

**Wuhan Boiler Company Limited**

**2020 Semi-annual Financial Report**

**(Un-audited)**

**August 2020**

## 1. Balance sheet

Prepared by Wuhan Boiler Company Limited

Unit: RMB Yuan

Item	Balance as at Jun 30, 2020	Balance as at Dec. 31, 2019
Current assets:		
Monetary funds	52,563,144.71	143,238,542.38
Settlement fund		
Lendings to Banks and Other Financial Institutions		
Held for trading financial assets		
Derivative financial assets		
Notes receivable	28,342,276.61	0.00
Accounts receivable	59,293,124.68	47,682,799.10
Accounts receivable financing	0.00	15,000,000.00
Prepayment	92,722,296.47	53,854,781.51
Insurance receivables		
Reinsurance Receivable		
Provision of reinsurance contracts		
Other receivables	2,110,106.58	2,855,038.79
Including: Interests receivable		
Dividends receivable		
Financial assets purchased under agreements to resell		
Inventories	76,646,297.64	427,370,788.99
Contractual assets	345,814,548.08	
Divided into hold for sale financial assets		
Non-current assets due within 1-year		
Other current assets	56,899,128.78	24,194,415.06
Total current assets	714,390,923.55	714,196,365.83
Non-current assets:		
Loan and payment on other's behalf disbursed		
Investments in debt obligations		
Investments in other debt obligations		
Long-term receivables		
Long-term equity investment		
Investments in other equity instruments		
Other non-current financial assets		
Investment property		
Fixed assets/Property, plant and equipment	575,640,800.57	585,408,197.98
Construction in progress	1,699,860.94	735,649.99
Bearer biological assets		
Oil and gas properties		

Right to use assets		
Intangible assets	47,447,624.14	49,290,863.32
R&D expense		
Goodwill		
Long-term deferred expenses		
Deferred tax assets	19,906,400.88	6,190,807.76
Other non-current assets		
Total non-current assets	644,694,686.53	641,625,519.05
Total assets	1,359,085,610.08	1,355,821,884.88
Current liabilities:		
Short-term loans	1,876,682,944.47	1,471,256,160.58
Loans from central bank		
Borrowings from Banks and Other Financial Institutions		
Transactional financial liabilities		
Derivative financial liabilities		
Notes payable	57,263,054.52	191,012,823.98
Accounts payable	464,299,389.02	685,595,574.05
Advance from customers	83,040,093.10	89,952,995.70
Contractual liabilities	94,983,018.63	
Financial assets sold under agreements to repurchase		
Deposits received and hold for others		
Entrusted trading of securities		
Entrusted selling of securities		
Payroll payable	17,484,086.16	27,957,593.33
Taxes payable	2,772,411.80	2,074,085.62
Other payables	36,219,788.68	43,687,799.51
Including: Interests payable	2,488,456.74	2,052,358.82
Dividends payable		
Fees and commissions payable		
Amount due to reinsurance		
Divided into hold-for-sale liabilities		
Non-current liabilities due within 1-year		
Other Current liabilities	0.00	902,816.71
Total Current liabilities	2,632,744,786.38	2,512,439,849.48
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	16,092,088.25	16,013,892.84
Contingent liabilities		
Deferred income	10,509,192.00	10,648,080.00
Deferred taxes liabilities		
Other non-current liabilities		
Total non-current liabilities:	26,601,280.25	26,661,972.84
Total liabilities	2,659,346,066.63	2,539,101,822.32
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	2,501,056.69	2,501,056.69
Special reserve		
Surplus reserve	39,418,356.83	39,418,356.83
General risk reserve		
Retained earnings	-1,874,453,363.14	-1,757,472,844.03
Total equity attributable to owners of the Company	-1,300,260,456.55	-1,183,279,937.44
Minority interests		
Total shareholders' equity	-1,300,260,456.55	-1,183,279,937.44
Total liabilities & shareholders' equity	1,359,085,610.08	1,355,821,884.88

Legal representative: Stuart Adam Connor  
division: Zhou Wei

Person-in-charge of the accounting work: Feng Zheng

Chief of the accounting

## 2. Income statement

Unit: RMB Yuan

Item	H1 2020	H1 2019
I. Total revenue	463,344,922.60	597,379,592.01
Including: Sales revenue	463,344,922.60	597,379,592.01
Interest income		
Insurance fee income		
Fee and commission income		
II. Total Operating Cost	541,549,404.57	599,535,808.27
Including: Cost of sales	485,404,449.93	538,825,287.66
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	2,283,312.03	5,239,653.40
Selling expenses	6,751,961.98	6,500,464.66
Administrative expenses	11,742,598.21	15,116,993.49
R&D expenses	0.00	0.00
Financial costs	35,367,082.42	33,853,409.06
Including: Interest expenses	35,410,100.62	30,688,225.33
Interest revenue	148,847.24	135,049.78
Add: Other income		1,056,200.00
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		
Foreign exchange gains ("-" means loss)		
Net gain on exposure hedges ("-" for loss)		
Gains/(losses) from changes in fair value ("-" means loss)	0.00	1,461,934.69
Credit impairment loss ("-" for loss)	-52,597,411.33	
Asset impairment loss ("-" for loss)		-493,154.50
Assets dispose gains ("-" means loss)	-33,106.93	
III. Operating profit/- loss	-130,835,000.23	-131,236.07
Add: non-operating income	138,888.00	743,949.62
Less: non-operating expenses		
IV. Total profit("-" means losses)	-130,696,112.23	612,713.55
Less: income tax expenses	-13,715,593.12	3,445,233.80
V. Net profit("-" means losses)	-116,980,519.11	-2,832,520.25
A. By operating continuity		
1. Net continuing operating profit		
2. Termination of operating net profit		
B. By ownership		
1. Attributable to equity holders of the parent company	-116,980,519.11	-2,832,520.25
2. Minority interest		
VI. Other comprehensive income		
Attributable to owners of the Company		

A. 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 the fair value of investments in other equity instruments		
4 Changes in the fair value of the company's credit risks		
5 Other		
B. 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 the fair value of investments in other debt obligations		
3. Other comprehensive income arising from the reclassification of financial assets		
4. Allowance for credit impairments in investments in other debt obligations		
5. Reserve for cash flow hedges		
6. Differences from translation of foreign currency financial statements		
7. Others		
Minority's total other comprehensive income after tax		
VII. Total comprehensive income attributable to:	-116,980,519.11	-2,832,520.25
Equity holders for the company	-116,980,519.11	-2,832,520.25
Minority interests		
VIII. Earnings per share		
(I) Basic earnings per share (RMB/share)	-0.39	-0.01
(II) Diluted earnings per share (RMB/share)	-0.39	-0.01

Enterprise combine under the same control in the period, the combined party realized net profit of RMB0.00 before combination, and realized RMB0.00 at last period for combined party.

Legal representative: Stuart Adam Connor  
division: Zhou Wei

Person-in-charge of the accounting work: Feng Zheng

Chief of the accounting

### 3. Cash flow statement

Unit: RMB Yuan

Item	H1 2020	H1 2019
I. Cash flows from operating activities		
Cash received from sales of goods or rendering of services	421,465,942.33	637,597,438.36
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 proceeds from acting trading of securities		
Tax refunds	9,948,225.63	13,786,224.95
Other cash received relating to operating activities	4,856,922.69	1,103,290.38
Subtotal of cash inflows from operating activities	436,271,090.65	652,486,953.69
Cash paid for goods and services	747,887,552.17	493,718,371.97
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 interbank loans obtained		
Cash paid for interests, fees and commission		
Cash paid for policy dividend		
Cash paid to and for employees	98,066,762.44	105,095,769.72
Cash paid for all types of taxes	11,653,736.34	40,232,885.00
Other cash paid relating to operating activities	36,008,980.22	28,899,970.16
Subtotal of cash outflows from operating activities	893,617,031.17	667,946,996.85
Net cash flow from operating activities	-457,345,940.52	-15,460,043.16
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	148,330.13	135,049.78
Subtotal of cash inflows from investing activities	148,330.13	135,049.78
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	3,671,482.33	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	3,671,482.33	1,800,952.00
Net cash flow from investing activities	-3,523,152.20	-1,665,902.22
III. Cash Flows from Financing Activities:		
Cash received from investment		
Including: Cash received from minority shareholders of subsidiaries		
Cash received from borrowings	578,682,944.47	
Other Cash received relating to financing activities		
Subtotal of cash inflows from financing activities	578,682,944.47	
Cash paid for repayments of borrowings	173,256,160.58	30,000,000.00
Cash paid for dividends, profit distribution or interest	35,314,474.78	30,688,225.33
Including: dividends or profits paid to minority shareholders by subsidiaries		
Other cash paid relating to financing activities		
Sub-total of cash outflows from financing activities	208,570,635.36	60,688,225.33
Net cash flow from financing activities	370,112,309.11	-60,688,225.33
IV. Effect of foreign exchange rate changes on cash	81,385.94	17,206.13
V. Net increase in cash and cash equivalents	-90,675,397.67	-77,796,964.58



Add: Opening balance of cash and cash equivalents	143,238,542.38	148,131,705.14
VI. Closing balance of cash and cash equivalents	52,563,144.71	70,334,740.56

#### 4. Statement of changes in owners' equity

This period

Unit: RMB Yuan

Item	H1 2020															
	Attributable to equity shareholders of the Company													Minority interests	Total owner' equity	
	Share capital	Other equity instruments			Capital reserve	Less: treasury stock	Other comprehensive incomes	Specific reserve	Surpluses reserve	General risk reserve	Retained profit	Other	Subtotal			
		Preferred shares	Perpetual Capital Securities	Others												
I. Balance at the end of the previous year	297,000,000.00				235,273,493.07		2,501,056.69		39,418,356.83			-1,757,472,844.03		-1,183,279,937.44		-1,183,279,937.44
Plus: Change 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				235,273,493.07		2,501,056.69		39,418,356.83			-1,757,472,844.03		-1,183,279,937.44		-1,183,279,937.44
III. Increase/-decrease during the financial year												116,980,519.11		116,980,519.11		116,980,519.11
(I) Total comprehensive income												116,980,519.11		116,980,519.11		116,980,519.11
(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) Special reserve fund																				
1. Provision																				

for the year															
2. Use for the year															
(V)Others															
IV. Closing balance	297,000,000.00				235,273,493.07		2,501,056.69		39,418,356.83			1,874,453,363.14		-1,300,260,456.55	-1,300,260,456.55

Last Period

Unit: RMB Yuan

Item	H1 2019														Minority interests	Total owners' equity
	Attributable to equity shareholders of the Company												Subtotal			
	Share capital	Other equity instruments			Capital reserve	Less: treasury stock	Other comprehensive incomes	Specific reserve	Surpluses	General risk reserve	Retained profit	Other				
	Preferred shares	Perpetual Capital Securities	Others													
I. Balance at the end of the previous year	297,000,000.00				235,273,493.07		3,111,845.45		39,418,356.83			1,769,198,905.96		-1,194,395,210.61	-1,194,395,210.61	
Plus: Change 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				235,273,493.07		3,111,845.45		39,418,356.83			1,769,198,905.96		-1,194,395,210.61	-1,194,395,210.61	
III. Increase/-decrease during the financial year												2,832,520.25		-2,832,520.25	2,832,520.25	
(I) Total comprehensive income												2,832,520.25		-2,832,520.25	2,832,520.25	
(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)Special																			

reserve fund															
1. Provision for the year															
2. Use for the year															
(V)Others															
IV. Closing balance	297,000,000.00			235,273,493.07		3,111,845.45		39,418,356.83		1,772,031,426.21		-		1,197,227,730.86	-

### III. 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 GE Steam Power 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 I 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.

