

WUHAN BOILER COMPANY LIMITED

2021 INTERIM REPORT

2021-024

August 2021

Section I Important Notes, Contents & Definition

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

Stuart Adam Connor, Legal Representative, Song Yuchuan, Finance Director, and Zhou Wei, Accounting Manager, hereby ensure that the Financial Report enclosed in this Interim Report is true, accurate and complete.

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

The Company planned not to distribute cash dividends, or grant bonus shares, or transfer capital reserve into share capital.

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Documents Available for Reference

- (I) Financial statements with the signatures and seals of the Legal Representative, the Finance Director, and the Accounting Manager;
and
- (II) Resolutions of the Board of Directors on this Interim Report.

Definition

| Term | Refers to | Definition |
|---|-----------|---|
| CSRC | Refers to | China Securities Regulatory Commission |
| The Company Law | Refers to | The Company Law of the People's Republic of China |
| The Securities Law | Refers to | The Securities Law of the People's Republic of China |
| The Articles of Association | Refers to | The Articles of Association of Wuhan Boiler Company Limited |
| Controlling shareholder | Refers to | GE Steam Power Investment Co., Ltd. |
| WBG | Refers to | Wuhan Boiler Group Co., Ltd |
| GE | Refers to | General Electric Company |
| GE Albany | Refers to | GE Albany Global Holdings B.V. |
| Company, the Company | Refers to | Wuhan Boiler Company Limited |
| Report period | Refers to | Jan. 1, 2021- Jun. 30, 2021 |
| Yuan, Thousand Yuan, Million Yuan, Billion Yuan | Refers to | RMB Yuan, RMB Thousand Yuan, RMB Million Yuan, RMB Billion Yuan |

Section II Company Profile & Financial Highlights

I. Basic information of the Company

| | | | |
|---|--|------------|--------|
| Stock abbreviation | WuguoB3 | Stock code | 420063 |
| Stock abbreviation after change (if any) | None | | |
| Stock transfer system | The STAQ, NET and delisted companies section under the management of National Equities Exchange and Quotations Co., Ltd. | | |
| Chinese name of the Company | 武汉锅炉股份有限公司 | | |
| Abbr. of the Chinese name of the Company | 武锅股份 | | |
| English name of the Company (if any) | WUHAN BOILER COMPANY LIMITED | | |
| Abbr. of the English name of the Company (if any) | WBC | | |
| Legal representative of the Company | Stuart Adam Connor | | |

II. Contact information

| | Board Secretary | Securities Representative |
|-----------------|--|--|
| Name | Jin Lin | Wu Yuanhua |
| Contact address | No. 1, Liufangyuan Road, East Lake New Technology Development Zone, Wuhan, Hubei | No. 1, Liufangyuan Road, East Lake New Technology Development Zone, Wuhan, Hubei |
| Tel. | (027) 81993611 | (027) 81993672 |
| Fax | (027) 81993701 | (027) 81994998 |
| E-mail | lin.jin@ge.com | yuanhua.wu@ge.com |

III. Other information

1. Contact information of the Company

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

Applicable Not applicable

The registered address, office address and the postal code, website address and email address of the Company did not change during the report period. The said information can be found in the 2020 Annual Report.

2. About information disclosure and where this report is placed

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

Applicable Not applicable

The newspapers designated by the Company for information disclosure, the CSRC-designated website for the publication of the Interim Report and the location where this Interim Report is placed did not change during the report period. The detail information can be found in 2020 Annual Report.

IV. Accounting and financial highlights

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

Yes No

| | January-June 2021 | January-June 2020 | +/- (%) |
|--|-------------------|-------------------|---------|
| Operating revenues (RMB Yuan) | 242,707,070.30 | 463,344,922.60 | -47.62% |
| Net profit attributable to shareholders of the Company (RMB Yuan) | -144,240,339.44 | -116,980,519.11 | -23.30% |
| Net profit attributable to shareholders of the Company after excluding non-recurring gains and losses (RMB Yuan) | -144,520,227.44 | -117,119,407.11 | -23.40% |
| Net cash flows from operating activities (RMB Yuan) | -217,378,906.56 | -457,345,940.52 | 52.47% |
| Basic EPS (RMB Yuan/share) | -0.49 | -0.39 | -25.64% |
| Diluted EPS (RMB Yuan/share) | -0.49 | -0.39 | -25.64% |
| Weighted average ROE (%) | -9.59% | -9.43% | -0.16% |
| | June 30, 2021 | December 31, 2020 | +/- (%) |
| Total assets (RMB Yuan) | 1,029,798,867.56 | 1,126,853,242.15 | -8.61% |
| Net assets attributable to shareholders of the Company (RMB Yuan) | -1,578,891,608.63 | -1,434,651,269.19 | -10.05% |

V. Differences between accounting data under domestic and overseas accounting standards**1. Differences of net profit and net assets disclosed in financial reports prepared under international and Chinese accounting standards**

Applicable Not applicable

There is no net profit and net assets in financial reports disclosed in accordance with international accounting standards and Chinese accounting standards during the report period.

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

Applicable Not applicable

There is no net profit and net assets in financial reports disclosed in accordance with overseas accounting standards and Chinese accounting standards during the report period.

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

Applicable Not applicable

Unit: RMB Yuan

| Item | Report period | Note |
|---|---------------|------|
| Government grants recognized in the current year, except for those acquired in the ordinary course of business or granted at certain quotas or amounts according to the country's unified standards | 279,888.00 | |
| Total | 279,888.00 | -- |

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

Applicable Not applicable

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

Section III Management Discussion and Analysis

I. Main business during report period

Research, development, sales, wholesales, design, manufacturing, assembling, supply, installation and commissioning of power plant boilers, special boilers, pressure vessel of Class 1, 2 & 3, boiler related system and auxiliary equipment, environmental equipment and system; research, development and application of industrial metal materials; research and development of power plant and the other energy engineering project as well as related products, contracting domestic and international EPC projects, project financing, international trade, providing technical consultancy and services. (related governmental permit shall be obtained before engaging in the special projects defined by P. R. China)

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

II. Core competitiveness analysis

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

1. Technological superiority

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

2. Overall upgrade of the Company's core technologies

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

3. Increase of export orders

Historically, the controlling shareholder of the Company and its related parties have provided all-rounded business support for the Company by helping it secure many main component subcontracting orders of overseas projects to expand the export market. However, in September 2020, the controlling shareholder made the announcement that it would seek an exit of the coal new build market.

III. Main business analysis

Overview:

According to the Chinese accounting standards, for the report period, the Company achieved operating revenues of RMB242,707,070.30, a decline of 47.62% over the same period of last year; operating profit of RMB-144,379,227.44, representing a year-on-year decrease of 10.35%; and net profit attributable to shareholders of the Company of RMB-144,240,339.44, decreasing 23.3% from the same period of last year.

In the first half of 2020, the company focused on the execution of orders in hand. Although all employees actively carried out lean activities to reduce costs and increase efficiency, the volume of work for orders in hand decreased

month by month. As there were no new major orders received, operating revenue was also on the declining track each month. The decrease in operating income has also caused fixed costs to not be fully absorbed, and margins have also fallen further.

Year-on-year changes in major financial data:

Unit: RMB

| | Report period | Same period of last year | +/- (%) | Main reasons for change |
|---|-----------------|--------------------------|---------|---|
| Operating revenues | 242,707,070.30 | 463,344,922.60 | -47.62% | Mainly because GE withdrew from the new build coal power market and didn't receive new orders in 2020, so the reduction in the implementation of projects led to a decrease in sales |
| Operating costs | 287,765,181.80 | 485,404,449.93 | -40.72% | Mainly due to the reduction of projects in production, and the corresponding reduction in cost input |
| Selling expenses | 2,831,960.80 | 6,751,961.98 | -58.06% | Mainly due to selling department expense and tendering expense decrease |
| Administrative expenses | 51,712,148.27 | 11,742,598.21 | 340.38% | Mainly due to increase of employee dismissal benefits |
| Financial costs | 39,573,565.43 | 35,367,082.42 | 11.89% | |
| Corporate income tax expenses | 0.00 | -13,715,593.12 | 100.00% | Mainly because the company is not likely to obtain future taxable profits that can be used to deduct temporary differences and tax losses, the income tax expense for deductible temporary differences has not been accrued |
| R&D input | 0.00 | 0.00 | 0.00% | |
| Net cash flows from operating activities | -217,378,906.56 | -457,345,940.52 | 52.47% | Mainly due to payment for raw material for projects decrease this period |
| Net cash flows from investing activities | -122,429.64 | -3,523,152.20 | 96.52% | Mainly due to the decrease of payment for fixed assets this period |
| Net cash flows from financing activities | 173,112,226.32 | 370,112,309.11 | -53.23% | Mainly due to the decrease of entrusted loans this period |
| Net increase in cash and cash equivalents | -44,439,128.23 | -90,675,397.67 | 50.99% | Mainly due to the changes of net cash flows from operating activities |

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

Applicable Not applicable

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

Breakdown of operating revenues

Unit: RMB

| | Report period | | Same period of last year | | +/- |
|-----------------------|----------------|-----------------------|--------------------------|-----------------------|----------|
| | Amount | In operating revenues | Amount | In operating revenues | |
| Operating revenues | 242,707,070.30 | 100% | 463,344,922.60 | 100% | -47.62% |
| By segments | | | | | |
| Manufacturing | 242,707,070.30 | 100.00% | 463,344,922.60 | 100.00% | -47.62% |
| By products | | | | | |
| Boilers and auxiliary | 242,707,070.30 | 100.00% | 463,344,922.60 | 100.00% | -47.62% |
| By area | | | | | |
| Domestic | -604,591.77 | -0.25% | 49,071,771.92 | 10.59% | -101.23% |
| Overseas | 243,311,662.07 | 100.25% | 414,273,150.68 | 89.41% | -41.27% |

Segments, products or areas contributing over 10% of operating revenues or profit

√ Applicable □ Not applicable

Unit: RMB Yuan

| | Operating revenue | Operating cost | Gross profit margin (%) | Operating revenue: +/-% from the same period of last year | Operating cost: +/-% from the same period of last year | Gross profit margin: +/-% from the same period of last year |
|-----------------------|-------------------|----------------|-------------------------|---|--|---|
| By segments | | | | | | |
| Manufacturing | 241,717,164.88 | 287,765,181.80 | -19.05% | -47.66% | -40.72% | -13.93% |
| By products | | | | | | |
| Boilers and auxiliary | 241,717,164.88 | 287,765,181.80 | -19.05% | -47.66% | -40.72% | -13.93% |
| By area | | | | | | |
| Domestic | -1,498,199.08 | 410,609.50 | 127.41% | -103.05% | -99.19% | 131.17% |
| Overseas | 243,215,363.96 | 287,354,572.30 | -18.15% | -41.07% | -33.86% | -12.87% |

Main business data of the most recent period restated according to changed statistical caliber for the report period

□ Applicable √ Not applicable

Reasons for any movement of the above data over 30%

√ Applicable □ Not applicable

The decrease in operating income and operating costs was mainly due to GE's withdrawal from the coal-fired market and no new orders received in 2020, so the reduction in the implementation of projects led to a decrease in sales.

IV. Breakdown of non-core business

□ Applicable √ Not applicable

V. Asset and liability analysis**1. Major changes in asset composition**

Unit: RMB Yuan

| | As of June 30, 2021 | | As of December 31, 2020 | | Change (%) | Explain any major change |
|--------------------------|---------------------|--------------------------------------|-------------------------|--------------------------------------|---------------|--------------------------|
| | Amount | Proportion in total assets (%) | Amount | Proportion in total assets (%) | | |
| Monetary funds | 91,571,372.50 | 8.89% | 136,010,500.73 | 12.07% | -3.18% | |
| Accounts receivable | 53,950,573.03 | 5.24% | 85,306,655.71 | 7.57% | -2.33% | |
| Contract assets | 212,285,332.55 | 20.61% | 216,649,520.32 | 19.23% | 1.38% | |
| Inventories | 74,475,815.88 | 7.23% | 46,393,485.77 | 4.12% | 3.11% | |
| Fixed assets | 491,615,418.44 | 47.74% | 503,150,300.22 | 44.65% | 3.09% | |
| Construction in progress | 168,795.87 | 0.02% | 168,795.87 | 0.01% | 0.01% | |
| Short-term borrowings | 2,178,624,945.03 | 211.56% | 1,965,139,955.97 | 174.39% | 37.17% | |
| Contract liabilities | 150,525,446.33 | 14.62% | 190,482,772.35 | 16.90% | -2.28% | |

2. Main assets overseas

Applicable Not applicable

3. Assets and liabilities measured at fair value

Applicable Not applicable

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

Not applicable

VI. Investment analysis**1. Total investments**

Applicable Not applicable

2. Major equity investments made in the report period

Applicable Not applicable

3. Major non-equity investments ongoing in the report period

Applicable Not applicable

4. Financial investments

(1) Securities investments

Applicable Not applicable

No such cases in report period

(2) Derivatives investments

Applicable Not applicable

No such cases in report period

VII. Sale of major assets and equity interests

1. Sale of major assets

Applicable Not applicable

The Company did not sell any major asset in report period.

2. Sale of major equity interests

Applicable Not applicable

VIII. Main subsidiaries and shareholding companies

Applicable Not applicable

No important subsidiaries and shareholding companies in the report period about which information shall be disclosed.

IX. Structured bodies controlled by the Company

Applicable Not applicable

X. Risks faced by the Company and countermeasures

The Chinese government has promised to reach the peak of carbon in 2030 and to achieve the goal of carbon neutrality in 2060. Much attention has been drawn to carbon reduction and accelerating the transition to new energy in the global economy. The demand for the Company's traditional new coal-fired power generation boiler market has shrunk sharply, presenting enormous adversities to the Company's market prospects. Likewise governments around the world are scaling back on approval of new coal fired plants, customers are hesitant to

invest and banks are largely no longer financing such projects.

As a result, the ultimate holding company of the Company's controlling shareholder, General Electric Steam Power Investment Co., Ltd., (GESPI) announced in September 2020 that it would be pursuing an exit of new build coal power plants and on December 3, 2020 that it would pursue an exit from WBC. The entrusted loan provided by GESPI will expire on September 30, 2021. If the entrusted loan is not extended after this maturity date, and in the absence of a new strategic investor to take over all the shares held by GESPI, the Company will not have access to finance.

The Company's management and all employees will continue to work diligently to reduce costs and increase efficiency, at the same time, we will continuously adjust the workforce to minimize the Company's operating costs. Specifically, the company is currently engaged in a restructuring program so that the number of employees is reduced to match the factory and engineering load, which will reduce to low levels by October 2021.

The Company will continue to cooperate with the controlling shareholder in discussions with strategic investors who are interested in purchasing the controlling shareholder's shares in WBC.

Section IV Corporate Governance

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

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

| Session | Type of meeting | Investor participation rate | Convening date | Disclosure date | Disclosure index |
|-----------------------------------|------------------------------|-----------------------------|----------------|-----------------|---|
| 2020 Annual Shareholders' Meeting | Annual shareholders' meeting | 58.00% | June 28, 2021 | June 29, 2021 | Designated website for information disclosure (www.neeq.com.cn or www.neeq.cc) , Securities Times and Ta Kung Pao |

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

Applicable Not applicable

II. Changes in directors, supervisors and senior management

Applicable Not applicable

The Company's Directors, Supervisors and Senior Management remained unchanged during the report period. For details, please refer to the 2020 Annual Report.

III. Pre-plan for profit distribution and transferring capital reserve into share capital for the report period

Applicable Not applicable

The Company planned not to distribute cash dividends, or grant bonus shares, or transfer capital reserve into share capital.

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

Applicable Not applicable

No equity incentive plan, employee stock ownership plan or other incentive measures for employees in the report period.

Section V Environmental and Social Responsibility

I. Material environmental issues

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

Yes No

II. Social responsibility

Not applicable.

Section VI Significant Events

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

√ Applicable □ Not applicable

| Commitment | Commitment maker | Type of commitment | Contents | Time of making commitment | Period of commitment | Fulfillment |
|--|--|----------------------|---|---------------------------|----------------------|---|
| Commitment on share reform | | | | | | |
| Commitment in the acquisition report or the report on equity changes | GE Steam Power Investment Co., Ltd. | Disclosed commitment | Avoid horizontal competition | April 14, 2006 | Long-term effective | Strictly fulfill the commitment and no breaches |
| | General Electric Company, GE Albany Global Holdings B.V. | Disclosed commitment | Ensure the independence of the Company | December 28, 2015 | Long-term effective | Strictly fulfill the commitment and no breaches |
| | General Electric Company, GE Albany Global Holdings B.V. | Disclosed commitment | Avoid horizontal competition | December 28, 2015 | Long-term effective | Strictly fulfill the commitment and no breaches |
| | General Electric Company, GE Albany Global Holdings B.V. | Disclosed commitment | Ensure new related party transactions will obtain appropriate approvals | December 28, 2015 | Long-term effective | Strictly fulfill the commitment and no breaches |
| Commitments made in assets reorganization | | | | | | |
| Commitments made in IPO or refinancing | | | | | | |
| Equity incentive commitment | | | | | | |
| Other commitments made to minority shareholders | | | | | | |
| Fulfilled on time | Yes | | | | | |

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

□ Applicable √ Not applicable

No occupation of funds for non-operating purposes by the controlling shareholder and its related parties in the report period.

