

Stock Code: 200771

Stock ID: Hangqilun B

Announcement No. 2015-08



二零一四年年度报告

ANNUAL REPORT 2014

Released on March 28, 2015

Chapter I. Important Remarks, Table of Contents, and Definitions

The Board of Directors, The Supervisory Committee, the supervisors and the directors of the Company guarantee that there are no significant omissions, fictitious or misleading statements carried in the Report and we will accept individual and joint responsibilities for the truthfulness, accuracy and completeness of the Report.

All of the directors attended the board meeting on which this report was examined.

Profit distribution preplan, which was adopted at the board meeting, is: basing on the total capital share on December 31,2014, RMB1.00 and 0 bonus share(tax included) will be distributed to each 10 shares. No capitalization of common reserves will be carried out.

Chairman Mr. Zheng Bin, Chief Financial Officer Pu Yangshuo, and the Chief of Accounting Department Ms. Zhao Jiamao hereby declare: the Financial Statement in the report is guaranteed to be truthful and complete.

This Annual Report contains prospective descriptions, which doesn't constitute substantial commitment to investors. Investors are requested to be aware of the risks attached to their investment decisions.

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Glossary

Terms	Defined as	Description
Company, the Company	Defined as	Hangzhou Steam Turbine Co., Ltd.
The Group, Hangqi Group	Defined as	Hangzhou Steam Turbine Power Group Co., Ltd.
the report period, the current period, the current year	Defined as	January 1 – December 31 2014
Zhongneng Co.	Defined as	Hangzhou Zhongneng Steam Turbine Power Co., Ltd. – the holding subsidiary of the Company
Casting Co.	Defined as	Hangzhou Steam Turbine Casting Co., Ltd. – the holding subsidiary of the Company
Packaged Tech. Co.	Defined as	Zhejiang Steam Turbine Packaged Technology Development Co., Ltd. – the holding subsidiary of the Company
Machinery Co.	Defined as	Hangzhou Steam Turbine Machinery Equipment Co., Ltd. - the holding subsidiary of the Company
Auxiliary Machine Co.	Defined as	Hangzhou Steam Turbine Auxiliary Machinery Co., Ltd. - the holding subsidiary of the Company
Turbine Co.	Defined as	Zhejiang Turbine Import & Export Co., Ltd. – the holding subsidiary of the Company
Heavy Industry Co.	Defined as	Hangzhou Steam Turbine Heavy Industry Co., Ltd. - the holding subsidiary of the Company
The Board of Directors	Defined as	The Board of Directors of Hangzhou Steam Turbine Co., Ltd.
The Supervisory Committee	Defined as	The Supervisory Committee of Hangzhou Steam Turbine Co., Ltd.
The Shareholders' Meeting	Defined as	The Board of Directors of Hangzhou Steam Turbine Co., Ltd.
RMB, RMB0'000, RMB000'000'000	Defined as	RMB Yuan, RMB10 thousand Yuan, RMB100 million Yuan
MW	Defined as	Unit of power: 1000KW
PLM	Defined as	Product life circle management information system
BFPT	Defined as	Boiler Feeding Pump Turbine
PTA	Defined as	terephthalic acid, an organic chemical material
BOT	Defined as	Building – operation – transferring

Prompt of Risks

Risks in the Company's business operation are described in the Directors' Report in Chapter IV.

The Company's official disclosure presses: Hong Kong Commercial Daily (English), Shanghai Securities Daily (Chinese), Securities Times (Chinese), and <http://www.cninfo.com.cn> (Chinese & English). Please refer to these medias for the official disclosure of the Company and be aware of investment risks.

Chapter II. Company Profile

I. Basic Information

Stock ID	Hangqilun B	Stock Code	200771
Stock Exchange Listed in	Shenzhen Stock Exchange		
Company Name in Chinese	Hangzhou Steam Turbine Co., Ltd.		
Short form of Company Name in Chinese	Hangqilun		
Name in English	HANGZHOU STEAM TURBINE CO.,LTD		
Abbreviation in English	HTC		
Legal representative:	Zhen Bin		
Reg. Add.	No. 357 Shiqiao Rd. Hangzhou		
Post Code	310022		
Office address	No. 357 Shiqiao Rd. Hangzhou		
Post Code:	310022		
Web Address	www.htc.cn		
Email.	ychq@htc.cn		

II. Contacts

	Secretary of the Board	Representative of Stock Affairs
Name	Yu Changquan	Wang Gang
Address	No. 357 Shiqiao Rd. Hangzhou	No. 357 Shiqiao Rd. Hangzhou
Tel.	0571-85780432	0571-85780198
Fax.	0571-85780433	0571-85780433
Email.	ychq@htc.cn	wg@htc.cn

III. Place for information disclosure

Press media for information disclosure	Securities Times, Shanghai Securities Daily, Hong Kong Commercial Daily
Web address for the annual report as assigned by CSRC.	http://www.cninfo.com.cn
Place for inquiry of the annual report	The Board of Directors' Office of Hangzhou Steam Turbine Co., Ltd.

IV. Change of Business Registration

	Registration date	Registration place	No. of Incorporation Certificate	No. of Taxation Registration	Organization code
Primary registration	April 23, 1998	No. 357 Shiqiao Rd. Hangzhou	浙企股浙总副字第 002150	330165704202620	704202620
Last registration before the end of report period	December 10, 2014	No. 357 Shiqiao Rd. Hangzhou	330000400001023	330165704202620	704202620
Change of main business since listed	<p>The original scope of main businesses of the Company: The design and manufacturing of steam turbine, gas turbine, other rotating and to-and-fro machinery and auxiliary equipment, and spare parts and components, sales of self-manufactured products and the providing of relevant after-sales service and import & export service.</p> <p>In July 2008, the business scope was modified to: Design and manufacturing of steam turbine, gas turbine, other rotating and to-and-fro machinery and auxiliary equipment, and spare parts and components, sales of self-manufactured products and the providing of relevant after-sales service; sales and import & export of power plant, industrial driving, industrial turbine equipment and complete equipment. For those involve in quota or licensing shall follow legal procedures.</p> <p>In March 2009, the business scope was modified to: Design and manufacturing of steam turbine, gas turbine, other rotating and to-and-fro machinery and auxiliary equipment, and spare parts and components, sales of self-manufactured products and the providing of relevant after-sales service; sales and import & export of power plant, industrial driving, industrial turbine equipment and complete equipment.</p>				
Change of holding shareholder (if any)	No change in holding shareholder since listed				

V. Miscellaneous information

CPA hired by the Company

Name of the CPA	Pan-China Certified Public Accountants (Special general partnership)
Address of the CPA	4-10/F Xihu Business Building, 128 Xixi Road, Hangzhou, Zhejiang
Name of CPA signed on the auditors' report	Jiang Xiaodong, Zhang Qizhi

Chapter III. Financial Highlights

I. Main accounting data and indices

Are there any retrospective adjustment or restatement of financial information of previous year due to change of accounting policies or correcting of accounting errors? Yes No

	2014	2013		Increase / Decrease over the previous year	2012	
		Not adjusted	Adjusted		Adjusted	Not adjusted
Turnover (RMB)	3,722,331,920.13	5,064,643,686.67	5,064,643,686.67	-26.50%	4,575,383,435.46	4,575,383,435.46
Net profit attributable to shareholders of the listed company (yuan)	352,077,352.23	653,356,182.05	654,179,550.68	-46.18%	735,102,032.17	735,102,032.17
Net profit attributable to the shareholders of the listed company and after deducting of non-recurring gain/loss(RMB)	322,785,643.46	616,839,211.83	617,662,580.46	-47.74%	672,749,403.19	672,749,403.19
Net Cash flow generated by business operation (RMB)	283,728,971.92	369,664,531.93	369,664,531.93	-23.25%	777,689,632.25	777,689,632.25
Basic earnings per share (Yuan/share)	0.47	0.87	0.87	-45.98%	0.97	0.97
Diluted earnings per share (Yuan/share)	0.47	0.87	0.87	-45.98%	0.97	0.97
Net income on asset, weighted	8.12%	16.13%	16.10%	-7.98%	20.57%	20.57%
	End of 2014	End of 2013		Changed over end of last year	End of 2012	
		Not adjusted	Adjusted		Adjusted	Not adjusted
Gross Assets (RMB)	7,552,058,947.02	7,945,648,806.43	7,645,648,806.43	-1.22%	7,447,716,037.95	7,447,716,037.95
Net asset attributable to owners of the PLC	4,450,598,244.32	4,230,942,110.74	4,242,074,281.15	4.92%	3,872,156,922.52	3,882,465,724.30

II. Differences in accounting information under IAS and domestic accounting standard

1. Differences between the net profit and net asset in the financial reports prepared under IAS and Chinese Accounting Standard

No difference between the net profit and net asset in the financial reports prepared under IAS and Chinese Accounting Standard for the report period.

2. Differences between the net profit and net asset in the financial reports prepared under IAS and Chinese Accounting Standard

No difference between the net profit and net asset in the financial reports prepared under IAS and Chinese Accounting Standard for the report period.

III. Non-recurring gain/loss items and amounts

In RMB Yuan

Items	Amount of 2014	Amount of 2013	Amount of 2012	Remarks
Gain/loss from disposal of non-current assets (includes the recovered part of asset impairment provision already provided)	83,044.88	29,279,598.21	120,616,717.24	
Gains and losses included in the current period of government subsidies, excluding those government grants which are closely related to normal business and in line with national policy , or in accordance with fixed standards or quantities	12,268,275.22	16,517,582.75	13,931,213.71	
Gain/loss from change of fair value of transactional asset and liabilities, and investment gains from disposal of transactional financial assets and liabilities and sellable financial assets, other than valid period value instruments related to the Company' s common businesses	20,631,255.58	16,533,520.13		
Restoring of receivable account impairment provision tested individually			1,200,000.00	
Other non-business income and expenditures other than the above	7,401,855.41	248,232.04	-1,034,053.11	
Less: Influenced amount of income tax	8,283,775.86	11,084,671.48	20,469,425.87	
Influence on minority shareholders' equity (after tax)	2,808,946.46	14,977,291.43	51,891,822.99	
Total	29,291,708.77	36,516,970.22	62,352,628.98	--

None of non-recurring gain/loss items recognized as recurring gain/loss items as defined by the Information Disclosure Explanatory Announcement No.1 – Non-recurring gain/loss in the report period.

Chapter IV. Board of Directors' Report

I. Business overview

In the report period, global economy was even lower than expected and showing weakness in recovering. Although US was performing relatively stronger, Euro zone and Japan were hesitating, while new economies were slowing down constantly. International trade was growing very slow globally. On the other side, domestic economy was relatively stable but also under down pressure for the year. National government was prompting its macro structural refining policies pursuing a steady growth in a long-term view. However in the economical restructuring process, industrial and manufacturing businesses, especially large equipment building industries, were under greater pressure brought by over production, financing capabilities, environmental pressure, and deficit in investment demand.

The Company adopted a number of countermeasures to offset these negative affects. Technical innovation had been put at the top of consideration to catch up with general industrial structure adjustment, and to keep the Company at the leading position of the industry. Secondly, information technologies were promoted to fully develop the efficiency of the Company's production and management, and eventually increase competition.

In the report period, the Company still took the 1st place in terms of market share, total profit, and overall economic index in the whole industrial of steam turbine according to the statistic provided by Association of Steam Turbine Industry. For the report period, the Company has realized turnover of RMB3,722,331,900, a decrease of 26.5%; total profit of RMB501,331,800, a decrease of 42.11%; net profit of RMB423,946,700, including net profit attributable to owners of the parent company of RMB352,077,400, a decrease of 46.18%.

II. Analysis of main business

1. Summary

For the report period, the Company produced business turnover of RMB3,722,331,900, a decrease of 26.5%; net profit of RMB423,946,700, including net profit attributable to owners of the parent company of RMB352,077,400, a decrease of 46.18%. Gross profit ratio of main products has decreased. However as comparing with the even lower gross profit of steel sales, the gross profit of current year has increased by certain extent.

Retrospection on progress of the development strategies and business plan disclosed in previous period.

Items	Occurred current term	Occurred in previous term	Changed by %	Remarks on the change
Turnover	3,722,331,920.13	5,064,643,686.67	-26.50	Decrease of sales due to industrial decline
Operation cost	2,363,125,652.50	3,411,549,649.25	-30.73	Decrease of sales expense along with sales
Sales expense	158,590,899.44	189,379,007.03	-16.26	Decrease of transportation expense along with sales
Administrative expense	592,118,584.23	562,638,390.77	5.24	Transferring of partial R&D over to administration expense
Financial expenses	15,255,789.99	9,713,220.64	57.06	Increase of interest expense due to increase of bank loan balance in general
Cash flow generated by business operation, net	283,728,971.92	369,664,531.93	-23.25	Retrieving of sales payment slowed down affected by general economy.
Net cash flow generated by investment	-125,768,539.13	-377,662,816.83	-66.70	Investment on land using rights of Qiangjiang Development Zone and Technical Research Building in last year
Net cash flow by financing	-406,358,256.90	-233,509,369.17	74.02	General affect of crease in loans and dividend

(1) Technical innovating to lead the whole industry

The Company kept accelerating investment in technical development in the report period. A number of major

technical breakthrough were achieved:

Steam turbine for 100K cube meter air separator of coal chemistry was successful in trial operation. It will help the Company to enter the leading group of the world.

Success on the first set of steam turbine for water pump of 1000MW hydropower plant reinforced the Company's leading position in the area.

Development of high-power back pressure generator will keep the Company's product on hot sales in thermal power industry.

Development of high-speed blade was an breakthrough of the limit of imported technologies.

Researches on high-proficiency blade will further increase efficiency of industrial turbines.

Meanwhile, Hangzhou Zhongneng Steam Turbine Co., Ltd. was carrying forward the industrializing of organic media low temperature residue thermal turbine. And diesel residue power generator for ships was developed.

Air-cooling products developed cooperatively by Hangzhou Steam Turbine Auxiliary Co., Ltd. and overseas partners were in small amount production and put on sales.

In the report period, the Company was reinforcing creation of innovation platforms by obtaining supports from HSTG. A number of top technical innovations were put into production.

Through market research and analyzing on the domestic market, the Company has built Gas Turbine Institute to conduct developing and technical reserving of the area.

Industrial Steam Turbine Rotator Power Lab was accepted and launched as the leader of this area.

A number of Technical Master Workshops were built at multiple levels and contributed a great number of applied technical achievements.

R&D investment account of 4.85% of turnover of the year. The Company was ranked 29 in the top 100 innovative enterprises. The Company itself and Hangzhou Zhongneng Steam Turbine Co., Ltd., Hangzhou Guoneng Steam Turbine Co., Ltd., Zhejiang Huayuan Steam Turbine Co., Ltd., and Zhejiang Steam Turbine Packaged Technologies Co., Ltd. were certified high-tech enterprises.

In the report period, the Company had won multiple awards from the government and clients. The Company filed for 28 technical patents and 21 granted.

(2) Marketing efforts

The Company was doing its best to catch up with the market change and expand product lines.

Comparing with past years, the amount of contracts of industrial steam turbine were decreasing, but the Company is still taking leading positions in high-end markets such as large scale oil refining, petrol chemistry, and coal chemistry, and won multiple contracts which were regarded benchmark of the areas.

Benefit from the rising of power plant industry, contracts for water pump and wind blower were increasing constantly.

The reverse-type generator set was on hot sales for its economical and technological advantages. Impulse generator set was adopted by Fujian Fengquan Environment Protection Company and made the Company a large BOT service provider in the new garbage power plant field.

The Company has been promoting sales network construction and hosted multiple conferences in thermal power field and coal chemistry field.

Efforts in international marketing were reinforced in the report period. Along with a number of negative affects, the Company keep adjusting to meet international standards and exploring to the depth of market.

For the report period, overseas business were mainly the power plant project in Pakistan, driving set project in Middle-east, and some others in South-east Asia markets, with total amount of RMB450 million. The Company was cooperating with general contractors in the international market and home, and setup a number of branches and offices globally.

Subsidiaries of the Company were also expanding to their business to global markets. Zhongneng Co. participated in construction of the largest-of-world residue power plant in Iraq; Auxiliary Co. set its foot in PTA project in the US; and Turbine Co. has won in the bidding of power plant in Indonesia.

In the report period, the Company has been reinforce services to the clients and consolidated customer loyalty.

Sales of parts, services, and reconstruction have increased by nearly 10%. A remote controlling system basing on the Internet was further applied and a trop of experts on dynamic balance was formed to resolve vibration problems on site at the clients.

Life-circle service was carried forward providing parts and services to the clients, and contributed over RMB60 million of turnover.

(3) To lay a solid foundation for development by refining of management

In the report period, the Company kept upgrading its performance management mechanism. Online real-time controlling was realized on key performances regarding production and accounting processes.

Risk management was one of the main concerns of the Company. Production and projects were closely observed to minimize loses from delay of contracts.

Inventory management was reinforced to lift efficiency and lower the costs.

Focusing on the increasing of receivable accounts, the Company reinforced the effort by connecting the wages of sales forces with the retrieving of accounts.

For the report period, the Company was carrying forward finest-quality projects. Borrowing experiences from high-end markets, quality-management was fully reformed. International quality experts were invited to consult the Company and provide suggestions on quality control.

Cooperating with revered quality inspection institutions, the Company upgraded its production planning and quality controlling systems with concentration on quality, costs, and delivery period.

In year 2014, the provincial government led the construction of “Made in Zhejiang” standard system, and the Company was one of the first four enterprises selected by the program.

In the report period, the Company accelerated construction of the IT project. PLM project was on testing stage after one year of construction and designing. Operation of this project will greatly increase the data-processing abilities regarding R&D, production and supply chain.

As of integration of production resources, the Company has constructed a supply chain platform to increase efficiency of the distributed production. It covers data transmitting, progress control, and performance assessment.

Finance-business integrated supply chain system was launched to upgrade information technology of financial operation. It has passed testing stage and put into operation.

Statements on the difference between the actual performance and the projected profitability if it is over 20%.

applicable not applicable

Change of main business operation pattern

applicable not applicable

2. Revenue

The Company realized main business turnover of RMB3.712 billion, a decrease of 26.45% year-on-year. This was mainly caused by the major decline of sales of gas turbine under the depressed macro economy. Along with the great decline of sales, some contracts were suspended and delayed.

Whether the sales of products are greater than sales of services?

