



DONGFANG ELECTRIC CORPORATION LIMITED  
( H Share Stock Code : 1072 ) ( A Share Stock Code : 600875 )



2014  
ANNUAL  
REPORT



## IMPORTANT NOTICE

- I. The board of directors, the supervisory committee and the directors, supervisors and senior management of the Company have confirmed that this annual report contains no false representation, misleading information or material omission. They jointly and severally accept full responsibility for the truthfulness, accuracy and completeness of the contents of this annual report.
- II. ShineWing Certified Public Accountants (Special General Partnership) has issued a standard unqualified auditor's report to the Company.
- III. Mr. Si Zefu, the head of the Company, Mr. Gong Dan, the Chief Accountant, and Mr. Zeng Yi, the Finance Manager have declared that they confirm the truthfulness, accuracy and completeness of the financial statements in this annual report.
- IV. Plan for profit distribution and transfer of capital reserve to share capital during the Reporting Period after being considered by the Board

Plan for profit distribution after tax of the Company for the year 2014:

As audited by ShineWing Certified Public Accountants (Special General Partnership), the Company (merged) achieved RMB1,278,258,405.62 of net profit attributable to shareholders of the Company in 2014. According to relevant requirements of the Articles of Association together with the actual condition of the Company, the proposed profit distribution of the Company for the year 2014 is as follows:

1. Statutory surplus reserve of RMB95,628,778.58 is reserved in accordance with 10% of the net profit of RMB956,287,785.82 achieved by the Company (parent company);
  2. The base number is regarded as the latest total share capital 2,336,900,368 of the Company presently, and cash dividend is implemented in accordance with the distribution of RMB0.09 cash dividend per share (tax inclusive). It is expected that the total amount of cash dividend payable is RMB 210,321,033.12;
  3. No capital reserve will be transferred to share capital, nor distribute any bonus share.
- V. Risk declaration of foresight statements

The foresight statements including future plans and development strategies involved in the report do not constitute substantial undertaking of the Company to investors. Investors should be aware of investment risks.

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# Chairman's Statement



Chairman: Si Zefu

To shareholders,

In the ever-changing market competition environment, to achieve sustainable development, enterprises could only unceasingly make improvement as well as cooperate with clients and investors to attain win-win situations, especially when encountering the “New Normal” of the economy nowadays. After experiencing half a century, Dongfang Electric insists on the importance of client’s benefits, cooperates with investors to achieve win-win situations, and strives to establish an internationally competitive enterprise with first-class significant power equipment. A memory with remarkable experience is kept after going through the year of 2014.

In 2014, we kept calm and went forward, realizing stable operation of the Company. Facing a new trend of international and domestic economic development as well as vigorous market competition in the power equipment industry, the Company adhered to the “three changes” (change from emphasizing scale expansion to efficiency and profit growth, change from emphasizing capacity expansion to technical upgrading, and change from emphasizing manufacturing-based operations to manufacturing- and service-based operations), joined hands and worked hard, and proactively developed. Many orders of significant projects were signed throughout the year with an amount of more than RMB120 billion, while completed output of power equipment was 34,455MW, outperforming the target plan and achieving the Company’s overall stable operation. However, profit was significantly declined due to considerable drop-off of product price.

In 2014, we kept our promise to fully ensure the customers’ demand. We strengthened coordination and communication, reinforced on-site service, ensuring key projects and new products would be delivered pursuant to the schedule. Gerry 75MW×7 hydropower units in Brazil and Jinping I 600MW×6 hydropower station on Yalong River were all successfully put into commercial operation. Thermal power generating units created a record of operation: 15 thermal power generating units and 168×12 generating units as in that year; 1 million KW demonstration projects of Wanzhou in respect of thermal power were operated in advance; delivery of key wind power and nuclear power projects was under control; several obstacles including regional instability of overseas construction projects were overcome, and the target of construction was realized on time.

In 2014, our sincere communication won the recognition of capital market. The Company actively made use of capital market to promote entity industries. In July 2014, in order to enhance the improvement of the construction and R&D capabilities of overseas EPC and BTG projects, the Company successfully carried out public issuance of RMB4 billion A share convertible bonds, and meticulous organization of roadshow promotion won support from investors. In December 2014, the resolution of continued connection transaction from 2015–2017 of the Company was approved by General Meeting; the Company was also granted awards such as “the first 100 listed companies mostly respected by investors in 2014” (「2014年度最受投資者尊重的百強上市公司」).

2015 is the harvesting year of the twelfth five year plan, and in the meantime, the key year for the enterprise to deepen reform, and actively adapt to the transformation and upgrade of “New Normal”. Although we are going to encounter more challenges and will be affected by uncertain factors, but we firmly believe that more development benefits will be created through comprehensive deepening of reform, and we will reform and innovate to create energy, control the cost and increase efficiency for development, steadily follow the designated strategic direction by regarding economic efficiency as the centre, market demand as the direction and technological innovation as the back-up, and speed up the transformation upgrade and innovation development of the enterprise.

Finally, I would like to express my gratitude for investors who believe in and give support to us, as well as the hard work and selfless contribution from all the staff members. In 2015, we will go hand in hand and take up arms together!

Chairman:

A handwritten signature in black ink, which appears to be the name 'Si Zefu' in Chinese characters.

27 March 2015

# DEFINITIONS AND SIGNIFICANT RISK WARNING



## I. DEFINITIONS

In this report, otherwise stated, the following expressions shall have meanings as follows:

### Definitions of frequently-used terms

DEC, Company	Dongfang Electric Corporation Limited
Controlling Shareholder	Dongfang Electric Corporation
Reporting Period	2014
Articles of Association	Articles of Association of Dongfang Electric Corporation Limited
Shanghai Stock Exchange	Shanghai Stock Exchange
Stock Exchange	The Stock Exchange of Hong Kong Limited
RMB, RMB'0000, RMB 100 million	Renminbi Yuan, Renminbi '0000, Renminbi 100 million
Convertible Bonds	Convertible corporate bonds with a value of RMB4,000 million issued by the Company in July 2014

## II. SIGNIFICANT RISK WARNING

The Company has detailed represented the existent market exploration risk, recovering payment for goods, project execution risk and risk of befits decline in this report, please refer to contents in relation to potential risk factors and countermeasures of discussion and analysis for the Company's future development in the report of the Board.



# Company Profile

## I. COMPANY INFORMATION

Chinese name of the Company	東方電氣股份有限公司
Abbreviation of the Chinese name of the Company	東方電氣
English name of the Company	Dongfang Electric Corporation Limited
Abbreviation of the English name of the Company	DEC
Legal representative of the Company	Si Zefu

## II. CONTACT PERSONS AND METHODS

	<b>Secretary to the Board of Directors</b>	<b>Representative of securities affairs</b>
Name	Gong Dan	Huang Yong
Contact address	No. 333 Shuhan Road, Jinniu District, Chengdu City, Sichuan Province	No. 333 Shuhan Road, Jinniu District, Chengdu City, Sichuan Province
Telephone	028-87583666	028-87583666
Fax	028-87583551	028-87583551
E-mail	dsb@dongfang.com	dsb@dongfang.com

# Company Profile (CONTINUED)



## III. BASIC INFORMATION

Registered address	18 Xixin Road, High-Tech District (Western District), Chengdu City, Sichuan Province
Postal code for the registered address	611731
Company business address	No. 333 Shuhan Road, Jinniu District, Chengdu City, Sichuan Province
Postal code for business address	610036
Company Website	<a href="http://www.dec-ltd.cn/">http://www.dec-ltd.cn/</a>
E-mail	dsb@dongfang.com

## IV. PLACES FOR INFORMATION DISCLOSURE AND INSPECTION

Newspapers for disclosure of the Company's information	China Securities Journal, Shanghai Securities News
Website designated by CSRC for publication of the Company's annual report	<a href="http://www.sse.com.cn">www.sse.com.cn</a>
Place where the Company's annual report is available for inspection	Board Office of the Company

## V. SHARE INFORMATION

### Share Information

Class of share	Listing place	Abbreviation of the stock	Stock code	Stock name before the change
A Shares	Shanghai Stock Exchange	東方電氣	600875	東方電機
H Shares	Hong Kong Stock Exchange	Dongfang Elec	1072	Dongfang Electrical

# Company Profile (CONTINUED)

## VI. CHANGE IN BUSINESS REGISTRATION OF THE COMPANY DURING THE REPORTING PERIOD

### (I) Basic information

Date of registration:	28 December 1993
Place of registration:	Xixin Road, High-Tech District, (Western District), Chengdu City, Sichuan Province
License No. of the business corporation:	510109000059366
Tax registration No.:	51098205115485
Organizing Institution No.:	20511548

### (II) Inspection index to initial business registration of the Company

Date of initial business registration:	28 December 1993
Place of initial business registration:	Deyang City, Sichuan Province, PRC
Registration number of the Company's business license:	5106001800189
Tax registration number of the Company:	510602205115485
Organization code:	205115485

### (III) Changes in principal business since the listing of the Company

There is no change in the principle businesses since the listing of the Company.

### (IV) Changes in controlling shareholders since the listing of the Company

Since the listing of the Company in 1994, Dongfang Electrical Machinery Works, the former controlling shareholder of the Company, entered into 《國有法人股劃轉協議》(Transfer Agreement regarding State-owned Legal Person Shares) with Dongfang Electric Corporation on 10 November 2005, pursuant to which Dongfang Electrical Machinery Works transferred all its 220,000,000 State-owned legal person shares of the Company (representing 48.89% of the Company's total share capital) to Dongfang Electric Corporation at nil consideration. Upon completion of this equity transfer, Dongfang Electric Corporation would hold 220,000,000 State-owned legal person shares of the Company and become the largest shareholder of the Company while Dongfang Electrical Machinery Works would no longer hold any shares of the Company. As at the end of the reporting period, Dongfang Electric Corporation was still the Company's controlling shareholder.

# Company Profile (CONTINUED)

## VII. OTHER RELEVANT INFORMATION

### (I) Accounting firm

Accounting firm appointed by the Company (domestic)	Name	ShineWing Certified Public Accountants (Special General Partnership)
	Business address	9/F, Block A, Fu Hua Mansion, No. 8 Chaoyangmen Beidajie, Dongcheng District, Beijing
	Signature accountant's name	Song Chaoxue She Aimin

### (II) Supervisory sponsor

Supervisory sponsor appointed by the Company	Name	CITIC Securities Co., Ltd.
	Business address	CITIC Securities Tower, No. 48 Liangmaqiao Road, Chaoyang District, Beijing
	Signature accountant's name	Qian Weichen Xu Xin
	Supervision period	25 July 2014–31 December 2015

### (III) H share registrar in Hong Kong

H share registrar in Hong Kong	Name	Computershare Hong Kong Investor Services Limited
	Address	Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong

# MAJOR ACCOUNTING DATA AND FINANCIAL INDICES



## I. MAJOR ACCOUNTING DATA AND FINANCIAL INDICES OF THE COMPANY FOR THE LAST 3 YEARS AT THE END OF REPORTING PERIOD

### (I) Major accounting data

Unit: Yuan Currency: RMB

Major accounting data	2014	2013	Year-on-year increase/decrease (%)	2012
Operating income	<b>39,036,164,758.11</b>	42,390,796,682.51	-7.91	38,079,202,510.13
Net profit attributable to shareholders of the Company	<b>1,278,258,405.62</b>	2,349,431,591.08	-45.59	2,191,129,345.43
Net profit after non-recurring profit and loss attributable to shareholders of the Company	<b>1,162,491,531.20</b>	2,240,521,098.43	-48.12	2,024,319,706.67
Net cash flow from operating activities	<b>2,832,630,323.09</b>	3,003,616,665.66	-5.69	-178,523,654.30

	2014	2013	Year-on-year increase/decrease (%)	2012
Net assets attributable to shareholders of the Company	<b>19,544,092,526.73</b>	17,693,768,986.23	10.46	15,678,105,417.62
Total assets	<b>85,230,169,494.86</b>	77,836,703,054.12	9.50	78,327,056,597.82

Note: The "changes" will be "N/A" if it is a negative number for the same period last year.

# MAJOR ACCOUNTING DATA AND FINANCIAL INDICES (CONTINUED)



## (II) Major financial data

Major financial index	2014	2013	Year-on-year increase/decrease (%)	2012
Basic earnings per share (RMB/share)	<b>0.64</b>	1.17	-45.59	1.09
Diluted earnings per share (RMB/share)	<b>0.59</b>	1.02	-42.16	0.96
Basic earnings per share after non-recurring profit and loss (RMB/share)	<b>0.58</b>	1.12	-48.12	1.01
Weighted average return on net assets (%)	<b>6.92</b>	14.10	Decreased by 7.18 percentage points	14.84
Weighted average return on net assets after non-recurring profit and loss (%)	<b>6.29</b>	13.44	Decreased by 7.15 percentage points	13.71

# MAJOR ACCOUNTING DATA AND FINANCIAL INDICES (CONTINUED)

## (III) Extraordinary profit or loss items and amounts

Unit: Yuan Currency: RMB

Principal financial indicators	2014	2013	2012
Profit and loss from disposal of non-current assets	<b>-1,909,936.79</b>	4,041,175.11	3,380,937.80
Government subsidiaries accounted for as current profit and loss (excluding those closely related to the Company's business and enjoyed according to the State's standard quota or quantity)	<b>193,061,573.51</b>	182,424,638.81	277,548,061.86
Gain or loss from the changes in fair value of held-for-trading financial assets, held-for-trading financial liabilities and investment income from disposal of held-for-trading financial assets, held-for-trading financial liabilities and available-for-sale financial assets, other than those from effective hedging activities relating to the Company's ordinary course of business	<b>-5,221,349.38</b>	-1,293,125.06	-209,312.82
Write-back of provision for receivables subject to individual impairment test	<b>46,013,662.90</b>	125,393,602.50	0.00
Other non-operating income/expenses other than the above items	<b>-14,408,693.14</b>	-175,905,816.81	-83,799,828.16
Other extraordinary profit or loss items	<b>-76,869,762.57</b>		
Effect of income tax	<b>-20,291,154.85</b>	-21,687,409.33	-26,050,877.36
Effect of minority interests (after tax)	<b>-4,607,465.26</b>	-4,062,572.57	-4,059,342.56
<b>Total</b>	<b>115,766,874.42</b>	108,910,492.65	166,809,638.76

# MAJOR ACCOUNTING DATA AND FINANCIAL INDICES (CONTINUED)

## (IV) Items measured by fair value

Unit: Yuan Currency: RMB

Items	Balance at the beginning of the period	Balance at the end of the period	Changes in the period	Effects on the profit for the period
Forward exchange settlement (held-for-trading financial assets)	<b>2,826,747.59</b>	39,058.77	-2,787,688.82	2,066,179.00
China XD Electric Co., Ltd. (held-for-trading financial assets)	<b>23,781,614.55</b>	56,508,607.05	32,726,992.50	33,308,805.70
GD Power Development Co., Ltd. (available-for-sale financial assets)	<b>33,966,665.00</b>	0.00	-33,966,665.00	-1,600,990.96
NMHD (available-for-sale financial assets)	<b>255,750,000.00</b>	0.00	-255,750,000.00	-11,246,834.10
Total	<b>316,325,027.14</b>	56,547,665.82	-259,777,361.32	22,527,159.64

# REPORT OF THE BOARD



Director and President: Wen Shugang

## I. MANAGEMENT DISCUSSION AND ANALYSIS OF THE BOARD ON THE OPERATION OF THE COMPANY DURING THE REPORTING PERIOD

### Review on the Overall Operation During the Reporting Period

In 2014, with the new trends in economic development both domestically and internationally, the Company was also facing the fierce market competition in the power generation equipment industry. Under these circumstances, the Company strictly adhered to the “three changes” (change from emphasizing scale expansion to efficiency and profit growth, change from emphasizing capacity expansion to technical upgrading, and change from emphasizing manufacturing-based operations to manufacturing- and service-based operations) and accomplished the annual target of the Company through cooperation, unwavering and tenacious hard work, and pragmatic aggressiveness, thereby maintaining a sustainable development momentum for the enterprise.

### Completion of operation indicators

During the Reporting Period, under the PRC Accounting Standards for Business Enterprises, the Company recorded a total operating revenue of RMB39,000 million, representing a year-on-year decrease of 7.91%; net profit attributable to shareholders of the Company of RMB1,278 million, representing a year-on-year decrease of 45.59%; earnings per share of RMB0.64; and gross profit margin for principal operations of 16.59%, representing a year-on-year decrease of 3.51 percentage points.

### Capacity of power generation equipment

In 2014, the Company produced 34,455MW, representing a year-on-year growth of 4% when compared with the power generation equipment with total planned capacity of 33,000MW as disclosed in the 2013 Annual Report, including hydro-electric turbine generator sets with total capacity of 3,434.5MW, steam turbine generators with total capacity of 29,960MW; wind turbine generator sets with total capacity of 1,060.5MW. In addition, the Company produced power station boilers with total capacity of 23,010MW; power station steam turbines with total capacity of 31,294MW.

# REPORT OF THE BOARD (CONTINUED)



## I. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### Review on the Overall Operation During the Reporting Period (Continued)

#### Domestic and International Market Expansion

In 2014, facing the market trend which tended to be more and more highly competitive, the Company endeavoured greater efforts to coordinate and actively developed and explored both domestic and international markets. The Company's new orders for the year amounted to RMB38.2 billion, of which exports accounted for RMB1.8 billion or approximately 5%. Among the new orders, 58% was attributable to high-efficiency clean energy, 16% to new energy, 5% to hydropower and environmental protection, and 21% to engineering and services. As at the end of 2014, the Company had orders in hand of RMB126.7 billion, among which high-efficiency clean energy accounted for 64%, new energy 16%, hydropower and environmental protection 4%, engineering and services 16%. Exports accounted for approximately 13% of the Company's orders in hand.

Several major projects were executed in domestic market. The order of Huilai (惠來) Phase III 2×1,000MW project was obtained. It acquired the contract of the first domestic 1,000MW nuclear power host machine transformation. It made a 3–5 years plan for future layout of the heavy thermal power generators and would launch F5 and J-type of new thermal power generating units; volume contract of the Direct Drive DF120-2500 type (直驅DF121-2500機型) was acquired. The operation of the new double-fed FD116-2000 type (新型雙饋FD116-2000機型) commenced and its orders placed increased steadily. The order of the first 600MW circulating transformation project was acquired. The Company and China Datang Corporation entered into a contract for the transformation of generating units.

The Company actively contended for the international market and bulk exports of wind power products were made to Sweden. In addition, the Company entered into the "Contract Regarding the Transformation of Generating Units of Guli Power Station in Venezuela" (委內瑞拉古裡電站機組改造合同) and such Contract was the largest project regarding the transformation of a power station acquired by a PRC enterprise through overseas open bidding.

# REPORT OF THE BOARD (CONTINUED)

## I. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### Review on the Overall Operation During the Reporting Period (Continued)

#### Production and Engineering Construction

The Company strengthened coordination and communication, strengthened on-site service and ensured that key projects and new products would be delivered pursuant to the schedule. Gerry 75MW×7 hydropower units in Brazil and Jinping I 600MW×6 hydropower station on Yalong River were all successfully put into commercial operation. Thermal power generating units created a record of operation: 15 thermal power generating units and 168×12 generating units as in that year. Nuclear power generating units of Ningde No. 2 (寧德2號), Hong Yanhe No. 2 (紅沿河2號) and others were smoothly put into commercial operation. Fuqing No. 1 (福清1號) and Fangjiashan No. 1 (方家山1號) were successfully grid-connected. A total of 24 wind power projects with a total of 793 wind power generating units were beyond life of quality assurance. The first domestic 1,050MW ultra supercritical Chongqing Shenhua Wanzhou Power Station No. 1 Generating Units with one-time reheat super clean discharge passed the 168-hour operation in one time. Engineering projects were promoted in orderly manner. Key goals were basically achieved. The Saudi Rabigh generating units and other generating units were completed and passed examination. The coastal phase one 2×622MW project of No. 1 generating units in Vietnam was grid-connected for the first time after overcoming unfavorable impacts.

#### Innovation-Driven Capacity Enhanced Steadily

Optimized ultra-supercritical 1,000MW gas turbine was in successful operation. Such new generation of highly efficient ultra-supercritical generating units succeeded in rolling with optimized function indicator and significant effect. The Company's first 600MW supercritical gas turbine transformation project was completed and the running effect was very good, further laying a solid and sound foundation for opening up the market for transformation of large-capacity generating units. "Near-zero discharge transformation project" of No. 9 generating units of Hengyun Power Plant (恒運電廠) was completed. The Company's near-zero discharge technology was recognized by the market. Research on the 1,000MW giant hydro power generating units achieved good results. Research on 400MW pumped-storage hydroelectricity generating units was completed and the stage of installation had commenced: the third-generation nuclear generating units, represented by Shidaowan (石島灣) project, Hualong No. 1 Fuqing (華龍1號福清) project and Xudabao (徐大堡) project, were entering into the stage of construction design and key research; research on 50MW heavy power generating units were actively promoted.

#### Effect Observed for Facilitating Delicacy Management

The Company established a complete KPI measuring system and strictly implemented the examination. By establishing and improving a complete budget management system, the goal for budgeting of cost and expenses was strictly formulated. As of the end of 2014, the Company's administrative expenses had a year-on-year decrease of 3.19%; the selling expenses had a year-on-year decrease of 7.15%. The Company optimized the allocation of internal resources, facilitated the integration of wind power business, established a centralized purchase centre, promoted the centralized purchase of heavy commodities and others, and implemented reasonable utilization of the resources of the enterprise.

# REPORT OF THE BOARD (CONTINUED)

## I. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### Review on the Overall Operation During the Reporting Period (Continued)

#### Outstanding Operating Performance on Capital Market

In July 2014, for purposes of facilitating the establishment of overseas EPC and BTG projects and the enhancement in the capability in research and development, the Company succeeded in launching the public issuance of RMB4 billion A share convertible bonds, for resisting the operating risk for the Company and providing the powerful support for continuous development of the Company. The Company continued to carry out the management of investor relation in good manner. In December 2014, the Company's resolutions regarding the continuing connected transactions during 2015–2017 was approved by the General Meeting. The Company was also awarded the award of “2014 Top 100 Listed Companies Most Respected by Investors” (「2014年度最受投資者尊重的百強上市公司」) and others.

#### (I) Analysis of Principal Business

##### 1. Analysis of changes in certain items in income statement and cash flow statement

Unit: RMB

Item	Amount for the year	Amount for the same period last year	Change (%)
Operating revenue	<b>39,036,164,758.11</b>	42,390,796,682.51	-7.91
Operating cost	<b>32,495,805,650.91</b>	33,742,866,666.50	-3.70
Selling expenses	<b>891,929,315.24</b>	960,628,219.47	-7.15
Administrative expenses	<b>3,609,660,296.95</b>	3,728,793,794.04	-3.19
Finance costs	<b>-181,276,960.93</b>	-133,572,268.04	35.71
Net cash flows from operating activities	<b>2,832,630,323.09</b>	3,003,616,665.66	-5.69
Net cash flows from investing activities	<b>-196,004,577.79</b>	-733,738,304.89	-73.29
Net cash flows from financing activities	<b>3,083,937,938.11</b>	996,656,326.74	209.43
Research and development expenses	<b>1,242,475,321.94</b>	1,272,269,052.57	-2.34

# REPORT OF THE BOARD (CONTINUED)

## I. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### (I) Analysis of Principal Business (Continued)

#### 2. Revenue

(1) *Analysis on the factors that drove the changes in business revenue*

During the Reporting Period, the Company's operating revenue amounted to RMB39.0 billion, representing a year-on-year decrease of 7.91%. This was mainly due to the significant year-on-year decrease in the operating revenue of the Company's business of new energy, engineering and services during the Reporting Period.

(2) *Analysis on the factors that impact the income of selling the Company's products in form of real objects*

During the Reporting Period, the drop in the selling prices of thermal power and hydropower products of the Company resulted in the corresponding decrease in the Company's business revenue.

(3) *Major sales customers*

During the Reporting Period, the Company's revenue from operation derived from its top five customers amounted to RMB6,345 million, accounting for 16.25% of the Company's total revenue from operation, which is lower than 30% of the Company's total revenue from operation.

# REPORT OF THE BOARD (CONTINUED)

## I. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### (I) Analysis of Principal Business (Continued)

#### 3. Cost

##### (1) Cost analysis

Unit: RMB

By industry

By industry	Cost composition	Amount for the period	As a percentage in total costs for the period (%)	Amount for the last year	As a percentage in total costs for last year (%)	Year-on-year increase/decrease (%)	Remark
Power generation equipment manufacturing and services	Raw materials and purchased parts	25,321,329,115.13	78.49	26,577,848,849.30	79.15	-4.73	
Power generation equipment manufacturing and services	Direct labor costs	1,834,732,023.08	5.69	1,910,056,988.64	5.69	-3.94	
Power generation equipment manufacturing and services	Manufacturing costs	5,103,229,743.81	15.82	5,091,208,844.30	15.16	0.24	
Power generation equipment manufacturing and services	Total	32,259,290,882.02	100.00	33,579,114,682.24	100.00	-3.93	

##### (2) Major suppliers

During the Reporting Period, the Company's procurement from its top five suppliers amounted to RMB2,046 million, accounting for 5.79% of the Company's total procurement, which is lower than 30% of the Company's total procurement.

# REPORT OF THE BOARD (CONTINUED)

## I. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### (I) Analysis of Principal Business (Continued)

#### 4. Expenses

Unit: RMB

Item	Amount for the period	Amount for the same period last year	Change (%)
Selling expenses	<b>891,929,315.24</b>	960,628,219.47	-7.15
Administrative expenses	<b>3,609,660,296.95</b>	3,728,793,794.04	-3.19
Finance costs	<b>-181,276,960.93</b>	-133,572,268.04	35.71
Income tax expenses	<b>181,725,615.62</b>	388,089,412.34	-53.17

#### 5. R&D expenditure

(1) R&D expenditure statement

Unit: RMB

Expensed R&D expenditure for this period	1,242,475,321.94
Capitalized R&D expenditure for this period	0.00
Total R&D expenditure	1,242,475,321.94
Percentage of total R&D expenditure over net assets (%)	6.07
Percentage of total R&D expenditure over revenue (%)	3.18

# REPORT OF THE BOARD (CONTINUED)

## I. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### (I) Analysis of Principal Business (Continued)

#### 5. R&D expenditure (Continued)

##### (2) Note information

In this year, the Company continued to accelerate the technical innovation, and has achieved a significant progress in improvement of quality and effectiveness, as well as performance optimization.

In respect of thermal power, the Company optimized the design to promote the performance index of the major type of machines. Optimized ultra-supercritical 1,000MW gas turbine was in successful operation. Such new generation of highly efficient ultra-supercritical generating units succeeded in rolling with optimized function indicator and significant effect. The Company's first 600MW supercritical gas turbine transformation project was completed and the running effect was very good, further laying a solid and sound foundation for opening up the market for transformation of large-capacity generating units. "Near-zero discharge transformation project" of No. 9 generating units of Hengyun Power Plant (恒運電廠) was completed. The Company's near-zero discharge technology was recognized by the market. In respect of hydro power, Research on the 1,000MW giant hydro power generating units achieved good results. Research on 400MW pumped-storage hydroelectricity generating units was completed and the stage of installation had commenced: the third-generation nuclear generating units, represented by Shidaowan (石島灣) project, Hualong No. 1 Fuqing (華龍1號福清) project and Xudabao (徐大堡) project, were entering into the stage of construction design and key research; research on 50MW heavy power generating units were actively promoted.

In 2014, the Company applied for a total of 271 patents, including 124 patents for invention and received licenses for 196 patents including 40 patents for invention.

#### 6. Cash flows

*Unit: RMB*

Item	Amount for the Period	Amount for the Same Period of last year	Percentage of Change (%)
Cash received relating to other operating activities	<b>690,743,709.60</b>	482,229,740.61	43.24
Cash paid relating to other operating activities	<b>1,897,913,923.22</b>	1,338,428,699.97	41.80
Cash received from disposal of investments	<b>435,894,771.84</b>	44,263.24	984,678.28
Cash received from returns on investments	<b>101,033,857.02</b>	67,197,821.59	50.35
Cash paid to acquire investments	<b>67,000,000.00</b>	33,000,000.00	103.03
Cash received from borrowings	<b>7,064,820,000.00</b>	3,778,983,395.27	86.95
Cash repayments of borrowings	<b>3,462,160,118.09</b>	2,415,090,758.19	43.36
Cash payments for interest expenses and distribution of dividends or profits	<b>511,791,943.80</b>	367,236,310.34	39.36

# REPORT OF THE BOARD (CONTINUED)

## I. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### (I) Analysis of Principal Business (Continued)

#### 6. Cash flows (Continued)

- (1) Cash received relating to other operating activities increased by 43.24% on a year-on-year basis, mainly due to the increase of RMB146 million in fiscal subsidies received by the Company in this year, and the year-on-year increase of RMB78 million in interest income.
- (2) Cash paid relating to other operating activities increased by 41.80% on a year-on-year basis, mainly due to the significant increase in operating expenses of the Company in this year.
- (3) Cash received from disposal of investments recorded a significant year-on-year increase, mainly due to the investment received from disposal of the stocks in GD Power Development Company (國電電力) and Inner Mongolia MengDian HuaNeng Thermal Power Corporation Limited (內蒙華電) by the Company.
- (4) Cash received from returns on investments increased by 50.35% on a year-on-year basis, mainly due to the year-on-year increase in dividend received by the Company from joint venture in this year.
- (5) Cash paid to acquire investments increased by 103.03% on a year-on-year basis, mainly due to the increase in investment in joint venture by the Company in this year.
- (6) Cash received from borrowings increased by 86.95% on a year-on-year basis, mainly due to the issuance of convertible corporate bonds of RMB4 billion by the Company in this year.
- (7) Cash repayments of borrowings increased by 43.36% on a year-on-year basis, mainly due to the repayment of matured debts by the Company in this year.
- (8) Cash payments for interest expenses and distribution of dividends or profits increased by 39.36% on a year-on-year basis, mainly due to the year-on-year increase of RMB140 million in dividends distributed by the Company in this year.

# REPORT OF THE BOARD (CONTINUED)

## I. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### (II) Analysis on operation by industry, products or regions

#### 1. Principal operations by industry and product

##### Principal operations by industry

Unit: RMB

By industry	Operating revenue	Operating costs	Gross profit margin (%)	Year-on-year increase/decrease in operating revenue (%)	Year-on-year increase/decrease in operating costs (%)	Year-on-year increase/decrease in gross profit margin (%)
Power generation equipment manufacturing	38,673,692,007.13	32,259,290,882.02	16.59	-7.98	-3.93	Decreased by 3.51 percentage points

##### Principal operations by product

Unit: RMB

By product	Operating revenue	Operating costs	Gross profit margin (%)	Year-on-year increase/decrease in operating revenue (%)	Year-on-year increase/decrease in operating costs (%)	Year-on-year increase/decrease in gross profit margin (%)
Clean high efficiency power generation equipment	24,186,867,168.78	20,497,329,515.29	15.25	3.67	9.62	-4.60
New energy	4,899,767,519.03	4,288,992,032.32	12.47	-26.56	-21.77	-5.36
Water energy and environmental equipment	4,292,532,022.51	3,571,159,595.74	16.81	-9.21	0.06	-7.70
Engineering and services	5,294,525,296.81	3,901,809,738.67	26.30	-27.43	-33.06	6.20
Total	38,673,692,007.13	32,259,290,882.02	16.59	-7.98	-3.93	-3.51

# REPORT OF THE BOARD (CONTINUED)

## I. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### (II) Analysis on operation by industry, products or regions (Continued)

#### 1. Principal operations by industry and product (Continued)

- (1) During the Reporting Period, the Company reinforced the production and operation and project management to meet the customers' needs with a year-on-year decrease of 7.91% in revenue from operation.
- (2) Revenue from operation of clean high efficient power generation equipment for the year increased by 3.67% on a year-on-year basis, mainly due to an increase of 129.10% in revenue from gas turbines. Gross profit margin of clean high efficient power generation equipment for the year decreased by 4.60 percentage points, mainly due to the decrease in selling price of thermal power products for the period.
- (3) Revenue from new energy products for the year decreased by 26.56%, mainly due to a year-on-year decrease of 38.07% in revenue from wind power products. Gross profit margin of new energy products decreased by 5.36 percentage points, mainly due to decrease in gross profit margin of 8.84 percentage points of wind power products.
- (4) Revenue from hydro-energy and environmental equipment for the year decreased by 9.21% on a year-on-year basis, mainly due to the decrease of 27.82% in revenue from selling hydro-power products. Gross profit margin of hydro-power products decreased by 14.75 percentage points, mainly due to the decrease in selling price of hydro-power products for the period.
- (5) Revenue from engineering and services for the year decreased by 27.43% on a year-on-year basis, mainly due to year-on-year decrease of 36.31% in income from construction contract.

#### 2. Principal operations by region

Unit: RMB

Region	Operating revenue	Year-on-year increase/ decrease in operating revenue (%)
PRC	32,589,111,470.12	-0.24
Overseas	6,084,580,537.01	-34.98
Total	38,673,692,007.13	-7.98

# REPORT OF THE BOARD (CONTINUED)

## I. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### (III) Analysis on assets and liabilities

#### 1. Analysis on assets and liabilities

Unit: RMB

Item	Closing amount at the end of period	Percentage of closing amount at the end of period over total assets (%)	Closing amount at the end of last period	Percentage of closing amount at the end of last period over total assets (%)	Increase/decrease of closing amount over that at the end of last period (%)
Cash and cash equivalents	<b>17,822,818,071.65</b>	20.91	12,131,648,112.18	15.59	46.91
Financial assets at fair value through profit or loss	<b>56,547,665.82</b>	0.07	26,608,362.14	0.03	112.52
Bills receivable	<b>17,698,467,285.71</b>	20.77	17,032,484,330.47	21.88	3.91
Prepayment	<b>4,210,529,353.01</b>	4.94	4,716,518,840.61	6.06	-10.73
Interest receivables	<b>153,964,346.27</b>	0.18	101,620,018.51	0.13	51.51
Inventories	<b>29,640,990,594.62</b>	34.78	27,301,842,960.20	35.08	8.57
Available-for-sale financial assets	<b>11,835,232.75</b>	0.01	306,816,665.00	0.39	-96.14
Long term equity investment	<b>974,911,045.43</b>	1.14	784,129,800.78	1.01	24.33
Fixed assets	<b>8,537,913,652.38</b>	10.02	9,243,610,975.06	11.88	-7.63
Construction in progress	<b>818,328,683.80</b>	0.96	685,790,408.06	0.88	19.33
Short term borrowings	<b>2,534,000,000.00</b>	2.97	3,453,072,066.14	4.44	-26.62
Long term borrowings	<b>545,620,000.00</b>	0.64	39,400,000.00	0.05	1,284.82
Non-current liabilities due within one year	<b>3,256,860,290.35</b>	3.82	86,320,000.00	0.11	3,673.01
Tax payables	<b>-172,896,861.70</b>	-0.20	53,907,111.62	0.07	-420.73

# REPORT OF THE BOARD (CONTINUED)

## I. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### (III) Analysis on assets and liabilities (Continued)

#### 1. Analysis on assets and liabilities (Continued)

- (1) Cash and cash equivalents of the Company increased by 46.91% at the end of period as compared to the beginning of period, mainly due to the issuance of convertible corporate bonds of RMB4 billion by the Company in this year.
- (2) Financial assets at fair value through profit or loss of the Company increased by 112.52% at the end of period as compared to the beginning of period, mainly due to the increase in the fair value of the A-share stock of China XD held by the Company at the end of period.
- (3) Interests receivables of the Company increased by 51.51% at the end of period as compared to the beginning of period, mainly due to the year-on-year increase of fixed deposit undue interests provided by the Company during the period.
- (4) Available-for-sale financial assets of the Company decreased by 96.14% at the end of period as compared to the beginning of period, mainly due to the disposal of stocks in Inner Mongolia MengDian HuaNeng Thermal Power Corporation Limited and GD Power Development Company by the Company during the period.
- (5) Short-term borrowings of the Company decreased by 26.62% at the end of period as compared to the beginning of period, mainly due to the decrease in short-term borrowings of the subsidiaries of the Company during the period.
- (6) Long-term borrowings of the Company increased significantly at the end of period as compared to the beginning of period, mainly due to the certain increase in long-term borrowings in the subsidiaries of the Company during the period.
- (7) Tax payables of the Company decreased by 420.73% at the end of period as compared to the beginning of period, mainly due to the significant decrease in add value tax payables of the Company at the end of period.

# REPORT OF THE BOARD (CONTINUED)

## I. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### (IV) Analysis of core competitiveness:

The Company possesses strong capabilities in respect of technological research and development, market expansion, design and manufacture of products, and EPC contracting for power station projects, and has formed a relatively complete industrial structure, with increasing anti-risk ability and a leading position in term of development of emerging energy sectors including hydropower and nuclear power as compared with its peers in the PRC. The core competitiveness of the Company is shown in the following aspects:

1. Excellent technologies and brand: The Company has the proprietary technologies for the design and manufacture of such equipment as 300-1,000MW hydropower units, 300-1,000MW thermal power units, 1,000MW nuclear power units, MW wind power units, and heavy duty gas turbine units, as well as technologies in EPC contracting and full-package engineering for power stations. The Company enjoys top-class technological level in the PRC, and has outperformed its domestic peers and reached advanced international level in certain aspects.
2. First-rate manufacturing capability: The Company has owned the manufacturing technology, craftsmanship, and production equipment of advanced international levels and sophisticated production management methods and approaches, thereby forming the first-rate manufacturing strength. The Company can mass-produce 300-800MW hydropower units, 300-1,000MW thermal power units, 1,000MW nuclear power units, MW-level wind power units, E-grade and F-grade heavy-duty gas turbines, flue gas desulfurizers or denitrators for large power station boilers, and other products.
3. Complete industrial structure: The Company has preliminarily established a five-in-one product mix (i.e. hydropower, thermal power, wind power and nuclear power, gas), with reasonable structure of orders for each product category, and increasing anti-risk ability.
4. Effective market expansion: The Company owned strong and powerful team for market expansion and sound marketing nets. Through technological innovation and product mix adjustment, the Company has not only maintained considerable market expansion capability in the PRC, but also further explored overseas markets, shifting its target from the traditional Southeast Asian, South Asian, and Middle Eastern countries to African, South American and European markets.