### IV. Basis for preparation of financial statements

#### 1. Basis of preparation

With the going-concern assumption as the basis and based on transactions and other events that actually occurred, the Company prepared financial statements on the basis of recognition and measurement in accordance with provisions of The Accounting Standards for Business Enterprises—Basic Standard and other accounting standards.

As at 30 Jun 2020, the Company suffered an accumulated loss of RMB 1,874,453,363.14, its total liabilities exceeded its total assets by RMB 1,300,260,456.55 and its current liabilities exceeded its current assets by RMB 1,918,353,862.83. The Company has considered the ability to continuously generate net cash inflows in future operating activities. The Company’s main liability is the entrusted loan provided by the controlling shareholder- GE Steam Power Investment Co., Ltd. (the loan balance is RMB 1,688,000,000.00 as at 30 June 2020). In 2020, GE Steam Power 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 8<sup>th</sup> May 2021. The company’s management and board of directors are confident that they will be able to refinance within six months after 30 June 2020. Consequently, the Company 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 Company’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 2020. Therefore the financial statements have been prepared on a going concern basis.

### V. Significant accounting policies and accounting estimates

The prompt of accounting policies and estimates:

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

## **1. Statement of compliance**

The financial statements have been prepared in accordance with the requirements of Accounting Standards for Business Enterprises or referred to as China Accounting Standards (“CAS”) issued by the Ministry of Finance (“MOF”). These financial statements present truly and completely the financial position of the Company as at 30 June 2020, 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 Company 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 Company’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 Company’s functional currency is Renminbi and these financial statements are presented in Renminbi. Functional currency is determined by the Company and its subsidiaries on the basis of the currency in which major income and costs are denominated and settled.

## **5. Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand, deposits that can be readily withdraw on demand, and short-term, highly liquid investments that are readily convertible into known amounts of cash and are subject to an insignificant risk of change in value.

## **6. Foreign currency business and translation of foreign currency financial statements**

The Company's foreign currency transactions are translated into the functional currency at the spot exchange rate on the transaction date. On the balance sheet date, foreign currency monetary items and foreign currency non-monetary items are processed in accordance with the following provisions: Foreign currency monetary items are translated at the spot exchange rate on the balance sheet date. Exchange differences arising from the difference between the spot exchange rate at the balance sheet date and the spot exchange rate at the time of initial recognition or at the previous balance sheet date are included in the current profit and loss; Non-monetary items denominated in foreign currencies that are measured at historical cost are still translated at the spot exchange rate at the date of the transaction, without changing the amount in the reporting currency; Non-monetary items denominated in foreign currencies that are measured at fair value are translated at the spot exchange rate on the date when the fair value was determined. The difference between the converted functional currency and the original functional currency is treated as a change in fair value (including exchange rate changes) included in the current profit and loss; During the capitalization period, the exchange difference between the principal and interest of foreign currency borrowings shall be capitalized and included in the cost of assets eligible for capitalization.

## **7. Financial instruments**

The company's financial instruments include cash at bank, receivables, contractual assets, payables, borrowings, bonds payable and share capital.

(1) Recognition and initial measurement of financial assets and financial liabilities

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.

Except for accounts receivable without significant financing components, financial assets and financial liabilities are measured at fair value at initial recognition. For financial assets or financial liabilities measured at fair value with changes included in current profits and losses, relevant transaction costs are directly included in current profits and losses; for other types of financial assets or financial liabilities, relevant transaction costs are included in the initially recognized amount. For accounts receivable without significant financing components, the company conducts initial measurement according to the transaction price determined in accordance with the accounting policies in note V.16.

(2) Classification and subsequent measurement of financial assets

(a) Classification of financial assets

The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. On initial recognition, a financial asset is classified as measured at amortised cost, at fair value through other comprehensive income (“FVOCI”), or at fair value through profit or loss (“FVTPL”).

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment’s fair value in other comprehensive income. This election is made on an investment-by-investment basis. The instrument meets the definition of equity from the perspective of the issuer.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The business model refers to how the Company manages its financial assets in order to generate cash flows. That is, the Company’s business model determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both. The Company determines the business model for managing the financial assets according to the facts and based on the specific business objective for managing the financial assets determined by the Company’s key management personnel.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. For the purposes of this assessment, ‘principal’ is defined as the fair value of the financial asset on initial recognition. ‘Interest’ is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin. The Company also assesses whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

(b) Subsequent measurement of financial assets

- Financial assets at FVTPL

These financial assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss unless the financial assets are part of a hedging relationship.

- Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. A gain or loss on a financial asset that is measured at amortised cost and is not part of a hedging relationship shall be recognised in profit or loss when the financial asset is derecognised, through the amortisation process or in order to recognise impairment gains or losses.

(3) Classification and subsequent measurement of financial liabilities

Financial liabilities are classified as measured at FVTPL [, financial guarantee liabilities] or amortised cost.

- Financial liabilities at FVTPL

A financial liability is classified as at FVTPL if it is classified as held-for-trading (including derivative financial liability) or it is designated as such on initial recognition.

Financial liabilities at FVTPL are subsequently measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss, unless the financial liabilities are part of a hedging relationship.

- Financial liabilities at amortised cost

These financial liabilities are subsequently measured at amortised cost using the effective interest method.

#### (4) Offsetting

Financial assets and financial liabilities are generally presented separately in the balance sheet, and are not offset. However, a financial asset and a financial liability are offset and the net amount is presented in the balance sheet when both of the following conditions are satisfied:

- The Company currently has a legally enforceable right to set off the recognised amounts;
- The Company intends either to settle on a net basis, or to realise the financial asset and settle the financial liability simultaneously.

#### (5) Derecognition of financial assets and financial liabilities

Financial asset is derecognised when one of the following conditions is met:

- the Company's contractual rights to the cash flows from the financial asset expire;
- the financial asset has been transferred and the Company transfers substantially all of the risks and rewards of ownership of the financial asset; or;
- the financial asset has been transferred, although the Company neither transfers nor retains substantially all of the risks and rewards of ownership of the financial asset, it does not retain control over the transferred asset.

Where a transfer of a financial asset in its entirety meets the criteria for derecognition, the difference between the two amounts below is recognised in profit or loss:

- the carrying amount of the financial asset transferred measured at the date of derecognition;
- the sum of the consideration received from the transfer and, when the transferred financial asset is a debt investment at FVOCI, any cumulative gain or loss that has been recognised directly in other comprehensive income for the part derecognised.

The Company derecognises a financial liability (or part of it) only when its contractual obligation (or part of it) is extinguished.

#### (6) Impairment

The Company recognises loss allowances for expected credit loss (ECL) on financial assets measured at amortised cost.

Financial assets measured at fair value, including debt investments or equity securities at FVPL, equity securities designated at FVOCI and derivative financial assets, are not subject to the ECL assessment.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

The maximum period considered when estimating ECLs is the maximum contractual period (including extension options) over which the Company is exposed to credit risk.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the balance sheet date (or a shorter period if the expected life of the instrument is less than 12 months).

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECL. ECLs on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the balance sheet date.

Except for trade receivables and contract assets, the Company measures loss allowance at an amount equal to 12-month ECL for the following financial instruments, and at an amount equal to lifetime ECL for all other financial instruments.

- If the financial instrument is determined to have low credit risk at the balance sheet date;
- If the credit risk on a financial instrument has not increased significantly since initial recognition.

Financial instruments that have low credit risk

The credit risk on a financial instrument is considered low if the financial instrument has a low risk of default, the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Company compares the risk of default occurring on the financial instrument assessed at the balance sheet date with that assessed at the date of initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort, including forward-looking information. In particular, the following information is taken into account:



- failure to make payments of principal or interest on their contractually due dates;
- an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Company.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

#### Credit-impaired financial assets

At each balance sheet date, the Company assesses whether financial assets carried at amortised cost and debt investments at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- for economic or contractual reasons relating to the borrower's financial difficulty, the Company having granted to the borrower a concession that would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

#### Presentation of allowance for ECL

ECLs are remeasured at each balance sheet date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Company recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for debt investments that are measured at FVOCI, for which the loss allowance is recognised in other comprehensive income.

#### Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. A write-off constitutes a derecognition event. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

## 8. Inventory

### (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.

### (2) Recognition of inventory

The Company recognizes inventories when the following conditions are satisfied:

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

## 9. 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.10. Where the parts of an item of fixed assets have different useful lives or provide benefits to The Company 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 Company's method of depreciation of fixed assets is the method of average life. At the end of each fiscal year, The Company 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 Company 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 Company adjusts the estimated net residual value; If the expected mode of realizing the economic benefits related to the fixed asset has changed significantly, The Company 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.13.

(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

The depreciation method, service life, residual value rate and annual depreciation rate of various types of fixed assets are as follows:

Category	Estimated useful lives (years)	Residual value rate (%)	Annual depreciation rate (%)
Plant & buildings	40	0%	2.50%
Machinery & equipment	7 - 20	0%	5.00% - 14.29%
Office & other equipment	3 - 18	0%	5.56% - 33.33%
Motor vehicles	6	0%	16.67%

## 10. Construction in progress

- (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 Company 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.13.