Yes No

Business categories	Items	Unit	2014	2013	Change over same period last year
Industrial steam turbine	Sales	Set/package	418	423	-1.18%
	Output	Set/package	421	416	1.20%
	Inventory	Set/package	88	85	3.53%
Gass turbine, compressor	Sales	Set/package	6	8	-25.00%
	Output	Set/package	11	5	120.00%
	Inventory	Set/package	5	0	100.00%

Statement on change of amounts for over 30% YoY.

applicable not applicable

Major orders in hand.

applicable not applicable

Major change or adjustment in products or services.

applicable not applicable

Major buyers of the Company's products or services

Sales to top 5 customers (RMB)	1,273,695,423.07
Share of sales to top 5 clients in the total sales of year	34.22%

Profiles of top 5 clients

No.	Name of clients	Sales (RMB)	Percentage in total sales of year
1	Client I	862,137,403.46	23.16%
2	Client II	228,084,615.35	6.13%
3	Client III	69,999,999.96	1.88%
4	Client IV	59,900,754.72	1.61%
5	Client V	53,572,649.58	1.44%
Total	--	1,273,695,423.07	34.22%

3. Costs

Business categories

In RMB Yuan

Business categories	Items	2014		2013		Change over same period last year
		Amount	Share in operational costs	Amount	Share in operational costs	
Boiler and power machine manufacture		2,008,104,121.31	85.23%	2,751,888,012.36	81.54%	-27.03%
Casting		44,056,440.35	1.87%	68,042,266.64	2.02%	-35.25%
Petrochemical and other special machineries		130,976,469.45	5.56%	65,227,670.39	1.93%	100.80%
Packaged equipment for waste heat power plant		0.00	0.00%	2,216,685.46	0.07%	-100.00%
Steel trade		0.00	0.00%	415,084,215.84	12.30%	-100.00%
Other special equipment		173,086,756.65	7.35%	72,490,883.37	2.15%	138.77%
Total		2,356,223,787.76	100.00%	3,374,949,734.06	100.00%	-30.18%

Categories of products

In RMB Yuan

Categories of products	Items	2014		2013		Change over same period last year
		Amount	Share in operational costs	Amount	Share in operational costs	
Industrial steam turbine		2,008,104,121.31	85.23%	2,751,888,012.36	81.54%	-27.03%
Casted parts		44,056,440.35	1.87%	68,042,266.64	2.02%	-35.25%
Auxiliary machinery		130,976,469.45	5.56%	65,227,670.39	1.93%	100.80%
Packaged equipment for waste heat power plant		0.00	0.00%	2,216,685.46	0.07%	-100.00%
Steel trade		0.00	0.00%	415,084,215.80	12.30%	-100.00%
Others		173,086,756.65	7.35%	72,490,883.37	2.15%	138.77%
Total		2,356,223,787.76	100.00%	3,374,949,734.06	100.00%	-30.18%

Remarks

Operational costs decreased by 30.73%, including 30.18% of decrease of main business costs. This was mainly caused by overall depress of the whole industry. Turnover of the parent company decreased by 25%, therefore the costs were decreasing.

Main suppliers of the Company

Total purchase from top 5 suppliers (RMB)	470,838,528.66
Share of purchase from top 5 suppliers in total purchase of year	18.51%

Profiles of top 5 suppliers

No.	Name of suppliers	Amount of purchase (RMB)	Percentage in total purchase of year
1	Supplier I	135,829,059.83	5.34%
2	Supplier II	119,855,321.79	4.71%
3	Supplier III	81,687,752.69	3.21%
4	Supplier IV	72,780,029.33	2.86%
5	Supplier V	60,686,365.01	2.39%
Total	--	470,838,528.66	18.51%

4. Expenses

Items	2014	2013	Changed by %	Remarks on the change
Sales expense	158,590,899.44	189,379,007.03	-16.26	Transportation expense decreased along with decrease of turnover
Administrative expense	592,118,584.23	562,638,390.77	5.24	
Financial expenses	15,255,789.99	9,713,220.64	57.06	Interest increased along with increase of loan balance in general
Income tax expenses	77,385,100.71	131,146,615.15	-40.99	Taxable income decrease along with declining of turnover

5. R&D expenses

Purposes, progress, and target of the R&D projects in the report period, and their influences on future development:

The Company conducted its R&D projects to breakthrough technical bottlenecks which limited its development and provide solid foundation for long-term steady development.

Operation of R&D projects were strictly following the requirement of project contracts. Successful projects will further refine quality and performance of the Company's products and expand application field.

Along with the increased investment on R&D, the influences of new technologies will become more supportive to the leading position of the Company in the whole industry.

Technical research and developing of new products were essential to increase competition of the Company. R&D expenses in the current year was RMB180 million, accounted for 3.75% of the net asset and 4.85% of the turnover as provided by the latest auditing report.

6. Cash flow

In RMB Yuan

Items	2014	2013	Change over same period last year
Sub-total of cash inflow from business activities	3,121,978,891.24	4,395,702,188.21	-28.98%
Sub-total of cash outflow from business activities	2,838,249,919.32	4,026,037,656.28	-29.50%
Cash flow generated by business operation, net	283,728,971.92	369,664,531.93	-23.25%
Sub-total of cash inflow due to investment activities	1,858,871,320.48	2,621,976,689.57	-29.10%
Sub-total of cash outflow due to investment activities	1,984,639,859.61	2,999,639,506.40	-33.84%
Net cash flow generated by investment	-125,768,539.13	-377,662,816.83	66.70%
Subtotal of cash inflow from financing activities	551,060,000.00	635,424,882.64	-13.28%
Subtotal of cash outflow due to financing activities	957,418,256.90	868,934,251.81	10.18%
Net cash flow generated by financing	-406,358,256.90	-233,509,369.17	-74.02%
Net increasing of cash and cash equivalents	-248,165,082.97	-244,201,413.88	-1.62%

Statement on change of amounts for over 30% YoY.

The subtotal of cash out flow by investment decreased by 33.84%, and was caused by reducing of financial instrument in the period. Net cash flow from investment increased by 66.70%, and was caused by purchasing of land using rights of Qiangjiang Development Zone and Technical Building in previous year. Net cash flow from financing decreased by 74.02%, and was caused by decrease of loan raised and dividend distributed.

Statement on major difference between operational cash flow and net profit of the year.

applicable not applicable

III. Main business composition

In RMB Yuan

	Turnover	Operation cost	Gross profit ratio %	Change in turnover YoY	Change in operation cost YoY	Change in gross profit YoY
On Industries						
Boiler and power machine manufacture	3,107,064,498.45	2,008,104,121.31	35.37%	-27.77%	-27.03%	-0.66%
Casting	55,565,601.22	44,056,440.35	20.71%	-30.45%	-35.25%	5.88%
Petrochemical and other special machineries	161,854,342.42	130,976,469.45	19.08%	81.87%	100.80%	-7.63%
Packaged equipment for waste heat power plant				-100.00%	-100.00%	-14.91%
Steel trade				-100.00%	-100.00%	-0.54%
Others	387,760,581.21	173,086,756.65	55.36%	147.85%	138.77%	1.69%
Total	3,712,245,023.30	2,356,223,787.76	36.53%	-26.45%	-30.18%	3.40%
On Products						
Industrial steam turbine	3,107,064,498.45	2,008,104,121.31	35.37%	-27.77%	-27.03%	-0.66%
Casted parts	55,565,601.22	44,056,440.35	20.71%	-30.45%	-35.25%	5.88%
Auxiliary machinery	161,854,342.42	130,976,469.45	19.08%	81.87%	100.80%	-7.63%
Packaged equipment for waste heat power plant				-100.00%	-100.00%	-14.91%
Steel trade				-100.00%	-100.00%	-0.54%
Others	387,760,581.21	173,086,756.65	55.36%	147.85%	138.77%	1.69%
Total	3,712,245,023.30	2,356,223,787.76	36.53%	-26.45%	-30.18%	3.40%
On territories						
Domestic	3,494,672,280.04	2,181,379,117.11	37.58%	-25.28%	-28.54%	2.85%
Overseas	217,572,743.26	174,844,670.65	19.64%	-41.23%	-45.74%	6.69%
Total	3,712,245,023.30	2,356,223,787.76	36.53%	-26.45%	-30.18%	3.40%

If the statistics window of main business has been changed in the report period, the main business information of the latest year after adjusted according to the new statistics window.

applicable not applicable

IV. Situation of assets and liabilities

1. Major change in asset items

In RMB Yuan

	End of 2014		End of 2013		Change of share	Statement on major change
	Amount	Share in total asset	Amount	Share in total asset		
Monetary capital	613,958,063.91	8.13%	883,141,568.17	11.55%	-3.42%	Mainly decrease of sales payment received and decrease of prepayment for steam turbines
Account receivable	2,388,919,641.98	31.63%	2,116,165,121.01	27.68%	3.95%	
Inventories	1,594,074,228.69	21.11%	1,522,662,268.44	19.92%	1.19%	
Fixed assets	678,033,380.86	8.98%	609,425,345.52	7.97%	1.01%	
Construction in process	89,469,259.14	1.18%	166,904,606.60	2.18%	-1.00%	Mainly transmission of equipment to fixed asset in the period

2. Major change in liability items

In RMB Yuan

	2014		2013		Change of share	Statement on major change
	Amount	Share in total asset	Amount	Share in total asset		
Short-term loans	198,600,000.00	2.63%	376,900,000.00	4.93%	-2.30%	Repaying of loans from parent company
Long-term borrowings	18,500,000.00	0.24%			0.24%	Loans of Casting Co. with duration of 3 years

3. Assets and liabilities on fair value basis

applicable not applicable

4. Main overseas properties

applicable not applicable

V. Competition analyze

As the largest developing and manufacturing base of industrial steam turbine throughout the country, the Company has been in the territory with years of experiences, which provided obvious advantages from technical research to production, from marketing to customer services.

1. A complete technical innovation system was established. The Company has under its possession of national, provincial, and municipal grade technical centers, a doctoral workstation, and an academician workstation. Close co-operations were carried out with institutions and universities from throughout the country. As the main drafter of national standard on industrial steam turbine, the Company has the newest technical trend under its close observation. The Company is now providing nearly 600 different models of steam turbines to the customers and hold the newest technical system covering the product lines up to 150 MW.

Secondly, the company production model of modular design, concurrent engineering, enabled the company to balance the production cost, delivery date and customer demands.

Thirdly, the Company has established strategic co-operations with main customers in the country. Further marketing approaches were carried on by involving itself in the customers' value. A sound and steady image has

been set up in the domestic steam turbine market. In the global market, the Company has acquired multiple important certifications and has established a primary global recognition.

Fourthly, the Company has its complete service providing system. The Company is not only capable to provide onsite 24-hour service for the Company's own products, but also accumulated rich experiences in technical maintenance and reengineering of other manufacturers' products.

Fifthly, the Company has cultivated a significant advantage in human resources. Great importance has been attached to construction of work teams with collection of high-end workforce in the areas of research & development, designing, technique, testing, and quality control. An excellent workforce provides a sound foundation to lift quality and services.

VI. Analyzing of investment position

1. External equity investment

(1) External investment

✓ applicable not applicable

External Investment		
Investment of the period (RMB)	Investment of same period of last year (RMB)	Scale of change
28,381,036.07	10,261,013.65	176.59%
Particulars of the invested company		
Name of companies	Main Business	Share of equity in invested entity
Hangzhou Changdi Equity Investment Partnership (limited liability)	External investment	2.97%
Zhejiang Runhong Fuel Engine Co., Ltd.	Design and service of gas turbine	58.00%
Wuxi Xinchang Steel Tube Co., Ltd.	Production, processing, and sales of metal tubes	15.76%

(2) Shareholding in financial enterprises

✓ applicable not applicable

Name of companies	Type of company	Original investment cost (RMB)	Opening amount of shares	Shareholding percentage at beginning	Shares held at the end of term (shares)	Shareholding percentage at closing	Close balance of book value (RMB)	Gain/loss in report period (RMB)	Accounting subject	Source of shares
Bank of Hangzhou Co., Ltd.	Commercial Bank	390,954,040	115,593,200	6.92%	138,711,840	6.92%	390,954,040	23,118,640	Sellable financial asset	Own capital
Total		390,954,040	115,593,200	--	138,711,840	--	390,954,040	23,118,640	--	--

(3) Stock investment applicable not applicable

No securities investment in the report period.

(4) Statement of holding equities in other PLCs applicable not applicable

The Company was not holding shares of any other PLC as of the end of report period.

2. Trusted financing, derivate instruments, and trusted loans**(1) Trusted financing** applicable not applicable

In RMB10 thousand

Title of trustee	Relationship	Related transaction or not	Type of product	Amount entrusted	Started on	Expired on	Mean of reward	Principal retrieved this period	Impairment provision provided (if any)	Predicted income	Actual gain/loss of the period
Citic Bank Co., Ltd.	Non-related	No	Financial instruments of banks	53,800				50,800		280.13	280.13
Bank of China	Non-related	No	Financial instruments of banks	26,240				26,240		81.78	81.78
CICB	Non-related	No	Financial instruments of banks	2,500				2,500		15.4	15.4
Ping'an Trust Co., Ltd.	Non-related	No	Financial instruments of banks	11,900				6,020		362.19	362.19
Ping'an Trust Co., Ltd.	Non-related	No	Financial instruments of banks	14,500				10,500		348.42	348.42
China Everbright Bank	Non-related	No	Financial instruments of banks	110,000				85,000		975.2	975.2
Total				218,940	--	--	--	181,060		2,063.12	2,063.12
Resource of capital trusted				Independent							
Accumulated principal and gains overdue				0							
Date of announcement made by the Board about approval of trusted financial service (if any)				January 27 2014							
Date of announcement made by the Shareholders' Meeting about approval of trusted financial service (if any)											

(2) Derivate instrument investment applicable not applicable

No derivate instrument investment in the report period.

(3) Trusted loans applicable not applicable

No trusted loans in the report period.

3. Using of proceeds from share placing. applicable not applicable

No using of capital from public financing in the report period.

4. Analyze of main subsidiaries and affiliates

√ applicable □ not applicable

Profiles of main subsidiaries and affiliates

In RMB Yuan

Name of companies	Type of business	Industry	Major products or service	Registered capital	Gross Assets	Net asset	Turnover	Operation profit	Net profit
Zhejiang Steam Turbine Packaged Technology Development Co., Ltd.	Subsidiaries	Trade of packadged equipment	Technological development of automatic control and instrument control	51, 000, 000. 00	281,916,125.02	97,452,815.25	231,731,289.67	22,292,159.40	17,506,492.29
Hangzhou Zhongneng Steam Turbine Power Co., Ltd.	Subsidiaries	Manufacturing	Designing and manufacturing of steam turbines	92,500,000.00	802,384,531.63	344,892,838.56	736,948,605.10	93,212,433.04	80,926,879.92
Hangzhou Steam Turbine Casting Co., Ltd.	Subsidiaries	Casting	Iron and steel casting	22,000,000.00	460,753,202.30	180,534,368.03	307,664,308.13	12,088,926.80	12,752,064.99
Hangzhou Steam Turbine Machinery & Equipment Co., Ltd.	Subsidiaries	Manufacturing	Producing and processing of steam turbine parts	30,000,000.00	203,090,254.38	142,843,007.08	199,570,830.17	58,346,122.86	46,407,865.49
Hangzhou Steam Turbine Auxiliary Machine Co., Ltd.	Subsidiaries	Manufacturing	Manufacturing of steam turbine auxiliary machines	80,000,000.00	491,162,840.71	268,207,317.82	435,259,106.45	49,194,436.88	42,147,863.61
Zhejiang Turbine Import & Export Co., Ltd.	Subsidiaries	Commerce & trade	International trade	20,000,000.00	353,302,101.26	46,747,715.26	337,663,261.68	-4,235,940.86	1,293,242.55
Hangzhou Steam Turbine Heavy Industry Co., Ltd.	Subsidiaries	Manufacturing	Designing and manufacturing of steam turbines	360,000,000.00	368,076,058.47	367,495,319.24		8,276,093.01	6,186,034.21

Particulars about acquiring and disposal of subsidiaries

✓ applicable not applicable

Name of companies	Purposes of acquiring and disposing	Ways of acquiring and disposing	Influences on overall production and business performance
Zhejiang Runhong Fuel Engine Co., Ltd.	Reinforce customer service	Direct capital input	Increase operational income

5. Major projects using non-raised capital

✓ applicable not applicable

In RMB10 thousand

Projects	Planned investment	Amount invested this report term	Accumulation of actual input at end of period	Investment progress of the project	Turnover of the project	Date of disclosure (if any)	Index of information disclosed
Project of Steam Turbine Heavy Industry	208,400	571.86	571.86	0.27%	0	March 26, 2013	2013-20
Total	208,400	571.86	571.86	--	--	--	--

VII. Prospectus of business performance of January – March 2015

Alert of loss or significant change in net profit from the beginning of year to the end of next report period or comparing with the same period of last year, and statement of causations.

✓ applicable not applicable

Prediction: significant decline in same direction

Category of prediction data: periodic data

	From the beginning of year to the end of next report period	Same period last year	Changed by	
Predicted number of accumulative net profit (RMB0,000)	1,000-2000	7,744.3	Decline	74.00%-87.00%
Net profit attributable to the shareholders of listed company RMB0'000	850-1700	6,730.00	Decline	74.74%-87.37%
Basic earnings per share (Yuan/share)	0.01-0.02	0.09	Decline	78.00%-89.00%
Remarks on the prediction	Mainly because decrease of sales contracts and in turn decrease of sales, gross profit, and net profit.			

VIII. Entities with special purposes under the Company's control

applicable not applicable

IX. Development prospect

(I) Development and competition of the whole industry

As the largest developing and manufacturing base of industrial steam turbine throughout the country, the Company has been in the territory with years of experiences, which provided obvious advantages from technical research to production, from marketing to customer services. The products can be categorized into industrial driving steam turbine and industrial power plant steam turbine.

Industrial steam turbine: Industrial steam turbines are used to provide driving power for rotating machines such as compressors, power fans, pumps, and extractors. They are widely adopted as important power supplying equipment in the industries of oil extracting, chemistry, fertilizer, power plant, construction materials, pharmacies, and environment protection.

Industrial power plant steam turbine: Industrial power plant steam turbines are primarily used in driving of generators and produce heating power in the same time. They are widely used by independent power plant of industrial enterprises, local area power & heating supplying system, and consolidated gas-steam turbines circulation power plants, and city trash power plants.

Gas turbines produced by the Company are mainly used in field of residue thermal power plant in metallurgy field.

Along with the development of Chinese economy, application fields of industrial steam turbines were affected significantly. Petrol chemical industry was suffering from over production, as well as multiple related areas such as refining, PTA, chemical fertilizer, and so on. Therefore investment and construction of new projects were showing down.

However the supply and demand composition will be changed positively in the future. Oil and natural gas made from coal were attracting notices in recent years, which created a number of new coal-chemical factories. These are main areas where investment goes in recent years.

However the unexpected falling of oil prices in global market was a great challenge for the investment of coal-chemistry. According to the national policies, the government will promote construction of projects in Yulin Shanxi, Erduosi Neimeng, and Changzhi Shanxi

Under the most strict standards on environment and water resource protection, new coal-chemistry projects will be constructed with channels carrying gas to developed areas of the country.

It is expected up to 2017 that the coal-gas production will be 32 billion cube meters, and coal-oil will be 100 million ton. Generally the industry will be carried forward cautiously and the market of its products will be promoted.

According to the strategic plan of national government, consumption of natural gas will be over 10% in the total energy consumption up to 2020. The feature of distributed energy using is an important way to save energy, therefore supported by the government and market as well.

According to the general plan, distributed energy system will be adopted in large cities all over the country, totaled to 500 million KW. Application of home-made equipment were encouraged by the government.

Development of back-pressure thermal power set was supported by the national policies as well. Consideration was laid on energy and environment, and increasing of thermal power demand.

A number of government documents have mentioned promoting of united set of thermal power.

According to the plan, the capacity of coal thermal power plant will be 28% up to 2020. Large scale sets are encouraged for large cities and back-pressure thermal power sets are encouraged as well. While in mid-small cities, back-pressure thermal power sets are put at priority.

These change of national economical restructuring will bring significant to equipment building industry.