# REPORT OF THE BOARD (CONTINUED)

## I. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### (V) Analysis of investment

#### 1. Overall analysis on external equity investment

No.	Investment subject	Investment types	Name of the invested Company	Principle businesses of invested Company	Amount for Investment in 2014 (RMB0'000)	Interests held in invested companies upon the completion of investment (%)
1	Dongfang Electric Corporation Limited	Equity investment	Huadian Longkou Wind Power Co., Limited	Investment, construction and operation of wind power plant	1,500	25
2	Dongfang Electric Corporation Limited	Equity investment	Sichuan Wind Power Industry Investment Co., Ltd.	Investment, construction and operation of wind power plant	5,200	20
3	Dongfang Electric Corporation Limited	Equity investment	CEC Heavy Combustion Gas Turbine Technical Co., Ltd. (中電聯合重型燃氣輪機技術有限公司)	Research and development related to heavy combustion gas turbines	1,200	12

# REPORT OF THE BOARD (CONTINUED)

## I. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### (V) Analysis of investment (Continued)

#### 1. Overall analysis on external equity investment (Continued)

##### (1) Security investment

Unit: RMB

No.	Type of securities	Stock code	Stock name	Initial investment	Numbers held	Carrying amount as at the end of the period	Percentage in total security investment as at the end the period	Profit or loss in the reporting of period
				costs (RMB)	(Share)	(RMB)	(%)	(RMB)
1	Shares	601179	China XD Electric Co., Ltd	48,120,052.71	7,272,665.00	56,508,607.05	100.00	33,308,805.70
	Other security investment held at the end of the period				-			
	Security investment sold in the reporting period			-	-	-	-	-
	<b>Total</b>			<b>48,120,052.71</b>	<b>-</b>	<b>56,508,607.05</b>	<b>100.00</b>	<b>33,308,805.70</b>

- Note:*
- The sequence of this table is based on the percentage of the book value as at the end of the Reporting Period attributed to the Company's total investment in securities as at the end of the Reporting Period, and this table only shows the top ten securities held by the Company as at the end of the Reporting Period;
  - For the purpose of this table, securities investment refers to investment in stocks, warrants, convertible bonds, etc., and investment in stocks only represents the portion accounted for as held-for-trading financial assets of the Company;
  - Other securities investment refers to investment in other securities, other than the top ten securities;
  - Gain/loss for the Reporting Period includes the Company's investment income from holding such securities and gain or loss from change in fair value.

# REPORT OF THE BOARD (CONTINUED)

## I. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### (V) Analysis of investment (Continued)

#### 1. Overall analysis on external equity investment (Continued)

##### (2) Interests held in other listed companies

Unit: RMB

Stock code	Stock name	Initial investment costs	Shareholding percentage in the company (%)	Carrying amount as at the end of the reporting period	Profit or loss in the reporting period	Reporting period		Sources of shares
						Changes in owner's equity	Accounting items	
600795	GD Power Development Co., Ltd.	46,107,941.00	0.09	0	-1,600,990.96	12,141,276.00	available-for-sale financial assets	Purchase
600863	NMHD	388,000,000.00	1.94	0	-11,246,834.10	132,250,000.00	available-for-sale financial assets	Purchase
Total		434,107,941.00	/	0	-12,847,825.06	144,391,276.00	/	/

- Note: 1. This table shows the equity interests held by the Company in other listed companies, which are accounted for as long-term equity investment or available-for-sale financial assets;
2. Gain/loss for the Reporting Period refers to the impact of relevant investment on the Company's consolidated profit for the Reporting Period.

#### 2. Entrusted wealth management and derivative investment via non-financial entities

##### (1) Entrusted wealth management

There was no entrusted wealth management in the year.

##### (2) Entrusted loans

There was no entrusted loans in the year.

##### (3) Other entrusted wealth management and derivative investment via non-financial entities

There was no other entrusted wealth management and derivative investment via non-financial entities in the year.

# REPORT OF THE BOARD (CONTINUED)

## I. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### (V) Analysis of investment (Continued)

#### 3. Use of proceeds

##### (1) Overall use of proceeds from fund-raising

Unit: Yuan Currency: RMB

Year of fund raising	Method of fund raising	Total amount of proceeds	Total amount of proceeds used in the reporting period	Cumulative total amount of proceeds used	Total amount of remaining unused proceeds	Use and intended use of remaining unused proceeds
2014	Issuance of convertible bonds	3,964,271,200.00	1,942,077,476.02	1,942,077,476.02	2,037,598,437.62	As at 31 December 2014, unused proceeds are deposited in each of the accounts for proceeds. There was no non-fund raising use of proceeds.
Total	/	<u>3,964,271,200</u>	<u>1,942,077,476.02</u>	<u>1,942,077,476.02</u>	<u>2,037,598,437.62</u>	/

Explanation on overall use of proceeds from fund-raising

# REPORT OF THE BOARD (CONTINUED)

## I. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### (V) Analysis of investment (Continued)

#### 3. Use of proceeds

##### (2) Projects funded by raised proceeds

Unit: Yuan Currency: RMB

Name of projects undertaken	Whether there is any change in the project	Planned amount of raised proceeds to be invested	Amount of proceeds applied during the year	Actual amount of proceeds applied	Whether the project is on schedule	Project progress	Estimated income	Income generated	Whether in accordance with estimated earnings	Explanation of projects falling behind schedule or failing to achieve income as planned	Explanation of reasons and procedures for changes of use of proceeds raised
Thermal power EPC project in coastal area of Vietnam (越南沿海火電EPC項目)	No	1,300,000,000.00	1,251,181,283.00	1,251,181,283.00	Yes	96.24		48,707,010.45	Yes		
Thermal power EPC project in Bosnia and Herzegovina (波黑斯捷納瑞火電EPC項目)	No	800,000,000.00	460,616,161.99	460,616,161.99	Yes	57.58		68,363,260.18	Yes		
Thermal power BTG project in Singhtarai, India (印度辛伽塔裡火電BTG項目)	No	720,000,000.00	78,515,406.57	78,515,406.57	Yes	10.90		22,235,185.03	Yes		
Independently developed 600MW supercritical looping fluidized bed furnace project (600MW超臨界循環流化床鍋爐自主研製項目)	No	180,000,000.00	42,192,206.58	42,192,206.58	Yes	23.44		-			
Trial project for strengthening research and development by upgrading and modification (phase I) (試驗研發能力提升改進項目(一期))	No	330,000,000.00	38,583,937.55	38,583,937.55	Yes	11.69		-			
Trial project of Dongfang Electric Machinery for optimizing research and development (東方電機試驗研發能力提升項目)	No	160,000,000.00	26,844,613.57	26,844,613.57	Yes	16.78		-			
Upgrading of research and development of gas turbine (phase I) (燃氣輪機研發能力提升項目(一期))	No	510,000,000.00	44,143,866.76	44,143,866.76	Yes	8.66		-			
<b>Total</b>	/	<b>4,000,000,000.00</b>	<b>1,942,077,476.02</b>	<b>1,942,077,476.02</b>	<b>/</b>	<b>48.55</b>		<b>139,305,455.66</b>	<b>/</b>	<b>/</b>	<b>/</b>

Explanation on projects funded by raised proceeds

**Note 1:** As the construction period of thermal power EPC project in coastal area of Vietnam, thermal power EPC project in Bosnia and Herzegovina and thermal power BTG project in Singhtarai, India were long, Dongfang Electric Engineering Branch (東方電氣工程分公司) adopted the construction contract rules to conduct the accounting of these projects. The benefits recorded in this year were calculated based on the cumulative gross profit generated from each project as at 31 December 2014 (the cumulative amount of investment in proceeds of each project as at 31 December 2014/Cumulative cost incurred as at 31 December 2014). As at 31 December 2014, such projects have not been completed yet.

**Note 2:** Trial project for strengthening research and development by upgrading and modification (phase I), Trial project of Dongfang Electric Machinery for optimizing research and development, Upgrading of research and development of gas turbine (phase I) improved the self-innovation of the Company and provided technical support for the development of the Company and maintained the leading technical advantages and core competitiveness of the Company. The economic benefits generated directly cannot be calculated separately, and the benefit generated from the projects therefore cannot be recorded into account separately.

# REPORT OF THE BOARD (CONTINUED)

## I. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### (V) Analysis of investment (Continued)

#### 4. Analysis of Major Subsidiaries and Investees

Unit of Amount: RMB100 million

Company name	Equity interest held by the Company	Main products or services	Registered capital	Total assets	Net assets	Operating revenue	Operating profit	Net profit
DEC Dongfang Steam Turbine Co., Ltd.	100%	Production, processing and sales of steam turbines, water turbine, gas turbines, compressors, fans, pumps and auxiliary equipment, wind generating sets, solar and renewable energy; industrial control and automation; the research, design installation, alteration and maintenance services of the power stations and the corresponding equipment; mechanical equipment and accessories as well as the related import and export business	18.46	380.11	36.08	148.85	-3.18	-2.12
DEC Dongfang Electric Machinery Co., Ltd.	100%	Design, manufacturing and sales of complete sets of power generation equipment, generators, AC and DC motors; the design manufacturing and sales of control equipment; the transformation of power stations, the installation of power station equipment	20.00	141.14	42.07	68.23	2.63	2.67
DEC Dongfang Boiler Group Co., Ltd.	99.67%	Development, design, manufacturing, and sales of power station boilers, power station auxiliary equipment, industrial boilers, power station valves, petrochemical vessels, nuclear reaction equipment and environmental equipment, (desulfurisation, denitrification, wastewater and solid waste treatment etc.)	16.06	240.12	52.84	122.41	6.44	6.09
Dongfang Electric (Guangzhou) Heavy Duty Machinery Co., Ltd	65.1813%	The enterprise cannot deal in the products prohibited by national laws and regulations; operation of projects which are subject to special approval are prohibited without approval; other projects are free to run	11.51	36.67	15.60	13.17	0.70	0.83

#### 5. Projects not to be financed by the proceeds

There was no project to be financed by the proceeds in the reporting period.

# REPORT OF THE BOARD (CONTINUED)

## I. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### (VI) Financial Position and Operating Results during the Reporting Period

#### 1. Analysis of operating results

Unit: RMB

Item	Amount for the year	Amount for the same period of last year	Year-on-year in-increase/decrease (%)
Operating revenue	<b>39,036,164,758.11</b>	42,390,796,682.51	-7.91
Selling expenses	<b>891,929,315.24</b>	960,628,219.47	-7.15
Administrative expenses	<b>3,609,660,296.95</b>	3,728,793,794.04	-3.19
Finance costs	<b>-181,276,960.93</b>	-133,572,268.04	35.71
Impairment loss of assets	<b>901,223,663.09</b>	1,261,411,102.94	-28.55
Total profit	<b>1,502,342,336.40</b>	2,787,492,093.47	-46.10
Income tax expenses	<b>181,725,615.62</b>	388,089,412.34	-53.17
Net profit	<b>1,320,616,720.78</b>	2,399,402,681.13	-44.96
Net profit attributable to shareholders of the Company	<b>1,278,258,405.62</b>	2,349,431,591.08	-45.59

- (1) During the period, the company made great efforts on production and operation and project management to meet the customers' needs with a year-on-year decrease of 7.91% in revenue from operation.
- (2) Selling expenses of the Company for the period recorded a year-on-year decrease of 7.15%, mainly due to a year-on-year decrease in provisions made for product quality warranty for the year according to relevant accounting policies.
- (3) Administration expenses of the Company for the period recorded a year-on-year decrease of 3.19%, mainly due to a year-on-year decrease in litigation costs, research and development expenses, business entertainment expenses and business travel expenses.
- (4) Financial costs of the Company for the period recorded a year-on-year decrease of 35.71%, mainly due to a year-on-year increase in interest income.
- (5) Impairment loss on assets of the Company for the period recorded a year-on-year decrease of 28.55%, mainly due to the year-on-year decrease in provision for bad debts in the period.
- (6) Total profits of the Company recorded a year-on-year decrease of 46.10% and net profit attributable to shareholders of the Company recorded a year-on-year decrease of 45.59%, mainly due to the year-on-year decrease of sales income and gross profit margin achieved by the Company during the year.

# REPORT OF THE BOARD (CONTINUED)

## I. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### (VI) Financial Position and Operating Results during the Reporting Period (Continued)

#### 2 Financial position and analysis of assets, liabilities and shareholders' equity

At the end of the Reporting Period, the Company's total assets amounted to RMB85,230 million, up 9.50% as compared with the beginning of the year, mainly attributable to a 46.91% increase in cash and cash equivalents and an 8.57% increase in inventories; total liabilities amounted to RMB64,761 million, up 9.31% as compared with the beginning of the year, mainly attributable to the increase in non-current liabilities due within one year amounting to RMB3,171 million and the varied degrees of rise in trade payables and receipts in advance at the same time; the total equity amounted to RMB20,469 million, up 10.09% as compared with the beginning of the year, mainly attributable to a 8.09% increase in undistributed profit, and the 15.78% increase in the capital reserve.

#### 3 Gearing ratio

**Gearing ratio = total liabilities/total assets×100%**

Item	As at the end of 2014	As at the end of 2013	Year-on-year increase/ decrease (percentage point)
Gearing ratio (%)	75.98	76.11	-0.13

Gearing ratio of the Company was 75.98% at the end of the period, a decrease of 0.13 percentage point as compared with the beginning of the year. Financial position of the Company was further optimised and improved.

#### 4 Bank borrowings

As at 31 December 2014, the Company had bank borrowings of RMB2,534 million due within one year and RMB546 million due beyond one year. The Company's borrowings and cash and cash equivalents are mainly dominated in RMB. In particular, RMB2,534 million were fixed-rate loans. The Company has maintained a favourable credit rating with banks and a sound financing capacity.

# REPORT OF THE BOARD (CONTINUED)

## I. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### (VI) Financial Position and Operating Results during the Reporting Period (Continued)

#### 5 Exchange risk management

With the increasing scale of the international operations of the Company, foreign exchange rate risk has become a more important element that affects the Company's operating results. With a view to effectively reduce the impact of fluctuations in foreign currency exchange rates on the Company's financial position and operating results, the Company prudently adopted exchange rate hedging instruments including forward exchange settlement for hedging purpose to limit the risks arising from exchange rate fluctuations.

#### 6 Pledge of assets

The Company mortgaged borrowings of RMB209 million as at the end of the period, which were related to borrowings from financial institutions secured by machinery, equipment, properties and land use rights. As at the end of the Reporting Period, this part of borrowings was not mature and repayable.

#### 7. Contingent liabilities

Please refer to "12. Contingence" in the Notes to the Financial Statements.

# REPORT OF THE BOARD (CONTINUED)

## I. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### (VII) Main Sources and Uses of Funds

#### 1 Cash flows from operating activities

During the Reporting Period, the Company's cash inflows from operating activities amounted to RMB40,767 million, mainly attributable to cash received from goods sold by the Company; cash outflows from operating activities amounted to RMB37,934 million, mainly attributable to payment for procurement of raw materials; net cash flows from operating activities amounted to RMB2,833 million.

#### 2 Cash flows from investing activities

During the Reporting Period, the Company's cash inflows from investing activities amounted to RMB538 million, mainly attributable to the retrieval of investments from the disposal of the shares of Huadian Inner Mongolia and Guodian Power; cash outflows from investing activities amounted to RMB734 million, mainly attributable to investment expenditures for purchase and construction of fixed assets and investment in shares of other enterprises by the Company; net cash flows from investing activities amounted to RMB-196 million. The net cash outflows from investing activities decreased by 73.29% as compared with the same period last year.

#### 3 Cash flows from financing activities

During the Reporting Period, the Company's cash inflows from financing activities amounted to RMB7,065 million, mainly attributable to the issuance of convertible corporate bonds amounting to RMB4 billion and the short-term borrowings from financial institutions; cash outflows from financing activities amounted to RMB3,981 million, mainly attributable to the repayment of borrowings due and the payment for interest accrued thereon by the Company, as well as the distribution of 2013 cash dividends of RMB361 million to the shareholders of the Company; net cash flows from financing activities amounted to RMB3,084 million. The net cash flows from financing activities increased by RMB2,087 million as compared with the same period last year.

# REPORT OF THE BOARD (CONTINUED)

## II. DISCUSSION AND ANALYSIS ON FUTURE DEVELOPMENT

### (I) Competition pattern and development trend of the industry

In 2015, power generation equipment industry is also facing new opportunities and challenges. Firstly, the world is experiencing energy crisis and climate crisis, which are double challenges, and there is greater demand for developing new energy including nuclear power, wind power and solar power to replace the traditional energy. Secondly, new changes are found in the market demand of the domestic power generation equipment industry. In such regard, stable development of the natural gas, active development of nuclear power and other clean energy, reduction in the ratio of coal consumption, and facilitating the continuous optimization of energy structure have become the main reform topics in respect of the State's energy production and consumption pattern, for a period of time in the future. Thirdly, following that the economy of China has entered into the "new normality", the economic growth is rapidly slowed now and the issue of over-capacity of power generation equipment will become more prominent. For a while in the future, the space for the development of traditional energy and thermal power will further be shrunken while the industry involving renewable energy, energy-saving and environment protection industry and the power station service will encounter with new opportunities. On the other hand, however, the competition between and among enterprises will become more and more fierce.

Under the impact of international and domestic economy and industrial development, the overall demand for power generation equipment is declining while the market competition will become more fierce and the core of competition will be reflected in product quality, functional specifications and cost. The future development of the Company will face quite some challenges including over-capacity, greater demand for properties of product and reduction in product price. In 2015, the demand for hydropower was significantly decreasing as for the domestic market. The demand for thermal power continued to decline. Yet, there is still room for the market regarding trans-regional power transmission project, coal power base project and cogeneration project within the region. Construction of nuclear power projects will gradually resume. The demand for combustion engine is generally slowed down. The demand for wind power is regaining the increase. The power station service and energy-saving and environment protection industry will maintain sustainable development. As for the international market, new development opportunities are brought by the strategy of "One Belt and One Road" (「一带一路」) as facilitated by the State while the market competition continues to be fierce.

### (II) Development strategy of the Company

The Company takes the initiative to adapt itself to such challenges and opportunities brought by the "New Normality" and is committed to reform, taking the whole situation into account. Taking economic benefits as the core and being oriented by market demand and supported by technological renovation, the Company can solidify the management basis, strengthen the risk management and enhance the quality for development. The Company will continue to be doing fine in power generation equipment manufacturing industry and to become stronger in the industry so as to strive for an increase in the market share steadily. Focusing on the general contracting for engineering and power station transformation, the Company endeavours its best efforts to develop engineering service and power station service industry and to increase the space for development of the enterprise. It actively explores and develops the energy-saving and environment protection market and implements the sustainable development of the Company.

# REPORT OF THE BOARD (CONTINUED)

## II. DISCUSSION AND ANALYSIS ON FUTURE DEVELOPMENT (CONTINUED)

### (III) Business plan of the Company

The Company has prudently formulated 2015 operating plan by focusing on benefits, transformation, risk control and guarantee of sustainable development. The Company plans to complete a total of capacity of 27,000MW power generation equipment. Since the market competition has been fierce, the sales income and profits are in a declining trend. The Company intends to adopt the following measures for completely accomplishing the goals for the year:

#### Exploring the Market and Facilitating the Continuous Development of the Enterprise

The Company is endeavouring its best efforts to develop the domestic market and enhance the market share of large and medium thermal power. It actively develops the domestic general contracting business, continues to grasp the new opportunity when the State is greatly developing the pumped-storage hydroelectricity generating units and strives to acquire more orders to be placed. The Company further practically explores and develops key nuclear power projects, strives to acquire orders for new F-Class combustion engines to get a breakthrough, continues to increase the market share of wind power, and continuously expands the market share in respect of the power station service and energy-saving and environmental protection.

The Company strives to explore and develop the international market. By grasping the historical opportunity of the State's "One Road One Belt", it endeavours its best efforts to obtain more room in the market and more sources for the projects. It continues to improve the internationalized network layout, strengthens the development of new regions and new energy projects. It also improves the investment and financing systems, renovation financing mode and the measures used to enrich and explore the market.

#### Scientific Organization and Ensuring the Project to be Under Control

In 2015, all of the production missions of the Company will still be at the high level. The Company will strengthen the internal communication and coordination and by focusing the enhancement of auxiliary products, it will coordinate and arrange for reasonable scheduled production, and ensure the progress, key points, quality and security. It will also strengthen the control of internal and external resources and the control of the process quality and will increase the level of project management. It strengthens coordination, organizes on-site service in an orderly manner and ensures the progress of engineering construction.

# REPORT OF THE BOARD (CONTINUED)

## II. DISCUSSION AND ANALYSIS ON FUTURE DEVELOPMENT (CONTINUED)

### (III) Business plan of the Company (Continued)

#### Being Driven by Innovation and Facilitating the Transformation and Upgrading of the Enterprise

Targeted at the international advanced level, the Company accelerates its progress in technological renovation and continues to enhance the technical level of the major products. It also sets a three-year goal for thermal power generating units wherein such goal needs to be achieved in accelerating manner. It continues to enhance the functions of gas turbines, endeavours great efforts to promote quality enhancement and efficiency increase for the old generating units and the near zero discharge transformation work. It conducts research on 660MW and 1,000MW ultra-supercritical two-time reheat generating units; develops research and design for 1,000MW hydro turbine generating units and the research on the process and technology, conducts research and development for large and high water head pumped-storage hydroelectricity units and adjustable-speed pumped storage units; develops research on the major equipment for third-generation nuclear power CAP1400, Longhua No. 1 and AP1000 nuclear island, and regular islands; completely promotes the research on 50MW gas turbines; enhances the technical level of wind power generating units and the utilization rate, and improves the double-fed direct-driven wind power generating units and product series.

#### Continuing to Improve and Focusing on the Enhancement of Management Level

The Company insists on the concept of delicacy management and of being benefit-oriented and develops, in depth, analysis and control of cost and expenses in full value chains, full course and full items. It actively adopts measures to reduce production cost and expenses, and strengthens accounts receivable and inventory management. The Company solidifies its goal of establishing an internationally top-notch quality brand name, strengthens the control of product quality and enhances the quality of on-site service.

#### Being Committed to Reform and Stimulate the Energy of Operation and Management

The Company consolidates the advantageous resources, withdraws from low-efficient capacity, implements the reform on the system and mechanism, furthers stimulates the energy and promotes the development of core business. Besides, the Company further intensifies the reform on the three systems and implements simplification and high efficiency. It optimizes the organizational structure and enhance the management efficiency.

### (IV) Capital Need Required for Maintaining the Company's Existing Business and Completing Investment Projects Under Construction

In 2015, the Company expects that the cash flow generated from its operating activities will basically make a balance between revenue and expenditure and that there will be greater cash flow-out for investing activities. For purposes of effectively diminishing the stress due to insufficient fund, the Company will raise funds by maintaining appropriate balance for loans regarding the working capital and other means.

# REPORT OF THE BOARD (CONTINUED)

## II. DISCUSSION AND ANALYSIS ON FUTURE DEVELOPMENT (CONTINUED)

### (V) Risk that May Probably Be Faced

#### 1. Market Exploration Risk:

In presence of the domestic over-capacity is too serious to be fully digested. Moreover, the growth in power demand will probably decline further. The competition in the market of power equipment is fierce, causing exploration of market by the Company being more difficult.

Focusing the demand of the target market, the Company strengthens market strategy and continues to improve the rapid and effective market reaction mechanism for coping with the market changes. Meanwhile, the Company will further optimize the allocation of internal resources, promote the transformation and upgrading, and satisfy the market needs.

#### 2. Risk of Recovering Payment for Goods:

Since there has been some dynamic adjustment made to the State's finance and financial policies from macroscopic view, and the progress of construction of some power stations is being slowed down, the Company is facing the risk of lengthening the time required for the recovery of payment for goods and of the difficulty in obtaining such recovery. As a result, the recovered payment for goods and cash flow generated from operating activities are decreased.

The Company is strengthening fund management, preventing fund risk, endeavouring more efforts to recover the payment for goods, ensuring that the Company's capital chain will operate normally and guaranteeing that the capital demand for production and operation will be met.

#### 3. Project Execution Risk:

Such domestic projects currently in the hands of the Company are subject to greater impact of the economic situation and thus may probably bring with some project execution risk. The influence caused by the politics in the country where such overseas project is located, its economy, safety, policies and project schedules and quality will, in turn, give rise to the project execution risk.

By promoting the establishment of internal control system, the Company endeavours more efforts to investigation and examination of project contracts and simultaneously accelerates to facilitate the implementation of the proposal of resources integration for overseas market. In so doing, a uniform platform is formed and the resultant force is formed, resulting into the promotion of exploring the international market and enhancing the capability of preventing project risk.

# REPORT OF THE BOARD (CONTINUED)

## II. DISCUSSION AND ANALYSIS ON FUTURE DEVELOPMENT (CONTINUED)

### (V) Risk that May Probably Be Faced (Continued)

#### 4. Risk of Benefits Decline:

Since the growth of the domestic power market is slowed down, the following were resulted: over-capacity of power generation equipment, extremely fierce market competition, and continuously decreasing selling prices of the products. As a result, the Company's operating benefits may be subject to the risk of a significant decline.

In 2015, the Company will implement the principle of "energy saving, potential digging and efficiency enhancing" (「節約、挖潛、增效」) throughout the entire year. In addition, it will strengthen budget management and examination and will strictly control various cost items. It will strengthen the accounts receivable and inventory management, improve the operating performance examining system and enhance the incentive and bidding effect on the examination of operating performance.

# REPORT OF THE BOARD (CONTINUED)

## III. PLAN FOR PROFIT DISTRIBUTION AND TRANSFER OF CAPITAL RESERVE TO SHARE CAPITAL

### (I) Formulation, implementation of or adjustment to the profit distribution plan

The Company has specified its cash dividend policy in the Articles of Association, which reads as: where net profit attributable to shareholders of the Company for that year and the accumulated distributable profit as at the end of that year are positive, dividends can be distributed in cash; where the undistributed profit of the Company is positive, the profit distributed in cash for the last three years shall not be less than 30% of the average annual distributable profit realized for the last three years.

On 29 April 2014, the profit distribution plan for 2013 was considered and approved at the 2012 annual general meeting of the Company. The plan was in compliance with the Articles of Association of the Company and relevant procedures for consideration, fully protecting the legal interests of the minority investors. Independent Directors have expressed their opinions concerning the plan which has clear distribution standard and proportions. During the reporting period, the implementation of the aforesaid profit distribution plan had been completed.

During the reporting period, the Company did not adjust or change its dividend policy.

#### Profit distribution plan for 2014

As audited by ShineWing Certified Public Accountants, the Company achieved RMB1,278,258,405.62 of net profit attributable to shareholders of the Company in 2014 and a net profit of RMB956,287,785.82. The Company proposes to pay a final cash dividend of RMB0.9 (tax inclusive) for every ten shares, totalling RMB210,321,033.12. No capital reserve will be transferred to share capital, nor distribute any bonus share. The plan is subject to consideration and approval at the 2014 annual general meeting.

# REPORT OF THE BOARD (CONTINUED)

## III. PLAN FOR PROFIT DISTRIBUTION AND TRANSFER OF CAPITAL RESERVE TO SHARE CAPITAL (CONTINUED)

### (II) Scheme or plan for profit distribution, transfer of capital reserve to share capital of the Company for the latest three years (including the reporting period)

Unit: Yuan Currency: RMB

Year of cash dividend	Bonus shares for every 10 shares (share)	Cash dividend for every 10 shares (RMB) (Tax inclusive)	Number of shares transferred into share capital for every 10 shares (share)	The amount of cash dividends (Tax inclusive)	Net profit attributable to shareholders of the Company in the consolidated statements	The percentage in net profit attributable to shareholders of the Company in the consolidated statements (%)
2014	/	0.90	/	210,321,033.12	1,278,258,405.62	16.45
2013	/	1.80	/	360,694,800.00	2,349,431,591.08	15.35
2012	/	1.10	/	220,424,600.00	2,191,129,345.43	10.06

## IV. ACTIVE PERFORMANCE OF SOCIAL RESPONSIBILITY

### (I) Works of social responsibility

For details, please refer to the simultaneous disclosed Social Responsibility Report of Dongfang Electric Corporation Limited for 2014.

# REPORT OF THE SUPERVISORY COMMITTEE

## To the shareholders,

In 2014, in the face of grim domestic and foreign situation, the Company consistently pushed forward the guideline of “three shifts”, namely shifting from scale expansion to efficiency and profit growth, shifting from capacity expansion to technical upgrading, and shifting from manufacturing-based operations to manufacturing- and service-based operations, and adhered to motivating vigor and creativity of development of the Company with economic benefits as its centre and reform and innovation as its measures. With all employees’ efforts, the Company well achieved targets of revenue, profit, output value and order for the year. The Supervisory Committee of the Company faithfully performed its duties in conformity with legal provisions and effectively supervised the legal compliance of the Company’s operations and the duty performance of the directors, managers and other senior management members of the Company in accordance with the Company Law, the Securities Law, the Articles of Association, the Rules of Procedure of the Supervisory Committee and other relevant laws and regulations. The work of the Supervisory Committee in 2014 is set out as follows:

## I. WORK OF THE SUPERVISORY COMMITTEE DURING THE REPORTING PERIOD

In 2014, the Supervisory Committee of the Company earnestly studied and observed rules and regulations of regulators, actively discharged the duties required in the Articles of Association, performed their supervisory functions and realized value of the Supervisory Committee by attending the general meetings and board meetings of the Company, participating in the supervisory activities of the Company, holding meetings of the Supervisory Committee and independently carrying out special supervisory activities. In addition, it adjusted key contents of supervisory works and well fulfilled the duties of the Supervisory Committee for the year, taking the current situation of the Company and weak link of internal control into consideration.

### (I) Convening of meetings of the Supervisory Committee

#### The Supervisory Committee held five meetings in 2014

1. The eighth meeting of the seventh session of the Supervisory Committee was convened in Chengdu on 10 March 2014. All of the three supervisors were present at the meeting to consider and approve the following matters:
  - (1) The proposal in relation to the Company’s annual report for 2013 was considered and approved;
  - (2) The proposal in relation to the Company’s audited final financial accounts for 2013 was considered and approved;
  - (3) The proposal in relation to the Company’s profit distribution plan for 2013 was considered and approved;
  - (4) The proposal in relation to the work report of the Supervisory Committee for 2013 was considered and approved;
  - (5) The proposal in relation to the 2013 appraisal report of internal control was considered and approved;
  - (6) The report on implementation of the Company’s H share appreciation rights plan for 2013 was heard;
  - (7) The amendments to the Articles of Association was considered and approved.

# REPORT OF THE SUPERVISORY COMMITTEE (CONTINUED)

## I. WORK OF THE SUPERVISORY COMMITTEE DURING THE REPORTING PERIOD (CONTINUED)

### (I) Convening of meetings of the Supervisory Committee (Continued)

#### The Supervisory Committee held five meetings in 2014 (Continued)

2. The ninth meeting of the seventh session of the Supervisory Committee was convened in Chengdu on 28 April 2014. All of the three supervisors were present at the meeting to consider and approve the following matters:

The proposal in relation to the 2014 first quarterly report of Company was considered and approved.

3. The 2014 first extraordinary meeting of the Supervisory Committee was convened in Chengdu on 24 June 2014. All of the three supervisors were present at the meeting to consider and approve the following matters:

Mr. Wen Limin was unanimously elected as the chairman of the Supervisory Committee of the Company.

4. The tenth meeting of the seventh session of the Supervisory Committee was convened in Chengdu on 28 August 2014. All of the three supervisors were present at the meeting to consider and approve the following matters:

- (1) The proposal in relation to the Company's unaudited financial report for the first half of 2014 was considered and approved;
- (2) The proposal in relation to the Company's interim report for 2014 was considered and approved;
- (3) The proposal in relation to the replacement of the Company's self-raised funds used in proceeds investment projects with proceeds raised from fund-raising activities was considered and approved;
- (4) The report on the appraisal results of performance evaluation index of the H share appreciation rights plan was heard.

# REPORT OF THE SUPERVISORY COMMITTEE (CONTINUED)

## I. WORK OF THE SUPERVISORY COMMITTEE DURING THE REPORTING PERIOD (CONTINUED)

### (I) Convening of meetings of the Supervisory Committee (Continued)

#### The Supervisory Committee held five meetings in 2014 (Continued)

5. The eleventh meeting of the seventh session of the Supervisory Committee was convened in Chengdu on 29 October 2014. Two out of three supervisors were present at the meeting, while Mr. Wang Congyuan, a staff representative supervisor, was absent due to other business engagement and appointed Mr. Wang Zaiqiu to attend and vote at the meeting on his behalf, to consider and approve the following matters:

- (1) The resolution in relation to the Company's continuing connected transactions (2015-2017) was considered and approved;
- (2) The resolution in relation to 2014 third quarterly report of Company was considered and approved;
- (3) The report on the implementation of new accounting standards made by the Financial Department of the Company was heard.

In 2014, the Supervisory Committee conscientiously reviewed relevant proposals by way of holding meetings, and raised certain rationalized advices on investment, financial management, cash management, collection of receivables, budget execution and other aspects. The Supervisory Committee handed out their advices to relevant units and departments by way of minutes of meeting. Such advices obtained high attention and faithful implementation of the Board and the management of the Company and effectively facilitated establishment of internal control of the Company.

### (II) Attendance of the Board meetings, general meetings and work meetings of the President for ensuring the Company's operation according to laws

During the reporting period, in accordance with the Company Law, the Securities Law, the Articles of Association and the Rules of Procedure of the Supervisory Committee, the supervisors attended the five Board meetings, examined the legal compliance and completeness of the proposals submitted to the Board of the Company for consideration and voting, supervised decision-making procedures and due performance of directors and attended the annual general meeting, extraordinary general meetings and work meetings of the President.

### (III) Regular supervision of supervisors

The supervisors actively participated in management improvement activities, internal control establishment activities, discovered and optimized the weak link of the Company in a timely manner through supervisory activities carried out in the positions of financial, auditing and full-time chairman of supervisory committees in subsidiaries to take precautions of operation and decision-making risks.

# REPORT OF THE SUPERVISORY COMMITTEE (CONTINUED)

## I. WORK OF THE SUPERVISORY COMMITTEE DURING THE REPORTING PERIOD (CONTINUED)

### (IV) Active performance of functions of working body of the Supervisory Committee

In 2014, the Supervisory Committee arranged the supervisory office to carry out on-site special supervisory examination on the implementation of and decision making on the profit distribution plan of the Company, appraisal and management of the H share appreciation rights plan, and actual management and use of proceeds. The Supervisory Committee discussed the examination results.

### (V) Cooperation with other institutes in launching supervision activities

While duly performing their supervisory duties, the Supervisory Committee also actively participated in and supported the supervision and inspection and exchange activities launched by the China Securities Regulatory Commission, the Securities Regulatory Bureau of Sichuan Province, the Chinese Association of Listed Companies and the Association of Listed Companies of Sichuan Province. In the year, the Supervisory Committee had participated in the questionnaire survey in respect of the corporate governance of listed companies and the implementation of the Work Guidelines for Supervisory Committees of Listed Companies in Sichuan, which created favorable conditions for the Supervisory Committee to better perform its supervisory functions.

## II. PERFORMANCE OF DUTIES BY SUPERVISORS

In 2014, according to the actual needs of the Company's operation, the Supervisory Committee was reelected and members of the seventh session of the Supervisory Committee were changed to Wen Limin (chairman of the Supervisory Committee), Wang Zaiqiu and Wang Congyuan. Pursuant to the requirements of the Work Guidelines for Supervisory Committees of Listed Companies, supervisors conscientiously performed their supervisory duties. The attendance rate of supervisors attending the meetings of the Supervisory Committee, the Board meetings and general meetings was 100% in the whole year except those on business trip, whereas the supervisor who was absent from the meetings earnestly studied the meeting materials and appointed another supervisor to vote on his behalf after his review on such materials.

1. Detailed breakdown of the supervisors' attendance at the meetings of the Supervisory Committee held in the year (five meetings were held in the year) was set out below:

Name	Staff representative supervisor (Yes/No)	Number of meetings required to attend	Attendance in person	Attendance by proxy	Absence
Wen Bingyou	No	2	2	0	0
Wen Limin	No	5	5	0	0
Wang Zaiqiu	No	3	3	0	0
Wang Congyuan	Yes	5	4	1	0

# REPORT OF THE SUPERVISORY COMMITTEE (CONTINUED)

## II. PERFORMANCE OF DUTIES BY SUPERVISORS (CONTINUED)

2. Detailed breakdown of the supervisors' attendance at the Board meetings held in the year (five meetings were held in the year, three meetings were held by way of written resolutions) was set out below:

Name	Staff representative supervisor (Yes/No)	Number of meetings required to attend	Attendance in person	Attendance by proxy	Absence
Wen Bingyou	No	3	3	0	0
Wen Limin	No	5	4	0	1
Wang Zaiqiu	No	2	2	0	0
Wang Congyuan	Yes	5	4	0	1

3. Detailed breakdown of the supervisors' attendance at the general meetings held in the year (three meetings were held in the year) was set out below:

Name	Staff representative supervisor (Yes/No)	Number of meetings required to attend	Attendance in person	Attendance by proxy	Absence
Wen Bingyou	No	1	1	0	0
Wen Limin	No	3	2	0	1
Wang Zaiqiu	No	1	1	0	0
Wang Congyuan	Yes	3	3	0	0

## III. THE SUPERVISORY COMMITTEE'S INDEPENDENT OPINIONS FOR THE REPORTING PERIOD

### (I) The Supervisory Committee's independent opinion on legal compliance of the Company's operations

Having supervised and examined the operation of the Company pursuant to its duties and responsibilities under the Company Law, the Securities Law and the Articles of Association during the reporting period, the Supervisory Committee is of the opinion that the Company had a relatively complete internal control system in place and operated in accordance with the laws and regulations. The resolutions of the general meetings were strictly implemented by the Board; all special members of the Board have performed their duties independently and effectively in accordance with the laws; all significant decisions of the Company were made in compliance with legal and valid procedures and information disclosure was made in a timely and accurate basis. The directors and senior management of the Company have performed their duties with due diligence, and no act by directors and senior management in violation of laws and regulations and the Articles of Association or being detrimental to the interests of the Company and its shareholders was found during the reporting period.

# REPORT OF THE SUPERVISORY COMMITTEE (CONTINUED)

## III. THE SUPERVISORY COMMITTEE'S INDEPENDENT OPINIONS FOR THE REPORTING PERIOD (CONTINUED)

### (II) The Supervisory Committee's independent opinion on inspection on the financial position of the Company

During the reporting period, the Supervisory Committee has carefully monitored, examined and reviewed the financial position and financial management of the Company in 2014 by way of hearing the special reports made by the financial controller of the Company, carefully considering the financial report of the Company, reviewing auditors' report and keeping close eyes on and investigating major events. ShineWing Certified Public Accountants has audited the 2014 financial report of the Company and issued a standard unqualified auditor's report. In the opinion of the Supervisory Committee, the Company has further improved the financial system and other relevant management systems and the financial accounting and various financial management systems have been effectively executed. The preparation and review procedures of the Company's 2014 financial report are in compliance with all requirements of the laws, regulations, the Articles of Association and internal administrative systems of the Company, and the audited financial report truly and objectively reflects the financial position and the operating results of the Company.