## 11. Borrowing costs

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

Where the borrowing costs incurred to The Company 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:

- The asset disbursements have already incurred;
- The borrowing costs have already incurred;
- 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.

## 12. Intangible assets

### (1) Pricing method, useful life, impairment test

Intangible assets are identifiable non-monetary asset that are owned or controlled by The Company and are without physical substance. Intangible assets are stated in the balance sheet at cost less accumulated amortization (limited to intangible assets with finite useful lives) and impairment losses (see Note VII.13).

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.

Items	Amortization period(years)
Right of land use	Years specified in the land use certificate
Proprietary technology	15 years
Unpatented technology	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.

### 13. 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 Company 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 Company 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 Company 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 Company 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 Company 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 Company 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 Company 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.

### 14. 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.

## 15. 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.

## 16. Revenue

### Accounting Policy Adopted for the Recognition and Measurement of Revenue

When its customers acquire the control of related commodities or services, the Company recognizes the revenue by the amount of consideration that it has expected to have the right to charge.

The specific accounting policy relating to the Company's major activities for acquiring revenue is described as follows:

#### Work-in-progress Construction (CWIP) Revenue

The Company recognizes within a period the revenue from providing CWIP labor to external parties by its progress towards contract completion, which is determined by the proportion of cost that has occurred in the estimated total cost or the proportion of the project production value that has been accomplished in the total contract price. The Company re-estimates its progress towards contract completion on the balance sheet date so that it is able to reflect the change in the contract performance.

When recognizing revenue by its progress towards contract completion, the Company recognizes the portion for which it has acquired unconditional right of payment collection as accounts receivable and the remaining portion as contractual assets. In addition, it determines the provision for loss based on expected credit loss for the accounts receivable and the contractual assets. If the contract payment that has been received or is due to the Company exceeds completed project construction labor, the exceeded portion will be recognized as contractual liabilities. The Company presents the contractual assets and contractual liabilities under the same contract in net amounts.

#### Sales Revenue

The Group recognizes sales revenue after delivering the commodities to the specified location pursuant to the contract with confirmed receipt from the buyer. The Group determines the credit term for a customer according to the customer's credit risk characteristics, which is consistent with the industrial practice, with no significant financing component.

#### Labor Supply Revenue

The Company recognizes the revenue within a period from supplying labor to external parties by its progress towards labor service completion, which is determined by the cost that has occurred in the estimated total cost. The Company re-estimates its progress towards labor service completion so that it is able to reflect the change in the contract performance.

When recognizing revenue by its progress towards labor service completion, the Company recognizes the portion for which it has acquired unconditional right of payment collection as accounts receivable and the remaining portion as contractual assets. In addition, it determines the provision for loss based on expected credit loss for the accounts receivable and the contractual assets. If the contract payment that has been received or is due to the Company exceeds completed labor service, the exceeded portion will be recognized as contractual liabilities. The Company presents the contractual assets and contractual liabilities under the same contract in net amounts.

Contract costs comprise contract performance cost and contract acquisition cost. The Company recognizes the cost incurred from providing project construction labor as contract performance cost, and carries it forward into main business cost by the progress towards contract completion when recognizing the revenue. The Company recognizes the incremental cost incurred from acquiring a project labor service contract as contract acquisition cost. The contract acquisition cost with an amortization period of less than one year is recognized into current profit/loss at occurrence; the contract acquisition cost with an amortization period of more than one year is amortized into profit/loss on the same basis for the recognition of project labor service revenue under the related contract. If the carrying value of the contract cost is higher than the residual consideration expected to be gained from supplying the labor minus estimated cost to be incurred, the Company will recognize the exceeded portion of impairment provision withdrawal as asset impairment loss and further considers whether to withdraw estimated liabilities relating to the contract with loss. On the balance sheet date, the Company deducts related asset impairment provisions from the contract performance cost, and presents the net amounts respectively as inventory and other non-current assets, depending on whether the amortization period of the cost exceeded one year at the initial recognition. The contract acquisition cost with an amortization period of more than one year at the initial recognition is presented as other non-current assets in the net amount after deduction of related asset impairment provisions.

Different business models of similar businesses result in differences in revenue recognition accounting policies  
No.

## 17. 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 Company 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 Company 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 Company in the future period, the Company 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.

## 18. Deferred income tax assets/deferred income tax liabilities

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

### (1) Deferred tax asset

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.

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.

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.

## 19. 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.

## 20. Other significant accounting policies and estimates

### (1) Specific reserve

The Company 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 recognises in profit or loss (or other comprehensive income) the gain or loss on the hedging instrument and the hedged item in the same accounting period(s) to represent the effect of risk management.

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

A hedging instrument is a designated financial instrument whose changes in fair value or cash flows are expected to offset changes in the fair value or cash flows of the hedged item. For a hedge of foreign currency risk, the foreign currency risk component of a non-derivative financial asset or non-derivative financial liability may also be designated as a hedging instrument provided that it is not an investment in an equity instrument for which an entity has elected to present changes in the fair value in other comprehensive income.

The Company assesses at the inception of a hedging relationship, and on an ongoing basis, whether the hedging relationship meets the hedge effectiveness requirements. A hedging relationship is regarded as having met the hedge effectiveness requirements if all of the following conditions are satisfied:

- There is an economic relationship between the hedged item and the hedging instrument.
- The effect of credit risk does not dominate the value changes that result from the economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the entity actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of the hedged item.

When a hedging relationship no longer meets the hedge effectiveness requirements due to the hedge ratio, but the risk management objective of the designated hedging relationship remains unchanged, the Company rebalances the hedging relationship. Rebalancing refers to the adjustments made to the designated quantities of the hedged item or the hedging instrument of an already existing hedging relationship for the purpose of maintaining a hedge ratio that complies with the hedge effectiveness requirements.

The Company discontinues applying hedge accounting in any of the following circumstances:

- The hedging relationship no longer meets the risk management objective on the basis of which it qualified for hedge accounting.
- The hedging instrument expires or is sold, terminated or exercised.
- There is no longer an economic relationship between the hedged item and the hedging instrument or the effect of credit risk starts to dominate the value changes that result from that economic relationship.
- The hedging relationship no longer meets other criteria for applying hedge accounting.

The Company adopted the method of fair value hedges.

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

The gain or loss from remeasuring the hedging instrument is recognised in profit or loss. The gain or loss on the hedged item attributable to the hedged risk adjusts the carrying amount of the recognised hedged item not measured at fair value and is recognised in profit or loss.

Any adjustment to the carrying amount of a hedged item is amortised to profit or loss if the hedged item is a financial instrument (or a component thereof) measured at amortised cost. The amortisation is based on a recalculated effective interest rate at the date that amortisation begins.

### (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 Company'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.10 and 12) and provision for impairment of various types of assets (see Notes V.3, 6, 7 and 9 for accounting estimates), other significant accounting estimates are as follows:

- Note VII. 13: Recognition of deferred tax assets;
- Note VII. 19: Post-employment benefits – defined benefit plans.

### 21. Changes in significant accounting policies and accounting estimates

#### (1) Changes in significant accounting policies

Applicable  Not applicable

The Company has adopted, since 2020, the new Accounting Standard No. 14 for Business Enterprises—Revenue and Accounting Standard No. 21 for Business Enterprises—Lease recently promulgated by the Ministry of Finance

#### (2) Changes in significant accounting estimates

Applicable  Not applicable

#### (3) Adjustments to the financial statements at the beginning of the first execution year of any new standards governing financial instruments, revenue or leases

Applicable  Not applicable

Balance sheet

Unit: RMB Yuan

Item	Balance as at Dec 31, 2019	Balance as at Jan 1, 2020	Adjusted
Current assets:			
Monetary funds	143,238,542.38	143,238,542.38	0.00
Settlement fund			0.00
Lendings to Banks and Other Financial Institutions			0.00
Held for trading financial assets			0.00
Derivative financial assets			0.00
Notes receivable			0.00
Accounts receivable	47,682,799.10	47,682,799.10	0.00
Accounts receivable financing	15,000,000.00	15,000,000.00	0.00

Prepayment	53,854,781.51	53,854,781.51	0.00
Insurance receivables			0.00
Reinsurance Receivable			0.00
Provision of reinsurance contracts			0.00
Other receivables	2,855,038.79	2,855,038.79	0.00
Including: Interests receivable			0.00
Dividends receivable			0.00
Financial assets purchased under agreements to resell			0.00
Inventories	427,370,788.99	131,597,406.40	-295,773,382.59
Contractual assets		295,773,382.59	295,773,382.59
Divided into hold for sale financial assets			0.00
Non-current assets due within 1-year			0.00
Other current assets	24,194,415.06	24,194,415.06	0.00
Total current assets	714,196,365.83	714,196,365.83	0.00
Non-current assets:			
Loan and payment on other's behalf disbursed			0.00
Investments in debt obligations			0.00
Investments in other debt obligations			0.00
Long-term receivables			0.00
Long-term equity investment			0.00
Investments in other equity instruments			0.00
Other non-current financial assets			0.00
Investment property			0.00
Fixed assets/Property, plant and equipment	585,408,197.98	585,408,197.98	0.00
Construction in progress	735,649.99	735,649.99	0.00
Bearer biological assets			0.00
Oil and gas properties			0.00
Right to use assets			0.00
Intangible assets	49,290,863.32	49,290,863.32	0.00
R&D expense			0.00
Goodwill			0.00
Long-term deferred expenses			0.00
Deferred tax assets	6,190,807.76	6,190,807.76	0.00
Other non-current assets			0.00