They are guiding the industry to high-end of the industrial chain and promote development of modern service industry.

On the other hand, the country will accelerate integration of industries and unity of upper and lower stream industries.

Steam turbine industry was suffering from general deficit due to over production of down stream industries such as metallurgy, construction materials, and chemistry, as well as severe competition in the market. The whole steam turbine industry was losing money in 2014, which was rarely seen in previous years.

On the other hand, technical development of the industry was accelerated toward high-capacity, high-efficiency, smart, and environment friendly. Multiple breakthroughs were achieved in homemade major equipment. As the result, competition layout was on the change in the whole industry.

Enterprises with greater technical innovation ability, prompt reaction to demand, lower costs, and greater product coverage will take the leading place of the whole industry.

In recent years, large power plant steam turbine builders were invading the industrial driving steam turbine territory, while the later was doing the reverse. The bound between the two areas were redefined constantly.

On the other side, international enterprises in the area were expanding their business deploy in China. Pressures from high rising costs and exchange rates as well as the international competition will accelerate the Company's approaches to reform its business reformation.

(II) Development strategy

Along with both development opportunities and severe competition, the Company will keep going toward the direction of innovation and differentiation. Development of core techniques will keep the Company at the leading position of the field. Catching up with the change of down stream industries, the Company will satisfy the demand brought by upgrading of them. Energy saving and environment friendly solutions will be developed and provided to the fields of thermal power plant and industrial energy saving.

The abilities in service providing will be further reinforced as well. This will contribute to produce extra values from clients. On marketing effort, the Company will keep exploring international markets and get itself ready for future recovery of global economy.

According to the future change of national energy layout, the Company will keep close attention on development of natural gas application. Commercial technologies of gas turbines will be developed by construction of technical groups and cooperation with other institutions.

(III) Business plan for year 2015

Looking into 2015, the global economy is recovering slowly with features of uncertainty and unbalance. The new round of technical revolution will turnover the foundations of traditional industries.

Chinese economy is under continuous down pressure in 2015 as well. The down-stream industries were reducing their production and the Company is facing severe market situation.

For year 2015, the Company will go all out with its best efforts to achieve the goal of RMB4 billion on turnover, RMB500 million on total profit, and an increase of 10% of investment on technical researches (refers to general prediction of the parent company and holding subsidiaries, no consolidation done with them).

The above targets do not constitute prediction of business performance of 2015, for they are dependent on contingent factors such as market trends, diligence of operation team. Investors please be aware of these.

Major operational measurements for 2015

1. Pursuing of excellence

In year 2015, the Company will conduct its strategic measurements with full assessment on the performance of the Company in the 12th five-year-plan. Close attention will be paid on the macro environment, national policies,

industrial trends, and future market.

Along with the upgrading of global equipment industry, technologies regarding information processing, internet, and great data will be adopted into the Company's production structure refining. As to the layout of industrial chain, the Company will concentrate on development of gas turbines and make long-term and mid-term programs for technical development.

Along with the development of gas turbine technologies, the Company will keep seeking mid-small gas turbine projects both home and overseas. Infrastructure construction will be upgraded, including the R&D building and Steam Turbine Heavy Industry project.

2. Refining the marketing force

Year 2015 will be another difficult year for the Company with depressive profitability and uncertainty of projects.

The Company will catch the opportunities brought by new development of thermal power market and explore new markets especially large scale back-pressure and super high-back-pressure projects.

Against the achievement of multiple new projects, the Company will keep the leading position in the high-end market of industrial driving steam turbine, especially in large scale coal-chemistry, oil refining, and petrol-chemistry fields. Efforts will be paid on steam turbines for hydropower plant water pumps and wind blowers.

Greater effort will be paid on expanding of residue thermal power plant market as well.

Further reinforce service providing ability and promote remote diagnostic technologies and increase the contribution of service providing in main business turnover.

Keep expanding overseas markets by cooperating with general contractors and international engineering enterprises.

3. Driven by innovation and keep technical advantages

The Company will enlarge its investment on R&D to increase product performance and efficiency. Industrialization of high-speed blades and low-pressure blades will be carried forward to enrich its product lines.

New and advanced production techniques will be used to upgrade production and lower the costs. A number of new products, including 100K air separation, million ton ethane, large scale thermal power, and nuclear power.

Deepen quality control in the process of projects with reference to international standards. Accelerate IT reconstruction projects, realize operation of cost management and PLM projects, promote ERP project basing on normal operation of PLM.

4. Management upgrading and risk control

Risks from market will be transmitted to management in 2015. The Company will keep optimizing its administration processes concentrating on dynamic adjustment, fine using of resources, and reducing impact from changing of contracts.

Centralized purchasing system will be built to reinforce supply chain management, as well as inventory and logistics management. Target management will be introduced gradually to cost controlling, and full-business operation management.

Attach great importance to management of receivable accounts, inventory control, assessment, risk control, and budget management as well.

Upgrade HRM to introduce high-end and key personnel. Keep fulfilling its social responsibilities regarding safety, environment, and health management.

(IV) Financial arrangement

For the Company has its two major projects launched this year, financial demand will increase constantly. The Company will make rational financial and capital plans to meet the needs of business operation in 2015. A number of financial resources, including independent financing and debtor financing, will be adopted.

(V) Risks

1. Market risks: Along with the constant decline of domestic fixed asset investment, development of the steam turbine market was slowing down. More competition and decreasing of gross profit ratio are expectable, and will bring certain pressure to the Company's market share and competition. However the Company will do all its best in aspects of technical innovation, market exploring, quality lifting, service upgrading, and value adding, to neutralize the negative impact of the market.

2. Risks of contract fulfilling: Under the impact of macro environment, the Company was suffering from frequent variation of contracts and delay or suspension of projects. These brought great influence on the Company's production process and greater cost risks. The Company is further reinforcing the execution of contracts and credit management to reduce the risks to the lowest limit.

3. Financial risks Receivable accounts and inventory were increasing constantly in recent years, and brought negative impact on the Company's performances. There still will be financial risks along with expanding of export businesses and fluctuating of exchange rates. The Company will further upgrade its financial risk management approaches to ensure healthy development.

4. Risks on deficit of profitability Following the turning of national investment to civil and infrastructure projects, the Company's original product structure was altering gradually. Orders from high-end market were decreasing while those with low gross profit were increasing. Furthermore, severe competition has brought even greater pressure on the profit ratio of sales. However a number of measurements were adopted in design, production, sales, and service to lower costs and risks from decreasing of profitability.

X. Statement of the Board and the Supervisory Committee on the "Non-standard Auditors' Report" issued by the CPA

applicable not applicable

XI. Statement on changes of accounting policies, accounting estimations, and accounting basis comparing with the last fiscal year

applicable not applicable

Since 2014, the Company has adopted the newly revised eight accounting standards including "Enterprise Accounting Standard No.9 – Employees' wages" released by the Department of Finance in 2014.

Change of the accounting standards was approved at the 15th meeting of the 6th term of Board and reported on November 25, 2014 by public notice (Announcement No. 2014-44).

Items and their amounts under impact

Items under major impact	Amount of influence	Notes
Balance Sheet ended Dec 31 2013		
Sellable financial asset	472,349,826.87	
Long-term share equity investment	-472,349,826.87	
Differed income	9,700,985.00	
Other non-recurring liabilities	-9,700,985.00	
Retained profit	11,132,170.41	
Minor shareholders' equity	-11,132,170.41	
Income Statement of 2013		
Net profit attributable to the owners of parent company	823,368.63	
Minor shareholders' equity	-823,368.63	

XII. Statement on retrospective correction of material accounting errors in the report period

applicable not applicable

No retrospective correction of material accounting error in the report period.

XIII. Statement on change of consolidation range comparing with the previous fiscal year

applicable not applicable

Particulars about subsidiaries added by means of direct incorporation or investment:

Zhejiang Runhong Gas Turbine Engineering Co., Ltd. was setup by Zhejiang Turbine Import & Export Co., Ltd. and Ningbo Daxie Development Zone Huashun Industry & Trade Co., Ltd. The new company was incorporated on July 3, 2014 with registered capital of RMB30 million. Actually RMB3 million was inputted, in which RMB1.74 million was inputted by Zhejiang Turbine Import & Export Co., Ltd. and account for 58% of the total. Zhejiang Turbine Import & Export Co., Ltd. is holding substantial control power over the new company therefore it is consolidated in the financial statements of the Company since its incorporation.

XIV. Particulars about dividends

Produce, exercise or modification of dividend plan in the report period

applicable not applicable

1. [Principles of dividend policy]: The Company adopts the principles of constancy and stability for its dividend policy. Reasonable reward to the shareholders and the long-term and overall benefit of the Company and shareholders are both the best concern of the policy.
2. [Cash dividend at priority]: Dividends are to be distributed in terms of cash, share option, or both of the two. Cash dividend is at priority if the Company is making profit and with adequate cash flow for business operation.
3. [Opinions and claims of the independent directors and minority shareholders are accepted]: Practical dividend plans are prepared by the Board of Directors with consideration of business practice, profitability, development stage, cash flow, current capital demand of the Company, as well as the opinions of the shareholders, especially minority shareholders. Independent Directors shall provide independent opinions on the dividend plan before it is submitted to the Shareholders' Meeting.
4. [Dividend cycle]: Dividends are distributed on annually basis. Dividend plans are announced within 4 months upon the end of each fiscal year, and are executed within 2 months upon approval of the shareholders' meeting.
5. [Rate of dividend]: When the Company is making profit and with adequate cash flow to support constant business operation, accumulated cash dividends in the latest three years shall not be less than 30% of the average distributable profit of the same years.
6. [Decision making procedures of dividend plan]: According to the Articles of Association, the dividend plans are proposed by the Board of Directors, approved by the board meeting, and submitted to the shareholders' meeting along with the opinions of the independent directors.
7. [Procedures to adjust the dividend policies]: Whenever the Company is about to adjust the dividend policies to satisfy the needs of changing situation regarding production, investment, or long-term development, the adjusted policies shall not violent the regulations of CSRC or SSE. Opinions from independent directors and supervisors shall be obtained in advance of being submitted to the board meeting and the shareholders' meeting. It is only effective when supported by over 2/3 of the votes (voting shares) at the shareholders' meeting.

Particulars about Cash Dividend Policy	
Whether satisfying the requirements of the Articles of Association or resolutions of the shareholders' meeting	Yes
Are standard and rate of dividend definite and clear	Yes
Complete decision making process	Yes
Independent directors fulfilling their responsibilities	Yes
Whether the minority shareholders were given opportunities to express their claims or opinions, whether their legal rights are safeguarded	Yes
Whether the conditions and procedures of adjusting cash dividend policy legal and transparent	Yes

Profit distribution or common reserve capitalization in the latest 3 years (including the report year)

The dividend plan for year 2014 was basing on the total capital share of 754,010,400 on December 31,2014, RMB1.00 and 0 bonus share(tax included) will be distributed to each 10 shares. No capitalization of common reserves will be carried out. Totally RMB75,401,040 will be distributed.

The dividend plan for year 2013 was basing on the total capital share of 754,010,400 on December 31,2013, RMB2.00 and 0 bonus share(tax included) were distributed to each 10 shares. No capitalization of common reserves will be carried out. Totally RMB150,802,080 was distributed.

The dividend plan for year 2012 was basing on the total capital share of 754,010,400 on December 31,2012, RMB4.00 and 0 bonus share(tax included) were distributed to each 10 shares. No capitalization of common reserves will be carried out. Totally RMB301,604,160 was distributed.

Cash dividends in the latest three years

In RMB Yuan

Dividend year	Cash dividend (tax included)	Net profit attributable to the owners of the PLC in the consolidated statement	Percentage in net profit attributable to owners of the PLC in the consolidated statement	Amount of repurchased shares by means of cash offer accounted into cash dividend	Percentage of repurchased shares by means of cash offer accounted into cash dividend
2014	75,401,040.00	352,077,352.23	21.42%	0.00	0.00%
2013	150,802,080.00	654,179,550.68	23.05%	0.00	0.00%
2012	301,604,106.00	735,102,032.17	41.03%	0.00	0.00%

XV. Plan of dividend and capitalizing of common reserves for current year

applicable not applicable

Bonus shares to each 10 shares	0
Dividend (tax included) for each 10 shares, RMB	1.00
Bonus shares to each 10 shares	0
Total amount of shares – basis for the dividend plan (shares)	754,010,400
Total of cash dividend (RMB) , tax included	75,401,040.00
Percentage of cash dividend in total dividend	100.00%
Cash dividend policies:	
If the Company is currently in mature stage of development and material capital arrangement has been scheduled,	

the cash dividend shall be at least 40% in the total dividend.
Particulars about the profit distribution and capitalizing reserves plan for the report period
None

XVI. Statement on social responsibilities

applicable not applicable

1. Along with the view of long-term development and maximizing of shareholders' benefit, the Company also fully aware of its responsibilities regarding environment, resources, employees, costumers, suppliers, and the society. A concord community and collective benefit are the ultimate target of the Company.

2. The Company has composed the Standard for Social Responsibility Management to clarify responsibilities of the Company covering defending the benefits of the shareholders, creditors, and employees, as well as requirements on workplace safety, environmental protection, energy saving, and community services. A social responsibility committee headed by the General Manager was established to assign duties to each department.

3. In the report period, the Company was responding to the proposal of Zhejiang Association of PLCs to defend the benefits of mid-small investors and conducted multiple communications with the investors and exercised cash dividend.

4. The Company was handling suppliers and clients with sincerity. Contracts were fulfilled in good faith. Strategic cooperation was established with suppliers supported by information platform. Customized service schemes were provided to the clients and welcomed by them.

5. Development of workforce was promoted aggressively. Working conditions were improving. Over 200 training programs were provided, and numbers of technical masters were awarded at national and provincial government. Masters' workshops were established at the first line of production.

The Company revised the medical security scheme, further improved allowances. Insurances covering severe disease and cancer were newly added. Regulations for out-send workers were formed according to national regulations. Special collective contract and workplace safety collective contract were engaged with the Trade Union. A "trinity" safety management system was established.

The Company organized multiple culture events all through the year, expanded facilities, and supported events organized by employees.

6. In the report period, the Company attached great importance to environment protection and energy saving. Special indexes were deployed to regulate actions regarding environment. Safe disposal and treatment of waste material have reached 100%.

According to the requirement of environment administration system, 29 schedules were made and completed in the report period. The Company has satisfied all of the national standard regarding waste water, waste gas, and noise.

Energy consuming indexes were formulated for all departments. A number of energy-saving projects were conducted, and achieved obvious decline in total energy consuming in the year.

7. Supporting and organizing of community services

Along with pursuing of business development, the Company also pays great attention to community services. In the report period, the Company donated to a number of social welfare programs, such as Scholarship for Zhejiang Industrial Vocational College, Spring Breeze Action, and so on. Blood donation programs were promoted among employees.

Hangzhou Steam Turbine Casting Co., Ltd. and Hangzhou Steam Turbine Auxliary Co., Ltd. donated to "treatment of five rivers" program, and Hangzhou Steam Turbine Machinery Equipment Co., Ltd. donated to a community of Lahsa.

8. In the report period, the Company accepted social responsibility inspection conducted by local government and performed by a third party and was ranked AA.

Whether the PLC or any of its subsidiaries are recognized as heavy pollution industry by national environmental authorities

Yes No Not applicable

Whether the PLC or any of its subsidiaries involves in material social security issues

Yes No Not applicable

Whether the Company was under execution of punishment in the report period

Yes No Not applicable

XVII. Reception of investigations, communications, or interviews in the report period

applicable not applicable

Time/date	Place	Way	Type of visitors	Visitors	Main content involved and material provided
May 29, 2014	The Company	Field research	Individual	Shareholders of the Company	Mid-long term development prospect, competition, transferring of B stocks, management incentive plans, need for financing
Time of receptions					1
Number of institutes received					0
Number of individuals received					1
Number of other visitors received					0
If un-disclosed material information disclosed?		No			

Chapter V. Significant Events

I. Major lawsuits and arbitrations

applicable not applicable

In the report period, the Company had no material lawsuits or arbitrations.

II. Questioning by medias

applicable not applicable

No media queries raised in the report period.

III. Non-operational capital appropriation by holding shareholder and its related parties

applicable not applicable

No non-operational capital appropriation by holding shareholder or related parties occurred in the report period.

IV. Receivership and bankruptcy

applicable not applicable

No bankruptcy or capital reorganizing issues occurred in the report period.

V. Asset transactions

1. Acquisition of assets

applicable not applicable

No acquisition of assets at the end of report period.

2. Disposal of assets

applicable not applicable

No disposal of assets at the end of report period.

3. Merger of entities

applicable not applicable

No merger or takeover of entities in the report period.

VI. Implementation of share incentive program and influences

applicable not applicable

No stock incentive plan composed nor implemented in the report period.

VII. Material related transactions

1. Related transactions related to daily operation

applicable not applicable

Related parties	Relationship	Type of trade	Subjects of the related transactions	Principle of pricing the related transactions	Price of trade	Amount of trade RMB0'000	Ratio in similar trades	Way of payment	Market price of similar trade available	Date of disclosure	Index of information disclosure
Hangzhou Steam Turbine Automobile Sales Service Co., Ltd.	Affiliate of the Group	Accept labor	freight, repairing fee	Fair and just	Market price	5,924.99		Bank transfer		Mar 28 2015	2015-13
Hangzhou Hangfa Power Generating Equipment Co., Ltd.	Affiliate of the Group	Purchase of goods	Generators	Fair and just	Market price	11,983.4		Bank transfer		Mar 28 2015	2015-13
Greenesol Co. (India)	Shares held by the Company	Purchase of goods	Generators	Fair and just	Market price	4,986.83		Bank transfer		Mar 28 2015	2015-13
Total				--	--	22,895.22	--	--	--	--	--

2. Related transactions related to asset purchasing or disposal

applicable not applicable

No related transaction regarding asset purchase or disposal up to the end of report period.

3. Related transaction of joint external investment

applicable not applicable

No related transaction of joint external investment in the report period.

4. Debts and credits with related parties

applicable not applicable

Non-operational transaction of credits and debts with related parties

[V] Yes [] No

Related parties	Relationship	Type of credit or debt	Cause	Is there any non-operational capital appropriation	Opening balance (RMB0'000)	Occurred current period (RMB0'000)	Closing balance (RMB0'000)
Zhejiang Turbine Import & Export Co., Ltd.	Fully-owned subsidiary	Credit receivable from related party	Loan interests	Yes		230.47	0
Hangzhou Steam Turbine Casting Co., Ltd.	Controlled subsidiaries	Credit receivable from related party	Principal and interest of loans	Yes		3,505.33	0
Hangzhou Hengsheng Thermal Power Equipment Co., Ltd.	Entity controlled by minority shareholders of grand subsidiary	Credit receivable from related party	Principal and interest of loans	Yes	250.14	9.27	0
Total					250.14	3,745.07	

5. Other related transactions applicable not applicable

No other related transaction in the report period.

VIII. Material contracts and execution**1. Entrustment, contracting, and leasing issues**

(1) Trusteeship

 applicable not applicable

No trusteeship in the report period.

(2) Contracting

 applicable not applicable

No contracting in the report period.

(3) Leasing

 applicable not applicable

No Leasing in the report period.