III. Irregularities in the Provision of Guarantees

Applicable Not applicable

No such cases in report period

IV. Engagement and dismissal of CPA firm

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

Yes No

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

V. Opinions of the Board of Directors and the Board of Supervisors regarding the “independent auditor’s report with modified opinion” issued for the report period

Applicable Not applicable

VI. Explanation of the Board of Directors on the “independent auditor’s report with modified opinion” issued for last year

Applicable Not applicable

VII. Bankruptcy reorganization

Applicable Not applicable

No bankruptcy reorganization in the report period

VIII. Significant litigations and arbitrations

Significant litigations and arbitrations

Applicable Not applicable

| General information | Involved amount (RMB'0,000) | Provision | Progress | Decisions and effects | Execution of decisions | Disclosure date | Index to disclosed information |
|--|-----------------------------|-----------|----------|--|---|-----------------|---|
| The Company received an arbitration notice from CIETAC in May 2020 that Yangzhou Lontrin Steel Tube Co., Ltd. (hereinafter | 501 | No | Closed | The effects of this arbitration on profits of the Company for the report period is to reduce the profit by about | The remaining contract payment has been made, and the overdue interest is in the process of | April 9, 2021 | Announcement on Significant Litigation and Arbitrations of Wuhan Boiler |

| | | | | | | | |
|---|--|--|--|------------------|----------|--|--|
| <p>referred to as “Lontrin”), a supplier of the Company, has initiated an arbitration against the Company, claiming that: Lontrin entered into two purchase orders with the Company, respectively in October 2017 and April 2018. Upon signing the contracts, Lontrin has manufactured the steel tubes pursuant to the contracts and delivered them to the Company. The Company has received and accepted the goods upon inspection, and Lontrin has issued VAT invoices to the Company. However, the Company is in arrears with RMB4,363,870.73 in total under the purchase orders. Deeming that the Company’s being in arrears of the payment has constituted breach of contract, Lontrin has initiated the</p> | | | | RMB1.13 million. | payment. | | <p>Company Limited (Announcement No. 2020-016) was disclosed on May 19, 2020 by the Company on Securities Times, Ta Kung Pao, and the designated platform for information disclosure (www.need.com.cn or www.need.com.cn) Announcement on Significant Litigation and Arbitrations of Wuhan Boiler Company Limited (Announcement No. 2021-005) was disclosed on April 9, 2021 by the Company on Securities Times, Ta</p> |
|---|--|--|--|------------------|----------|--|--|

| | | | | | | |
|--|------|----|--------|---|----------|--|
| arbitration with CIETAC, requesting the Company to pay the balance contract amount, interests, attorney fees and other related fees, amounting to RMB5,013,870.73. | | | | | | Kung Pao, and the designated platform for information disclosure (www.neeq.com.cn or www.neeq.c) |
| Wu Baoping, a former employee of the Company, filed a lawsuit against the Company with the People's Court of Wuhan East Lake High-Tech Development Zone, claiming that he left the Company on July 31, 2019, that the Company expelled him on August 30, 2019 by sending an email to all employees, and that the Company's aforementioned actions caused significant harm to his reputation. He requested the Company to compensate him for immaterial damage. | 0.14 | No | Closed | The effects of this judgment on profits of the Company for the report period or after the report period: an increase of RMB10,000 in non-operating expenses and an increase of RMB511 in legal costs for the report period. | Executed | May 12, 2021 Announcement on Significant Litigation and Arbitrations of Wuhan Boiler Company Limited (Announcement No. 2020-043) was disclosed on October 12, 2020 by the Company on Securities Times, Ta Kung Pao, and the designated platform for information disclosure (www.neeq.com.cn or www.neeq.c); Announcement on |

| | | | | | | | |
|--|--|--|--|--|--|--|---|
| | | | | | | | <p>Significant Litigation and Arbitrations of Wuhan Boiler Company Limited (Announcement No. 2021-001) was disclosed on January 5, 2021 by the Company on Securities Times, Ta Kung Pao, and the designated platform for information disclosure (www.neeq.com.cn or www.neeq.c);</p> <p>Announcement on Significant Litigation and Arbitrations of Wuhan Boiler Company Limited (Announcement No. 2021-020) was disclosed on</p> |
|--|--|--|--|--|--|--|---|

| | | | | | | | |
|--|-------|----|-----------|---|----------|-------------|--|
| | | | | | | | May 12, 2021 by the Company on Securities Times, Ta Kung Pao, and the designated platform for information disclosure (www.neeq.com.cn or www.neeq.com.cn). |
| In January 2021, the Company received an arbitration notice from the China International Economic and Trade Arbitration Commission. Huayou Tubular Co., Ltd. (hereinafter referred to as "Huayou Company"), a supplier of the Company, filed an arbitration against the Company, claiming that: Huayou Company entered into three procurement contracts with the Company on June 11, 2019, August 6, 2019 and October 9, 2019, | 2,275 | No | Withdrawn | The effects on profits of the Company for the report period: an increase of RMB80,000 in legal costs for the report period. | Executed | May 7, 2021 | Announcement on Significant Litigation and Arbitrations of Wuhan Boiler Company Limited (Announcement No. 2021-003) was disclosed on January 22, 2021 by the Company on Securities Times, Ta Kung Pao, and the designated platform for information disclosure (www.neeq.com.cn). |

| | | | | | | | |
|--|--|--|--|--|--|--|---|
| <p>respectively. After the contracts were executed, Huayou Company prepared and stocked the goods in accordance with the provisions of the contracts. However, the Company issued a contract suspension notice to Huayou Company in February 2020 on the grounds that the owner's power plant project had been suspended. When the notice was received, the goods had not been shipped and Huayou Company was unable to obtain the payments as agreed in the contracts due to its failure to fulfill its delivery obligation. In June 2020, the Company issued a contract termination notice to Huayou Company. In the belief that the Company's termination of the contracts constituted a breach of the contracts, Huayou Company filed an</p> | | | | | | | <p>com.cn or www.neeq.c c); Announcem ent on Significant Litigation and Arbitrations of Wuhan Boiler Company Limited (Announce ment No. 2021-019) was disclosed on May 7, 2021 by the Company on Securities Times, Ta Kung Pao, and the designated platform for information disclosure (www.neeq. com.cn or www.neeq.c c)</p> |
|--|--|--|--|--|--|--|---|

| | | | | | | | |
|---|--|--|--|--|--|--|--|
| <p>arbitration to the China International Economic and Trade Arbitration Commission, demanding that the Company bear the liability for loss compensation and breach of contract by paying the balance of contractual payments, freight, handling expenses, warehousing expenses, goods payment interest, available interests losses, attorney's fees, preservation fees and other related expenses totaling RMB22,747,498.71 (the warehousing expenses and goods interest from January 1, 2021 to the actual payment date are not included). After settling with the Company, Huayou Company withdrew the filing.</p> | | | | | | | |
|---|--|--|--|--|--|--|--|

Other litigations and arbitrations

Applicable Not applicable

IX. Punishments and rectifications

Applicable Not applicable

No punishments and rectifications in the report period.

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

□ Applicable √ Not applicable

XI. Significant related party transactions**1. Related party transactions relevant to routine operation**

√Applicable □ Not applicable

| Related party | Relationship | Type of the related party transaction | Contents of the related party transaction | Pricing principle of the related party transaction | Transaction price | Transaction amount (RMB'0,000) | Proportion in same kind of transactions (%) | Limited amount approved (RMB'0,000) | If exceed the limited amount | Settlement method of the related party transaction | Obtainable market price of the same kind | Disclosure date | Disclosure index |
|---|--|---------------------------------------|---|--|-------------------|--------------------------------|---|-------------------------------------|------------------------------|--|--|-----------------|------------------|
| GE Steam Power, Inc. | A subsidiary of the ultimate actual controller | Service | Engineering Service | Fair market price | — | 7.90 | 0.25% | 400.00 | No | Settlement as per contract term | | Apr. 30, 2021 | NEEQ.com.cn |
| GE Power India Limited | A subsidiary of the ultimate actual controller | Service | Engineering Service | Fair market price | — | 46.26 | 1.46% | 550.00 | No | Settlement as per contract term | | Apr. 30, 2021 | NEEQ.com.cn |
| GE Power Sweden AB | A subsidiary of the ultimate actual controller | Purchasing | Raw material Purchasing | Fair market price | — | 132.38 | 0.64% | 100.00 | Yes | Settlement as per contract term | | Apr. 30, 2021 | NEEQ.com.cn |
| GE Wind Energy Equipment Manufacturing (Shenyang) Co. | A subsidiary of the ultimate actual controller | Rental | Workshop rent | Fair market price | — | 49.98 | 100.00% | 240.00 | No | Settlement as per contract term | | Apr. 30, 2021 | NEEQ.com.cn |

| | | | | | | | | | | | | | |
|---------------------------------|--|------------------|------------------|-------------------|---|-----------|--------|-----------|----|---------------------------------|--|---------------|-------------|
| Ltd | | | | | | | | | | | | | |
| ALSTOM Boiler France | A subsidiary of the ultimate actual controller | Sale of products | Sale of products | Fair market price | — | -51.35 | -0.21% | 0.00 | No | Settlement as per contract term | | | |
| GE Boiler Deutschland and GmbH | A subsidiary of the ultimate actual controller | Sale of products | Sale of products | Fair market price | — | 10.29 | 0.04% | 900.00 | No | Settlement as per contract term | | Apr. 30, 2021 | NEEQ.com.cn |
| GE Energy Switzerland GmbH | A subsidiary of the ultimate actual controller | Sale of products | Sale of products | Fair market price | — | 10,110.80 | 42.04% | 57,515.97 | No | Settlement as per contract term | | Apr. 30, 2021 | NEEQ.com.cn |
| GE Power India Limited | A subsidiary of the ultimate actual controller | Sale of products | Sale of products | Fair market price | — | 20.55 | 0.09% | 100.00 | No | Settlement as per contract term | | Apr. 30, 2021 | NEEQ.com.cn |
| GE Steam power Switzerland GmbH | A subsidiary of the ultimate actual controller | Sale of products | Sale of products | Fair market price | — | 3,389.55 | 14.09% | 10,000.00 | No | Settlement as per contract term | | Apr. 30, 2021 | NEEQ.com.cn |
| GE Steam Power Systems | A subsidiary of the ultimate actual controller | Sale of products | Sale of products | Fair market price | — | 116.60 | 0.48% | 1,000.00 | No | Settlement as per contract term | | Apr. 30, 2021 | NEEQ.com.cn |
| GE Steam Power, Inc. | A subsidiary of the ultimate actual | Sale of products | Sale of products | Fair market price | — | 445.50 | 1.85% | 7,100.00 | No | Settlement as per contract term | | Apr. 30, 2021 | NEEQ.com.cn |

| | | | | | | | | | | | | | |
|---|--|----------------------|----------------------|-------------------|---|----------|--------|-----------|-----|---------------------------------|--|---------------|-------------|
| | controller | | | | | | | | | | | | |
| General Electric (Switzerland) GmbH | A subsidiary of the ultimate actual controller | Sale of products | Sale of products | Fair market price | — | 2,494.30 | 10.37% | 41,926.01 | No | Settlement as per contract term | | Apr. 30, 2021 | NEEQ.com.cn |
| GE (Shanghai) Power Technology Co.,Ltd | A subsidiary of the ultimate actual controller | Sale of products | Sale of products | Fair market price | — | 97.39 | 0.40% | 16,483.60 | No | Settlement as per contract term | | Apr. 30, 2021 | NEEQ.com.cn |
| GE Power Sweden AB | A subsidiary of the ultimate actual controller | Sale of products | Sale of products | Fair market price | — | 1,658.03 | 6.89% | 6,000.00 | No | Settlement as per contract term | | Apr. 30, 2021 | NEEQ.com.cn |
| GE Enerji Endustri Ticaretive Servis Anonim Sirketi | A subsidiary of the ultimate actual controller | Sale of products | Sale of products | Fair market price | — | 19.21 | 0.08% | 0.00 | Yes | Settlement as per contract term | | | |
| GE Middle East FZE | A subsidiary of the ultimate actual controller | Sale of products | Sale of products | Fair market price | — | 27.48 | 0.11% | 550.00 | No | Settlement as per contract term | | Apr. 30, 2021 | NEEQ.com.cn |
| GE Power Services (Malaysia) Sdn Bhd | A subsidiary of the ultimate actual controller | Sale of products | Sale of products | Fair market price | — | 170.84 | 0.71% | 10,300.00 | No | Settlement as per contract term | | Apr. 30, 2021 | NEEQ.com.cn |
| GE Power India Limited | A subsidiary of the ultimate | Provision of service | Provision of service | Fair market price | — | 7.73 | 3.75% | 149.09 | No | Settlement as per contract term | | Apr. 30, 2021 | NEEQ.com.cn |

| | | | | | | | | | | | | | |
|--|--|------------------------------|----------------------|-------------------|---|----------|--------|----------|----|---------------------------------|--|---------------|-------------|
| | actual controller | | | | | | | | | | | | |
| GE Steam Power, Inc. | A subsidiary of the ultimate actual controller | Provision of service | Provision of service | Fair market price | — | 13.90 | 6.74% | 700.00 | No | Settlement as per contract term | | Apr. 30, 2021 | NEEQ.com.cn |
| ALSTOM Beizhong Power (Beijing) Co., Ltd. | A subsidiary of the ultimate actual controller | Provision of service | Provision of service | Fair market price | — | 10.85 | 5.26% | 50.00 | No | Settlement as per contract term | | Apr. 30, 2021 | NEEQ.com.cn |
| GE (Shanghai) Power Technology Co., Ltd | A subsidiary of the ultimate actual controller | Provision of service | Provision of service | Fair market price | — | 18.90 | 9.17% | 750.00 | No | Settlement as per contract term | | Apr. 30, 2021 | NEEQ.com.cn |
| GE (Wuhan) Engineering & Technology Co Ltd | A subsidiary of the ultimate actual controller | Provision of service | Provision of service | Fair market price | — | 11.05 | 5.36% | 120.00 | No | Settlement as per contract term | | Apr. 30, 2021 | NEEQ.com.cn |
| GE (Wuhan) Engineering & Technology Co Ltd | A subsidiary of the ultimate actual controller | Rental | Office Rental | Fair market price | — | 9.66 | 58.84% | 43.49 | No | Settlement as per contract term | | Apr. 30, 2021 | NEEQ.com.cn |
| GE (Shanghai) Power Technology Co., Ltd | A subsidiary of the ultimate actual controller | Rental | Office Rental | Fair market price | — | 6.76 | 41.16% | 16.28 | No | Settlement as per contract term | | Apr. 30, 2021 | NEEQ.com.cn |
| GE Steam Power Investor | The biggest shareholder | Payment of interest on loans | Interest on loans | Fair market price | — | 4,037.01 | 99.99% | 8,000.00 | No | Settlement as per contract term | | Apr. 30, 2021 | NEEQ.com.cn |

| | | | | | | | | | | | | |
|---|--|----|---------------|----|----------------|----|----|----|----|----|----|----|
| nt Co., Ltd. | | | | | | | | | | | | |
| Total | -- | -- | 22,861.5 7 | -- | 162,994. 44 | -- | -- | -- | -- | -- | -- | -- |
| Details of large amount of sales returns | N/A | | | | | | | | | | | |
| As for the estimation on the total amount of routine related party transactions to be occurred in the report period by relevant types, the actual performance in the report period (if any) | 1. Purchasing: Actual transaction amount is less than forecasted amount; 2. Sales of products: Actual transaction amount is less than forecasted amount. | | | | | | | | | | | |
| Reason for significant difference between the transaction price and the market price (if applicable) | N/A | | | | | | | | | | | |

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

Applicable Not applicable

No related party transactions regarding purchase and sales of assets or equity interests in the report period

3. Significant related transitions regarding joint investments

Applicable Not applicable

No such cases in report period

4. Significant credits and liabilities with related parties

Applicable Not applicable

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

Yes No

| Related party | Relationship | Type of credit or liability | Existing non-operating funds occupation or not | Opening balance (RMB 0'000) | Current amount (RMB 0'000) | Closing balance (RMB 0'000) |
|----------------------------|--|-----------------------------|--|-----------------------------|----------------------------|-----------------------------|
| GE Boiler Deutschland GmbH | A subsidiary of ultimate holding company | Receivables | No | 46.42 | -46.42 | 0.00 |
| GE Energy Switzerland GmbH | A subsidiary of ultimate holding company | Receivables | No | 3,030.79 | -3,030.79 | 0.00 |
| GE Middle East FZE | A subsidiary of ultimate holding company | Receivables | No | 0.00 | 27.48 | 27.48 |
| GE Power Estonia AS | A subsidiary of ultimate holding company | Receivables | No | 4.80 | 0.00 | 4.80 |

| | | | | | | |
|--|--|-------------|----|----------|-----------|----------|
| | holding company | | | | | |
| GE Power India Limited | A subsidiary of ultimate holding company | Receivables | No | 0.00 | 0.65 | 0.65 |
| GE Power Services (Malaysia) Sdn. Bhd. | A subsidiary of ultimate holding company | Receivables | No | 35.74 | 141.68 | 177.42 |
| GE Power Sweden AB | A subsidiary of ultimate holding company | Receivables | No | 1,995.93 | -1,287.48 | 708.45 |
| GE Power Systems India Private | A subsidiary of ultimate holding company | Receivables | No | 92.38 | 0.00 | 92.38 |
| GE Steam Power Italia S.r.l. | A subsidiary of ultimate holding company | Receivables | No | 157.08 | 0.00 | 157.08 |
| GE steam Power Ltd | A subsidiary of ultimate holding company | Receivables | No | 6.46 | 5.26 | 11.72 |
| GE steam Power Systems | A subsidiary of ultimate holding company | Receivables | No | 172.21 | -172.21 | 0.00 |
| GE Steam Power, Inc. | A subsidiary of ultimate holding company | Receivables | No | 15.37 | -10.85 | 4.52 |
| General Electric (Switzerland) GmbH | A subsidiary of ultimate holding company | Receivables | No | 599.82 | -599.82 | 0.00 |
| GENERAL ELECTRIC ENERGY UK LIMITED | A subsidiary of ultimate holding company | Receivables | No | 61.37 | -61.37 | 0.00 |
| General Electric Global Services GmbH | A subsidiary of ultimate holding company | Receivables | No | 279.74 | -241.17 | 38.57 |
| GE (Shanghai) Power Technology Co., Ltd. | A subsidiary of ultimate holding company | Receivables | No | 50.31 | -25.10 | 25.21 |
| GE (Wuhan) Engineering & Technology Co., Ltd | A subsidiary of ultimate holding company | Receivables | No | 13.95 | -12.48 | 1.47 |
| Wuhan Boiler Group Co.,Ltd | A subsidiary of ultimate holding company | Receivables | No | 129.77 | 0.00 | 129.77 |
| Wuhan Boiler Group Yuntong Co., Ltd. | A subsidiary of ultimate holding company | Receivables | No | 1.02 | 0.00 | 1.02 |
| ALSTOM Power Turbomachines LLC | A subsidiary of ultimate holding company | Payables | No | 1.01 | -1.01 | 0.00 |
| GE Boiler Deutschland GmbH | A subsidiary of ultimate holding company | Payables | No | 2,722.28 | -85.93 | 2,636.35 |

| | | | | | | |
|---|--|----------|----|----------|-----------|----------|
| GE Energy Switzerland GmbH | A subsidiary of ultimate holding company | Payables | No | 1,429.32 | -1,429.32 | 0.00 |
| GE Power India Limited | A subsidiary of ultimate holding company | Payables | No | 14.16 | -14.16 | 0.00 |
| GE Power s.r.o. | A subsidiary of ultimate holding company | Payables | No | 25.67 | 0.00 | 25.67 |
| GE Power Sweden AB | A subsidiary of ultimate holding company | Payables | No | 39.46 | -39.46 | 0.00 |
| GE Steam Power Boiler France | A subsidiary of ultimate holding company | Payables | No | 40.25 | 0.00 | 40.25 |
| GE Steam Power, Inc. | A subsidiary of ultimate holding company | Payables | No | 749.93 | -686.95 | 62.98 |
| General Electric (Switzerland) GmbH | A subsidiary of ultimate holding company | Payables | No | 1,826.95 | -387.82 | 1,439.13 |
| Dresser Machinery (Suzhou) Co., Ltd | A subsidiary of ultimate holding company | Payables | No | 179.69 | -179.69 | 0.00 |
| GE (Shanghai) Power Technology Co., Ltd. | A subsidiary of ultimate holding company | Payables | No | 2,717.51 | -2,717.51 | 0.00 |
| GE (China) Co., Ltd. | A subsidiary of ultimate holding company | Payables | No | 42.17 | -40.38 | 1.79 |
| GE Power Components (Shenyang) Co.,Ltd. | A subsidiary of ultimate holding company | Payables | No | 3.05 | -3.05 | 0.00 |
| Effect of the credits and liabilities with related parties on the operating results and financial situation | | None | | | | |

No non-operating credits or liabilities with any related party in the report period.

5. Transactions with related finance company and finance company controlled by the Company

Applicable Not applicable

The Company did not make deposits in, receive loans or credit from and was not involved in any other finance business with any related finance company, finance company controlled by the Company or any other related parties.