Total non-current assets	641,625,519.05	641,625,519.05	0.00
Total assets	1,355,821,884.88	1,355,821,884.88	0.00
Current liabilities:			
Short-term loans	1,471,256,160.58	1,471,256,160.58	0.00
Loans from central bank			0.00
Borrowings from Banks and Other Financial Institutions			0.00
Transactional financial liabilities			0.00
Derivative financial liabilities			0.00
Notes payable	191,012,823.98	191,012,823.98	0.00
Accounts payable	685,595,574.05	685,595,574.05	0.00
Advance from customers	89,952,995.70	34,885,544.55	-55,067,451.15
Contractual liabilities		55,067,451.15	55,067,451.15
Financial assets sold under agreements to repurchase			0.00
Deposits received and hold for others			0.00
Entrusted trading of securities			0.00
Entrusted selling of securities			0.00
Payroll payable	27,957,593.33	27,957,593.33	0.00
Taxes payable	2,074,085.62	2,074,085.62	0.00
Other payables	43,687,799.51	43,687,799.51	0.00
Including: Interests payable	2,052,358.82	2,052,358.82	0.00
Dividends payable			0.00
Fees and commissions payable			0.00
Amount due to reinsurance			0.00
Divided into hold-for-sale liabilities			0.00
Non-current liabilities due within 1-year			0.00
Other Current liabilities	902,816.71	902,816.71	0.00
Total Current liabilities	2,512,439,849.48	2,512,439,849.48	0.00
Non-current liabilities:			
Insurance contract provision			0.00
Long-term loans			0.00
Bonds payable			0.00
Including: Preferred shares			0.00

Perpetual Capital Securities			0.00
Lease liability			0.00
Long-term payables			0.00
Long-term payroll payable	16,013,892.84	16,013,892.84	0.00
Contingent liabilities			0.00
Deferred income	10,648,080.00	10,648,080.00	0.00
Deferred taxes liabilities			0.00
Other non-current liabilities			0.00
Total non-current liabilities:	26,661,972.84	26,661,972.84	0.00
Total liabilities	2,539,101,822.32	2,539,101,822.32	0.00
Shareholders' Equity:			
Share capital	297,000,000.00	297,000,000.00	0.00
Other equity instruments			0.00
Including: Preferred shares			0.00
Perpetual Capital Securities			0.00
Capital reserve	235,273,493.07	235,273,493.07	0.00
Less: treasury stock			0.00
Other comprehensive income	2,501,056.69	2,501,056.69	0.00
Special reserve			0.00
Surplus reserve	39,418,356.83	39,418,356.83	0.00
General risk reserve			0.00
Retained earnings	-1,757,472,844.03	-1,757,472,844.03	0.00
Total equity attributable to owners of the Company	-1,183,279,937.44	-1,183,279,937.44	0.00
Minority interests			0.00
Total shareholders' equity	-1,183,279,937.44	-1,183,279,937.44	0.00
Total liabilities & shareholders' equity	1,355,821,884.88	1,355,821,884.88	0.00

Notes to adjustments: The company follows the new revenue standard, list contract assets or contract liabilities in the balance sheet based on fulfilling performance obligations and customer payments. The impact of the financial statements at the beginning of the year for the first execution is shown in the table above.

**(4) Retroactive adjustments to comparative data of prior years when first execution of any new standards governing financial instruments or leases since 2020**

Applicable  Not applicable

## 22. Others

### VI. 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.	16%, 13%, 6%
Urban maintenance and construction tax	Based on VAT paid	7%
Enterprise income tax	Based on taxable profits	25%
Land value added tax	Based on the value-added amount obtained from the transfer of real estate and the prescribed tax rate	30%-60%

### VII. Notes to the consolidated financial statements

#### 1. Monetary funds

Unit: RMB Yuan

Item	Closing balance	Opening balance
Cash on hand	52,563,144.71	143,238,542.38
Total	52,563,144.71	143,238,542.38

#### 2. Notes receivable

Unit: RMB Yuan

Item	Closing balance	Opening balance
Bank Note	28,342,276.61	
Total	28,342,276.61	

#### 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 whose bad debts	60,830,882.62	100.00%	1,537,757.94	2.53%	59,293,124.68	49,173,207.96	100.00%	1,490,408.86	3.03%	47,682,799.10

provision was accrued by credit risk feature										
Total	60,830,882.62		1,537,757.94		59,293,124.68	49,173,207.96		1,490,408.86		47,682,799.10

Provision for bad debts according to individual items

Applicable  Inapplicable

Accounts receivable for which bad debt provision accrued by group:

Unit: RMB Yuan

Name	Closing balance		
	Balance		Balance
Accounts receivable whose bad debts provision was accrued by credit risk feature	60,830,882.62	1,537,757.94	2.53%
Total	60,830,882.62	1,537,757.94	--

Description of the basis for determining the groups:

If the provision for bad debts of accounts receivable is accrued in accordance with the general expected credit loss model, please refer to the disclosure of other accounts receivable to disclose the relevant information of bad debts:

Applicable  Not applicable

As of June 30, 2020

	Default loss rate	Year-end book balance	Year-end impairment allowance
Not overdue	2.69%	40,443,436.81	-1,088,434.37
Within 1 year (including 1 year)	2.20%	20,387,445.81	-449,323.57
Total	2.53%	60,830,882.62	-1,537,757.94

Disclosure by age

Unit: RMB Yuan

Unit: RMB Yuan	Unit: RMB Yuan
Within 1 year	60,830,882.62
Total	60,830,882.62

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

Information of provision for bad & doubtful debts accrued:

Unit: RMB Yuan

Category	Opening balance	Changes in the reporting period				Closing balance
		Withdrawal	Reversal or recovery	Write-off	Other	
According to the combination of credit risk characteristics	1,490,408.86	1,115,791.09	1,068,442.01			1,537,757.94
Total	1,490,408.86	1,115,791.09	1,068,442.01			1,537,757.94

### (3) The actual write-off accounts receivable

There is no write-off account receivable in this reporting period.

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

Unit: RMB Yuan

Customer	Closing balance	Ratio of closing balance	Provision for bad debts
Shanghai Boiler Works Co., Ltd.	17,100,000.00	28.11%	855,000.00
GE Boiler Deutschland GmbH	9,765,180.02	16.05%	97,651.80
China Chengda Engineering Co., Ltd.	7,699,998.83	12.66%	384,999.94
GE Steam Power Switzerland GmbH	6,576,934.18	10.81%	65,769.34
GE Power Sweden AB	6,439,448.12	10.59%	-7,462.55
Total	47,581,561.15	78.22%	

## 4. Accounts receivable financing

Item	Closing balance	Opening balance
Bank acceptance bills	0.00	15,000,000.00
Total	0.00	15,000,000.00

Changes in receivables financing changes and fair value changes in the current period

Applicable  Not applicable

If the provision for impairment of financing receivables is made according to the general model of expected credit losses, please refer to the disclosure of other receivables to disclose the relevant information of the impairment provision:

Applicable  Not applicable

Other notes:None.

## 5. Prepayment

### (1) List by aging analysis

Unit: RMB Yuan

Aging	Closing balance		Opening balance	
	Amount	%	Amount	Amount
Within 1 years	74,012,133.21	79.82%	33,691,684.10	62.56%
1 to 2 years	14,040,989.41	15.15%	19,778,252.81	36.73%
2 to 3 years	3,127,660.00	3.37%		
over 3 years	1,541,513.85	1.66%	384,844.60	0.71%
Total	92,722,296.47	--	53,854,781.51	--

Notes of the reasons of the prepayment aging over one 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 84,403,250.26, representing 91.03% of the total prepayments.

**6. Other receivables**

Item	Closing balance	Opening balance
Other accounts receivable	2,110,106.58	2,855,038.79
Total	2,110,106.58	2,855,038.79

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

Unit: RMB Yuan

Item	Closing balance	Opening balance
Other receivable from unrelated companies	30,606,924.32	31,729,611.32
Other receivable from related companies	4,223,826.66	3,895,354.95
Less: Bad debts provision	-32,720,644.40	-32,769,927.48
Total	2,110,106.58	2,855,038.79

**2) Accrual of provision for bad & doubtful debts**

Unit: RMB Yuan

Provision for bad & doubtful debts	The first stage	The second stage	The third stage	Total
	Expected credit losses in the next twelve months	Expected credit losses for the entire duration (No credit impairment)	Expected credit losses for the entire duration (Credit impairment occurred)	
Balance on Jan 1 <sup>st</sup> 2020	20,685.76		32,749,241.72	32,769,927.48
Balance of January 1st, 2020 in the current period	—	—	—	—
Accrued in this period	12,185.44			12,185.44
Reversed in this period	-9,890.01		-51,578.51	-61,468.52
Balance on Jun 30 <sup>th</sup> 2020	22,981.19		32,697,663.21	32,720,644.40

Changes in the book balance of significant changes in the loss provision in the current period

Applicable  Inapplicable

Disclosure by age

Unit: RMB Yuan

Aging	Closing balance
Within 1 year (including 1 year)	32,769,927.48



Total	32,769,927.48
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### 3) Other accounts receivable withdraw, reversed or collected during the reporting period

Bad debt provision during the current period:

Unit: RMB Yuan

Category	Opening balance	Changes in the reporting period				Closing balance
		Withdrawal	Reversal or recovery	Write-off	Other	
Expected credit losses in the next twelve months	20,685.76	12,185.44	-9,890.01			22,981.19
Credit losses have occurred throughout the expected lifetime of credit losses	32,749,241.72		-51,578.51			32,697,663.21
<b>Total</b>	<b>32,769,927.48</b>	<b>12,185.44</b>	<b>-61,468.52</b>			<b>32,720,644.40</b>

### 4) The actual write-off other accounts receivable

There is no other receivable written off during this reporting period.

