,673.33	1,656,673.33

(2) 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	4,451,878.58	8,333,213.66
Payable to unrelated companies	27,856,981.22	40,168,567.82
Total	32,308,859.80	48,501,781.48

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
Paid to early retirement people	5,166,207.97	Not to reach due date
Total	15,829,954.49	--

20、 Other current liabilities

Has the new revenue guidelines been implemented?

 Yes No

Unit: RMB Yuan

Item	Closing Balance	Opening balance
Hedging instruments due within one year		2,090,328.97
Hedged items due within one year	1,142,213.91	712,160.21
Total	1,142,213.91	2,802,489.18

21. 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	16,367,812.97	17,117,784.23
II. Termination benefits	909,080.05	1,103,202.64

			gains	income				
Land use right of the Company's new plant	10,925,856.00		138,888.00				10,786,968.00	Assets-related

23. Other non-current liabilities

Has the new revenue guidelines been implemented?

Yes No

Unit: RMB Yuan

Item	Closing balance	Opening balance
The hedging instrument		737,385.01
Total		737,385.01

24. Share capital

Unit: RMB Yuan

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

25. 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	90,363,774.49			90,363,774.49
Total	235,273,493.07	0.00	0.00	235,273,493.07

26. Other comprehensive income

Unit: RMB Yuan

Item	Opening balance	Increase/Decrease						Closing balance
		Amount before income tax	Less: recorded in other comprehensive	Less: Income	Attributable to owners of	Attributable to minority	Amount before	

		in current period	income in prior period and transferred to profit or loss in current period	tax expense	the Company after tax	shareholders after tax	income tax in current period	
(1) Other comprehensive income not reclassified into gains and losses	3,111,845.45							3,111,845.45
Including: the change caused by remeasuring net assets or liabilities of defined benefit plans or changes	3,111,845.45							3,111,845.45
Total	3,111,845.45							3,111,845.45

27. 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

28. Retained earnings

Unit: RMB Yuan

Item	Reporting period	Last period
Opening balance of retained profits before adjustments	-1,769,198,905.96	-1,795,851,139.58
Opening balance of retained profits after adjustments	-1,769,198,905.96	-1,795,851,139.58
Add: Net profit attributable to owners of the Company	-2,832,520.25	78,802,262.57
Closing retained profits	-1,772,031,426.21	-1,717,048,877.01

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.

29. 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	595,985,964.52	538,825,287.66	552,526,751.17	410,826,165.74
Other business	1,393,627.49	0.00	4,470,767.66	0.00
Total	597,379,592.01	538,825,287.66	556,997,518.83	410,826,165.74

Has the new revenue guidelines been implemented?

Yes No

30. Business tax and surcharges

Unit: RMB Yuan

Item	Reporting period	Last period
City maintenance and construction tax	962,561.32	2,427,438.80
Education Levy	412,526.28	1,040,330.90
Housing property tax	2,740,703.55	2,740,428.59
Land use right tax	625,779.23	782,224.02
Stamp duty	291,819.88	344,486.82
Local educational levy	206,263.14	520,165.46
Total	5,239,653.40	7,855,074.59

31. Selling expenses

Unit: RMB Yuan

Item	Reporting period	Last period
Wages and bonus	4,042,105.81	4,201,006.69
Social insurance	820,033.64	867,783.80
Travel expenses	178,716.62	323,092.73
Housing fund	196,860.03	154,916.00
Depreciation	246,253.51	249,822.34
Rental fee	64,024.93	32,064.14
Energy cost	30,292.00	23,706.31
IT related cost	30,664.05	10,796.64
Office expenses	56,292.69	60,065.50
Tendering and Other expenses	835,221.38	1,047,648.10
Total	6,500,464.66	6,970,902.25

32. Administration expenses

Unit: RMB Yuan

Item	Reporting period	Last period
Salary and bonus	5,072,938.82	5,636,705.12
Social insurance and benefit	1,956,787.61	1,597,298.86