6. Other major related party transactions

Applicable Not applicable

No such cases in report period

XII. Significant contracts and execution

1. Particulars about trusteeship, contracting and lease

(1) Trusteeship

Applicable Not applicable

No such cases in report period

(2) Contracting

Applicable Not applicable

No such cases in report period

(3) Lease

Applicable Not applicable

No such cases in report period

2. Major guarantees

Applicable Not applicable

No such cases in report period

3. Entrusted financial management

Applicable Not applicable

No such cases in report period

4. Continuing major contracts

Applicable Not applicable

5. Other major contracts

Applicable Not applicable

No such cases in report period

XIII. Other significant events

Applicable Not applicable

No such cases in report period

XIV. Significant events of subsidiaries

Applicable Not applicable

Section VII Changes in Shares and Particulars about Shareholders

I. Particulars about the changes in shares

1. Particulars about the changes in shares

Unit: share

| | Before | | Increase/decrease (+, -) | | | | | After | |
|--|-------------|----------------|--------------------------|--------------|-----------------------------------|-------|----------|-------------|----------------|
| | Amount | Proportion (%) | Issuance of new shares | Bonus shares | Capitalization of capital reserve | Other | Subtotal | Amount | Proportion (%) |
| I. Restricted shares | 172,000,000 | 57.91% | 0 | 0 | 0 | 0 | 0 | 172,000,000 | 57.91% |
| 1. Shares held by state | | | | | | | | | |
| 2. Shares held by state-owned corporation | 20,530,000 | 6.91% | 0 | 0 | 0 | 0 | 0 | 20,530,000 | 6.91% |
| 3. Shares held by other domestic entities | | | | | | | | | |
| Of which: Shares held by domestic corporations | | | | | | | | | |
| Shares held by domestic natural person | | | | | | | | | |
| 4. Shares held by foreign entities | 151,470,000 | 51.00% | 0 | 0 | 0 | 0 | 0 | 151,470,000 | 51.00% |
| Of which: Shares held by foreign corporations | 151,470,000 | 51.00% | 0 | 0 | 0 | 0 | 0 | 151,470,000 | 51.00% |
| Shares held by foreign natural person | | | | | | | | | |
| II. Non-restricted shares | 125,000,000 | 42.09% | 0 | 0 | 0 | 0 | 0 | 125,000,000 | 42.09% |
| 1. RMB ordinary shares | | | | | | | | | |
| 2. Domestically listed foreign shares | 125,000,000 | 42.09% | 0 | 0 | 0 | 0 | 0 | 125,000,000 | 42.09% |
| 3. Overseas listed foreign shares | | | | | | | | | |
| 4. Others | | | | | | | | | |
| III. Total shares | 297,000,000 | 100.00% | 0 | 0 | 0 | 0 | 0 | 297,000,000 | 100.00% |

Reason for the changes in shares

Applicable Not applicable

Approval for changes in shares

Applicable Not applicable

Transfer for changes in shares

Applicable Not applicable

Progress on any share repurchase:

Applicable Not applicable

Progress on reducing the repurchased shares by means of centralized bidding:

Applicable Not applicable

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

Applicable Not applicable

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

Applicable Not applicable

2. Changes in restricted shares

Applicable Not applicable

II. Issuance and listing of securities

Applicable Not applicable

III. Total number of shareholders and their shareholdings

Unit: Share

| Total number of shareholders with common shares at the end of the report period | | 5,218 | | Total number of shareholders with preference shares who had resumed their voting right at the end of the report period (if any) (see Note 8) | | | 0 | |
|---|--------------------------------------|-------------------------|--|--|---|---|--------------------------|------------------|
| Shareholdings of shareholders with more than 5% common shares or top 10 shareholders with common shares | | | | | | | | |
| Name of shareholder | Nature of shareholder | Shareholding percentage | Total common shares held at the period-end | Increase / decrease during the report period | Number of restricted common shares held | Number of non-restricted common shares held | Pledged or frozen shares | |
| | | | | | | | Status of shares | Number of shares |
| GE STEAM POWER INVESTMENT | Domestic non-state-owned corporation | 51.00% | 151,470,000 | | 151,470,000 | | - | - |

| | | | | | | | | |
|--|--|-------|------------|--|------------|-----------|---|---|
| CO., LTD. | | | | | | | | |
| WUHAN BOILER GROUP CO., LTD | State-owned corporation | 6.91% | 20,530,000 | | 20,530,000 | | - | - |
| WANG XIAO | Domestic natural person | 0.90% | 2,672,800 | | | 2,672,800 | | |
| CHEN PENG | Domestic natural person | 0.79% | 2,331,545 | | | 2,331,545 | | |
| TANG HAIMING | Domestic natural person | 0.51% | 1,505,899 | | | 1,590,399 | | |
| HU ZHIHONG | Domestic natural person | 0.47% | 1,390,397 | | | 1,390,397 | | |
| CHEN CHUYUN | Domestic natural person | 0.46% | 1,367,450 | | | 1,367,450 | | |
| LI ZHIJIAN | Domestic natural person | 0.43% | 1,286,281 | | | 1,286,281 | | |
| HSBC BROKING SECURITIES (ASIA) LIMITED-CLIENTS A/C | Foreign corporation | 0.40% | 1,185,114 | | | 1,185,114 | | |
| CHINA MERCHANTS SECURITIES (HK) CO., LTD. | State-owned corporation | 0.40% | 1,176,836 | | | 1,176,836 | | |
| Strategic investor or corporation becoming a top ten common shareholder due to placing of new shares (if any) (see note 3) | Not applicable | | | | | | | |
| Explanation on affiliated relationship or persons acting in concert among the above-mentioned shareholders: | GE Steam Power Investment Co., Ltd. (the first principal shareholder of the Company) and Wuhan Boiler Group Co., Ltd. (the second principal shareholder of the Company) hold non-tradable shares of the Company. No affiliated relationship exists between GE Steam Power Investment Co., Ltd. (the first principal shareholder of the Company), Wuhan Boiler Group Co., Ltd. (the second principal shareholder of the Company) and the other shareholders with tradable shares, and they are not persons acting in concert as defined in the Administrative Rules on Information Disclosure about Changing of Shareholding Status. The Company is not aware of whether there is any affiliated relationship among the top ten shareholders with tradable shares and whether there are persons acting in concert among them. The Company is not aware of whether there is any affiliated relationship among the top ten shareholders and the top ten | | | | | | | |

| | shareholders with tradable share. | | |
|---|--|------------------------------------|-----------|
| Explanation on above-mentioned shareholders involved in entrusting/being entrusted with voting right and giving up voting right | Not applicable | | |
| Special account for share repurchases (if any) among the top 10 shareholders (see Note 11) | Not applicable | | |
| Shareholdings of top ten shareholders holding non-restricted common shares | | | |
| Name of shareholder | Number of non-restricted common shares held at the period-end | Type of shares | |
| | | Type | Number |
| WANG XIAO | 2,672,800 | Domestically listed foreign shares | 2,672,800 |
| CHEN PENG | 2,331,545 | Domestically listed foreign shares | 2,331,545 |
| TANG HAIMING | 1,505,899 | Domestically listed foreign shares | 1,590,399 |
| HU ZHIHONG | 1,390,397 | Domestically listed foreign shares | 1,390,397 |
| CHEN CHUYUN | 1,367,450 | Domestically listed foreign shares | 1,367,450 |
| LI ZHIJIAN | 1,286,281 | Domestically listed foreign shares | 1,286,281 |
| HSBC BROKING SECURITIES (ASIA) LIMITED-CLIENTS A/C | 1,185,114 | Domestically listed foreign shares | 1,185,114 |
| CHINA MERCHANTS SECURITIES (HK) CO., LTD. | 1,176,836 | Domestically listed foreign shares | 1,176,836 |
| ZHUANG CHANGXIONG | 1,045,000 | Domestically listed foreign shares | 1,045,000 |
| SUN WEIWEI | 966,567 | Domestically listed foreign shares | 966,567 |
| Explanation on affiliated relationship or persons acting in concert among the top ten non-restricted common shareholders and between the top ten non-restricted common shareholders and the top ten common shareholders | GE Steam Power Investment Co., Ltd. (the first principal shareholder of the Company) and Wuhan Boiler Group Co., Ltd. (the second principal shareholder of the Company) hold non-tradable shares of the Company. No affiliated relationship exists between GE Steam Power Investment Co., Ltd. (the first principal shareholder of the Company), Wuhan Boiler Group Co., Ltd. (the second principal shareholder of the Company) and the other shareholders with tradable shares, and they are not persons acting in concert as defined in the Administrative Rules on Information Disclosure about Changing of Shareholding Status. The Company is not aware of whether there is any affiliated relationship among the top ten shareholders with tradable shares and whether there are persons acting in concert among them. The Company is not aware of whether there is any affiliated relationship among the top ten shareholders and the top ten shareholders with tradable share. | | |
| Explanation on the top 10 common shareholders participating in the margin trading business (if any) (see note 4) | Not applicable | | |

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

Yes No

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

IV. Changes in shareholding of directors, supervisors and senior management

Applicable Not applicable

Shareholding of the Company's Directors, Supervisors and Senior Management remained unchanged during the report period. For details, please refer to the 2020 Annual Report.

V. Change in the controlling shareholder or the actual controller

Change of the controlling shareholder in the report period

Applicable Not applicable

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

Change of the actual controller in the report period

Applicable Not applicable

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

Section VIII Preference Shares

Applicable Not applicable

No preference shares in the report period

Section IX Corporate Bonds

Applicable Not applicable

Section X Financial Report

I. Auditor's Report

Has this Interim Report been audited?

Yes No

The interim financial statements have not been audited.

II Financial statements

Monetary unit of notes to financial statements: RMB Yuan

1. Balance sheet

Prepared by Wuhan Boiler Company Limited

Unit: RMB Yuan

| Item | Balance as at Jun 30, 2021 | Balance as at Dec. 31, 2020 |
|---|----------------------------|-----------------------------|
| Current assets: | | |
| Cash and cash equivalents | 91,571,372.50 | 136,010,500.73 |
| Deposit reservation for balance | | |
| Outgoing call loans | | |
| Held for trading financial assets | | |
| Derivative financial assets | | |
| Notes receivable | | |
| Accounts receivable | 53,950,573.03 | 85,306,655.71 |
| Financing backed by accounts receivable | | |
| Prepayment | 33,811,482.45 | 42,271,813.57 |
| Insurance receivables | | |
| Reinsurance Receivable | | |
| Provision of reinsurance contracts | | |
| Other receivables | 230,442.28 | 2,400,684.58 |
| Including: Interests receivable | | |
| Dividends receivable | | |
| Financial assets purchased under | | |

| | | |
|--|------------------|------------------|
| agreements to resell | | |
| Inventories | 74,475,815.88 | 46,393,485.77 |
| Contract assets | 212,285,332.55 | 216,649,520.32 |
| Divided into hold for sale financial assets | | |
| Non-current assets due within 1-year | | |
| Other current assets | 27,824,001.01 | 48,858,306.64 |
| Total current assets | 494,149,019.70 | 577,890,967.32 |
| Non-current assets: | | |
| Loan and payment on other's behalf disbursed | | |
| Debt investments | | |
| Other debt investments | | |
| Long-term receivables | | |
| Long-term equity investment | | |
| Other equity investment | | |
| Other non-current financial assets | | |
| Investment property | | |
| Fixed assets/Property, plant and equipment | 491,615,418.44 | 503,150,300.22 |
| Construction in progress | 168,795.87 | 168,795.87 |
| Bearer biological assets | | |
| Oil and gas properties | | |
| Right to use assets | | |
| Intangible assets | 43,865,633.55 | 45,643,178.74 |
| R&D expense | | |
| Goodwill | | |
| Long-term deferred expenses | | |
| Deferred tax assets | | |
| Other non-current assets | | |
| Total non-current assets | 535,649,847.86 | 548,962,274.83 |
| Total assets | 1,029,798,867.56 | 1,126,853,242.15 |
| Current liabilities: | | |
| Short-term loans | 2,178,624,945.03 | 1,965,139,955.97 |

| | | |
|--|------------------|------------------|
| Loans from central bank | | |
| Deposits received and hold for others | | |
| Transactional financial liabilities | | |
| Derivative financial liabilities | | |
| Notes payable | | |
| Accounts payable | 224,197,926.95 | 320,090,114.43 |
| Advance from customers | | |
| Contract liabilities | 150,525,446.33 | 190,482,772.35 |
| Financial assets sold under agreements to repurchase | | |
| Deposits from customers and interbank | | |
| Funds received as agent of stock exchange | | |
| Funds received as stock underwrite | | |
| Payroll payable | 22,367,253.48 | 21,753,159.52 |
| Taxes payable | 1,582,222.65 | 1,708,730.27 |
| Other payables | 5,443,980.25 | 37,063,635.98 |
| Including: Interests payable | | |
| Dividends payable | | |
| Fees and commissions payable | | |
| Amount due to reinsurance | | |
| Holding liabilities for sale | | |
| Non-current liabilities due within 1-year | | |
| Other Current liabilities | | |
| Total Current liabilities | 2,582,741,774.69 | 2,536,238,368.52 |
| 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 | 15,717,285.50 | 14,895,838.82 |
| Accrued liabilities | | |
| Deferred income | 10,231,416.00 | 10,370,304.00 |
| Deferred taxes liabilities | | |
| Other non-current liabilities | | |
| Total non-current liabilities: | 25,948,701.50 | 25,266,142.82 |
| Total liabilities | 2,608,690,476.19 | 2,561,504,511.34 |
| Owners' Equity: | | |
| Share capital | 297,000,000.00 | 297,000,000.00 |
| Other equity instruments | | |
| Including: Preferred shares | | |
| Perpetual Capital Securities | | |
| Capital reserve | 232,627,992.26 | 232,627,992.26 |
| Less: treasury stock | | |
| Other comprehensive income | 2,479,043.70 | 2,479,043.70 |
| Special reserve fund | | |
| Surplus reserve | 39,418,356.83 | 39,418,356.83 |
| General risk reserve | | |
| Retained earnings | -2,150,417,001.42 | -2,006,176,661.98 |
| Total equity attributable to owners of the parent company | -1,578,891,608.63 | -1,434,651,269.19 |
| Minority interests | | |
| Total owners' equity | -1,578,891,608.63 | -1,434,651,269.19 |
| Total liabilities & owners' equity | 1,029,798,867.56 | 1,126,853,242.15 |

Legal representative: Stuart Adam Connor

Finance Director: Song Yuchuan

Accounting manager: Zhou Wei

2. Income statement

Unit: RMB Yuan

| Item | H1 2021 | H1 2020 |
|--------------------------|----------------|----------------|
| I. Total revenue | 242,707,070.30 | 463,344,922.60 |
| Including: Sales revenue | 242,707,070.30 | 463,344,922.60 |
| Interest income | | |

| | | |
|--|----------------|----------------|
| Insurance fee income | | |
| Fee and commission income | | |
| II. Total Operating Cost | 385,172,114.24 | 541,549,404.57 |
| Including: Cost of sales | 287,765,181.80 | 485,404,449.93 |
| 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 | 3,289,257.94 | 2,283,312.03 |
| Selling expenses | 2,831,960.80 | 6,751,961.98 |
| Administrative expenses | 51,712,148.27 | 11,742,598.21 |
| R&D expenses | | |
| Financial costs | 39,573,565.43 | 35,367,082.42 |
| Including: Interest expenses | 40,393,875.85 | 35,410,100.62 |
| Interest income | 174,443.53 | 148,819.59 |
| Add: Other income | 141,000.00 | |
| Gain/(loss) from investment ("-" means loss) | | |
| Including: income from investment on associates and jointly ventures | | |
| Income from the derecognition of financial assets at amortized cost ("-" means loss) | | |
| Foreign exchange gains ("-" means loss) | | |

| | | |
|--|-----------------|-----------------|
| Net open hedging gains ("-" means loss) | | |
| Gains/(losses) from changes in fair value ("-" means loss) | | |
| Credit impairment loss ("-" means loss) | -525,398.91 | -52,597,411.33 |
| Asset impairment loss ("-" means loss) | -1,529,784.59 | |
| Gains/(losses) from disposal of assets ("-" means loss) | | -33,106.93 |
| III. Operating profit/- loss | -144,379,227.44 | -130,835,000.23 |
| Add: non-operating income | 138,888.00 | 138,888.00 |
| Less: non-operating expenses | | |
| IV. Total profit ("-" means losses) | -144,240,339.44 | -130,696,112.23 |
| Less: income tax expenses | | -13,715,593.12 |
| V. Net profit ("-" means losses) | -144,240,339.44 | -116,980,519.11 |
| (I) Classification by operating continuity | | |
| 1. Net continuing operating profit("-" means losses) | | |
| 2. Termination of operating net profit ("-" means losses) | | |
| (II) Classification by ownership | | |
| 1. Attributable to equity holders of the parent company | -144,240,339.44 | -116,980,519.11 |
| 2. Minority interest | | |
| VI. Other comprehensive income | | |
| Attributable to owners of the Company | | |
| (I) Not reclassified subsequently to profit or loss | | |
| 1. Changes in net liabilities or assets by remeasurement of defined benefit plans | | |
| 2. The proportion of other comprehensive income in investee entities cannot be classified as profit/loss under the equity method | | |

| | | |
|---|-----------------|-----------------|
| 3. Changes in fair value of other equity instruments | | |
| 4. Fair value change of enterprise credit risk | | |
| 5. Others | | |
| (II) Reclassified subsequently to profit or loss | | |
| 1. The proportion of other comprehensive income in investee entities shall be reclassified as profit/loss under the equity method | | |
| 2. Changes in fair value of other debt investments | | |
| 3. The amount of financial assets reclassified into other comprehensive income | | |
| 4. Other debt investment credit impairment provisions | | |
| 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: | -144,240,339.44 | -116,980,519.11 |
| Equity holders for the company | -144,240,339.44 | -116,980,519.11 |
| Minority interests | | |
| VIII. Earnings per share | | |
| (I) Basic earnings per share (RMB/share) | -0.49 | -0.39 |
| (II) Diluted earnings per share (RMB/share) | -0.49 | -0.39 |

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

Legal representative: Stuart Adam Connor

Finance Director: Song Yuchuan

Accounting manager: Zhou Wei

3. Cash flow statement

Unit: RMB Yuan

| Item | H1 2021 | H1 2020 |
|---|----------------|----------------|
| I. Cash flows from operating activities | | |
| Cash received from sales of goods or rendering of services | 255,939,901.00 | 421,465,942.33 |
| Net increase of deposits received and held for others | | |
| Net increase of loans from central bank | | |
| Net increase of funds borrowed from other financial institutions | | |
| Cash received against original insurance contract | | |
| Net Cash received from reinsurance | | |
| Net increase of client deposit and investment | | |
| Cash received as Interests, fees and commissions received | | |
| Net increase of inter-bank fund received | | |
| Net cash received under repurchasing, | | |
| Net cash received by proxy trading securities | | |
| Tax refunds | 50,344,331.44 | 9,948,225.63 |
| Other cash received relating to operating activities | 2,340,264.00 | 4,856,922.69 |
| Subtotal of cash inflows from operating activities | 308,624,496.44 | 436,271,090.65 |
| Cash paid for goods and services | 315,742,345.38 | 747,887,552.17 |
| 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 funds dismantled | | |
| Cash paid for interests, fees and commission | | |
| Cash paid for policy dividend | | |
| Cash paid to and for employees | 113,640,981.16 | 98,066,762.44 |
| Cash paid for all types of taxes | 24,161,880.45 | 11,653,736.34 |
| Other cash paid relating to operating activities | 72,458,196.01 | 36,008,980.22 |
| Subtotal of cash outflows from operating activities | 526,003,403.00 | 893,617,031.17 |
| Net cash flow from operating activities | -217,378,906.56 | -457,345,940.52 |
| 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 | 10,988.47 | 148,330.13 |
| Subtotal of cash inflows from investing activities | 10,988.47 | 148,330.13 |
| Cash paid for acquisition of fixed assets, intangible assets and other long-term assets | 133,418.11 | 3,671,482.33 |
| 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 | 133,418.11 | 3,671,482.33 |

| | | |
|---|----------------|----------------|
| Net cash flow from investing activities | -122,429.64 | -3,523,152.20 |
| III. Cash Flows from Financing Activities: | | |
| Cash received from investment | | |
| Including: Cash received from minority shareholders of subsidiaries | | |
| Cash received from borrowings | 418,227,443.52 | 578,682,944.47 |
| Other Cash received relating to financing activities | | |
| Subtotal of cash inflows from financing activities | 418,227,443.52 | 578,682,944.47 |
| Cash paid for repayments of borrowings | 203,453,375.89 | 173,256,160.58 |
| Cash paid for dividends, profit distribution or interest | 41,661,841.31 | 35,314,474.78 |
| 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 | 245,115,217.20 | 208,570,635.36 |
| Net cash flow from financing activities | 173,112,226.32 | 370,112,309.11 |
| IV. Effect of foreign exchange rate changes on cash | -50,018.35 | 81,385.94 |
| V. Net increase in cash and cash equivalents | -44,439,128.23 | -90,675,397.67 |
| Add: Opening balance of cash and cash equivalents | 136,010,500.73 | 143,238,542.38 |
| VI. Closing balance of cash and cash equivalents | 91,571,372.50 | 52,563,144.71 |