### 5) Top 5 of the Closing balance of the other accounts receivable collected according to the arrears party

Unit: RMB Yuan

Debtors	Nature	Closing balance	Aging	Proportion of the total	Closing balance of provisions for bad & doubtful debts
Shandong Luneng Material Group Co. Limited	Sales tax	19,950,586.84	More than 5 years	57.28%	19,950,586.84
Shanxi Zhenxing Group Co., Ltd.	Sales tax	6,722,635.47	More than 5 years	19.30%	6,722,635.47
East Lake Development Zone Government	Third-party payment	1,655,647.44	More than 5 years	4.75%	1,655,647.44
Wuhan Boiler Group Co., Ltd.	Relocation compensation for the old factory	1,297,689.00	More than 5 years	3.73%	1,297,689.00
GE Power Sweden AB	Advance payment on behalf of related parties	708,458.88	1-2 years	2.03%	3,542.30
<b>Total</b>	--	<b>30,335,017.63</b>	--	<b>87.09%</b>	<b>29,630,101.05</b>

## 7. Inventory

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

Yes  No

### (1) Category of inventory

Unit: RMB Yuan

Category	Closing balance			Opening balance		
	Balance	Inventory impairment provision or contract performance cost impairment provision	Net amount	Balance	Inventory impairment provision or contract performance cost impairment provision	Net amount
Raw materials	73,228,633.36	14,319,984.96	58,908,648.40	130,903,688.40	14,319,984.96	116,583,703.44
Contract performance cost	19,032,370.15	1,294,720.91	17,737,649.24	17,363,426.08	2,349,723.12	15,013,702.96
Total	92,261,003.51	15,614,705.87	76,646,297.64	148,267,114.48	16,669,708.08	131,597,406.40

### (2) Inventory impairment provision or contract performance cost impairment provision

Unit: RMB Yuan

Category	Opening balance	Increase		Decrease		Closing balance
		Provision	Others	Reversal or Written off	Others	
Raw materials	14,319,984.96					14,319,984.96
Contract performance cost	2,349,723.12			1,055,002.21		1,294,720.91
Total	16,669,708.08			1,055,002.21		15,614,705.87

## 8. Contract assets

Unit: RMB Yuan

Item	Closing balance			Opening balance		
	Balance	Falling price reserves	Net amount	Balance	Falling price reserves	Net amount
Boiler and supporting products	397,244,168.33	51,429,620.25	345,814,548.08	295,773,382.59		295,773,382.59
Total	397,244,168.33	51,429,620.25	345,814,548.08	295,773,382.59		295,773,382.59

If the provision for bad debts of contract assets is accrued in accordance with the general expected credit loss model, please refer to the disclosure methods of other receivables to disclose relevant information about bad debt reserves:

Applicable  Inapplicable

Information of impairment provision withdrawn of contract assets:

Unit: RMB Yuan

Item	Withdrawal	Reversal	Write-off	Reason
HK Waste-To-Energy Boilers	51,429,620.25			Contract asset impairment provision accrued due to the HKE project loss estimated.
Total	51,429,620.25			--

## 9. Other current assets

Unit: RMB Yuan

Item	Closing Balance	Opening balance
Prepaid VAT	55,505,353.53	21,416,771.14
Prepaid corporate income tax	1,393,775.25	1,393,775.25
Prepaid individual income tax		481,051.96
Hedged instruments due within one year		257,769.03
Hedged items due within one year		645,047.68
Total	56,899,128.78	24,194,415.06

## 10. Fixed assets

Unit: RMB Yuan

Item	Closing Balance	Opening balance
Fixed assets	575,640,800.57	585,408,197.98
Total	575,640,800.57	585,408,197.98

### (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	408,461,708.05	28,696,197.19	884,504.27	1,004,511,521.30
2 Additions	1,110,796.51	4,560,962.63			5,671,759.14
(1) Purchasing	1,110,796.51	4,560,962.63			5,671,759.14
(2) Construction in progress transferred					0.00
(3) Increased by enterprise merger					0.00
					0.00
3. Decreased Amount		282,051.27	3,594,259.92		3,876,311.19
(1) Disposals		282,051.27	3,594,259.92		3,876,311.19

					0.00
4. Closing balance	567,579,908.30	412,740,619.41	25,101,937.27	884,504.27	1,006,306,969.25
II. Accumulated depreciation					0.00
1. Opening balance	138,211,673.43	250,836,033.39	27,772,496.03	752,694.01	417,572,896.86
2. increased in the Period	7,145,256.72	8,012,934.99	174,089.80	7,396.58	15,339,678.09
(1) Accrual	7,145,256.72	8,012,934.99	174,089.80	7,396.58	15,339,678.09
					0.00
3. Decreased Amount		182,572.81	3,594,259.92		3,776,832.73
(1) Disposal or scrap		182,572.81	3,594,259.92		3,776,832.73
					0.00
4. Closing amount	145,356,930.15	258,666,395.57	24,352,325.91	760,090.59	429,135,742.22
III. Impairment provision					0.00
1. Opening amount		1,489,576.60		40,849.86	1,530,426.46
2. Increased in the Period					0.00
(1) Accrual					0.00
					0.00
3. Decreased Amount					0.00
(1) Disposal or scrap					0.00
					0.00
4. Closing amount		1,489,576.60		40,849.86	1,530,426.46
IV. Net book amount					0.00
1. Closing net book amount	422,222,978.15	152,584,647.24	749,611.36	83,563.82	575,640,800.57
2. Opening net book amount	428,257,438.36	156,136,098.06	923,701.16	90,960.40	585,408,197.98

## 11. Construction in progress

Item	Closing balance	Opening balance
Construction in progress	1,699,860.94	735,649.99
Total	1,699,860.94	735,649.99

### (1) List of construction in progress

Unit: RMB Yuan

Item	Closing balance	Opening balance
------	-----------------	-----------------

	Balance	Impairment	Net amount	Balance	Impairment	Net amount
STW welding robot and 4 orbital welding machines are upgraded	662,026.90		662,026.90			
TIG welding machine	761,061.95		761,061.95	258,000.00		258,000.00
Others	276,772.09		276,772.09	477,649.99		477,649.99
Total	1,699,860.94		1,699,860.94	735,649.99		735,649.99

## (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		735,649.99	1,864,930.95	900,720.00		1,699,860.94						
Total		735,649.99	1,864,930.95	900,720.00		1,699,860.94	--	--				--

## 12. Intangible assets

Unit: RMB Yuan

### (1) Information

Item	Land use right	Proprietary technology	Non-proprietary technology	Total
I. Cost				
1. Opening amount	41,599,836.72	93,989,176.87	18,644,395.61	154,233,409.20
2. Increase amount in current period				

(1) Purchases				
(2) Internal research and development				
(3) Increased by enterprise merger				
3. Decrease amount in current period				
(1) Disposal				
4.Closing amount	41,599,836.72	93,989,176.87	18,644,395.61	154,233,409.20
II. Accumulated amortization				
1.Opening amount	9,710,574.22	77,147,933.32	18,084,038.34	104,942,545.88
2. Increase amount in current period	415,946.90	1,236,447.06	190,845.22	1,843,239.18
(1) Accrual	415,946.90	1,236,447.06	190,845.22	1,843,239.18
3. Decrease amount in current period				
(1) Disposal				
4.Closing amount	10,126,521.12	78,384,380.38	18,274,883.56	106,785,785.06
III. Impairment provision				
1. Opening amount				
2. Increase amount in current period				
(1) Accrual				
3. Decrease amount in current period				
(1) Disposal				
4. Closing amount				
IV. Net book value				
1. Closing net book value	31,473,315.60	15,604,796.49	369,512.05	47,447,624.14
2. Opening net book value	31,889,262.50	16,841,243.55	560,357.27	49,290,863.32

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

### 13. Deferred income tax assets/Deferred income tax liabilities

Unit: RMB Yuan

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

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	72,889,357.07	18,222,339.27	18,059,438.60	4,514,859.65
Tax difference arising from fixed assets	741,374.60	185,343.65	1,145,018.53	286,254.63
Accrued warranty	3,506,415.09	876,603.77	3,506,415.09	876,603.77
Interest payable	2,488,456.74	622,114.19	2,052,358.82	513,089.71
Total	79,625,603.50	19,906,400.88	24,763,231.04	6,190,807.76

**(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		19,906,400.88		6,190,807.76

**(3) List of unrecognized deferred income tax assets**

Unit: RMB Yuan

Item	Closing balance	Opening balance
Deductible temporary differences	9,118,821.27	25,566,019.80
Total	9,118,821.27	25,566,019.80

**14. Short-term loans**

**(1) Category of short-term loans**

Unit: RMB Yuan

Category	Closing balance	Opening balance
Credit loan	188,682,944.47	63,256,160.58
Entrusted loan	1,688,000,000.00	1,408,000,000.00
Total	1,876,682,944.47	1,471,256,160.58

Note: Entrusted loan is provided by the controlling shareholder - GE Steam Power Investment Co., Ltd. The total amount is not more than RMB1.8 billion. The loan interest rate is 5% lower than the benchmark interest rate. The closing balance of entrusted loan is RMB 1,688,000,000.00.(2019: RMB 1,408,000,000.00).

The principal of the credit loan is RMB 188,682,944.47 borrowed from HSBC. The interest is paid monthly. As of the balance sheet date, the interest payable has been confirmed to be RMB 540,609.65. The loan period is six months. Among them, RMB 133,623,675.97 yuan must be paid off on October 16, 2020, and RMB 55,059,268.50 yuan must be paid off on December 24, 2020.

## 15. Bills payable

Unit: RMB Yuan

Category	Closing balance	Opening balance
Bank acceptance bill	57,263,054.52	191,012,823.98
Total	57,263,054.52	191,012,823.98

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

## 16. Accounts payable

### (1) List of accounts payable

Unit: RMB Yuan

Item	Closing balance	Opening balance
Procurement payable of materials and components of finished goods	464,299,389.02	685,595,574.05
Total	464,299,389.02	685,595,574.05

### (2) Significant accounts payable aging over one year

Unit: RMB Yuan

Creditors	Closing balance	Reasons for outstanding
Shanghai Electric Heavy Milling Equipment Co., Ltd.	10,649,999.83	Purchasing Quality Guarantee
Howden Energy Technology Co., Ltd.	4,700,000.00	Purchasing Quality Guarantee
Yangzhou Longchuan Steel Pipe Co.,Ltd	4,363,870.73	Purchasing Quality Guarantee
Diamond Electric Machinery (Hubei) Co., Ltd.	3,815,983.77	Purchasing Quality Guarantee
Yangzhou Huayuan Petroleum Equipment Co.,Ltd	2,939,867.23	Purchasing Quality Guarantee
Total	26,469,721.56	--

## 17. Advance from customers

### (1) List of advance from customers

Unit: RMB Yuan

Item	Closing balance	Opening balance
Advance sales of boiler products	83,040,093.10	34,885,544.55
Total	83,040,093.10	34,885,544.55

## 18. Contract liabilities

Unit: RMB Yuan

Item	Closing balance	Opening balance
Boiler and supporting products	94,983,018.63	55,067,451.15
Total	94,983,018.63	55,067,451.15



## 19. Payroll payable

### (1) List of payroll payable

Unit: RMB Yuan

Item	Opening balance	Increase	Decrease	Closing balance
Short-term remuneration	26,211,912.22	97,573,436.97	107,126,107.07	16,659,242.12
Post-employment benefits - defined contribution plans	34,986.80	5,055,550.46	5,081,942.67	8,594.59
Other benefits due within one year	1,710,694.31	0.00	894,444.86	816,249.45
Total	27,957,593.33	102,628,987.43	113,102,494.60	17,484,086.16