2. Guarantees

applicable not applicable

In RMB10 thousand

External Guarantee (Exclude controlled subsidiaries)								
Guarantee provided to	Amount of guarantee and date of disclosure	Amount of the guarantee	Actual date of occurring (signing date of agreements)	Actual amount of guarantee	Type of guarantee	Term	Completed or not	Related guarantee
Zhongkong Science & Technology Group Co., Ltd.	April 10, 2014	300	Mar 1 2014	300	Pledge	1 yr	Yes	No
Total of external guarantee approved in the report term (A1)			300	Total of external guarantee actually occurred in the report term (A2)				0
Total of external guarantee approved as of end of report term (A3)			300	Total of external guarantee actually occurred as of end of report term (A4)				0
Guarantee provided to controlled subsidiaries								
Guarantee provided to	Amount of guarantee and date of disclosure	Amount of the guarantee	Actual date of occurring (signing date of agreements)	Actual amount of guarantee	Type of guarantee	Term	Completed or not	Related guarantee
Total of guarantee provided by the Company (i.e. total of the above two items)								
Total of guarantee approved in the report term (A1+B1)			300	Total of guarantee occurred in the report term (A2+B2)				
Total of guarantee approved as of end of report term (A3+B3)			300	Total of guarantee occurred as of the end of report term (A4+B4)				
In which:								

Particulars about combined guarantees

(1) Illegal providing of external guarantees

applicable not applicable

No illegal providing of external guarantees in the report period.

3. Other material contracts

applicable not applicable

No other material contract in the report period.

4. Other material trades

applicable not applicable

No other material trade in the report period.

IX. Filling of commitment issues**1. Commitment issues of shareholders with 5% or over of the Company's shares occurred in the report period or carried down from previous period.**

No commitment issues by shareholders with 5% or over of shares in the report period or carried over to the report period from previous periods

2. Statement on the situation of predicted profit on assets or projects, and actual results of the same

applicable not applicable

X. Engaging or dismissing of CPAs

Current CPA

Domestic CPA	Pan-China Certified Public Accountants (Special common partnership)
Reward for domestic CPA (RMB0'000)	106
Successive years the domestic CPA has been providing service to the Company	16
Name of CPAs from the domestic CPA firm	Jiang Xiaodong, Zhang Chuanzhi

Was the CPA been changed in the report period

Yes No

Engaging of CPA for internal auditing, financial consultants or sponsors

applicable not applicable

Pan-China Certified Public Accountants is engaged the auditor of internal control system for the current year. With payment of RMB260 thousand for its service.

XI. Statement of the supervisory committee and independent directors on “non-standard auditors’ report” issued by the CPA (if any)

applicable not applicable

XII. Punishment and improvement

applicable not applicable

No punishment or improving approach in the report period.

XIII. Particulars about possible suspension or termination of stock trading upon releasing of this annual report

applicable not applicable

XIV. Statement on other material issues

applicable not applicable

1. Change of accounting policies

The Company modified its accounting policies in accordance with the newly revised Enterprise Accounting Standard issued by the Department of Finance. For details please refer to the Announcement on Modification of Accounting Standard (Announcement No. 2014-44) published by Securities Times, Shanghai Securities Daily, Hong Kong Commercial Daily (English) and <http://www.cninfo.com.cn> dated November 26, 2014.

2. Alternation of management

For Mr. Nie Zhonghai applied for resigning from Chairman, and Mr. Ye Yongzhong was at the age of retiring, the Board of Directors adopted the following resolutions:

- (1) Mr. Zheng Bin will take the position of Chairman of Board and legal representative of the Company and no longer the General Manager of the Company;
- (2) Mr. Ye Zhong will take the place of General Manager, and no longer take the positions of Vice General Manager and Engineer General;
- (3) Mr. Kong Jianqiang will take the position of Engineer General;
- (4) Mr. Li Jiansheng will take the position of Vice General Manager.

For details please find announcement 2014-09 released by Shanghai Securities Daily, Securities Times, and www.cninfo.com.cn dated December 6, 2014.

XV. Material issues of the subsidiaries

applicable not applicable

Hangzhou Zhongneng Steam Turbine Power Co., Ltd., Hangzhou Guoneng Steam Turbine Engineering Co., Ltd., Zhejiang Huayuan Steam Turbine Machinery Co., Ltd. has passed secondary verification for high-tech enterprises, Zhejiang Steam Turbine Packaged Technologies Co., Ltd. was newly certified as high-tech enterprise.

For details please find announcement 2015-05 released by Shanghai Securities Daily, Securities Times, and www.cninfo.com.cn dated March 11, 2015.

XVI. Placing of corporation bonds

applicable not applicable

Chapter VI. Change of Share Equity and Shareholders

I. Statement of change in shares

1. Change of share equity

in shares

	Before the change		Changed Currently (+,-)					After the change	
	Amount	Proportion	Issuing of new shares	Bonus shares	Transferred from reserves	Others	Sub-total	Amount	Proportion
I. Shares with trade restriction conditions	479,903,766	63.65%	0	0	0	16,125	16,125	479,919,891	63.65%
2. State-owned legal person shares	479,824,800	63.64%	0	0	0	0	0	479,824,800	63.64%
3. Other domestic shares	78,966	0.01%	0	0	0	16,125	16,125	95,091	0.01%
Domestic natural person shares	78,966	0.01%	0	0	0	16,125	16,125	95,091	0.01%
II. Shares without trading limited conditions	274,106,634	0.00%	0	0	0	-16,125	-16,125	274,090,509	36.35%
2. Foreign shares in domestic market	274,106,634	0.00%	0	0	0	-16,125	-16,125	274,090,509	36.35%
III. Total of capital shares	754,010,400	100.00%	0	0	0	0	0	754,010,400	100.00%

Causation of change in share equity

 applicable not applicable

Approval of change in share capital

 applicable not applicable

Situation of registration process of transferred shares

 applicable not applicable

Influences of the change of share equity on financial indices such as basic earning per share, diluted earning per share, and net asset per share attributed to common shareholders:

 applicable not applicable

Other information the Company thinks necessary or required by the authority to be disclosed

 applicable not applicable

2. Change of Restricted Shares

 applicable not applicable

II. Share placing and listing

1. Stock issuing in the latest three years up to the end of report period

 applicable not applicable

2. Statements on change of total capital share and share structure and change of the Company's asset and liability structure

 applicable not applicable

3. Current employees' shares

applicable not applicable

III. Particulars about the shareholders and substantial controller

1. Amount of shareholders and their shareholding position

in shares

Total common shareholders at the end of the report period	18,748	Amount of shareholders at end of the 5th trading day prior to the date of this annual report	17,924	Total of shareholders of preference shares with restored voting power at end of report period (if any) (See Note 8)	0			
Particulars about shareholders with over 5% of shares, or top 10 shareholders								
Name of the shareholder	Properties of shareholder	Share proportion %	Shares held at the end of report term	Changed in the report period	Amount of unconditional shares held	Amount of unconditional shares	Frozen or pledged	
							Status of shares	Amount
Hangzhou Steam Turbine Power Group Co., Ltd.	State-owned legal person	63.64%	479,824,800	0	479,824,800	0		
NORGES BANK	Overseas legal person	0.82%	6,148,775	1752167	0	6,148,775		
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	Overseas legal person	0.41%	3,122,178	1725325	0	3,122,178		
GIC PRIVATE LIMITED	Overseas legal person	0.35%	2,665,330	-711130	0	2,665,330		
AUSTRALIANSUPER PTY LTD	Overseas legal person	0.28%	2,108,321	0	0	2,108,321		
Xia Zulin	Domestic natural person	0.27%	2,058,000	327400	0	2,058,000		
VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	Overseas legal person	0.27%	2,028,836	526300	0	2,028,836		
Zhu Guanhong	Domestic natural person	0.25%	1,882,540	503752	0	1,882,540		
KGI ASIA LIMITED	Overseas legal person	0.23%	1,770,489	4000	0	1,770,489		
China Merchants Securities Hong Kong Ltd.	State-owned legal person	0.22%	1,626,540	894310	0	1,626,540		
Particulars about strategic investors or general corporations becoming among the top 10 shareholders due to share placing (if any) (See Note 3)	Not applicable							
Notes to relationship or "action in concert" among the top ten shareholders.	<p>(1) Hangzhou Steam Turbine Power Group Co., Ltd. is the holder of state-shares of the Company, all other shareholders' are holders of domestic listed foreign shares (B shares)</p> <p>(2) There is no relationship between Hangzhou Steam Turbine Power Group Co., Ltd. and other shareholders;</p> <p>(3) Hangzhou Steam Turbine Group Co., Ltd. is not an "action-in-concert" party with any of other shareholders as described by the "Administration Rules of Informational Disclosure about Change of Shareholding Statuses of PLCs".</p>							

Top 10 holders of shares without trading limited conditions

Name of the shareholder	Amount of unconditional shares held at end of period	Category of shares	
		Category of shares	Amount
NORGES BANK	6,148,775	Foreign shares placed in domestic exchange	6,148,775
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	3,122,178	Foreign shares placed in domestic exchange	3,122,178
GIC PRIVATE LIMITED	2,665,330	Foreign shares placed in domestic exchange	2,665,330
AUSTRALIANSUPER PTY LTD	2,108,321	Foreign shares placed in domestic exchange	2,108,321
Xia Zulin	2,058,000	Foreign shares placed in domestic exchange	2,058,000
VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	2,028,836	Foreign shares placed in domestic exchange	2,028,836
Zhu Guanhong	1,882,540	Foreign shares placed in domestic exchange	1,882,540
KGI ASIA LIMITED	1,770,489	Foreign shares placed in domestic exchange	1,770,489
China Merchants Securities Hong Kong Ltd.	1,626,540	Foreign shares placed in domestic exchange	1,626,540
Qu Chen	1,253,000	Foreign shares placed in domestic exchange	1,253,000
Action-in-concert among top 10 non-restricted current share holders, top 10 non-restricted current share holders and top 10 shareholders	(1) It is unknown whether there is any relationship among the 10 unlimited share holders. (2) None of the other shareholders is "action-in-concert" party with any of other shareholders as described by the "Administration Rules of Informational Disclosure about Change of Shareholding Statues of PLCs".		
Statement on any of the top 10 holders of common shares participating in margin transaction (if any) (See Note 4)	Not applicable		

Whether there was any repurchasing deal made between any of the top 10 shareholders and top 10 holders of unrestricted shares in the report period

Yes No

There was not any repurchasing deal made between any of the top 10 shareholders and top 10 holders of unrestricted shares in the report period

2. Particulars about the controlling shareholder**Corporation**

Name of the holding shareholder	Legal representative	Incorporated in	Organization code	Registered capital	Main businesses
Hangzhou Steam Turbine Power Group Co., Ltd.	Nie Zhonghai	Dec 14, 1992	14307184-2	RMB800 mil	Business scope: Manufacturing and processing: textile machinery, paper-making machinery, pump, casting products, electrical tools, gear box, thermal transmitter, digital controlling device, and spare parts of the above (limited to the subsidiaries); Contracting of domestic and overseas machinery engineering projects, export of above equipments and materials, provide labor services for above

					<p>overseas projects.</p> <p>Thermal power plant project and equipment engineering; wholesale and retail: products and spare parts manufactured by members of the group, and technical research, consulting, and service of above products;</p> <p>Provide materials, equipments, and spare parts to members of the Group, water and power supply (other than installation and maintaining of power supply equipment);</p> <p>Including the business scope of subsidiaries.</p>
Future development strategy	<p>In 2014, facing the sophisticated external business environment, the Company was going for its targets steadily yet creatively. A number of approaches were conducted toward innovations in aspects of technologies, marketing, and administration.</p> <p>The whole industry was in significant difficulty throughout the year. The Company has suffered from significant decreasing of turnover and profit. However we still took the 1st place in the whole industry in terms of total profit and integrated economic efficiency. On the other hand, the service providing segment has broken through all negative factors and achieved expanding by construction of an integrated trade-finance-supply system. It has jumped up to the 3rd place in the industry although its total profit decreased slightly.</p> <p>2015 will be another year of depression but also a year of “seeding”. It will be the final year of the 12th 5-year-plan and preparation of the 13th. The Company will keep on the way of steady and innovation, further refine its management practices to achieve a number of targets.</p>				
Business performance, financial status and cash flow	<p>According to the un-audited financial account, the consolidated turnover of 2014 was RMB58,065,899,900, which has decreased by 1.81% from that of 2013; the total profit was RMB942,006,100, an 28.37% of decrease; net profit attributable to owners of the parent company was RMB385,373,100, an 31.51% of decrease; net cash flow from business operation was RMB921,874,600 which was relatively steady.</p>				
Shareholding status of the holding shareholder in other PLCs in the country and abroad during the report period	None				

Change of holding shareholder

applicable not applicable

No change of holding shareholder in the report period.

3. Substantial controller of the Company

Corporation

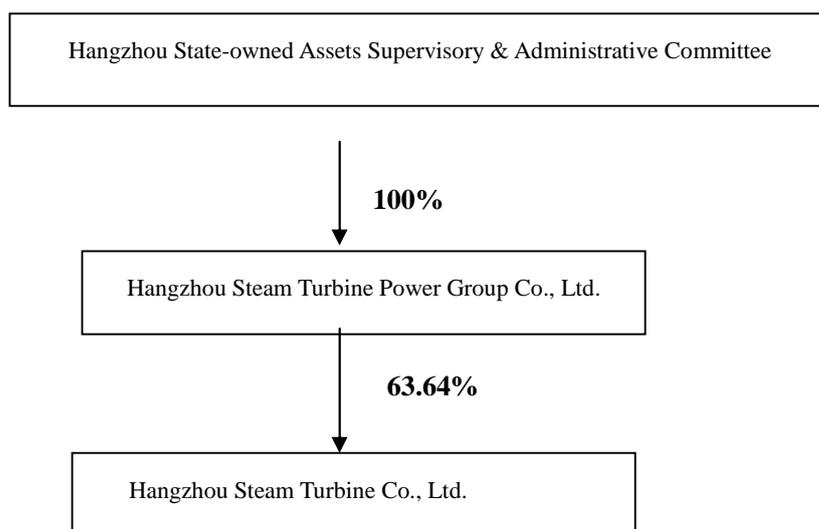
Name of the substantial controller	Legal representative	Incorporated in	Organization code	Registered capital	Main businesses
Hangzhou State-owned Asset Administration and Regulatory Commission					
Strategy for coming years	State-owned Asset Committee is a government department				
Business performance, financial status and cash flow	State-owned Asset Committee is a government department				

Change of substantial controller

applicable not applicable

No change of substantial controller in the report period.

Chart of the controlling relationship between the practical controller and the Company



Whether the substantial controller is controlling the Company through trusteeship or other asset management service

applicable not applicable

4. Corporation shareholders with over 10% of the Company's shares

applicable not applicable

IV. Proposals raised by the shareholders or their action-in-concert parties about increasing of shareholding

applicable not applicable

To the knowledge of the Company, there is not any proposal raised by the shareholders or their action-in-concert parties about increasing of shareholding.

Chapter VII. Particulars about Preference Shares

applicable not applicable

No preference shares in the Company.

Chapter VIII. Directors, Supervisors, Senior Executives and Employees

I. Change of shareholding of directors, supervisors and senior executives

Name	Position	Status of service	Sex	Age	Job started	Job ended	Shares holding at the beginning of term (shares)	Shares increased this term (shares)	Shares decreased this term (shares)	Shares held at the end of term
Zhen Bin	Chairman	On duty	M	50	June 24 2013	June 24 2016	0	0	0	0
Yan Jianhua	Vice Chairman	On duty	M	56	June 24 2013	June 24 2016	0	0	0	0
Yang Yongming	Vice Chairman	On duty	M	50	June 24 2013	June 24 2016	0	0	0	0
Nie Zhonghai	Director	On duty	M	57	June 24 2013	June 24 2016	0	0	0	0
Ye Zhong	Director, GM	On duty	M	46	June 24 2013	June 24 2016	0	0	0	0
Liu Guoqiang	Director	On duty	M	57	June 24 2013	June 24 2016	0	0	0	0
Kong Jianqiang	Director, Engineer General	On duty	M	44	June 24 2013	June 24 2016	0	0	0	0
Xu Yongbin	Independent Director	On duty	M	52	June 24 2013	June 24 2016	0	0	0	0
Zhang Hejie	Independent Director	On duty	M	57	June 24 2013	June 24 2016	0	0	0	0
Lv Fan	Independent Director	On duty	M	59	June 24 2013	June 24 2016	0	0	0	0
Tan Jianrong	Independent Director	On duty	M	60	June 24 2013	June 24 2016	0	0	0	0
Li Shijie	Chief Supervisor	On duty	M	45	June 24 2013	June 24 2016	0	0	0	0
Wang Xiaohu	Supervisor	On duty	M	47	June 24 2013	June 24 2016	16,056	21,500	0	37,556
Zhang Yougen	Supervisor	On duty	M	57	June 24 2013	June 24 2016	0	0	0	0
Lu Jianhua	Employee Supervisor	On duty	M	53	June 24 2013	June 24 2016	0	0	0	0
Fang Yin	Employee Supervisor	On duty	M	52	June 24 2013	June 24 2016	0	0	0	0
Yu Changquan	Vice GM, secretary of the board	On duty	M	57	June 24 2013	June 24 2016	0	0	0	0
Zhang Shutan	Vice General Manager	On duty	M	56	June 24 2013	June 24 2016	89,232	0	0	89,232
Pu Yangshuo	Vice General Manager, Chief Accountant	On duty	F	39	June 24 2013	June 24 2016	0	0	0	0
Li Jiansheng	Vice General Manager	On duty	M	51	Dec 5 2014	June 24 2016	0	0	0	0
Ye Yongzhong	Vice General Manager	Resigned	M	60	June 24 2013	Dec 5 2014	0	0	0	0
Total	--	--	--	--	--	--	105,288	21,500	0	126,788

II. Status of service

Working experiences of current directors, supervisors, and executives in the past five years

(I) Directors of the Board

Mr. Zhen Bin, born in November 1964, CCP member, university graduate, senior economics professional certification. He used to be chairman of Hangzhou Dongfeng Shipyard Co., Ltd. and currently vice general manager and CCP commissioner of Hangzhou Steam Turbine Power Group Co., Ltd. He was elected director and vice chairman at the 7th meeting of the 4th term of Board, and was elected again the Vice Chairman of the 5th term of Board. He was engaged General Manager of the Company on June 3, 2013. He was engaged the vice Chairman and vice general manager of HSTG on November 27, 2014, and Chairman of the Company on December 5, 2014, and no longer take the position of general manager of the Company.

Mr. Nie Zhonghai: Born in October 1957, CCP member; university graduate; certified senior economist, chief secretary of CCP Committee of the Company. In August 2003, Mr. Nie assumed Secretary of the Party and Chairman of the Board of Hangzhou Steam Turbine Power Group Co., Ltd. He was elected as Director and Chairman of the 2nd, 3rd, 4th, 5th, and 6th term of Board of the Company. He still take the position of director of the Company after resigning from the position of Chairman of Board of the Company.

Mr. Yan Jianhua: born in September 1958, CCP member; college degree; Professorial Senior Engineer. When the Board of Directors changed on June 25, 2001, Mr. Yan was elected as Director of the 2nd term of Board and General Manager of the Company. Since then he has been the director of the 3rd, 4th, and 5th terms of the Board, and General Manager as well. He took the position of vice Chairman and General Manager of Hangzhou Steam Turbine Power Group Co., Ltd. since May 2013. Currently he's the Vice Chairman of the 6th term of Board of the Company.