4. Statement of changes in owners' equity

This period

Unit: RMB Yuan

| Item | H1 2021 | | |
|------|--|--|-------|
| | Attributable to equity owners of the Company | | Total |
| | | | |

| | Share capital | Other equity instruments | | | Capital reserve | Less: treasury stock | Other comprehensive incomes | Specific reserve | Surplus reserve | General risk reserve | Retained profit | Other | Subtotal | Minority interests | owner' equity |
|---|----------------|--------------------------|------------------------------|--------|-----------------|----------------------|-----------------------------|------------------|-----------------|----------------------|-------------------|-------|-------------------|--------------------|-------------------|
| | | Preferred shares | Perpetual Capital Securities | Others | | | | | | | | | | | |
| I. Balance at the end of the previous year | 297,000,000.00 | | | | 232,627,992.26 | 2,479,043.70 | | 39,418,356.83 | | | -2,006,176.661.98 | | -1,434,651,269.19 | | -1,434,651,269.19 |
| 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 | | | | 232,627,992.26 | 2,479,043.70 | | 39,418,356.83 | | | -2,006,176.661.98 | | -1,434,651,269.19 | | -1,434,651,269.19 |
| III. Increase/-decrease during the financial year | | | | | | | | | | | -144,240,339.44 | | -144,240,339.44 | | -144,240,339.44 |
| (I) Total comprehensive income | | | | | | | | | | | -144,240,339.44 | | -144,240,339.44 | | -144,240,339.44 |
| (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 | | | | | | | | | | | | | | | |
| (IV) Transfer within owners' equity | | | | | | | | | | | | | | | |
| 1. Capital reserve transferred to capital (share capital) | | | | | | | | | | | | | | | |
| 2. Surplus reserve transferred to capital (share capital) | | | | | | | | | | | | | | | |
| 3. Surplus reserve offsetting losses | | | | | | | | | | | | | | | |

| | | | | | | | | | | | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|
| (III) Profit distribution | | | | | | | | | | | | | | | | | | | |
| 1. Surplus reserve accrued | | | | | | | | | | | | | | | | | | | |
| 2. Appropriations to general risk provisions | | | | | | | | | | | | | | | | | | | |
| 3. Distribution to owners (shareholders) | | | | | | | | | | | | | | | | | | | |
| 4. Others | | | | | | | | | | | | | | | | | | | |
| (IV) Transfer within owners' 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 | | | | | | | | | | | | | | | |
| (VI) Others | | | | | | | | | | | | | | | |
| IV. Closing balance | 297,000.00 | | | | 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 |

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, 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

As 30 Jun 2021, it has an accumulated loss of RMB 2,150,417,001.42, its current liabilities exceeded its current assets by RMB088,592,754.99, and its total liabilities exceeded its total assets by RMB 1,578,891,608.63.20

The Company has carefully reviewed the matters below, the current and expected performance and financial situation over a period of 12 months after the balance sheet date having regard to events beyond this time horizon to the extent foreseeable as part of the assessment of its ability to continue as a going concern.

- On 21 September 2020, General Electric Company ("GE"), the ultimate holding company, announced its intention of pursuing an exit of the new build coal power market subject to applicable consultation requirements that may result in divestures, site closings or other restructuring activities worldwide.
- On 3 December 2020, the Company received a written notification from the parent company GE Steam Power Investment Co., Ltd. ("GESPI") informing that GESPI is planning to pursue an exit from the Company.
- The board of directors was advised by the parent company, GESPI, that there was no formal resolution to liquidate or cease operation up to financial statements approval date.
- As at 30 Jun 2021, the Company's liabilities mainly include the entrusted loan provided by the parent company, GESPI, of RMB 2,148,000,000.00. On 4 March 2021, GESPI increased an additional RMB 400,000,000.00 facility, increasing the total facility of the entrusted loan to RMB 2,200,000,000.00 to support funding the Company's operations. The entrusted loan facility matures on 30 September 2021.
- Although beyond 30 September 2021, the entrusted loan will become a liability on demand, GE has already been approached by a potential third-party investor interested in buying GE's shares and GE has indicated to those entities that if they purchase its shares in the Company it will not enforce the entrusted loan subject to the commercial agreement about the purchase consideration. Discussions with new investor progress positively.

After considering the matters described above, the board of directors is of the opinion that it is appropriate to prepare the Company's financial statements for the half year ended 30 Jun 2021 on a going concern basis, however, there are material uncertainties related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern, and therefore it may be unable to realize its assets and discharge its liabilities in the normal course. If the above assumption of going concern is invalid, the Company shall adjust the assets book value which is higher than the net realizable value to the net realizable value, at the same time, shall measure the liabilities based on the estimated settlement amount, and at the same time, do not reclassified assets and liabilities as current or non-current.

2. Continuation

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 financial statements of the Company 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 2021, and the financial performance and the cash flows of the Company for the year ended.

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

2. Accounting period

The accounting period is from 1 January to 31 December.

3. Operating cycle

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

4. Functional currency

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

5. Accounting treatment methods for business combinations under the same control or not under the same control

A transaction constitutes a business combination when the Company obtains control of one or more entities (or a company of assets or net assets). Business combination is classified as either business combinations involving enterprises under common control or business combinations not involving enterprises under common control.

For a transaction not involving enterprises under common control, the acquirer determines whether acquired set of assets constitute a business. The Company may elect to apply the simplified assessment method, the concentration test, to determine whether an acquired set of assets is not a business. If the concentration test is met and the set of assets is determined not to be a business, no

further assessment is needed. If the concentration test is not met, the Company shall perform the assessment according to the guidance on the determination of a business.

When the set of assets the Company acquired does not constitute a business, acquisition costs should be allocated to each identifiable assets and liabilities at their acquisition-date fair values. It is not required to apply the accounting of business combination described as below.

A business combination involving entities under common control is a business combination in which all of the combining entities are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. The assets acquired and liabilities assumed are measured based on their Net Values in the consolidated financial statements of the ultimate controlling party at the combination date. The difference between the Net Value of the net assets acquired and the consideration paid for the combination (or the total par value of shares issued) is adjusted against share premium in the capital reserve, with any excess adjusted against retained earnings. Any costs directly attributable to the combination are recognized in profit or loss when incurred. The combination date is the date on which one combining entity obtains control of other combining entities.

6. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits that can be readily withdrawn 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.

7. 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.

8. Financial instruments

The Company's financial instruments include cash at bank, receivables, payables, borrowings, 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.

A financial or financial liability is measured initially at fair value. For financial assets and financial liabilities at fair value through profit or loss, any related directly attributable transaction costs are charged to profit or loss; for other categories of financial assets and financial liabilities, any related directly attributable transaction costs are included in their initial costs. A trade receivable, without significant financing component or practical expedient applied for one year or less contracts, is initially measured at the transaction price in accordance with Note V.18.

(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 amortized 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 amortized 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.

All financial assets not classified as measured at amortized 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 amortized 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 recognized in profit or loss unless the financial assets are part of a hedging relationship.

- Financial assets at amortized cost

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

- Debt investments at FVOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, impairment and foreign exchange gains and losses are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

(3) Classification and subsequent measurement of financial liabilities

Financial liabilities are classified as measured at FVTPL or amortized 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 recognized in profit or loss, unless the financial liabilities are part of a hedging relationship.

- Financial liabilities at amortized cost

These financial liabilities are subsequently measured at amortized 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 recognized amounts;
- The Company intends either to settle on a net basis, or to realize the financial asset and settle the financial liability simultaneously.

(5) Derecognition of financial assets and financial liabilities

Financial asset is derecognized 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 recognized in profit or loss:

- the Net Value 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 recognized directly in other comprehensive income for the part derecognized.

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

(6) Impairment

The Group recognizes loss allowances for expected credit loss (ECL) on:

- financial assets measured at amortized cost;

- contract assets;

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 and contract assets 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 amortized 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 reorganization; 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 recognized as an impairment gain or loss in profit or loss. The Company recognizes an impairment gain or loss for all financial instruments with a corresponding adjustment to their Net Value through a loss allowance account, except for debt investments that are measured at FVOCI, for which the loss allowance is recognized in other comprehensive income.

Write-off

The gross Net Value 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 recognized as a reversal of impairment in profit or loss in the period in which the recovery occurs.

9、Inventory

(1) Classification and cost

Inventories include raw materials, work in progress, semi-finished goods, finished goods.

Inventories are initially measured at cost. Cost of inventories comprises all costs of purchase, costs of conversion and other expenditure incurred in bringing the inventories to their present location and condition. In addition to the purchase cost of raw materials, work in progress and finished goods include direct labour costs and an appropriate allocation of production overheads.

(2) Measurement method of cost of 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.

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

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

(4) Basis for determining the net realizable value and method for provision for obsolete inventories

At the balance sheet date, inventories are carried at the lower of cost and net realizable value.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale and relevant taxes. The net realizable value of materials held for use in the production is measured based on the net realizable value of the finished goods in which they will be incorporated. The net realizable value of the inventory held to satisfy sales or service contracts is measured based on the contract price, to the extent of the quantities specified in sales contracts, and the excess portion of inventories is measured based on general selling prices.

Any excess of the cost over the net realizable value of each item of inventories is recognized as a provision for obsolete inventories, and is recognized in profit or loss.

The Company's provision for inventory depreciation includes the irreversible agreement signed by the Company and the customer. When the Company expects that the cost incurred in the process of performing the contract obligations will exceed the future inflow of economic benefits related to the contract, the Company will make corresponding provision for inventory depreciation for the inventory purchased under the loss contract to be executed.

(5) Inventory taking system

The Company adopts perpetual inventory system for its inventory taking.

10、Contract costs

Contract costs include the incremental costs of obtaining a contract with a customer or the costs to fulfil a contract with a customer.

Incremental costs of obtaining a contract are those costs that the Company incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained e.g. an incremental sales commission. The Company recognises as an asset the incremental costs of obtaining a contract with a customer if it expects to recover those costs. Other costs of obtaining a contract are expensed when incurred.

If the costs to fulfil a contract with a customer are not within the scope of inventories or other accounting standards, the Company recognises an asset from the costs incurred to fulfil a contract only if those costs meet all of the following criteria:

- the costs relate directly to an existing contract or to a specifically identifiable anticipated contract, including direct labour, direct materials, allocations of overheads (or similar costs), costs that are explicitly chargeable to the customer and other costs that are incurred only because the Company entered into the contract
- the costs generate or enhance resources of the Company that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- the costs are expected to be recovered.

Assets recognised for the incremental costs of obtaining a contract and assets recognised for the costs to fulfil a contract (the “assets related to contract costs”) are amortised on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the assets relate and recognised in profit or loss for the current period. The Company recognises the incremental costs of obtaining a contract as an expense when incurred if the amortisation period of the asset that the entity otherwise would have recognised is one year or less.

The Company recognises an impairment loss in profit or loss to the extent that the Net Value of an asset related to contract costs exceeds:

- remaining amount of consideration that the Company expects to receive in exchange for the goods or services to which the asset relates; less
- the costs that relate directly to providing those goods or services that have not yet been recognised as expenses.

11、Fixed assets

(1) Recognition conditions

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

The cost of a purchased fixed asset comprises the purchase price, related taxes, and any directly attributable expenditure for bringing the asset to working condition for its intended use. The cost of self-constructed assets is measured in accordance with the policy set out in Note V.12.

Where the parts of an item of fixed assets have different useful lives or provide benefits to the Group in a different pattern, thus necessitating use of different depreciation rates or methods, each part is recognized as a separate fixed asset.

Any subsequent costs including the cost of replacing part of an item of fixed assets are recognized as assets when it is probable that the economic benefits associated with the costs will flow to the Group, and the Net Value of the replaced part is derecognized. The costs of the day-to-day maintenance of fixed assets are recognized in profit or loss as incurred.

Fixed assets are stated in the balance sheet at cost less accumulated depreciation and impairment losses.

(2) Depreciation method

| 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% |

12、 Construction in progress

The cost of self-constructed assets includes the cost of materials, direct labor, capitalized borrowing costs (see Note V.13), and any other costs directly attributable to bringing the asset to working condition for its intended use.

A self-constructed asset is classified as construction in progress and transferred to fixed asset when it is ready for its intended use. No depreciation is provided against construction in progress.

Construction in progress is stated in the balance sheet at cost less accumulated impairment losses (see Note V.15).

13、 Borrowing costs

Borrowing costs incurred directly attributable to the acquisition and construction or production of a qualifying asset are capitalized as part of the cost of the asset. Other borrowing costs are recognized as financial expenses when incurred.

During the capitalization period, the amount of interest (including amortization of any discount or premium on borrowing) to be capitalized in each accounting period is determined as follows:

- Where funds are borrowed specifically for the acquisition and construction or production of a qualifying asset, the amount of interest to be capitalized is the interest expense calculated using effective interest rates during the period less any interest income earned from depositing the borrowed funds or any investment income on the temporary investment of those funds before being used on the asset.
- To the extent that the Group borrows funds generally and uses them for the acquisition and construction or production of a qualifying asset, the amount of borrowing costs eligible for capitalization is determined by applying a capitalization rate to the weighted average of the excess amounts of cumulative expenditure on the asset over the above amounts of specific borrowings. The capitalization rate is the weighted average of the interest rates applicable to the general-purpose borrowings.

The effective interest rate is determined as the rate that exactly discounts estimated future cash flow through the expected life of the borrowing or, when appropriate, a shorter period to the initially recognised amount of the borrowings.

During the capitalization period, exchange differences related to the principal and interest on a specific-purpose borrowing denominated in foreign currency are capitalized as part of the cost of the qualifying asset. The exchange differences related to the principal and interest on foreign currency borrowings other than a specific-purpose borrowing are recognized as a financial expense when incurred.

The capitalisation period is the period from the date of commencement of capitalisation of borrowing costs to the date of cessation of capitalisation, excluding any period over which capitalisation is suspended. Capitalisation of borrowing costs commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities of acquisition and construction or production that are necessary to prepare the asset for its intended use or sale are in progress, and ceases when the assets become ready for their intended use or sale. Capitalisation of borrowing costs is suspended when the acquisition and construction or production activities are interrupted abnormally for a period of more than three months.

14、 Intangible assets

(1) Valuation 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 V.14). For an intangible asset with finite useful life, its cost less estimated residual value and accumulated impairment losses is amortized using the straight-line method over its estimated useful life, unless the intangible asset is classified as held for sale.

The respective amortization periods for intangible assets are as follows:

| Items | Amortization period (years) |
|-------------------------|---|
| Land use rights | Years specified in the land use certificate |
| Patent right | 15 years |
| Non-patented 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.

The company regards intangible assets that cannot foresee the term of future economic benefits as intangible assets with an indefinite useful life, and does not amortize such intangible assets. As of the balance sheet date, the company has no intangible assets with uncertain service life.

15、 Impairment of long-term assets

The Net Values of the following assets are reviewed at each balance sheet date based on internal and external sources of information to determine whether there is any indication of impairment: fixed assets, construction in progress, intangible assets.

If any indication exists, the recoverable amount of the asset is estimated. In addition, the company estimates the recoverable amounts of intangible assets not ready for use at least annually.

The recoverable amount of an asset (or asset group, set of asset groups) is the higher of its fair value less costs to sell and its present value of expected future cash flows.

An asset group is composed of assets directly related to cash generation and is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or asset groups.

The present value of expected future cash flows of an asset is determined by discounting the future cash flows, estimated to be derived from continuing use of the asset and from its ultimate disposal, to their present value using an appropriate pre-tax discount rate.

An impairment loss is recognized in profit or loss when the recoverable amount of an asset is less than its Net Value. A provision for impairment of the asset is recognized accordingly. Impairment losses related to an asset group or a set of asset groups are allocated first to reduce the Net Value of any goodwill allocated to the asset group or set of asset groups, and then to reduce the Net Value of the other assets in the asset group or set of asset groups on a pro rata basis. However, such allocation would not reduce the Net Value of an asset below the highest of its fair value less costs to sell (if measurable), its present value of expected future cash flows (if determinable) and zero.

Once an impairment loss is recognized, it is not reversed in a subsequent period.

16、 Employee compensation

(1) Short-term employee benefits

Employee wages or salaries, bonuses, social security contributions such as medical insurance, work injury insurance, maternity insurance and housing fund, measured at the amount incurred or accrued at the applicable benchmarks and rates, are recognized as a liability as the employee provides services, with a corresponding charge to profit or loss or included in the cost of assets where appropriate.

(2) Post-employment benefits

Post-employment benefits – defined contribution plans

Pursuant to the relevant laws and regulations of the People's Republic of China, the Company participated in a defined contribution basic pension insurance plan in the social insurance system established and managed by government organizations. The Company makes contributions to basic pension insurance plans based on the applicable benchmarks and rates stipulated by the government. Basic pension insurance contributions payable is recognized as a liability as the employee provides services, with a corresponding charge to profit or loss or included in the cost of assets where appropriate.

Post-employment benefits – defined benefit plans

The defined benefit plans are mainly the supplementary retirement benefits paid to some retired employees. The expected cumulative unit method is adopted for the cost of providing the benefits under the defined benefit plan. At the end of the reporting period, the Company recognized the service cost, including the current service cost, past service cost and settlement gains or losses, as well as the net interest of net liabilities or net assets of defined benefit plan, including the interest income of plan assets, the interest expense of defined benefit plan obligations, and the interest affected by the upper limit of assets, as liabilities and included in the current profits and losses or related asset costs; Changes in net liabilities or net assets of defined benefit plan will be remeasured, including actuarial gains or losses, return on plan assets (deducting the amount included in net interest of net liabilities or net assets of defined benefit plan), and changes affected by asset ceiling (deducting the amount included in net interest of net liabilities or net assets of defined benefit plan), which are included in other comprehensive income and are not allowed to be reversed to profit or loss in subsequent accounting periods. The Company shall recognize the past service cost as the current expense on the earlier of the following dates: when modifying the defined benefit plan; when the Company recognizes the relevant restructuring expense or dismissal welfare.