Travel and Entertainment	267,176.57	196,704.66
Housing Fund	380,610.50	285,234.00
Consulting services	1,406,889.41	486,658.40
Depreciation and Amortization	1,950,725.03	975,501.89
Office supplies fee	102,645.28	209,121.27
Insurance	1,122,127.12	815,946.10
Lease fee	139,490.30	0.00
Energy costs	118,792.54	0.00
Training fee	115,964.52	0.00
IT-related costs	135,835.26	0.00
Conference fee	125,000.00	0.00
Others	2,222,010.53	2,126,300.21
Total	15,116,993.49	12,329,470.51

33. Financial expenses

Unit: RMB Yuan

Item	Reporting period	Last period
Interest expenses from loans and payables	30,688,225.33	30,817,909.46
Less: Interest income	135,049.78	137,035.10
Net exchange losses / gains	1,150,642.80	620,033.31
Other financial expenses	2,149,590.71	3,599,424.66
Total	33,853,409.06	34,900,332.33

34. Other income

Unit: RMB Yuan

Item	Reporting period	Last period
Steady Employment Subsidies in 2017	833,600.00	
Provincial Special Fund for Business Development in 2018	222,600.00	
Safety enterprise award 2017 by Development Zone Administrative Committee Finance Bureau		200,000.00

35. Gains and losses from changes in fair value

Unit: RMB Yuan

Sources of changes in fair value gains.	Reporting period	Last period
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Financial assets measured at fair value and whose changes are recorded in the profits and losses of the current period	1,461,934.69	-1,286,390.49
Including: Fair value change gain/loss derived from derivative financial instruments	1,461,934.69	-1,286,390.49
Total	1,461,934.69	-1,286,390.49

36. Impairment losses

Has the new revenue guidelines been implemented?

Yes No

Unit: RMB Yuan

Item	Reporting period	Last period
(1) Bad debts losses	-493,154.50	481,769.73
(2) Inventory impairment loss		-3,580,989.91
Total	-493,154.50	-3,099,220.18

Other note: Impairment losses decreased by 84.09%, mainly due to Provision for depreciation of inventory in the prior period but no same thing this period.

37. Asset disposal income

Unit: RMB Yuan

Item	Reporting period	Last period
Fix assets disposal	0.00	1,724.14

38. 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	138,888.00	
Others	605,061.62	184,389.21	
Total	743,949.62	323,277.21	

List of government subsidies recorded into current profits and losses

Unit: RMB Yuan

Item	Reporting period	Last period	Related to assets/related 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	138,888.00	

39. Income tax expenses

(1) Details of income taxes expenses

Unit: RMB Yuan

Item	Reporting period	Last period
Current period income taxes expenses	2,756,052.35	
Deferred income tax expense	689,181.45	1,467,423.21
Total	3,445,233.80	1,467,423.21

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

Unit: RMB Yuan

Item	Report period
Profit before tax	612,713.55
Income tax expenses calculated at legal (or applicable) tax rate	153,178.39
Tax for nondeductible cost, expense and loss	602,927.59
Tax effect of using prior years' deductible loss for which the deferred tax not recognized	645,531.64
Tax effect of deductible loss and deductible temporary difference for which the deferred tax not recognized	-712,456.17
Adjustment of the difference between the estimated income tax expenses in the prior period and the final payment	2,756,052.35
Income tax expenses	3,445,233.80

40. Other comprehensive income

Refer to the notes VII 26.

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

Unit: RMB Yuan

Item	Reporting period	Reporting period
Tender deposit	0.00	1,100,000.00
Safety enterprises award	0.00	200,000.00
Rental	0.00	196,950.30
Eastlake Development Zone post stabilization allowance	833,600.00	0.00
Provincial Foreign Trade Fund (Foreign Trade Grant Fund) 2018	222,600.00	0.00
other	47,090.38	0.00
Total	1,103,290.38	1,496,950.30