Mr. Yang Yongming, born in November 1964, CCP member, university graduate, certified senior economist. Started working in July 1986. He used to be the vice director and director of Production Planning and Sales Administration Departments of the Company; vice general manager, general manager, and vice chairman of Hangzhou Dongfeng Shipyard Ltd. Currently he's the vice general manager of Hangzhou Steam Turbine Power Group Co., Ltd. and Vice Chairman of the 6th term of Board of the Company.

Mr. Ye Zhong: born in April 1968, CCP member; bachelor degree; professor and senior engineer. When the Board of Directors was altered on June 25, 2001, Mr. Ye was selected the Director of the second Board and Chief Engineer of the Company. Since then, he was the director of the 2nd term of Board, Chief Engineer; director of the 3rd term of Board, Vice General Manager; Director of the 4th and 5th terms of Board, Vice General Manager, and Chief Engineer. He's the Standing Vice General Manager and director of the 6th term of Board of the Company, and General Manager of the Company since December 2014.

Mr. Liu Guoqiang, born in June 1957, CCP member, university graduate, senior economist. Currently he's the vice chief secretary of CCP committee, the Discipline Committee, and Chairman of Trade Union. He used to be vice general manager of the Company from 2005 to 2009. In February 2009, he was elected director of the 4th term of Board, and successively director of the 5th term of Board. Currently he's the director of the 6th term of Board of the Company.

Mr. Kong Jianqiang, born in May 1970, CCP member, Master of Engineering, certified senior engineer. Started working in July 1992. He used to be technician, head of workshop, vice director, and director of Steam Turbine Institute of the company. He's the director of the 6th term of Board since June 2013, and Engineer General of the Company since December 2014.

Mr. Zhang Hejie, born in January 1958. Master of Philosophy of Central CCP University, Doctor of Management of Zhejiang University, visiting scholar of Cambridge University. Working experiences: July 2002 up to now, teaching in Economics School of Zhejiang University; April 23, 2004, expert consultant on Taiwan affair invited by Taiwan Affair Office of Zhejiang Provincial Government. June 6, 2005, member of Green Economy Technical Group of the provincial government; January 15, 2008, senior editor of Journal of Cambridge Studies, later changed as member of Academic Committee; October 22, 2008, telecommunication verification expert of "National Social Science Foundation Projects" of Zhejiang Philosophy and Social Science Development Planning Office; September 11, 2009, commissioner and vice chief secretary of Zhejiang Resource Recycling Association; December 2009, head of International Finance and Risk Control Institution, Management School, Zhejiang

Industry University. On April 25, 2010, he was entitled the standing commissioner of Zhejiang Finance Engineering Committee. In May 2011, Mr. Zhang was engaged as the communication evaluating expert of National Natural Science Fund. Currently he's the independent director of the 6th term of Board.

Mr. Lv Fan, born in February 1956, Master of international finance from Economic School of Hangzhou University. At present he's the Chief Investment Officer of Zhejiang Zhelu Investment Co., Ltd. Once he was the intern researcher of Economic Division of Zhejiang Social Science Institution, assistant researcher of Global Economic Division of Zhejiang Social Science Institution, vice director of Zhejiang Asia-Pacific Institution, general manager and vice president of Investment Bank Dept. of Zhejiang Securities Co., Ltd., general manager of Zhejiang Huhangyong Expressway Ltd., vice general manager of Beijing Zhongke Investment Co., Ltd. Working experience of recent years: August 2004 to May 2006, chief finance officer of Zhejiang Huating Group; June 2006 to December 2007, executive director of Huahang Capital Co., Ltd.; January 2008 up to now, vice general manager and chief investment officer of Zhejiang Zhelu Investment Co., Ltd. Currently he's the independent director of the 6th term of Board.

It was on November 19, 2014, according to the national regulation that leaders of enterprises are not allowed to take part-time jobs, Mr. Lv Fan filed for resign to the Board. This has caused the number of independent directors becoming less than one third of the board. Therefore Mr. Lv Fan's resign only effective when the vacancy was filled by a newly elected independent director. He will be on duty until that becomes true at the next shareholders' meeting.

Mr. Xu Yongbin, born in December 1962, CCP member, master of management from Zhejiang University, doctor of business management from Zhejiang University of Business. At present he's dean of Finance and Accounting School of Zhejiang University of Business, professor of accounting, doctoral tutor. September 2003 to May 2008, dean of Finance and Accounting School of Zhejiang University of Business; professor of accounting, and doctoral tutor since May 2008; Dean of Finance & Accounting School of Zhejiang University of Business since January 2014. Currently he's the independent director of the Board.

Mr. Tan Jianrong, born in October 1954, master of engineering, doctor of science, professor, doctoral tutor, academician of China Academy of Engineering. Mr. Tan worked for Zhejiang Huzhou Machinery Factory from December 1970 to August 1985, mainly involved in technical designing and engineering management of machineries; worked for Zhejiang University since August 1987 up to present, mainly engaged in researching and education covering machinery designing and theory, digital designing and manufacturing. Currently he's the independent director of the Board.

(II) The Supervisors

Mr. Li Shijie, born in July 1969, CCP member, university graduate, certified senior engineer. Started working in July 1991. He used to be the technician of equipment department, chief secretary of China Youth League committee of Hangzhou Steam Turbine Power Group Co., Ltd., head of supplying department of the Company, general manager and chief secretary of CCP committee of Hangzhou Steam Turbine Auxiliary Machinery Co., Ltd. Currently he's the vice chief secretary of CCP committee and chief secretary of discipline committee of Hangzhou Steam Turbine Power Group Co., Ltd. Currently he's the Chairman of the 6th term of Supervisory Committee.

Mr. Zhang Yougen, born in July 1957, CCP member, university graduate, senior political profession. Vice secretary of Discipline Committee of the Company, office manager of the Party Office, supervisor of the 1st, 2nd, 3rd, 4th, and 5th term of Supervisory Committee. Currently he's the supervisor of the 6th term of Supervisory Committee.

Mr. Wang Xiaohui, born in December 1967, CCP member, university degree, certified senior accountant, certified taxation accountant, certified internal auditor. Mr. Wang started working in August 1986. He once was accountant of Xi'an No.2 Live Stock Feed Factory and Xi'an Machinery Import & Export Co., Ltd.; CPA and supervisor of Shanxi Hongda CPA Firm; External Chief Finance Officer of Hangzhou State-owned Property; Chief Accountant and Director of Accounting Dept. of Hangzhou Dongfeng Shipyard Co., Ltd. Currently he's the vice director of Accounting Dept. of Hangzhou Steam Turbine Power Group Co., Ltd. Currently he's the supervisor of the 6th term of Supervisory Committee.

Mr. Lu Jianhua, born in March 1962, CCP member, university graduate. Once he was the clerk and office manager of the Trade Union, elected vice chairman of the Trade Union and supervisor in July 2004; He assumed employees' supervisor for the 3rd, 4th, and 5th term of the Supervisory Committee. He was elected the supervisor

of the 6th term of Supervisory Committee at the employees' congress on February 28, 2013.

Mr. Fang Yin, born in December 1962, CCP member, senior engineer, master degree. Graduated from Zhejiang University of Industry in February 1982, and started working in technical area in Hangzhou Steam Turbine Co., Ltd. (former Hangzhou Steam Turbine Factory); Since September 1988, he has been working on R&D in the Industrial Turbine Research Institute of the Company; Mr. Fang was elected supervisor of the 6th term of Supervisory Committee by the Employees' Congress on February 28, 2013.

(III) Senior Executives

Profiles of General Manager Ye Zhong and Engineer General Kong Jianqiang are available among the directors above.

Mr. Yu Changquan, born in July 1957, CCP member, Bachelor's Degree, senior economics profession. Secretary of the Board. He was engaged the Deputy General Manager of the Company since January 2000, and extended on June 19th 2004. He was engaged the Secretary of the Board by the 6th meeting of the 3rd term of Board held on June 23rd 2005. He was engaged the Deputy General Manager on June 23, 2005, and was engaged the Secretary of Board again in June 2007. On February 16, 2009 Mr. Yu was engaged the vice general manager and secretary of the Board, and was extended to the 6th term of Board on June 24, 2013.

Mr. Ye Yongzhong, born in November 1954, CCP member, college degree, certified senior economics profession, vice general manager; He once was worker, technician, assistant director, vice director, secretary of factory manager, director of production division, head of contract center, assistant to general manager and director of sales division. He was engaged vice general manager of the Company at management shifting in June 2007. Mr. Ye retired from the position of vice general manager on December 5, 2014.

Mr. Zhang Shutan, born in March 1959, CCP member, bachelor's degree, certified senior engineer. Once he was the teacher of HSTG Education Center, salesman of export division, vice director of export division, director of export division and assistant to general manager. He was engaged vice general manager on February 16, 2009.

Ms. Pu Yangshuo, born in November 1975, master's degree, certified accountant, certified senior accountant. At present she's the vice general accountant of HSTG. She once the auditor and senior project manager of Zhejiang Provincial Auditing Firm (Zhejiang Wanbang CPA); director and CFO of Astronautic Telecommunication Group Co., Ltd.; Traveling CFO sent by Hangzhou State-owned Asset Administration. She was elected the supervisor of the 4th and 5th term Supervisory Committee of the Company at the shareholders' meeting held on May 20, 2009. She was engaged the Vice General Manager and Chief Accountant of the Company on June 3, 2013.

Mr. Li Jiansheng, born January 1963, CCP member, master of engineering, certified senior engineer of professor level.

Mr. Li started working for the Company in February 1982. He has been in the positions of chief of No.4 section, vice head of the Institution, and vice head of the Industrial Turbine Institute. He has been the assistant of vice general manager and head of production unit of Hangzhou Steam Turbine Co., Ltd. Mr. Li was engaged the vice general manager of the Company since December 5, 2014.

Jobs taken in shareholding parties✓ applicable not applicable

Names	Name of the shareholder	Job taken	Job started	Job ended	Take remunerations from the shareholding party
Nie Zhonghai	Hangzhou Steam Turbine Power Group Co., Ltd.	Chief secretary of CCP, Chairman	Aug 1 2003		Yes
Yan Jianhua	Hangzhou Steam Turbine Power Group Co., Ltd.	Commissioner of CCP, Vice Chairman, GM	May 01 2013		Yes
Zhen Bin	Hangzhou Steam Turbine Power Group Co., Ltd.	Commissioner of CCP, Vice Chairman, Vice GM	Nov 27 2014		No
Yang Yongming	Hangzhou Steam Turbine Power Group Co., Ltd.	Commissioner of CCP, Vice GM	Dec 1 2006		Yes
Ye Zhong	Hangzhou Steam Turbine Power Group Co., Ltd.	CCP Commissioner, director	May 1 2001		No
Li Shijie	Hangzhou Steam Turbine Power Group Co., Ltd.	Vice Secretary of CCP Commission, Secretary of Discipline Committee, Vice Chairman of Supervisory Committee, Chairman of Trade Union	May 01 2013		Yes
Wang Xiaohu	Hangzhou Steam Turbine Power Group Co., Ltd.	Director of financial department	Sept 22, 2014		Yes

Jobs taken in other parties✓ applicable not applicable

Names	Name of the parties	Positions	Job started	Job ended	Take remunerations from the party
Nie Zhonghai	Hangzhou Relian Group Co., Ltd.	Chairman, Legal representative	May 01 2013		No
Nie Zhonghai	Bank of Hangzhou Co., Ltd.	Director	Jul 1 2006		No
Nie Zhonghai	Guangdong Huaxing Bank Co., Ltd.	Director	Sept 1 2011		No
Yan Jianhua	Hangzhou Steam Turbine Power Technologies Co., Ltd.	Chairman, Legal representative	May 01 2013		No
Yan Jianhua	Hangzhou Hangfa Power Generating Equipment Co., Ltd.	Chairman, Legal representative	Nov 1 2013		No
Yan Jianhua	Hangzhou Steam Turbine Compressor Co., Ltd.	Chairman, GM, Legal representative	Jun 1 2014		No
Zhen Bin	Zhejiang Steam Turbine Packaged Technology Development Co., Ltd.	Chairman, Legal representative	Jul 1 2013		No
Zhen Bin	Hangzhou Steam Turbine Machinery & Equipment Co., Ltd.	Chairman, Legal representative	Jul 1 2013		No
Yang Yongming	Hangzhou Relian Group Co., Ltd.	Director	May 01 2013		No
Yang Yongming	Lianyungang Steam Turbine Xiangyi Property Co., Ltd.	Chairman, Legal representative	Nov 1 2013		No
Ye Zhong	Hangzhou Zhongneng Steam Turbine Power Co., Ltd.	Chairman, Legal	Feb 1 2010		No

		representative			
Ye Zhong	Hangzhou Steam Turbine Engineering Co., Ltd.	Chairman, Legal representative	Dec 23, 2014		No
Nie Zhonghai	Hangzhou Relian Group Co., Ltd.	Chairman, Legal representative	May 01 2013		No
Nie Zhonghai	Bank of Hangzhou Co., Ltd.	Director	Jul 1 2006		No
Nie Zhonghai	Guangdong Huaxing Bank Co., Ltd.	Director	Sept 1 2011		No
Yan Jianhua	Hangzhou Steam Turbine Power Technologies Co., Ltd.	Chairman, Legal representative	May 01 2013		No
Yan Jianhua	Hangzhou Hangfa Power Generating Equipment Co., Ltd.	Chairman, Legal representative	Nov 1 2013		No
Yan Jianhua	Hangzhou Steam Turbine Compressor Co., Ltd.	Chairman, GM, Legal representative	Jun 1 2014		No
Zhen Bin	Zhejiang Steam Turbine Packaged Technology Development Co., Ltd.	Chairman, Legal representative	Jul 1 2013		No
Zhen Bin	Hangzhou Steam Turbine Machinery & Equipment Co., Ltd.	Chairman, Legal representative	Jul 1 2013		No
Yang Yongming	Hangzhou Relian Group Co., Ltd.	Director	May 01 2013		No
Yang Yongming	Lianyungang Steam Turbine Xiangyi Property Co., Ltd.	Chairman, Legal representative	Nov 1 2013		No
Ye Zhong	Hangzhou Zhongneng Steam Turbine Power Co., Ltd.	Chairman, Legal representative	Feb 1 2010		No
Ye Zhong	Hangzhou Steam Turbine Engineering Co., Ltd.	Chairman, Legal representative	Dec 23, 2014		No
Liu Guoqiang	Director of Hangzhou Kaineng Casting Co., Ltd.	Director	Jul 1 2013		No
Liu Guoqiang	Hangzhou Zhongneng Steam Turbine Power Co., Ltd.	Chief Supervisor	Feb 1 2010		No
Liu Guoqiang	Zhejiang Turbine Import & Export Co., Ltd.	Chief Supervisor	Nov 1 2009		No
Kong Jianqiang	Zhejiang Packaged Technologies Development Co., Ltd.	Director	Jul 1 2013		No
Zhang Hejie	Zhejiang University of Industry, School of Economics and Management	Professor, doctoral tutor	Feb 1 2002		Yes
Xu Yongbin	Zhejiang University of Industry and Commerce, School of Accounting and Finance	Dean, professor, doctoral tutor	Sept 1 2003		Yes
Xu Yongbin	Simei Media Co., Ltd.	Independent Director	Nov 1 2013		Yes
Xu Yongbin	Zhejiang Feida Environment Protection Technologies Co., Ltd.	Independent Director	Apr 1 2012		Yes
Lv Fan	Zhejiang Zhelu Investment Co., Ltd.	Chairman, Legal representative	January 1 2008		Yes
Tan Jianrong	Zhejiang University	Professor, doctoral tutor	Aug 1 1987		Yes
Tan Jianrong	Hangzhou Hangyang Holdings Co., Ltd.	Independent Director	Apr 1, 2010		Yes
Li Shijie	Hangzhou Relian Group Co., Ltd.	Supervisor	May 01 2013		No
Li Shijie	Lianyungang Steam Turbine Xiangyi Property Co., Ltd.	Supervisor, Chief Supervisor	May 01 2013		No
Wang Xiaohu	Hangzhou Nanfangtongda Gears Co., Ltd.	Supervisor	April 1, 2009		No
Wang Xiaohu	Hangzhou Lianyungang Xiangxi Property Co., Ltd.	CFO	Sept 1 2009		No
Wang Xiaohu	Hangzhou Dongfeng Shipyard Co., Ltd.	Supervisor	Sept 1 2009		No
Wang Xiaohu	Zhejiang Hangqilun Shipyard Industry Co., Ltd.	Supervisor	Jan 1 2015		No
Zhang	Zhejiang Steam Turbine Packaged Technology	Supervisor	Mar 01 2011		No

Yougen	Development Co., Ltd.				
Yu Changquan	Hangzhou Steam Turbine Auxiliary Machine Co., Ltd.	Legal representative, chairman	Oct 1 2004		No
Yu Changquan	Hangzhou Guoneng Steam Turbine Engineering Co., Ltd.	Legal representative, chairman	Dec 1 2006		No
Yu Changquan	Hangzhou Steam Turbine Casting Co., Ltd.	Director	Apr 3 2014		No
Yu Changquan	Hangzhou Kaite Cast Part Co., Ltd.	Director	Apr 3 2014		No
Yu Changquan	Zhejiang Turbine Import & Export Co., Ltd.	Chairman, Legal representative	Jan 6 2015		No
Zhang Shutan	Greensol Power Equipment Co., Ltd. (India)	Director	Feb 1 2009		No
Zhang Shutan	Zhejiang Turbine Import & Export Co., Ltd.	Director	Nov 1 2009		No
Zhang Shutan	Zhejiang Runhong Fuel Engine Co., Ltd.	Director	Jun 18 2014		No
Pu Yangshuo	Greensol Power Equipment Co., Ltd. (India)	Director	Jul 1 2013		No
Pu Yangshuo	Zhejiang Packaged Technologies Development Co., Ltd.	Supervisor	Jul 1 2013		No
Pu Yangshuo	Zhejiang Turbine Import & Export Co., Ltd.	Director	Jul 1 2013		No
Pu Yangshuo	Hangzhou Zhongneng Steam Turbine Power Co., Ltd.	Director	Apr 3 2014		No
Li Jiansheng	Hangzhou Steam Turbine Casting Co., Ltd.	Director	July 15, 2014		No
Li Jiansheng	Hangzhou Steam Turbine Auxiliary Machine Co., Ltd.	Director	Apr 3 2014		No

III. Annual Remunerations of the Directors, Supervisors and Senior Executives

Decision-making, basis of assessment, and actual payment of remunerations of the Directors, Supervisors and Senior Executives

1. Decision-making and basis of remunerations to directors, supervisors, and executives

The 3rd meeting of the 6th Remuneration Committee was held on March 16, 2015. The remuneration plan for directors and executives was examined at the meeting. The Remuneration and Assessment Committee of the Board conducted assessment on the performances of the directors and executives, and the remuneration plan was produced according to the Administration Rules of Remuneration and Assessment of Directors of the 6th Term of Board and Executives. The plan is subject to examination of the 18th meeting of the 6th term of Board.