(3) Termination benefits

When the Company terminates the employment with employees before the employment contracts expire, or provides compensation under an offer to encourage employees to accept voluntary redundancy, a provision is recognized with a corresponding expense in profit or loss at the earlier of the following dates:

- When the Company cannot unilaterally withdraw the offer of termination benefits because of an employee termination plan or a curtailment proposal;
- When the Company has a formal detailed restructuring plan involving the payment of termination benefits and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

(4) Other long-term employee benefits

If other long-term employee benefits meet the conditions of defined contribution plan, it shall be treated in accordance with the accounting policies of the above defined contribution plan; otherwise, the net liabilities or net assets of other long-term employee benefits shall be recognized and measured in accordance with the accounting policies of the above defined benefit plan.

17、Provisions

A provision is recognised for an obligation related to a contingency if the Company has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

A provision is initially measured at the best estimate of the expenditure required to settle the related present obligation. Where the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows. Factors pertaining to a contingency such as the risks, uncertainties and time value of money are taken into account as a whole in reaching the best estimate. Where there is a continuous range of possible outcomes for the expenditure required, and each possible outcome in that range is as likely as any other, the best estimate is the mid-point of that range. In other cases, the best estimate is determined according to the following circumstances:

- Where the contingency involves a single item, the best estimate is the most likely outcome.
- Where the contingency involves a large population of items, the best estimate is determined by weighting all possible outcomes by their associated probabilities.

The Company reviews the Net Value of a provision at the balance sheet date and adjusts the Net Value to the current best estimate.

18、Revenue

Accounting policies used in revenue recognition and measurement:

Revenue is the gross inflow of economic benefits arising in the course of the Company's ordinary activities when the inflows result in increase in shareholders' equity, other than increase relating to contributions from shareholders.

Revenue is recognized when the Company satisfies the performance obligation in the contract by transferring the control over relevant goods or services to the customers.

Where a contract has two or more performance obligations, the Company determines the stand-alone selling price at contract inception of the distinct good or service underlying each performance obligation in the contract and allocates the transaction price in proportion to those stand-alone selling prices. The Company recognizes as revenue the amount of the transaction price that is allocated to each performance obligation. The stand-alone selling price is the price at which the Company would sell a promised good or service separately to a customer. If a stand-alone selling price is not directly observable, the Company considers all information that is reasonably available to the entity, maximizes the use of observable inputs to estimate the stand-alone selling price.

For the contract with a warranty, the Company analyses the nature of the warranty provided, if the warranty provides the customer with a distinct service in addition to the assurance that the product complies with agreed-upon specifications, the Company recognizes for the promised warranty as a performance obligation. Otherwise, the Company accounts for the warranty in accordance with the requirements of CAS No.13 – Contingencies.

The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties. The Company recognises the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved. Where the contract contains a significant financing component, the Company recognises the transaction price at an amount that reflects the price that a customer would have paid for the promised goods or services if the customer had paid cash for those goods or services when (or as) they transfer to the customer. The difference between the amount of promised consideration and the cash selling price is amortised using an effective interest method over the contract term.

The Company satisfies a performance obligation over time if one of the following criteria is met; or otherwise, a performance

obligation is satisfied at a point in time:

- the customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs;
- the customer can control the asset created or enhanced during the Company's performance; or
- the Company's performance does not create an asset with an alternative use to it and the Company has an enforceable right to payment for performance completed to date.

For performance obligation satisfied over time, the Company recognises revenue over time by measuring the progress towards complete satisfaction of that performance obligation. When the outcome of that performance obligation cannot be measured reasonably, but the Company expects to recover the costs incurred in satisfying the performance obligation, the Company recognises revenue only to the extent of the costs incurred until such time that it can reasonably measure the outcome of the performance obligation.

For performance obligation satisfied at a point in time, the Company recognises revenue at the point in time at which the customer obtains control of relevant goods or services. To determine whether a customer has obtained control of goods or services, the Company considers the following indicators:

- the Company has a present right to payment for the goods or services;
- the Company has transferred physical possession of the goods to the customer;
- the Company has transferred the legal title of the goods or the significant risks and rewards of ownership of the goods to the customer; and
- the customer has accepted the goods or services.

A contract asset is the Company's right to consideration in exchange for goods or services that it has transferred to a customer when that right is conditional on something other than the passage of time. The Company recognises loss allowances for expected credit loss on contract assets (see Note V.9(6)). Accounts receivable is the Company's right to consideration that is unconditional (only the passage of time is required). A contract liability is the Company's obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer.

The following is the description of accounting policies regarding revenue from the Company's principal activities:

(1) made-to-order products

The Company's main made-to-order products are boilers. Customers control all of the work in progress as the made-to-order products are being manufactured. This is because under those contracts made-to-order products are made to a customer's specification and if a contract is terminated by the customer, the Company is entitled to reimbursement of the costs incurred to date, including a reasonable margin. Therefore, revenue from these contracts and the associated costs are recognised over time. The Company determines the extent of progress towards completion of goods based on costs incurred relative to total estimated costs, and recognizes revenue accordingly.

Unbilled revenue is presented as contract assets. If the bill has been issued but the revenue has not been recognized, the Company will recognize it as a contract liability.

(2) General products

The company's general products are mainly boiler related equipments. Customers obtain control of products when the goods are

delivered to and have been accepted at their premises. Revenue of sale of goods is recognised at that point in time. The Company gives 60-90 days' credit term to the customers from the date of billing and no discounts are provided for products.

19、 Government subsidies

Government grants are non-reciprocal transfers of monetary or non-monetary assets from the government to the Company except for capital contributions from the government in the capacity as an investor in the Company.

A government grant is recognised when there is reasonable assurance that the grant will be received and that the Company will comply with the conditions attaching to the grant.

If a government grant is in the form of a transfer of a monetary asset, it is measured at the amount received or receivable. If a government grant is in the form of a transfer of a non-monetary asset, it is measured at fair value.

Government grants related to assets are grants whose primary condition is that the Company qualifying for them should purchase, construct or otherwise acquire long-term assets. Government grants related to income are grants other than those related to assets. A government grant related to an asset is recognised as deferred income and amortised over the useful life of the related asset on a reasonable and systematic manner as other income or non-operating income. A grant that compensates the Company for expenses or losses to be incurred in the future is recognised as deferred income and included in other income or non-operating income in the periods in which the expenses or losses are recognised. Or included in other income or non-operating income directly.

20. Deferred income tax assets/deferred income tax liabilities

Current tax and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination or items recognised directly in equity (including other comprehensive income).

Current tax is the expected tax payable calculated at the applicable tax rate on taxable income for the year, plus any adjustment to tax payable in respect of previous years.

At the balance sheet date, current tax assets and liabilities are offset only if the Company has a legally enforceable right to set them off and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and deferred tax liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases, which include the deductible losses and tax credits carried forward to subsequent periods. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is not recognised for the temporary differences arising from the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting profit nor taxable profit (or deductible loss). Deferred tax is not recognised for taxable temporary differences arising from the initial recognition of goodwill.

At the balance sheet date, deferred tax is measured based on the tax consequences that would follow from the expected manner of recovery or settlement of the carrying amounts of the assets and liabilities, using tax rates enacted at the balance sheet date that are

expected to be applied in the period when the asset is recovered or the liability is settled.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date and is reduced to the extent that it is no longer probable that the related tax benefits will be utilized. Such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

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

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

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

-the same taxable entity; or

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

21. Lease

(1). Accounting treatment method of operating lease

Applicable Not applicable

Lease refers to a contract in which the lessor transfers the right to use the asset to the lessee within a certain period of time to obtain consideration.

For contracts signed or changed after the first execution date, on the contract start/change date, the company evaluates whether the contract is a lease or includes a lease. Unless the terms and conditions of the contract change, the company does not reassess whether the contract is a lease or includes a lease.

The company as the lessee

Lease split

If the contract contains one or more lease and non-lease parts at the same time, the company shall apportion the contract consideration in proportion to the sum of the individual price of each leased part and the individual price of the non-lease part.

Right-of-use asset

Except for short-term leases and low-value asset leases, the company recognizes the right-of-use assets for leases at the beginning of the lease term. The start date of the lease term refers to the start date when the lessor provides the leased assets to make them available for use by the company. Right-of-use assets are initially measured at cost. This cost includes:

The initial measurement amount of the lease liability.

- For lease payments paid on or before the start of the lease term, if there is a lease incentive, the amount of the lease incentive already enjoyed is deducted;
- Initial direct expenses incurred by the company;
- The estimated costs incurred by the company for dismantling and removing the leased assets, restoring the site where the leased assets are located, or restoring the leased assets to the state agreed upon in the lease terms, do not include the costs incurred for the production of inventory.

The company refers to the relevant depreciation regulations of "Accounting Standards for Business Enterprises No. 4-Fixed Assets" to depreciate the right-of-use assets. If the company can reasonably determine that it will acquire the ownership of the leased asset when the lease term expires, the right-of-use asset shall be depreciated during the remaining useful life of the leased asset. If it cannot be reasonably determined that the ownership of the leased asset can be obtained when the lease term expires, depreciation shall be accrued during the shorter period of the lease term and the remaining useful life of the leased asset.

The company separately lists the right-of-use assets in the balance sheet.

Lease liability

Except for short-term leases and leases of low-value assets, the company initially measures lease liabilities based on the present value of the unpaid lease payments on that day at the beginning of the lease period. When calculating the present value of lease payments, if the company cannot determine the interest rate implicit in the lease, the incremental borrowing interest rate shall be used as the discount rate.

Lease payment refers to the amount paid by the company to the lessor related to the right to use the leased asset during the lease term, including:

- Fixed payment and actual fixed payment. If there is a lease incentive, the relevant amount of the lease incentive will be deducted;
- Variable lease payments that depend on an index or rate;
- The company reasonably determines the exercise price of the option when the option will be exercised;
- The lease term reflects the payment required to exercise the option to terminate the lease if the company will exercise the option to terminate the lease;
- The amount expected to be paid based on the residual value of the guarantee provided by the company.

After the start of the lease period, the company calculates the interest expense of the lease liability during each period of the lease period according to a fixed periodic interest rate and includes it in the current profit and loss or the cost of related assets.

After the start of the lease term, if the following circumstances occur, the company remeasures the lease liability and adjusts the corresponding right-of-use assets:

- If the lease term changes or the evaluation result of the purchase option changes, the company remeasures the lease liability based on the present value calculated by the lease payment after the change and the revised discount rate;
- Changes in the expected amount payable based on the residual value of the guarantee or the index or ratio used to determine the lease payment, the company remeasures the lease liability based on the changed lease payment and the present value calculated by the original discount rate. If changes in lease payments originate from changes in floating interest rates, the revised discount rate will

be used.

Lease liabilities are listed as current liabilities or non-current liabilities in the balance sheet based on their liquidity. The ending book value of non-current lease liabilities that should be settled within one year from the balance sheet date shall be “due within one year” The “non-current liabilities” project reflects.

Short-term leases and low-value asset leases

The company chooses not to recognize right-of-use assets and lease liabilities for short-term leases and leases of low-value assets. Short-term lease refers to a lease that does not include purchase options for a lease period not exceeding 12 months at the beginning of the lease period. Low-value asset leasing refers to a lease with a lower value when a single leased asset is a new asset. The company calculates the lease payments for short-term leases and low-value asset leases into the current profit and loss or related asset costs during each period of the lease term using the straight-line method.

Lease change

If the lease is changed and the following conditions are met at the same time, the company shall treat the lease change as a separate lease for accounting treatment:

- The lease change expands the scope of the lease by adding one or more use rights to leased assets;
- The increased consideration is equivalent to the amount of the individual price of the expanded part of the lease scope adjusted according to the contract conditions.

If the lease change is not accounted for as a separate lease, on the effective date of the lease change, the company re-apportions the consideration of the contract after the change, re-determines the lease term, and calculates it based on the lease payment after the change and the revised discount rate. The present value remeasures the lease liability.

The company as lessor

Lease split

If the contract contains both lease and non-lease parts, the company will allocate the contract consideration in accordance with the "Accounting Standards for Business Enterprises No. 14-Revenue" on transaction price allocation. The basis of the allocation is the stand-alone selling price of the lease and non-lease parts.

The company records the operating lease business as the lessor

During each period of the lease term, the company uses the straight-line method to recognize the lease receipts from operating leases as rental income. The initial direct expenses related to operating leases incurred by the company shall be capitalized when incurred and shall be amortized on the same basis as the confirmation of rental income during the lease term and shall be included in the current profits and losses in installments.

The variable lease receipts related to operating leases obtained by the company that are not included in the lease receipts are included in the current profits and losses when they actually occur.

(2). Accounting treatment method of financial lease Accounting treatment method of financial lease

Applicable Not applicable

(3). The determination method and accounting treatment method of lease under the new lease standard

Applicable Not applicable.

22. Changes in significant accounting policies and accounting estimates

(1) Changes in significant accounting policies

Applicable Not applicable

On December 7, 2018, the Ministry of Finance revised and issued the "Accounting Standards for Business Enterprises No. 21-Leases" (Caikuai [2018] No. 35), requiring companies that are listed at the same time both domestically and abroad and listed overseas which adopt IFRS or Accounting Standards for Business Enterprises to prepare financial statements shall take effect on January 1, 2019; other companies that implement the Accounting Standards for Business Enterprises shall take effect on January 1, 2021.

The new lease standard stipulates that at the beginning of the lease term, the lessee shall confirm the right-of-use assets and lease liabilities for the lease. The main changes include: 1. Under the new lease standard, the lessee will no longer distinguish between financial leases and operating leases, and all leases will be With the same accounting treatment, both right-of-use assets and lease liabilities must be recognized; 2. For right-of-use assets, if the lessee can reasonably determine that the leased asset will be acquired at the expiration of the lease term, it shall be depreciated during the remaining useful life of the leased asset. If it cannot be reasonably determined that the ownership of the leased asset can be obtained at the expiration of the lease term, depreciation shall be accrued during the shorter period of the lease term and the remaining useful life of the leased asset. At the same time, the lessee needs to determine whether the right-of-use asset is impaired, and account for the identified impairment loss; 3. For lease liabilities, the lessee shall calculate the interest expenses of the lease liability during each period of the lease term and include it Current profit and loss; 4. For short-term leases and low-value asset leases, the lessee may choose not to recognize the right-of-use assets and lease liabilities, and calculate the relevant asset cost or current period according to the straight-line method or other systematically reasonable methods during each period of the lease term Profit and loss; 5. In accordance with the requirements of the new leasing standards and listing rules, adjust the relevant content of the leasing business in the disclosed financial report.

According to the regulations of the new and old standards, the company does not have any lease business that needs retrospective adjustment. This change in accounting policy does not affect the company's 2020 shareholders' equity, net profit and other related financial indicators. "Accounting Standards for Business Enterprises No. 21-Leases" will come into effect on January 1, 2021. This change in accounting policy is a reasonable change based on the latest accounting standards and notices revised and issued by the Ministry of Finance and is in compliance with relevant regulations. This change in accounting policies has no significant impact on the company's financial status, operating results and cash flow.

(2) Changes in significant accounting estimates

Applicable Not applicable

VI. Taxation

1. Main taxes and tax rate

| Category of taxes | Tax basis | Tax rate |
|---------------------------------------|--|--------------|
| Value-added tax (VAT) | The sales tax and taxable labor income calculated according to the tax law are used to calculate the output VAT. After deducting the input VAT allowed for the current period, the difference is the value-added tax payable. According to the “Announcement on Deepening VAT Reform Related Policies” issued by the Ministry of Finance, the State Administration of Taxation and the General Administration of Customs (Ministry of Finance General Administration of Customs Announcement [2019] No. 39) and related regulations, the VAT rate applicable to the Company's product sales business income is 13% since 1 April 2019, and the VAT rate applicable before 1 April 2019 is 16%. | 16%, 13%, 6% |
| City maintenance and construction tax | Based on VAT paid | 7% |
| Corporate 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 |
|---------------------|-----------------|-----------------|
| Deposits with banks | 91,571,372.50 | 136,010,500.73 |
| Total | 91,571,372.50 | 136,010,500.73 |

2. Accounts receivable

(1) Accounts receivable disclosed by category

Unit: RMB Yuan

| Category | Closing balance | | | | Net Value | Opening balance | | | | Carrying amount |
|----------|-----------------|----------|--------------------------------------|----------|-----------|-----------------|-----------|--------------------------------------|-----------|-----------------|
| | Book value | | Provision for bad and doubtful debts | | | Book value | | Provision for bad and doubtful debts | | |
| | Amount | Percenta | Amount | Percenta | | Amount | Percentag | Amount | Percentag | |

| | | ge (%) | | ge (%) | | | e (%) | | e (%) | |
|---|---------------|---------|--------------|--------|---------------|---------------|---------|--------------|-------|---------------|
| Accounts receivable with provision for bad debts by combination | 56,405,098.12 | 100.00% | 2,454,525.09 | 4.35% | 53,950,573.03 | 87,051,046.88 | 100.00% | 1,744,391.17 | 2.00% | 85,306,655.71 |
| Total | 56,405,098.12 | 100.00% | 2,454,525.09 | 4.35% | 53,950,573.03 | 87,051,046.88 | 100.00% | 1,744,391.17 | 2.00% | 85,306,655.71 |

Accounts receivable for which bad debt provision accrued by group:

Unit: RMB Yuan

| Name | Balance at the end of the year | | |
|---|--------------------------------|--------------------------------------|----------------|
| | Book value | Provision for bad and doubtful debts | Percentage (%) |
| Collectively assessed for impairment based on credit risk characteristics | 56,405,098.12 | 2,454,525.09 | 4.35% |
| Total | 56,405,098.12 | 2,454,525.09 | -- |

Notes of the basis of recognizing the group:

The Company always measures the impairment provision for accounts receivable based on the amount equivalent to the expected credit loss for the entire duration and calculates its expected credit loss based on provisional matrix of overdue days and default loss rate. According to the Company's historical experience, there is no significant difference in the loss of different customer segments. Therefore, when calculating the impairment provision based on the overdue information, there is no further distinction between different customer groups.

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

Applicable Not applicable

Disclosure by age

Unit: RMB Yuan

| Aging | Closing balance |
|---------------------------|-----------------|
| Within 1 year (inclusive) | 55,508,265.12 |
| 1 to 2 years | 896,833.00 |
| Total | 56,405,098.12 |

(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 | 1,744,391.17 | 2,454,525.09 | 1,744,391.17 | | | 2,454,525.09 |
| Total | 1,744,391.17 | 2,454,525.09 | 1,744,391.17 | | | 2,454,525.09 |

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

Unit: RMB Yuan

| Customer | Closing balance | Ratio of closing balance | Provision for bad debts |
|--|----------------------|--------------------------|-------------------------|
| Shanghai Boiler Works Co. Ltd | 31,930,689.01 | 56.61% | 1,596,534.45 |
| KEPPEL SEGHERS BELGIUM NV | 10,239,851.22 | 18.15% | 511,992.56 |
| GE Power Sweden AB | 7,084,526.67 | 12.56% | 173,210.16 |
| Shanxi Shentou Electric Power Industry Co., Ltd. | 2,566,680.00 | 4.55% | 128,334.00 |
| GE Power Services (Malaysia) Sdn. | 1,774,186.00 | 3.15% | 17,741.86 |
| Total | 53,595,932.90 | 95.02% | |

3. Prepayment**(1) List by aging analysis**

Unit: RMB Yuan

| Aging | Closing balance | | Opening balance | |
|---|----------------------|-----------|----------------------|-----------|
| | Amount | % | Amount | % |
| Within 1 year (inclusive) | 7,035,958.97 | 20.80% | 18,256,521.27 | 43.19% |
| Over 1 year but within 2 years (inclusive) | 23,604,217.80 | 69.81% | 22,897,447.57 | 54.17% |
| Over 2 years but within 3 years (inclusive) | 3,171,305.68 | 9.39% | 1,117,844.73 | 2.64% |
| Total | 33,811,482.45 | -- | 42,271,813.57 | -- |

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

Large prepayments with an age of more than 1 year are mainly prepayments for engineering purchases that have not yet been settled. Due to the long construction period of the construction projects undertaken by the company and the corresponding project procurement cycle, the aging of prepaid accounts is relatively long.