### (2) List of Short-term salary

Unit: RMB Yuan

Item	Opening balance	Increase	Decrease	Closing balance
1. Salary, bonus, allowance, subsidy	21,567,217.52	77,570,997.60	88,394,391.40	10,743,823.72
2. Employee welfare	3,642,357.60	7,930,762.92	6,947,907.44	4,625,213.08
3. Social insurance	8,748.54	4,874,959.80	4,646,991.49	236,716.85
Including: Medical insurance premiums	8,986.24	3,972,672.34	4,013,782.28	-32,123.70
Work-related injury insurance	-168.69	490,962.13	221,208.01	269,585.43
Maternity insurance	-69.01	411,325.33	412,001.20	-744.88
4. Housing fund	18,078.43	5,575,392.56	5,556,279.56	37,191.43
5. Trade union funds and employee education expenses	975,510.13	1,621,324.09	1,580,537.18	1,016,297.04
Total	26,211,912.22	97,573,436.97	107,126,107.07	16,659,242.12

### (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	33,953.40	4,777,951.42	4,803,306.60	8,598.22
2. Unemployment insurance	1,033.40	277,599.04	278,636.07	-3.63
Total	34,986.80	5,055,550.46	5,081,942.67	8,594.59

## 20. Taxes payable

Unit: RMB Yuan

Item	Closing balance	Opening balance
Individual income tax	792,687.76	
Housing property tax	1,373,606.51	1,489,970.86
Others	606,117.53	584,114.76
Total	2,772,411.80	2,074,085.62

## 21. Other accounts payable

Unit: RMB Yuan

Item	Closing balance	Opening balance
Interest payable	2,488,456.74	2,052,358.82
Other accounts payable	33,731,331.94	41,635,440.69
Total	36,219,788.68	43,687,799.51

### (1) Interest payable

Unit: RMB Yuan

Item	Closing balance	Opening balance
Interest payable on short-term loan	2,488,456.74	2,052,358.82
Total	2,488,456.74	2,052,358.82

### (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	86,539.47	2,364,737.14
Payable to unrelated companies	33,644,792.47	39,270,703.55
Total	33,731,331.94	41,635,440.69

#### 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	
Paid to early retirement people	601,805.34	
Total	11,265,551.86	--

## 22. Other current liabilities

Unit: RMB Yuan

Item	Closing Balance	Opening balance
Hedging instruments due within one year	0.00	645,047.68
Hedged items due within one year	0.00	257,769.03
Total	0.00	902,816.71

## 23. 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	16,013,892.84	16,780,451.68
II. Termination benefits	894,444.86	944,135.47
Less: Settled within one year	-816,249.45	-1,710,694.31
Total	16,092,088.25	16,013,892.84

### (2) Changes of defined benefit plans

Present worth of defined benefit plans obligation:

Unit: RMB Yuan

Item	Reporting period	Last period
I. Opening balance	16,780,451.68	17,117,784.23
2. Benefits have paid	766,558.84	749,971.26
V. Closing balance	16,013,892.84	16,367,812.97

Net liabilities (net assets) of defined benefit plans

Unit: RMB Yuan

Item	Reporting period	Last period
I. Opening balance	16,780,451.68	17,117,784.23
IV. Other changes	766,558.84	749,971.26
V. Closing balance	16,013,892.84	16,367,812.97

Notes of influence of content of defined benefit plans and its relevant risks to the future cash flow, time and uncertainty of the Company: None.

Notes to the results of significant actuarial assumptions and sensitivity analysis of defined benefit plans: None.

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

## 24. Deferred income

Unit: RMB Yuan

Item	Opening balance	Increase	Decrease	Closing balance	Nature
Government grants	10,648,080.00		138,888.00	10,509,192.00	
Total	10,648,080.00		138,888.00	10,509,192.00	--

Items involved in government subsidies:

Unit: RMB Yuan

Item	Opening	New grant	Amount	Amount	Amount	Other	Closing balance	Assets-

	balance	in current period	included in Non-operating gains	included in operating income	reversed to cost/expense	changes		related/income related
Land use right of the Company's new plant	10,648,080.00		138,888.00				10,509,192.00	Assets-related

## 25. 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

## 26. 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

## 27. Other comprehensive income

Unit: RMB Yuan

Item	Opening balance	Increase/Decrease						Closing balance
		Amount before income tax in current period	Less: recorded in other comprehensive income in prior period and transferred to profit or loss in current period	Less: Income tax expense	Attributable to owners of the Company after tax	Attributable to minority shareholders after tax	Amount before income tax in current period	
(1) Other comprehensive income not reclassified into	2,501,056.69							2,501,056.69

gains and losses								
Including: the change caused by remeasuring net assets or liabilities of defined benefit plans or changes	2,501,056.69							2,501,056.69
Total	2,501,056.69							2,501,056.69

## 28. 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

## 29. Retained earnings

Unit: RMB Yuan

Item	Reporting period	Last period
Opening balance of retained profits before adjustments	-1,757,472,844.03	-1,769,198,905.96
Opening balance of retained profits after adjustments	-1,757,472,844.03	-1,769,198,905.96
Add: Net profit attributable to owners of the Company	-116,350,511.22	-2,832,520.25
Closing retained profits	-1,874,453,363.14	-1,772,031,426.21

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.

## 30. 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	461,778,056.98	485,404,449.93	595,985,964.52	538,825,287.66
Other business	1,566,865.62	0.00	1,393,627.49	0.00
Total	463,344,922.60	485,404,449.93	597,379,592.01	538,825,287.66

Relevant information of revenue:

Unit: RMB Yuan

Category of contracts	Segment 1	Segment 2	Total
Types of Products			
Of which:			
Sales of boilers and ancillary products	463,344,922.60		463,344,922.60
Classified by business area			
Of which:			
Domestic	49,071,771.92		49,071,771.92
Oversea	414,273,150.68		414,273,150.68
Type of contract			
Of which:			
Construction contract	438,419,034.58		438,419,034.58
Product and service contracts	24,925,888.02		24,925,888.02
Total	463,344,922.60		463,344,922.60

Information related to performance obligations: None.

Information related to transaction value assigned to residual performance obligations:

The amount of revenue corresponding to performance obligations of contracts signed but not performed or not fully performed yet was RMB1,340,374,851.31 yuan at the period-end, among which RMB441,070,051.97 yuan was expected to be recognized in the 2020 year, RMB401,765,470.39 yuan in the 2021 year and RMB256,814,052.43 yuan in the 2022 year.

### 31. Business tax and surcharges

Unit: RMB Yuan

Item	Reporting period	Last period
City maintenance and construction tax		962,561.32
Education Levy		412,526.28
Housing property tax	1,788,824.13	2,740,703.55
Land use right tax	314,978.89	625,779.23
Stamp duty	179,509.01	291,819.88
Local educational levy	0.00	206,263.14
Total	2,283,312.03	5,239,653.40

### 32. Selling expenses

Unit: RMB Yuan

Item	Reporting period	Last period
Wages and bonus	2,970,702.83	4,042,105.81
Social insurance	399,333.30	820,033.64
Travel expenses		178,716.62
Housing fund	167,457.91	196,860.03
Depreciation	105,124.83	246,253.51
Rental fee	28,397.03	64,024.93
Energy cost	101,949.07	30,292.00
IT related cost	35,667.16	30,664.05
Office expenses	107,844.35	56,292.69

Tendering and Other expenses	2,835,485.50	835,221.38
Total	6,751,961.98	6,500,464.66

### 33. Administration expenses

Unit: RMB Yuan

Item	Reporting period	Last period
Salary and bonus	6,602,241.97	5,072,938.82
Social insurance and benefit	2,144,838.71	1,956,787.61
Travel and Entertainment	139,820.51	267,176.57
Housing Fund	341,176.45	380,610.50
Consulting services		1,406,889.41
Depreciation and Amortization	463,882.94	1,950,725.03
Office supplies fee	194,621.24	102,645.28
Insurance	200,000.00	1,122,127.12
Lease fee	21,866.84	139,490.30
Energy costs	138,085.71	118,792.54
Training fee		115,964.52
IT-related costs	405,086.28	135,835.26
Conference fee		125,000.00
Others	1,090,977.56	2,222,010.53
Total	11,742,598.21	15,116,993.49

### 34. Financial expenses

Unit: RMB Yuan

Item	Reporting period	Last period
Interest expenses from loans and payables	35,410,100.62	30,688,225.33
Less: Interest income	148,847.24	135,049.78
Net exchange losses / gains	-472,805.89	1,150,642.80
Other financial expenses	578,634.93	2,149,590.71
Total	35,367,082.42	33,853,409.06

### 35. Other income

Unit: RMB Yuan

Sources	Reporting period	Last period
Government grants related to income		1,056,200.00

### 36. Gains from changes in fair value

Unit: RMB Yuan

Sources of changes in fair value gains.	Reporting period	Last period
Transactional financial assets	0.00	1,461,934.69
Including: Gains from changes in fair value generated by derivative financial instruments	0.00	1,461,934.69
Transactional financial liabilities	0.00	
Investment real estate measured at fair value	0.00	
Total	0.00	1,461,934.69

### 37. Credit impairment loss

Unit: RMB Yuan

Item	Reporting period	Last period
Bad debts losses-Other receivable	-988,033.49	
Contract assets impairment loss	-51,429,620.25	
Bad debts losses-Accounts receivable	-179,757.59	
Total	-52,597,411.33	

### 38. Assets impairment loss

Unit: RMB Yuan

Item	Reporting period	Last period
(1) Bad debts losses		-493,154.50
Total		-493,154.50

### 39. Asset disposal income

Unit: RMB Yuan

Sources	Reporting period	Last period
Fix assets disposal	-33,106.93	

### 40. 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	
Total	138,888.00	743,949.62	

List of government subsidies recorded into current profits and losses

Unit: RMB Yuan

Item	Reporting period	Last period	Related to assets/related income
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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	

#### 41. Income tax expenses

##### (1) Details of income taxes expenses

Unit: RMB Yuan

Item	Reporting period	Last period
Current period income taxes expenses	0.00	2,756,052.35
Deferred income tax expense	-13,715,593.12	689,181.45
Total	-13,715,593.12	3,445,233.80

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

Unit: RMB Yuan

Item	Report period
Profit before tax	-130,696,112.23
Income tax expenses calculated at legal (or applicable) tax rate	-32,674,028.06
Tax for nondeductible cost, expense and loss	4,269,301.60
Tax effect of using prior years' deductible loss for which the deferred tax not recognized	18,800,932.97
Tax effect of deductible loss and deductible temporary difference for which the deferred tax not recognized	-4,111,799.63
Income tax expenses	-13,715,593.12

#### 42. Other comprehensive income

Refer to the Notes VII 27.