### (III) The Supervisory Committee's independent opinion on the Company's connected transactions

During the reporting period, the Supervisory Committee seriously and carefully considered the connected transactions of the Company and paid close attention to the regular reports and management in respect of connected transactions reported by the Board. The Supervisory Committee was of the opinion that the continuing connected transactions of the Company were carried out under the principle of fairness, justice, openness and voluntariness and in compliance with relevant national laws and regulations, the Articles of Association and relevant regulations of the Company; that the connected transactions were fair and reasonable with sufficient information disclosure being made and without prejudice to the interests of the Company and other shareholders, especially minority shareholders and non-connected shareholders.

### (IV) The Supervisory Committee's independent opinion on the internal control self-assessment report

In the reporting period, the Company carried out a self-assessment on its internal controls in accordance with the Basic Standards for Enterprise Internal Control jointly issued by the Ministry of Finance of the PRC and China Securities Regulatory Commission and other authorities, the Guidelines on Internal Control of Listed Companies issued by the Shanghai Stock Exchange and other relevant national laws and regulations.

The Supervisory Committee was briefed on and carefully reviewed the 2014 internal control self-assessment report of the Board and the relevant auditors' report presented by ShineWing Certified Public Accountants. The Supervisory Committee was of the opinion that the Company had established a relatively complete internal control system, which met the current production and operation needs of the Company and can be effectively executed, thus guaranteeing the standardized operation of the Company and improving the management and control of the Company. No material weakness was found in the internal control system of the Company during the reporting period. The Company's internal control self-assessment report gives a true and objective view of the construction and operation of the Company's internal control system.

# REPORT OF THE SUPERVISORY COMMITTEE (CONTINUED)

## IV. THE SUPERVISORY COMMITTEE'S SPECIAL SUPERVISION WORKS

### (I) Supervision and examination on cash dividends of the Company

Firstly, the Supervisory Committee organized a study on the Notice on Further Implementation of Relevant Issues Relating to Distribution of Cash Dividend by Listed Companies (《關於進一步落實上市公司現金分紅有關事項的通知》) and the Guidance for Cash Dividend Distribution of SSE-listed Companies (《上海證券交易所上市公司現金分紅指引》) issued by China Securities Regulatory Commission for members. Secondly, according to the functions imposed by the Articles of Association, the Supervisory Committee examined the work plan and specific explanation on relevant matters of implementation of cash dividends distribution plan submitted by the Board of the Company. Thirdly, the Supervisory Committee heard special report of the Board and relevant departments. Fourthly, the Supervisory Committee examined the implementation of profit distribution policy and decision-making procedures of the Company by the work meetings of the President, the Board meetings and meetings of independent directors.

The Supervisory Committee was of the view that the Company formulated the profit distribution plan and cash dividends distribution policy in strict compliance with relevant requirements of China Securities Regulatory Commission, SSE, the Articles of Association and system. The opinion on dividends distribution was objective and truth. The profit distribution plan was in the interests of the shareholders of the Company as a whole. The implementation of and decision-making on cash dividends distribution was in line with the Articles of Association and the cash dividends management measures. Nothing was found in the Company's decision-making on cash dividends to be detrimental to legitimate rights and interests of minority shareholders.

### (II) Supervision and examination on H share appreciation rights

In 2014, the Supervisory Committee carried out special supervision over issues in relation to the fairness of assessment on H Share appreciation rights, management on H Share Appreciation Rights and decisions made by the remuneration committee according to the H Share Appreciation Rights Plan and the Management Methods of Share Appreciation Rights.

The Supervisory Committee was of the opinion that the Company conducted dynamic management on incentive objects of the share appreciation rights, which was in line with the principles of determining incentive objects required by the Proposal in Relation to the H Share Appreciation Rights Plan. The relevant departments managed the share appreciation rights according to the Management Methods of Share Appreciation Rights. The remuneration committee considered and voted for the assessment of H share appreciation rights and the assessment of individual's performance was in line with the Management Methods of Implementation of Assessment of Share Appreciation Rights Incentive Plan.

# REPORT OF THE SUPERVISORY COMMITTEE (CONTINUED)

## IV. THE SUPERVISORY COMMITTEE'S SPECIAL SUPERVISION WORKS (CONTINUED)

### (III) Supervision and examination on the proceeds

In 2014, the Company paid continuing attention to and conducted special examination on actual management and use of proceeds of the Company according to the Management Measures on Proceeds of the Company.

The Supervisory Committee believed that the management of proceeds was in line with principles of special account, standard use, honest disclosure and strict management. The Supervisory Committee did not find any misuse of proceeds. During the reporting period, ShineWing Certified Public Accountants issued an assurance engagement report on replacement of the Company's self-raised funds used in proceeds investment projects with proceeds raised from fund-raising activities after review. The independent directors and sponsor institution had reviewed and agreed the replacement plan. The Supervisory Committee was of the view that such plan conformed to relevant regulations and issuance application documents, accorded with relevant resolution approved at the 2013 first extraordinary general meeting, and the decision-making procedures of which met the Management Measures on Proceeds.

2015 is an important year for DEC to implement reform and innovation and to expedite "three changes", and also a key year to form a connecting link between the preceding and the following in the history of DEC. The Company comprehensively will implement gist of the Third Plenary and Fourth Plenary of the 18th Central Committee of the Party and the Central Economic Work Conference, actively adapt to opportunities and challenges from "New Normal", consolidate the basis of management, enhance management and control of risks, control cost and improve efficiency and expedite "three changes" to achieve the sustainable development of DEC. The Supervisory Committee will perform duties according to laws. Taking into account the needs of the Company's governance, operation and management, it will strengthen efficiency of daily office of the Supervisory Committee and effectively carry out special supervision. In addition, the Supervisory Committee will enhance its self-establishment, improve supervisors' self-study and trainings and fully give play to supervisory functions. It works with honesty and integrity as well as diligence, protects interests of the Company and its shareholders.

# SIGNIFICANT EVENTS

## I. MATERIAL LITIGATION, ARBITRATION AND EVENTS PREVAILINGLY QUESTIONED BY THE MEDIA

(1) During the reporting period, the Company was not involved in any material litigation or arbitration or events prevailingly questioned by the media.

### (2) Others

The Company had disclosed the arbitration over technology contract disputes with US-based Foster Wheeler under the section headed “contingent events” in all of its annual and interim reports during the period from 2010 annual report to 2013 annual report. The same event was also disclosed under the “important events” in the 2014 interim report. On 21 May 2014, Dongfang Boiler Group Co., Ltd. and Dongfang Electric Corporation reached consensus and entered into a memorandum of understanding with US-based Foster Wheeler in respect of the said event, agreeing that both parties recognised the completeness of the circulating fluidized bed boiler technology of each other, and that each of the parties can participate in any competition in the market worldwide without restriction. All the disputes and disagreements under the licensing agreement were thereby solved absolutely. The solution of the said event had no impact on the operating results of the Company for the year.

## II. SHARE OPTION INCENTIVES ADOPTED BY THE COMPANY AND INFLUENCE THEREOF

In order to further improve the Company’s overall remuneration structure system, and enable the interests of the shareholders to be connected with the benefits of the directors, senior management and key personnel, the Company adopted the share appreciation rights scheme in December 2012, under which the senior management and key technical personnel of the Company were granted the H share appreciation rights. The H share appreciation rights representing a total of 16,260,000 shares were granted to 175 qualified recipients for the first time, accounting for 0.8114% of the total share capital of the Company as at 31 December 2014 (being 2,003,860,000 shares). During the Reporting Period, exercisable period of the first tranche of H Share appreciation rights commenced from 14 December 2014 while both the performance indicators of the Company (i.e. economic value added, yield of net assets, and growth of operating income) and the results of individual performance assessment of incentive recipients for 2013, the year prior to the exercisable period, were conformed to the exercise conditions. During the Reporting Period, no incentive recipients submitted any application for exercise. Pursuant to the requirements of Accounting Standards for Business Enterprises — Share-based Payment (《企業會計準則第11號 — 股份支付》), incentive funds of RMB1,054,932.18 was provided during the Reporting Period with accumulated provision for incentive funds of RMB10,546,495.02. For details, please refer to Note 11 “Share-based payment” to the financial statements.

# SIGNIFICANT EVENTS (CONTINUED)

## III. MATERIAL CONNECTED TRANSACTIONS

### Routine continuing connected transactions

On 21 October 2011, the Company entered into the 2012–2014 Purchase and Production Services Framework Agreement, 2012–2014 Sales and Production Services Framework Agreement, 2012–2014 Combined Ancillary Services Framework Agreement, 2012–2014 Properties and Equipment Framework Lessee Agreement and 2012–2014 Properties and Equipment Framework Lessor Agreement with Dongfang Electric Corporation, and entered into the 2012–2014 Financial Services Framework Agreement with the DEC Finance in Chengdu, Sichuan Province. Such continuing connected transactions are effective from 1 January 2012 to 31 December 2014.

Dongfang Electric Corporation is the controlling shareholder of the Company, and the DEC Finance is the wholly-owned subsidiary of Dongfang Electric Corporation, therefore, the agreements entered into by the Company and Dongfang Electric Corporation and the DEC Finance and the routine continuing connected transactions thereunder constituted the continuing connected transactions of the Company pursuant to the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The basic contents of such agreements are as follows:

#### 1. 2012–2014 Purchase and Production Services Framework Agreement

Dongfang Electric Corporation and its affiliated enterprises would supply the products (raw materials, semi-finished products, auxiliary equipment, supporting materials, components, production equipment and tools, processing tools, employee necessities, and other related products and materials.) and provide production services (processing service, import agency services, technical services, inspection and testing services, after-sales services, transportation services, maintenance, repair and management services for equipment and tools, repair of vehicles and other related production services) to the Company or its subsidiaries.

#### 2. 2012–2014 Sales and Production Services Framework Agreement

The Company and its subsidiaries would supply the products (raw materials, semi-finished products, finished products, turbine products, boiler products, nuclear products, gas turbines, power generation equipment, production equipment, components, spare parts, supporting materials, employee necessities and other related products and materials) and provide production services (processing service, technical services, transportation services, import agency services, and other related production services) to Dongfang Electric Corporation and its affiliated enterprises.

# SIGNIFICANT EVENTS (CONTINUED)

## III. MATERIAL CONNECTED TRANSACTIONS (CONTINUED)

### Routine continuing connected transactions (Continued)

#### 3. 2012–2014 Combined Ancillary Services Framework Agreement

The Company and its subsidiaries would provide the combined ancillary services (including but not limited to training services, utility services (including water, electricity and gas), communication services, combined management services and other ancillary services) to Dongfang Electric Corporation and its affiliated enterprises; Dongfang Electric Corporation and its affiliated enterprises would provide the combined ancillary services (including but not limited to medical services, cleaning services, employee management services, nursery services, management services for retired employees, militia services, educational services, training services, and other ancillary services) to the Company and its subsidiaries.

#### 4. 2012–2014 Financial Services Framework Agreement

DEC Finance will provide the following financial services to the Company and its subsidiaries in accordance with the permit for operating finance business (《經營金融業務許可證》) and business license it held: deposit-taking service, loans service, fund settlement services and other investment and financial services approved by the China Banking Regulatory Commission.

#### 5. 2012–2014 Properties and Equipment Framework Lessee Agreement

Dongfang Electric Corporation and its affiliated enterprises would lease relevant properties to the Company and its subsidiaries.

#### 6. 2012–2014 Properties and Equipment Framework Lessor Agreement

The Company and its subsidiaries would lease relevant properties to Dongfang Electric Corporation and its affiliated enterprises.

For the details of the aforesaid agreements, please refer to the announcement and circular of the Company in relation to continuing connected transactions published by the Company on the websites of Shanghai Stock Exchange and Hong Kong Stock Exchange on 21 October 2011 and 4 November 2011.

The aforesaid routine continuing connected transactions between the Company and Dongfang Electric Corporation and other related parties are necessary for the production and operation of the Company, are in compliance with the normal commercial terms and the principle of fairness and are conducted pursuant to the framework agreements, relevant specific agreements. The conditions and pricing of such transactions are fair, and have gone through the approval procedures according to relevant regulations, without prejudice to the interests of the Company and shareholders. The relevant continuing connected transactions are conducive to the production and operation as well as the sustainable and stable development of the Company.

These continuing connected transactions have come into force with the approval by the independent directors of the Board and/or independent shareholders at the general meetings of the Company. As at 31 December 2014, the specific amount of those material continuing connected transactions did not exceed the annual caps approved by the Board or shareholders at the general meetings.

# SIGNIFICANT EVENTS (CONTINUED)

## III. MATERIAL CONNECTED TRANSACTIONS (CONTINUED)

### Routine continuing connected transactions (Continued)

As at 31 December 2014, the actual amount of the continuing connected transactions and their annual caps for 2014

Unit: RMB'000

Name of agreement	Total actual Amount in 2014	Proposed annual caps for 2014
Purchase and Production Services Framework Agreement	<b>3,403,928</b>	4,000,000
Sales and Production Services Framework Agreement	<b>369,611</b>	1,780,000
Combined Ancillary Services Framework Agreement (receipt of services)	<b>9,497</b>	200,000
Combined Ancillary Services Framework Agreement (provision of services)	<b>488</b>	2,000
Properties and Equipment Framework Lessee Agreement	<b>47,266</b>	100,000
Properties and Equipment Leasor Framework Agreement	<b>1,064</b>	3,000
		14,600,000
Financial Services Framework Agreement	<b>14,046,374</b>	(deposit plus interest income)
		15,000,000
		(loans plus interest expense)
	<b>2,700,375</b>	

The Company confirms that the aforesaid connected transactions (if applicable) and continuing connected transactions have been in compliance with the disclosure requirements under the Chapter 14A of the Listing Rules.

The independent non-executive directors of the Company had reviewed these continuing connected transactions and confirmed that these transactions have been entered into:

- (1) in the ordinary business of the Company;
- (2) either on normal commercial terms or, if there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the Company than terms available to or from (as appropriate) independent third parties; and
- (3) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

# SIGNIFICANT EVENTS (CONTINUED)

## III. MATERIAL CONNECTED TRANSACTIONS (CONTINUED)

### Routine continuing connected transactions (Continued)

In accordance with the Rule 14A.56 of the Listing Rules, the auditor engaged by the Company confirmed that, in 2014, these continuing connected transactions:

- (1) had been approved by the Board of the Company;
- (2) was conducted pursuant to pricing policy of the Company (if applicable);
- (3) entered into in accordance with the relevant agreement governing the transactions; and
- (4) had not exceeded the cap disclosed in previous announcements.

## IV. OTHER MATERIAL CONTRACTS AND IMPLEMENTATION THEREOF

### (I) Other material contracts

During the reporting period, there is no contract of significance between the Company or any of its subsidiaries and its controlling shareholder (as defined in Appendix 16 to the Listing Rules) or its subsidiaries.

During the reporting period, there is no contract of significance for the provision of services to the Company or its subsidiaries by the controlling shareholder of the Company or its subsidiaries.

No contracts (other than service contracts with any director, supervisor or full-time employees of the Company), pursuant to which any persons, firms or corporate assume the management and administration of the whole or any substantial part of the business of the Company, were entered into or existed during or at the end of the year.

No contracts, to which the Company, its subsidiary or controlling company, or subsidiary of the controlling company of the Company, is a party, and in which, a director or supervisor of the Company, either directly or indirectly, in any forms, had material interests at any time during the year, existed during or at the end of the year (In any case as mentioned above, the directors or supervisors of the Company are of the opinion that the contract has material relations with the Company's business and the material relations that relevant directors and supervisors have in the contract are or had been crucial). The contracts referred herein do not include the service contract of a director or supervisor of the Company or the contract entered into between the Company and an enterprise, in which the director or supervisor of the Company had material relations due to their concurrently holding position as director and supervisor at the enterprise.

At no time during or at the end of the year was the Company, its subsidiary or controlling company, or subsidiary of the controlling company of the Company, a party to any arrangements whose objects are, or one of whose objects is, to enable the directors or supervisors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other corporations.

# SIGNIFICANT EVENTS (CONTINUED)

## V. APPOINTMENT OR TERMINATION OF THE AUDITORS

Unit: Yuan Currency: RMB

Whether changed the auditor or not: No

	Former auditor	Current auditor
Domestic auditor	ShineWing Certified Public Accountants (special general partnership)	ShineWing Certified Public Accountants (special general partnership)
Remuneration of the domestic auditor	240	240
Term of audit of the domestic auditor	5	6

	Name	Remuneration
Internal control auditor	ShineWing Certified Public Accountants (special general partnership)	60

ShineWing Certified Public Accountants (special general partnership) has provided audit services for the Company for a consecutive six years.

## VI. PUNISHMENT ON THE COMPANY AND ITS DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, SHAREHOLDERS HOLDING OVER 5% OF EQUITY INTEREST, DE FACTO CONTROLLER AND PURCHASER AND RELEVANT RECTIFICATIONS

During the year, none of the Company, its directors, supervisors, senior management members, shareholders holding over 5% of equity interest, De Facto Controller or purchaser were subject to investigation by authorities, administrative penalties, imposed with mandatory measures by judiciary or disciplinary authorities, public criticism or reprimand by PRC securities exchanges.

## VII. PUBLIC FLOAT

Based on the public information available to the Company and its directors as at the date of this annual report, the number of shares of the Company held by the public is enough and in compliance with the Listing Rules.

## VIII. PURCHASE, SALES OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the year, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

# SIGNIFICANT EVENTS (CONTINUED)

## IX. AUDIT COMMITTEE

The Board has established an audit committee, which consists of three independent non-executive directors, namely Mr. Peng Shaobing, Mr. Li Yanmeng and Mr. Zhao Chunjun. The audit committee has reviewed the annual report of the Company for the reporting period, and agreed with the accounting treatment method adopted by the Company.

## X. FIVE YEAR'S FINANCIAL SUMMARY

Prepared by: Dongfang Electric Corporation Limited

Unit: Yuan Currency: RMB

Item	2014 (31 December 2014)	2013 (31 December 2013)	2012 (31 December 2012)	2011 (31 December 2011)	2010 (31 December 2010)
Total assets	<b>85,230,169,494.86</b>	77,836,703,054.12	78,327,056,597.82	82,442,725,917.98	82,252,888,512.58
Total liabilities	<b>64,760,903,863.54</b>	59,243,312,433.39	61,779,541,443.39	67,835,972,139.68	70,468,505,994.63
Total shareholders' equity	<b>20,469,265,631.32</b>	18,593,390,620.73	16,547,515,154.43	14,606,753,778.30	11,784,382,517.95
Including: Equity attributable to shareholders of the Company	<b>19,544,092,526.73</b>	17,693,768,986.23	15,678,105,417.62	13,802,558,874.23	11,038,754,290.22
Minority interests	<b>925,173,140.59</b>	899,621,634.50	869,409,736.81	804,194,904.07	745,628,227.73
Revenue from operations	<b>39,036,164,758.11</b>	42,390,796,682.51	38,079,202,510.13	42,916,618,329.18	38,080,112,185.86
Total profit	<b>1,502,342,336.40</b>	2,787,492,093.47	2,618,658,623.02	3,544,056,803.56	2,845,178,701.11
Income tax expenses	<b>181,725,615.62</b>	388,089,412.34	364,937,341.51	425,839,071.57	169,164,306.04
Net profit	<b>1,320,616,720.78</b>	2,399,402,681.13	2,253,721,281.51	3,118,217,731.99	2,676,014,395.07
Including: Net profit attributable to the Company	<b>1,278,258,405.62</b>	2,349,431,591.08	2,191,129,345.43	3,056,227,705.50	2,576,974,795.23
Minority interests	<b>42,358,315.16</b>	49,971,090.05	62,591,936.08	61,990,026.49	99,039,599.84

Note: Prepared in accordance with the PRC Accounting Standards

## XI. SHARE OPTIONS

There are no provisions regarding share options under the Company Law of the People's Republic of China and the Articles of Association, which require the Company to issue new shares to the existing shareholders in proportion to their existing shareholdings.

# SIGNIFICANT EVENTS (CONTINUED)

## XII. EVENTS AFTER THE BALANCE SHEET DATE

1. The Resolution in relation to Conditional Redemption of Dongfang Convertible Bonds was approved at the 20th meeting of the seven session of the Board of the Company, and the Company had exercised the conditional redemption rights of the Dongfang Convertible Bonds to redeem the registered Dongfang Convertible Bonds in full. The Dongfang Convertible Bonds were ceased trading and conversion on 17 February 2015, and were delisted from Shanghai Stock Exchange on 27 February 2015. For details, please refer to the announcement of the Company dated 24 February 2015.

2. Compensation for prolongation of the Saudi Rabigh project:

In July 2009, the consortium including the Company entered into an EPC contract for an independent power generation project with Saudi Arabia based Rabigh Electricity Company (沙特拉比格電力公司). Pursuant to the contract, the Company undertook the supply of two major equipments and provision of relevant technical services. Due to problems of certain equipments and so on, the generating units were not put into commercial operation as scheduled

After negotiations with the project owners from Saudi Arabia, the Company carried out rectification and improvement work after the end of the 2012 summer-peak season for power generation. On 14 June 2013, both of No. 1 and No. 2 generating units had obtained the preliminary receiving certificates. The project owners confirmed that No. 1 and No. 2 generating units were put into commercial operation on 14 December 2012 and 28 January 2013, respectively, and accordingly entered into quality guarantee periods.

In January 2015, the Company and related parties entered into an agreement in relation to the rectification cost and the compensation for prolongation of the project, pursuant to which the Company shall assume the rectification cost and the compensation for prolongation totaling USD55 million. The Company had made reasonable estimation on the relevant expenses based on the prudential principle at the earlier stage and the solution of the said event will have no impact on the operating results of the Company in 2015.

## XIII. OTHER SIGNIFICANT EVENTS

During the reporting period, there was no other significant event.

# CHANGES IN SHARE CAPITAL AND PARTICULARS OF SHAREHOLDERS

## I. CHANGES IN SHARE CAPITAL (AS AT 31 DECEMBER 2014)

### (I) Changes in shares

#### 1. Changes in shares

Unit: share

	Prior to the change		Changes (+,-)					After the change	
	Number of shares	Percentage (%)	Issue of new shares	Bonus issue	Capitalization of surplus reserve	Others	Sub-total	Number of shares	Percentage (%)
<b>I. Shares subject to trading moratorium</b>	0	0	0	0	0	0	0	0	0
1. State-owned shares	0	0	0	0	0	0	0	0	0
2. State-owned legal person shares	0	0	0	0	0	0	0	0	0
3. Other domestic shares	0	0	0	0	0	0	0	0	0
Including: Domestic non-state-owned									
Legal person shares	0	0	0	0	0	0	0	0	0
Domestic natural person shares	0	0	0	0	0	0	0	0	0
4. Foreign shares	0	0	0	0	0	0	0	0	0
Including: Foreign legal person shares	0	0	0	0	0	0	0	0	0
Foreign natural person shares	0	0	0	0	0	0	0	0	0
<b>II. Tradable shares not subject to trading moratorium</b>	2,003,860,000	100	0	0	0	0	0	2,003,860,000	100
1. RMB-denominated ordinary shares	1,663,860,000	83.03	0	0	0	0	0	1,663,860,000	83.03
2. domestic listed foreign shares	0	0	0	0	0	0	0	0	0
3. Overseas listed foreign shares	340,000,000	16.97	0	0	0	0	0	340,000,000	16.97
4. Others	0	0	0	0	0	0	0	0	0
<b>III. Shares in total</b>	2,003,860,000	100	0	0	0	0	0	2,003,860,000	100

### (II) Changes in shares subject to trading moratorium

During the reporting period, there was no change in shares subject to trading moratorium of the Company.

# CHANGES IN SHARE CAPITAL AND PARTICULARS OF SHAREHOLDERS (CONTINUED)

## II. ISSUE AND LISTING OF SECURITIES

### (I) Issue of securities in the last three years as at the end of the reporting period

#### Issuance of A share convertible bonds

As approved by the Approval Document Zheng Jian Xu Ke [2014] No. 628 issued by China Securities Regulatory Commission and the Self-regulation Decision [2014] No. 402 issued by Shanghai Stock Exchange, the A share convertible bonds with a nominal value of RMB4,000 million were publicly issued by the Company on 10 July 2014 and were listed on the Shanghai Stock Exchange on 25 July 2014. After deducting the issuance expenses, the net proceeds from such issuance were approximately RMB3,964 million.

For details of the public issuance of A share convertible bonds of the Company during the Reporting Period, please refer to the part headed "Particulars of A share convertible bonds" in this section.

### (II) Total number of shares and changes in structure of shareholders of the Company

Share Class	Number (shares)	Percentage
1. A share		
1. Dongfang Electric Corporation	1,001,968,063	50.00%
2. Others	661,891,937	33.03%
2. H share	340,000,000	16.97%
Total	2,003,860,000	100%

### (III) Existing internal employee shares

As at the end of the reporting period, there were no internal employee shares of the Company.

# CHANGES IN SHARE CAPITAL AND PARTICULARS OF SHAREHOLDERS (CONTINUED)

## III. SHAREHOLDERS (AS AT 31 DECEMBER 2014)

### (I) Number of shareholders and shareholdings

Unit: share

Total number of shareholders at the end of the reporting period	115,567	Total number of shareholders at the end of the fifth trading day before disclosure of the annual report	167,251
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#### Shareholdings of the top 10 shareholders

Name of shareholder	Type of shareholder	Percentage of shareholdings (%)	Total number of shares held	Increase (decrease) during the reporting period	Number of shares held subject to trading moratorium	Number of shares pledged or frozen
Dongfang Electric Corporation	State-owned legal person	50.00	1,001,968,063	-489,189	0	Nil
HKSCC Nominees Limited	Overseas legal person	16.87	338,088,895	13,200	0	Unknown
China Construction Bank – Yinhua Core Value Equity Fund (中國建設銀行—銀華核心價值優選股票型證券投資基金)	Unknown	0.52	10,499,821	—	0	Unknown
China Huarong Asset Management Co., Ltd.	Unknown	0.38	7,546,864	0	0	Unknown
Bank of China – Jiashi Sound Open-ended Securities Investment Fund (中國銀行—嘉實穩健開放式證券投資基金)	Unknown	0.32	6,476,138	—	0	Unknown
Bank of Communications – Hua'an Strategy Selection Stock Securities Investment Fund (交通銀行—華安策略優選股票型證券投資基金)	Unknown	0.29	5,781,050	—	0	Unknown
Hou Zhijiang (侯智江)	Domestic natural person	0.2	4,324,517	3,190,497	0	Unknown
Bank of China Limited— Harvest Shanghai Shenzhen 300 Trading Index Securities Investment Open-ended Fund (中國銀行股份有限公司—嘉實滬深300交易型開放式指數證券投資基金)	Unknown	0.18	3,627,545	47,004	0	Unknown
Wei Lihua (魏麗華)	Domestic natural person	0.17	3,339,227	—	0	Unknown
Industrial and Commercial Bank of China Limited – Huatai Bairui CSI 300 Trading Index Securities Investment Open-ended Fund (中國工商銀行股份有限公司—華泰柏瑞滬深300交易型開放式指數證券投資基金)	Unknown	0.15	2,928,582	1,093,178	0	Unknown

# CHANGES IN SHARE CAPITAL AND PARTICULARS OF SHAREHOLDERS (CONTINUED)

## IV. INFORMATION OF CONTROLLING SHAREHOLDERS AND DE FACTO CONTROLLER

### (I) Information of controlling shareholder

#### 1. Legal person

Unit: Yuan Currency: RMB

Name	Dongfang Electric Corporation
Person in charge of the company or legal representative	Si Zefu
Date of establishment	6 November 1984
Organization code	62160427X
Registered capital	4,791,674,910.79
Principal business	Import and export business; general contracting and subcontracting of projects of hydro-, thermal- and nuclear-power stations; whole-set technological development of power station equipments and technology consultation; sales of machinery and electrical ancillaries; general contracting and subcontracting of related projects.
Operating result	The Group has been a ultra-large conglomerate company with power equipment manufacturing and project contracting as its core business since its establishment in 1984. It is now a backbone of the state-owned enterprises engaging in businesses involving state security and national economic artery, one of the 53 enterprises directly managed by the State Council and one of the largest ultra-large conglomerate companies that is committed to the manufacture of major and key technological equipments and international project contracting. The Group has strong operation and capital operation capacity and the first-class manufacturing ability in the world and the first-class technological level in the PRC, competitiveness of some of the Group's technology hold the leading position in the PRC and even reach the world's advanced level.
Financial position	(According to the unaudited consolidated financial data of the Group for 2014) Operating revenue: RMB41,615 million; Revenue from principal operation: RMB41,088 million; Total profit: RMB1,029 million; Net profit: RMB747 million; Total assets: RMB104,675 million; Net assets: RMB23,502 million.

# CHANGES IN SHARE CAPITAL AND PARTICULARS OF SHAREHOLDERS (CONTINUED)

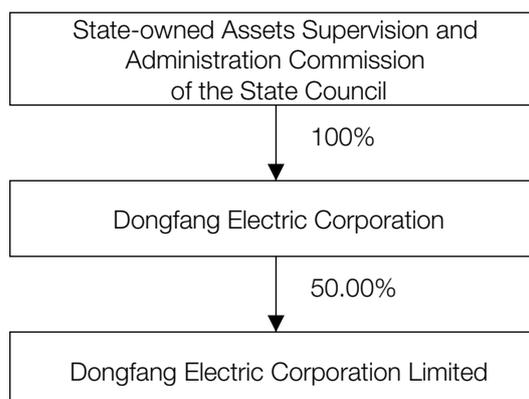
## IV. INFORMATION OF CONTROLLING SHAREHOLDERS AND DE FACTO CONTROLLER (CONTINUED)

### (II) Information of de facto controller

1. Dongfang Electric Corporation is the controlling shareholder and de facto controller of the Company.
2. References of changes and date of changes in de facto controller during the reporting period

During the Reporting Period, there is no change in the controlling shareholder and de facto controller of the Company.

3. Framework of the property right and controlling relationship between the Company and the controlling shareholder



## V. PARTICULARS OF A SHARE CONVERTIBLE BONDS

### (I) Particulars of issuance

As approved by the Approval Document Zheng Jian Xu Ke [2014] No. 628 issued by China Securities Regulatory Commission and the Self-regulation Decision [2014] No. 402 issued by Shanghai Stock Exchange, the A share convertible bonds with a nominal value of RMB4,000 million were publicly issued by the Company on 10 July 2014 and were listed on the Shanghai Stock Exchange on 25 July 2014. The security abbreviation is “Dongfang Convertible Bonds” and the security code is “110027”. There are a total of 40,000,000 A share convertible bonds under this issuance with a par value of RMB100 per bond, and the term is 6 years commencing from the date of issuance, i.e. from 10 July 2014 to 10 July 2020. The A share convertible bonds bear a coupon rate of 0.5% for the first year, 0.8% for the second year, 0.8% for the third year, 1.4% for the fourth year, 2.0% for the fifth year and 2.0% for the sixth year. The conversion period will commence from the first trading day immediately following 10 January 2015 until 10 July 2020, and the initial conversion price is RMB12.00 per share.

The proceeds raised from the issuance of A share convertible bonds will be used for overseas EPC and BTG projects as well as projects related to research and development enhancement.

# CHANGES IN SHARE CAPITAL AND PARTICULARS OF SHAREHOLDERS (CONTINUED)

## V. PARTICULARS OF A SHARE CONVERTIBLE BONDS (CONTINUED)

### (II) Particulars on the top ten major holders of A share convertible bonds at the end of Reporting Period

As of 31 December 2014, particulars on the top ten major holders of A share convertible bonds are set out below:

Name of holder of A share convertible bonds	Amount held at the end of the period <i>(yuan)</i>	Percentage of shareholdings <i>(%)</i>
Special account for collateralized bond repurchase of settlement participants (Industrial and Commercial Bank of China)	692,375,000	17.31
Special account for collateralized bond repurchase of settlement participants (China Construction Bank)	616,289,000	15.41
Special account for collateralized bond repurchase of settlement participants (Agricultural Bank of China)	404,556,000	10.11
Special account for collateralized bond repurchase of settlement participants (Bank of China)	236,547,000	5.91
Special account for collateralized bond repurchase of settlement participants (China Merchants Bank Co., Ltd.)	160,830,000	4.02
Special account for collateralized bond repurchase of settlement participants (Bank of Ningbo Co., Ltd.)	133,138,000	3.33
Harvest Fund — Industrial and Commercial Bank of China — Industrial and Commercial Bank of China Limited Private banking department	89,324,000	2.23
Special account for collateralized bond repurchase of settlement participants (Bank of Communications)	79,274,000	1.98
Special account for collateralized bond repurchase of settlement participants (China Minsheng Banking Corp. Ltd.)	66,228,000	1.66
Special account for collateralized bond repurchase of settlement participants (China Everbright Bank)	55,818,000	1.40

### (III) Particulars of previous adjustments on conversion price and the latest conversion price upon adjustment

The initial conversion price of the Company is RMB12.00 per share. As no adjustment was made, the latest conversion price remains RMB12.00 per share.

### (IV) Particulars of conversion of A share convertible bonds in aggregate during the Reporting Period

The conversion period of the A share convertible bonds under this issuance will commence from the first trading day immediately following 10 January 2015 until 10 July 2020, and therefore no conversion occurred during the Reporting Period.

# CHANGES IN SHARE CAPITAL AND PARTICULARS OF SHAREHOLDERS (CONTINUED)

## V. PARTICULARS OF A SHARE CONVERTIBLE BONDS (CONTINUED)

### (V) Particulars of material changes on the profitability, asset condition and credit condition of guarantor of A share convertible bonds

The Company had no guarantor of A share convertible bonds.

### (VI) Particulars of conversion of A share convertible bonds in aggregate and the conditional redemption

The conversion period of the shares of the Company commenced from 12 January 2015. As the closing price of the shares of the Company for a consecutive 15 trading days from 12 January 2015 to 30 January 2015 were 130% higher than the prevailing conversion price of Dongfang Convertible Bonds, pursuant to the redemption provisions stipulated in the Prospectus in relation to Public Issuance of Convertible Corporate Bonds of the Company, the redemption provisions of the convertible bonds are triggered. The Resolution in respect of the Conditional Redemption of Dongfang Convertible Bonds was considered and approved at the twentieth meeting of the seventh session of the Board of the Company. The Company decided to exercise its right of conditional redemption for convertible bonds to redeem all outstanding Dongfang Convertible Bonds which appear on the register of bonds on the redemption record date (i.e. 16 February 2015). From the commencing date of conversion (12 January 2015) to redemption record date (16 February 2015), a total of RMB3,996,503,000 of A share convertible bonds had been converted to 333,040,368 of A shares of the Company in aggregate. The remaining A share convertible bonds amounting to RMB3,497,000 were redeemed on 17 February 2015.

### (VII) Particulars of changes on the liabilities and creditworthiness of the Company and the capital arrangement for repayment of debts in the coming years

As the all of the A share convertible bonds have been converted and redeemed, there is no capital arrangement for repayment of debts in the coming years.

# CHANGES IN SHARE CAPITAL AND PARTICULARS OF SHAREHOLDERS (CONTINUED)

## VI. PARTICULARS OF SHAREHOLDINGS OF DISCLOSED ACCORDING TO REGULATIONS ON H SHARES

### Interests of substantial shareholders

So far as known to the directors, supervisors and the chief executive of the Company, as at 31 December 2014, shareholders (shareholders entitled to exercise or control the exercise of 5% or more of the voting power at any general meeting) or other persons (other than the directors, supervisors or chief executive of the Company) who hold interest or short positions in the shares or underlying shares of the Company, which were required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the Hong Kong Securities and Futures Ordinance ("SFO") (Chapter 571 of the Laws of Hong Kong), or to be recorded in the register required to be kept pursuant to Section 336 of the SFO, or to be notified to the Company and the Stock Exchange, were as follows:

Name	Share class	Capacity	Number of shares held	Percentage of total issued share capital (%)	Percentage in the respective class of share capital (%)
Templeton Global Advisors Limited	H share	Investment manager	34,369,883(L)	1.72(L)	10.11(L)
JPMorgan Chase & Co.	H share	Beneficial owner,	18,288,426(L)	0.91(L)	5.37(L)
		investment manager	170,000(S)	0.01(S)	0.05(S)
		and custodian	17,839,736(P)	0.89(P)	5.24(P)
GIC Private Limited	H share	Investment manager	17,309,600(L)	0.86(L)	5.09(L)

(L) - Long position, (S) - Short position, (P) - Lending pool

- (a) According to the disclosure of interests form submitted by JPMorgan Chase & Co. (the date of relevant event set out in the form was 20 November 2014) on 25 November 2014, these shares were held through certain subsidiaries of JP Morgan Chase & Co. The 18,288,426 H Shares (long position) were held as to 215,290 H shares in the capacity of beneficial owner; 233,400 shares in the capacity of investment manager and 17,839,736 shares (securities in lending pool) in the capacity of custodian. The 170,000 H Shares (short position) were held in the capacity of beneficial owner.
- (b) The Company is not aware of any H shareholders holding more than 10% of the total issued share capital of the Company.
- (c) There is no provision for pre-emptive rights under the relevant PRC laws and the Company's Articles of Association.

As at 31 December 2014, the Company or its subsidiaries had not issued any options, warrants or any other similar rights or redeemable securities. For particulars of issuance of convertible bonds, please refer to V. Particulars of A share convertible bonds set out above.

Save as disclosed above, as at 31 December 2014, no other persons (other than the directors, supervisors or chief executive of the Company) held interest or short positions in the shares or underlying shares of the Company, which were required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or to be recorded in the register required to be kept pursuant to Section 336 of the SFO, or to be notified to the Company and the Stock Exchange.

# DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

## I. CHANGES IN THE SHAREHOLDING AND REMUNERATION

### (I) Particulars about changes in the shareholding and remuneration of existing directors, supervisors and senior management and those retired during the Reporting Period

Unit: share

Name	Position	Gender	Age	Commencement of term of office	Expiry of term of office	Number of shares held at the beginning of the year	Number of shares held at the end of the year	Increase/ decrease in number of shares during the year	Total emolument received from the Company in reporting period (RMB) (before tax)	Total amount of remuneration received from shareholders in reporting period (RMB)
Si Zefu	Chairman	Male	56	28 June 2012	27 June 2015	0	0	0	870,000	0
Zhang Xiaolun	Director	Male	50	28 June 2012	27 June 2015	0	0	0	783,000	0
Wen Shugang	Director, President	Male	52	28 June 2012	27 June 2015	0	0	0	783,000	0
Huang Wei	Director	Male	49	28 June 2012	27 June 2015	0	0	0	765,600	0
Zhu Yuanchao	Director	Male	58	28 June 2012	27 June 2015	0	0	0	771,700	0
Zhang Jilie	Director	Male	51	28 June 2012	27 June 2015	0	0	0	733,400	0
Li Yanmeng	Independent Non-executive Director	Male	70	28 June 2012	27 June 2015	0	0	0	80,000	0
Zhao Chunjun	Independent Non-executive Director	Male	73	28 June 2012	27 June 2015	0	0	0	80,000	0
Peng Shaobing	Independent Non-executive Director	Male	50	28 June 2012	27 June 2015	0	0	0	80,000	0
Wen Bingyou	Chairman of Supervisory Committee (resigned)	Male	60	28 June 2012	29 April 2014	8,238	8,238	0	683,232	0
Wen Limin	Supervisor (elected as the chairman of Supervisory Committee on 24 June 2014)	Male	49	28 June 2012	27 June 2015	0	0	0	753,400	0
Wang Zaiqiu	Supervisor	Male	57	24 June 2014	27 June 2015	0	0	0	275,125	0
Wang Congyuan	Supervisor	Male	50	28 June 2012	27 June 2015	0	0	0	386,071	0
Zhang Zhiying	Executive Vice President	Male	54	28 June 2012	27 June 2015	0	0	0	739,800	0
Han Zhiqiao	Vice President	Male	56	28 June 2012	27 June 2015	2,540	2,540	0	739,400	0
Gong Dan	Chief Accountant, Secretary to the Board	Male	52	28 June 2012	27 June 2015	2,540	2,540	0	739,900	0
Chen Huan	Vice President	Male	53	28 June 2012	27 June 2015	0	0	0	643,100	0
Gao Feng	Vice President	Male	51	28 June 2012	27 June 2015	0	0	0	739,700	0
Total	/	/	/	/	/	13,318	13,318	0	10,646,428	0

# DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES (CONTINUED)

## I. CHANGES IN THE SHAREHOLDING AND REMUNERATION (CONTINUED)

### (I) Particulars about changes in the shareholding and remuneration of existing directors, supervisors and senior management and those retired during the Reporting Period (Continued)

Explanation: Other than the independent non-executive Directors as well as Mr. Wang Zaiqiu and Mr. Wang Congyuan, both being the Supervisors, the remuneration disclosed in the table above represented the sum of basic annual salary for 2014 and the current and performance-based emolument for 2013 and the deferred performance-based emolument for 2013 (such emolument shall be determined and paid based on the performance assessment after the expiration of term of office) for each of the Directors, Supervisors and senior management.

As at 31 December 2014, the interests and short positions of the directors, supervisors or chief executive of the Company in the shares, underlying shares or debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or entered in the register required to be kept by the Company pursuant to Section 352 of the SFO; or notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies ("Model Code") adopted by the Company, were as disclosed above.

All of the above shares and interests disclosed represent A Shares of the Company.

There was no change in shareholdings of directors, supervisors and senior management during the reporting period.

None of the directors, supervisors and senior management or their respective associates was granted by the Company or its subsidiaries any right to acquire shares or debentures of the Company nor had they exercised any such right before 31 December 2014.

Save as disclosed above, as at 31 December 2014, none of the directors, supervisors or chief executive of the Company had interests and short positions in the shares, underlying shares or debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or entered in the register required to be kept by the Company pursuant to Section 352 of the SFO; or notified to the Company and the Stock Exchange pursuant to the Model Code adopted by the Company.

# DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES (CONTINUED)

## I. CHANGES IN THE SHAREHOLDING AND REMUNERATION (CONTINUED)

### (I) Particulars about changes in the shareholding and remuneration of existing directors, supervisors and senior management and those retired during the Reporting Period (Continued)

**Mr. Si Zefu**, born in May 1958, is currently the Chairman of the Company, director, general manager and deputy secretary of the Party Committee of Dongfang Electric Corporation. Mr. Si graduated from Xi'an University of Technology with a bachelor's degree in engineering materials and heat treatment and completed his postgraduate study in management science and engineering (MBA) at Tsinghua University. In 1983, he joined DongFang Electrical Machinery Works ("DFEW") and has since held various positions including technician, deputy secretary and secretary of the Committee of Communist Youth League, deputy factory manager, factory manager and secretary of the General Party Branch of the foundry branch, secretary of the Party Branch and deputy head of the production department. From September 1995 to February 1998, Mr. Si had served as deputy factory manager of DFEW, director and deputy general manager of Dongfang Electric Machinery Co., Ltd. From February 1998 to June 1999, he was the deputy mayor of Deyang city, Sichuan province. From June 1999 to February 2003, he was the vice chairman, chairman and general manager of Dongfang Electric Machinery Co., Ltd., factory manager and secretary of the Party Committee of DFEW. From February 2003 to April 2008, he had served as vice chairman, general manager and vice secretary of the Party Committee of Dongfang Electric Corporation. He has been director, general manager and vice secretary of the Party Committee of Dongfang Electric Corporation since April 2008, chairman of Dongfang Electric Finance Company Limited from June 2004 to June 2008 and chairman of Dongfang Electric Corporation Limited since October 2007. He holds the title of senior engineer.

**Mr. Zhang Xiaolun**, born in August 1964, is currently a director of the Company, executive deputy general manager, deputy secretary of the Party Committee, president of the Party School of Dongfang Electric Corporation, secretary of the Party Committee directly under Dongfang Electric Corporation. He graduated from Huazhong Engineering College with a bachelor degree of engineering, majoring in electrical engineering. Mr. Zhang completed his post-graduate study in South Western University of Finance and Economics with an MBA Degree, majoring in Business and Management. He joined Dongfang Electric Corporation in 1986 and has since held various positions including Office Secretary, Deputy Section Head of Haikou Engineering Department, Deputy Section Head of office and Secretary to the Youth League Committee. From July 1992 to July 2000, he had been the Deputy Head of office of Dongfang Electric Corporation, Executive Deputy Factory Manager, Factory Manager, Factory Manager and Secretary to the Party Committee of Zhongzhou Steam Turbine Works, and Assistant to the General Manager of Dongfang Electric Corporation and Deputy Manger of the Engineering Branch of Dongfang Electric Corporation. From July 2000 to April 2008, he had been a Director, Vice General Manager and member of the Party Committee of Dongfang Electric Corporation. He has been the Vice Executive General Manager and Deputy Secretary to the Party Committee of Dongfang Electric Corporation since April 2008. He holds the title of senior engineer.

# DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES (CONTINUED)

## I. CHANGES IN THE SHAREHOLDING AND REMUNERATION (CONTINUED)

### (I) Particulars about changes in the shareholding and remuneration of existing directors, supervisors and senior management and those retired during the Reporting Period (Continued)

**Mr. Wen Shugang**, born in February 1963, is currently a director and President of the Company, a member of Party Committee of Dongfang Electric Corporation, and concurrently Chairman of Dongfang Electric Machinery Company Limited, Dongfang Steam Turbine Co. Ltd., Dongfang Boiler Group Co. Ltd. and Dongfang Electric (Guangzhou) Heavy Machinery Co. Ltd. of Dongfang Electric Corporation. Mr. Wen graduated from Xi'an Jiaotong University majoring in turbo machinery with a bachelor degree of engineering and a master's degree of engineering, graduated from Renmin University of China majoring in national economy with a doctor's degree. He joined Dongfang Electric Corporation in 1986 and had been technical head of computing center, Assistant Engineer and Assistant to the General Manager of Sichuan Dongfang Power Equipment Union Company Limited. From July 1992 to August 1996, he had been Deputy General Manager and General Manager of the Sichuan Dongfang Power Equipment Union Company Limited, and Deputy Chief Economist, assistant to General Manager of Dongfang Electric Corporation. From August 1996 to July 2000, he had been Deputy General Manager and a member of Party Committee of Dongfang Electric Corporation. From July 2000 to March 2008, he had been Deputy General Manager of Dongfang Electric Corporation. From August 2001 to January 2005, he also served as Chief Engineer of Dongfang Electric Corporation. From January 2002 to March 2003, he also served as general manager of Engineering Branch of Dongfang Electric Corporation. He has been a member of the Party Committee of Dongfang Electric Corporation since September 2007. He holds the title of senior engineer of a professor level of qualification.

**Mr. Huang Wei**, born in July 1965, is currently a director of the Company, vice general manager and a member of the Party Committee of Dongfang Electric Corporation. He also holds concurrent posts as Chairman of DEC International Cooperation Limited. Mr. Huang graduated from Shanghai Jiao Tong University with a bachelor's degree of ship power machinery, University of Chongqing with a master's degree of thermal engineering, and Southwestern University of Finance and Economics with a doctor's degree of economics. He joined Dongfang Electric Corporation in January 1989 and had been a key technician of the Complete Plant Section of Dongfang Electric Corporation, and manager assistant, deputy manager, deputy general manager, and general manager of the thermal power department of Sichuan Dongfang Power Equipment Union Company Limited of Dongfang Electric Corporation. He served as deputy general manager of Dongfang Electric Corporation from July 2000 to February 2007, a member of the Party Committee and deputy general manager of the State Nuclear Power Technology Corporation from February 2007 to September 2008. He has been a deputy general manager and a member of the Party Committee of Dongfang Electric Corporation since September 2008. He holds the title of senior engineer.

# DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES (CONTINUED)

## I. CHANGES IN THE SHAREHOLDING AND REMUNERATION (CONTINUED)

### (I) Particulars about changes in the shareholding and remuneration of existing directors, supervisors and senior management and those retired during the Reporting Period (Continued)

**Mr. Zhu Yuanchao**, born in November 1956, is currently a director of the Company, a member of the Party Committee and the deputy general manager of Dongfang Electric Corporation. He graduated from Hefei Industrial University and specialized in electrical engineering with a bachelor's degree in engineering, and obtained a master's degree for economics (economic management) of Central Party School. He joined DFEW in 1982 and has been engaged in hydro-electric turbine generator design. Mr. Zhu served as Deputy Section Head of Electrical Equipment Department, Deputy Officer of the Chief Engineer Office and Deputy Chief Engineer in Dongfang Electric Machinery Company Limited from April 1995 to December 1999. He also acted as Executive Director, Deputy General Manager, Chief Engineer, Vice Chairman, General Manager and Chairman of the Dongfang Electrical Machinery Company Limited, as well as Deputy Secretary to the Party Committee, Deputy Factory Head, the Secretary to the Party Committee and Head of DFEW from December 1999 to December 2006. He was appointed as Deputy General Manager of Dongfang Electric Corporation from December 2006 to September 2008. He was a member of the Party Committee of Dongfang Electric Corporation from September 2007 to July 2010 and the senior Vice President of the Company from September 2008 to June 2010. He has been the deputy general manager and a member of the Party Committee of Dongfang Electric Corporation since July 2010. From December 2006 to July 2008, he also served as Chairman of DEC Investment Management Company Limited. From December 2008 to December 2010, he concurrently served as the chairman of DEC (Wuhan) Nuclear Equipment Company Limited. Mr. Zhu holds the title of senior engineer.

**Mr. Zhang Jilie**, born in August 1963, is currently a director of the Company, chief law consultant and the Head of legal affairs department of Dongfang Electric Corporation, the Chairman of DEC Emei Semiconductor Material Co., Ltd. and the Chairman and the general manager of DEC (Yixing) MAGI Solar Energy Technology Co., Ltd. (東方電氣集團(宜興)邁吉太陽能科技有限公司), the executive director and the general manager of DEC (Jiuquan) Solar Energy Power Co., Ltd. (東方電氣集團(酒泉)太陽能發電有限公司). Mr. Zhang graduated from Wuhan Polytechnic University majoring in industrial business management with a bachelor degree of engineering. He graduated from Southwest Jiaotong University with a MBA degree specializing in business management. From July 1984 to November 2000, he had been Secretary to Factory Office, Deputy Section Head of Planning Department, Section Head of Planning Department, Deputy Officer of administrative office, Officer and Secretary to Party Branch Committee of DFEW, Assistant to the General Manager, Officer of General Manager Office and Secretary to Party Branch Committee, Manufacturing Head of Dongfang Electric Machinery Company Limited, and Chairman, General Manager and Secretary to Party Branch Committee of DFEM Control Equipment Company Limited. From November 2000 to January 2007, he had been executive Deputy Factory Manager of DFEW, Assistant to General Manager and Section Head of Corporate Management Department of Dongfang Electric Corporation. He concurrently acted as a director, General Manager, Secretary to Party Committee of DEC Investment Management Company Limited. From February 2004 to January 2006, he received on-the-job training in Honghe Prefecture of Yunnan Province, serving as a member of the standing committee and deputy head of the Prefecture. From January 2007 to July 2008, he had been Chief Law Consultant and the head of Legal Affairs Department of Dongfang Electric Corporation, and General Manager of DEC Investment Management Company Limited. He has been Chief Law Consultant, the head of the Planning and Development Department and the head of Legal Affairs Department of Dongfang Electric Corporation from August 2008 to December 2010. He has been the Chief Law Consultant and the Head of legal affairs department of Dongfang Electric Corporation since December 2010. Mr. Zhang holds the title of senior economist and the practicing qualification of corporate law consultant.

# DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES (CONTINUED)

## I. CHANGES IN THE SHAREHOLDING AND REMUNERATION (CONTINUED)

### (I) Particulars about changes in the shareholding and remuneration of existing directors, supervisors and senior management and those retired during the Reporting Period (Continued)

**Mr. Li Yanmeng**, born in January 1945, has been an independent non-executive director of the Company and concurrently served as a non-executive director of China Coal Energy Company Limited since 28 June 2009. He graduated from the Department of Electric Power of Wuhan University of Hydraulic and Electrical Engineering majoring in thermal power stations and power engineering. He has been working in Shangdong electric department for a long time. In 1994, he took the position as deputy director of Infrastructure Coordination Department of the Ministry of Power Industry. In 1997, he was transferred to other posts as deputy director-general and director general in State Departments of the Bureau of Key Construction, Investment and Basic Industry, in charge of programming and verifying important Chinese infrastructure facilities in fields of energy, transportation, aviation and railway. From January 2003 to December 2004, he acted as vice general-manager responsible for planning, financing and investment, structural reforms and supervising in State Grid Corporation of China. From December 2004 to March 2008, he held the position as Senior Consultant of State Grid Corporation of China.

**Mr. Zhao Chunjun**, born in September 1941, has been an independent non-executive director of the Company since 28 June 2009. He has acted as a professor of Tsinghua University, and member of Tsinghua University Administrative Affair Committee and Tsinghua University Academic Board. He is also an independent non-executive director of China Unicom and China Communications Services Co., Ltd. Mr. Zhao graduated from Tsinghua University and specialized in industry enterprises automatization of Electrical Engineering Department. From 1986 to 2009, he has served as an assistant for the President of College of Economy and Management of Tsinghua University, First Vice-President, President and Vice Associate Supervisor of the University Academic Council of Tsinghua University. He has acted as Vice Associate Supervisor of China National MBA Education Supervisory Committee, convenor of the Managing Department of Scientific Committee of Education Ministry, senior Vice Chairman of China Federation of Industrial Economics, Honorary Professor of the School of Business Administration of the Chinese University of Hong Kong, and the Master of China Institute of Industrial Economics and Management Training since 1994.

**Mr. Peng Shaobing**, born in June 1964, has been an independent non-executive director of the Company since 18 June 2010. He has held offices at the Southwestern University of Finance and Economics, inter alia, the professor of the School of Accounting, doctor in economics, and instructor for doctorate students in accounting courses. Mr. Peng had been the Standing Director of the Accounting Society of China, Education Sub-council, a member of the Steering Committee of MPAcc and the Standing Director of the Accounting Society of Sichuan. Currently, Mr. Peng serves as an independent non-executive director of China Railway No. 2 Engineering Group, Wuliangye and Changan Automobile. Mr. Peng attained his bachelor degree from Hunan College of Finance & Economics, majoring in Accounting with an emphasis in the areas of industrial accounting and was awarded a bachelor degree in economics. During his postgraduate career at the College of Accounting of Southwestern University of Finance and Economics, Mr. Peng was a research student majoring in accounting and was thereafter, awarded a master degree in economics. Mr. Peng also attained from the Southwestern University of Finance and Economics, his master degree of economics and graduated with a PhD degree in economics. Since his doctorate graduation in July 1987, Mr. Peng has stayed in the Southwestern University of Finance and Economics in a continuing pursuit of his teaching career until now.

# DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES (CONTINUED)

## I. CHANGES IN THE SHAREHOLDING AND REMUNERATION (CONTINUED)

### (I) Particulars about changes in the shareholding and remuneration of existing directors, supervisors and senior management and those retired during the Reporting Period (Continued)

**Mr. Wen Limin**, born in March 1966, is currently the chairman the Supervisory Committee of the Company. He is also the Chief Accountant of Dongfang Electric Corporation and Chairman of China Dongfang Electric Corporation Finance Company Limited. He graduated from Beijing Institute of Hydraulic and Electric Power Management where he majored in accounting and obtained a bachelor degree in economics. He majored in business administration and obtained an EMBA Degree from South Western University of Finance and Economics. From July 1990 to September 2005, he had acted as accountant of Finance Section of China Gezhoubu (Group) Corporation No. 9 Engineering Company, Accountant of the Finance Department of Three-Gorge Project Commanding Department of China Gezhoubu (Group) Corporation, Section Head and Deputy Head of Finance and Asset Department of China Gezhoubu Group Company Limited, Deputy Head and Head of Finance and Property Right Management Department China Gezhoubu (Group) Corporation. He has been transferred to Finance Department of Dongfang Electric Corporation as Chief Accountant up to present since September 2005. He has been Chairman of China Dongfang Electric Corporation Finance Company Limited since June 2008. He holds the title of senior accountant and holds the Certified Public Accountant Certificate.

**Mr. Wang Zaiqiu**, born in September 1957, is the Supervisor of the Company and the chairman of the supervisory committee of Dongfang Electric Machinery Company Limited (東方電機有限公司), Dongfang Steam Turbine Co., Ltd. (東方汽輪機有限公司) and Dongfang Boiler Group Co., Ltd. (東方鍋爐股份有限公司), a supervisor of Dongfang Electric (Guangzhou) Heavy Machinery Co., Ltd. (東方電氣(廣州)重型機器有限公司), the chairman of the supervisory committee of DEC (Wuhan) Nuclear Equipment Company Limited (東方電氣(武漢)核設備有限公司) and Huadian Longkou Wind Power Co., Limited (華電龍口風電有限公司), as well as a part-time supervisor of Dongfang Electric Corporation. He graduated from Sichuan Radio and TV University (四川廣播電視大學) with a college diploma majoring in industrial accounting. From September 1976 to December 1978, Mr. Wang was sent down to the countryside at Nongtuan Town in the suburb of Zigong City, Sichuan Province for training. From December 1978 to June 1997, Mr. Wang served as an accountant in the finance department of Public Transportation Company of Zigong City, Sichuan Province (四川省自貢市公交公司), management team leader, section chief and deputy head of finance division of Dongfang Boiler Factory (東方鍋爐廠), head of the finance department of Dongfang Electric Corporation, assistant to general manager of Sichuan Mingri Enterprise (Group) Co., Ltd. (四川明日企業集團公司), and deputy chief accountant and head of finance division of Zhongzhou Steam Turbine Works (中州汽輪機廠). From June 1997 to October 2012, Mr. Wang served as chief accountant of Zhongzhou Steam Turbine Works, director of office of audit committee of the Board and audit office of finance department as well as director of office of audit and supervisory committee of Dongfang Electric Corporation, head of audit department and director of office of supervisory committee of Dongfang Electric Corporation Limited, chief accountant of Dongfang Steam Turbine Co., Ltd. etc. Mr. Wang holds the title of senior accountant.

# DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES (CONTINUED)

## I. CHANGES IN THE SHAREHOLDING AND REMUNERATION (CONTINUED)

### (I) Particulars about changes in the shareholding and remuneration of existing directors, supervisors and senior management and those retired during the Reporting Period (Continued)

**Mr. Wang Congyuan**, born in August 1964, is currently a supervisor of the Company, deputy head of the Audit Division and deputy director of the Office of Supervisory Committee of Dongfang Electric Corporation Limited, and deputy head of Audit Division of Dongfang Electric Corporation. He graduated from the major of national economy plan and management of Jilin University and obtained the bachelor's degree in economics. From July 1986 to June 1996, Mr. Wang served as assistant accountant of Dongfang Power Station Complete Equipment Company Limited, assistant accountant and deputy head of Shengdian Construction Department of China Dongfang Electric Corporation. From April 1997 to January 2008, he served as deputy director of Audit Office under Financial Department of China Dongfang Electric Corporation, deputy director of Office of Audit and Supervisory Committee of China Dongfang Electric Corporation. Mr. Wang has been the deputy head of Auditing Department and deputy director of Office of Supervisory Committee of Dongfang Electric Corporation Limited since January 2008. He has been deputy head of the Audit Division of Dongfang Electric Corporation since October 2009. He holds the title of senior accountant.

**Mr. Zhang Zhiying**, born in December 1960, is currently an executive vice president of the Company. Mr. Zhang graduated from Xi'an Jiaotong University with a bachelor's degree of engineering in turbine thermal turbomachinery. From August 1982 to December 1999, he had been Assistant Engineer, Engineer and Team Leader of the main unit team of Design Department, Deputy Head of Service Division, Deputy Officer and Senior Engineer of Steam Turbine Office of Design Department, Deputy Head and Deputy Chief Economist of Operation Department of Dongfang Turbine Works; he had been the Chief Economist of Dongfang Turbine Works from December 1999 to December 2006, a director and General Manager of DEC Dongfang Steam Turbine Co. Ltd. from December 2006 to October 2007, the vice president of Dongfang Electric Corporation Limited and a director and the General Manager of DEC Dongfang Steam Turbine Co. Ltd. from October 2007 to June 2010; he has been an executive vice president of Dongfang Electric Corporation Limited since June 2010. He holds the title of senior engineer.

# DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES (CONTINUED)

## I. CHANGES IN THE SHAREHOLDING AND REMUNERATION (CONTINUED)

### (I) Particulars about changes in the shareholding and remuneration of existing directors, supervisors and senior management and those retired during the Reporting Period (Continued)

**Mr. Han Zhiqiao**, born in October 1958, is currently a vice president of the Company. He is also the General Manager, secretary of the Party committee of the International Engineering Branch Company of Dongfang Electric Corporation Limited and the chairman of Dongfang Electric (India) Private Limited. He graduated from the faculty of Hydroworks of Xi'an University of Technology with a Bachelor's degree in engineering and majored in hydroelectric power generating equipment. He attended the MBA course jointly held by Southwest Jiaotong University and University of South Australia and obtained MBA degree. He joined DFEW in 1983 and has long been engaged in product sales and technological service. He had been the Deputy Section Head, Section Head, Deputy Department Head, Assistant to the General Manager of the Sales Service Department of Dongfang Electric Machinery Company Limited from December 1992 to December 1999, and had been executive director and Deputy General Manager, Vice Chairman and General Manager, director and General Manager of Dongfang Electric Machinery Company Limited from December 1999 to October 2007. He had been Vice President of Dongfang Electric Corporation Limited and director and General Manager of Dongfang Electric Machinery Company Limited from October 2007 to December 2010. He has been the vice president of Dongfang Electric Corporation Limited since December 2010, and he concurrently served as the General Manager of the Engineering Branch Company of Dongfang Electric Corporation Limited from December 2010 to June 2011. He has also concurrently served as the General Manager and secretary of the Party committee of the International Engineering Branch Company of Dongfang Electric Corporation Limited since June 2011. He concurrently serves as the chairman of Dongfang Electric (India) Private Limited since May 2014. He holds the title of senior engineer.

**Mr. Gong Dan**, born in January 1963, currently acts as chief accountant, chief law consultant and secretary to the Board of the Company as well as a director of DEC Dongfang Steam Turbine Co. Ltd., DEC Dongfang Electric Machinery Co., Ltd. and Dongfang Boiler Co. Ltd. He graduated from Department of Mechanics of Hefei Industrial University majoring in casting and obtained a bachelor's degree of engineering. He attended the postgraduate program in the Department of Economic Management of Sichuan University where he majored in economic management. He joined DFEW in 1983 and mainly involved in production technology, corporate management, management of young workers and the running of the organisation department. He had been Deputy Secretary and Secretary to the Youth League Committee, Officer of the Young Workers' Office, and Deputy Head and Head of Organization Department. From December 1999 to October 2007, he also worked as an executive Director, Deputy General Manager and Secretary to the Board of Directors of Dongfang Electric Machinery Company Limited. He has been chief accountant and secretary to the Board of Directors of Dongfang Electric Corporation Limited since October 2007. He has also concurrently served as the chief law consultant of Dongfang Electric Corporation Limited since June 2011. He holds the title of senior engineer and senior accountant.

# DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES (CONTINUED)

## I. CHANGES IN THE SHAREHOLDING AND REMUNERATION (CONTINUED)

### (I) Particulars about changes in the shareholding and remuneration of existing directors, supervisors and senior management and those retired during the Reporting Period (Continued)

**Mr. Chen Huan**, born in November 1961, is currently the vice president of the Company. From 1979 to 1992, he graduated from Beijing University with a bachelor degree in physics, from Beijing University of Technology with a master degree in materials science and engineering, from University of Virginia with a doctor degree in materials science and engineering. Apart from that, he did the material scientific research work in the electron microscope lab of Chinese Academy of Sciences and University of Virginia. From 1993 to 1994, he worked as a postdoctoral researcher in the Center of Materials Development Center at the University of Massachusetts. From 1995 to 2000, Mr. Chen acted as Marketing Manager of Marketing Department, Chief Sales Executive of Sales Department, Business Manager of Foreign Joint Venture Department in Siemens Westinghouse. From 2000 to 2004, he was Vice President (on behalf of the foreign party) in Shanghai Turbine Co., Ltd. From 2004 to 2009, Mr. Chen worked as Executive Vice President in Shanghai Electric Power Corporation, and the vice president of Central Research Institute of Shanghai Electric Group Co., Ltd. He joined the Company in April 2009 and acted as the General Manager of Power Station Service Division in Dongfang Electric Corporation Limited from December 2009 to March 2011. He has been the vice president of Dongfang Electric Corporation Limited since June 2009.

**Mr. Gao Feng**, born in January 1964, is currently the vice president of the Company and concurrently serves as the chairman of DEC (Wuhan) Nuclear Equipment Company Limited. He graduated from Electrical Engineering Department of University of Chongqing where he majored in electric machinery and obtained a bachelor degree of engineering. He obtained an MBA degree from Southwest Jiaotong University majoring in business management. He started his career in 1984, and held various positions in DFEW such as technician, engineer, Deputy Station Head of Quality Inspection Office from July 1984 to April 1995. Mr. Gao served as Deputy Section Head, Section Head, Deputy General Quality Controller and Deputy Department Head of Dongfang Electric Machinery Company Limited from April 1995 to February 2001. He had been Deputy Chief Economist of DFEW and General Manager of Dongfang Electrical Appliance Company (東電電器公司) from February 2001 to January 2002 and Assistant to General Manager of Dongfang Electric Machinery Company Limited from January 2002 to November 2002. He had been executive director and Deputy General Manager of Dongfang Electric Machinery Company Limited from November 2002 to June 2005, and Assistant to General Manager and General Manager of Nuclear Power Division of Dongfang Electric Corporation from June 2005 to January 2008. He had been Assistant to President and General Manager of Nuclear Power Division of Dongfang Electric Corporation Limited from January 2008 to June 2010, and Vice President of and General Manager of Nuclear Power Division of Dongfang Electric Corporation Limited from June 2010 to December 2010. He has been Vice President of Dongfang Electric Corporation Limited since December 2010. He holds the title of senior engineer.

# DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES (CONTINUED)

## II. POSITIONS HELD BY EXISTING DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT AND THOSE RETIRED DURING THE REPORTING PERIOD

### (I) Positions held in shareholders entities

Name	Name of shareholders entities	Position
Si Zefu	Dongfang Electric Corporation	Director, general manager and deputy secretary of the Party Committee
Zhang Xiaolun	Dongfang Electric Corporation	Executive deputy general manager and deputy secretary of the Party Committee
Wen Shugang	Dongfang Electric Corporation	A member of the Party Committee
Huang Wei	Dongfang Electric Corporation	Deputy general manager and a member of the Party Committee
Zhu Yuanchao	Dongfang Electric Corporation	Deputy general manager and a member of the Party Committee
Zhang Jilie	Dongfang Electric Corporation	Chief law consultant and the Head of legal affairs department
Wen Bingyou	Dongfang Electric Corporation	Member of the Party Committee and leader of Disciplinary Team of the Party Committee
Wen Limin	Dongfang Electric Corporation	Chief Accountant
Wang Congyuan	Dongfang Electric Corporation	Deputy head of Audit Department

For the commencing dates of the above people's positions in shareholder's entities, please refer to their detailed biographies as set out in "Particulars about changes in the shareholding and remuneration of existing directors, supervisors and senior management and those retired during the Reporting Period" above.

### (II) Positions held in other entities

Save as disclosed above, as at the end of the reporting period, the directors, supervisors and senior management did not hold any positions in other entities.

# DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES (CONTINUED)

## III. REMUNERATIONS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Decision-making procedures for the remuneration of directors, supervisors and senior management

The annual remuneration is determined in accordance with the requirements of relevant policies in the PRC and with reference to the assessment on Company's assets scale, business results and individual duties and contributions in line with the principle that remuneration plan shall be linked with profit and assessment of work targets, subject to the required review, approval and resolution procedures.

Basis of determination for the remuneration of directors, supervisors and senior management

The annual remuneration is determined in accordance with the requirements of relevant policies in the PRC and with reference to the assessment on Company's assets scale, business results and individual duties and contributions in line with the principle that remuneration plan shall be linked with profit and assessment of work targets, subject to the required review, approval and resolution procedures.

Remuneration payable to directors, supervisors and senior management

Please refer to table above about changes in the shareholding and remuneration of directors, supervisors and senior management.

Total remuneration actually paid to directors, supervisors and senior management as at the end of the reporting period

During the reporting period, there were a total of 18 members of directors, supervisors and senior management, and the total remuneration amounted to RMB10,646,428 during the reporting period.

## IV. CHANGES IN THE DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT MEMBERS OF THE COMPANY

On 29 April 2014, Mr. Wen Bingyou resigned as a Supervisor and the chairman of Supervisory Committee of the Company due to other work engagement. Dongfang Electric Corporation, a shareholder of the Company nominated Mr. Wang Zaiqiu as a candidate for the supervisor of the seventh session of Supervisory Committee of the Company. At the extraordinary general meeting held on 24 June 2014, Mr. Wang Zaiqiu was elected as a shareholder representative Supervisor with effect from 24 June 2014 until 27 June 2015. At the 2014 first extraordinary general meeting held on 24 June 2014, Mr. Wen Limin was elected as the chairman of the seventh session of the Supervisory Committee with effect from 24 June 2014 until 27 June 2015.

## V. CORE TECHNICAL TEAM OR KEY TECHNICIANS OF THE COMPANY

There was no change in core technicians who have a material impact on the core competitiveness of the Company during the reporting period.

# DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES (CONTINUED)

## VI. EMPLOYEES OF THE COMPANY AND PRINCIPAL SUBSIDIARIES

### (I) Information on employees

The number of employees on register of the Company	753
The number of employees on register of principal subsidiaries	20,626
Total	21,379
The number of retired employees whose expenses shall be assumed by the Company and principal subsidiaries	13,260

### Professional Composition

<b>Category of professional structure</b>	<b>Headcount</b>
Production	11,258
Sales	572
Technical	4,974
Financial	425
Administrative	4,150
Total	21,379

### Education Background

<b>Category of education background</b>	<b>Headcount</b>
Master degree and above	1,349
Bachelor degree	6,463
Tertiary degree	5,090
Technical middle school and below	8,477
Total	21,379

# DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES (CONTINUED)

## VI. EMPLOYEES OF THE COMPANY AND PRINCIPAL SUBSIDIARIES (CONTINUED)

### (II) Remuneration policy

- (1) Control over the total labor cost. In 2014, based on the overall requirements of “faithfully implementing performance-linked salary with strict control over labor cost”, the Company adhered to the effectiveness-oriented principle to continue to strengthen the development of labor cost management system, enhance the supervision on the whole process of labor cost budgeting, standardize and improve the classification and control mechanism of labor cost and preliminarily establish a labor cost control mechanism focusing on “total amount management, classifying control, and dynamic supervision”, so as to ensure that the control over the total labor cost was systemized, routinized and standardized.
- (2) Employee salary management. The Company formulated and promulgated Management Rules for Employee Salary (Trial) and Associated Management Rules, and provided guidance to member enterprises to improve income distribution management, enhance management rules for employee salary, rationally adjust and control composition of salary package, and improve performance assessment mechanism for employees, which has created a reasonable salary distribution system and results assessment mechanism and a competitive promotion mechanism.

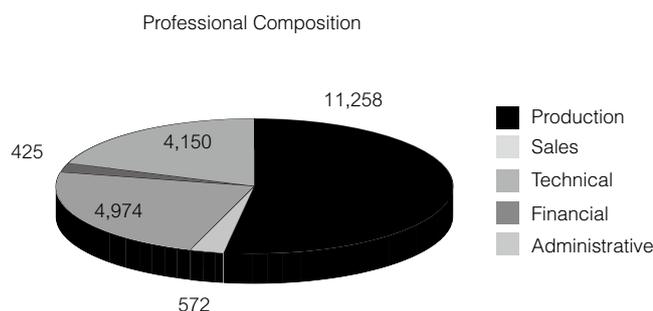
### (III) Training plan

In 2014, continued effort will be made to deepen and improve the management system on trainings for employees by preparing employee training plans by levels and categories. Trainings for professional staff will continue to be carried out with focus on knowledge and skills required by specific position, qualification authentication and adaptive trainings while improvement and enhancement work will be implemented on a continuous basis. In 2014, the trainings organized by the Company recorded total employee attendance of 143,609 times. The trainings specially designed for employees from different positions facilitated the overall improvement on the ability and quality of our employees, which in turns provided personnel support for the continuous development of the Company.

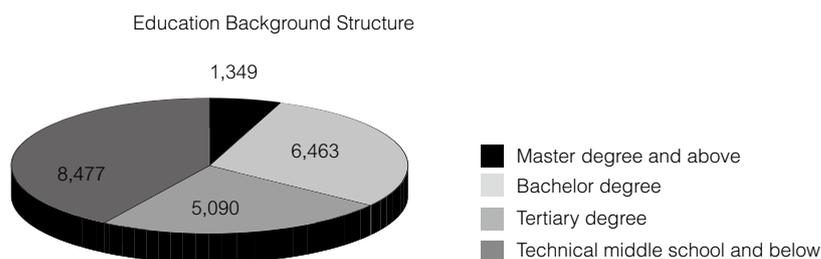
# DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES (CONTINUED)

## VI. EMPLOYEES OF THE COMPANY AND PRINCIPAL SUBSIDIARIES (CONTINUED)

### (IV) Statistical diagram of professional composition



### (V) Statistical diagram of education background



### (VI) DIRECTORS' AND SUPERVISORS' INTERESTS IN CONTRACTS

No contracts of significance (as defined in Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules")), in which a director or supervisor of the Company had a material interest, either directly or indirectly, subsisted during or at the end of the reporting period.

None of directors or supervisors of the Company, either directly or indirectly, in any forms, entered into or proposed to enter into any contracts, in which they have material interests which are crucial.

### (VII) DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS

None of the directors or supervisors has a service contract with the Company which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

# CORPORATE GOVERNANCE

## (I) CORPORATE GOVERNANCE AND EXPLANATION ON MATTERS SUCH AS INSIDERS REGISTRATION MANAGEMENT

The Company has been committed to continuously improving its corporate governance structure and standardizing corporate operations in strict compliance with the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, relevant laws and regulations of the CSRC and requirements of the listing rules of the Shanghai Stock Exchange and the Hong Kong Stock Exchange. An effective check and balance mechanism has been established with segregation of duties and coordination among the general meeting, the board of directors, supervisory committee and managers of the Company.

In accordance with requirements of the Hong Kong Stock Exchange and the Shanghai Stock Exchange, the Company established comprehensive governance systems, mainly including the Regulations for the Work of Remuneration and Assessment Committee, Regulations for the Work of Nomination Committee, Regulations for the Work of Audit and Review Committee, Regulations for the Work of Risk Management Committee, Regulations for the Work of Strategic Development Committee, Rules for Procedure of the Board, Rules for Procedure of the Supervisory Committee, Rules for Procedure of the General Meeting, Management Measures for Cash Dividends and Shareholders' Return Plan for the Next Three Years. In order to further regulate acts of inside information management and to strengthen confidentiality of inside information, the Company formulated and complied with the Systems for Registration of Insiders and Management for External Users to effectively maintain openness, fairness and justice of information disclosure of the Company.

During the reporting period, major aspects of corporate governance are as follows:

### 1. In relation to shareholders and general meetings

The Company is able to treat all shareholders equally with due respect and protect their interests. In particular, minority shareholders are entitled to their status and fully exercise their rights with their legal interests being protected. The Company ensures that shareholders are entitled to their right of access to information and right to participate in decision-making in respect of material events of the Company as required by laws and administrative rules and regulations. By strictly following the relevant requirements for convening and holding general meetings set out in the Articles of Association and the Rules for Procedure of the General Meeting, related persons are arranged to abstain from voting on connected transactions, so as to ensure that connected transactions are open, equal and fair. During the reporting period, the Company held three general meetings which were witnessed by lawyers with their legal opinions issued in such respect.

### 2. In relation to Directors and the Board of Directors

The Board of Directors of the Company comprises 9 Directors, of which 3 are independent non-executive Directors. The Board has set up the Strategic Development Committee, the Audit and Review Committee, the Remuneration and Assessment Committee, the Nomination Committee and the Risk Management Committee. All the Directors are familiar with relevant laws and regulations as well as their responsibilities, rights and obligations, and are able to fully express opinions on the matters discussed. All Directors were able to perform their duties in an honest, faithful and diligent manner and in the interests of the Company and all Shareholders as a whole. The Company convened the Board meetings in strict accordance with statutory procedures. During the reporting period, a total of 8 Board meetings were convened.