(2) Five largest prepayments by debtor at the end of the year:

The total of five largest prepayments of the Company at the end of the year is RMB 27,839,012.34 (2020: RMB 37,966,218.74), representing 82.34% of the total prepayments (2020: 89.81%).

4. Other receivables

Unit: RMB Yuan

| Item | Balance at the end of the year | Balance at the beginning of the year |
|-------------------|--------------------------------|--------------------------------------|
| Other receivables | 230,442.28 | 2,400,684.58 |
| Total | 230,442.28 | 2,400,684.58 |

(1) Other receivables

1) Other receivables categorized by nature

Unit: RMB Yuan

| Nature of other receivables | Book balance at the end of the period | Book balance at the beginning of the period |
|--|---------------------------------------|---|
| VAT | 28,377,636.20 | 28,377,636.20 |
| Accounts receivable due from non-related parties | 2,075,535.74 | 3,361,695.49 |
| Accounts receivable due from related parties | 2,258,543.37 | 3,348,547.06 |
| Less: Provision for bad and doubtful debts | -32,481,273.03 | -32,687,194.17 |
| Total | 230,442.28 | 2,400,684.58 |

2) Changes in bad debt provision

Unit: RMB Yuan

| Bad debt provision | First stage | Second stage | Third stage | Total |
|--------------------------------------|--|--|---|---------------|
| | Expected credit losses in the next 12 months | Expected credit losses for the entire duration-No credit impairment occurred | Expected credit losses for the entire duration-Credit impairment has occurred | |
| Balance at the beginning of the year | 21,322.45 | | 32,665,871.72 | 32,687,194.17 |
| Balance at the beginning of the year | — | — | — | — |

| | | | | |
|--------------------------------|-----------|--|---------------|---------------|
| Withdraw or return | -5,921.14 | | -200,000.00 | -205,921.14 |
| Balance at the end of the year | 21,322.45 | | 32,465,871.72 | 32,481,273.03 |

Changes in the book balance with significant changes in the loss provision for the current period

Yes No

The ageing analysis of other receivables is as follows:

Unit: RMB Yuan

| Ageing | Net Value |
|--|---------------|
| Within 1 year (inclusive) | 761,508.29 |
| Over 1 year but within 2 years (inclusive) | 502,934.61 |
| Over 3 years | 31,447,272.41 |
| Above 5 years | 31,447,272.41 |
| Total | 32,711,715.31 |

3) Five largest other receivables by debtor at the end of the year

Unit: RMB Yuan

| Debtor | Nature of the receivable | Balance at the end of the year | Ageing | Percentage of total other receivables (%) | Ending balance of provision for bad and doubtful debts |
|--|--|--------------------------------|-----------|---|--|
| Shandong Luneng Material Group Co., Ltd. | VAT | 19,950,586.83 | >5 years | 61.42% | -19,950,586.83 |
| Shanxi Zhenxing Group Co., Ltd. | VAT | 6,722,635.47 | >5 years | 20.70% | -6,722,635.47 |
| Bureau of Donghu Development Zone, Wuhan | Third-party payment | 1,655,647.44 | >5 years | 5.10% | -1,655,647.44 |
| Wuhan Boiler Group Co., Ltd. | Estimated compensation for plant | 1,297,689.00 | >5 years | 4.00% | -1,297,689.00 |
| General Electric Global Services | Advance payment on behalf of related parties | 385,698.61 | 1-2 years | 1.19% | -1,928.49 |
| Total | -- | 30,012,257.35 | -- | 92.40% | -29,628,487.23 |

5. Inventory

Whether the Company needs to comply with the disclosure requirements of real estate industry: No.

(1) Inventories by category

Unit: RMB Yuan

| Item | Balance at the end of the year | | | Balance at the beginning of the year | | |
|------------------|--------------------------------|--|---------------|--------------------------------------|--|---------------|
| | Book value | Provision for inventory depreciation or contract performance cost impairment provision | Net Value | Book value | Provision for inventory depreciation or contract performance cost impairment provision | Net Value |
| Raw materials | 90,744,984.78 | 21,451,428.62 | 69,293,556.16 | 60,554,145.55 | 21,451,428.62 | 39,102,716.93 |
| Work in progress | 5,466,407.50 | 284,147.78 | 5,182,259.72 | 4,522,115.92 | 236,317.08 | 4,285,798.84 |
| Finished goods | | | | 3,004,970.00 | | 3,004,970.00 |
| Total | 96,211,392.28 | 21,735,576.40 | 74,475,815.88 | 68,081,231.47 | 21,687,745.70 | 46,393,485.77 |

(2) Provision for impairment of inventories

Unit: RMB Yuan

| Item | Balance at the beginning of the year | Increase | | Decrease | | Balance at the end of the year |
|------------------|--------------------------------------|-----------|--------|-------------------------|--------|--------------------------------|
| | | Addition | Others | Reversal or Written off | Others | |
| Raw materials | 21,451,428.62 | | | | | 21,451,428.62 |
| Work in progress | 236,317.08 | 47,830.70 | | | | 284,147.78 |
| Total | 21,687,745.70 | 47,830.70 | | | | 21,735,576.40 |

6. Contract assets

Unit: RMB Yuan

| Item | Balance at the end of the year | | | Balance at the beginning of the year | | |
|---|--------------------------------|--------------------------|----------------|--------------------------------------|--------------------------|----------------|
| | Book value | Provision for impairment | Net Value | Book value | Provision for impairment | Net Value |
| Contract assets arising from boiler customized commodity contract | 219,112,809.88 | 6,827,477.33 | 212,285,332.55 | 231,725,530.89 | 15,076,010.57 | 216,649,520.32 |

| | | | | | | |
|-------|----------------|--------------|----------------|----------------|---------------|----------------|
| Total | 219,112,809.88 | 6,827,477.33 | 212,285,332.55 | 231,725,530.89 | 15,076,010.57 | 216,649,520.32 |
|-------|----------------|--------------|----------------|----------------|---------------|----------------|

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 |
|----------------------------|------------|--------------|-----------|---|
| Luoyuan | | 153,891.67 | | Mainly the actual loss recognized in the current period based on the percentage of completion |
| HK Waste-To-Energy Boilers | | 8,094,641.56 | | Mainly the actual loss recognized in the current period based on the percentage of completion |
| Total | | 8,248,533.23 | | -- |

7. Other current assets

Unit: RMB Yuan

| Item | Balance at the end of the year | Balance at the beginning of the year |
|------------------------------|--------------------------------|--------------------------------------|
| Prepaid VAT | 27,824,001.01 | 44,336,330.91 |
| Prepaid corporate income tax | | 3,983,010.29 |
| Prepaid personal income tax | | 538,965.44 |
| Total | 27,824,001.01 | 48,858,306.64 |

8. Fixed assets

Unit: RMB Yuan

| Item | Balance at the end of the year | Balance at the beginning of the year |
|--------------|--------------------------------|--------------------------------------|
| Fixed assets | 491,615,418.44 | 503,150,300.22 |
| Total | 491,615,418.44 | 503,150,300.22 |

(1) Fixed assets

Unit: RMB Yuan

| Item | Plant & buildings | Machinery & equipment | Office & other equipment | Office & other equipment | Total |
|------|-------------------|-----------------------|--------------------------|--------------------------|-------|
| | | | | | |

| | | | | | |
|---|-----------------|-----------------|----------------|-------------|------------------|
| I、Cost: | | | | | |
| 1. Balance at the beginning of the year | 567,579,908.30 | 415,128,166.45 | 25,184,080.73 | 884,504.27 | 1,008,776,659.75 |
| 2. Additions during the year | | | | | |
| (1) Purchases | | | | | |
| (2) Transfers from construction in progress | | | | | |
| (3) Additions due to business combination | | | | | |
| | | | | | |
| 3. Decrease during the year | | | | | |
| (1) Disposal or scrap | | | | | |
| | | | | | |
| 4. Balance at the end of the year | 567,579,908.30 | 415,128,166.45 | 25,184,080.73 | 884,504.27 | 1,008,776,659.75 |
| II、Accumulated depreciation | | | | | |
| 1. Balance at the beginning of the year | -152,525,328.38 | -267,505,488.77 | -24,508,263.44 | -767,487.18 | -445,306,567.77 |
| 2. Additions during the year | -7,110,931.45 | -2,782,395.78 | -104,373.38 | -7,396.58 | -10,005,097.19 |
| (1) Charge for the year | -7,110,931.45 | -2,782,395.78 | -104,373.38 | -7,396.58 | -10,005,097.19 |
| | | | | | |
| 3. Decrease during the year | | | | | |
| (1) Disposal or scrap | | | | | |
| | | | | | |
| 4. Balance at the end of the year | -159,636,259.83 | -270,287,884.55 | -24,612,636.82 | -774,883.76 | -455,311,664.96 |
| III、Provision for impairment | | | | | |

| | | | | | |
|---|----------------|----------------|-------------|------------|----------------|
| 1. Balance at the beginning of the year | -1,994,723.08 | -58,149,572.95 | -134,645.87 | -40,849.86 | -60,319,791.76 |
| 2. Additions during the year | | -1,489,576.60 | -40,207.99 | | -1,529,784.59 |
| (1) Charge for the year | | -1,489,576.60 | -40,207.99 | | -1,529,784.59 |
| | | | | | |
| 3. Decrease during the year | | | | | |
| (1) Disposal or scrap | | | | | |
| | | | | | |
| 4. Balance at the end of the year | -1,994,723.08 | -59,639,149.55 | -174,853.86 | -40,849.86 | -61,849,576.35 |
| IV、Net Values | | | | | |
| 1. At the end of the year | 405,948,925.39 | 85,201,132.35 | 396,590.05 | 68,770.65 | 491,615,418.44 |
| 2. At the beginning of the year | 413,059,856.84 | 89,473,104.73 | 541,171.42 | 76,167.23 | 503,150,300.22 |

9. Construction in progress

Unit: RMB Yuan

| Item | Balance at the end of the year | Balance at the beginning of the year |
|--------------------------|--------------------------------|--------------------------------------|
| Construction in progress | 168,795.87 | 168,795.87 |
| Total | 168,795.87 | 168,795.87 |

(1) Construction in progress

Unit: RMB Yuan

| Item | Balance at the end of the year | | | Balance at the beginning of the year | | |
|--------|--------------------------------|--------------------------|------------|--------------------------------------|--------------------------|------------|
| | Book value | Provision for impairment | Net Value | Book value | Provision for impairment | Net Value |
| Others | 168,795.87 | | 168,795.87 | 168,795.87 | | 168,795.87 |
| Total | 168,795.87 | | 168,795.87 | 168,795.87 | | 168,795.87 |

(2) Movements of major construction projects in progress during the year

Unit: RMB Yuan

| Project | Budgets | Balance at the beginning of the year | Additions during the year | Transfers to fixed assets | Other reductions in the current period | Balance at the end of the year | Accumulated project investment as a percentage of budget | project progress | Cumulative amount of interest capitalization | the amount of interest capitalized in the current period | Current interest capitalization rate | Sources of funds |
|--|---------|--------------------------------------|---------------------------|---------------------------|--|--------------------------------|--|------------------|--|--|--------------------------------------|------------------|
| Individually insignificant construction projects in progress | | 168,795.87 | | | | 168,795.87 | | | | | | |
| Total | | 168,795.87 | | | | 168,795.87 | -- | -- | | | | -- |

10、Intangible assets

(1) Information

Unit: RMB Yuan

| Item | Land use rights | Patent right | Non-patented technology | | Total |
|---------------------------------------|-----------------|---------------|-------------------------|--|----------------|
| 一、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 |
| 二、Accumulated amortization | | | | | |
| 1. Opening amount | -10,542,468.02 | -79,600,338.54 | -18,447,423.90 | | -108,590,230.46 |
| 2. Increase amount in current period | -415,946.90 | -1,215,958.17 | -145,640.12 | | -1,777,545.19 |
| (1) Accrual | -415,946.90 | -1,215,958.17 | -145,640.12 | | -1,777,545.19 |
| | | | | | |
| 3. Decrease amount in current period | | | | | |
| (1) Disposal | | | | | |
| | | | | | |
| 4. Closing amount | -10,958,414.92 | -80,816,296.71 | -18,593,064.02 | | -110,367,775.65 |
| 三、Accumulated amortization | | | | | |
| 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 | 30,641,421.80 | 13,172,880.16 | 51,331.59 | | 43,865,633.55 |
| 2. Opening net book value | 31,057,368.70 | 14,388,838.33 | 196,971.71 | | 45,643,178.74 |

11. Short-term loans

(1) Category of short-term loans

Unit: RMB Yuan

| Category | Closing balance | Opening balance |
|------------------|------------------|------------------|
| Credit loan | 28,227,443.52 | 163,453,375.89 |
| Entrusted loan | 2,148,000,000.00 | 1,798,000,000.00 |
| Interest payable | 2,397,501.51 | 3,686,580.08 |
| Total | 2,178,624,945.03 | 1,965,139,955.97 |

Note: Entrusted loan is provided by the controlling shareholder - GE Steam Power Investment Co., Ltd. The total amount is not more than RMB 2.2 billion. As of June 30, 2021, the entrusted loan balance was RMB 2,148,000,000.00 (December 31, 2020: RMB 1,798,000,000.00). The interest rate is a floating interest rate, adjusted on the first day of each interest period based on the latest quoted rate (100%) of the 1-year RMB loan market announced by the China Interbank Funding Center at that time.

As of June 30, 2021, the principal of the credit loan was RMB 28,227,443.52 that the company borrowed from HSBC. The loan period is 3 months, the annual interest rate is 3.35%, and the principal and interest are repaid at maturity.

12. Accounts payable

(1) List of accounts payable

Unit: RMB Yuan

| Item | Closing balance | Opening balance |
|--|-----------------|-----------------|
| Payable for equipment and parts purchase | 175,008,370.88 | 307,854,848.15 |
| Payable for purchase of materials and services | 49,189,556.07 | 12,235,266.28 |
| Total | 224,197,926.95 | 320,090,114.43 |

(2) Significant accounts payable aging over one year

Unit: RMB Yuan

| Item | Closing balance | Reasons for outstanding |
|--|-----------------|------------------------------|
| Shanghai Electric SHMP Pulverizing&Special Equipment Co.,Ltd | 4,452,974.82 | Purchasing Quality Guarantee |
| Yantai Feiyue Metal Products Co., Ltd. | 668,706.06 | Purchasing Quality Guarantee |
| Nanjing High Precision Gear Group Co., Ltd | 610,393.16 | Purchasing Quality Guarantee |
| Diamond Electric Machinery (Hubei) Co., Ltd. | 576,526.77 | Purchasing Quality Guarantee |
| Sichuan Zhongchen Precision Casting Co., Ltd. | 301,274.85 | Purchasing Quality Guarantee |
| Total | 6,609,875.66 | -- |

13. Contract liabilities

Unit: RMB Yuan

| Item | Closing balance | Opening balance |
|--|-----------------|-----------------|
| Billed but not completed construction contracts projects | 150,525,446.33 | 190,482,772.35 |
| Total | 150,525,446.33 | 190,482,772.35 |

Significant changes in net amount and reasons in the reporting period:

Unit: RMB Yuan

| Item | Amount changed | Reason |
|---------------|----------------|---|
| Kamisu 1x50MW | -29,372,019.31 | Income recognized by the amount included in the book value of the contract liability at the beginning of the year |
| ThalNova | -15,817,190.41 | Income recognized by the amount included in the book value of the contract liability at the beginning of the year |
| Total | -45,189,209.72 | — |

14. Payroll payable

(1) List of payroll payable

Unit: RMB Yuan

| Item | Opening balance | Increase | Decrease | Closing balance |
|--|-----------------|----------------|----------------|-----------------|
| Short-term remuneration | 20,094,099.59 | 207,584,606.20 | 204,339,951.87 | 22,459,953.23 |
| Post-employment benefits - defined contribution plans | 7,210.98 | 8,645,307.98 | 8,745,218.71 | -92,699.75 |
| Other benefits due within | 1,651,848.95 | 0.00 | 1,651,848.95 | 0.00 |

| | | | | |
|----------|---------------|----------------|----------------|---------------|
| one year | | | | |
| Total | 21,753,159.52 | 216,229,914.18 | 215,615,820.22 | 22,367,253.48 |

(2) List of short-term salary

Unit: RMB Yuan

| Item | Opening balance | Increase | Decrease | Closing balance |
|--|-----------------|----------------|----------------|-----------------|
| 1. Salary, bonus, allowance, subsidy | 15,943,343.41 | 193,404,080.46 | 188,907,313.22 | 20,440,110.65 |
| 2. Employee welfare | 2,896,299.48 | 5,434,687.96 | 6,318,248.69 | 2,012,738.75 |
| 3. Social insurance | 320,195.97 | 4,432,438.32 | 4,800,404.50 | -47,770.21 |
| Including: Medical insurance premiums | 294,057.52 | 3,603,726.61 | 4,200,821.32 | -303,037.19 |
| Work-related injury insurance | 0.00 | 175,040.46 | 238,554.60 | -63,514.14 |
| Maternity insurance | 26,138.45 | 653,671.25 | 361,028.58 | 318,781.12 |
| 4. Housing fund | 55,460.04 | 4,313,399.46 | 4,313,985.46 | 54,874.04 |
| 5. Trade union funds and employee education expenses | 878,800.69 | 0.00 | 878,800.69 | 0.00 |
| Total | 20,094,099.59 | 207,584,606.20 | 205,218,752.56 | 22,459,953.23 |

(3) List of drawing scheme

Unit: RMB Yuan

| Item | Opening balance | Increase | Decrease | Closing balance |
|------------------------------|-----------------|--------------|--------------|-----------------|
| 1. Basic endowment insurance | 7,210.98 | 8,403,354.87 | 8,380,231.15 | 30,334.70 |
| 2. Unemployment insurance | 0.00 | 241,953.11 | 364,987.56 | -123,034.45 |
| Total | 7,210.98 | 8,645,307.98 | 8,745,218.71 | -92,699.75 |

15. Taxes payable

Unit: RMB Yuan

| Item | Closing balance | Opening balance |
|----------------------|-----------------|-----------------|
| Housing property tax | 1,284,132.75 | 1,283,279.90 |

| | | |
|--------|--------------|--------------|
| Others | 298,089.90 | 425,450.37 |
| Total | 1,582,222.65 | 1,708,730.27 |

16. Other accounts payable

Unit: RMB Yuan

| Item | Closing balance | Opening balance |
|------------------------|-----------------|-----------------|
| Other accounts payable | 5,443,980.25 | 37,063,635.98 |
| Total | 5,443,980.25 | 37,063,635.98 |

(3) Other accounts payable

1) Other accounts payable listed by nature of the account

Unit: RMB Yuan

| Item | Closing balance | Opening balance |
|------------------------|-----------------|-----------------|
| Other accounts payable | 5,443,980.25 | 37,063,635.98 |
| Total | 5,443,980.25 | 37,063,635.98 |

2) Significant other payables aging over one year

Unit: RMB Yuan

| Item | Closing balance | Reasons for outstanding |
|------------------------------------|-----------------|-------------------------|
| Payable to early retirement people | 278,508.26 | |
| Total | 278,508.26 | -- |

17. 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 | 16,547,687.77 | 15,566,439.20 |
| II. Termination benefits | 0.00 | 981,248.57 |
| Less: Settled within one year | -830,402.27 | -1,651,848.95 |
| Total | 15,717,285.50 | 14,895,838.82 |

(2) Changes of defined benefit plans

Present worth of defined benefit plans obligation:

Unit: RMB Yuan

| Item | Reporting period | Last period |
|---|------------------|---------------|
| I. Opening balance | 16,547,687.77 | 16,780,451.68 |
| 4. Net interest | 0.00 | 536,186.55 |
| 1. Actuarial gain (loss expressed with "-") | 0.00 | 22,012.99 |
| 2. Benefits have paid | -830,402.27 | -1,772,212.02 |
| V. Closing balance | 15,717,285.50 | 15,566,439.20 |

Plan assets:

Unit: RMB Yuan

| Item | Reporting period | Last period |
|---|------------------|---------------|
| I. Opening balance | 15,566,439.20 | 16,780,451.68 |
| II. Defined benefit cost included in the current profits and losses | 0.00 | 536,186.55 |
| III. Defined benefit cost included in other comprehensive income | 0.00 | 22,012.99 |
| IV. Other changes | -830,402.27 | -1,772,212.02 |
| V. Closing balance | 14,736,036.93 | 15,566,439.20 |

Net liabilities (net assets) of defined benefit plans

Unit: RMB Yuan

| Item | Reporting period | Last period |
|--------------------|------------------|-------------|
| I. Opening balance | 15,566,439.20 | 0.00 |
| IV. Other changes | -830,402.27 | 0.00 |
| V. Closing balance | 14,736,036.93 | 0.00 |

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).