(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	817,600.00	419,280.00
Office expenses	98,546.00	415,996.98
Security fees	291,040.00	489,600.00
Insurance expenses	342,989.55	648,736.25
Meal fees	2,905,575.05	2,462,598.85
Travel and other expenses	4,779,353.67	3,237,002.96
Conference expenses	560,149.00	311,383.26
Detection costs	16,458.50	70,355.00
Gas expense	4,127,028.55	2,296,243.79
Training expenses	6,000.00	0.00
Cleaning expense	131,468.01	701,371.00
Audit fee	1,016,566.60	750,000.00
Water expense	195,227.11	114,716.85
Commuting costs	2,309,203.00	2,926,154.08
General repairs & maintenances	26,875.65	87,921.50
Property costs	133,751.99	180,100.20
Postage expenses	114,611.55	224,344.22
Transportation expenses	1,906,834.46	1,023,084.04
Consult fees	1,218,302.38	1,284,086.88
Bank charge	851,483.04	4,935,680.81
Others	139,130.80	56,269.00
Tender deposit	0.00	2,000,000.00
Electric charge	4,631,625.58	3,326,594.22
Medical examination	0.00	512,509.25
Labor cost	2,230,049.67	577,493.36
Certification fee	50,100.00	231,046.04
Total	28,899,970.16	29,282,568.54

(3) Other cash received relevant to investment activities

Unit: RMB Yuan

Item	Reporting period	Last period
Interest income	135,049.78	137,035.10
Total	135,049.78	137,035.10

42. 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	-2,832,520.25	78,787,540.88
Add: Provision for assets impairments	493,154.50	3,099,220.18
Depreciation of fixed assets, depletion of oil & gas assets and productive biological assets	15,708,077.07	16,468,670.62
Amortization of intangible assets	1,932,231.41	2,294,520.56
Losses/gains on disposal of property, intangible asset and other long-term assets (gains:) "-"	0.00	-1,724.14
Loss on changes of fair value ("-"/for gain)	1,461,934.69	1,286,390.49
Financial cost (income: "-")	31,703,818.35	31,300,907.67
Decrease in deferred tax assets (increase: "-")	689,181.45	1,467,423.21
Decrease in inventory (increase: "-")	-67,186,296.23	19,532,488.55
Decrease in accounts receivable from operating activities (increase: "-")	-38,373,906.82	67,785,324.18
Increase in accounts payable from operating activities (decrease: "-")	40,944,282.67	-92,986,466.46
Net cash flows generated from operating activities	-15,460,043.16	129,034,295.74
2. Significant investing and financing activities without involvement of cash receipts and payments	--	--
3. Change of cash and cash equivalent:	--	--
Closing balance of Cash	70,334,740.56	81,674,585.54
Less: opening balance of cash	148,131,705.14	93,245,025.92
The net increase in cash and cash equivalents	-77,796,964.58	-11,570,440.38

(2) Composition of cash and cash equivalents

Unit: RMB Yuan

项目	期末余额	期初余额
I. Cash	70,334,740.56	148,131,705.14
Including: Bank deposits	70,334,740.56	148,131,705.14
III. Closing balance of cash and cash equivalents	70,334,740.56	148,131,705.14

43. 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	--	--	1,627,217.02
Including: USD	236,658.36	6.8747	1,626,955.23
EUR	33.49	7.817	261.79
HKD			
Account receivable	--	--	
Including: USD		6.8747	
EUR		7.817	
HKD			
Other Account receivable			1,755,204.13
Including: USD	255,313.56	6.8747	1,755,204.13
EUR		7.817	0.00
HKD			
Long term loan	--	--	
Including: USD			
EUR			
HKD			
Account payable			1,702,212.62
Including: USD	245,479.05	6.8747	1,687,594.83
EUR	1,870.00	7.817	14,617.79
HKD			

44. Hedging

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.

VI .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. For accounts receivable, the Group has recognized bad debts according to the ageing and the possibility of collection and maintained its rights by lawsuits. Normally, the Group doesn't obtain collateral from customers.

In monitoring customer credit risk, customers are grouped according to certain factors, such as aging. Refer to note V8.

The Group does not have any significant debtors that are past due but not impaired based on individual or collective assessment as at 30 June 2019 and 31 December 2018.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry, country or area in which the customers operate and therefore significant concentrations of credit risk arise primarily when the Group has significant exposure to individual customers. At the balance sheet date, 97% of the total accounts receivable and other receivables were due from the five largest customers of the Group. In addition, the debtors of the Group that are neither past due nor impaired mainly relate to a wide range of customers for whom there was no recent history of default.

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.