#### 43. Information to cash flow statement

##### (1) Other cash received relevant to operating activities

Unit: RMB Yuan

Item	Reporting period	Reporting period
Deposit	93,360.00	0.00
Rental	434,228.59	0.00
Eastlake Development Zone post stabilization allowance		833,600.00
Provincial Foreign Trade Fund (Foreign Trade Grant Fund) 2018		222,600.00
Distribution of claims	123,675.00	

Quality compensation	42,000.00	
Social security refund	2,419,835.33	
other	1,743,823.77	47,090.38
Total	4,856,922.69	1,103,290.38

**(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	405,987.50	817,600.00
Office expenses	336,790.99	98,546.00
Security fees	285,600.00	291,040.00
Insurance expenses	3,687,782.32	342,989.55
Meal fees	1,201,513.00	2,905,575.05
Travel and other expenses	1,878,324.78	4,779,353.67
Conference expenses	0.00	560,149.00
Detection costs	0.00	16,458.50
Gas expense	1,594,445.14	4,127,028.55
Training expenses	0.00	6,000.00
Cleaning expense	0.00	131,468.01
Audit fee	470,305.50	1,016,566.60
Water expense	152,286.15	195,227.11
Commuting costs	1,687,367.00	2,309,203.00
General repairs & maintenances	4,200.00	26,875.65
Property costs	780,011.96	133,751.99
Postage expenses	35,214.11	114,611.55
Transportation expenses	1,541,539.47	1,906,834.46
Consult fees	415,542.97	1,218,302.38
Bank charge	1,030,241.33	851,483.04
Others	1,107,940.71	139,130.80
Tender deposit	739,685.00	0.00
Electric charge	3,401,307.21	4,631,625.58
Medical examination	0.00	0.00
Labor cost	15,047,645.08	2,230,049.67
Certification fee	205,250.00	50,100.00
Total	36,008,980.22	28,899,970.16

### (3) Other cash received relevant to investment activities

Unit: RMB Yuan

Item	Reporting period	Last period
Interest income	148,330.13	135,049.78
Total	148,330.13	135,049.78

## 44. 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	-116,980,519.11	-2,832,520.25
Add: Provision for assets impairments	52,597,411.33	493,154.50
Depreciation of fixed assets, depletion of oil & gas assets and productive biological assets	15,339,678.09	15,708,077.07
Amortization of intangible assets	1,843,239.18	1,932,231.41
Losses/gains on disposal of property, intangible asset and other long-term assets (gains: ) “-”	33,106.93	0.00
Loss on changes of fair value (“-”for gain)	0.00	1,461,934.69
Financial cost (income: “-”)	34,483,708.25	31,703,818.35
Decrease in deferred tax assets (increase: “-”)	-13,715,593.12	689,181.45
Decrease in inventory (increase: “-”)	-5,549,107.29	-67,186,296.23
Decrease in accounts receivable from operating activities (increase: “-”)	-63,075,184.94	-38,373,906.82
Increase in accounts payable from operating activities (decrease: “-”)	-362,322,679.84	40,944,282.67
Net cash flows generated from operating activities	-457,345,940.52	-15,460,043.16
2. Significant investing and financing activities without involvement of cash receipts and payments	--	--
3. Change of cash and cash equivalent:	--	--
Closing balance of Cash	52,563,144.71	70,334,740.56
Less: opening balance of cash	143,238,542.38	148,131,705.14
The net increase in cash and cash equivalents	-90,675,397.67	-77,796,964.58

### (2) Composition of cash and cash equivalents

Unit: RMB Yuan

项目	期末余额	期初余额
I. Cash	52,563,144.71	143,238,542.38
Including: Bank deposits	52,563,144.71	143,238,542.38
III. Closing balance of cash and cash equivalents	52,563,144.71	143,238,542.38

#### 45. 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	--	--	
Including: USD	442,887.84	7.0795	3,135,424.46
EUR	32.00	7.961	254.75
HKD			
Account receivable	--	--	
Including: USD	94,856.48	7.0795	671,536.45
EUR			
HKD			
Long-term loan	--	--	
Including: USD			
EUR			
HKD			
Account payable			
Including: USD	120,278.80	7.0795	851,513.76
EUR	142,371.57	7.961	1,133,420.07
Other receivable			
Including: USD	136,896.12	7.0795	969,156.08
EUR			

#### 46. Hedging

Disclosure of qualitative and quantitative information on hedging items and related hedging instruments, hedged risks according to the hedging categories:

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.

## 47. Government grants

### (1) Basic situation of government subsidies

Unit: RMB Yuan

Item	Amount	Recognition	Amount recognized in extraordinary gain and loss in 2020
Land use right of the Company's new plant	10,648,080.00	Deferred income	138,888.00

## VIII. 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 2020 and 31 December 2019.

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, 78.22% 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 6 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 2020H1, 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 GE Steam Power 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, 2020 to December 31, 2020. 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- Entrusted loan	1,688,000,000.00	-	-	-	1,688,000,000.00
Short-term borrowings- Credit loan	188,682,944.47	-	-	-	188,682,944.47
Notes payable	57,263,054.52	-	-	-	57,263,054.52
Accounts payable	464,299,389.02	-	-	-	464,299,389.02
Other payables	36,219,788.68	-	-	-	36,219,788.68
Other long-term liabilities	-	-	-	-	-
Total	2,434,465,176.69	-	-	-	2,434,465,176.69

Opening balances:

Item	Financial liabilities 2019				
	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- Entrusted loan	1,408,000,000.00	-	-	-	1,408,000,000.00
Short-term borrowings- Credit loan	63,820,899.93	-	-	-	63,820,899.93
Notes payable	191,012,823.98	-	-	-	191,012,823.98
Accounts payable	685,595,574.05	-	-	-	685,595,574.05
Other payables	43,687,799.51	-	-	-	43,687,799.51
Other long-term liabilities	902,816.71	-	-	-	902,816.71
Total	2,393,019,914.18	-	-	-	2,393,019,914.18

### 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 2020, the Company's interest-bearing debts mainly consist of RMB interest rate loan contracts with total of RMB 1,876,682,944.47.

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	-938.34	-764.00
Benchmark interest rate decrease 50 basis points	938.34	764.00

#### (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.

## IX. The disclosure of fair value

### 1. The closing fair value of assets and liabilities is measured as fair value

Unit: RMB Yuan

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	--	--	--	--
Derivative financial assets		0.00		
Total assets under sustaining fair value measurement		0.00		
Total liabilities under sustaining fair value measurement		0.00		
II. Non-Sustaining fair value measurement	--	--	--	--

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

During 2020H1, 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.

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

The fair value of 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.

## 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 2020.

## X. 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 (%)
GE Steam Power 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	51.00%	51.00%

The final control of the Company was: General Electric Company

### 2. Information of other related parts of the Company

Name	Relationship
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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
GE Power s.r.o.	The subsidiary of ultimate holding company
ALSTOM Power Systems	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 Endustri Ticaret ve Servis Anonim Sirketi	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) Electric 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)	The subsidiary of ultimate holding company
General Electric Detection 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 Hydro Equipment (China) Co., Ltd.	The subsidiary of ultimate holding company
General Electric Healthcare (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. Related party transactions

#### (1) Purchase of goods /receiving of services

Purchase of goods and acceptance of labor service

Unit: RMB Yuan

Name of related parties	Contents of transactions	2020	Limited transaction amount approved	Exceed the limited amount or not	2019
ALSTOM Beizhong Power (Beijing) Co., Ltd.	Material purchasing	376,112.72	700,000.00	No	0.00
GE Boiler Deutschland GmbH	Material purchasing	2,529,831.19	83,645,950.00	No	4,697,566.00
GE Power India Limited	Engineering service	141,580.40	90,755,500.00	No	0.00
Dresser Machinery (Suzhou) Co., Ltd.	Material purchasing	1,796,894.78	38,500,000.00	No	2,476,397.97
GE (Shanghai) Power Technology Co.,Ltd	Engineering service	977,011.77	86,120,000.00	No	0.00
GE Power Sweden AB	Service expenses	296,718.00	0.00	Yes	0.00
GE Inspection & Control Technologies (Shanghai) Co., Ltd	Material purchasing	0.00	70,000.00	No	14,530.01
GE Healthcare (Tianjin) Airport Economic Area Branch	Engineering service	0.00	1,000,000.00	No	118,582.20

Products sales and services provided

Unit: RMB Yuan

Name of related parties	Nature of transactions	2020	2019
ALSTOM Boiler France	Sale of products	-654,920.30	0.00
Alstom Power Systems	Labor expense	2,027,921.10	1,482,528.30
GE Boiler Deutschland GmbH	Sale of products	11,733,357.72	8,522,460.00
GE Energy Switzerland GmbH	Sale of products	109,070,385.33	6,279,660.95
GE Power India Limited	Sale of products	1,073,032.51	3,630,832.69
GE Power Services (Malaysia) Sdn. Bhd	Sale of products	561,164.69	3,190,106.00
GE Power Sp.z.o.o.	Sale of products	-2,461.50	6,904,867.21
GE Power Sweden AB	Labor expense	5,887,910.91	200,588.68
GE Steam power Switzerland GmbH	Sale of products	6,109,198.48	0.00
GE Steam Power, Inc.	Sale of products	-2,355,968.59	10,453,256.00