# CORPORATE GOVERNANCE (CONTINUED)

## (I) CORPORATE GOVERNANCE AND EXPLANATION ON MATTERS SUCH AS INSIDERS REGISTRATION MANAGEMENT (CONTINUED)

### 3. In relation to supervisors and the Supervisory Committee

The Supervisory Committee of the Company comprises 3 supervisors, of which 2 are shareholders representative supervisors and 1 is staff representative supervisor. Upholding the principle of being responsible to all shareholders of the Company, the Supervisory Committee supervised and inspected the legal compliance of the Company's operations, financial affairs and investments of the Company and maintained the legitimate interests of the Company and its shareholders in accordance with the Company Law, the Securities Law and other laws and regulations as well as the requirements of the Articles of Association and Rules of Procedure of the Supervisory Committee. During the reporting period, the Supervisory Committee held a total of 5 meetings.

### 4. In relation to stakeholders

The Company is able to fully respect and protect the legal interests of stakeholders and also places high emphasis on social responsibility, with a view to achieve a balance among the interests of various parties including shareholders, staff and the society; and for enhancing the continuous and healthy development of the Company.

## (II) SUPERVISORY COMMITTEE'S DESCRIPTION ON RISKS IN THE COMPANY

The Supervisory Committee had no objection against the supervisions during the reporting period.

## (III) THE COMPANY'S EXPLANATION ON NON-INDEPENDENCE FROM ITS CONTROLLING SHAREHOLDER IN RESPECT OF OPERATION, PERSONNEL, ASSETS, ORGANIZATION AND FINANCE

The Company has independent business and operation ability within its registered business scope. The Company is independent from its controlling shareholder in personnel, operation, assets, organization and finance.

## (IV) APPRAISAL MECHANISM FOR SENIOR MANAGEMENT DURING THE REPORTING PERIOD AND ESTABLISHMENT AND IMPLEMENTATION OF INCENTIVE MECHANISM

The Company adopted annual salary system for senior management whose annual remuneration was determined based on the results of annual comprehensive performance assessment with reference to the annual operation target of the Company and the annual operation targets allocated to each position. The Company has implemented a share appreciation rights scheme since 2012 to grant H share appreciation rights to key managerial and technical personnel of the Company including senior management. The excise period of the first tranche of H share appreciation rights of the Company commenced from 14 December 2014.

# CORPORATE GOVERNANCE (CONTINUED)

## (V) CORPORATE GOVERNANCE REPORT

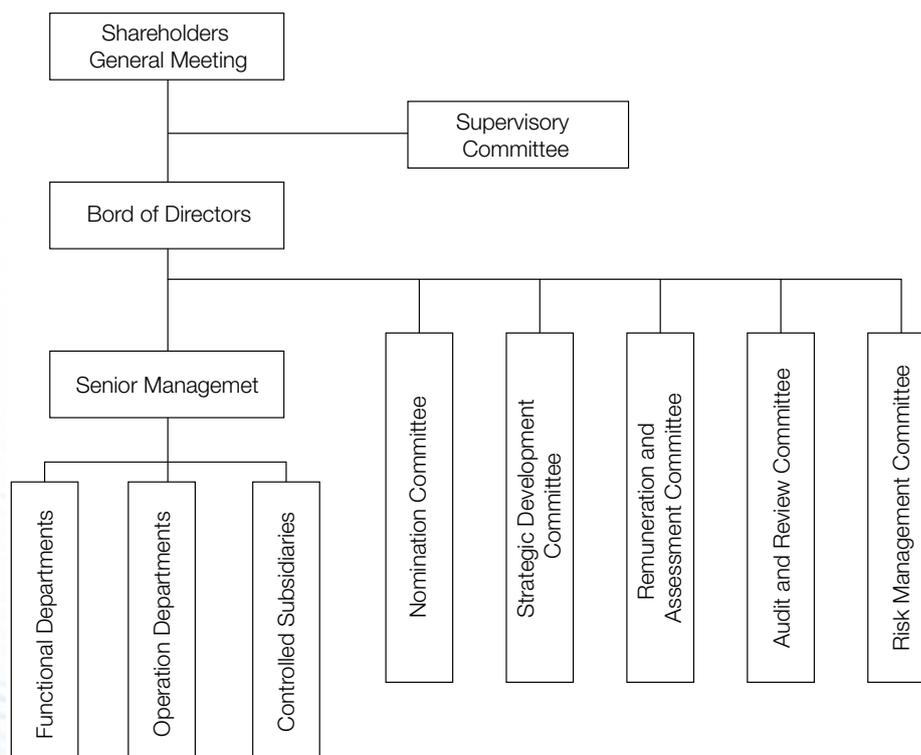
### Corporate governance practices

The Company has been committed to improvement of corporate governance and regards the corporate governance as a part of value creation of the Company, to reflect the commitments of all Directors and senior management in respect of corporate governance, maintain transparency and accountability for Shareholders and maximize the value for all Shareholders.

The documents related to corporate governance of the Company include the Articles of Association, Rules for Procedure of the General Meeting, Rules for Procedure of the Board, Rules for Procedure of the Supervisory Committee, Work Rules for the Special Committees under the Board and Work Rules for the President, etc. To achieve the highest level of corporate governance, the Board of Directors of the Company has set up 5 special committees, namely the Strategic Development Committee, the Audit and Review Committee, the Remuneration and Assessment Committee, the Nomination Committee and the Risk Management Committee.

During the reporting period, the Company has complied with all the code provisions of the Corporate Governance Code (“Corporate Governance Code”) as set out in Appendix 14 to the Listing Rules, except for the deviations from code provision A.5.6 as explained below.

The chart for corporate governance structure of the Company is as follows:



# CORPORATE GOVERNANCE (CONTINUED)

## (V) CORPORATE GOVERNANCE REPORT (CONTINUED)

### Corporate governance practices (Continued)

#### 1. General Meeting

As the highest authority of the Company, the general meeting performs its functions and power in determining the material events of the Company under the laws. The annual general meeting or extraordinary general meeting provides a direct communication channel for the Board and the shareholders. Hence, the Company regards highly of the shareholders' general meetings. Notice of meeting is delivered 45 days in advance. All directors and members of senior management are requested to attend. The Company encourages all shareholders to attend the shareholders' meeting and welcomes shareholders to express their opinions in the meeting. The details of the Shareholders' general meeting in 2014 are as follows:

Session of Meeting	Date	Resolutions	Voting results	Designated website for publication of resolutions	Publication date of resolutions
2013 annual general meeting	29 April 2014	The following resolutions were considered at the meeting by way of ordinary resolution: 1. Work Report of the Board of the Company for 2013; 2. Work Report of the Supervisory Committee of the Company for 2013; 3. After-tax Profit Distribution Plan of the Company for 2013; 4. Audited Financial Report of the Company for 2013; 5. Resolution in relation to the Re-appointment of Accountant of the Company for 2014 and the Authorization to the Board to Determine Its Remuneration; 6. Resolution in relation to Consideration of the Shareholder Returns Plan of the Company for the Next Three Years (2014-2016). The Resolution in relation to the Amendments to Articles of Association was considered and approved at the meeting by way of special resolution.	Approved	www.sse.com.cn	29 April 2014
2014 first extraordinary general meeting	24 June 2014	The Resolution in relation to Election of Wang Zaiqiu to Fill the Supervisor Vacancy of the Company was considered and approved at the meeting by way of ordinary resolution.	Approved	www.sse.com.cn	24 June 2014
2014 second extraordinary general meeting	23 December 2014	The Resolution in relation to the Ordinary Continuing Connected Transactions at the meeting by way of ordinary resolution (the three sub-resolutions thereof were considered and approved one by one). Dongfang Electric Corporation, the Controlling Shareholder of the Company, abstained from the voting.	Approved	www.sse.com.cn	23 December 2014

# CORPORATE GOVERNANCE (CONTINUED)

## (V) CORPORATE GOVERNANCE REPORT (CONTINUED)

### Corporate governance practices (Continued)

#### 2. Board of Directors

##### (1) Division of Responsibilities

The main responsibility of the Board is to exercise the management decisions in the Company's development strategy, management structure, investment and finance, planning and financial supervision as authorized at the shareholders' meeting. The Company's Chairman and President will be served by different persons respectively, and the Company has a clear division of responsibilities. The Chairman of the Board presides over the meetings of the Board, and review the implementation of the resolutions made by the Board. The responsibility of the President is to manage, operate and coordinate the business of the Company, execute the strategies formulated by the Board and make decisions in respect of daily matters.

##### (2) Composition

The Board is composed of 9 directors, of which 3 are independent non-executive directors, representing one third of all directors. The independent non-executive directors of the Company are Mr. Li Yanmeng, Mr. Zhao Chunjun and Mr. Peng Shaobing, and the remaining directors of the Company are Mr. Si Zefu, Mr. Zhang Xiaolun, Mr. Wen Shugang, Mr. Huang Wei, Mr. Zhu Yuanchao and Mr. Zhang Jilie; the Chairman of the Company is Mr. Si Zefu and the President of the Company is Mr. Wen Shugang. This session of Board is the seventh Board since the foundation of the Company, the term of which is expected to end on 27 June 2015.

Members of the Board have different industry background. They all have professional knowledge in different areas, such as enterprise management, technical development, financial accounting, investment strategy, human resources etc. Their personal profiles are set out in the section headed "Directors, Supervisors, Senior Management and Employees" in this annual report. For the biographical details of the directors of the Company, please refer to the section headed "Directors, Supervisors, Senior Management and Employees" in this annual report.

Unless those disclosed in the section, there is no other material relationship between the members of the Board (including financial, business, family or other material or relevant relationships).

In order to comply with the provisions under the Corporate Governance Code, the Company has arranged appropriate liability insurance for directors to provide insurance by way of indemnity for their liability arising from the activities of the enterprise.

Independent non-executive directors of the Company understood the rights and obligations as a director and an independent non-executive director of a listed company. During the reporting period, the independent non-executive directors attended the Board meetings in a prudent, responsible and serious attitude, fully using their experience and expertise, did a lot of work for improvement of corporate governance and major decision-makings, voiced their pertinent and objective opinions about the important matters of the Company and connected transactions, promoted the scientific decision-making and decision-making procedures of the Board, and safeguarded the interests of the Company and public shareholders. The three independent non-executive directors of the Company also served in the Board's special committees.

# CORPORATE GOVERNANCE (CONTINUED)

## (V) CORPORATE GOVERNANCE REPORT (CONTINUED)

### Corporate governance practices (Continued)

#### 2. Board of Directors (Continued)

##### (3) Policy concerning diversity of Board members

Code Provision A.5.6 in the Corporate Governance Code which became effective from 1 September 2013 stipulates that the Nomination Committee (or the Board) should have a policy concerning diversity of Board members, and should disclose the policy or a summary of the policy in the corporate governance report.

In order to comply with the new Code Provision A.5.6, the Board has authorized the Nomination Committee to formulate a series of diversified standards including, but not limited to, gender, age, cultural and educational background, professional experience, skills, knowledge and term of office, and to review and supervise the effects of diversity of Board members. The Board has adopted the policy concerning diversity of Board members at the Board meeting convened on 29 April 2014.

##### (4) Corporate governance functions

The Board of Directors shall perform the corporate governance functions as set out below:

to develop and review the Company's policies and practices on corporate governance;

to review and monitor the training and continuous professional development of directors and senior management;

to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

to develop, review and monitor the code of conduct and compliance code applicable to employees and directors;

to review the Company's compliance with the Corporate Governance Code and disclosure in the Corporate Governance Report.

# CORPORATE GOVERNANCE (CONTINUED)

## (V) CORPORATE GOVERNANCE REPORT (CONTINUED)

### Corporate governance practices (Continued)

#### 2. Board of Directors (Continued)

##### (5) Directors

The directors are elected or replaced at general meetings. Director elections adopt the cumulative voting system. Director candidates may be nominated by the Board or the Supervisory Committee, or by shareholders individually or jointly holding at least 1% issued shares of the Company. The term of directors (except for independent non-executive directors) is 3 years, eligible for re-election upon expiry of terms. The independent non-executive directors shall be persons with no connected relationship with the management staff in the Company and major shareholders, and their term of office could not exceed 2 sessions.

Through the secretary of the Board, all the directors can obtain the related information and latest trends about statutory, regulatory and other continuous responsibility, which the directors of a listed company must comply with. In this way, they can ensure the responsibility to be understood, implementation of the procedures of the Board and appropriate compliance with applicable laws and regulations. The Board and special committees shall be entitled to appoint an independent organization for its service, in accordance with needs to exercise powers, fulfill duties and run its business. Reasonable fees arising from it shall be borne by the Company.

The Company strictly abides by the relevant binding clauses, which are applied to the securities transactions conducted by the directors, as provided by the domestic and Hong Kong regulatory bodies to directors and sticks to the principle of strict compliance.

##### *Securities transactions by Directors*

The Company has adopted a code of conduct regarding securities transactions by Directors and supervisors of the Company as set out in the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") under Appendix 10 of the Listing Rules. Having made specific enquiry to all directors and supervisors of the Company, the Company confirms that, for the year ended 31 December 2014, all directors and supervisors of the Company had complied with the provisions regarding the securities transactions by directors and supervisors as set out in the Model Code.

The Company confirmed that it has received, from each of the independent non-executive directors, an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive directors meet the independence guidelines requirements of the Listing Rules and are independent in accordance with the provisions of the guidelines.

##### *Director's service contract*

The Company has entered into separate service contracts with each Director of the seventh session of the Board.

# CORPORATE GOVERNANCE (CONTINUED)

## (V) CORPORATE GOVERNANCE REPORT (CONTINUED)

### Corporate governance practices (Continued)

#### 2. Board of Directors (Continued)

##### (6) Meeting of the Board of Directors

During the reporting period, 8 Board meetings were convened by the Company with the attendance rate of 100% (including attendance by proxy) to discuss the investment plan, business and financial performance, and continuing connected transactions for 2015-2017. The Board meetings can effectively produce quick and prudent decisions by effective discussion. The independent non-executive directors of the Company had no objection to the Company's decisions.

##### Attendance of Directors to the Board meetings and shareholders' general meetings

Name	Independent director or not	Required attendance during the year	Attendance at the Board meetings			Absence	Absence from two consecutive meetings or not	Attendance at general meetings
			Attendance in person	Attendance by communication equipment	Attendance by proxy			
Si Zefu	No	8	5	3	0	0	No	1
Zhang Xiaolun	No	8	5	3	0	0	No	2
Wen Shugang	No	8	3	3	2	0	No	2
Huang Wei	No	8	3	3	2	0	No	1
Zhu Yuanchao	No	8	4	3	1	0	No	1
Zhang Jilie	No	8	3	3	2	0	No	1
Li Yanmeng	Yes	8	5	3	0	0	No	1
Zhao Chunjun	Yes	8	3	3	2	0	No	1
Peng Shaobing	Yes	8	4	3	1	0	No	1

Number of board meetings convened during the year	8
Among which: number of meetings convened on-site	5
Number of meetings convened by communication equipment	3
Number of meetings convened by a combination of the above two means	0

Directors who could not attend the Board meetings in person appointed other directors to attend and vote at the meetings on their behalves.

Independent non-executive directors did not raise objection to proposals of the Board meetings or other proposals during the reporting period.

# CORPORATE GOVERNANCE (CONTINUED)

## (V) CORPORATE GOVERNANCE REPORT (CONTINUED)

### Corporate governance practices (Continued)

#### 3. Special committees of the Board

The Board has established five special committees, each of which has the defined terms of reference to oversee the affairs of the Company's specific aspects.

##### (1) Audit and Review Committee

The main duties of the Audit and Review Committee are:

- ① supervise and assess the work of the external audit institutions, and propose to appoint or change external audit institutions;
- ② guide the internal audit work and supervise the internal audit system of the Company and its implementation;
- ③ review the financial information of the Company and its disclosure, and review the interim and annual financial statements before the same are submitted to the Board;
- ④ coordinate the communication between the management, internal audit department and relevant departments and external audit institutions;
- ⑤ examine the internal control system of the Company and assess its effectiveness;
- ⑥ examine the major connected transactions of the Company;
- ⑦ review the letter from the external auditor to the management and the feedback of the management.

Members of the audit and review committee under the seventh session of the Board of the Company comprise Mr. Peng Shaobing (chairman), Mr. Zhao Chunjun and Mr. Li Yanmeng, all being the independent non-executive Directors.

In 2014, the audit and review committee held a total of 5 meetings, at which resolutions including the Audited Financial Report of the Company for 2013, the Work Rules of Audit and Review Committee (Revised), the Unaudited First Quarterly Financial Report of the Company for 2014, the Unaudited Interim Financial Report of the Company for 2014, the Unaudited Third Quarterly Financial Report of the Company for 2014 and the Continuing Connected Transaction from 2015 to 2017 were considered and approved.

# CORPORATE GOVERNANCE (CONTINUED)

## (V) CORPORATE GOVERNANCE REPORT (CONTINUED)

### Corporate governance practices (Continued)

#### 3. Special committees of the Board (Continued)

##### (1) Audit and Review Committee (Continued)

###### Members of the Audit and Review Committee and attendance at its meetings

Name	Position	Required attendance in 2014	Actual Attendance
Peng Shaobing (Independent non-executive Director)	Chairman of the committee	5	5
Li Yanmeng (Independent non-executive Director)	Member	5	5
Zhao Chunjun (Independent non-executive Director)	Member	5	4

##### (2) Strategic Development Committee

The main duties of the Strategic Development Committee are to provide opinions for the Company's strategies and review the proposals for significant investments.

The members of the Strategic Development Committee of the Seventh Board comprise of Directors Mr. Si Zefu (Chairman), Mr. Wen Shugang, Mr. Zhu Yuanchao and independent non-executive Director Mr. Li Yanmeng.

In 2014, the Strategic Development Committee convened one meeting mainly to consider and approve the Development Strategy and Plan of the Company for 2014-2016.

###### Members of the Strategic Development Committee and attendance at its meetings

Name	Position	Required attendance in 2014	Actual Attendance
Si Zefu (Director)	Chairman of the committee	1	1
Wen Shugang (Director)	Member	1	1
Zhu Yuanchao (Director)	Member	1	0
Li Yanmeng (Independent non-executive Director)	Member	1	1

# CORPORATE GOVERNANCE (CONTINUED)

## (V) CORPORATE GOVERNANCE REPORT (CONTINUED)

### Corporate governance practices (Continued)

#### 3. Special committees of the Board (Continued)

##### (3) Remuneration and Assessment Committee

The main duties of the Remuneration and Assessment Committee are:

- ① to formulate remuneration plan or scheme for directors and senior managers based on their work scope, duties and importance with reference to the compensation levels of similar positions in comparable companies;
- ② to make recommendations to the Board on the Company's policy and structure for all remuneration of directors and senior managers and on the establishment of a formal and transparent procedure for developing such remuneration policy;
- ③ to review and approve the management's remuneration proposals by reference to the corporate goals and objectives set by the Board;
- ④ to make recommendations to the Board on the remuneration of independent non-executive directors;
- ⑤ consider the remuneration paid by similar companies, the time commitment, job duties and the employment conditions for other positions in the Group;
- ⑥ examine the duty performance of Directors and senior management, and conduct annual performance appraisal;
- ⑦ review and approve compensation payable to non-executive directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair, reasonable and not excessive;
- ⑧ review and approve compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate;
- ⑨ be responsible for supervising the implementation of the remuneration system of the Company;
- ⑩ other matters authorised by the Board.

The Remuneration and Assessment Committee of the seventh Board comprises independent nonexecutive Directors Mr. Li Yanmeng (Chairman), Mr. Zhao Chunjun and Mr. Peng Shaobing and Director Mr. Zhang Xiaolun.

During 2014, the Remuneration and Assessment Committee convened three meetings to mainly consider and pass the the Work Rules of Remuneration and Appraisal Committee (Revised), the Report on Remuneration of Directors, Supervisors and Senior Management of the Company for 2013, the Results of H Share Appreciation Rights Assessment, etc..

# CORPORATE GOVERNANCE (CONTINUED)

## (V) CORPORATE GOVERNANCE REPORT (CONTINUED)

### Corporate governance practices (Continued)

#### 3. Special committees of the Board (Continued)

##### (3) Remuneration and Assessment Committee (Continued)

###### Members of the Remuneration and Assessment Committee and attendance at its meetings

Name	Position	Required attendance in 2014	Actual Attendance
Li Yanmeng (Independent non-executive Director)	Chairman of the committee	3	3
Zhao Chunjun (Independent non-executive Director)	Member	3	2
Peng Shaobing (Independent non-executive Director)	Member	3	3
Zhang Xiaolun (Director)	Member	3	3

##### (4) Risk Management Committee

The main duties of the Risk Management Committee are:

- ① to submit the Annual Report on Overall Risk Management to the Board of Directors;
- ② to consider the Company's risk management strategies and the solutions for major risk management;
- ③ to consider the judgment criteria or the judgment mechanism related to major decision makings, major risks, major events and important business procedures, as well as the risk assessment report of major decisions;
- ④ to consider the comprehensive report on the supervision, assessment and audit of risk management submitted by the internal audit department;
- ⑤ to consider the establishment of the risk management organizations, and their proposed responsibilities.

The Risk Management Committee of the seventh Board comprises Directors Mr. Wen Shugang (Chairman), Mr. Huang Wei and Mr. Zhang Jilie and independent non-executive Director Mr. Peng Shaobing.

During 2014, the Risk Management Committee convened 1 meeting to debrief the Report on the Assessment of Internal Control of Dongfang Electric Corporation Limited for 2013 from the financial department, and agreed to submit the same to the Board for consideration.

# CORPORATE GOVERNANCE (CONTINUED)

## (V) CORPORATE GOVERNANCE REPORT (CONTINUED)

### Corporate governance practices (Continued)

#### 3. Special committees of the Board (Continued)

##### (4) Risk Management Committee (Continued)

###### Members of the Risk Management Committee and attendance at its meetings

Name	Position	Required attendance in 2014	Actual Attendance
Wen Shugang (Director)	Chairman of the committee	1	1
Huang Wei (Director)	Member	1	0
Zhang Jilie (Director)	Member	1	1
Peng Shaobing (Independent non-executive Director)	Member	1	1

##### (5) Nomination Committee

The main duties of the Nomination Committee are:

- ① review the structure, composition and diversification (including but not limited to gender, age, cultural and educational background, ethnic, skill, knowledge, term of service and experience) of the Board and senior management at least once a year according to the operating activities, asset scale and shareholding structure of the Company, and make recommendations in respect of any proposed changes on the Board to be in line with the corporate strategies;
- ② study the criteria and procedures for selection of Director and senior management and make recommendations to the Board;
- ③ review the qualification of candidates for Directors and senior management and make recommendations on this;
- ④ formulate policy for nomination of Directors to identify individuals suitably qualified to become members of the Board, and select and nominate such individuals to serves as Directors or make recommendations to the Board on this. When the committee identifies suitable individuals, it shall take into account the strength of such individuals and objective criteria with due regard to the benefits of diversity on the Board;
- ⑤ assess the independence of independent non-executive Directors;
- ⑥ review the implementation of the Board diversity policy, review the diversity policy as and when appropriate, and review the measurable target set by the Board for the implementation of the Board diversity policy and its progress and make recommendations to the Board on this;

# CORPORATE GOVERNANCE (CONTINUED)

## (V) CORPORATE GOVERNANCE REPORT (CONTINUED)

### Corporate governance practices (Continued)

#### 3. Special committees of the Board (Continued)

##### (5) Nomination Committee (Continued)

- ⑦ make recommendation to the Board on the appointment and re-appointment of directors and the succession plan of directors (in particular the Chairman and the president of the Company) in accordance with the corporate strategy of the Company, the techniques, knowledge and experience that meet future need and the diversification of the Board.

The Nomination Committee of the seventh Board comprises independent non-executive Directors Mr. Zhao Chunjun (Chairman), Mr. Li Yanmeng and Mr. Peng Shaobing and Directors Mr. Si Zefu and Mr. Wen Shugang.

During 2014, the Nomination Committee convened 1 meeting to consider Work Rules of Nomination Committee (Revised) the composition of the members of the Board and their background and experience, examined directors and ensured the diversity of Board members. The directors were examined in aspects of gender, age, cultural and educational background, professional experience, skills, knowledge and term of office to ensure the diversity of Board members and compliance with the regulatory requirements and Articles of Association of the listed company to the greatest extent. No suggestion on changes in personnel was made to the Board.

##### Members of the Nomination Committee and attendance at its meetings

Name	Position	Required attendance in 2014	Actual Attendance
Zhao Chunjun (Independent non-executive Director)	Chairman of the committee	1	1
Li Yanmeng (Independent non-executive Director)	Member	1	1
Peng Shaobing (Independent non-executive Director)	Member	1	1
Si Zefu (Director)	Member	1	1
Wen Shugang (Director)	Member	1	1

# CORPORATE GOVERNANCE (CONTINUED)

## (V) CORPORATE GOVERNANCE REPORT (CONTINUED)

### Corporate governance practices (Continued)

#### 4. Duties of the management team

Pursuant to the duties and powers assigned to them under the Articles of Association, the management team mainly discharge the following duties:

- (1) to take charge of the management of the production and business operations of the Company, to organize the implementation of the resolutions of the board of directors, and to report the work to the board of directors;
- (2) to organize the implementation of the annual business plans and investments plans of the Company;
- (3) to propose development programs, annual production and operation plans, annual budget, plans for after-tax profit distributions and plans for making up losses of the Company;
- (4) to formulate plans for the establishment of the internal management organization of the Company;
- (5) to formulate the basic management system of the Company;
- (6) to formulate basic rules and regulations of the Company;
- (7) to propose to appoint or dismiss the Senior Vice President, Vice President, Chief Accountant and other officers of the Company;
- (8) to represent the Company externally in handling important business matters within the scope of authorization by the board of directors.

#### 5. Secretary to the Board

- (1) The Company has a secretary to the Board who shall be appointed by the Board and is a senior management member of the Company;
- (2) The primary duties of the secretary to the Board are to take charge of the information disclosure, investor relationship management and shareholding management affairs, organize and make preparations for the Board meetings and shareholders' general meetings, etc.

# CORPORATE GOVERNANCE (CONTINUED)

## (V) CORPORATE GOVERNANCE REPORT (CONTINUED)

### Corporate governance practices (Continued)

#### 6. Participation of Directors, supervisors and senior management in training and continuous professional development

During the Reporting Period, the Company provides trainings for all the Directors (including Mr. Si Zefu, Mr. Zhang Xiaolun, Mr. Wen Shugang, Mr. Huang Wei, Mr. Zhu Yuanchao, Mr. Zhang Jilie, Mr. Li Yanmeng, Mr. Zhao Chunjun, Mr. Peng Shaobing), Supervisors (including Mr. Wen Limin, Mr. Wang Zaiqiu and Mr. Wang Congyuan) and senior management by providing comprehensive compliance information for listed companies in a timely manner. Study materials regarding Guidance on Duty Performance of Independent Directors of Listed Companies were distributed to three independent Directors. All the Supervisors and part of senior management were organized to participate in the Forewarning Education on Precaution and Control of Insider Transactions held by Sichuan Listed Company Association. Mr. Gong Dan, a senior management, was procured to attend the 2014 second session of continuing training organized by the stock exchange for secretaries to the board of directors of listed companies. Through the said arrangements, their knowledge and skills were refreshed to ensure that their contribution to the Board remained informed and relevant.

#### 7. Information disclosure and investor relation management

Secretary to the Board and representative of securities affairs are responsible for information disclosure and investor relation management.

As for information disclosure, in order to enable the investors to understand the Company's operation conditions, the Company made meticulous organization and careful arrangement to strengthen coordination of information disclosure work, analyze and identify keys and difficulties and make effective communication with regulatory authorities. Accordingly, the Company finished the disclosure work as required. In 2014, the Company has made information disclosure for approximately 147 times in mainland China and Hong Kong, covering regular reports and temporary announcements.

In investor relation management, the Company organized investors to discuss key issues, analyzed trend of capital market and operation status of the Company and timely kept up with investors' opinions on the Company, so as to make a targeted communication with investors and enhance communication quality. The Company further regulated processes of reception arrangements and made such processes standard and professional. The Company's communication methods with investors include shareholders' general meetings, results briefing conferences, road shows, reception of investor's visits, SSE e-interaction, teleconference, the Company's website and email box, facsimile and hotline, etc, to enable shareholders to express opinions or exercise rights.

# CORPORATE GOVERNANCE (CONTINUED)

## (V) CORPORATE GOVERNANCE REPORT (CONTINUED)

### Corporate governance practices (Continued)

#### 8. Auditors

During the reporting period, the Audit and Review Committee proposed to retain ShineWing Certified Public Accountants as the internal control auditing firm of the Company for 2014 considering its performance in providing audit services. The Board adopted such proposal and appointed ShineWing Certified Public Accountants as the auditor of the Company. Remuneration paid by the Company to ShineWing Certified Public Accountants in respect of their annual audit services is set out below. As at the end of the reporting period, ShineWing Certified Public Accountants has provided auditing services for the Company for 6 years. Set out below are the audit services and non-audit services provided by it:

Unit: RMB0'000

Whether changed the accounting firm: No

	Former	Existing
Name of domestic accounting firm	ShineWing Certified Public Accountants (Special General Partnership)	ShineWing Certified Public Accountants (Special General Partnership)
Remuneration for domestic accounting firm	240	240
Service length of the domestic accounting firm (year)	5	6

	Name	Remuneration
Accounting firm in respect internal control	ShineWing Certified Public Accountants (Special General Partnership)	60

#### 9. Acknowledgement of the directors and auditor

All directors have acknowledged their responsibilities for preparing the accounts for the year ended 31 December 2014.

ShineWing Certified Public Accountants, the auditor of the Company, has acknowledged its reporting responsibilities in the Auditor's Report of the financial statements prepared under the PRC accounting standards for the year ended 31 December 2014.

# CORPORATE GOVERNANCE (CONTINUED)

## (V) CORPORATE GOVERNANCE REPORT (CONTINUED)

### Corporate governance practices (Continued)

#### 10. Material changes in the constitutional documents of the Company

During the Reporting Period, the Company amended the Articles of Association and the full text of the amended Articles of Association was published on the website of the Stock Exchange on 29 April 2014 and published on the website of Shanghai Stock Exchange on the same day. For details of the amendments, please refer to the announcement “Notice of convening 2013 annual general meeting of Dongfang Electric Corporation Limited” issued by the Company on 14 March 2014.

#### 11. Internal controls

The Board is responsible for implementing the internal control systems of the Company and its subsidiaries and reviewing the effectiveness of such systems. The Board assesses and reviews the effectiveness of the internal control systems and procedures based on the information derived from discussions with the senior management, internal audit team and external auditor and the reports from the internal audit team. Our internal audit team regularly reviews the effectiveness of our Company’s material internal controls, including financial, operational and compliance controls and risk management functions according to the audit plans and reports to the Board with its findings and makes recommendations to improve the internal controls of our Company. The Audit and Review Committee has reviewed the comments of external auditors provided at the Audit and Review Committee meetings.

The Board reviews the efficiency of the internal control system of the Company and its subsidiaries. With reference to assessment opinions from the Audit and Review Committee, the senior management, the internal audit team and external auditor, the Board makes its assessment on the efficiency of the internal control. The annual review of the system of internal control also includes consideration of the adequacy of resources, qualifications and experience of staff of accounting and financial reporting functions, including their training programme and training budget.

For the year ended 31 December 2014, based on the assessment made by the Audit and Review Committee, the senior management and the internal audit team, the Board reviewed the internal control systems of the Company and its subsidiaries.

# CORPORATE GOVERNANCE (CONTINUED)

## (V) CORPORATE GOVERNANCE REPORT (CONTINUED)

### Corporate governance practices (Continued)

#### 12. Shareholders' rights

Procedures for Shareholders convening an extraordinary general meeting ("EGM")

Shareholders requesting to convene an EGM shall follow the procedures below:

- (1) The shareholders who individually or jointly hold 10% or more of the Company's issued shares have the right to propose the board of directors to convene an EGM, and shall put forward the proposal to the board of directors in written form. The board of directors shall, in accordance with the laws, administrative regulations and these Articles, give a written reply on whether to convene an EGM or not within 10 days upon receipt of the proposal. The aforesaid amount of the shares held by the shareholders is calculated on the date of the written proposal put forwarded by the shareholders.
- (2) If the board of directors does not agree to convene an EGM or fails to give feedback within 10 days upon receipt of the proposal, the shareholders who individually or jointly hold 10% or more of the Company's issued shares shall have the right to propose the supervisory committee to convene an EGM, but shall put forward the request to the supervisory committee in written form.
- (3) If the supervisory committee fails to send out a notice of the EGM within the prescribed time limit, it shall be deemed that the supervisory committee will not convene or preside over the meeting, and the shareholders who individually or jointly hold 10% or more of the Company's issued shares for a consecutive 90 or more days may convene and preside over the meeting by themselves. The procedures of convening the meeting shall be the same with that of convening the meeting by the board of directors, and the place of the meeting shall be at the domicile of the Company.
- (4) Where shareholders decide to convene the EGM by themselves, they shall send out a written notice to the board of directors, and shall put on the records of the dispatched office of CSRC at the locality of the Company and the stock exchange. Before the resolution of the EGM is announced, the proportion of the summoning shareholders shall be no less than 10%.

The shareholders that convene the meeting shall, when circulating a notice of meeting and making an announcement on the resolution of a shareholders' general meeting, submit the relevant certification materials to the dispatched office of CSRC at the locality of the Company and the stock exchange.

- (5) In respect of the EGM convened by shareholders on their own initiative, the board of directors and its secretary shall show cooperation. The board of directors shall provide the register of shareholders on the date of equity registration.
- (6) The necessary expenses for convening the EGM by shareholders shall be borne by the Company. The expenses will be deducted from the sum owed by the Company to the directors in neglect of duty.

# CORPORATE GOVERNANCE (CONTINUED)

## PROCEDURES FOR PUTTING FORWARD PROPOSALS TO THE SHAREHOLDERS' GENERAL MEETING

When the Company convenes a shareholders' general meeting, shareholders individually or jointly holding 3% or more shares of the Company are entitled to make proposals to the Company.

The shareholders who individually or jointly hold 3% or more of the shares of the Company may put forward a temporary proposal and submit it to the convener in written form within 10 days before the meeting is held. The convener shall issue a supplementary notice of the meeting and announce the contents of the temporary proposal within 2 days upon receipt of the aforesaid proposal.

When the Company is to convene an annual general meeting, shareholders holding 5% or more of the shares carrying voting rights or the supervisory committee shall have the right to put forward new motions in writing to the Company. The Company shall include in the agenda of the meeting the matters which are within the scope of responsibilities of the general meeting in accordance with the prescribed procedures.

## PROCEDURES FOR SHAREHOLDERS TO PROPOSE A DIRECTOR CANDIDATE

For the procedures for proposing a director candidate, please refer to the information published on 21 June 2012 under the Investor Relation section at the Company's website [www.dec-ltd.cn](http://www.dec-ltd.cn).

## PROCEDURES FOR SHAREHOLDERS TO MAKE ENQUIRIES TO THE BOARD

Shareholders may send any enquiries and questions in writing to the "company secretary" of the Company who will forward the same to the Board. The contact details of the company secretary are set out as follows:

Secretarial office of the Board of Dongfang Electric Corporation Limited at No. 333 Shuhan Road, Jinniu District, Chengdu City, Sichuan Province, the PRC

Postal code: 610036

Email: [dsb@dongfang.com](mailto:dsb@dongfang.com)

Shareholders may also put forward enquiries to the Board at the shareholders' general meeting of the Company.

# INTERNAL CONTROL

## I. RESPONSIBILITY STATEMENT ON INTERNAL CONTROL AND ESTABLISHMENT OF INTERNAL CONTROL SYSTEM

For details, please refer to the 2014 Assessment Report on the Internal Control of Dongfang Electric Corporation Limited disclosed at the same time.

## II. AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

ShineWing Certified Public Accountants issued the 2014 Auditors' Report on Internal Control of Dongfang Electric Corporation Limited.

## III. EXPLANATION OF THE ANNUAL REPORT ON THE SYSTEM OF ACCOUNTABILITY OF MATERIAL ERRORS AND RELEVANT IMPLEMENTATION

The Company has issued and strictly complied with and executed the Explanation of the Annual Report on the System of Accountability of Material Errors and Relevant Implementation. During the reporting period, the Company had no annual significant information disclosure error.

# FINANCIAL REPORT

**Dongfang Electric Corporation Limited**  
**FINANCIAL STATEMENTS**  
**AND THE AUDIT REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

[English Translation for Reference Only  
Should there be any inconsistency between the Chinese and English version,  
the Chinese version shall prevail.]

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信永中和会计师事务所

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# AUDITOR'S REPORT

XYZH/2014CDA3030-1

## To The Shareholders of Dongfang Electric Corporation Limited

We have audited the accompanying financial statements of Dongfang Electric Corporation Limited (hereinafter referred to as "the Company"), which comprise the consolidated and parent's financial position as at 31 December 2014, the consolidated and parent's income statement, consolidated and parent's cash flow statement of and consolidated and parent's statement of the changes in equity for the year then ended, as well as a summary of significant accounting policies and other explanatory notes to the financial statements.

## Management's Responsibility for the Financial Statements

The Company's management is responsible for the preparation and fair presentation of these financial statements. This responsibility includes: (1) preparing for the financial statements that give a true and fair view in accordance with the Accounting Standards for Business Enterprises; (2) designing, implementing and maintaining internal control relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

## Auditors' Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with the Regulations for Audit of Financial Statements by Certified Public Accountants and auditing standards generally accepted in China. Those standards require that we comply with ethical requirements, plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves implementing audit 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 frauds or errors. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of

the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting assessments 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.

### **Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of Dongfang Electric Corporation Limited as of 31 December 2014 and of its financial performance and its cash flows for the year then ended in accordance with the Accounting Standards for Business Enterprises and Accounting Systems for Business Enterprises.

ShineWing Certified Public Accountants LLP.