Allowances for independent directors and supervisors are subject to approval by the Board and the Shareholders' Meeting thereafter. The proposal of allowances for the 6th term of independent directors and supervisors was adopted at the 1st Provisional Shareholders' Meeting held on December 12, 2013, and the allowance for independent directors is RMB150 thousand (tax included) per year, while it is RMB36 thousand for supervisors for the period of three years (tax included).

2. Basic wages are prepaid on monthly basis and the overall remunerations are paid upon completion of the annual assessment. Allowances for independent directors and supervisors are paid according to the scheme approved by the Shareholders' Meeting.

Remuneration of directors, supervisors, and executives in the report period

In RMB

Name	Position	Sex	Age	Statue of duty	Total of reward from the Company	Total of reward from shareholding parties	Actual reward in total at end of report term
Zhen Bin	Chairman	M	50	On duty	972,766.18	0	972,766.18
Yan Jianhua	Vice Chairman	M	56	On duty	0	832,240	832,240
Yang Yongming	Vice Chairman	M	50	On duty	0	749,142.5	749,142.5
Nie Zhonghai	Director	M	57	On duty	0	802,565.5	802,565.5
Ye Zhong	Director, GM	M	46	On duty	827,255.38	0	827,255.38

Liu Guoqiang	Director	M	57	On duty	778,004.58	0	778,004.58
Kong Jianqiang	Director, Engineer General	M	44	On duty	744,894.94	0	744,894.94
Xu Yongbin	Independent Director	M	52	On duty	150,000	0	150,000
Zhang Hejie	Independent Director	M	57	On duty	150,000	0	150,000
Lv Fan	Independent Director	M	59	On duty	0	0	0
Tan Jianrong	Independent Director	M	60	On duty	150,000	0	150,000
Li Shijie	Chief Supervisor	M	45	On duty	0	749,161	749,161
Wang Xiaohu	Supervisor	M	47	On duty	0	435,300	435,300
Zhang Yougen	Supervisor	M	57	On duty	628,229.6	0	628,229.6
Lu Jianhua	Employee Supervisor	M	53	On duty	370,840.45	0	370,840.45
Fang Yin	Employee Supervisor	M	52	On duty	338,514.89	0	338,514.89
Yu Changquan	Vice GM, secretary of the board	M	57	On duty	779,217.78	0	779,217.78
Zhang Shutan	Vice General Manager	M	56	On duty	763,568.18	0	763,568.18
Pu Yangshuo	Vice General Manager, Chief Accountant	F	39	On duty	773,813.36	0	773,813.36
Li Jiansheng	Vice General Manager	M	51	On duty	621,232.4	0	621,232.4
Ye Yongzhong	Vice General Manager	M	60	Resigned	777,562.98	0	777,562.98
Total	--	--	--	--	8,825,900.72	3,568,409	12,394,309.72

Incentive shares granted to directors, supervisors, and executives in the report period.

applicable not applicable

IV. Variation of directors, supervisors, and executives

Name	Jobs taken	Type	Date	Causation
Nie Zhonghai	Chairman	Resigned	Dec 5 2014	Resigned
Zhen Bin	Chairman	Elected	Dec 5 2014	Election of Board
Ye Zhong	General Manager	Engaged	Dec 5 2014	Engaged by Board
Kong Jianqiang	Chief Engineer	Engaged	Dec 5 2014	Engaged by Board
Li Jiansheng	Vice General Manager	Engaged	Dec 5 2014	Engaged by Board
Ye Yongzhong	Vice General Manager	Resigned	Dec 5 2014	Retired legally

V. Alternation of key technical teams or personnel (other than directors, supervisors and executives)

In year 2014, the Company was implementing the “HR strategies of the 12th 5-year-plan” and the “Guidelines of HR Planning”. Incentive plans were scheduled to keep steady of the core technical trop.

VI. Employees of the Company

Total of employees: 3888

Classified on positions			Classified on education			Classified on professional certificates			
Categories	Number of person	Percentage in total number	Categories	Number of person	Percentage in total number	Technical and management	Categories	Number of person	Percentage in total number
Production	2361	60.73%	Doctorial degree	6	0.15%		Senior	147	3.78%
Sales	311	8.00%	Master's Degree	163	4.19%		Medium	453	11.65%
Tech	672	17.28%	Bachelor	1032	26.54%		Primary	474	12.19%
Finance	64	1.65%	College diploma	716	18.42%		Below primary	453	11.65%
Administration	480	12.35%	Below college diploma	1971	50.69%	Workers	Senior technician	371	9.54%
							Technicians	414	10.65%
							Senior technical workers	440	11.32%
							Intermediate technical workers	226	5.81%
							Primary technician	113	2.91%
						Technical operators	797	20.50%	

Particulars about the employees:

1. Remuneration policies The Company has setup remuneration policies according to positions and skills and with priority on efficiency and fairness. Salaries are paid on monthly basis in full amounts and overtime payments were paid according to national regulations.

2. Employee training programs: The Company revised the “Guidelines of Training Programs” (2014) to regulate and optimize training programs.

Employee Training Committee headed by the GM was established to take charge of employee education and training works. HR Department is the operative organization and part-time training administrators were assigned in other departments.

The Employee Training Programs 2014 was produced to conduct training programs for personnel covering areas of administration, technology, and high-level technicians.

In aspect of financial arrangement, the Company draws training fund at 2% of the total wage each year to support training programs.

In year 2014, the Company conducted 194 training programs covering 5338 person-times. Another 160 programs were scheduled for year 2015.

Chapter IX. Administration

I. Fundamental Situation of Company Administration

In the report period, the Company constantly improved its corporate administration structure, strengthened standardized operation and information disclosure and seriously and properly manage the relationship with investors strictly according to the Company Law, the Securities Law, Administration Standards of Listed Companies, Basic Standards of Enterprise Internal Control, Shenzhen Stock Exchange PLC Internal Control Instruction, and Shenzhen Stock Exchange Share Listing Rules.

1. Standard operation of administrative structure

The Company has its executive, decision making and supervisory bodies operated strictly according to the Articles of Association, Shareholders' Meeting Criteria, Board Meeting Criteria, and Supervisory Committee Criteria. Meetings were held by legal procedures, and records and documents were filed by documentary office with copies at Securities and Legal Office for references of shareholders.

2. Effectiveness of organization

The Board of Directors is the executive body of the decisions made by the Shareholders' Meeting. The Board is also responsible to establish and improve the internal control system of the Company, and make it works effectively. Chairman of the Board is the caller of the Board. Strategy, Investment, Remuneration, and Auditing Committees were established within the Board, and were supporting the decision-making of the Board. The Supervisory Committee is responsible to report to the Shareholders' Meeting and supervise the legal performance of duties of directors, managers, and executives. The management is responsible to the Board, and take charge of daily operation of the Company. Functional departments were deployed according to the needs of business with clear responsibilities.

3. Basis for material decisions

The Company has setup practical rules for all material aspects of management, including but not limited to, external investment, trusteeship, related transactions, information disclosure, investors' relationship, information insider, executive shares, and management of controlled subsidiaries. These documents of rules were constantly revised and improved to maintain effectiveness upon changing situation.

4. Establishing of internal control system

The Company kept close observation on the whole business process identifying risk points according to Enterprise Internal Control Standards, Internal Control Guidelines, Internal Assessment Guidelines, and Internal Control Guidelines for PLCs issued by Shenzhen Stock Exchange. Effective mechanisms on risk control and internal auditing were conducted. The Auditing Committee of the Board was responsible to supervise the internal control practices.

There isn't any difference between the management practice and the regulations of the Company Law and CSRC.

Executing of special administration activities and Registration and Administration Rules of Information Insiders

According to the requirement of Zhejiang Securities Regulatory Office, the Company has performed special administrative improvement operation. In viewing of further upgrade administration and consolidate the results of operations in previous years, the Company has been pushing forward the improving operations in the report period.

The Auditing Committee was setup in the Board. The Auditing Committee Working Criteria was produced. The Committee composes of 5 auditing commissioner and 7 members. 3 of them are independent directors, which is over half of the total. The Committee was led by an independent director.

An internal auditing office was established within the Company which reports to the Board of Directors and takes orders from the Auditing Committee. All of the three staffs of the office are qualified for auditing job. The internal auditing office has well fulfilled its responsibilities in the year strictly following the auditing plan illustrated previously. The office has made great contribution to the construction and improving of internal control system.

In the report term, the Company reinforced administration over holding subsidiaries, organized training programs for the executives of the subsidiaries. Administration manuals were produced for subsidiaries and branch companies. Administration operations were strictly complying with the regulations of China Securities Regulatory Commission and Shenzhen Stock Exchange. External investments, guarantees, and related transactions were further regulated to prevent risks.

Through improvement operations, the Company has eliminated the defects and shortages in the administrative practice. Rules and regulations have been established and formed a mature and upgraded management structure. The Company will keep following with the requirements of the Company Law, and Securities Law, as well as the regulations of China Securities Regulatory Commission, further improve the administration system, to accelerate the healthy development of the Company.

2. Executing of Information Insider Regulations

In the report term, the Company has been strictly following the Information Disclosure Rules, The Regulations of Registration System of Information Insider, the Articles of Association, and the Registration and Administration Rules of Information Insiders of the Company, and conducted multiple operations to ensure effective administration on inside information of the Company.

As of inside information, the following works have been done:

- (1) Responsibilities were identified: Internal information management works are conducted and supervised by the Board collectively, Chairman of Board is the main responsible person, Secretary of Board is authorized to undertake actions about information insiders;
- (2) Special department was established: Securities Regulation Office was setup to carry out daily works within the range of responsibilities as granted to the Secretary of Board;
- (3) Workflow and procedures were clarified and optimized: circulation of information to outside of the Company shall be verified and signed by the outlet department, then approved by the Secretary of Board, and filed with the Securities Regulation Office.
- (4) Responsibilities for insiders to keep information close to outside were reinforced: external information users were registered and confidential contract or written commitment were signed.
- (5) Registration and filing of information insiders: as disclosure of annual reports, the files of insiders shall be signed by the Chairman, and filed before reported to Shenzhen Stock Exchange.
- (6) Confidential procedures at shareholders' or investors' visiting: the visitors were required to sign on the confidential agreement. Information exchanged during the visiting was filed by the receptionist and to Shenzhen Stock Exchange.

In the report period, the Company has been undertaking registration procedures for information insiders and filed to Shenzhen Stock Exchange. No illegal trading of the Company's shares performed by the Company.

II. Shareholders' Annual Meeting and the provisional meetings in the report period

1. Shareholders' Annual Meeting in the report period

No. of meeting	Date of meeting	Titles of proposals	Resolutions	Date of disclosure	Index of information disclosure
Shareholders' Annual Meeting 2013	May 29, 2014	Report of the Board 2013; Report of the Supervisory Committee 2013; Annual Report 2013 and Summary; Financial Report 2013; Dividend Plan 2013; Report of Related Transactions in 2013 and Projected for	Adopted	May 30, 2014	Resolutions of the Shareholders' Annual Meeting 2013 (Announcement No. 2014-28) released by Securities Times, Shanghai Securities Daily, Hong Kong Commercial Daily, and Http://www.cninfo.com.cn

		Year 2014; Proposal to Extend the Service of Pan-China CPA to year 2014.			
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2. Provisional shareholders' meetings in the report period

No. of meeting	Date of meeting	Titles of proposals	Resolutions	Date of disclosure	Index of information disclosure
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3. Provisional shareholders' meeting called by preference shareholders

applicable not applicable

III. Fulfilling of duties of the Independent Directors in the report period

1. Independent directors' presenting of board meetings

Independent directors' presenting of board meetings						
Name of Independent Director	Meetings to attend in the report period	Actually attended	Attended by way of telecom	Presented by proxy	Absented	Not attend the meetings for successively 2 times
Xu Yongbin	9	3	6	0	0	No
Lv Fan	9	3	6	0	0	No
Zhang Hejie	9	3	6	0	0	No
Tan Jianrong	9	3	6	0	0	No
Observation of shareholders' meetings by independent directors						1

Statement on not presenting the board meetings for successively two times

2. Objection upon relative events raised by the independent directors

Whether any of the independent directors has raised objective opinions on decision-making issues?

Yes No

None of the independent directors has raised objective opinions on decision-making issues

3. Other remarks on independent directors' fulfilling of duties

Whether the suggestions of independent directors have been adopted

Yes No

Remarks on acceptance or rejection of the suggestions raised by independent directors

Suggestions of the independent directors:

1. Upon listening of the report made by the management, the independent directors suggested the Company to formulate new standards for the whole industry and adjust the Company's product structure. To refine market strategy and performance assessment.
2. At the 1st meeting of the independent directors and the CPAs, the independent directors suggested the CPAs to analyze the Company's industrial position from the point of auditing.
3. At the 2nd meeting, the independent directors suggested to pay attention to auditing and disclosure of the change of accounting policies; written confirmation shall be done on some of the receivable accounts; risk-control policies shall be made on some of the suspended projects.

The management accepted the above suggestions.

IV. Fulfilling of duties by the Special Committees under the Board of Directors

(I) The Auditing Committee

The Auditing Committee was performing its duties strictly according to the Working Criteria of Auditing Committee and was mainly in charge of supervising, verification and communication of internal and external auditing works. It was also performing the duties to satisfy the requirement of China Securities Regulatory Commission as well as Shenzhen Stock Exchange. In the report period, the Company adjusted the composition of the Auditing Committee and its members in the report period, and the main works performed by the Auditing Committee were:

1. To call the 1st meeting of the 6th term of Auditing Committee at which the annual auditing work was discussed and suggestions were provided on problems in the auditing process.
2. The 2nd meeting of the 6th term of Auditing Committee was held to examine the Annual Report 2013, the General Manager's Report, Financial Report, Dividend Plan, Proposal of Routine Related Transactions, Providing of Inventory Provision and Bad Debt Provision, Internal Control Manual, Internal Control Introspective Report, Internal Control Annual Report and Plan. Statements and were provided on the auditing works of the CPA, and opinions were issued about extending of the CPA's service. Improvement suggestions were provided on internal control. Opinions were provided on the Annual Report and Financial Report which were about to be submitted to the Board.

(II) The Strategy Committee

The Strategy Committee is established to provide opinions or suggestions for the Company's development and investment strategies.

(III) The Remuneration and Assessment Committee

The Remuneration and Assessment Committee was established to set up standard for assessing the performance and deciding the remuneration of the directors and executives. Detailed plans were produced and submitted to the Board. In the report period, the Board refined the composition of the Remuneration Committee according to the composition of the new term of Board. The Committee conducted the following works in the report period:

The 2nd meeting of the 6th term of Remuneration and Assessment Committee was held to examine the assessment outcome of the directors and executives for year 2013, and produced the remuneration plan for the examination of the Board.

(IV) The Nomination Committee

The Nomination Committee was established to provide suggestions to the Board on the composition of the Board, and to examine the qualifications of candidates for directors and executives. In the report period, the Board refined the composition of the Nomination Committee according to the composition of the new term of Board. The Committee conducted the following works in the report period:

The 2nd meeting of 6th term of nomination committee was called to examine the nominees of executives and suggested to the Board.

V. Fulfilling of duties of the Supervisory Committee

Is there any risk with the Company discovered by the Supervisory Committee in the report period

Yes No

No. of meeting	Date of meeting	Supervisors at the meeting	Titles of proposals	Resolutions	Index of information disclosed at the official website	Date of disclosure of the resolutions
The 5th meeting of the 6th term of Committee	Mar 27 2014	Li Shijie, Wang Xiaohui, Zhang Yougen, Lu Jianhua, Fang Yin	Work Report of Supervisory Committee 2013; Annual Report 2013 and Summary; Financial Report 2013; Dividend Plan 2013; Introspective Report of Internal Control System 2013; Report of Related Transactions in 2013 and Projected for Year 2014;	Proposals adopted	Resolutions of the 5th meeting of the 6th term of Committee (Announcement No. 2014-12) released by Securities Times, Shanghai Securities Daily, Hong Kong Commercial Daily, and Http://www.cninfo.com.cn	March 28, 2014
6th meeting of the 6th term of Supervisory Committee	Apr 24 2014	Li Shijie, Wang Xiaohui, Zhang Yougen, Lu Jianhua, Fang Yin	The 1st Quarterly Report 2014, and summary	Proposals adopted	Resolutions of the 6th meeting of the 6th term of Committee (Announcement No. 2014-27) released by Securities Times, Shanghai Securities Daily, Hong Kong Commercial Daily, and Http://www.cninfo.com.cn	April 25, 2014
7 th meeting of the 6th term of Committee	August 15, 2014	Li Shijie, Wang Xiaohui, Zhang Yougen, Lu Jianhua, Fang Yin	Interim Report 2014 and Summary	Proposals adopted	Resolutions of the 7th meeting of the 6th term of Committee (Announcement No. 2014-31) released by Securities Times, Shanghai Securities Daily, Hong Kong Commercial Daily, and Http://www.cninfo.com.cn	August 16, 2014
The 8th Meeting of the 6th term of Committee	Oct 27 2014	Li Shijie, Wang Xiaohui, Zhang Yougen, Lu Jianhua, Fang Yin	The 3 rd Quarterly Report 2013, and Summary	Proposals adopted	Resolutions of the 8th meeting of the 6th term of Committee (Announcement No. 2014-39) released by Securities Times, Shanghai Securities Daily, Hong Kong Commercial Daily, and Http://www.cninfo.com.cn	October 28, 2014
The 9th meeting of the 6th term of Committee	November 25, 2014	Li Shijie, Wang Xiaohui, Zhang Yougen, Lu Jianhua, Fang Yin	Proposal on Change of Accounting Policies; Proposal on adding of new related transactions	Proposals adopted	Resolutions of the 9th meeting of the 6th term of Committee (Announcement No. 2014-46) released by Securities Times, Shanghai Securities Daily, Hong Kong Commercial Daily, and Http://www.cninfo.com.cn	November 26, 2014

Brief opinion of the Supervisory Committee on risks of the Company

1. Supervisory Committee's opinions on the Annual Report 2013

On March 27, 2014, the Committee examined the Annual Report 2013 and the summary version. All of the members considered the Annual Report 2013 is frankly and completely reflecting the financial situation and business performance in the report term (January 1 – December 31, 2013). They will assume joint and individual responsibilities for the accuracy, authentic, and completeness of the Report.

2. Supervisory Committee's opinion on the Internal Control Introspection Report 2013

The Internal Control Introspection Report 2013 was reflecting the operation of the internal control system objectively, frankly, and completely.

3. Supervisory Committee's opinions on the routine related transactions in 2013

The Committee verified the related transactions conducted in 2013 and deems: The related transactions was conducted strictly at the prices set out by the relative agreement approved by the Shareholders' Meeting, and complying with the related regulations and legal procedures. Pricing of the related transactions was on fair and reasonable basis without illegal operation, and no harming on the interests of the Company or the shareholder, especially the mid-small shareholders.

4. Supervisory Committee's opinions on the 1st Quarterly Report 2014

The producing and examination procedures of the 1st quarterly report 2014 were legal and complying with the requirements of the CSRC. The Report is reflecting the financial position and business performance of the Company in the 1st quarter frankly and completely. There is no false record, misleading statement, or material omission in the report.

5. Supervisory Committee's opinions on the Interim Report 2014

The producing and examination procedures of the 1st quarterly report 2014 were legal and complying with the requirements of the CSRC. The Report is reflecting the financial position and business performance of the Company in the 1st quarter frankly and completely. There is no false record, misleading statement, or material omission in the report.