Regarding forward contracts for hedging, the Group just deal with well-known financial institutions. During 2019H1, there was no credit exceed their credit limits, then there was no significant loss due to default of the counterparties.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, in the balance sheet. And the Group does not provide any other guarantees which would expose the Group to credit risk.

2. Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in meeting obligations that are settled by delivering cash or another financial asset. The Group is responsible for their own cash management, and has signed up an entrusted loan agreement with maximum amount of RMB 1,8 billion 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 free cash to meet the short-term and long-term demands for funds. The parent company of the Group, GE Albany Global Holding B.V., committed to provide financial support to the Group during January 1, 2019 to December 31, 2019.

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 3 years)	Over 3 years	Total
Short-term borrowings	1,528,000,000.00				1,528,000,000.00
Notes payable	125,460,156.68				125,460,156.68
Accounts payable	436,570,253.89				436,570,253.89
Interest payable	1,656,673.33				1,656,673.33
Other payables	32,308,859.80				32,308,859.80
Other long-term liabilities	1,142,213.91				1,142,213.91
Total	2,125,138,157.61				2,125,138,157.61

Opening balances:

Item	Financial liabilities 2018				
	Within 1 year (including 1 year)	1-2 years (including 2 years)	2-3 years (including 3 years)	Over 3 years	Total
Short-term borrowings	1,558,000,000.00				1,558,000,000.00
Notes payable	184,114,589.21				184,114,589.21
Accounts payable	358,910,603.06				358,910,603.06
Interest payable	1,656,673.33				1,656,673.33
Other payables	48,501,781.48				48,501,781.48
Other long-term liabilities	2,802,489.18				2,802,489.18
Total	2,153,986,136.26				2,153,986,136.26

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 2019, the Company's interest-bearing debts mainly consist of RMB interest rate loan contracts with total of RMB 1,528,000,000.

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	Effect on the pretax profit
	(RMB 10,000)	(RMB10,000)
Benchmark interest rate increase 50 basis points	-764.00	-757.40
Benchmark interest rate decrease 50 basis points	764.00	757.40

(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.

VII.The disclosure of 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	--	--	--	--
Trading financial assets		1,142,302.52		1,142,302.52

Financial assets measured at fair value and recorded in current profits and losses		1,142,302.52		1,142,302.52
Derivative financial assets		1,142,302.52		1,142,302.52
Total assets under sustaining fair value measurement		1,142,302.52		1,142,302.52
Trading financial liabilities		1,142,213.91		1,142,213.91
Derivative financial liabilities		1,142,213.91		1,142,213.91
Total liabilities under sustaining fair value measurement		1,142,213.91		1,142,213.91
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 2019H1, 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 2019.

VIII. 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 (%)
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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 other related parts of the Company

Name	Relationship
ALSTOM Bharat Forge Power Private Limited	The subsidiary of ultimate holding company
ALSTOM Boiler France	The subsidiary of ultimate holding company
ALSTOM Estonia AS	The subsidiary of ultimate holding company
ALSTOM Holdings	The subsidiary of ultimate holding company
ALSTOM IS&T SAS	The subsidiary of ultimate holding company
ALSTOM Power Energy	The subsidiary of ultimate holding company
ALSTOM Power Inc.	The subsidiary of ultimate holding company
Alstom Power Italia S.p.A.	The subsidiary of ultimate holding company
ALSTOM Power Ltd.	The subsidiary of ultimate holding company
ALSTOM POWER S.R.O	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 Turbomachines LLC.	The subsidiary of ultimate holding company
Dresser Inc.	The subsidiary of ultimate holding company
GE Boiler Deutschland GmbH	The subsidiary of ultimate holding company
GE Enerji Endüstri Ticaret ve Servis Anonim Şirketi	The subsidiary of ultimate holding company
GE MIDDLE EAST FZE	The subsidiary of ultimate holding company
GE Power AG	The subsidiary of ultimate holding company
GE Power India Limited	The subsidiary of ultimate holding company
GE Power Services (Malaysia) Sdn. Bhd.	The subsidiary of ultimate holding company
GE Power Sp.z o.o.	The subsidiary of ultimate holding company
GE Power Sweden AB	The subsidiary of ultimate holding company
GE Power Systems GmbH	The subsidiary of ultimate holding company
GE Power Vietnam Company Limited	The subsidiary of ultimate holding company
GE Technology GmbH	The subsidiary of ultimate holding company
General Electric (Switzerland) GmbH	The subsidiary of ultimate holding company
GENERAL ELECTRIC ENERGY UK LIMITED	The subsidiary of ultimate holding company
General Electric Global Services GmbH	The subsidiary of ultimate holding company
General Electric Technology GmbH	The subsidiary of ultimate holding company
PT General Electric Power Solutions	The subsidiary of ultimate holding company