Registered in Beijing, People's Republic of China

Chinese Certified Public Accountant

Chinese Certified Public Accountant

27 March, 2015

## Consolidated Statement of Financial Position

December 31, 2014

Preparing Unit: Dongfang Electric Corporation Limited

Unit: RMB Yuan

Assets	Notes	The Ending Balance	The Beginning Balance
<b>Current Assets:</b>			
Cash and cash equivalents	VI. 1	17,822,818,071.65	12,131,648,112.18
Clearing Provision			
Funds for Lending			
Financial assets held for trading	VI. 2	56,547,665.82	26,608,362.14
Notes Receivable	VI. 3	2,626,992,774.70	2,784,861,591.44
Accounts Receivable	VI. 4	17,698,467,285.71	17,032,484,330.47
Prepayments	VI. 5	4,210,529,353.01	4,716,518,840.61
Premium Receivable			
Cession Accounts Receivable			
Provision for Cession Contract Receivable			
Interests Receivable	VI. 6	153,964,346.27	101,620,018.51
Dividends Receivable			
Other Receivables	VI. 7	282,414,587.72	352,960,215.57
Purchase Redeemable Financial Assets			
Inventory	VI. 8	29,640,990,594.62	27,301,842,960.20
Non-current Assets Maturing Within One Year			
Other Current Assets			
<b>Total Current Assets</b>		<b>72,492,724,679.50</b>	<b>64,448,583,518.92</b>
<b>Non-current Assets:</b>			
Issued loans and Advances			
Available-for-sale Financial Assets	VI. 9	11,835,232.75	306,816,665.00
Investments to be held until maturity			
Long-term Accounts Receivable			
Long-term Equity Investment	VI. 10	974,911,045.43	784,129,880.78
Investment Property	VI. 11	74,061,743.59	72,798,574.45
Fixed Assets	VI. 12	8,537,913,652.38	9,243,610,975.06
Construction in Progress	VI. 13	818,328,683.80	685,790,408.06
Construction materials		113,464.96	113,464.96
Liquidation of Fixed Assets		9,546.86	11,958.08
Productive Biological Assets			
Oil and Gas Assets			
Intangible Assets	VI. 14	988,752,792.34	1,013,339,900.46
Research and Development Expenditure			
Goodwill			
Long-term Deferred Expenses	VI. 15	475,500.18	509,000.14
Deferred Tax Assets	VI. 16	1,331,043,153.07	1,280,998,708.21
Other Non-current Assets			
<b>Total Non-current Assets</b>		<b>12,737,444,815.36</b>	<b>13,388,119,535.20</b>
<b>Total Assets</b>		<b>85,230,169,494.86</b>	<b>77,836,703,054.12</b>

Legal Representative :

Accounting Director :

Accounting Manager :

## Consolidated Statement of Financial Position (Continued)

December 31, 2014

Preparating Unit: Dongfang Electric Corporation Limited

Unit: RMB Yuan

Liabilities and Shareholder's Equity	Notes	The Ending Balance	The Beginning Balance
<b>Current Liabilities :</b>			
Short-term Loans	VI. 17	2,534,000,000.00	3,453,072,066.14
Borrowings from Central Bank			
Absorbed Deposits and Interbank Deposits			
Borrowing funds			
Financial Liabilities at fair value through profit or loss			
Notes Payable	VI. 18	5,275,895,399.74	4,865,094,372.76
Accounts Payable	VI. 19	15,893,241,172.06	14,224,698,923.21
Advances From Customers	VI. 20	33,384,928,229.93	32,284,212,140.25
Funds arising from selling Repo Financial Assets			
Commission Payable			
Employee benefits payable	VI. 21	339,885,075.65	358,333,377.43
Taxes & Fees Payable	VI. 22	-172,896,861.70	53,907,111.62
Interests Payable	VI. 23	13,317,579.91	
Dividends Payable	VI. 24	3,143,316.82	3,389,732.02
Other Payables	VI. 25	1,738,314,628.62	1,805,192,953.82
Cession Accounts Payable			
Provision for Insurance Contract			
Funds arising from acting trading of securities			
Funds arising from acting underwriting of securities			
Non-current Liabilities Maturing Within One Year	VI. 26	3,256,860,290.35	86,320,000.00
Other Current Liabilities	VI. 27	128,543,364.04	79,943,075.58
<b>Total Current Liabilities</b>		<b>62,395,232,195.42</b>	<b>57,214,163,752.83</b>
<b>Non-Current Liabilities:</b>			
Long-term borrowings	VI. 28	545,620,000.00	39,400,000.00
Bonds Payable			
Long-term Accounts Payable	VI. 29	685,252.84	685,252.84
Long-term Employee benefits payable	VI. 30	63,585,273.19	36,278,343.40
Specified Accounts Payable	VI. 31	58,042,614.63	58,042,614.63
Estimated Liabilities	VI. 32	1,228,921,362.78	1,392,616,607.65
Deferred income	VI. 33	466,149,584.34	500,287,825.52
Deferred Tax Liabilities	VI. 16	2,667,580.34	1,838,036.52
Other Non-current Liabilities			
<b>Total Non-current Liabilities</b>		<b>2,365,671,668.12</b>	<b>2,029,148,680.56</b>
<b>Total Liabilities</b>		<b>64,760,903,863.54</b>	<b>59,243,312,433.39</b>
<b>Shareholder's Equity:</b>			
Share capital	VI. 34	2,003,860,000.00	2,003,860,000.00
Capital Reserves	VI. 35	5,895,507,792.32	5,092,026,632.65
Less: Treasury Stock			
Other Comprehensive Income	VI. 36	-35,879,992.16	-158,584,963.14
Special Reserves	VI. 37	22,258,212.85	15,684,408.62
Surplus Reserves	VI. 38	674,102,684.70	578,473,906.12
Provision for General Risk			
Undistributed Profit	VI. 39	10,984,243,829.02	10,162,309,001.98
Difference from Translated Statements in Foreign Currency			
<b>Total Shareholder's Equity Attributed to Parent Company</b>		<b>19,544,092,526.73</b>	<b>17,693,768,986.23</b>
Non-controlling interests	VI. 40	925,173,104.59	899,621,634.50
<b>Total Shareholder's Equity</b>		<b>20,469,265,631.32</b>	<b>18,593,390,620.73</b>
<b>Total Liabilities and Shareholder's Equity</b>		<b>85,230,169,494.86</b>	<b>77,836,703,054.12</b>

Legal Representative :

Accounting Director :

Accounting Manager :

## Statement of Financial Position

December 31, 2014

Preparing Unit: Dongfang Electric Corporation Limited

Unit: RMB Yuan

Assets	Notes	The Ending Balance	The Beginning Balance
<b>Current Assets:</b>			
Cash and cash equivalents	XIV. 1	6,610,853,925.64	3,859,089,929.82
Financial assets held for trading	XIV. 2	56,508,607.05	23,781,614.55
Notes Receivable	XIV. 3	233,757,169.32	424,109,031.00
Accounts Receivable	XIV. 4	4,068,731,758.42	2,777,914,444.33
Prepayments	XIV. 5	11,573,196,278.69	11,508,848,516.92
Interests Receivable	XIV. 6	19,350,749.82	
Dividends Receivable	XIV. 7	131,436,444.73	131,436,444.73
Other Receivables	XIV. 8	6,021,055,148.85	4,877,576,489.03
Inventory	XIV. 9	2,160,818,568.14	1,277,475,517.12
Non-current Assets Maturing Within One Year			
Other Current Assets	XIV. 10	1,575,000,000.00	510,000,000.00
<b>Total Current Assets</b>		<b>32,450,708,650.66</b>	<b>25,390,231,987.50</b>
<b>Non-current Assets:</b>			
Tradable Financial Assets			
Available-for-sale Financial Assets			289,716,665.00
Long-term Accounts Receivable			
Long-term Equity Investment	XIV. 11	10,149,114,668.67	10,065,044,529.27
Investment Property	XIV. 12	16,772,319.67	16,549,767.77
Fixed Assets	XIV. 13	11,849,697.97	15,415,855.19
Construction in Progress	XIV. 14		10,425,599.19
Construction materials			
Liquidation of Fixed Assets		9,546.86	11,958.08
Productive Biological Assets			
Oil and Gas Assets			
Intangible Assets	XIV. 15	14,752,982.34	1,906,282.93
Research and Development Expenditure			
Goodwill			
Long-term Deferred Expenses			
Deferred Tax Assets	XIV. 16	110,508,321.81	104,322,476.33
Other Non-current Assets			
<b>Total Non-current Assets</b>		<b>10,303,007,537.32</b>	<b>10,503,393,133.76</b>
<b>Total Assets</b>			
		<b>42,753,716,187.98</b>	<b>35,893,625,121.26</b>

Legal Representative :

Accounting Director :

Accounting Manager :

**Statement of Financial Position (Continued)**

December 31, 2014

Preparating Unit: Dongfang Electric Corporation Limited

Unit: RMB Yuan

Liabilities and Shareholder's Equity	Notes	The Ending Balance	The Beginning Balance		
<b>Current Liabilities :</b>					
Short-term Loans			454,670,055.27		
Financial Liabilities at fair value through profit or loss					
Notes Payable					
Accounts Payable		5,951,383,462.79	4,575,177,041.12		
Advances From Customers		17,858,367,625.93	16,401,254,585.49		
Employee benefits payable		17,188,113.85	31,073,807.59		
Taxes & Fees Payable		-446,270,320.17	-362,699,833.88		
Interests Payable		9,534,246.58			
Dividends Payable					
Other Payables		1,391,462,258.85	1,630,251,783.82		
Non-current Liabilities Maturing Within One Year		3,240,540,290.35			
Other Current Liabilities		23,521.37	27,520.00		
<b>Total Current Liabilities</b>		28,022,229,199.55	22,729,754,959.41	-	-
<b>Non-Current Liabilities:</b>					
Long-term borrowings					
Bonds Payable					
Long-term Accounts Payable					
Specified Accounts Payable					
Estimated Liabilities		45,500,000.00			
Deferred income		70,564.10	324,407.71		
Deferred Tax Liabilities		1,258,283.15			
Other Non-current Liabilities					
<b>Total Non-current Liabilities</b>		46,828,847.25	324,407.71	-	-
<b>Total Liabilities</b>		28,069,058,046.80	22,730,079,367.12	-	-
<b>Shareholder's Equity:</b>					
Share capital		2,003,860,000.00	2,003,860,000.00		
Capital Reserves		5,958,668,720.92	5,155,881,904.30		
Less:Treasury Stock					
Other Comprehensive Income			-122,732,584.60		
Special Reserves					
Surplus Reserves		962,465,801.13	866,837,022.55		
Provision for General Risk					
Undistributed Profit		5,759,663,619.13	5,259,699,411.89		
<b>Total Shareholder's Equity Attributed to Parent Company</b>		14,684,658,141.18	13,163,545,754.14	-	-
<b>Total Shareholder's Equity</b>		14,684,658,141.18	13,163,545,754.14		
<b>Total Liabilities and Shareholder's Equity</b>		42,753,716,187.98	35,893,625,121.26	-	-

Legal Representative :

Accounting Director :

Accounting Manager :

## Consolidated Income Statement

Jan.-Dec.,2014

Preparing Unit: Dongfang Electric Corporation Limited

Unit: RMB Yuan

Items	Notes	Jan.-Dec.,2014	Jan.-Dec.,2013
<b>1-Total Operating Income</b>		39,036,164,758.11	42,390,796,682.51
Therein: Operating Income	VI. 44	39,036,164,758.11	42,390,796,682.51
Interest Income			
Premium Earned			
Commission Income			
<b>2-Total Operating cost</b>		37,955,204,556.76	39,862,595,263.78
Therein: Operating Cost	VI. 44	32,495,805,650.91	33,742,866,666.50
Interest Expenditure			
Commission Expenditure			
Surrender Expenditure			
Net Amount of Compensation			
Net Amount of Provision for Insurance Contract			
Policy Bonus Expenditure			
Cession Expenditure			
Business taxes and surtaxs	VI. 45	237,862,591.50	302,467,748.87
Sales expenses	VI. 46	891,929,315.24	960,628,219.47
General and administrative expense	VI. 47	3,609,660,296.95	3,728,793,794.04
Financial expenses	VI. 48	-181,276,960.93	-133,572,268.04
Asset Impairment losses	VI. 49	901,223,663.09	1,261,411,102.94
Add: Profit and Loss from Fair Value Changes	VI. 50	32,613,219.56	22,172,268.47
Investment Income	VI. 51	212,025,971.91	226,558,409.16
Therein: Income from investment to subsidiaries and joint ventures		224,899,720.65	213,174,501.29
Foreign Exchange Gain			
<b>3-Operating Profit</b>		1,325,599,392.82	2,776,932,096.36
Add: Non-operating Income	VI. 52	204,916,321.37	206,483,785.28
Less: Non-operating Expense	VI. 53	28,173,377.79	195,923,788.17
Therein: Net losses on disposal of non-current assets		3,706,310.08	2,484,243.37
<b>4-Total Profit</b>		1,502,342,336.40	2,787,492,093.47
Less: Income Tax Expense	VI. 54	181,725,615.62	388,089,412.34
<b>5-Net Profit</b>		1,320,616,720.78	2,399,402,681.13
Net Profit Attributed to Shareholders of parent Company		1,278,258,405.62	2,349,431,591.08
Gains/Losses on Minority Shareholder's Equity		42,358,315.16	49,971,090.05
<b>6-Earnings Per Share :</b>			
(1) Primary earning per share	VI. 59	0.60	1.12
(2) Dilutive earning per share	VI. 59	0.56	0.97
<b>7-Other Comprehensive Income</b>	VI. 60	122,704,970.98	-120,831,579.85
Items that may be reclassified subsequently to profit or loss			
Items that would be reclassified to profit or loss in the future if certain conditions are met		122,704,970.98	-120,831,579.85
<b>8-Total Comprehensive Income</b>		1,443,321,691.76	2,278,571,101.28
Total Comprehensive Income Attributed to Shareholders of parent Company		1,400,963,376.60	2,228,600,011.23
Total Comprehensive Income Attributed to Minority Shareholders		42,358,315.16	49,971,090.05

Legal Representative :

Accounting Director :

Accounting Manager :

## Income Statement of Parent Company

Jan.-Dec.,2014

Preparing Unit: Dongfang Electric Corporation Limited

Unit: RMB Yuan

Items	Notes	Jan.-Dec., 2014	Jan.-Dec., 2013
<b>1-Total Operating Income</b>		18,158,064,865.41	15,660,486,213.27
Therein: Operating Income	XIV. 4	18,158,064,865.41	15,660,486,213.27
Interest Income			
Premium Earned			
Commission Income			
<b>2-Total Operating cost</b>		18,078,061,030.66	15,293,844,884.83
Therein: Operating Cost	XIV. 4	17,586,225,618.50	14,647,547,323.14
Interest Expenditure			
Commission Expenditure			
Surrender Expenditure			
Net Amount of Compensation			
Net Amount of Provision for Insurance Contract			
Policy Bonus Expenditure			
Cession Expenditure			
Business taxes and surtaxs		5,626,201.93	10,310,423.55
Sales expenses		104,202,303.09	56,132,025.35
General and administrative expense		197,613,824.79	222,689,196.02
Financial expenses		-3,932,857.41	37,112,083.28
Asset Impairment losses		188,325,939.76	320,053,833.49
Add: Profit and Loss from Fair Value Changes		32,726,992.50	21,103,441.35
Investment Income	XIV. 5	867,861,115.49	898,499,493.02
Therein: Income from investment to subsidiaries and joint ventures		63,400,310.46	112,741,096.34
Foreign Exchange Gain			
<b>3-Operating Profit</b>		980,591,942.74	1,286,244,262.81
Add: Non-operating Income		7,556,285.13	34,918,919.08
Less: Non-operating Expense		258,621.76	350,567.87
Therein: Net losses on disposal of non-current assets		23,190.96	54,698.28
<b>4-Total Profit</b>		987,889,606.11	1,320,812,614.02
Less: Income Tax Expense		31,601,820.29	70,994,760.45
<b>5-Net Profit</b>		956,287,785.82	1,249,817,853.57
<b>6-Other Comprehensive Income</b>		122,732,584.60	-104,802,528.20
Items that may be reclassified subsequently to profit or loss			
Items that would be reclassified to profit or loss in the future if certain conditions are met		122,732,584.60	-104,802,528.20
<b>7-Total Comprehensive Income</b>		1,079,020,370.42	1,145,015,325.37

Legal Representative :

Accounting Director :

Accounting Manager :

**Consolidated Statement of Cash Flows**  
Jan.-Dec.,2014

Preparing Unit: Dongfang Electric Corporation Limited

Unit: RMB Yuan

Items	Notes	Jan.-Dec.,2014	Jan.-Dec.,2013
<b>1-CASH FLOWS FROM OPERATING ACTIVITIES :</b>			
Cash received from sales of goods or rendering of services		39,724,381,248.94	36,553,676,042.89
Net increase of Clients' Deposits and Interbank Deposits			
Net increase of Borrowings from the Central Bank			
Net increase of Borrowing funds from other financial institution			
Cash received from original Insurance Contract			
Cash received from Reinsurance Contract			
Net increase of Insurers' Deposits and Investment Funds			
Net increase of disposal of Trading Financial Assets			
Cash received from Interest and Commission			
Net increase of Borrowing Funds			
Net increase of Repurchase Business			
Tax Refund		351,528,130.08	395,886,613.23
Cash received from other operating related activities	VI. 61	690,743,709.60	482,229,740.61
<b>SUB-TOTAL OF CASH INFLOWS</b>		<b>40,766,653,088.62</b>	<b>37,431,792,396.73</b>
Cash paid for goods and services		29,425,461,901.93	26,412,277,026.43
Net increase of Issued Loans and Advances			
Net increase of funds in the Central Bank and Interbank			
Cash paid for compensation of Original Insurance Contract			
Cash paid for Interest and Commission			
Cash paid for Policy Bonus			
Cash paid to/for employees		4,089,107,611.55	3,773,441,739.67
Tax payments		2,521,539,328.83	2,904,028,265.00
Cash paid for other operating related activities	VI. 61	1,897,913,923.22	1,338,428,699.97
<b>SUB-TOTAL OF CASH OUTFLOWS</b>		<b>37,934,022,765.53</b>	<b>34,428,175,731.07</b>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>		<b>2,832,630,323.09</b>	<b>3,003,616,665.66</b>
<b>2-CASH FLOWS FROM INVESTING ACATIVITIES :</b>			
Cash received from disposal of investments		435,894,771.84	44,263.24
Cash received from returns on investments		101,033,857.02	67,197,821.59
Net cash received from disposal of fixed assets,intangible assets and other long-term assets		1,561,095.97	6,415,415.41
Net cash received from disposal of subsidiaries or other operating units			
Cash received from other investing related activities			
<b>SUB-TOTAL OF CASH INFLOWS</b>		<b>538,489,724.83</b>	<b>73,657,500.24</b>
Cash paid to acquire fixed assets,intangible assets and other long-term assets		667,494,302.62	774,395,805.13
Cash paid to acquire investments		67,000,000.00	33,000,000.00
Net increase of pledge loan			
Net Cash paid for acquiring subsidiaries or other operating units			
Cash paid for other investing related activities			
<b>SUB-TOTAL OF CASH OUTFLOWS</b>		<b>734,494,302.62</b>	<b>807,395,805.13</b>
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b>-196,004,577.79</b>	<b>-733,738,304.89</b>
<b>3-CASH FLOWS FROM FINANCING ACTIVITIES :</b>			
Cash received from absorbing investment			
Therein: The Investment absorbed by Subsidiaries from Minority Shareholders			
Cash received from borrowings		7,064,820,000.00	3,778,983,395.27
Cash received from issuing bonds			
Cash received from other financing related activities	VI. 61		
<b>SUB-TOTAL OF CASH INFLOWS</b>		<b>7,064,820,000.00</b>	<b>3,778,983,395.27</b>
Repayments of borrowings		3,462,160,118.09	2,415,090,758.19
Cash payments for distribution of dividends, profits or interest expenses		511,791,943.80	367,236,310.34
Therein: Devidents paid to Minority Shareholders by Subsidiaries		17,042,609.15	18,035,502.97
Cash payments for other financing related activities		6,930,000.00	
<b>SUB-TOTAL OF CASH OUTFLOWS</b>		<b>3,980,882,061.89</b>	<b>2,782,327,068.53</b>
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b>3,083,937,938.11</b>	<b>996,656,326.74</b>
<b>4-EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>		<b>-26,493,315.28</b>	<b>-87,161,385.98</b>
<b>5-NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>5,694,070,368.13</b>	<b>3,179,373,301.53</b>
Add: Cash and cash equivalents balance at the beginning of the period		12,108,370,760.93	8,928,997,459.40
<b>6- CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>		<b>17,802,441,129.06</b>	<b>12,108,370,760.93</b>

Legal Representative :

Accounting Director :

Accounting Manager :

**Cash Flow Statement of Parent Company**

**Jan.-Dec., 2014**

**Preparing Unit: Dongfang Electric Corporation Limited**

**Unit: RMB Yuan**

Items	Notes	Jan.-Dec., 2014	Jan.-Dec., 2013
<b>1-CASH FLOWS FROM OPERATING ACTIVITIES :</b>			
Cash received from sales of goods or rendering of services		16,905,718,984.38	16,690,066,011.97
Net increase of Clients' Deposits and Interbank Deposits			
Net increase of Borrowings from the Central Bank			
<b>Net increase of Borrowing funds from other financial institution</b>			
Cash received from original Insurance Contract			
Cash received from Reinsurance Contract			
Net increase of Insurers' Deposits and Investment Funds			
Net increase of disposal of Trading Financial Assets			
<b>Cash received from Interest and Commission</b>			
<b>Net increase of Borrowing Funds</b>			
<b>Net increase of Repurchase Business</b>			
Tax Refund		343,235,061.43	325,434,774.66
Cash received from other operating related activities	XIV.43	122,718,896.97	163,134,674.17
<b>SUB-TOTAL OF CASH INFLOWS</b>		<b>17,371,672,942.78</b>	<b>17,178,635,460.80</b>
Cash paid for goods and services		16,131,657,874.23	15,098,817,323.06
Net increase of Issued Loans and Advances			
<b>Net increase of funds in the Central Bank and Interbank</b>			
Cash paid for compensation of Original Insurance Contract			
Cash paid for Interest and Commission			
Cash paid for Policy Bonus			
Cash paid to/for employees		216,702,730.55	193,654,687.43
Tax payments		217,327,169.96	149,859,079.11
Cash paid for other operating related activities	XIV.43	259,590,784.89	175,137,837.94
<b>SUB-TOTAL OF CASH OUTFLOWS</b>		<b>16,825,278,559.63</b>	<b>15,617,468,927.54</b>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>		<b>546,394,383.15</b>	<b>1,561,166,533.26</b>
<b>2-CASH FLOWS FROM INVESTING ACATIVITIES :</b>			
Cash received from disposal of investments		906,881,108.94	500,000,000.00
Cash received from returns on investments		910,995,305.42	839,572,310.40
Net cash received from disposal of fixed assets,intangible assets and other long-term assets		2,378.00	654.00
Net cash received from disposal of subsidiaries or other operating units			
Cash received from other investing related activities			
<b>SUB-TOTAL OF CASH INFLOWS</b>		<b>1,817,878,792.36</b>	<b>1,339,572,964.40</b>
Cash paid to acquire fixed assets,intangible assets and other long-term assets		2,390,419.79	8,307,592.08
Cash paid to acquire investments		2,846,387,600.00	593,284,000.00
Net increase of pledge loan			
Net Cash paid for acquiring subsidiaries or other operating units			
Cash paid for other investing related activities			
<b>SUB-TOTAL OF CASH OUTFLOWS</b>		<b>2,848,778,019.79</b>	<b>601,591,592.08</b>
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b>-1,030,899,227.43</b>	<b>737,981,372.32</b>
<b>3-CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Cash received from absorbing investment			
Therein: The Investment absorbed by Subsidiaries from Minority Shareholders			
Cash received from borrowings		3,980,000,000.00	350,000,000.00
Cash received from issuing bonds			
Cash received from other financing related activities	XIV.43		
<b>SUB-TOTAL OF CASH INFLOWS</b>		<b>3,980,000,000.00</b>	<b>350,000,000.00</b>
Repayments of borrowings		350,000,000.00	684,734,318.76
Cash payments for distribution of dividends, profits or interest expenses		370,188,550.01	235,669,044.46
Therein: Dividents paid to Minority Shareholders by Subsidiaries			
Cash payments for other financing related activities		6,930,000.00	
<b>SUB-TOTAL OF CASH OUTFLOWS</b>		<b>727,118,550.01</b>	<b>920,403,363.22</b>
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b>3,252,881,449.99</b>	<b>-570,403,363.22</b>
<b>4-EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>		<b>-23,127,609.89</b>	<b>-73,202,284.16</b>
<b>5-NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>2,745,248,995.82</b>	<b>1,655,542,258.20</b>
Add: Cash and cash equivalents balance at the beginning of the period		3,859,089,929.82	2,203,547,671.62
<b>6- CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>		<b>6,604,338,925.64</b>	<b>3,859,089,929.82</b>

Legal Representative :

Accounting Director :

Accounting Manager :

**Consolidated Statement of Changes in Equity**  
**Jan.-Dec., 2014**

Preparating Unit: Dongfang Electric Corporation Limited

Unit: RMB Yuan

Items	The amount of this period									
	Shareholder's Equity Attributed to the Parent Company							Non-controlling Interests	Total Shareholder's Equity	
	Stock Capital	Capital Reserves	Less: Treasury Stock	Other Comprehensive Income	Special Reserves	Surplus Reserves	Provision for General Risk			Undistributed Profit
1-The ending balance for last year	2,003,860,000.00	5,092,026,632.65		-158,584,963.14	15,684,408.62	578,473,906.12		10,162,309,001.98	899,621,634.50	18,593,390,620.73
Add:Amounts from Accounting Policy Changes										
Corrections on last period's accounting errors										
Others										
2-The beginning balance of this year	2,003,860,000.00	5,092,026,632.65		-158,584,963.14	15,684,408.62	578,473,906.12		10,162,309,001.98	899,621,634.50	18,593,390,620.73
3-Increase and decrease for this period (decrease represents as '-')		803,481,159.67		122,704,970.98				821,934,827.04	25,551,470.09	1,875,875,010.59
(1) Net profit										
(2) Other Comprehensive Income				122,704,970.98				1,278,258,405.62	42,358,315.16	1,443,321,691.76
Subtotal of (1) and (2)										
(3) Shareholders' Investment and Capital Reduction		802,786,816.62								802,786,816.62
I.Capital investment										
II.Share-based Payment recorded in shareholder's equity										
III.Others		802,786,816.62								802,786,816.62
(4) Profit Distribution						95,628,778.58		-456,323,578.58	-17,185,036.38	-377,879,836.38
I.Provision for Surplus Reserves						95,628,778.58		-95,628,778.58		
II.Provision for General Risk										
III.Distribution to Shareholders								-360,694,800.00	-17,185,036.38	-377,879,836.38
IV.Others										
(5) Internal transfer of Shareholders' Equity										
I.Capital Reserves transfer to Capital (or Share Capital)										
II.Surplus Reserve transfer to Capital (or Share Capital)										
III.Surplus Reserve offset losses										
IV.Others										
(6) Special Reserves					6,573,804.23				375,858.26	6,949,662.49
I.Accrued in this period					63,735,037.92				1,231,131.35	64,966,169.27
II.Used in this period					-57,161,233.69				-855,273.09	-58,016,506.78
(7) Others		694,343.05							2,333.05	696,676.10
4-The ending balance for this period	2,003,860,000.00	5,895,507,792.32		-35,879,992.16	22,258,212.85	674,102,684.70		10,984,243,829.02	925,173,104.59	20,469,265,631.32

Legal Representative :

Accounting Director :

Accounting Manager :

**Consolidated Statement of Changes in Equity(Continued)**

**Jan.-Dec., 2014**

Preparing Unit: Dongfang Electric Corporation Limited

Unit: RMB Yuan

Items	The amount of last period									
	Shareholder's Equity Attributed to the Parent Company								Non-controlling Interests	Total Shareholder's Equity
	Stock Capital	Capital Reserves	Less: Treasury Stock	Other Comprehensive Income	Special Reserves	Surplus Reserves	Provision for General Risk	Undistributed Profit		
1-The ending balance for last year	2,003,860,000.00	5,074,096,576.25			8,196,251.24	453,492,120.76		8,158,283,796.26	869,409,736.81	16,567,338,481.32
Add:Amounts from Accounting Policy Changes		17,930,056.40		-37,753,383.29						-19,823,326.89
Corrections on last period's accounting errors										
Others										
2-The beginning balance of this year	2,003,860,000.00	5,092,026,632.65		-37,753,383.29	8,196,251.24	453,492,120.76		8,158,283,796.26	869,409,736.81	16,547,515,154.43
3-Increase and decrease for this period (decrease represents as '-')				-120,831,579.85	7,488,157.38	124,981,785.36		2,004,025,205.72	30,211,897.69	2,045,875,466.30
(1) Net profit										
(2) Other Comprehensive Income				-120,831,579.85				2,349,431,591.08	49,971,090.05	2,278,571,101.28
Subtotal of (1) and (2)										
(3) Shareholders' Investment and Capital Reduction										
I.Capital investment										
II.Share-based Payment recorded in shareholder's equity										
III.Others										
(4) Profit Distribution						124,981,785.36		-345,406,385.36	-19,495,011.01	-239,919,611.01
I.Provision for Surplus Reserves						124,981,785.36		-124,981,785.36		
II.Provision for General Risk										
III.Distribution to Shareholders								-220,424,600.00	-19,495,011.01	-239,919,611.01
IV.Others										
(5) Internal transfer of Shareholders' Equity										
I.Capital Reserves transfer to Capital (or Share Capital)										
II.Surplus Reserve transfer to Capital (or Share Capital)										
III.Surplus Reserve offset losses										
IV.Others										
(6) Special Reserves					7,488,157.38				-264,181.35	7,223,976.03
I.Accrued in this period					49,167,834.38				3,867,322.23	53,035,156.61
II.Used in this period					-41,679,677.00				-4,131,503.58	-45,811,180.58
(7) Others										
4-The ending balance for this period	2,003,860,000.00	5,092,026,632.65		-158,584,963.14	15,684,408.62	578,473,906.12		10,162,309,001.98	899,621,634.50	18,593,390,620.73

Legal Representative :

Accounting Director :

Accounting Manager :

**Statement of Changes in Equity of Parent Company**

Jan.-Dec., 2014

Preparing Unit: Dongfang Electric Corporation Limited

Unit: RMB Yuan

Items	The amount of this period								
	Stock Capital	Capital Reserves	Less: Treasury Stock	Other Comprehensive Income	Special Reserves	Surplus Reserves	Provision for General Risk	Undistributed Profit	Total Shareholder's Equity
1-The ending balance for last year	2,003,860,000.00	5,155,881,904.30		-122,732,584.60		866,837,022.55		5,259,699,411.89	13,163,545,754.14
Add:Amounts from Accounting Policy Changes									
Corrections on last period's accounting errors									
Others									
2-The beginning balance of this year	2,003,860,000.00	5,155,881,904.30		-122,732,584.60		866,837,022.55		5,259,699,411.89	13,163,545,754.14
3-Increase and decrease for this period (decrease represents as '-')		802,786,816.62		122,732,584.60		95,628,778.58		499,964,207.24	1,521,112,387.04
(1) Net profit									
(2) Other Comprehensive Income				122,732,584.60				956,287,785.82	1,079,020,370.42
Subtotal of (1) and (2)									
(3) Shareholders' Investment and Capital Reduction		802,786,816.62							802,786,816.62
I.Capital investment									
II.Share-based Payment recorded in shareholder's equity									
III.Others		802,786,816.62							802,786,816.62
(4) Profit Distribution						95,628,778.58		-456,323,578.58	-360,694,800.00
I.Provision for Surplus Reserves						95,628,778.58		-95,628,778.58	
II.Provision for General Risk									
III.Distribution to Shareholders								-360,694,800.00	-360,694,800.00
IV.Others									
(5) Internal transfer of Shareholders' Equity									
I.Capital Reserves transfer to Capital (or Share Capital)									
II.Surplus Reserve transfer to Capital (or Share Capital)									
III.Surplus Reserve offset losses									
IV.Others									
(6) Special Reserves									
I.Accrued in this period									
II.Used in this period									
(7) Others									
4-The ending balance for this period	2,003,860,000.00	5,958,668,720.92				962,465,801.13		5,759,663,619.13	14,684,658,141.18

Legal Representative :

Accounting Director :

Accounting Manager :

**Statement of Changes in Equity of Parent Company(Continued)**

Jan.-Dec., 2014

Preparing Unit: Dongfang Electric Corporation Limited

Unit: RMB Yuan

Items	The amount of last period								
	Stock Capital	Capital Reserves	Less: Treasury Stock	Other Comprehensive Income	Special Reserves	Surplus Reserves	Provision for General Risk	Undistributed Profit	Total Shareholder's Equity
1-The ending balance for last year	2,003,860,000.00	5,137,951,847.90				741,855,237.19		4,355,287,943.68	12,238,955,028.77
Add:Amounts from Accounting Policy Changes		17,930,056.40		-17,930,056.40					
Corrections on last period's accounting errors									
Others									
2-The beginning balance of this year	2,003,860,000.00	5,155,881,904.30		-17,930,056.40		741,855,237.19		4,355,287,943.68	12,238,955,028.77
3-Increase and decrease for this period (decrease represents as '-')				-104,802,528.20		124,981,785.36		904,411,468.21	924,590,725.37
(1) Net profit									
(2) Other Comprehensive Income				-104,802,528.20				1,249,817,853.57	1,145,015,325.37
Subtotal of (1) and (2)									
(3) Shareholders' Investment and Capital Reduction									
I.Capital investment									
II.Share-based Payment recorded in shareholder's equity									
III.Others									
(4) Profit Distribution						124,981,785.36		-345,406,385.36	-220,424,600.00
I.Provision for Surplus Reserves						124,981,785.36		-124,981,785.36	
II.Provision for General Risk									
III.Distribution to Shareholders								-220,424,600.00	-220,424,600.00
IV.Others									
(5) Internal transfer of Shareholders' Equity									
I.Capital Reserves transfer to Capital (or Share Capital)									
II.Surplus Reserve transfer to Capital (or Share Capital)									
III.Surplus Reserve offset losses									
IV.Others									
(6) Special Reserves									
I.Accrued in this period									
II.Used in this period									
(7) Others									
4-The ending balance for this period	2,003,860,000.00	5,155,881,904.30		-122,732,584.60		866,837,022.55		5,259,699,411.89	13,163,545,754.14

Legal Representative:

Accounting Director:

Accounting Manager:

## **1. Status of the Company**

Dongfang Electric Corporation Limited (“The precursor is Dongfang Electric Machinery Co., Ltd, hereinafter referred to as the Company, but called as group including subsidiaries”) was founded on 28 December 1993 in Deyang, Sichuan, the People’s Republic of China (the “PRC”), ratified by the National Development and Reform Commission, according to the related documents. As the exclusive promoter of the Company, Dongfang Electric Machinery Co., Ltd became the shareholder through converting its operation assets into shares of the Company.

On 31st May 1994, with the approval of the National Development and Reform Commission (NDRC) (Tigaisheng [1994] No.42) on 12th April 1994, the company issued 170,000,000 overseas listed foreign shares(the H shares) and they have been listed on The Stock Exchange of Hong Kong Limited (SEHK) since 6 June 1994, while on 4 July 1995, the Company issued 60,000,000 domestic listed Renminbi ordinary shares (the ‘A Shares’) in the PRC and have been listed on Shanghai Stock Exchange(SSE) since 10 October 1995 . As a result of the rights issues mentioned above, the issued shares of the Company has increased to 450,000,000.

On 30 December 2005, with the approval of “Approval of certain issues on the transfer of state-owned shares of Dongfang Electrical Machinery Company Limited” (Guozichanquan [2005] No. 1604) by SASAC, the Dongfang Electric Machinery Co., Ltd (hereinafter referred to as DFEM) had transferred its 220,000,000 non-circulating State-owned domestic shares, representing 48.89% of its original share capital, to Dongfang Electric Corporation (“DEC”), a stated-owned enterprise established in the PRC which is directly supervised by SASAC. DEC is also the parent of DFEM.

In November 2007, the Company obtained 273,165,244 domestic listed Renminbi ordinary shares of Dongfang Boiler Group Co., Ltd representing 68.05% of its ordinary share capital and 100% capital shares of Dongfang Angturbine Co.,Ltd by issuing to China Dongfang Electric Corporation 367, 000, 000 domestic listed private placement of the A Shares based on “Approval of the Dongfang Electrical Machinery Company Limited issuing directly to China Dongfang Electric Corporation to purchase the assets ” ( [2007] No.172) by China Securities Regulatory Commission issued. On 26 October 2007, the Company was renamed Dongfang Electric Corporation in accordance with the Resolution of the 2007 Second Extraordinary General Meeting.

In November 2008, the Company issued 65,000,000 domestic listed Renminbi ordinary shares in the PRC in accordance with the approval of “Approval of certain issues in the additional shares of Dongfang Electric Corporation” ([2008] No.1100) by

## **Dongfang Electric Corporation Limited**

Notes to the financial statement

For the year of 2014

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the China Securities Regulatory Commission on 5 September 2008. The share capital had changed to 882, 000, 000 yuan since then.

On 6 November 2009, with the approval of “Approval of certain issues in private placement of the Shares of Dongfang Electric Corporation” ([2009] No. 1151), the Company issued 119,930,000 domestic listed private placement of the A Shares to eight specified companies including China Dongfang Electric Corporation in November 2009. After that, the shares of the Company increased to 1,001,930,000.

According to the resolutions of annual general meeting of the shareholders on 18 June 2010, the 1st domestic shareholders class meeting in 2010 and foreign shareholders class meeting, the Company decided to increase 10 shares per 10 shares to all shareholders.

By the end of 2013, the capital shares of the corporation is 2,003,860,000: domestic shares without selling restrictions domestically-listed are 1,663,860,000, representing 83.03% of the share capital; shares without selling restrictions held by foreign investors listed overseas(H shares) is 340,000,000, 16.97% of the share capital. The Corporate Business Licence Serial Number approved by Chengdu Administration for Industry & Commerce is 510109000059366. The registered address is No.18 Xixin Avenue Western, high-tech district, Chengdu City, Sichuan Province. The head quarter is No.333 Shuhan Avenue, Jinniu district, Chengdu City, Sichuan Province.

The parent and ultimate controller of the Company is Dongfang Electric Corporation. DEC is a state-owned company registered in China. The shareholders' general meeting is authority of the Company, deciding management policies, funding, investing and distribution of the profit in accordance with the law. The Board of Directors is responsible for the shareholders' general meeting, enjoying the decision-making power in production and operation according to law. The Management executes resolutions of the Board and the shareholders' general meeting, organizes production and management. The Company establishes nine functional departments including the Office of Board, the Office of the President, the Human Resources Department, the Department of the Economic Operation, the Legal Affairs Department, the Department of Science and Technology Quality, Marketing, Accounting and Auditing. Moreover, there are four business units, Combustion Engine Division, Nuclear Power Division, Wind Power Division and Power Services Division. The Company is composed of six subsidiaries: Dongfang Angturbine Co., Ltd, Dongfang Boiler Group Co., Ltd, Dongfang Electric Machinery Co., Ltd, Dongfang Electric (Guangzhou) heavy-duty machine Co., Ltd, and Dong Fang Electric (India) Private Limited, Dongfang Electric (Wuhan) Nuclear Equipment Co., Ltd.