18. Deferred income

Unit: RMB Yuan

| Item | Opening balance | Increase | Decrease | Closing balance | Nature |
|------|-----------------|----------|----------|-----------------|--------|
|------|-----------------|----------|----------|-----------------|--------|

| | | | | | |
|-------------------|---------------|------|------------|---------------|---|
| Government grants | 10,370,304.00 | 0.00 | 138,888.00 | 10,231,416.00 | Land use right of the Company's new plant |
| Total | 10,370,304.00 | 0.00 | 138,888.00 | 10,231,416.00 | -- |

Items involved in government subsidies:

Unit: RMB Yuan

| Item | Opening balance | New grant in current period | Amount included in non-operating gains | Amount included in other income | Amount reversed to cost/expense | Other changes | Closing balance | Assets-related/income related |
|---|-----------------|-----------------------------|--|---------------------------------|---------------------------------|---------------|-----------------|-------------------------------|
| Land use right of the Company's new plant | 10,370,304.00 | 0.00 | 138,888.00 | 0.00 | 0.00 | 0.00 | 10,231,416.00 | Assets-related |

19. 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 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 297,000,000.00 |

20. Capital surplus

Unit: RMB Yuan

| Item | Opening balance | Increase | Decrease | Closing balance |
|---|-----------------|----------|----------|-----------------|
| Capital premium (share capital premium) | 144,909,718.58 | 0.00 | 0.00 | 144,909,718.58 |
| Other capital reserves | 87,718,273.68 | 0.00 | 0.00 | 87,718,273.68 |
| Total | 232,627,992.26 | 0.00 | 0.00 | 232,627,992.26 |

21. 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 gains and losses | 2,479,043.70 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 2,479,043.70 |
| Including: the change caused by remeasuring net assets or liabilities of defined benefit plans or changes | 2,479,043.70 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 2,479,043.70 |
| Total | 2,479,043.70 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 2,479,043.70 |

22. 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 |

23. Retained earnings

Unit: RMB Yuan

| Item | Reporting period | Last period |
|--|-------------------|-------------------|
| Opening balance of retained profits before adjustments | -2,006,176,661.98 | -1,757,472,844.03 |
| Opening balance of retained profits after adjustments | -2,006,176,661.98 | -1,757,472,844.03 |

| | | |
|---|-------------------|-------------------|
| Add: Net profit attributable to owners of the Company | -144,240,339.44 | -248,703,817.95 |
| Closing retained profits | -2,150,417,001.42 | -2,006,176,661.98 |

List of adjustment of opening retained profits:

- 1) RMB 0.00 yuan opening retained profits was affected by retrospective adjustment conducted according to the Accounting Standards for Business Enterprises and relevant new regulations.
- 2) RMB 0.00yuan opening retained profits was affected by changes on accounting policies.
- 3) RMB 0.00 yuan opening retained profits was affected by correction of significant accounting errors.
- 4) RMB 0.00 yuan opening retained profits was affected by changes in combination scope arising from same control.
- 5) RMB 0.00 yuan opening retained profits was affected totally by other adjustments.

24. Revenue and cost of sales

Unit: RMB Yuan

| Item | Reporting period | | Last period | |
|----------------|------------------|----------------|----------------|----------------|
| | Sales revenue | Cost of sales | 收入 | Sales revenue |
| Main business | 241,717,164.88 | 287,765,181.80 | 461,778,056.98 | 485,404,449.93 |
| Other business | 989,905.42 | 0.00 | 1,566,865.62 | 0.00 |
| Total | 242,707,070.30 | 287,765,181.80 | 463,344,922.60 | 485,404,449.93 |

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 | 242,707,070.30 | | 242,707,070.30 |
| Classified by business area | | | |
| Of which: | | | |
| Domestic | -604,591.77 | | -604,591.77 |
| Oversea | 243,311,662.07 | | 243,311,662.07 |
| Type of contract | | | |
| Of which: | | | |
| Construction contract | 220,378,161.74 | | 220,378,161.74 |
| Product and service contracts | 22,328,908.56 | | 22,328,908.56 |
| Types of timing of title transfer | | | |
| Of which: | | | |

| | | | |
|--------------------------|----------------|--|----------------|
| Over time obligation | 22,328,908.56 | | 22,328,908.56 |
| Point in time obligation | 220,378,161.74 | | 220,378,161.74 |
| Total | 242,707,070.30 | | 242,707,070.30 |

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 RMB 461,094,372.00 yuan at the period-end, among which RMB 451,441,532.00 yuan was expected to be recognized in the year 2021, RMB 8,560,752.00 yuan in the year 2022 and RMB 1,092,087.00 yuan in the year 2023.

25. Business tax and surcharges

Unit: RMB Yuan

| Item | Reporting period | Last period |
|------------------------------|------------------|--------------|
| Housing property tax | 2,569,745.34 | 1,788,824.13 |
| Land use right tax | 625,779.24 | 314,978.89 |
| Stamp duty | 82,788.26 | 179,509.01 |
| Environmental protection tax | 10,945.10 | 0.00 |
| Total | 3,289,257.94 | 2,283,312.03 |

26. Selling expenses

Unit: RMB Yuan

| Item | Reporting period | Last period |
|------------------------------|------------------|--------------|
| Salary and bonus | 1,993,526.45 | 2,970,702.83 |
| Social insurance | 389,274.70 | 399,333.30 |
| Travel expenses | 30,961.42 | 0.00 |
| Housing fund | 116,419.54 | 167,457.91 |
| Depreciation | 116,783.85 | 105,124.83 |
| Lease fee | 32,148.00 | 28,397.03 |
| Energy costs | 16,368.17 | 101,949.07 |
| IT-related costs | 27,291.97 | 35,667.16 |
| Office supplies fee | 1,261.39 | 107,844.35 |
| Tendering and Other expenses | 107,925.31 | 2,835,485.50 |
| Total | 2,831,960.80 | 6,751,961.98 |

27. Administration expenses

Unit: RMB Yuan

| Item | Reporting period | Last period |
|----------------------------------|----------------------|----------------------|
| Salary and bonus | 6,686,596.70 | 6,602,241.97 |
| Social insurance | 1,945,089.61 | 2,144,838.71 |
| Travel expenses | 129,588.60 | 139,820.51 |
| Housing fund | 414,949.71 | 341,176.45 |
| Severance payment | 32,588,115.99 | 0.00 |
| Depreciation and Amortization | 550,953.93 | 463,882.94 |
| Professional consulting services | 2,201,588.68 | 0.00 |
| Office supplies fee | 242,738.30 | 194,621.24 |
| Insurance | 0.00 | 200,000.00 |
| Lease fee | 48,927.05 | 21,866.84 |
| Energy costs | 66,491.54 | 138,085.71 |
| IT-related costs | 1,021,947.04 | 405,086.28 |
| Others | 5,815,161.12 | 1,090,977.56 |
| Total | 51,712,148.27 | 11,742,598.21 |

28. Financial expenses

Unit: RMB Yuan

| Item | Reporting period | Last period |
|---|----------------------|----------------------|
| Interest expenses from loans and payables | 40,393,875.85 | 35,410,100.62 |
| Interest income from deposits and receivables | 174,443.53 | 148,847.24 |
| Net exchange losses/(gains) | -953,975.47 | -472,805.89 |
| Other financial expenses | 308,108.58 | 578,634.93 |
| Total | 39,573,565.43 | 35,367,082.42 |

29. Other income

Unit: RMB Yuan

| Sources | Reporting period | Last period |
|-------------------------------------|------------------|-------------|
| Government grants related to income | 141,000.00 | 0.00 |

30. Credit impairment loss

Unit: RMB Yuan

| Item | Reporting period | Last period |
|--|--------------------|-----------------------|
| Bad debt losses on other receivables | 353,217.98 | -988,033.49 |
| Bad debt losses on accounts receivable | -878,616.89 | -179,757.59 |
| Contract asset impairment loss | 0.00 | -51,429,620.25 |
| Total | -525,398.91 | -52,597,411.33 |

31. Assets impairment loss

Unit: RMB Yuan

| Item | Reporting period | Last period |
|--------------|----------------------|-------------|
| Fixed assets | -1,529,784.59 | 0.00 |
| Total | -1,529,784.59 | 0.00 |

32. 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 | 138,888.00 |
| Total | 138,888.00 | 138,888.00 | 138,888.00 |

List of government subsidies recorded into current profits and losses

Unit: RMB Yuan

| Item | Reporting period | Last period | Related to assets/related income |
|--|-------------------|-------------------|----------------------------------|
| Gains from the land use right of the Company's new plant | 138,888.00 | 138,888.00 | Related to assets |
| Total | 138,888.00 | 138,888.00 | |

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

Unit: RMB Yuan

| Item | Reporting period | Last period |
|--------------------------------|------------------|-----------------------|
| Changes in deferred tax assets | 0.00 | -13,715,593.12 |
| Total | 0.00 | -13,715,593.12 |

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

Unit: RMB Yuan

| Item | Reporting period |
|--|------------------|
| (Loss)/profits before taxation | -144,240,339.44 |
| Expected income tax expenses at tax rate of 25% | -36,060,084.86 |
| Effect of adjustment of previous annual income tax | 0.00 |
| Effect of non-deductible costs, expense and losses | 0.00 |
| Effect of deductible temporary differences or | 36,060,084.86 |
| Income tax expenses | 0.00 |

34. Information to cash flow statement**(1) Other cash received relevant to operating activities**

Unit: RMB Yuan

| Item | Reporting period | Last period |
|--|------------------|--------------|
| Deposit | 0.00 | 93,360.00 |
| Rental | 0.00 | 434,228.59 |
| Bond allocation | 0.00 | 123,675.00 |
| Quality compensation | 0.00 | 42,000.00 |
| 2020 Central Foreign Economic and Trade Development Special Fund (Export Credit Insurance) | 141,000.00 | 0.00 |
| Social security refund | 896,139.09 | 2,419,835.33 |
| other | 1,303,124.91 | 1,743,823.77 |
| Total | 2,340,264.00 | 4,856,922.69 |

(2) Other cash paid relevant to operating activities

Unit: RMB Yuan

| Item | Reporting period | Last period |
|---|------------------|--------------|
| Information Disclosure fees of listed Companies | 476,700.00 | 405,987.50 |
| Office expenses | 122,481.33 | 336,790.99 |
| Security fees | 0.00 | 285,600.00 |
| Insurance expenses | 20,023,200.00 | 3,687,782.32 |
| Meal fees | 6,387.00 | 1,201,513.00 |

| | | |
|--------------------------------------|---------------|---------------|
| Travel and other expenses | 816,459.72 | 1,878,324.78 |
| OST project termination compensation | 45,344,480.86 | 0.00 |
| Detection costs | 5,110.00 | 0.00 |
| Gas expense | 332,719.07 | 1,594,445.14 |
| Gas expense | 118,430.00 | 0.00 |
| Audit fee | 24,974.28 | 470,305.50 |
| Water expense | 141,187.95 | 152,286.15 |
| Commuting costs | 0.00 | 1,687,367.00 |
| General repairs & maintenances | 0.00 | 4,200.00 |
| Property costs | 0.00 | 780,011.96 |
| Postage expenses | 78,571.53 | 35,214.11 |
| Transportation expenses | 284,068.34 | 1,541,539.47 |
| Consult fees | 336,119.80 | 415,542.97 |
| Bank charge | 147,522.22 | 1,030,241.33 |
| Others | 1,257,317.57 | 1,107,940.71 |
| Tender deposit | 392,254.50 | 739,685.00 |
| Electric charge | 1,508,705.95 | 3,401,307.21 |
| Medical examination | 6,000.00 | 0.00 |
| Labor cost | 1,026,005.89 | 15,047,645.08 |
| Certification fee | 9,500.00 | 205,250.00 |
| Total | 72,458,196.01 | 36,008,980.22 |

(3) Other cash received relevant to investment activities

Unit: RMB Yuan

| Item | Reporting period | Last period |
|-----------------|------------------|-------------|
| Interest income | 10,988.47 | 148,330.13 |
| Total | 10,988.47 | 148,330.13 |

35. 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 | -144,240,339.44 | -116,980,519.11 |
| Add: Provision for assets impairments | 2,055,183.50 | 52,597,411.33 |
| Depreciation of fixed assets, depletion of oil & gas assets and productive biological assets | 10,005,097.19 | 15,339,678.09 |
| Depreciation of using right assets | | |
| Amortization of intangible assets | 1,777,545.19 | 1,843,239.18 |
| Amortization of long term deferred expenses | | |
| Losses/gains on disposal of property, intangible asset and other long-term assets (gains: “-”) | | 33,106.93 |
| Losses/gains on disposal of fixed assets (gains: “-”) | | |
| Losses/gains on the changes of fair values (gains: “-”) | | |
| Financial cost (income: “-”) | 40,209,307.17 | 34,483,708.25 |
| Losses/gains from investments (gains: “-”) | | |
| Decrease in deferred tax assets (increase: “-”) | | -13,715,593.12 |
| Increase in deferred tax liabilities (decrease: “-”) | | |
| Decrease in inventory (increase: “-”) | -28,130,160.81 | -5,549,107.29 |
| Decrease in accounts receivable from operating activities (increase: “-”) | 44,738,236.83 | -63,075,184.94 |
| Increase in accounts payable from operating activities (decrease: “-”) | -143,793,776.19 | -362,322,679.84 |
| Others | | |
| Net cash flows generated from operating activities | -217,378,906.56 | -457,345,940.52 |
| 2. Significant investing and financing activities without involvement of cash receipts and payments | -- | -- |
| Debt converted to capital | | |
| Convertible company bond due within one year | | |
| Fixed asset under finance lease | | |
| 3. Change of cash and cash equivalent: | -- | -- |

| | | |
|---|----------------|----------------|
| Closing balance of Cash | 91,571,372.50 | 52,563,144.71 |
| Less: opening balance of cash | 136,010,500.73 | 143,238,542.38 |
| Add: closing balance of cash equivalent | | |
| Less: opening balance of cash equivalent | | |
| The net increase in cash and cash equivalents | -44,439,128.23 | -90,675,397.67 |

(2) Composition of cash and cash equivalents

Unit: RMB Yuan

| Item | Closing balance | Opening balance |
|--|-----------------|-----------------|
| I. Cash | 91,571,372.50 | 136,010,500.73 |
| Including: cash in stock | 91,571,372.50 | 136,010,500.73 |
| Bank deposits that can be used for payment at any time | 91,571,372.50 | 136,010,500.73 |
| III. Closing balance of cash and cash equivalents | 91,571,372.50 | 136,010,500.73 |

36. 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 | 852,587.06 | 6.4466 | 5,496,245.11 |
| EUR | | | |
| HKD | | | |
| Account receivable | -- | -- | |
| Including: USD | 2,953,154.81 | 6.4466 | 19,037,660.14 |
| EUR | | | |
| HKD | | | |
| Long-term loan | -- | -- | |
| Including: USD | | | |
| EUR | | | |

| | | | |
|---------------------------|--------------|--------|---------------|
| HKD | | | |
| Accounts payable | | | |
| Including: USD | 2,859,314.64 | 6.4466 | 18,432,714.79 |
| EUR | 693,859.01 | 8.0411 | 5,579,389.69 |
| HKD | 1,904,377.50 | 0.7962 | 1,516,344.85 |
| Other accounts receivable | | | |
| Including: USD | 163,800.00 | 6.4466 | 1,055,944.89 |
| EUR | | | |
| HKD | | | |

37. Government grants

(1) Basic situation of government subsidies

Unit: RMB Yuan

| Item | Amount | Recognition | Amount recognized in extraordinary gain and loss in 2021 |
|--|---------------|---------------------------------------|--|
| Land use right of the Company's new plant | 10,231,416.00 | Deferred income / Non-operating gains | 138,888.00 |
| 2020 Central Foreign Economic and Trade Development Special Fund (Export Credit Insurance) | 141,000.00 | Other income | 141,000.00 |

VIII、 The risk related to financial instruments

The Company has exposure to the following main risks from its use of financial instruments in the normal course of The Company's operations:

- Credit risk
- Liquidity risk
- Interest rate risk

The following mainly presents information about the Company's exposure to each of the above risks and their sources, their changes during the year, and the Company's objectives, policies and processes for measuring and managing risks, and their changes during the year.

The Company aims to seek appropriate balance between the risks and benefits from its use of financial instruments and to mitigate the adverse effects that the risks of financial instruments have on the Company's financial performance. Based on such objectives, the Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

1、 Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's credit risk is primarily attributable to cash at bank, receivables and derivative financial instruments entered into for hedging purposes and other financial assets. Exposure to these credit risks are monitored by management on an ongoing basis.

The cash at bank of the Company is mainly held with well-known financial institutions with high credit ratings. Management does not foresee any significant credit risks from these deposits and does not expect that these financial institutions may default and cause losses to the Company.

The maximum credit risk exposure of the Company is the carrying amount of each financial asset (including derivative financial instruments) in the balance sheet. The Company has not provided any other guarantees that may subject the Company to credit risk.

The derivative financial instruments signed by the Company for hedging purposes are only traded through financial institutions with good reputation. During the reporting period, there was no credit exceeding the set limit, and no major loss due to the breach of the counterparty's unit will occur.

(1) Accounts receivable and Contract assets

The Company's accounts receivable and contract assets are mainly due to sales of boiler equipment. The Company's accounts receivable is mainly due to sales of boiler equipment. Most of the customers are large domestic thermal power plants and General Electric and its subsidiaries related to the Company. These customers have good credit and no major credit risk, in addition, the Company regularly evaluates customers 'credit every year and continuously monitors the customers' credit to ensure that the Company does not have significant credit risk.