6. Supervisory Committee's opinions on the 3rd Quarterly Report 2014

The Committee inspected and discussed on the 3rd Quarterly Report 2014. All of the members regard the report was frankly and completely reflecting the financial situation and business performance. They will assume joint and individual responsibilities for the accuracy, authentic, and completeness of the Report.

7. Opinions on change of accounting policies

Change of accounting policies is complying with the regulations of the Department of Finance, and is reflecting the business practice of the Company. The decision procedures are complying with the laws and Articles of Association. No benefit of the Company and shareholders' was under impairment.

8. Opinions on newly added related transactions

The related transaction engaged with the Compressor Company was for the benefit of the Company and shareholders. The decision procedures are complying with the laws and Articles of Association. No benefit of the Company and shareholders' was under impairment.

VI. Particulars about the independency of the Company in aspects of business, personnel, asset, organization, and accounting

The Company kept independence and separated with holding shareholders on the aspects of business, human resource, capital, organization, and accounting. And the Company established independent and complete business operating systems.

1. On business operations

The Company's majors of design, manufacture, sale business of industrial steam turbine was independent from the holding company (Hangzhou Steam Turbine Power Group). Some of the holding subsidiaries of the Group are selling the Company's steam turbine products and spare parts, which are at market prices; The Company and the Group are not sharing any office site.

2. On personnel management

The Company kept independence with the holding shareholders on the aspects of human resource and remuneration management. Although the Company's chairman of the Board and the vice chairman of the Board were part-time by the parent company's (Hang Steam Turbine Group) chairman of the Board and the vice

chairman of the Board; the Company's management was employed and gotten salary exclusively in the Company instead of any management duty in the holding-share share holders except the duty of chairman of the Board. The Company's accountant had no part-time job in their parent company or related companies.

3. On capital operation

The property relationship between the Company and the holding-share shareholders was clear and explicit. The capital and business injected by the holding-share shareholders was independent and complete. And at the same time, the Company owned system of manufacturing and operation, sale, accessorial manufacturing and relevant equipments which independent from holding shareholder.

4. On organization structure

The Company kept total independence from the controlling shareholder on the organization configuration. The Company owned separate and independent manufacturing, supplying, and sales system, there was no horizontal competition with the controlling shareholder, and the Company owned independent management and operation systems. The Company signed related trading agreements with the subsidiaries of the share-holding company. The Company's intermediate managers are employed by the Company's executives, and was evaluated under the economic responsibility system.

5. On accounting management

The Company had independent accounting department, and established independent account re-calculation system and accounting system; the Company also had the regulated and independent finance management on the share-holding and subsidiaries; the Company had independent finance policies and bank account and its tax, there was no joint account with controlling shareholder.

6. In legal aspect

Department of Securities and Law – the special legal department was founded in the report term, and performs duties according to Administration Rules for Legal Consultancy to State-owned Enterprises. Along with Zhejiang Tianche Law Firm – the public legal consultancy employed by the Company, the Department aims to regulate the legal affairs and day-to-day administrations .

VII. Horizontal competition

applicable not applicable

VIII. Assessment and incentive scheme for executives

The Company adopts the annual remuneration scheme for directors (excluding independent directors) and senior executives (including Chairman of the Supervisory Committee) which is a combination of basic wages and performance wages. According to the "Remuneration and Assessment Scheme for the 6th term of Directors and Senior Executives" adopted by the 2nd meeting of the 6th term of Board and the 1st shareholders' provisional meeting 2013, the Remuneration & Assessment Committee is responsible to assess the performances of the directors and senior executives according to stipulated procedures. Directors and senior executives are scored and assessed one after another and comes out with a plan subject to approval of the Board and the Shareholders' Meeting. Basic wages are distributed on monthly basis and the overall remunerations are paid upon completion of the annual assessment.

In the report term, the Directors (exclude independent directors) and senior executives (including the Chairman of Supervisory Committee) are scored and assessed one after another and comes out with a plan decided by the 3rd meeting of the 6th term of Remuneration Committee, which was subject to approval of the Board.

The Assessment and Remuneration Scheme was produced through legal procedures and has been monitoring and motivating the directors and senior executives.

The Company hadn't conducted any share incentive program to any directors or senior executives as of the end of report period.

Chapter X. Internal Control

I. Construction of internal control system

The Company has been following the Internal Control Criteria, Internal Control Guideline, Internal Control Assessment Instruction, and PLC Internal Control Instruction issued by Securities Regulatory Commission, Auditing Department, Banking Regulatory Commission, Insurance Regulatory Commission, and Shenzhen Stock Exchange. The internal control system was founded on the foundation of basic management system the Company already had. The internal control operation workgroup and internal control assessment workgroup were established, and the Internal Control Manual and Internal Control Assessment Criteria were composed thereafter. The Company promoted internal control operations in the holding subsidiaries and helped them to establish internal control system as well. The works were fully promoted throughout the Company.

The Company produced the Internal Control Handbook in 2013, which covered inspection on aspects of development strategy, HR, social responsibility, enterprise culture, capital operation, purchasing, asset management, related transactions, sales, R&D, engineering projects, guarantee providing, outsourcing, financial reporting, contract management, internal information flow, and internal inspection. It was functioning effectively to control the risks.

In the report period, the Company has been operating legally and safely in assets, and also with mature reporting and information disclosure. A scientific and sound internal control system was established and operated. All operations regarding internal control were carried out effectively. All regulations of CSRC and SSE were satisfied.

II. Statement of the Board of Directors on responsibilities of internal control

The Board of Directors, the Supervisory Committee, the directors, the supervisors and executives of the Company guarantee that there are no significant omissions, fictitious or misleading statements carried in the Report and we will accept individual and joint responsibilities for the truthfulness, accuracy and completeness of the Report.

The Board of Directors claims that the Company has been maintaining effective internal control within the financial statements in all material aspects and according to the internal control standard.

III. Basis of internal control on financial statements

Following with the Enterprise Intern Control Fundamental Standard, Enterprise Internal Control Practice Instructions, and Enterprise Internal Control Assessment Instructions.

IV. Assessment report on internal control

Details about material flaw of internal control system in the report period discovered by the assessment report	
No material defect was found in the report period.	
Date of the assessment report was disclosed in full text	Mar 28 2015
Index of internal control assessment report	Disclosed by http://www.cninfo.com.cn dated March 28, 2015 (Announcement 2015-12)

V. Internal control auditing report or verification report

Internal control auditing report

Auditing opinions in the auditing report on internal control	
As far as our best understanding, Hangzhou Steam Turbine Co., Ltd. has been conducting effective internal control over its financial reporting system in all material aspects we observed as of December 31, 2014, and has been following with the Enterprise Internal Control Criteria.	
Disclosing date of internal control auditing report full text	Mar 28 2015
Index of the internal control auditing report full text	Disclosed by http://www.cninfo.com.cn dated March 28, 2015 (Announcement No. 2015-22)

Whether the CPA has issued a non-standard auditors' report on the internal control system

Yes No

Whether the opinions of the auditors' report are of concordance with the self-assessment report issued by the Board

Yes No

VI. Responsibility retrospective mechanism for material flaws in annual report

The Responsibility Retrospective Mechanism for Material Flaws in Annual Report provided description of material faults and punishment on responsible persons. It was aiming to increase the quality of annual reports and transparency of information disclosure.

In the report term, no major defect occurred in information disclosure, the responsible persons were performing their duties with diligence and fulfilled their responsibility of keeping inside information secret. No information correction, supplementary announcement, and amendment announcement on business performance information. The Company has been following the Share Listing Rules of Shenzhen Stock Exchange (Revised 2012) and executed the duties regarding information disclosure, making sure the information disclosed was truthful, accurate, and complete. The Company was not subject to any penalty or criticize of China Securities Regulatory Committee, or Shenzhen Stock Exchange.

Chapter XI. Financial Report

I. Auditors' Report

Type of auditing opinion	Standard report without qualified opinion
Date of issue of the Auditors' Report	March 26, 2015
Name of the CPA	Pan-China Certified Public Accountants (Special common partnership)
Ref. No. of the Auditors' Report	天健审〔2015〕1538号
Name of the certified accountants	Jiang Xiaodong, Zhang Chuanzhi

Auditors' Report

To the entire shareholders of Hangzhou Steam Turbine Co., Ltd.

We have audited the Financial Statements of Hangzhou Steam Turbine Co., Ltd. (the Company) attached hereafter, including the Balance Sheet and Consolidated Balance Sheet ended December 31, 2014, Income Statement and Consolidated Income Statement, Cash Flow Statement and Consolidated Cash Flow Statement, Statement of Change in Share Equities and Consolidated Statement of Change in Share Equities of year 2014, as well as the notes to the Financial Statements.

I. Executives' responsibilities on the Financial Statements

Preparing and appropriately presenting of the Financial Statements are the responsibilities of the management of The Company. This responsibilities are including: (1) Preparing the financial statements according to Enterprise Accounting Standards and make them reflecting a fair basis. (2) Design, implement and maintain the internal control system related to producing of the Financial Statements, to prevent the Financial Statements from major false presentation due to cheating or error.

II. Responsibilities of the CPA

Our responsibilities are to issue auditing opinions on the Financial Statements basing on the auditing works we've done on them. We carried out the auditing works with compliance to Chinese CPA Auditing Standard, which requires us to plan and implement our works on the basis of professional ethic standards, and obtain reasonable guarantee that the Financial Statements are free of major false statements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider the internal control relevant to the entity's preparation of financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting polices used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

III. Auditors' Opinions

We believe that the Company has been following with the Enterprise Accounting Standard in preparing of the Financial Statements. The Financial Statements is reflecting, both of the Company and the consolidated, in all important aspects, the financial situation of Hangzhou Steam Turbine Co., Ltd. as of December 31, 2014 and the business performance and cash flow of year 2014 both of the Company and the consolidated.

Pan-China Certified Public Accountants (Special common partnership) CPA China : Jiang Xiaodong

Hangzhou China

CPA China : Zhang Qizhi

March 26, 2015

II. The Financial Statements

All figures in the Notes to the Financial Statements are in RMB Yuan

1. Consolidated Balance Sheet

Prepared by: Hangzhou Steam Turbine Co., Ltd

December 31 2014

In RMB Yuan

Items	Closing balance	Opening balance
Current asset:		
Monetary capital	613,958,063.91	883,141,568.17
Settlement provision		
Outgoing call loan		
Financial assets accounted at fair value and fluctuation accounted into current income		
Deductive financial assets		
Notes receivable	701,109,938.01	921,474,660.68
Account receivable	2,388,919,641.98	2,116,165,121.01
Prepayment	172,022,768.39	221,002,418.39
Insurance receivable		
Reinsurance receivable		
Provisions of Reinsurance contracts receivable		
Interest receivable		
Dividend receivable		
Other account receivable	25,382,223.32	31,299,637.50
Repurchasing of financial assets		
Inventories	1,594,074,228.69	1,522,662,268.44
Categorized as asset hold for sale		
Non-current asset due in 1 year		
Other current asset	382,070,235.56	318,647,045.27
Total of current asset	5,877,537,099.86	6,014,392,719.46
Non-current assets		
Loans and payment on other' s behalf disbursed		
Sellable financial asset	498,990,862.94	472,349,826.87
Expired investment in possess		
Long-term receivable		
Long-term share equity investment		
Investment real estates		
Fixed assets	678,033,380.86	609,425,345.52
Construction in process	89,469,259.14	166,904,606.60
Engineering goods		
Fixed asset disposal		
Production physical assets		
Gas & petrol		
Intangible assets	304,100,619.77	225,562,108.26
R&D expense		
Goodwill		

Long-term amortizable expenses	1,041,796.52	36,748.58
Deferred income tax asset	102,885,927.93	90,477,451.14
Other non-current asset		66,500,000.00
Total of non-current assets	1,674,521,847.16	1,631,256,086.97
Total of assets	7,552,058,947.02	7,645,648,806.43
Current liabilities		
Short-term loans	198,600,000.00	376,900,000.00
Loan from Central Bank		
Deposit received and hold for others		
Call loan received		
Financial liabilities booked as current gain/loss at fair value		
Deductive financial liability		
Notes payable	150,763,452.14	168,751,198.95
Account payable	763,085,718.92	778,441,385.31
Advances received	1,374,736,209.67	1,480,588,499.90
Selling of repurchased financial assets		
Fees and commissions receivable		
Employees' wage payable	65,672,706.09	63,401,599.09
Tax payable	126,091,260.73	107,956,056.99
Interest payable		
Dividend payable		
Other account payable	29,597,889.12	46,941,539.40
Reinsurance fee payable		
Insurance contract provision		
Entrusted trading of securities		
Entrusted selling of securities		
Liabilities categorized as hold for sale		
Non-current liability due in 1 year		
Other current liability		
Total of current liability	2,708,547,236.67	3,022,980,279.64
Non-current liabilities		
Long-term borrowings	18,500,000.00	
Bond payable		
Incl. Preference Shares		
Perpetual liability		
Long-term payable	330,000.00	330,000.00
Long-term employee wage payable		
Special payable		
Expected liabilities		
Differed income	8,252,705.00	9,700,985.00
Deferred income tax liability	1,017,473.05	1,017,473.05
Other non-recurring liabilities		
Total of non-current liabilities	28,100,178.05	11,048,458.05
Total of liability	2,736,647,414.72	3,034,028,737.69
Owners' equity:		
Share capital	754,010,400.00	754,010,400.00
Other equity instruments		
Incl. Preference Shares		
Perpetual liability		
Capital reserves	139,590,345.09	139,590,345.09
Less: Shares in stock		
Other misc incomes	-640,401.72	-562,143.85
Special reserves	24,603,149.96	17,276,201.15
Surplus reserves	621,112,807.78	583,824,678.05
Common risk provision		
Retained profit	2,911,921,943.21	2,747,934,800.71
Total of owner' s equity belong to the parent company	4,450,598,244.32	4,242,074,281.15
Minor shareholders' equity	364,813,287.98	369,545,787.59
Total of owners' equity	4,815,411,532.30	4,611,620,068.74
Total of liabilities and owners' equity	7,552,058,947.02	7,645,648,806.43

Legal representative; Zheng Bin CFO: Pu Yangshuo Accounting Manager: Zhao Jiamao

2. Balance Sheet of the Parent Company

In RMB Yuan

Items	Closing balance	Opening balance
Current asset:		
Monetary capital	248,509,410.84	295,292,983.14
Financial assets accounted at fair value and fluctuation accounted into current income		
Deductive financial assets		
Notes receivable	385,543,218.94	601,340,832.00
Account receivable	2,010,980,253.99	1,788,860,441.94
Prepayment	72,514,421.98	142,783,696.27
Interest receivable		
Dividend receivable		
Other account receivable	33,537,812.35	25,065,309.78
Inventories	1,159,102,793.67	1,119,933,842.22
Categorized as asset hold for sale		
Non-current asset due in 1 year		
Other current asset	30,000,000.00	
Total of current asset	3,940,187,911.77	3,973,277,105.35
Non-current assets		
Sellable financial asset	454,010,862.94	446,749,826.87
Expired investment in possess		
Long-term receivable		
Long-term share equity investment	502,919,378.03	502,919,378.03
Investment real estates		
Fixed assets	354,282,465.72	316,182,652.53
Construction in process	67,302,264.59	124,088,852.72
Engineering goods		
Fixed asset disposal		
Production physical assets		
Gas & petrol		
Intangible assets	181,918,239.41	181,668,119.33
R&D expense		
Goodwill		
Long-term amortizable expenses	1,015,547.54	
Deferred income tax asset	74,164,090.15	61,066,646.31
Other non-current asset		
Total of non-current assets	1,635,612,848.38	1,632,675,475.79
Total of assets	5,575,800,760.15	5,605,952,581.14
Current liabilities		
Short-term loans	100,000,000.00	260,000,000.00
Financial liabilities booked as current gain/loss at fair value		
Deductive financial liability		
Notes payable		
Account payable	448,755,575.94	469,018,283.68
Advances received	977,630,617.45	1,060,240,346.99
Employees' wage payable	44,164,067.67	49,561,769.28
Tax payable	88,238,458.17	63,656,915.72
Interest payable		
Dividend payable		
Other account payable	19,738,024.51	31,407,616.90
Liabilities categorized as hold for sale		
Non-current liability due in 1 year		
Other current liability		
Total of current liability	1,678,526,743.74	1,933,884,932.57
Non-current liabilities		
Long-term borrowings		
Bond payable		
Incl. Preference Shares		
Perpetual liability		
Long-term payable		
Long-term employee wage payable		
Special payable		

Expected liabilities		
Differed income	111,250.00	200,250.00
Deferred income tax liability	1,017,473.05	1,017,473.05
Other non-recurring liabilities		
Total of non-current liabilities	1,128,723.05	1,217,723.05
Total of liability	1,679,655,466.79	1,935,102,655.62
Owners' equity:		
Share capital	754,010,400.00	754,010,400.00
Other equity instruments		
Incl. Preference Shares		
Perpetual liability		
Capital reserves	138,953,250.09	138,953,250.09
Less: Shares in stock		
Other misc incomes		
Special reserves	10,511,915.73	7,295,765.20
Surplus reserves	602,356,402.65	565,068,272.92
Retained profit	2,390,313,324.89	2,205,522,237.31
Total of owners' equity	3,896,145,293.36	3,670,849,925.52
Total of liabilities and owners' equity	5,575,800,760.15	5,605,952,581.14

3. Consolidated Income Statement

In RMB Yuan

Items	Occurred current term	Occurred in previous term
I. Total revenue	3,722,331,920.13	5,064,643,686.67
Incl. Business income	3,722,331,920.13	5,064,643,686.67
Interest income		
Insurance fee earned		
Fee and commission received		
II. Total business cost	3,280,418,813.78	4,279,668,780.40
Incl. Business cost	2,363,125,652.50	3,411,549,649.25
Interest expense		
Fee and commission paid		
Insurance discharge payment		
Net claim amount paid		
Net insurance policy reserves provided		
Insurance policy dividend paid		
Reinsurance expenses		
Business tax and surcharge	30,181,499.93	39,489,864.78
Sales expense	158,590,899.44	189,379,007.03
Administrative expense	592,118,584.23	562,638,390.77
Financial expenses	15,255,789.99	9,713,220.64
Asset impairment loss	121,146,387.69	66,898,647.93
Plus: Gains from fluctuation of fair value ("-" for loss)		
Investment gains ("-" for loss)	44,749,895.58	69,771,886.60
Incl. Investment gains from affiliates		
Gains from currency exchange ("-" for loss)		
III. Operation profit ("-" for loss)	486,663,001.93	854,746,792.87
Plus: Non business income	24,073,116.78	21,848,937.68
Incl. Gains from disposal of non-current assets	510,865.15	664,561.20
Less: Non-business expenses	9,404,298.16	10,625,481.54
Incl. Loss from disposal of non-current assets	427,820.27	13,319.33
IV. Total profit ("-" for total loss)	501,331,820.55	865,970,249.01
Less: Income tax expenses	77,385,100.71	131,146,615.15
V. Net profit ("-" for net loss)	423,946,719.84	734,823,633.86
Net profit attributable to the owners of parent company	352,077,352.23	654,179,550.68
Minor shareholders' equity	71,869,367.61	80,644,083.18
VI. Net amount of other gains after tax	-183,791.92	-1,320,218.73
Net amount of other gains after tax attributable to owners of parent company	-78,257.87	-562,143.85
(I) Other gains not able to be relocated to gain/loss afterward		
1. Change of net liability or asset of beneficiary plan from recalculating		
2. The share of other gains in invested entities under equity basis which are not able to be relocated to gain/loss categories		

(II) Other gains which will be relocated to gain/loss in the future	-78,257.87	-562,143.85
1. The share of other gains in invested entities under equity basis which are to be relocated to gain/loss categories		
2. Gain/loss from change of fair value of sellable financial asset		
3. Gain/loss from relocating of investment held to mature which is relocated to sellable financial asset		
4. Effective part of gain/loss from cash flow hedge operation		
5. Difference in translating of foreign currency accounts	-78,257.87	-562,143.85
6. Others		
Net amount of other gains after tax attributable to minority shareholders	-105,534.05	-758,074.88
VII. Total of integrated income	423,762,927.92	733,503,415.13
Total of misc. incomes attributable to the owners of the parent company	351,999,094.36	653,617,406.83
Total misc gains attributable to the minor shareholders	71,763,833.56	79,886,008.30
VIII. Earning per share		
(I) Basic earnings per share	0.47	0.87
(II) Diluted earnings per share	0.47	0.87

If there are entities merged under common control, their net profit realized before the merger were totaled to RMB***. While it was RMB*** previous period.