The Group is specialized in the power equipment manufacturing industry. Its business covers general equipment manufacturing industry, electronic and mechanical equipment manufacturing industry, equipment for nuclear power, wind power equipment, renewable energy power generation equipment; R&D, manufacturing and sales of industrial control and automation, environmental protection and energy-saving equipment, petrochemical vessel, as well as apparatus, ordinary machinery; manufacturing and sales of industrial gases; design of the power station; development, sales and services of electric power equipment; contracting or sub-contracting of the power equipment manufacturing, mechanical and electrical equipment and complete set of engineering overseas. In addition, the Company provides the export of equipments, materials and labors, import and export, the professional service with high effectiveness and high quality, technological exchange and popularization. The key productions involve power generating equipments of hydro, thermal, nuclear, wind, and gas turbine generating unit.

## **2. The Scope of Consolidated Financial Statements**

The scope of consolidated financial statements contains 17 companies, which are Dongfang Turbine Co., Ltd, Dongfang Boiler Group Co., Ltd, Dongfang Electric Co., Ltd, Dongfang (Guangzhou) Heavy Machinery Co., Ltd, Dongfang Electric (India) Private Limited, Dongfang Electric (Wuhan) Nuclear Equipment Co., Ltd and so on. The scope consists with previous year. For more detailed information about the scope please see notes “7. Interests in other entities”.

## **3. Basis of Preparation of Financial Statements**

### **3.1 Basis of preparation**

The Group’s financial statements have been prepared on a going concern basis, in accordance with “Accounting Standards for Business Enterprises” (including the Accounting Standards for Business Enterprises and amendments in 2014 promulgated by Ministry of Finance of the PRC, with Reference to 37. II) from Ministry of Finance of the People’s Republic of China. In addition, the financial statements comply with Rules No.15 for Information Disclosure by Companies Offering Securities to the Public--the Provisions on Financial Statements by the China Securities Regulatory Commission, the Rules governing the listing of securities on Hongkong Stock Exchange and the disclosure requirements of the Hong Kong Companies Ordinance.

### **3.2 Continuous operation**

It is equitable to prepare the financial statement on a going concern basis based on the historic operation profit and financial resources support.

#### **4. Significant Accounting Policies and Accounting Estimates**

The Group's accounting policies and accounting estimates are established according to the actual operational characteristics, which includes trade circle, measurement of provision of bad debts for accounts receivable, measurement of inventory, classification and depreciation methodology of fixed assets, amortization of intangible asset, condition of capitalized research and development cost, recognition and measurement of income (includes construction contract) etc.

##### **4.1 Statement of compliance of Accounting Standards for Business Enterprises**

The annual financial statements of 2014 have been prepared in accordance with the requirements of Accounting Standards for Business Enterprises. These financial statements present truly and completely the financial position and the results of operations and the cash flows dated on 31 December 2014 of the Company.

##### **4.2 Accounting period**

The accounting period of the Group is from 1 January to 31 December of each calendar year.

##### **4.3 Trade circle**

The trade circle of the Group is 12 months.

##### **4.4 Recording currency**

The company and its domestic subsidiaries should take Renminbi ("RMB") as their recording currency, while foreign transactions should be recorded with local currency.

The preparation of the financial statement considers RMB as the recording currency.

##### **4.5 Accounting treatment of business combination involving entities under common control and not under common control**

For a business combination involving enterprises under common control, the initial investment cost of the long-term equity investment cost of the long-term equity investment shall be the absorbing party's share of the carrying amount of the owners' equity of the party being absorbed in the consolidated financial statements of the ultimate controlling party at combination date. The difference between the initial investment cost and the carrying amount of cash paid, non-cash assets transferred

and liabilities assumed shall be adjusted to capital reserve. If the balance of capital reserve is not sufficient, any excess shall be adjusted to retained earnings.

Under a business combination involving entities not under common control, the cost of combination is the aggregate of the fair values, at the acquisition date, of the assets given, liabilities incurred or assumed, and equity securities issued by the acquirer in exchange for control of the acquiree. Where the cost of combination exceeds the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference is recognised as goodwill. Where the cost of combination is lower than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference is recognised in profit or loss for the period after re-assessment.

#### 4.6 Method for preparation of consolidated financial statements

The scope of consolidated financial statements is based on control. The consolidated financial statements comprise the company and its subsidiaries. Where the accounting policies and accounting period adopted by the investee are not consistent with those used by the Company, the Company shall, using its own accounting policies and accounting period adjust the relevant items of the financial statements of the investee.

All significant current balance, transactions and unrealized gain & loss within the scope of consolidation will be offset when preparing consolidated financial statements. The part of shareholders' interest in subsidiaries and current gain & loss that do not belong to parent company, should be treated respectively as minority interest under section of owners' equity and net profit in consolidated statements. When current loss bear by minority shareholders exceed their share in beginning balance of owners' equity of subsidiaries, the difference will be recorded as reduction of minority interest.

For subsidiaries of same control, one should make necessary adjustments on beginning balance of consolidated statements and preliminary comparative financial statements from the day when subsidiaries controlled by the same company.

When dealing with subsidiaries under business merger of different control, individual statement needs to be adjusted according to fair value of identifiable net assets gained on acquisition date.

#### 4.7 Cash and cash equivalents

Cash and cash equivalents in the Group's cash flows statement represents cash on hand, deposits that can be readily draw on demand within 3 months, highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of change in value.

4.8 Foreign currency transactions and translation of financial statements denominated in foreign currency

4.8.1 Foreign currency transactions

Foreign currency transactions are translated into RMB at the spot exchange rate (or actual situation) of the transaction dates.

On balance sheet date, foreign currency monetary items are translated into RMB at the spot exchange rate of balance sheet date. Exchange differences arising from these translations are recognised in profit or loss for the current period, except for those attributable to foreign currency borrowings that have been taken out specifically for the acquisition or construction of qualifying assets, which are capitalised as part of the cost of those assets. Non-monetary items in foreign currency measured at historical cost shall continue to be translated into the reporting currency at the spot exchange rate at the date of transactions. Non-monetary items in foreign currencies carried at fair value are translated at the spot exchange rates of the date when the fair value was determined, the exchange differences recognised as current profits and losses or other comprehensive income on the changes in fair value.

4.8.2 Translation of financial statements denominated in foreign currency

Asset and liability items in the balance sheet of foreign operations are translated at the spot exchange rates at the balance sheet date; equity items other than undistributed profits and other comprehensive income are translated at the spot exchange rates at the date of the transactions. Income and expense items in the income statements are translated at the spot exchange rate (or actual situation) at the date of the transactions. All resulting translation differences are recognised as other comprehensive income. The cash flows in foreign currencies are translated at the spot exchange rate (or actual situation) at the date when the cash flows incurred. The impact of the foreign currency translation on the cash is presented in the cash flow statement separately.

4.9 Financial assets and financial liabilities

Financials asset or financial liabilities shall be recognized while the Group becomes a party to the financial instruments contracts.

4.9.1 Financial assets

4.9.1.1 Classification, recognition and measurement of financial assets

Financial assets shall be classified into the following categories according to purpose of investment and economic substance: measured at fair values and the variation of which is recorded into the profits and losses of the current period,

investments which will be held to maturity, account receivables, and financial assets available for sale.

The financial assets which are measured at their fair values and the variation of which is recorded into the profits and losses of the current period, including transactional financial assets and the financial assets which are measured at their fair values and of which the variation is included in the current profits and losses. Stock investment and forward foreign exchange derivatives are designated to this kind of financial assets by the Group. The company shall make subsequent measurement on this kind of financial assets according to their fair values. The profits and losses on the changes in fair value; gain on interests and cash dividends during the holding period shall be recognized as equity earnings; at the moment of disposal, the differences between fair value and book value shall be recognized as profits and losses on investments, simultaneously, adjust the profits and losses arising from fair value changes.

The investments which will be held to their maturity refers to a non-derivative financial assets with a fixed date of maturity, a fixed or determinable amount of repo price and which the enterprise holds for a definite purpose or the enterprise is able to hold until its maturity. The investments held until their maturity shall be subsequently measured on the basis of the post-amortization costs by adopting the actual interest rate method, the profits and losses on amortisation, impairment and derecognition shall be recorded into the profits and losses of the current period.

The account receivables refer to the non-derivative financial assets for which there is no quoted price in the active market and of which the repo amount is fixed or determinable. Accounts receivable shall be subsequently measured on the basis of the post-amortization costs by adopting the actual interest rate method, the profits and losses on amortisation, impairment and derecognition shall be recorded into the profits and losses of the current period.

Financial assets available for sale refers to the non-derivative financial assets which are designated as sellable at their initial recognition, also include the financial assets which are not classified as other financial assets.

Investments in entities over which the Group does not have control, joint control or significant influence but have quoted prices in active market and their fair value can be measured reliably are accounted for under available-for-sale financial assets.

Available-for-sale financial assets refer to the non-derivative financial assets which are designated as available-for-sale when they are initially recognized as well as financial assets other than those falling into other types of financial assets. Among

those assets, derivative financial liabilities which are linked to equity instrument investment for which there is no quotation in the active market, the fair value of which cannot be measured reliably and which is required to be settled by delivery of such equity instrument should be subsequently measured based on the costs; others for which there is quotation in the active market or though there is no quotation in the active market but the fair value of which can be measured reliably measured should be measured at the fair value and variation of fair value should be included in other comprehensive income. Financial assets of this type should be subsequently measured based on the fair value. Except for the impairment loss and exchange gain or loss occurred due to financial assets of foreign currency, variation in fair value of available-for-sale financial assets should be included directly in the shareholder's equity. When recognition of such financial assets terminates, the accumulated amount of variation in fair value which has been formerly included directly in the equity should be transferred to the current profits and losses. Interests of available-for-sale debt instrument investment during the holding period calculated as per the effective interest method, and cash dividends, related to available-for-sale equity instrument investments, which are distributed as announced by the investee, are recorded as investment income into the profits and losses of the current period.

#### 4.9.1.2 Recognition and measurement of transfer of financial assets

The Group stops recognizing the financial asset under any of the following circumstances: ① the contractual rights for collecting the cash flow of the said financial asset are terminated; ② the financial assets has been transferred, and the Group has transferred nearly all of the risks and rewards related to the ownership of the financial asset to the transferee; ③ the financial assets has been transferred, and the Group gives up its control over the financial asset despite that it does not transfer or retain nearly all of the risks or rewards related to the ownership of the financial asset.

If the Group does not transfer or retain nearly all of the risks and rewards related to the ownership of the financial asset, and does not waive its control over the financial asset, it recognize the related financial asset according to the extent of its continuous involvement in the transferred financial asset, and recognize the relevant liability accordingly.

If the transfer of an entire financial asset satisfies the conditions for stopping recognition, the difference between the amounts of the following 2 items is recorded into the profits and losses of the current period: (1) the book value of the transferred financial asset;(2) the sum of consideration received from the transfer and the accumulative

amount of the changes of the fair value originally recorded into other comprehensive income.

If the transfer of partial financial asset satisfies the conditions for stopping recognition, the entire book value of the transferred financial asset, between the portion of which recognition has been stopped and the portion of which recognition has not been stopped, is apportioned according to their respective relative fair value, and the difference between the amounts of the following 2 items shall be included into the profits and losses of the current period: (1) the sum of consideration received from the transfer and the accumulative amount of the changes in the fair value originally recorded into other comprehensive income, which shall be apportioned to the portion of which recognition has been stopped; (2) the apportioned book value of the portion of which recognition has been stopped.

#### 4.9.1.3 Impairment of financial assets

The Group assesses the carrying amount of financial assets, other than those at fair value through profit and loss, at the balance sheet date. Impairment of financial assets is provided for when there is objective evidence that a financial asset is impaired.

When an impairment of financial assets carried at amortised cost has occurred, the amount of loss is provided for at the difference between the asset's carrying amount and the present value of its estimated future cash flows (excluding future credit loss that have not been incurred). If there is objective evidence indicating that the value of the financial asset is recovered and recovery is related objectively to events occurring after the impairment was recognised, the previously recognised impairment loss is reversed and the amount of reversal is recognised in profit and loss for the period.

When there is a significant or prolonged decline in the fair value of available-for-sale financial assets, the accumulated losses in fair value that was previously directly recorded in shareholder's equity are transferred out and recognised as impairment losses. For the available-for-sale investment on debt instruments which impairment losses have been recognised, if in subsequent period, its fair value increases and the increase is objectively related to an event occurring after the impairment loss was recognised in profit or loss, the previous recognised impairment loss is reversed into profit or loss for the period. For an investment in an equity instrument classified as available-for-sale equity on which impairment loss has been recognised, the increase in its fair value in a subsequent period is directly charged into shareholders' equity.

#### 4.9.2 Financial liabilities

##### 4.9.2.1 Classification, recognition and measurement of financial liabilities

Financial liabilities of the Group are classified into the following two categories when they are initially recognized: (1) the financial liabilities which are measured at their fair values and of which the variation is included in the current profits and losses; (2) other financial liabilities.

Financial liabilities measured at fair value and variation of which is included in the current profits and losses include trading financial liabilities and financial liabilities which are designated to be measured at their fair values and of which the variation is included in the current profits and losses when they are initially recognized. Subsequent measurement should be carried out based on the fair values and gains or losses incurred due to variation of fair value as well as dividends and interest expenses related to such financial liabilities should be included in the current profits and losses.

Other financial liabilities are measured at their amortized cost in the subsequent accounting periods by employing the effective interest method.

##### 4.9.2.2 Conditions for stopping recognition of financial liabilities

When the prevailing obligations of a financial liability are relieved in all or in part, the recognition of the financial liability is terminated in all or partly. The Company and the Creditor sign an agreement in which the existing financial liabilities are replaced by means of undertaking new financial liabilities; in the event that the contractual terms of the new financial liabilities and those for existing financial liabilities are inconsistent, the existing financial liabilities shall be derecognized and the new financial liabilities shall be recognized. Where the Company amends the contractual terms of the existing financial liabilities in all or in part, the existing financial liabilities shall be derecognized in full or in part and the financial liabilities established after amendment of contractual terms shall be confirmed as new financial liabilities. The difference between the book value of the financial liability terminated from recognition and the considerations paid is recorded into the profits and losses of the current period.

##### 4.9.2.3 Determination Method for Fair Value of Financial Assets and Financial Liabilities

For the Group's stock investment, derivative instruments due to settlement of long-term exchange and share-based payment, the fair values of these financial assets and financial liabilities shall be measured at the prices in the principal markets; for those without principal markets, the fair value shall be measured at the prices in the most advantageous markets. Besides, valuation techniques currently applicable with

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For the year of 2014

sufficient data and supported by other information shall be adopted. The input value used for fair value measurement is classified into three levels. Level-I input value refers to the unadjusted quotation of the same assets or liabilities in the active market that can be acquired on the measurement date; level-II input value refers to the directly or indirectly observable input value of relevant assets or liabilities excluded in the level-I input value; level-III input value refers to the unobservable input value of the relevant assets or liabilities. The Group adopts level-I input value preferentially and level-III input value is the last choice.

**4.10 Provision for bad debts on receivables**

Account receivables involve account receivables and other receivables. The account receivables from selling goods and providing services are initially measured at fair value according to relevant contract or agreement signed with goods purchasers or service receivers.

The following situations are the standards of recognize provision for bad debts on accounts receivable: rescind, bankrupt, insolvency and critical insufficient cash flow of debtor, predictable non repayable debt that caused by serious natural disaster led to suspended operation etc., debtors fails to perform the payment obligation; other unambiguous evidence shows that the debts cannot be collected or the possibility of collection of debts is small.

**4.10.1 Receivables that are individually significant and provided for bad debts on individual basis**

Recognition criteria of individually significant receivables	Receivables of more than RMB30,000,000 and other receivables of more than RMB 10,000,000 are regarded as individually significant receivable.
Recognition method of provision for bad debts for individually significant receivables on individual basis	Provision for bad debts is made as the excess of the carrying amount over the present value of the estimated future cash flows

**4.10.2 Receivables that are provided for bad debts on portfolio basis****Basis for determination of portfolio**

Aged group	The group of credit risk characteristics is determined by the aging of the receivables
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**Method of provision of bad debts on portfolio basis**

Aged group	Aging analysis
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**Proportion of provision for bad debts for receivables by aging analysis**

Aged	Proportion to accounts receivable	Proportion to other receivable
Within one year	5%	5%

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Aged	Proportion to accounts receivable	Proportion to other receivable
1-2 years	10%	10%
2-3 years	20%	20%
3-4 years	40%	40%
4-5 years	50%	50%
Over 5 years	100%	100%

4.10.3 Receivables that is individually insignificant but not providing for bad debts individually

Reason for provision for bad debts individually	Receivables with individually insignificant amount and provision for bad debts made on portfolio basis cannot reflect its credit risk characteristics
Method of provision	Provision for bad debts is made as the excess of its carrying amount over the present value of the estimated future cash flows

**4.11 Inventories**

Inventories of the Group include raw materials, packaging material, low-value consumables, work in progress and finished goods etc.

The Group maintains a perpetual inventory system. Inventories are recorded at cost of purchase. Cost is calculated using first-in-first-out/ weighted average method/ specific identification method when the inventories are issued or consumed. Low value consumables and packaging material are amortized by one-time write off or 50/50 basis.

At the balance sheet date, inventories are stated at the lower of costs or net realizable value. Where the inventories become damaged, partially or wholly obsolete or whose selling price is lower than its cost, provision for inventory impairment is made for amount of cost that are expected irrecoverable. For finished goods and bulk raw material, inventory impairment provision is provided at the difference of cost of single item of inventory exceeding its net realizable value. For inventories with tremendous number and relatively low unit price, provision is determined according to the type of inventory.

Net realizable value of finished goods, work in progress or held-for-sale raw materials are determined by their estimated selling price less estimated selling expenses and related taxes. Net realizable value for raw material held for production are determined by the estimated selling price of finished goods less the estimated cost to completion, selling expenses and taxes.

The Group maintains a perpetual inventory system.

#### 4.12 Long-term equity investments

Long-term equity investments include equity investments in entity over which the Group has control, joint control or significant influence.

Joint control is the contractual agreement sharing of control over an economic activity. Joint control exists only when any investor does not have power to control operating activities unilaterally and decisions relating to the basis operating activity of the entity require the unanimous consent of the parties sharing the control.

Significant influence exists when the investor has the power to participate in the in-vestee's financial and operating policy decision-making, but not able to control or jointly control, together with other parties, the formulation of these policies. Significant influence exists when the Group directly or indirectly owned 20% or more but less than 50% shares with voting rights in the in-vestee company. Significant influence cannot be established where there are objective evidences indicating that the Group is incapable of participating in the decision-making of operating policies in the investee company.

The investment cost for long-term equity investment acquired through business combination under common control is the carrying value of the share of equity at the combination date in the acquired company. The investment cost for long-term equity investment acquired through business combination not under common control is the fair value at the date of combination (acquisition) of the assets given up, liabilities incurred or committed and equity instruments issued.

Apart from the long-term equity investments acquired through business combination mentioned above, the cost of investment for the long-term equity investments acquired by cash payment is the amount of cash paid. For long-term equity investment acquired by issuing equity instruments, the cost of investment is the fair value of the equity instrument issued. For long-term equity investment injected to the Group by the investor, the investment cost is the consideration as specified in the relevant contract or agreement. For long-term equity investment acquired through transactions such as debts restructuring, exchange of non-monetary assets, the cost of investment is determined according to the relevant accounting standards.

Investments in subsidiaries are accounted for by the Group using cost method. Under the cost method, long-term equity investments are measured initially at its investment cost, and adjusted by the amount of additional investment and the amount recouped.

A long-term equity investment in associate or a joint venture shall be accounted for using the equity method. Under the equity method, investment gain or loss

represents the Group's share of the net profits or losses made by the investee for the current period. The Group will recognize its share of the investee's net profits or losses based on the fair values of the investee's individual separately identifiable assets at the date of acquisition, after making appropriate adjustments thereto in conformity with the accounting policies and accounting periods of the Group. The unrealized gain or loss from internal transactions entered into between the Group and its associated companies and joint ventures is offset according to the shareholding attributable to the Group and accounted for as investment income and loss based on such basis.

Where the Group obtains control over the investee company as results from such as making additional investment, the long-term equity investments will also be changed to be accounted for using cost method. Where the Group obtain joint control or significant influence over the investee company as results from such as making additional investment or where Group has no longer control but remain joint control or significant influence over the investee company as results from such as partially disposal of the investment, the investment will be changed to be accounted for using equity method.

On disposal of a long-term equity investment, the difference between the carrying value and the consideration actually received is recognized as investment income for the period. For long-term investments accounted for under equity method, the movements of shareholder's equity, other than the net profit or loss, of the investee company, previously recorded in the shareholder's equity of the Company are recycled to investment income for the period on disposal.

#### 4.13 Investment properties

The investment properties of the Group include land use rights leased out, land use rights held for after appreciation and leased buildings.

Investment property is initially recorded at cost. The cost for investment properties purchased from outsiders includes purchase prices, related taxes and directly attributable expenditure. The cost of self-constructed investment properties includes construction expenses incurred for bringing the assets to the conditions ready for use.

Investment properties of the Group are subsequently measured using cost model. Depreciation or amortization is provided for over their estimated useful lives and estimated residual percentage. The estimated useful life, residual percentage and annual depreciation (amortization) rate of investment properties are as follows:

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Classes	Estimated useful life (Year)	Estimated residual percentage	Annual depreciation rate (%)
Land use right	50		2%
Buildings			
Including: productive building	20	5%	4.75%
non-productive building	25	5%	3.80%

The Group reviews the estimated useful life and estimated net residual value of an investment property and the depreciation method at the end of each financial year and makes adjustment for any changes

Where the usage of an investment property is changed into owner-occupied, it shall be reclassified as fixed asset or intangible asset at the date of change. Where the usage of an owner-occupied is changed to earning rental income or capital appreciation, it will be transferred from fixed asset or intangible asset into investment property as from the date of change. On conversion, the carrying amount immediate before conversion is taken as the cost of the assets.

An investment property is de-recognized when it is disposed or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. The net amount of proceeds from disposal, transfer, retirement or damaged of the investment property after the carrying amount and related taxes is recognized in profit or loss for the current period.

#### 4.14 Fixed assets

Fixed assets of the Group are tangible assets that held for production of goods or rendering of services, leasing to others, or for administrative purposes; have useful life over one accounting year.

Fixed assets consist of buildings, plant and machinery, motor vehicles, office equipment and others.

The fixed assets are initially measured at cost. The cost of fixed assets purchased from outsiders includes purchase prices, related import taxes and necessary expenses incurred for bringing the assets to the working condition for its intended use. The cost of self-constructed fixed assets includes construction expenses incurred for bringing the assets to the working condition for its intended use. The cost of fixed assets injected by investors to the Group is measured at the considerations as specified in the investment contracts or agreements. In the case where the consideration of the contracts or agreements is not a fair value, the assets will be

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recorded at their fair value. The cost of fixed assets acquired under finance lease arrangement is measured at the lower of their fair value and the present value of the minimum lease payment at the inception of the leases.

Subsequent expenditure relating to fixed assets, such as repairing expenditures, renovation and improvements are recognized as the cost of fixed assets when they meet the recognition criteria. The carrying amount of the replaced parts is de-recognized. All other subsequent expenditures not meeting the recognition criteria are charged in the profit or loss for the current period.

Except for those fixed assets that are fully depreciated but still in use and lands that are separately recorded, depreciation is provided for fixed assets over their estimated useful life using the average life method (or other method). Depreciation charge is included in the cost of fixed assets or expenses for the period according to the usage of the assets. The useful life, estimated residual value and annual depreciation rate of each classification of the Group's fixed assets are as follows:

Items	Estimated useful lives (Year)	Expected net salvage value	Annual depreciation
Building			
Including: productive building	20	5%	4.75% or double decline balance method
non-productive building	25	5%	3.80%
Equipments	10	5%	9.50% or double decline balance method
Vehicles	6	5%	15.83%
Instruments	6	5%	15.83% or double decline balance method
Computers	5	5%	19.00% or double decline balance method
Others	6	5%	15.83% or double decline balance method

The Group reviews the estimated useful life and estimated net residual value of a fixed asset and the depreciation method at the end of each financial year. Any changes are accounted for as a change in an accounting estimate.

A fixed asset is de-recognized when it is disposed or expected not bringing economic benefit from its use or disposal. The net amount of proceeds from disposal, transfer, retirement or damage of the asset after the carrying amount and related taxes is recognized in profit or loss for the current period.

If the recoverable amount of fixed asset is lower than its carrying amount, the difference between those two amounts is recognized as provision for impairment loss on fixed asset on an individual item basis and cannot be reversed

#### 4.15 Construction in progress

The cost of construction in progress is measured based on actual construction expenditures incurred. Cost of self-operating construction is measured at such cost as direct materials, direct wages, and direct construction expenditures. Cost of sub-contracting construction is measured at such cost as construction cost payable. Cost of equipment installation work is measured at such cost as cost of equipment being installed, installation cost, and test running cost. Cost of construction in progress also includes capitalized borrowing costs and exchange difference.

Construction in progress is transferred to the fixed assets when the assets are ready for their intended use at an estimated amount based on the project budget or actual cost of construction. Depreciation is provided for as from the next month of the transfer. The cost of the asset is adjusted when the construction finalization procedures are completed.

Once the recoverable amount of construction in progress is lower than its carrying amount, the difference between those two amounts is recognized as provision for impairment loss on construction in progress and cannot be reversed

#### 4.16 Borrowing costs

Borrowing costs include interest, amortization of discounts or premiums related to borrowings, ancillary costs incurred in connection with the arrangement of borrowings, and exchange differences arising from foreign currency borrowings.

The borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset commence capitalized as part of the cost of assets when expenditures for the asset have been incurred; the borrowing costs have been incurred; and activities relating to the acquisition, construction or production of the asset that are necessary to prepare the asset for its intended use or sale have been commenced. The capitalization of borrowing costs ceases when the qualifying assets under acquisition, construction or production become ready for their intended use or sale. Other borrowing costs are recognized as an expense in the period in which they are incurred.

Qualifying assets are assets (fixed assets, investment property, inventories) that necessarily take a substantial period of time (usually more than 1 year) for acquisition, construction or production to become ready for their intended use or sale.

For specific borrowings obtained for the acquisition of qualifying assets, the amount of borrowing costs to be capitalized is the interest expenses actually incurred during the period of capitalization deducting any interest income earned from depositing the unused borrowings in the banks or any investment income arising from temporary investment of those borrowings. For general borrowings obtained for the acquisition of qualifying assets, the amount of borrowing to be capitalized is determined by applying the weighted average effective interest rate of general borrowings, to weighted average of the excess amount of cumulative expenditures on the assets over the amount of specific borrowings.

Capitalization of borrowing costs is suspended during periods in which the acquisition, construction or production of a qualifying asset is interrupted abnormally and the interruption is for a continuous period of more than 3 months, until the acquisition, construction or production activities is resumed.

#### 4.17 Intangible assets

Intangible assets of the Group include land use right, patents, technologies.

Intangible assets are measured at actual cost on acquisition. The cost of intangible assets purchased from outsiders includes purchase prices and other relevant expenditure. The cost of intangible assets injected by investors to the Group is measured at the consideration as specified in the investment contracts or agreements. In the case where the consideration of the contracts or agreements is not a fair value, the assets are measured at its fair value.

when dealing with acquiree's unrecognized intangible assets under business merger of different control, company should record their fair value when one of the following requirements is satisfied:(1) assets generated by contractual rights or other legal rights; (2) assets could be separated from acquiree, as well as combined (or solely) with related contracts, assets and liabilities for the purpose of sell, transfer, authorize, rent or exchange (if applicable)

With regard to intangible assets with limited service life, its amortization amount shall be amortized within its service life systematically and reasonably. Land-use rights are amortized evenly over the lease terms as from the date of purchase. Patents, technologies and other intangible assets are amortized over the shortest of their estimated useful life, contractual beneficial period and useful life specified in the law. Amortization charge is included in the cost of assets or expenses, as appropriate, for the period according to the usage of the assets.

The estimated useful life and amortization method of intangible assets with finite useful life are reviewed at the end of each financial year. Any changes are accounted for as a change in an accounting estimate.

The estimated useful life of intangible assets with indefinite useful life is reviewed in each accounting period. Where there are objective evidences that the useful life of the intangible assets become definite, then the useful life of the assets is estimated and amortization is provided over its estimated useful life.

Once the recoverable amount of intangible assets is lower than its carrying amount, the difference between those two amounts is recognized as provision for impairment loss on intangible assets and cannot be reversed.

Research and development expenditures of the Group is classified into expenditure on the research phase and expenditure on the development phase based on its nature and whether there is material uncertainty that the research and development activities can form an intangible asset at the end of the project. Expenditure on the research phase is recognized in profit or loss for the period as incurred. Expenditure on the development phase is recognised as an intangible asset only if all of the following conditions are satisfied:

- (1) It is technically feasible that the intangible asset can be used or sold upon completion;
- (2) There is intention to complete the intangible asset for use or sale;
- (3) There is evidence that the products produced using the intangible asset has a market or the intangible asset itself has a market;
- (4) There is sufficient support in terms of technology, financial resources and other resources in order to complete the development of the intangible asset, and there is capability to use or sell the intangible asset;
- (5) The expenses attributable to the development stage of the intangible asset can be measured reliably.

Other expenditures that do not meet the above conditions are expensed in the period as incurred. Development expenditure previously expensed in prior periods is not recognized as an asset in subsequent period. Capitalized expenditure on the development phase are stated in the balance sheet as 'Development Expenditure' and transfer to as 'Intangible assets' when they become ready for their intended use.

#### 4.18 Impairment of long-term non-financial assets

The Group assesses at each balance sheet date whether there is any indication that long-term equity investments, fixed assets, construction in progress and

intangible assets with definite useful life may be impaired. If there is any indication that an asset may be impaired, the asset will be tested for impairment.

The recoverable amount of an asset is less than its carrying amount; the difference is recognized as an impairment loss and charged to profit or loss for the period. Once an impairment loss on the assets is recognized, it is not reversed in a subsequent period.

#### 4.19 Long-term deferred expenses

Long-term prepaid expenses are recorded on actual expense, amortized on the straight-line basis over the expected beneficial period (more than 1 year) and are presented at cost net of accumulated amortization.

Long-term expenses item which would not bring any benefits over expected beneficial period are transferred into expenses current period based on cost net of accumulated amortization.

#### 4.20 Employee benefits

(1) Employee benefits of the Group covers short-term employee benefits, post-employment benefits, termination benefits.

(2) Short-term compensation mainly covers wages, bonuses, allowance and subsidies, welfare expense for the employees, social insurances including medical insurance, work injury insurance and maternity insurance, housing provident fund, labor union expenses cost and employee education expenses, a short absence with salaries, a profit-sharing plan, non-monetary welfare and others

(3) Post-employment benefits Post-employee benefits mainly contain primary endowment insurance, unemployment insurance and supplementary pension, etc, and it shall be classified as Defined Contribution Plan and Defined benefit plan according to the company of the risks and obligations. The projected units credit method attributes the benefit obligation of the Company generated under defined benefit plans to the period in which the service is given, and the current profit or loss or relative assets is recognized.

The domestic companies of the Group has taken part in the employees' social security system established by Chinese government, including basic pension insurance, medical insurance, housing provident fund and others. Relevant expenditures would be recorded into capital cost or the profit or loss.

The employees working in subsidiaries overseas only participate in the Defined Contribution Pension Plan of local government under which welfare is only limited to accumulated amount paid. Once the employees leave, they could enjoy their

accumulation account balances of the Plan which involve the payment of employers and employees, employee voluntary contributions, other contributions as well as interests and investment returns arising from the accounts. Relevant contribution of the Plan should be recorded into corresponding capital costs or current profit and loss.

The employees working in subsidiaries overseas could enjoy the liability of long service leave measured at the book value of future account payables generated from service provided by employee as of the balance sheet date and further expected wages and salaries as well as the experience and service term of the leavers should also be considered. Future expected payment is discounted by market interest rates over the same time.

#### (4) Termination benefits

If the group decides to cancel the labour relationship with employees prior to the expiration of the relevant labour contracts or bring forward any compensations proposal for the purpose of encouraging the employees to accept a layoff, and the following conditions are met, the group should confirm the estimated debts and record into the current profits or loss :

a. The group has formulated a formal plan on the cancellation of labour relationship or brought forward a proposal on voluntary layoff and will execute it soon.

b. The enterprise is unable to unilaterally withdraw the plan on the cancellation of labour relationship or the layoff proposal.

#### 4.21 Provision

Provision is recognised for an obligation related to a contingency, such as guarantee given to external parties, discounted commercial notes, pending litigation or arbitration, product quality warranty, as a liability when all of the following conditions are satisfied: The obligation is a present obligation to the Group; it is probable that an outflow of economic benefits from the Group will be required to settle the obligation; the amount of the obligation can be measured reliably.

Provision is measured at the best estimate of the expenditures required to settle the present obligation taking into account the risks and uncertainties surrounding the obligation. Where the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the income statement.

Provisions are reviewed at each balance sheet date. If there are any changes, the carrying amount of provisions will be adjusted to reflect the current best estimate.

#### 4.22 Share-based payment

Share-based payment represents transactions in which the Company receives services from employee or other suppliers by granting equity instruments or incurring liabilities that are based on the price of the equity instruments to the employee. Where amount of such fair value can only be exercised when service of waiting period is accomplished or provided performance criteria are satisfied, the best estimate of quantity of exercisable equity instrument within waiting period shall be the basic of straight-line calculation to be included in the relevant cost or expenditure and added into the capital surplus accordingly.

A cash-settled share-based payment is measured at the fair value at the date at which the Group incurred liabilities that are determined based on the price of the shares or other equity instruments. If it is immediately vested, the fair value of the liabilities at the date of grant is recognized as relevant cost or expense, and corresponding liabilities. If it is exercisable only when the vesting period of service is expired or the prescribed conditions are achieved, the fair value of liabilities undertaken by the Group are re-measured at each balance sheet date based on the best estimate of exercisable situation.

The Company shall, on each balance sheet date and on each account date prior to the settlement of the relevant liabilities, re-measure the fair values of the liabilities and include the changes in the current profits and losses.

Where the Group cancels the granted equity instruments in the waiting period, excluding those canceled as not satisfying the exercisable conditions, it shall be deemed as exercise acceleration, namely, all remaining equity payments in the waiting period shall be deemed as satisfying the exercisable conditions. All expenditures of those remaining equity payments shall be determined at the current period the granted equity instruments are canceled.

#### 4.23 Safety production expenditures

For machinery manufacturing subsidiaries, to improve the condition of safe production, the group makes safety production expenditures monthly based on the real revenue of last year by taking the excess regressive method. The safety production expenditures are drawn as below:

- (1) For the revenues below 10,000,000, drawn at 2%
- (2) For the revenues above 10,000,000 and up to 100,000,000, drawn at 1%
- (3) For revenues above 100,000,000 and up to 1,000,000,000, drawn at 0.2%
- (4) For revenues above 1,000,000,000 and up to 5,000,000,000, drawn at 0.1%

(5) For revenues above 5,000,000,000, drawn at 0.05%

For manufacturing subsidiaries newly established and taken into operation less than 1 year, drawn monthly based real revenues that year.

The safety production expenditure withdrawn should be recognised as current profit and loss, with a corresponding increase in special reserve and be disclosed separately under equity. If the safety production expenditures belong to expenses, they shall directly offset special reserve. If the safety production expenditures are recognised as fixed assets, they should be allocated through “construction in progress”, and recognized as fixed assets until the safety projects are completed and reached expected usable condition; meanwhile, the cost of fixed assets shall be used to offset special reserve, and accumulated depreciation shall be recognized in an equal amount. If the drawn special reserve is not enough for be offset, it should be recorded in current profit and loss.

#### 4.24 Recognition and measurement of revenue

The Group’s operation revenue mainly contains sales of goods, revenue from rendering of services, revenue from transfer of asset use rights and construction contract revenue. The principles of recognise revenue are listed below:

##### (1) Sales of goods

The significant risks and rewards of the ownership of commodities are transferred to customers; the Group has no longer retained continuous management rights generally associated with the ownerships; the Group has no longer effective control over the commodities sold; 4) the amount of revenue can be reliably measured; it is very likely that the economic benefits will be flowed to the Company; and when the related costs that has incurred or will be incurred can be reliably measured.

Revenue of sales of goods in the Group shall be specially recognised as: For equipment requiring integrated supply according to the contractual requirements such as engine, steam turbine with a power of not greater than 1000MW, and complete wind-driven generator, the time of combining to the grid or passing the acceptance shall be deemed as the time-point for income recognition; for other products, the time when delivery is finished or the customer confirms receiving of goods shall be deemed as the time-point for income recognition.

##### (2) Revenue from rendering of services

Total revenue and total costs of the services can be measure reliably; the associated economic benefits are probably flow to the Group; the stage of completion of the services can be estimated reliably.

At the balance sheet date, revenue is recognized using the percentage of completion method when the outcome of the services rendered are estimated reliably. The percentage of completion method is determined as the proportion of completed work measured/ services rendered to date over the total contracted services/ (the proportion of costs incurred to date over the total estimated cost). Where the outcome of the service rendering transaction cannot be reliably estimated or the costs incurred are not expected to be recoverable, no revenue will be recognized. The costs incurred are charged to profit or loss for the period.

### (3) Revenue from transfer of asset use rights

Revenue from transfer of asset use rights is recognized when the economic benefits in connection with the transaction are probably flow to the Group and the amount of revenue can be reliably measured.

#### 4.25 Construction contracts

Revenue from and costs of construction contract are recognised at the balance sheet date using the percentage of completion method when 1) the total revenue from the contracts can be measured reliably; 2) the associated economic benefits are probably flow to the Group; 3) contract costs actually incurred can be clearly identified and measured reliably; and 4) the progress of the contract and the future costs to be incurred for the completion of the contract can be estimated reliably. In applying the percentage of completion method, the stage of completion is determined according to the proportion of contract costs actually incurred to date to the estimated total contracts costs.