ALSTOM (Beijing) Engineering & Technology Co., Ltd.	The subsidiary of ultimate holding company
ALSTOM Power Energy Chattanooga Plant	The subsidiary of ultimate holding company
ALSTOM Beizhong Power (Beijing) Co., Ltd.	The subsidiary of ultimate holding company
General Electric (Shanghai) Power Technology Co., Ltd.	The subsidiary of ultimate holding company
General Electric (Wuhan) Engineering Technology Co., Ltd.	The subsidiary of ultimate holding company
General Electric (China) 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 Testing and Control Technology (Shanghai) Co., Ltd.	The subsidiary of ultimate holding company
General Electric Energy (Shenyang) Co., Ltd.	The subsidiary of ultimate holding company
General Electric Hydroelectric Equipment (China) Co., Ltd.	The subsidiary of ultimate holding company
General Electric Medical System (Tianjin) Co., Ltd.	The subsidiary of ultimate holding company
General Electric Intelligent Equipment (Shanghai) 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

3. 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: RMB

Related parties	Contents of transactions	Report period	Transaction limit approved	Over the trading limit or not	Same period of last year
GE Boiler Deutschland GmbH	Material purchasing	4,697,566.00	30,060,000.00	No	0.00
General Electric Testing and Control Technology (Shanghai) Co., Ltd.	Material purchasing	14,530.01	50,000.00	No	0.00
GE Healthcare(Tianjin) Airport Economic Area Branch	Engineering service	118,582.20	867,164.00	No	0.00
Dresser Machinery (Suzhou) Co., Ltd.	Material purchasing	2,476,397.97	37,000,000.00	No	0.00
ALSTOM Power Turbomachines LLC	Meeting and training	0.00	0.00	No	176,755.29
GE Steam Power, Inc.	Engineering service	0.00	315,775,218.00	No	2,267,080.13
GE Power India Limited	Engineering service	0.00	81,000,000.00	No	249,583.57
Dresser, Inc.	Boiler parts purchasing	0.00	20,000,000.00	No	3,201,214.57
General Electric (Switzerland) GmbH	Labor expenses	0.00	0.00	No	3,597,555.04

Products sales and service provided

Unit: RMB

Related parties	Contents of transactions	Report period	Same period of last year
GE Operations Indonesia, PT	Labor expense	4,236,962.00	0.00
GE Power Australia Pty Ltd	Labor expense	3,102,591.54	0.00
ALSTOM Power Systems	Labor expense	1,482,528.30	0.00
General Electric International Operations Company, Inc.	Labor expense	275,995.66	0.00
GE POWER SWEDEN AB	Labor expense	200,588.68	1,679,933.96
GE Steam Power, Inc.	Labor expense	186,391.17	2,381,410.02
GE (Shanghai) Power Technology Co., Ltd.	Labor expense	126,619.47	1,154,952.04
GE High Voltage Equipment (Wuhan) Co.,Ltd	Labor expense	109,811.32	0.00
Alstom Power Ltd	Labor expense	72,437.26	133,050.94
GENERAL ELECTRIC ENERGY UK LIMITED	Labor expense	58,770.42	0.00
GE Power Estonia AS	Labor expense	48,000.00	32,898.71
GE (Wuhan) Engineering & Technology Co., Ltd.	Labor expense	30,205.57	16,165.19
GE Power Vietnam Company Limited	Labor expense	30,095.60	89,277.94
GE Power Services (Malaysia) Sdn.	Labor expense	28,301.89	22,650.00
ALSTOM Ltd	Labor expense	6,600.00	0.00
ALSTOM Boiler France	Sale of products	0.00	2,280,423.36
GE Power Systems GmbH	Sale of products	0.00	384,962.38
ALSTOM Beizhong Power (Beijing) Co., Ltd.	Testing services	0.00	42,550.00
GE (Shanghai) Power Technology Co., Ltd.	Sale of products	238,593,964.98	2,248,282.49
General Electric (Switzerland) GmbH	Sale of products	157,594,853.55	204,855,213.42
GE Power Systems Korea	Sale of products	19,479,041.50	0.00
GE Steam Power, Inc.	Sale of products	10,266,864.83	147,322,750.63
GE Boiler Deutschland GmbH	Sale of products	8,522,460.00	2,859,384.37
GE POWER SP.Z.O.O.	Sale of products	6,904,867.21	555,220.73
GE Energy Switzerland GmbH	Sale of products	6,279,660.95	0.00
GE Power India Limited	Sale of products	3,630,832.69	37,368,549.61
GE Power Services (Malaysia) Sdn. Bhd	Sale of products	3,190,106.00	0.00