General Electric (Switzerland) GmbH	Sale of products	143,142,418.40	157,594,853.55
GENERAL ELECTRIC ENERGY UK LIMITED	Labor expense	147,108.21	58,770.42
ALSTOM Beizhong Power (Beijing) Co., Ltd.	Labor expense	47,231.84	0.00
GE (Shanghai) Power Technology Co., Ltd.	Sale of products	77,074,420.25	238,720,584.45
GE Power Taiwan Ltd.	Labor expense	207,547.17	0.00
GE Operations Indonesia, PT	Labor expense	0.00	4,236,962.00
GE Power Australia Pty Ltd	Labor expense	0.00	3,102,591.54
General Electric International Operations Company, Inc.	Labor expense	0.00	275,995.66
GE High Voltage Equipment (Wuhan) Co., Ltd	Labor expense	0.00	116,411.32
Alstom Power Ltd	Labor expense	0.00	72,437.26
GE Power Estonia AS	Labor expense	0.00	48,000.00
GE (Wuhan) Engineering & Technology Co., Ltd	Labor expense	0.00	30,205.57
GE Power Vietnam Company Limited	Labor expense	0.00	30,095.60
GE Power Services (Malaysia) Sdn.	Labor expense	0.00	28,301.89
GE Power Systems Korea	Sale of products	0.00	19,479,041.50

## (2) Related party lease

As the lessor:

Unit: RMB Yuan

Name of lessee	Type of assets leased	Lease income recognized in 2020	Lease income recognized in 2019
General Electric (Wuhan) Engineering Technology Co., Ltd.	Office space rental	96,572.48	212,389.04
General Electric (Shanghai) Power Technology Co., Ltd.	Office space rental	33,780.05	67,560.00

## (3) Inter-bank lending of capital of related parties

Unit: RMB Yuan

Name of related party	Amount of funding	Start date	End date	Notes
<b>Funds Received</b>				
GE Steam Power Investment Co., Ltd.	1,688,000,000.00			Real-time repayment indefinitely, Annual interest rate 4.133%
<b>Funds Paid</b>				
GE Steam Power Investment Co., Ltd.	110,000,000.00			Real-time repayment indefinitely, Annual interest rate 4.133%

#### (4) Assets transfer and debt restructuring by related party

Unit: RMB Yuan

Related party	Content	Report period	Same period of last year
GE Power Components (Shenyang) Co.,Ltd	Branch acquisition	34,662,209.40	0.00

#### (5) Remuneration for key management

Unit: RMB Yuan

Item	Report period	Same period of last year
Remuneration for key management	4,321,958.18	3,181,811.00

### 4. Amounts due from/to related parties

#### (1) Receivables from related parties

Unit: RMB Yuan

Item	Related party	Closing balance		Opening balance	
		Booking balance	Bad debts provisions	Booking balance	Bad debts provisions
Accounts receivable	GE Power Sweden AB	12,132,640.81	7,462.55	539,902.00	5,399.02
Accounts receivable	GE Power Services (Malaysia) Sdn.	524,380.69	5,243.81	152,106.00	1,521.06
Accounts receivable	Alstom Power Ltd	76,781.98	767.82	76,781.98	767.82
Accounts receivable	GE Boiler Deutschland GmbH	9,765,180.02	97,651.80		
Accounts receivable	General Electric (Switzerland) GmbH			57,462.05	574.62
Accounts receivable	General Electric (Shanghai) Electric Power Technology Co., Ltd.	5,152,394.51	51,523.95	554,880.46	5,548.80
Accounts receivable	ALSTOM Power Italia S.p.A.	1,570,800.00	15,708.00	1,570,800.00	15,708.00
Accounts receivable	GE Operations Indonesia, PT	81,630.00	816.30	81,630.00	816.30
Accounts receivable	GE Power Australia Pty Ltd	28,000.00	280.00	28,000.00	280.00
Accounts receivable	GE Power Estonia AS	48,000.00	480.00	4,337,000.00	43,370.00
Accounts receivable	GE Power Systems India Private	373,000.00	3,730.00	373,000.00	3,730.00
Accounts receivable	GE Steam Power, Inc.	355,269.37	3,552.69	15,848,184.64	158,481.85
Accounts receivable	GENERAL ELECTRIC ENERGY LIMITED UK	368,954.20	3,689.54	368,954.20	3,689.54
Accounts receivable	GE Energy	2,183,290.00	21,832.90		

	Switzerland GmbH				
Accounts receivable	ALSTOM Power Systems	1,826,881.60	18,268.82		
Accounts receivable	GE Steam Power Switzerland GmbH	6,576,934.18	65,769.34		
Accounts receivable	General Electric International	397,131.27			
Accounts receivable	GE (Wuhan) Engineering & Technology Co., Ltd			217,587.00	2,175.87
Other receivables	GE Power Systems India Private	240,000.00	1,200.00	240,000.00	1,200.00
Other receivables	GE Steam Power, Inc.	98,018.00	490.09		
Other receivables	Alstom Power Ltd.				
Other receivables	General Electric (Switzerland) GmbH	4,157.71	20.79		
Other receivables	GE Power Services (Malaysia) Sdn. Bhd.	53,209.00	266.05	53,209.00	266.05
Other receivables	GE Power Sweden AB	708,458.88	3,542.29	1,248,360.88	6,241.80
Other receivables	GE Power Vietnam Company Limited	356,587.38	1,782.94	356,587.38	1,782.94
Other receivables	GENERAL ELECTRIC ENERGY LIMITED UK	155,934.72	779.67		
Other receivables	General Electric Global Services GmbH	385,698.61	1,928.49		
Other receivables	General Electric (Shanghai) Power Technology Co., Ltd.	228,254.24	1,141.27	127,312.26	18,845.07
Other receivables	GE (Wuhan) Engineering & Technology Co., Ltd	384,652.07	1,923.26	130,101.63	650.51
Other receivables	GE Power Taiwan Ltd.	220,000.00	1,100.00		
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
Other receivables	GE Operations Indonesia, PT	25,834.30	129.17	25,834.30	129.17
Other receivables	GE POWER SP.Z.O.O.			58,200.00	291.00
Other receivables	General Electric International Operations Company, Inc			333,889.49	1,669.45
Other receivables	GE High Voltage Equipment (Wuhan)	55,161.75	275.81	14,000.00	70.00

	Co., Ltd				
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## (2) Payables from related parties

Unit: RMB Yuan

Item	Related parties	Closing balance	Opening balance
Accounts payable	General Electric (Switzerland) GmbH	2,179,903.77	2,179,903.77
Accounts payable	GE Boiler Deutschland GmbH	287,119.09	5,043,965.09
Accounts payable	ALSTOM Beizhong Power (Beijing) Co., Ltd.	398,679.49	
Accounts payable	Dresser Machinery (Suzhou) Co., Ltd	1,796,894.78	
Accounts payable	GENERAL ELECTRIC TECHNOLOGY GM		1,146,000.00
Accounts payable	GE Power Sweden AB	296,718.00	
Accounts payable	GE Power Components (Shenyang) Co.,Ltd	34,662,209.40	
Other payables	General Electric (China) Co.,Ltd Wuhan Branch	71,472.50	21,876.45
Other payables	ALSTOM Holdings	15,066.97	15,066.97
Other payables	General Electric (Shanghai) Power Technology Co., Ltd.		292,263.23
Other payables	GE Steam Power, Inc.		204,864.29
Other payables	GE Steam Power Investment Co., Ltd.		1,659,310.52
Other payables	General Electric Medical System (Tianjin) Co., Ltd.		59,291.10
Other payables	GE Power s.r.o.		108,757.08
Other payables	GE IS&T SAS		3,307.50
Advance from customers	ALSTOM Boiler France	402,500.00	402,500.00

## XI. Commitments and contingency

### 1. Significant commitments

Important commitments on balance sheet date

#### (1) Capital commitments

Item	Closing balance	Opening balance
Long-term asset construction	4,767,706.84	7,916,952.95
Total	4,767,706.84	7,916,952.95

### 2. Contingencies

#### (1) Important contingencies on the balance sheet date

As at 30 June 2020, the unexpired bonds issued by the Company are as follows: Warranty Guarantee RMB38,269,950.00, performance bond RMB108,317,747.00, Advance Guarantee RMB32,999,827.00.

(2) The company does not need to disclose important or contingent matters, should also be explained  
The Company does not have any important or contingent matters to disclose.

## XII. Supplemental information

### 1. Notes of non-recurrent profit and loss in report period

Applicable  Inapplicable

Unit: RMB Yuan

Item	Amount	Note
Gain/loss on the disposal of non-current assets	0.00	
Tax rebates, reductions or exemptions due to approval beyond authority or the lack of official approval documents	0.00	
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	
Capital occupation charges on non-financial enterprises that are charged to current profit or loss	0.00	
Gain equal to the amount by which investment costs for the Company to obtain subsidiaries, associates and joint ventures are lower than the Company's enjoyable fair value of identifiable net assets of investees when making investments	0.00	
Gain or loss on non-monetary asset swaps	0.00	
Gain or loss on assets entrusted to other entities for investment or management	0.00	
Allowance for asset impairments due to acts of God such as natural disasters	0.00	
Gain/loss from debt restructuring	0.00	
Expenses on business reorganization, such as expenses on staff arrangements, integration, etc.	0.00	
Gain/loss on the part over the fair value due to transactions with distinctly unfair prices	0.00	
Current net gains and losses of subsidiaries acquired in business combination under the same control from period-begin to combination date	0.00	
Profit and loss from contingencies irrelative to the normal business operations of company	0.00	
Gain/loss from change of fair value of trading financial assets and liabilities, and derivative financial assets and liabilities, and investment gains from disposal of trading financial assets and liabilities, and derivative financial assets and liabilities, and	0.00	

investment in other debt obligations, other than valid hedging related to the Company's common businesses		
Depreciation reserves returns of receivables and contract assets with separate depreciation test	0.00	
Gain/loss on entrustment loans	0.00	
Gain/loss on change of the fair value of investing real estate of which the subsequent measurement is carried out adopting the fair value method	0.00	
Effect on current gains/losses when a one-off adjustment is made to current gains/losses according to requirements of taxation, accounting and other relevant laws and regulations	0.00	
Custody fee income when entrusted with operation	0.00	
Other non-operating income and expense other than the above	0.00	
Project confirmed with the definition of non-recurring gains and losses	0.00	
Less: Income tax effects	0.00	
Non-controlling interests effects	0.00	
Total	138,888.00	--

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

Applicable  Inapplicable

## 2. REO 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	-9.42%	-0.39	-0.39
Net profit attributable to shareholders of the Company's common stock after deducting non-recurring gains and losses	-9.43%	-0.39	-0.39

## 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  Inapplicable



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

Applicable  Inapplicable

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

**4. Other**