Legal representative; Zheng Bin CFO: Pu Yangshuo Accounting Manager: Zhao Jiamao

4. Income Statement of the Parent Co.

In RMB Yuan

Items	Occurred current term	Occurred in previous term
I. Turnover	2,584,209,968.34	3,430,910,953.10
Less: Operation cost	1,799,938,721.33	2,335,815,522.20
Business tax and surcharge	17,427,285.87	28,588,902.84
Sales expense	105,371,526.65	130,140,081.01
Administrative expense	356,505,227.23	335,282,543.42
Financial expenses	14,178,027.98	4,611,152.12
Asset impairment loss	89,634,090.49	38,718,126.58
Plus: Gains from fluctuation of fair value ("-" for loss)		
Investment gains ("-" for loss)	196,903,483.48	179,738,358.40
Incl. Investment gains from affiliates		
II. Operational profit ("-" for loss)	398,058,572.27	737,492,983.33
Plus: Non business income	9,768,097.16	7,909,281.22
Incl. Gains from disposal of non-current assets		
Less: Non-business expenses	4,565,898.06	6,516,458.28
Incl. Loss from disposal of non-current assets		6,385.84
III. Total profit ("-" for total loss)	403,260,771.37	738,885,806.27
Less: Income tax expenses	30,379,474.06	86,046,418.07
IV. Net profit ("-" for net loss)	372,881,297.31	652,839,388.20
V. Net amount of other gains after tax		
(I) Other gains not able to be relocated to gain/loss afterward		
1. Change of net liability or asset of beneficiary plan from recalculating		
2. The share of other gains in invested entities under equity basis which are not able to be relocated to gain/loss categories		
(II) Other gains which will be relocated to gain/loss in the future		
1. The share of other gains in invested entities under equity basis which are to be relocated to gain/loss categories		
2. Gain/loss from change of fair value of sellable financial asset		
3. Gain/loss from relocating of investment held to mature which is relocated to sellable financial asset		
4. Effective part of gain/loss from cash flow hedge operation		
5. Difference in translating of foreign currency accounts		
6. Others		
VI. Total of other gains	372,881,297.31	652,839,388.20
VII. Earning per share		
(I) Basic earnings per share	0.490	0.870
(II) Diluted earnings per share	0.490	0.870

5. Consolidated Cash Flow Statement

In RMB Yuan

Items	Occurred current term	Amount of previous period
I. Net cash flow from business operation		
Cash received from sales of products and providing of services	3,095,800,715.65	4,354,432,396.28
Net increase of customer deposits and capital kept for brother company		
Net increase of loans from central bank		
Net increase of inter-bank loans from other financial bodies		
Cash received against original insurance contract		
Net cash received from reinsurance business		
Net increase of client deposit and investment		
Net increased amount of financial assets on fair value and with changes accounted into current gain/loss		
Cash received as interest, processing fee, and commission		
Net increase of inter-bank fund received		
Net increase of repurchasing business		
Tax returned	1,578,096.69	11,819,714.06
Other cash received from business operation	24,600,078.90	29,450,077.87
Sub-total of cash inflow from business activities	3,121,978,891.24	4,395,702,188.21
Cash paid for purchasing of merchandise and services	1,650,151,599.93	2,724,149,674.24
Net increase of client trade and advance		
Net increase of savings in central bank and brother company		
Cash paid for original contract claim		
Cash paid for interest, processing fee and commission		
Cash paid for policy dividend		
Cash paid to staffs or paid for staffs	669,696,270.69	642,971,428.46
Taxes paid	332,251,371.45	455,142,683.16
Other cash paid for business activities	186,150,677.25	203,773,870.42
Sub-total of cash outflow from business activities	2,838,249,919.32	4,026,037,656.28
Cash flow generated by business operation, net	283,728,971.92	369,664,531.93
II. Cash flow generated by investing		
Cash received from investment retrieving		
Cash received as investment gains	44,749,895.58	41,579,116.39
Net cash retrieved from disposal of fixed assets, intangible assets, and other long-term assets	927,320.02	1,126,727.68
Net cash received from disposal of subsidiaries or other operational units		78,569,542.05
Other investment-related cash received	1,813,194,104.88	2,500,701,303.45
Sub-total of cash inflow due to investment activities	1,858,871,320.48	2,621,976,689.57
Cash paid for construction of fixed assets, intangible assets and other long-term assets	86,598,823.54	320,307,042.75
Cash paid as investment	26,641,036.07	13,332,463.65
Net increase of loan against pledge		
Net cash received from subsidiaries and other operational units		
Other cash paid for investment activities	1,871,400,000.00	2,666,000,000.00
Sub-total of cash outflow due to investment activities	1,984,639,859.61	2,999,639,506.40
Net cash flow generated by investment	-125,768,539.13	-377,662,816.83
III. Cash flow generated by financing		
Cash received as investment	1,260,000.00	24,607,175.00
Incl. Cash received as investment from minor shareholders	1,260,000.00	14,407,175.00
Cash received as loans	249,800,000.00	487,300,000.00
Cash received from bond placing		
Other financing-related cash received	300,000,000.00	123,517,707.64
Subtotal of cash inflow from financing activities	551,060,000.00	635,424,882.64
Cash to repay debts	409,600,000.00	340,800,000.00
Cash paid as dividend, profit, or interests	247,818,256.90	429,478,521.63
Incl. Dividend and profit paid by subsidiaries to minor shareholders	80,461,415.00	116,763,952.00
Other cash paid for financing activities	300,000,000.00	98,655,730.18
Subtotal of cash outflow due to financing activities	957,418,256.90	868,934,251.81
Net cash flow generated by financing	-406,358,256.90	-233,509,369.17
IV. Influence of exchange rate alternation on cash and cash equivalents	232,741.14	-2,693,759.81
V. Net increase of cash and cash equivalents	-248,165,082.97	-244,201,413.88

Plus: Balance of cash and cash equivalents at the beginning of term	810,928,644.47	1,055,130,058.35
VI. Balance of cash and cash equivalents at the end of term	562,763,561.50	810,928,644.47

6. Cash Flow Statement of the Parent Co.

In RMB Yuan

Items	Occurred current term	Occurred in previous term
I. Net cash flow from business operation		
Cash received from sales of products and providing of services	1,900,714,754.53	2,531,933,737.51
Tax returned		2,846,579.73
Other cash received from business operation	8,818,961.35	9,108,036.72
Sub-total of cash inflow from business activities	1,909,533,715.88	2,543,888,353.96
Cash paid for purchasing of merchandise and services	1,003,159,494.53	1,496,021,531.29
Cash paid to staffs or paid for staffs	458,560,315.69	459,983,481.24
Taxes paid	163,533,253.01	290,759,748.18
Other cash paid for business activities	126,899,777.77	98,212,968.87
Sub-total of cash outflow from business activities	1,752,152,841.00	2,344,977,729.58
Cash flow generated by business operation, net	157,380,874.88	198,910,624.38
II. Cash flow generated by investing		
Cash received from investment retrieving		190,373,944.53
Cash received as investment gains	196,903,483.48	1,123,953.55
Net cash retrieved from disposal of fixed assets, intangible assets, and other long-term assets		
Net cash received from disposal of subsidiaries or other operational units		
Other investment-related cash received	510,357,990.86	2,120,000,000.00
Sub-total of cash inflow due to investment activities	707,261,474.34	2,311,497,898.08
Cash paid for construction of fixed assets, intangible assets and other long-term assets	45,567,613.80	230,385,502.50
Cash paid as investment	7,261,036.07	432,886,743.83
Net cash received from subsidiaries and other operational units		
Other cash paid for investment activities	538,000,000.00	2,060,000,000.00
Sub-total of cash outflow due to investment activities	590,828,649.87	2,723,272,246.33
Net cash flow generated by investment	116,432,824.47	-411,774,348.25
III. Cash flow generated by financing		
Cash received as investment		
Cash received as loans	100,000,000.00	260,000,000.00
Cash received from bond placing		
Other financing-related cash received	300,000,000.00	
Subtotal of cash inflow from financing activities	400,000,000.00	260,000,000.00
Cash to repay debts	260,000,000.00	100,000,000.00
Cash paid as dividend, profit, or interests	160,324,080.00	304,172,493.33
Other cash paid for financing activities	300,000,000.00	
Subtotal of cash outflow due to financing activities	720,324,080.00	404,172,493.33
Net cash flow generated by financing	-320,324,080.00	-144,172,493.33
IV. Influence of exchange rate alteration on cash and cash equivalents	-273,191.65	-2,247,830.26
V. Net increase of cash and cash equivalents	-46,783,572.30	-359,284,047.46
Plus: Balance of cash and cash equivalents at the beginning of term	295,292,983.14	654,577,030.60
VI. Balance of cash and cash equivalents at the end of term	248,509,410.84	295,292,983.14

7. Statement of Change in Owners' Equity (Consolidated)

Amount of the Current Term

In RMB Yuan

Items	Current term												
	Owners' Equity Attributable to the Parent Company											Minor shareholders' equity	Total of owners' equity
	Share capital	Preference shares	Perpetual liability	Others	Capital reserves	Less: Shares in stock	Other misc incomes	Special reserves	Surplus reserves	Common risk provision	Retained profit		
I. Balance at end of prev. year	754,010,400.00				139,590,345.09		-562,143,85	17,276,201.15	583,824,678.05		2,736,802,630.30	380,677,958.00	4,611,620,068.74
Plus: Change of accounting policy											11,132,170.41	-11,132,170.41	
Correcting of previous errors													

Business combination under common control													
Others													
II. Balance at beginning of current year	754,010,400.00				139,590,345.09	-562,143.85	17,276,201.15	583,824,678.05		2,747,934,800.71	369,545,787.59	4,611,620,068.74	
III. Changed this period ("-" for decrease)						-78,257.87	7,326,948.81	37,288,129.73		163,987,142.50	-4,732,499.61	203,791,463.56	
(I) Total of other gains						-78,257.87				352,077,352.23	71,763,833.56	423,762,927.92	
(II) Owners' input our retrieving of capital											1,260,000.00	1,260,000.00	
1. Common shares inputted by shareholders											1,260,000.00	1,260,000.00	
2. Capital input by other holders													
3. Amount of share payment including owners' equity													
4. Others													
(III) Profit distribution								37,288,129.73		-188,090,209.73	-80,461,415.00	-231,263,495.00	
1. Providing of surplus reserves								37,288,129.73		-37,288,129.73			
2. Common risk provision													
3. Allotment to the owners (or shareholders)										-150,802,080.00	-80,461,415.00	-231,263,495.00	
4. Others													
(IV) Internal transition of owners' equity													
1. Capitalizing of capital reserves (or to capital shares)													
2. Capitalizing of surplus reserves (or to capital shares)													
3. Making up losses by surplus reserves													
4. Others													
(V) Special reserves							7,326,948.81				2,705,081.83	10,032,030.64	
1. Provided this year							11,060,486.26				3,721,068.19	14,781,554.45	
2. Used this term							3,733,537.45				1,015,986.36	4,749,523.81	
(VI) Others													
IV. Balance at the end of this term	754,010,400.00				139,590,345.09	-640,401.72	24,603,149.96	621,112,807.78		2,911,921,943.21	364,813,287.98	4,815,411,532.30	

Amount of the Previous Term

In RMB Yuan

Items	Previous term												
	Owners' Equity Attributable to the Parent Company											Minor shareholders' equity	Total of owners' equity
	Share capital	Preference shares	Perpetual liability	Others	Capital reserves	Less: Shares in stock	Other misc incomes	Special reserves	Surplus reserves	Common risk provision	Retained profit		
I. Balance at end of prev. year	754,010,400.00				139,590,345.09			10,294,548.34	518,540,739.23		2,449,720,889.86	456,124,350.75	4,328,281,273.27
Plus: Change of accounting policy											10,308,801.78	-10,308,801.78	
Correcting of previous errors													
Business combination under common control													
Others													
II. Balance at beginning of current year	754,010,400.00				139,590,345.09			10,294,548.34	518,540,739.23		2,460,029,691.64	445,815,548.97	4,328,281,273.27
III. Changed this						-562,143.85	6,981,652.81	65,283,939.73		287,905,142.50	-76,269,799.61	283,338,763.56	

period ("-" for decrease)						85	.81	8.82		09.07	61.38	95.47
(I) Total of other gains						-562,143.85				654,179.550.68	79,886.008.30	733,503.415.13
(II) Owners' input our retrieving of capital											-50,207.922.63	-50,207.922.63
1. Common shares inputted by shareholders											-50,207.922.63	-50,207.922.63
2. Capital input by other holders												
3. Amount of share payment including owners' equity												
4. Others												
(III) Profit distribution								65,283.938.82		-366,888.098.81	-106,963.952.00	-408,568.111.99
1. Providing of surplus reserves								65,283.938.82		-65,283.938.82		
2. Common risk provision												
3. Allotment to the owners (or shareholders)										-301,604.159.99	-106,963.952.00	-408,568.111.99
4. Others												
(IV) Internal transition of owners' equity											-1,886.977.19	-1,886.977.19
1. Capitalizing of capital reserves (or to capital shares)												
2. Capitalizing of surplus reserves (or to capital shares)												
3. Making up losses by surplus reserves												
4. Others											-1,886.977.19	-1,886.977.19
(V) Special reserves							7,595,310.01				2,507,899.34	10,103.209.35
1. Provided this year							10,042,022.97				3,231,339.45	
2. Used this term							2,446,712.96				723,440.11	
(VI) Others							-613,657.20			613,657.20	395,182.80	395,182.80
IV. Balance at the end of this term	754,010,400.00				139,593,345.09	-562,143.85	17,276,201.15	583,824.678.05		2,747,934,800.71	369,545,787.59	4,611,620,068.74

8. Statement of Change in Owners' Equity (Parent Co.)

Amount of the Current Term

In RMB Yuan

Items	Current term										
	Share capital	Other equity instruments			Capital reserves	Less: Shares in stock	Other misc incomes	Special reserves	Surplus reserves	Retained profit	Total of owners' equity
		Preference shares	Perpetual liability	Others							
I. Balance at end of prev. year	754,010,400.00				138,953,250.09			7,295,765.20	565,068,272.92	2,205,522,237.31	3,670,849,925.52
Plus: Change of accounting policy											
Correcting of previous errors											
Others											
II. Balance at beginning of current year	754,010,400.00				138,953,250.09			7,295,765.20	565,068,272.92	2,205,522,237.31	3,670,849,925.52
III. Changed this period ("-" for decrease)								3,216,150.53	37,288,129.73	184,791,087.58	225,295,367.84
(I) Total of other gains										372,881,297.31	372,881,297.31
(II) Owners' input our retrieving of capital											
1. Common shares inputted by shareholders											

2. Capital input by other holders											
3. Amount of share payment including owners' equity											
4. Others											
(III) Profit distribution								37,288,129.73	-188,090,209.73	-150,802,080.00	
1. Providing of surplus reserves								37,288,129.73	-37,288,129.73		
2. Allotment to the owners (or shareholders)									-150,802,080.00	-150,802,080.00	
3. Others											
(IV) Internal transition of owners' equity											
1. Capitalizing of capital reserves (or to capital shares)											
2. Capitalizing of surplus reserves (or to capital shares)											
3. Making up losses by surplus reserves											
4. Others											
(V) Special reserves								3,216,150.53			3,216,150.53
1. Provided this year								5,330,910.95			5,330,910.95
2. Used this term								2,114,760.42			2,114,760.42
(VI) Others											
IV. Balance at the end of this term	754,010,400.00				138,953,250.09			10,511,915.73	602,356,402.65	2,390,313,324.89	3,896,145,293.36

Amount of the Previous Term

In RMB Yuan

Items	Previous term										
	Share capital	Other equity instruments			Capital reserves	Less: Shares in stock	Other misc incomes	Special reserves	Surplus reserves	Retained profit	Total of owners' equity
Preference shares	Perpetual liability	Others									
I. Balance at end of prev. year	754,010,400.00				138,953,250.09			4,671,366.80	499,784,334.10	1,919,570,947.92	3,316,990,298.91
Plus: Change of accounting policy											
Correcting of previous errors											
Others											
II. Balance at beginning of current year	754,010,400.00				138,953,250.09			4,671,366.80	499,784,334.10	1,919,570,947.92	3,316,990,298.91
III. Changed this period ("+" for increase)								2,624,398.40	65,283,938.82	285,951,289.39	353,859,626.61
(I) Total of other gains										652,839,388.20	652,839,388.20
(II) Owners' input our retrieving of capital											
1. Common shares inputted by shareholders											
2. Capital input by other holders											
3. Amount of share payment including owners' equity											
4. Others											
(III) Profit distribution									65,283,938.82	-366,888,098.81	-301,604,159.99
1. Providing of surplus reserves									65,283,938.82	-65,283,938.82	
2. Allotment to the owners (or shareholders)										-301,604,159.99	-301,604,159.99
3. Others											
(IV) Internal transition											

of owners' equity											
1. Capitalizing of capital reserves (or to capital shares)											
2. Capitalizing of surplus reserves (or to capital shares)											
3. Making up losses by surplus reserves											
4. Others											
(V) Special reserves							2,624,398.40				2,624,398.40
1. Provided this year							4,832,002.89				4,832,002.89
2. Used this term							2,207,604.49				2,207,604.49
(VI) Others											
IV. Balance at the end of this term	754,010,400.00				138,953,250.09		7,295,765.20	565,068.272.92	2,205,522,237.31		3,670,849,925.52

Chapter XII. Documents for Reference

- I. Annual Report 2014 with signature of the Chairman;
- II. Original copy of the Auditors' Report with the seals and signatures of of the legal representative, CFO, Accounting Manager of the Company, and the Pan-China CPA and signed by certified accountants.
- III. All of the originals of the Company's documents and public notices publicized by the presses designated by China Securities Regulatory Commission in the report period;
- IV. Original copy of Resolutions of the 19th Meeting of the 6th Term of Board with signatures of directors.