The Company's credit risk is mainly affected by each customer's own characteristics instead of its industry or country and region. Therefore, the concentration of significant credit risk mainly stems from the significant accounts receivable and contract assets for individual customers. As of the balance sheet date, the accounts receivable and contract assets of the Company's top five customers accounted for 93% of the Company's total accounts receivable and contract assets. (2020: 85%).

For accounts receivable, the Company has formulated a credit policy according to the actual situation, and conducted a credit evaluation of customers to determine the credit sales limit and credit period. Credit evaluation is mainly based on the customer's financial status, external ratings and bank credit history (if possible).

For specific information on accounts receivable, please refer to the relevant disclosure in Note VII.2. and 7.

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 Company is responsible for their own cash management, and has signed up an entrusted loan agreement with maximum amount of RMB2.2 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.

3、 Interest rate risk

Interest-bearing financial instruments at variable rates and at fixed rates expose the Company to cash flow interest rate risk and fair value interest risk, respectively. The Company determines the appropriate weightings of the fixed and floating rate interest-bearing instruments based on the current market conditions and performs regular reviews and monitoring to achieve an appropriate mix of fixed and floating rate exposure. The Company does not enter into financial derivatives to hedge interest rate risk.

(1) As at 30 June, the Company held the following interest-bearing financial instruments:

Variable rate instruments:

| Item | Closing balance | | Opening balance | |
|----------------------------------|-------------------------|-------------------|-------------------------|-------------------|
| | Effective interest rate | Amount | Effective interest rate | Amount |
| Financial assets | | | | |
| - Cash at bank | 0.30% | 91,571,372.50 | 0.30% | 136,010,500.73 |
| Financial liabilities | | | | |
| - Short-term loans (GESPI) | 4.1325%/3.85% | -2,148,000,000.00 | 4.1325%/3.85% | -1,798,000,000.00 |
| - Short-term loans (credit loan) | 3.35% | -28,227,443.52 | 4.25% | -163,453,375.89 |
| Total | | -2,084,656,071.02 | | -1,825,442,875.16 |

(2) Sensitivity analysis

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 2021, the Company's interest-bearing debts mainly consist of RMB interest rate loan contracts with total of RMB 2,176,227,443.52.

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 | -1,088.11 | -980.73 |
| Benchmark interest rate decrease 50 basis points | 1,088.11 | 980.73 |

IX. 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 | Investing in areas in which foreign investment is permitted by the State | USD 60,964,400.00 | 51.00% | 51.00% |

Information on the parent company of the Company: The ultimate controller of the Company is General Electric Company.

2. Information of other related parts of the Company

| Name | Relationship |
|---|--|
| ALSTOM Bharat Forge Power Private Limited | The subsidiary of ultimate controlling party |
| ALSTOM Boiler France | The subsidiary of ultimate controlling party |
| ALSTOM Estonia AS | The subsidiary of ultimate controlling party |
| ALSTOM Holdings | The subsidiary of ultimate controlling party |
| ALSTOM IS&T SAS | The subsidiary of ultimate controlling party |
| ALSTOM Power Energy | The subsidiary of ultimate controlling party |
| GE Steam Power, Inc. | The subsidiary of ultimate controlling party |
| ALSTOM Power Italia S.p.A. | The subsidiary of ultimate controlling party |
| Alstom Power Ltd. | The subsidiary of ultimate controlling party |
| GE Power s.r.o. | The subsidiary of ultimate controlling party |
| ALSTOM Power Systems | The subsidiary of ultimate controlling party |
| ALSTOM Power Systems Indonesia | The subsidiary of ultimate controlling party |
| ALSTOM Power Turbomachines LLC. | The subsidiary of ultimate controlling party |
| Dresser Inc. | The subsidiary of ultimate controlling party |
| GE Boiler Deutschland GmbH | The subsidiary of ultimate controlling party |
| GE Enerji Endustri Ticaret ve Servis Anonim Sirketi | The subsidiary of ultimate controlling party |

| | |
|--|--|
| GE Middle East FZE | The subsidiary of ultimate controlling party |
| GE Power AG | The subsidiary of ultimate controlling party |
| GE Power India Limited | The subsidiary of ultimate controlling party |
| GE Power Services (Malaysia) Sdn. Bhd. | The subsidiary of ultimate controlling party |
| GE Power Sp.z o.o. | The subsidiary of ultimate controlling party |
| GE Power Sweden AB | The subsidiary of ultimate controlling party |
| GE Power Systems GmbH | The subsidiary of ultimate controlling party |
| GE Power Vietnam Company Limited | The subsidiary of ultimate controlling party |
| GE Technology GmbH | The subsidiary of ultimate controlling party |
| General Electric (Switzerland) GmbH | The subsidiary of ultimate controlling party |
| GENERAL ELECTRIC ENERGY UK LIMITED | The subsidiary of ultimate controlling party |
| General Electric Global Services GmbH | The subsidiary of ultimate controlling party |
| General Electric Technology GmbH | The subsidiary of ultimate controlling party |
| PT General Electric Power Solutions | The subsidiary of ultimate controlling party |
| GE Power Taiwan Ltd. | The subsidiary of ultimate controlling party |
| ALSTOM (Beijing) Engineering & Technology Co., Ltd | The subsidiary of ultimate controlling party |
| ALSTOM Power Energy Chattanooga Plant | The subsidiary of ultimate controlling party |
| ALSTOM Beizhong Power (Beijing) CO., Ltd | The subsidiary of ultimate controlling party |
| General Electric (Shanghai) Power Technology Co., Ltd. | The subsidiary of ultimate controlling party |
| General Electric (Wuhan) Engineering & Technology Co., Ltd | The subsidiary of ultimate controlling party |
| General Electric (China) Ltd. | The subsidiary of ultimate controlling party |
| GE Grid Engineering (Shanghai) Co., Ltd. | The subsidiary of ultimate controlling party |
| General Electric High Voltage Equipment (Wuhan) | The subsidiary of ultimate controlling party |
| General Electric Detection Control Technology (Shanghai) Co., Ltd. | The subsidiary of ultimate controlling party |
| General Electric Energy (Shenyang) Co., Ltd | The subsidiary of ultimate controlling party |
| General Electric Hydro Equipment (China) Co., Ltd. | The subsidiary of ultimate controlling party |
| General Electric Healthcare (Tianjin) Co., Ltd | The subsidiary of ultimate controlling party |
| General Electric Intelligent Equipment (Shanghai) Co., Ltd. | The subsidiary of ultimate controlling party |
| General Electric Power Generation Components (Shenyang) Co., Ltd. | The subsidiary of ultimate controlling party |
| Fieldcore technology services (Beijing) Co., Ltd | The subsidiary of ultimate controlling party |
| 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 | Reporting period | Limited transaction amount approved | Exceed the limited amount or not | Last period |
|---|------------------------------------|------------------|-------------------------------------|----------------------------------|--------------|
| GE Steam Power, Inc. | Consulting and Engineering service | 376,112.72 | 4,000,000.00 | No | 0.00 |
| GE Power India Limited | Consulting and Engineering service | 2,529,831.19 | 5,500,000.00 | No | 141,580.40 |
| GE Power Sweden AB | Raw material purchasing | 1,323,827.80 | 1,000,000.00 | No | 296,718.00 |
| ALSTOM Beizhong Power (Beijing) Co., Ltd. | Raw material purchasing | 0.00 | 950,000.00 | No | 376,112.72 |
| GE Boiler Deutschland GmbH | Raw material purchasing | 0.00 | 8,000,000.00 | No | 2,529,831.19 |
| Dresser Machinery (Suzhou) Co., Ltd. | Raw material purchasing | 0.00 | 10,000,000.00 | No | 1,796,894.78 |
| GE (Shanghai) Power Technology Co.,Ltd | Engineering service | 0.00 | 5,430,000.00 | No | 977,011.77 |

Products sales and services provided

Unit: RMB Yuan

| Name of related parties | Contents of transactions | Reporting period | Last period |
|--|--------------------------|------------------|-------------|
| GE Power India Limited | Provision of services | 77,344.68 | 0.00 |
| GE Steam Power, Inc. | Provision of services | 138,979.24 | 0.00 |
| Beizhong Alstom (Beijing) Electrical Equipment Co., Ltd | Provision of services | 108,474.74 | 47,231.84 |
| General Electric (Shanghai) Power Technology Co., Ltd | Provision of services | 189,004.43 | 0.00 |
| General Electric (Wuhan) Engineering Technology Co., Ltd | Provision of services | 110,473.24 | 0.00 |
| GE Power Services (Malaysia) | Commodity sales | 1,708,365.83 | 0.00 |

| | | | |
|---|-----------------------|----------------|----------------|
| Sdn Bhd | | | |
| GE Enerji Endustri Ticaret ve Servis Anonim Sirketi | Commodity sales | 192,109.94 | 0.00 |
| GE Middle East FZE | Commodity sales | 274,839.80 | 0.00 |
| ALSTOM Boiler France | Commodity sales | -513,489.07 | -654,920.30 |
| GE Boiler Deutschland GmbH | Commodity sales | 102,899.36 | 11,733,357.72 |
| GE Energy Switzerland GmbH | Commodity sales | 101,107,986.22 | 109,070,385.33 |
| GE Power India Limited | Commodity sales | 205,463.66 | 1,073,032.51 |
| GE Power Sweden AB | Commodity sales | 16,580,267.19 | 5,887,910.91 |
| GE Steam power Switzerland GmbH | Commodity sales | 33,895,500.16 | 6,109,198.48 |
| GE Steam Power Systems | Commodity sales | 1,165,951.49 | 2,027,921.10 |
| GE Steam Power, Inc. | Commodity sales | 4,454,975.73 | -2,355,968.59 |
| General Electric (Switzerland) GmbH | Commodity sales | 24,943,015.94 | 143,142,418.40 |
| General Electric (Shanghai) Power Technology Co., Ltd | Commodity sales | 973,940.18 | 77,074,420.25 |
| GE Power Services (Malaysia) Sdn. Bhd | Commodity sales | 0.00 | 561,164.69 |
| GE Power Sp.z.o.o. | Commodity sales | 0.00 | -2,461.50 |
| GENERAL ELECTRIC ENERGY UK LIMITED | Provision of services | 0.00 | 147,108.21 |
| GE Power Taiwan Ltd. | Provision of services | 0.00 | 207,547.17 |

(2) Related party lease

As the lessor:

Unit: RMB Yuan

| Name of lessee | Type of assets leased | Lease income recognized in this Reporting period | Lease income recognized in last period |
|---|-----------------------|--|--|
| General Electric (Wuhan) Engineering Technology Co., Ltd. | Office space rental | 96,572.48 | 96,572.48 |
| General Electric (Shanghai) Power Technology Co., Ltd. | Office space rental | 67,560.10 | 33,780.05 |

As the lessee:

Unit: RMB Yuan

| Name of lessor | Type of assets leased | Lease expense recognized in | Lease expense recognized in |
|----------------|-----------------------|-----------------------------|-----------------------------|
|----------------|-----------------------|-----------------------------|-----------------------------|

| | | Reporting period | last period |
|--|-------|------------------|-------------|
| General Electric Wind Power Equipment Manufacturing (Shenyang) Co., Ltd. | plant | 499,757.37 | |

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

Unit: RMB Yuan

| Related party | Amount | Start date | End date | Note |
|------------------------------------|----------------|------------|----------|------------------------------------|
| Funds Received | | | | |
| Ge Steam Power Investment Co., Ltd | 390,000,000.00 | | | Annual interest rate 4.1325%/3.85% |
| Funds Paid | | | | |
| Ge Steam Power Investment Co., Ltd | 40,000,000.00 | | | Annual interest rate 4.1325%/3.85% |

(4) Remuneration for key management

Unit: RMB Yuan

| Item | Reporting period | Last period |
|---------------------------------|------------------|--------------|
| Remuneration for key management | 3,632,505.39 | 4,321,958.18 |

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 | 7,084,526.67 | 173,210.16 | 18,710,970.64 | 184,823.06 |
| Accounts receivable | GE Power Services (Malaysia) Sdn. Bhd. | 1,774,186.00 | 17,741.86 | 334,143.21 | 3,573.52 |
| Accounts receivable | GE steam Power Ltd | 0.00 | 0.00 | 64,578.12 | 0.00 |
| Accounts receivable | GE Boiler Deutschland GmbH | 0.00 | 0.00 | 464,216.07 | 4,642.17 |
| Accounts receivable | General Electric | 0.00 | 0.00 | 5,998,151.00 | 59,981.51 |

| | | | | | |
|---------------------|---|--------------|-----------|---------------|------------|
| | (Switzerland) GmbH | | | | |
| Accounts receivable | General Electric (Shanghai) Power Technology Co., Ltd. | 129,909.86 | 1,128.24 | 484,776.16 | 0.00 |
| Accounts receivable | GE Steam Power Italia S.r.l. | 1,570,800.00 | 15,708.00 | 1,570,800.00 | 0.00 |
| Accounts receivable | GE Power Estonia AS | 48,000.00 | 480.00 | 48,000.00 | 480.00 |
| Accounts receivable | GE Power Systems India Private | 613,000.00 | 6,130.00 | 683,789.00 | 6,130.00 |
| Accounts receivable | GE Steam Power, Inc. | 45,242.00 | 452.42 | 153,737.84 | 980.18 |
| Accounts receivable | GENERAL ELECTRIC ENERGY UK LIMITED | 0.00 | 0.00 | 613,726.80 | 0.00 |
| Accounts receivable | General Electric (Wuhan) Engineering & Technology Co., Ltd | 0.00 | 0.00 | 14,416.00 | 0.00 |
| Accounts receivable | GE Energy Switzerland GmbH | 0.00 | 0.00 | 30,307,920.26 | 303,079.20 |
| Accounts receivable | GE steam Power Systems | 0.00 | 0.00 | 1,722,100.00 | 17,221.00 |
| Accounts receivable | General Electric Global Services GmbH | 0.00 | 0.00 | 2,411,661.87 | 0.00 |
| Accounts receivable | GE Middle East FZE | 274,839.80 | 2,748.40 | 0.00 | 0.00 |
| Accounts receivable | GE Power India Limited | 6,499.98 | 65.00 | 0.00 | 0.00 |
| Other receivables | GE Power Systems India Private | 310,789.00 | 1,553.95 | 240,000.00 | 2,400.00 |
| Other receivables | GE Power Services (Malaysia) Sdn. Bhd. | 0.00 | 0.00 | 23,209.00 | 232.09 |
| Other receivables | GE Power Sweden AB | 0.00 | 0.00 | 1,248,360.88 | 12,483.61 |
| Other receivables | General Electric Global Services | 385,698.61 | 1,928.49 | 385,698.61 | 0.00 |

| | | | | | |
|-------------------|--|---------------|--------------|---------------|--------------|
| | GmbH | | | | |
| Other receivables | General Electric (Shanghai) Power Technology Co., Ltd. | 122,224.47 | 18,819.63 | 18,300.01 | 18,300.01 |
| Other receivables | General Electric (Wuhan) Engineering & Technology Co., Ltd | 14,735.28 | 73.68 | 125,118.55 | 0.00 |
| 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 steam Power Ltd | 117,236.00 | 586.18 | 0.00 | 0.00 |
| Contract assets | GE Energy Switzerland GmbH | 7,637,920.95 | 0.00 | 0.00 | 0.00 |
| Contract assets | GE Power India Limited | 484,840.36 | 0.00 | 467,302.04 | 0.00 |
| Contract assets | GE Steam Power Systems | 5,405,336.91 | 0.00 | 4,239,385.41 | 0.00 |
| Contract assets | General Electric (Shanghai) Power Technology Co., Ltd. | 30,739,907.62 | 0.00 | 29,881,861.34 | 0.00 |
| Contract assets | GE Steam Power Boiler France | 3,371,881.58 | 0.00 | 3,482,870.65 | 0.00 |

(2) Payables from related parties

Unit: RMB Yuan

| Item | Related parties | Closing balance | Opening balance |
|------------------|-------------------------------------|-----------------|-----------------|
| Accounts payable | GE Boiler Deutschland GmbH | 26,363,474.05 | 25,985,835.55 |
| Accounts payable | ALSTOM Power Turbomachines LLC | 0.00 | 10,143.07 |
| Accounts payable | GE Power India Limited | 0.00 | 141,580.40 |
| Accounts payable | Dreiser machinery (Suzhou) Co., Ltd | 0.00 | 1,796,894.78 |
| Accounts payable | GE Power Sweden AB | 0.00 | 394,560.02 |
| Accounts payable | General Electric Power | 0.00 | 30,492.79 |

| | | | |
|-------------------------|---|---------------|---------------|
| | Generation Components (Shenyang) Co., Ltd. | | |
| Other payables | General Electric (Shanghai) Electric Power Technology Co., Ltd. | 0.00 | 388,069.58 |
| Other payables | GE Steam Power, Inc. | 629,784.08 | 825,974.82 |
| Other payables | GE Power s.r.o. | 256,715.85 | 256,715.85 |
| Other payables | GE (China) Co., Ltd. | 17,910.10 | 421,652.96 |
| Other payables | General Electric (Switzerland) GmbH | 14,391,310.96 | 18,269,473.54 |
| Other payables | GE Boiler Deutschland GmbH | 0.00 | 292,263.23 |
| Advances from customers | GE Steam Power Boiler France | 402,500.00 | 402,500.00 |
| Advances from customers | GE Steam Power, Inc. | 0.00 | 6,673,297.60 |
| Advances from customers | GE Boiler Deutschland GmbH | 0.00 | 944,679.93 |
| Advances from customers | GE Energy Switzerland GmbH | 0.00 | 14,293,229.61 |
| Advances from customers | General Electric (Shanghai) Power Technology Co., Ltd. | 0.00 | 26,787,039.35 |
| Contract liabilities | GE Boiler Deutschland GmbH | 167,919.51 | 270,818.87 |
| Contract liabilities | GE Energy Switzerland GmbH | 50,119,458.49 | 65,897,026.55 |
| Contract liabilities | GE Power India Limited | 204,334.55 | 385,759.90 |
| Contract liabilities | GE Steam power Switzerland GmbH | 26,039,607.66 | 55,411,626.97 |
| Contract liabilities | GE Steam Power, Inc. | 2,709,062.65 | 7,086,302.00 |
| Contract liabilities | General Electric (Switzerland) GmbH | 5,799,900.80 | 14,841,553.71 |
| Contract liabilities | General Electric (Shanghai) Power Technology Co., Ltd. | 0.00 | 3,823.13 |

X. Commitments and contingency

1. Significant commitments

Important commitments on balance sheet date

(1) Capital commitments

| Item | 2021/6/30 | 2020/12/31 |
|------------------------------|--------------|--------------|
| Long-term asset construction | 3,505,854.27 | 3,640,057.72 |
| Total | 3,505,854.27 | 3,640,057.72 |

2. Contingencies

(1) Important contingencies on the balance sheet date

As of June 30, 2021, the quality guarantee is RMB 258,750.00, and the performance guarantee is RMB 32,999,827.00.

XI. 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 | |
| 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 | 279,888.00 | |
| 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 | |
| Total | 279,888.00 | -- |

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 | -9.57% | -0.49 | -0.49 |
| Net profit excluding extraordinary gain and loss attributable to the | -9.59% | -0.49 | -0.49 |

| | | | |
|--|--|--|--|
| Company's ordinary equity shareholders | | | |
|--|--|--|--|

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