(2) Related party lease

As the lessor

Unit: RMB Yuan

Name of lessee	Type of assets leased	Report period	Same period of last year
GE (Wuhan) Engineering & Technology Co., Ltd.	Office space rental	212,389.04	142,553.15
GE (Shanghai) Power Technology Co., Ltd.	Office space rental	67,560.00	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.	1,528,000,000.00	2019-01-01	2019-6-30	ALSTOM (China) Investment Co., Ltd entrusted China Construction Bank to provide a shareholder's entrusted loan to the Company. The amount is RMB1,528,000,000.00 with a floating downward 12% of PBoC benchmark interest rate(It is a floating downward 5% of PBoC benchmark interest rate from May 8 th 2019). The cumulative interest expenses in 2019H1 were RMB 30,688,225.33.

(4) Remuneration for key management

Unit: RMB Yuan

Item	Report period	Same period of last year
Remuneration for key management	3,181,811.00	2,407,790.25

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

Unit: RMB Yuan

Item	Related party	Closing balance		Opening balance	
		Booking balance	Booking balance	Booking balance	Bad debts provisions
Accounts receivable	GE Steam Power, Inc.	5,739,465.77	172,183.97	44,246,033.27	1,099,525.21
Accounts receivable	GE Boiler Deutschland GmbH	0.00	0.00	8,173,577.00	0.00
Accounts receivable	General Electric (Switzerland) GmbH	0.00	0.00	13,251,135.85	0.00
Accounts receivable	GE Energy Switzerland GmbH	31,531,653.00	945,949.59	0.00	0.00
Accounts receivable	GE Power Services (Malaysia) Sdn.	3,190,106.00	95,703.18	0.00	0.00
Accounts receivable	GE Power India Limited	2,469,435.96	74,083.08	0.00	0.00
Accounts receivable	GE Power Australia Pty Ltd	1,610,000.00	48,300.00	0.00	0.00
Accounts receivable	GE Power Estonia AS	48,000.00	1,440.00	0.00	0.00
Accounts receivable	GE (Shanghai) Power Technology Co.,Ltd	49,727,374.47	1,491,821.23	0.00	0.00

Other receivables	GE Power Systems India Private	240,000.00	7,200.00	240,000.00	7,200.00
Other receivables	GE Steam Power, Inc.	19,400.00	582.00	3,226,824.98	96,804.75
Other receivables	Alstom Power Ltd.	76,783.50	2,303.51	57,229.00	1,716.87
Other receivables	GE Boiler Deutschlan GmhH	0.00	0.00	1,086,786.00	32,603.58
Other receivables	GE Enerji Endustri Ticaret ve Servis Anonim Sirketi	357,597.37	10,727.92	357,597.37	10,727.92
Other receivables	GE Power Services (Malaysia) Sdn. Bhd.	53,209.00	1,596.27	1,032,847.20	30,985.42
Other receivables	GE Power Sweden AB	1,248,360.88	37,450.83	2,116,119.03	60,836.91
Other receivables	GE Power Vietnam Company Limited	619,409.24	18,582.28	906,795.62	27,203.87
Other receivables	GE Power Sp.z.o.o.	194,000.00	5,820.00	0.00	0.00
Other receivables	GENERAL ELECTRIC ENERGY UK LIMITED	48,404.64	1,452.14	64,401.50	1,932.05
Other receivables	General Electric Global Services GmbH	0.00	0.00	1,008,671.47	30,260.14
Other receivables	ALSTOM (China) Investment Co., Ltd.	0.00	0.00	31,308.90	0.00
Other receivables	GE (Shanghai) Power Technology Co.,Ltd	2,022,403.33	63,783.10	1,863,338.07	59,011.14
Other receivables	GE (Wuhan) Engineering & Technology co Ltd	130,777.60	3,923.33	823,747.66	24,712.43
Other receivables	GE Energy(Shenyang) co.,LTD	0.00	0.00	166,199.43	4,985.98
Other receivables	GE Hydro Equipment (China) Co., Ltd	0.00	0.00	266,403.78	7,992.11
Other receivables	Wuhan Boiler Group Co.,Ltd	1,297,689.00	1,297,689.00	1,297,689.00	1,297,689.00
Other receivables	Wuhan Boiler (Group) Yuntong Co., Ltd.	10,171.01	10,171.01	10,171.01	10,171.01

(2) Payables from related parties

Unit: RMB Yuan

Item	Related parties	Closing balance	Opening balance
Accounts payable	ALSTOM (China) Investment Co., Ltd.	553,123.90	1,649,767.37
Accounts payable	General Electric Testing and Control Technology (Shanghai) Co., Ltd.	14,530.01	0.00
Accounts payable	General Electric (China) Co.,Ltd Wuhan Branch	320,248.20	0.00

Accounts payable	General Electric (Switzerland) GmbH	0.00	2,179,903.77
Other payables	GE (China) Co., Ltd.	26,383.30	81,618.79
Other payables	ALSTOM (China) Investment Co., Ltd.	1,106,186.62	79.86
Other payables	General Electric (Switzerland) GmbH	1,497,439.52	884,935.17
Other payables	ALSTOM S R.O	256,715.85	268,868.83
Other payables	GE Steam Power, Inc.	315,377.13	4,349,141.20
Other payables	General Electric (Shanghai) Electric Power Technology Co., Ltd.	275,720.03	1,299,890.02
Other payables	Wuhan Boiler Group Co.,Ltd	974,056.13	974,056.13
Other payables	ALSTOM Holdings	0.00	15,066.97
Other payables	ALSTOM IS&T SAS	0.00	6,682.50
Other payables	Alstom Power Systems Indonesia	0.00	10,614.19
Other payables	General Electric Healthcare(Tianjin) Co., Ltd	0.00	442,260.00
Advance from customers	ALSTOM Boiler France	402,500.00	402,500.00
Advance from customers	GE Steam Power, Inc.	5,876,225.41	14,490,036.73
Advance from customers	GE Boiler Deutschland GmbH	2,417,474.76	972,356.00
Advance from customers	GE Energy Switzerland GmbH	102,232,095.05	0.00
Advance from customers	GE Power India Limited	0.00	1,161,396.73
Advance from customers	General Electric (Shanghai) Electric Power Technology Co., Ltd.	64,190,583.71	101,376,031.60

IX. Commitments and contingencies

1. Significant commitments

Significant commitments on balance sheet date

(1) Capital commitments

As at 30 June 2019, the commitment related to purchases of long-term assets which the contracts were signed but not reflected in the financial statements amounted to RMB 4,491,005.41, USD 157,085.00, and EUR 15,071.50.

(2) Other commitments

As at 30 June 2019, the unexpired bonds issued by the Company are as follows: Warranty Guarantee RMB38,269,950.00, performance bond RMB165,722,672.00, tendering bond RMB 800,000.00, Advance Guarantee RMB32,999,827.00.

(3) The performance of previous commitments

The performance of prior capital commitments: the amount of prior capital commitments fulfilled in 2019H1 was RMB 1,210,140.45.

X. 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	138,888.00	
Others	605,061.62	
Total	743,949.62	--

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	-0.30%	-0.01	-0.01
Net profit attributable to shareholders of the Company's common stock after deducting non-recurring gains and losses	-0.24%	-0.01	-0.01

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

(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.