Where the outcome of the construction contract cannot be reliably estimated and the cost incurred are expected to be recoverable, revenue from construction contract is recognised to the extent of the cost incurred. Such cost is recognised as cost of contract for the period. Where the outcome of the construction contract cannot be reliably estimated and the cost is not expected to be recoverable, no revenue is recognised. Such cost is recognised as an expense for the period

The hydraulic power unit, nuclear power unit, steam turbine, electric generator (more than 1000MW) and project contracts which fulfil the conditions of construction contract, the Group confirms cost and income of contract in accordance with CAS 15. Due to the nature of power station boiler, the income is confirmed when the rate of completion reaches a certain degree.

Items	Percentage of completion	Notes
1000MW power station boiler, Environment protection production	≥10%	

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Items	Percentage of completion	Notes
600MW power station boiler, Environment protection production	≥20%	
300MW-600MW power station boiler, Environment protection production	≥30%	Excluding 600MW
200MW-300MW power station boiler, Environment protection production	≥40%	Excluding 300MW
100MW-200MW power station boiler, Environment protection production		Excluding 200MW
Including: CFB power station boiler	≥40%	
Others	≥50%	

Construction contracts are reviewed at the end of period. Where it is probable that the total contract costs is going to exceed total contract revenue, provision for loss will be made and recognised as an expense for the period.

#### 4.26 Government grants

Government grants are transfers of monetary or non-monetary assets from the government to an enterprise at nil consideration; government grants are non-remunerative but conditions relating to compliance with certain policies or usage of the grants shall be satisfied. Capital contributions from the government in its capacity as an owner of the enterprise are not government grants. Investment subsidies from the government for specific purposes which are designated as capital reserve in accordance with the related documents from the State are also not government grants.

A government grant is recognised when the Group complies with the conditions attaching to the grant and when the Group is able to receive the grant.

Where a government grant is in the form of a transfer of monetary asset, it is measured at the amount received. Where a government grant is made on the basis of fixed amount, it is measured at the amount receivable.

Where a government grant is in the form of a transfer of non-monetary asset, it is measured at fair value. If fair value cannot be determined reliably, it is measured at a nominal amount of RMB1.

The government grant of the Group is classified into assets-related government grants and income-related government grants.

Assets-related government grants are government grants obtained by an enterprise related to the acquisition or construction (or any other method) of long-term assets. Income-related government grants are those other than assets-related

government grants. If the government documents do not clearly defined the recipients of support, the Group should judge according to above rules.

Assets-related government grants should be recognised as deferred income, and evenly amortised to profit or loss over the useful life of the related asset.

Income-related government grants that is a compensation for related expenses or losses to be incurred in subsequent periods are recognised as deferred income and credited to the relevant period when the related expense are incurred. Government grants relating to compensation for related expenses or losses already incurred are charged directly to the profit or loss for the period.

#### 4.27 Deferred tax assets and deferred tax liabilities

Deferred tax assets and deferred liabilities are recognized based on the differences between tax bases of assets and liabilities and respective carrying amount (temporary differences). Deductible tax losses or tax credit that can be carried forward in accordance with tax law requirements for deduction of taxable income in subsequent years are deemed as temporary differences. These temporary differences are recognised as deferred tax assets. At the balance sheet date, deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or liability is settled.

Deferred tax assets which exist from deductible temporary differences are recognized to the extent that it is probable that taxable profit will be available to offset the deductible temporary difference.

#### 4.28 Leases

Leases are classified as finance leases and operating leases at the date of inception. A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. An operating lease is a lease other than a financial lease.

##### (1) Finance leases (Lessee)

The Group, as a lessee, recognizes the assets under finance lease at the lower of their fair value at the inception of the leases and the present value of minimum lease payments. The corresponding liability is recorded as "Long-term payable" at the amount of minimum lease payments. Their difference is recorded as unrecognized finance lease charge which should be amortised using the effective interest method over the lease term. The balance of the present value of minimum lease payments with deduction of unrecognized finance lease is represented as long-term liabilities and long-term liabilities within one year.

Provided that it is reasonably certain at the outset that the lessee will obtain the ownership of the assets when the lease term finished, the assets should be depreciated over the useful life. Otherwise, the assets should be depreciated over the shorter of the useful life of the asset and the lease term.

(2) Finance leases (Lessors)

At the commencement of the lease term, a lessor shall recognise the minimum lease payments at the inception of the lease as a finance lease receivable, and record the unguaranteed residual value at the same time. The difference between the aggregate of the finance lease receivable and the unguaranteed residual value and the aggregate of the fair value of the leased asset and the initial direct costs shall be recognised as unearned finance income which shall be amortised using the effective interest method over the lease term.

Estimated unguaranteed residual values used in computing the lessor's gross investment in a lease are reviewed regularly in the year end. If there has been a reduction in the estimated unguaranteed residual value, the income allocation over the lease term is revised and any reduction in respect of amounts already accrued is recognised immediately.

If the unguaranteed residual values whose loss already recognized recovered, it should be reversed within investment amount already recognized and recalculate the interest rate implicit in the lease. The revenue should be recognised in the future in accordance with revised leasing net investment and the recalculated interest rate implicit in the lease.

Contingent rental is charged to current profit or loss.

(3) Operating leases (Lessee)

The Group, as a lessee, recognizes lease payment on a straight-line basis over the terms of the relevant lease and allocated to as a cost of an assets or an expense for the period. The initial direct costs shall be included in profit or loss. Contingent rental is charged to current profit or loss.

(4) Operating leases (Lessor)

The Group, as a lessor, recognizes lease payments as rental income on a straight-line basis over the terms of the relevant lease. Initial direct costs incurred by a lessor shall be included in profit or loss; however, those of a relatively large amount shall be capitalised and recognised as an expense over the lease term on the same basis as the lease income. Initial direct costs incurred by a lessee shall be included in profit or loss. Contingent rental is charged to current profit or loss.

4.29 Income tax accounting

Income tax is accounted for using liability method. Income tax expenses represent the sum of current tax and deferred tax. Current tax and deferred tax relating to the transactions or matters that are directly recorded in shareholders' equity are dealt with in shareholders' equity. Deferred tax arising from business combination is adjusted to the carrying amount of goodwill. All other current tax and deferred tax are recognised in the profit or loss for the period.

The tax currently payable is the amount of tax payable to taxation bureau by the enterprise in respect of the transactions and matters of the current period calculated according to the taxation regulations. The deferred income tax is the difference between the balances of the deferred tax assets and deferred tax liabilities at the end of period that should be recognised using the balance sheet liabilities approach and their balances originally recognised.

#### 4.30 Segment information

The Group determines the operating segments on the basis of internal structure, management requirements and internal reporting system and adopts these operating segments as the basis for reporting segments for disclosure purposes.

An operating segment is a component of the Group that satisfies all of the following conditions: it is able to earn revenue and incur expenses from ordinary business activities; its operating results are regularly reviewed by the Group's management for making decision about resources to be allocated to the segment and to assess its performance; for which the financial information on the financial position, operating results and cash flow of these components is available to the Group. Two or more operating segments can be aggregated into one single operating segment if they have similar economic characteristic and satisfy certain conditions.

#### 4.31 Assets held for sale and termination of business operation

A component is classified as held-for-sale when all of the following conditions are satisfied: 1) the Group has made a resolution on disposal of the component; 2) an irrevocable contract with the transferee has been signed; and 3) the transfer will be completed within one year.

The non-current assets satisfying the held-for-sale conditions are represented as other current assets in a lower amount of book value and fair value deducting disposal expense. The amount of book value lower than fair value deducting disposal expense is recognized as impairment loss of assets.

Discontinued operation is a component of the Group that either has been disposed of or is classified as held-for-sale, and can be distinguished from other

components within the Group in the business operations and in the preparation of financial statements.

#### 4.32 Methods of processing hedging activities

The hedging of the group includes fair value hedging, cash flowing hedging, and net investment hedging in an overseas operation

(1) At the commencement of the hedging, the group shall specify the hedging relationship formally (namely the relationship between the hedging instrument and the hedged item) and prepare a formal written document on the hedging relationship, risk management objective and the strategies of the hedging. The document shall at least specify the contents of hedging instrument, the hedged item, the nature of the hedged risk and the method for the effectiveness assessment of the hedging and so on. The hedging shall be relevant to the designated specific identifiable risk and will ultimately affect the profits and losses of the group.

(2) The hedging expectation is highly efficient and meets the risk management strategy, which is confirmed for the hedging relationship by enterprise at the beginning.

(3) For a cash flow hedging of forecast transaction, the forecast transaction shall be likely to occur and shall make the enterprise faced to the risk of changes in cash flow, which will ultimately affect the profits and losses.

(4) The effectiveness of hedging can be reliably measured.

(5) An enterprise shall continuously evaluate the effectiveness of hedging and ensure that this hedging is highly effective in accounting period in which the hedging relationship is specified.

The group's hedging project is part of foreign exchange which will be collected from export project in the future, and the corresponding hedging instrument is a forward foreign exchange contract.

The group to the contract (agreement) the main clause comparison anticipatory evaluate the hedging effectiveness for the future performance of export project will collect on the part of foreign exchange

The Group prospectively evaluates the hedging effectiveness as per comparison of main terms of the contract (agreement) and retrospectively evaluates the hedging effectiveness at the end of report period as per the ratio analysis method.

#### 4.33 Changes in accounting Estimates and accounting Policies

The matters concerned with significant accounting policies and changes in accounting estimates did not exist in the Group.

4.34 The effects of implement newly promulgated and revised accounting standards on the financial statements

In 2014, the Ministry of Finance newly promulgated or revised a series of accounting standards specified in Accounting Standards for Business Enterprises No. 2—Long-term Equity Investments and other similar documents. The Group has implemented relevant accounting standards while preparing this financial statement and handled issues regarding continuity as per the relevant rules for continuity.

(1) Before 2014, the Group deemed equity investment having no joint control or significant influence over the invested enterprise, no quoted price in the active market and of which the fair value can not be measured reliably as long-term equity investment and accounted such investment according to law of cost. According to the provisions specified in the revised Accounting Standards for Business Enterprises No. 2—Long-term Equity Investments, the above-mentioned equity investment shall subject to Accounting Standard for Business Enterprises No. 22—Recognition and Measurement of Financial Instruments. The Group has re-stated the 2014 annual comparative statement with a reduction of RMB 17,100,000.00 in the long-term equity investment at the beginning of the year (while the original value is RMB 56,976,314.66 and the provision for impairment is RMB 39,876,314.66); an increase of RMB 17,100,000.00 in the available-for-sale financial assets at the beginning of the year (while the original value is RMB 56,976,314.66 and the provision for impairment is RMB 39,876,314.66. These adjustments have no impact on the total amount of assets of the Group at the beginning of the year.

(2) Before 2014, the Group listed the governmental subsidy, as a non-operating income, which is predicted to be suitable for carrying-over one year later in the item of “Other Non-current Liabilities”. According to the provisions specified in the revised Accounting Standards for Enterprises No. 30—Presentation of Financial Statements, the governmental subsidy, as a non-operating income, which is predicted to be suitable for carrying-over one year later shall be listed in the item of “Deferred Income”. The Group has re-stated the 2014 annual comparative statement with a reduction of RMB 500,287,825.52 in other non-current liabilities at the beginning of the year and an increase of RMB 500,287,825.52 in the deferred income. These adjustments have no impact on the total amount of liabilities of the Group at the beginning of the year.

(3) Before 2014, the Group listed the gains or losses incurred due to variation of fair value of the available-for-sale financial assets in the item of “Capital Surplus”. According to the provisions specified in the revised Accounting Standards for Enterprises No. 30—Presentation of Financial Statements, the gains or losses incurred due to variation of fair value of the available-for-sale financial assets shall be listed in the item of “Other

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Comprehensive Income”. The Group has re-stated the 2014 annual comparative statement with an increase of RMB 122,732,584.60 in capital surplus at the beginning of the year and a reduction of RMB 122,732,584.60 in other comprehensive income. These adjustments have no impact on the total amount of shareholder’s equity of the Group at the beginning of the year.

(4) Before 2014, the Group listed the translation difference of foreign currency financial statements incurred when translating the financial statements related to overseas operations in the item of “Translation Difference of Foreign Currency Financial Statements”. According to the provisions specified in the revised Accounting Standards for Enterprises No. 30—Presentation of Financial Statements, the translation difference of foreign currency financial statements incurred when translating the financial statements related to overseas operations shall be listed in the item of “Other Comprehensive Income”. The Group has re-stated the 2014 annual comparative statement with RMB -35,852,378.54, as the translation difference of foreign currency financial statements formerly listed in translation difference of foreign currency financial statements, listed in other comprehensive income. The adjustment has no impact on the total amount of shareholder’s equity of the Group at the beginning of the year.

(5) Before 2014, the Group listed expenditure for employees who retires early which is predicted to be paid one year later in the item of “Payroll Payable”.

According to the provisions specified in the revised Accounting Standards for Enterprises No. 30—Presentation of Financial Statements, the expenditure for employees who retires early which is predicted to be paid one year later shall be listed in the item of “Long-term Payroll Payable”.

The Group has re-stated the 2014 annual comparative statement with An increase of RMB 36,278,343.40 in long-term payroll payable at the beginning of the year and a reduction of RMB 36,278,343.40 in the payroll payable. These adjustments have no impact on the total amount of liabilities of the Group at the beginning of the year.

**5. Taxation****5.1 Categories of Taxes and Tax Rate**

Type of tax	Tax basis	Tax rate
VAT	The sales of goods and provision of taxable services	6%, 11%, 17%
Business tax	Provision of taxable services, transfer of intangible assets or the sale of immovable properties	3%, 5%
Urban maintenance and construction tax	Turnover taxes	5%, 7%

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Type of tax	Tax basis	Tax rate
Additional education fees	Turnover taxes	3%
Urban real estate tax	The rental income of 70% of building	1.2%/12%
Land use tax	Taxable land	3-15 yuan/m <sup>2</sup>
Enterprise income tax		
Including: DEC, Dongfang Steam Turbine Co., Ltd, Dongfang boiler group Co., Ltd, Dongfang Electric Machinery Co., Ltd, Dongfang Electric (Guangzhou) heavy-duty machine Co., Ltd, Shenzhen Dongfang Boiler Control Co., Ltd, and Chengdu Dongfang KWH Environmental Protection Catalysts Co., Ltd	Taxable income	15%
Dong Fang Electric (India) Private Limited	Taxable income	32.445%
Other subordinate companies	Taxable income	25%

**5.2 Tax preference**

(1) Dongfang Turbine Co., Ltd, Dongfang Electric Machinery Co., Ltd and Chengdu dongfang KWH Environmental Protection Catalysts Co., Ltd have obtained the high and new technology enterprises certificates. The certificates are jointly issued by Science & Technology Department of Sichuan Province, Department of Finance of Sichuan province, Sichuan Local Taxation Bureau and Sichuan provincial Office, SAT with No.GF201251000089, No.GF201251000140, and GF201251000183 respectively. Dongfang Boiler (Shenzhen) Control Co., Ltd has got high and new technology enterprises certificate No. GF201244200361 on September 12th, 2012, which is jointly issued by Science & Technology Department of Shenzhen, Department of Finance of Shenzhen, Shenzhen Local Taxation Bureau and Shenzhen provincial Office, SAT. Tianjin Dongqi Wind Turbine Blade Engineering Co., Ltd has got high and new technology enterprises certificate No. GF201312000036 on 9th September 2013, which is jointly issued by Science & Technology Department of Tianjin, Department of Finance of Tianjin, Tianjin Local Taxation Bureau and Tianjin provincial Office, SAT. Dongfang heavy-duty machinery has gained new technology enterprises certificate No. GF201344000237 on 16th October 2013, which is jointly issued by Science & Technology Department of Guangdong, Department of Finance of Guangdong, Guangdong Local Taxation Bureau and Guangdong provincial Office, SAT. According to the provision of Article 28 of the Enterprise Income Tax Law of the People's Republic of China, the enterprises above shall pay their enterprise income taxes according to the present Law at the preferential rate of 15%.

(2) Dongfang Boiler Group Co., Ltd has got high and new technology enterprises certificate No. GF201151000188 on 12th October 2011, which is jointly issued by Science & Technology Department of Sichuan, Department of Finance of Sichuan, Sichuan Local Taxation Bureau and Sichuan provincial Office, SAT. According to the provision of Article 28 of the Enterprise Income Tax Law of the People's Republic of China and confirmed by the competent tax authorities, Dongfang Boiler Group Co., Ltd shall pay its enterprise income taxes according to the present Law at the preferential rate of 15%. Considering that the high and new technology enterprises certificates has expired, Dongfang Boiler Group Co., Ltd has applied re-examination of application to management team of Science & Technology Department of Sichuan. The re-examination of application is expected to be able to pass through, predicted by the management of Dongfang Boiler Group Co., Ltd, thus, the enterprise income taxes of 2014 is temporary paid at the preferential rate of 15% .

(3) According to the provision of Article 2 of the Circular on Tax Reductions and Exemptions in Western Development (caishui [2011] NO.58), the enterprises of the encourage type in Western China could enjoy the enterprise income taxes at the preferential rate of 15% from Jan 1st, 2011 to Dec 31st, 2020. And the enterprises of the encourage type mentioned above indicates those companies with main business satisfying "Catalogue of encouraged industries in Western Countries" having not issued yet and operating income accounting for 70% of total operating income. According to "Catalogue of encouraged industries in Western Countries" which launched by The people's Republic of China National Development and Reform Commission of The people's Republic of China on 20th August 2014, the company and DFEM Control Equipment Co., Ltd belong to foregoing category of encouraged industries in Western Regions, and confirmed by the competent tax authorities respectively, the company and DFEM Control Equipment Co., Ltd could enjoy the enterprise income taxes at the preferential rate of 15%. "Announcement on Enterprise Income Tax Reductions and Exemptions of Western Development Strategy (2012 No 12 announcement of the State Administration of Taxation)" by State Administration of Taxation, as well as "Circular on the Enterprise Income Tax implemented in Western Development in Gansu (Gansuguoshuihan [2012] No.92)" issued by State Administration of Taxation of Gansu, and confirmed by Jiuquan Municipal Office SAT, Dongfang (Jiuquan) New Energy Co., Ltd is admitted to pay their enterprise income taxes at a preferential rate of 15% from Jan 1st 2012 to Dec 31st 2013. In accordance with "The Catalogue for the Guidance of Industrial Structure Adjustment (2011)" released by the National Development and Reform Commission on 21 March 2011, although the Company and Dongfang Electric Autocontrol

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Engineering Co., Ltd(DEAE) has not been approved by the Supervisor Tax Office to continue enjoying the preferential tax policies of Western Development Strategy, their main business still belongs to the encouraged type by the State and confirms with the document of (caishui [2011] No.58) and it is expected that the business is probably still in the “Catalogue of encouraged industries in Western Countries” and the DEAE can continue to pay their enterprise income taxes at the preferential rate of 15%.

**6. Notes to the Consolidated Financial Statements**

The following disclosed financial data, unless otherwise indicated, “the beginning of year” is 2014.1.1.”the end of year” is 2014.12.31.”This year” is from 2014.1.1 to 2014.12.31. “last year” is from 2013.1.1 to 2013.12.31. The monetary unit is RMB yuan

**6.1 Cash and cash equivalents**

<b>Item</b>	<b>Dec-31-2014</b>	<b>Dec-31-2013</b>
Cash on hand	2,777,744.44	2,847,607.00
Cash at Bank	17,799,645,196.56	12,064,894,863.07
Other monetary assets	20,395,130.65	63,905,642.11
<b>Total</b>	<b>17,822,818,071.65</b>	<b>12,131,648,112.18</b>
Including: The total amount deposited abroad	108,979,412.73	333,986,065.71

6.1.1 The balance of cash and cash equivalents increased 5,691,169,959.47 yuan, up 46.91% compared with last year's. It is because that the group has received progress payment of turbine contract in advance and some of the money of this year's convertible bonds has not been used.

6.1.2 Other monetary assets involve the refundable deposits RMB18,188.06, the infrastructure deposits RMB784,418.01 and the deposits of letter of credit, bank acceptance note and performance bond guarantee RMB19,592,524.58.

6.1.3 On 31 Dec 2014, there are RMB 20,376,942.59 restricted, including the infrastructure deposit RMB 784,418.01, deposit of drafts, the performance guarantee and letter of credit RMB 19,592,524.58. At the beginning of 2014, the total amounts restricted are RMB 23,277,351.25, including infrastructure deposit RMB781,640.57, the deposit of drafts, the performance guarantee and letter of credit RMB22,495,710.68.

6.2 Financial assets measured at fair value and the changes are included in the profits and losses

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## 6.2.1 Classification

<b>Item</b>	<b>Dec-31-2014</b>	<b>Dec-31-2013</b>
Financial assets held for trading	56,508,607.05	23,781,614.55
Including: Equity investments	56,508,607.05	23,781,614.55
Derivative financial assets	39,058.77	2,826,747.59
<b>Total</b>	<b>56,547,665.82</b>	<b>26,608,362.14</b>

(1) The equity investments involve 7,272,665 ordinary shares (A shares) of China XD Electricity Co., Ltd held by the Group, accounting for 0.1419% of its registered capital. The fair value of the equity investments above are measured by the closing price of the stock market.

(2) The Derivative financial asset is the contract of 0.78 million US Dollar forward settlement and sales exchange between the Group and bank signed. The fair value at the year end should be decided according to banks quotes. Changes in fair value count into the profits and losses of the changes in fair value.

## 6.2.2 Financial assets held for trading:

<b>Item</b>	<b>Dec-31-2014</b>	<b>Dec-31-2013</b>
<b>Listed</b>		
Listed in PRC(Hong Kong excluded)	56,508,607.05	23,781,614.55
Subtotal	56,508,607.05	23,781,614.55
<b>Private</b>		
<b>Total</b>	<b>56,508,607.05</b>	<b>23,781,614.55</b>

## 6.3 Notes receivable

## 6.3.1 Classification of notes receivable

<b>Item</b>	<b>Dec-31-2014</b>	<b>Dec-31-2013</b>
Bank acceptance notes	2,404,244,325.42	2,743,894,570.50
Trade acceptance notes	222,748,449.28	40,967,020.94
<b>Total</b>	<b>2,626,992,774.70</b>	<b>2,784,861,591.44</b>

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6.3.2 At the end of this year, the group does not exist for the pledge of notes receivable.

6.3.3 At the end of this year, unmatured notes receivable has endorsed or discounted

Item	Stop recognizing	Not stop recognizing
Bank acceptance notes	1,994,471,764.94	
Trade acceptance notes		48,160,000.00
<b>Total</b>	<b>1,994,471,764.94</b>	<b>48,160,000.00</b>

6.3.4 None of notes receivable is converted to trade receivables due to failing to honor the agreements.

## 6.4 Accounts receivable

Item	Dec-31-2014	Dec-31-2013
Account receivables	22,759,621,224.33	21,913,469,989.32
Less: Provision for bad debts	5,061,153,938.62	4,880,985,658.85
<b>Balance b/d</b>	<b>17,698,467,285.71</b>	<b>17,032,484,330.47</b>

## 6.4.1 Aged receivables analysis:

Age of the receivable	Dec-31-2014	Dec-31-2013
Within 1 year	8,931,240,317.98	8,508,565,946.15
1-2 years	4,370,979,214.25	4,004,341,460.79
2-3 years	2,270,756,892.38	2,635,166,251.83
3-4 years	1,463,943,053.32	1,270,709,529.45
4-5 years	661,547,807.78	613,701,142.25
<b>Total</b>	<b>17,698,467,285.71</b>	<b>17,032,484,330.47</b>

## 6.4.2 Receivables Classification

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Category	Dec-31-2014				
	Book Balance		Provision for bad debts		Book value
	Amount	Proportion (%)	Amount	Proportion (%)	
Receivables that are individually significant and provided for bad debts on individual basis.	121,871,250.00	0.54	121,871,250.00	100	
Receivables that are provided for bad debts on portfolio basis	22,589,648,034.33	99.25	4,891,180,748.62	21.65	17,698,467,285.71
Receivables that are not individually significant but provided for bad debts on individual basis	48,101,940.00	0.21	48,101,940.00	100	
<b>Total</b>	<b>22,759,621,224.33</b>	<b>100</b>	<b>5,061,153,938.62</b>	<b>22.24</b>	<b>17,698,467,285.71</b>

(Continued)

Category	Dec-31-2013				
	Book Balance		Provision for bad debts		Book value
	Amount	Proportion (%)	Amount	Proportion (%)	
Receivables that are individually significant and provided for bad debts on individual basis.	175,002,790.00	0.80	175,002,790.00	100	
Receivables that are provided for bad debts on portfolio basis	21,716,497,199.32	99.10	4,684,012,868.85	21.57	17,032,484,330.47
Receivables that are not individually significant but provided for bad debts on individual basis	21,970,000.00	0.10	21,970,000.00	100	
<b>Total</b>	<b>21,913,469,989.32</b>	<b>100</b>	<b>4,880,985,658.85</b>	<b>22.27</b>	<b>17,032,484,330.47</b>

4.2.1 Accounts receivable that are individually significant and provided for bad debts on individual basis by the end of 2014

Name	Book Balance	Provision for bad debts	Proportion (%)	Reasons
First	73,045,550.00	73,045,550.00	100	Warranty in dispute
Second	48,825,700.00	48,825,700.00	100	Warranty in dispute
<b>Total</b>	<b>121,871,250.00</b>	<b>121,871,250.00</b>	<b>100</b>	

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## 4.2.2 Receivables that are provided for bad debts on portfolio basis

Aging	Dec-31-2014		
	Amount	Provision for bad debts	Rate (%)
Within 1 year	9,401,305,597.99	470,065,280.01	5
1-2 years	4,856,643,571.38	485,664,357.13	10
2-3 years	2,838,446,115.48	567,689,223.10	20
3-4 years	2,439,905,088.87	975,962,035.55	40
4-5 years	1,323,095,615.66	661,547,807.88	50
Over 5	1,730,252,044.95	1,730,252,044.95	100
<b>Total</b>	<b>22,589,648,034.33</b>	<b>4,891,180,748.62</b>	<b>21.65</b>

(Continued)

Aging	Dec-31-2013		
	Amount	Provision for bad debts	Rate (%)
Within 1 year	8,956,385,206.51	447,819,260.36	5
1-2 years	4,449,268,289.84	444,926,829.05	10
2-3 years	3,293,957,814.77	658,791,562.94	20
3-4 years	2,117,849,215.78	847,139,686.33	40
4-5 years	1,227,402,284.55	613,701,142.30	50
Over 5	1,671,634,387.87	1,671,634,387.87	100
<b>Total</b>	<b>21,716,497,199.32</b>	<b>4,684,012,868.85</b>	<b>21.57</b>

4.2.3 Receivables that are not individually significant but provided for bad debts on individual basis

Name	Book Balance	Provision for bad debts	Rate (%)	Reason
First	29,131,940.00	29,131,940.00	100	Warranty in dispute
Second	18,970,000.00	18,970,000.00	100	Money is tight
<b>Total</b>	<b>48,101,940.00</b>	<b>48,101,940.00</b>	<b>100</b>	

## 6.4.3 Reversal (recovery) of provision for bad debts during the year

The provision for bad debts prior to is RMB 157,347,603.76. The recovered amount is RMB 26,999,600.00. Including the importance:

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Name	Amount	Rate (%)	Provision for bad debts prior to recovery	Amount Recovered	Basis of original provision	Reason for recovery
First	73,045,550.00	100	73,045,550.00	19,999,600.00	Warranty in dispute	Negotiation solve
Second	29,131,940.00	100	29,131,940.00	4,000,000.00	Warranty in dispute	Negotiation solve
Third	18,970,000.00	100	18,970,000.00	3,000,000.00	Money is tight	Financial condition improved
<b>Total</b>	<b>121,147,490.00</b>	<b>100</b>	<b>121,147,490.00</b>	<b>26,999,600.00</b>	-	-

## 6.4.4 Receivables Actually Written-off during the reporting year

Dongfang Boiler Group Co., Ltd. (hereinafter referred to as “Dongfang Boiler”) should receive RMB 233,998.70, in the form of loans and quality guarantee deposit, from 8 non-associated enterprises. As the creditor’s claim for rights has passed the prescribed period for litigation, such receivable cannot be retrieved. It is decided to cancel such receivable under the approval of the Boards of Directors of Dongfang Boiler in the current year.

## 6.4.5 The top 5 of account receivable

Name	Dec-31-2014	Aging	Proportion to book value of account receivable	Provision for bad debts
First	783,900,945.69	0-over5years	3.44	467,092,216.46
Second	701,919,602.54	0-2years	3.08	45,837,138.98
Third	475,452,662.60	Within 1 year	2.09	23,772,633.13
Forth	469,167,465.91	0-5years	2.06	184,463,217.80
Fifth	450,706,208.99	Within 1 year	1.98	22,535,310.45
<b>Total</b>	<b>2,881,146,885.73</b>		<b>12.66</b>	<b>743,700,516.82</b>

6.4.6 In terms of the revenue of the construction contract, it is settled based on relative provisions of contract. If the customers have a long history and good credit, the group can grant a longer credit time, such as 2-3 year terms.

The sales revenue is settled according to the relative agreements of contract. In general, the customers with large scale or long history and good repayment records can get one-year credit period. For revenues from small, new or short-term customers, generally, the group shall settle the amount within 180 days after rendering service or delivering products.

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## 6.5 Prepayments

## 6.5.1 Aging analysis for Prepayments

Items	Dec-31-2014		Dec-31-2013	
	Amount	Rate (%)	Amount	Rate (%)
Within 1 year	3,401,031,767.25	80.77	3,501,268,219.64	74.23
1-2 years	272,638,701.60	6.48	511,531,760.91	10.85
2-3 years	107,922,665.42	2.56	389,133,813.65	8.25
Over 3 years	428,936,218.74	10.19	314,585,046.41	6.67
<b>Total</b>	<b>4,210,529,353.01</b>	<b>100.00</b>	<b>4,716,518,840.6</b>	<b>100.00</b>

(1) The prepayments with age over 1 year are RMB809,497,585.76 mainly resulted from purchasing of large forging material and consignment processing of material. Because the material and part suites have long manufacturing cycle, the Group has not received any goods and thus no settlements are dealt with.

(2) The top 5 of prepayments:

Items	Dec-31-2014	Aging	Proportion to book value of prepayments
FIRST	276,373,281.73	Within 1 year	6.56
SECOND	143,345,309.35	Within 1 year	3.40
THIRD	126,047,376.78	Within 1 year	2.99
FOURTH	125,896,069.55	Within 1 year	2.99
FIFTH	67,859,604.00	Within 1 year	1.61
<b>Total</b>	<b>739,521,641.41</b>		<b>17.55</b>

## 6.6 Interests receivable

Item	Dec-31-2014	Dec-31-2013
Interest of time deposit	153,964,346.27	101,620,018.51
<b>Total</b>	<b>153,964,346.27</b>	<b>101,620,018.51</b>

6.6.1 Compared with 2013, interest receivables increase by RMB 52,344,327.76 (up 51.51%), which is resulted from interests of the increased fixed deposits.

6.6.2 There are no overdue interests this year in interest receivables.

## 6.7 Other receivables

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Item	Dec-31-2014	Dec-31-2013
Other receivables	540,726,009.12	647,535,766.65
Less: Provision for bad debts	258,311,421.40	294,575,551.08
<b>Net book value</b>	<b>282,414,587.72</b>	<b>352,960,215.57</b>

6.7.1 The aging of other receivables is analyzed below:

Aging	Dec-31-2014	Dec-31-2013
Within 1 year	141,497,641.82	232,925,390.33
1-2 years	64,940,875.45	72,451,032.41
2-3 years	55,087,155.31	18,821,383.94
3-4 years	6,849,100.84	17,157,088.12
4-5 years	7,906,648.81	7,234,334.49
Over 5 years	6,133,165.49	4,370,986.28
<b>Total</b>	<b>282,414,587.72</b>	<b>352,960,215.57</b>

6.7.2 Classification of other receivable

Items	Dec-31-2014				
	Book Balance		Provision for bad debts		Book value
	Amount	Rate (%)	Amount	Rate (%)	
Other Receivables that are individually significant and provided for bad debts on individual basis.	157,450,443.40	29.12	157,450,443.40	100	
Other Receivables that are provided for bad debts on portfolio basis	372,260,778.64	68.84	97,540,367.20	26.20	274,720,411.44
Other Receivables that are not individually significant but provided for bad debts on individual basis	11,014,787.08	2.04	3,320,610.80	30.15	7,694,176.28
<b>Total</b>	<b>540,726,009.12</b>	<b>100</b>	<b>258,311,421.40</b>	<b>47.77</b>	<b>282,414,587.72</b>

(Continued)

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Items	Dec-31-2013				
	Book Balance		Provision for bad debts		Book value
	Amount	Rate (%)	Amount	Rate (%)	
Other Receivables that are individually significant and provided for bad debts on individual basis.	196,173,490.58	30.30	186,464,106.30	95.05	9,709,384.28
Other Receivables that are provided for bad debts on portfolio basis	448,612,276.07	69.28	105,361,444.78	23.49	343,250,831.29
Other Receivables that are not individually significant but provided for bad debts on individual basis	2,750,000.00	0.42	2,750,000.00	100.00	
<b>Total</b>	<b>647,535,766.65</b>	<b>100</b>	<b>294,575,551.08</b>	<b>45.49</b>	<b>352,960,215.57</b>

1) Single significant and provision for bad debts

Name	Dec-31-2014			
	Book Balance	Provision for bad debts	Rate (%)	Reason
First	157,450,443.40	157,450,443.40	100	Note
<b>Total</b>	<b>157,450,443.40</b>	<b>157,450,443.40</b>	<b>100</b>	—

Note: The interpretation refers to note of financial statements 3. XV

2) Other Receivables that are provided for bad debts on portfolio basis

Aging	Dec-31-2014		
	Amount	Provision for bad debts	Rate (%)
Within 1 year	148,944,886.15	7,447,244.33	5
1-2 years	72,156,528.28	7,215,652.83	10
2-3 years	68,858,944.14	13,771,788.83	20
3-4 years	11,243,168.07	4,497,267.23	40
4-5 years	12,897,676.07	6,448,838.05	50
Over 5 years	58,159,575.93	58,159,575.93	100
<b>Total</b>	<b>372,260,778.64</b>	<b>97,540,367.20</b>	<b>26.20</b>

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Aging	Dec-31-2013		
	Amount	Provision for bad debts	Rate (%)
Within 1 year	245,184,621.45	12,259,231.12	5
1-2 years	80,501,147.13	8,050,114.72	10
2-3 years	23,391,729.92	4,678,345.98	20
3-4 years	26,879,813.58	10,751,925.46	40
4-5 years	6,066,270.54	3,033,134.05	50
Over 5 years	66,588,693.45	66,588,693.45	100
<b>Total</b>	<b>448,612,276.07</b>	<b>105,361,444.78</b>	<b>23.49</b>

## 3) Single insignificant and provision for bad debts

Name	Dec-31-2014			
	Book Balance	Provision for bad debts	Rate (%)	Reason
First	7,123,565.49			Note 1
Second	2,750,000.00	2,750,000.00	100	Land compensation fund paid before 2008 earthquake with remote recoverability.
Third	1,141,221.59	570,610.80	50	Note 2
<b>Total</b>	<b>11,014,787.08</b>	<b>3,320,610.80</b>	<b>30.15</b>	—

Note 1: The housing turnover fund is temporarily lend to the talent by Dongfang (Guangzhou) Heavy Machinery Co., Ltd. Because of nil risk, the fund which will be deducted from staff's salary monthly in the future has not drawn any provisions

Note 2: It is the bad-debt reserve for RMB 1,141,221.59, as the advance payment for materials paid by Tianjin Dongqi Wind Turbine Blade Engineering Co., Ltd, which is predicated to be not possible to collect.

## 6.7.3 Reversal (recovery) of provision for bad debts during the year

The provision for bad debts prior to is RMB 3,280,087.8. The recovered amount is RMB 39,013,662.90. Including the importance:

Name	Amount	Way	Reason for transfer back (collection) in the current year
First	29,013,662.90	Bank transfer	Note 1
Second	10,000,000.00	Bank transfer	Note 2

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Name	Amount	Way	Reason for transfer back (collection) in the current year
<b>Total</b>	<b>39,013,662.90</b>		—

Note 1: The interpretation refers to note of financial statements 3. XV

Note 2: According to the agreement on disposal of credit and debt signed by Dongfang Boiler, Sichuan International Trust Investment Co., Ltd. and Sichuan Changxing Assets Management Co., Ltd. on March 2014, Dongfang Boiler transfers all credits its has in Sichuan International Trust Investment Co., Ltd. to Sichuan Changxing Assets Management Co., Ltd.; according to the supplemental agreement signed by Dongfang Boiler and Sichuan International Trust Investment Co., Ltd. on March 31, 2014, Dongfang Boiler, after having collected a credit of RMB 10 million, has still a credit of RMB 8,100,000 which will be transferred as per the agreement on disposal of credit and debt Dongfang Boiler signed with Sichuan Changxing Assets Management Co., Ltd.

## 6.7.4 Reversal of bad debt provision during the year

Name	Accounts receivable nature	Reversal Amount	Reason for reversal	Verification procedures	Whether arising from related party transactions
First	Acting mat case costs	310,530.00	The unit has logout	The board of directors approved	No
Second	Prepaid purchase	220,024.62	Long aging, unable to recover	The board of directors approved	No
<b>Total</b>		<b>530,554.62</b>			

## 6.7.5 Other receivables classification according to the nature

Nature of money	Dec-31-2014	Dec-31-2013
Investment fund	165,550,443.40	204,564,106.30
Advance payment for another	165,464,065.11	193,449,521.72
Reserve	84,602,408.03	114,546,010.44
Cash deposit and guarantee deposit	74,340,034.01	73,180,250.07
Business receivables	32,896,548.00	33,096,548.00
Others	17,872,510.57	28,699,330.12

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Nature of money	Dec-31-2014	Dec-31-2013
<b>Total</b>	<b>540,726,009.12</b>	<b>647,535,766.65</b>

6.7.6 The top 5 of other receivable

Name	Nature of fund	Dec-31-2014	Aging	Proportion to total balance of other receivables at the end of year (%)	Balance of bad-debt reserve at the end of year
First	Treasury bond investment	157,450,443.40	Over 5 years	29.12	157,450,443.40
Second	Advance payment for another	47,000,000.00	1-3years	8.69	7,450,000.00
Third	Receivables related to other operations and others	33,016,808.96	0-3years	6.11	5,100,360.90
Forth	Cash deposit	28,570,133.64	Within 1 year	5.28	1,428,506.68
Fifth	Cash deposit for house purchase	19,500,000.00	Over 5 years	3.61	19,500,000.00
<b>Total</b>		<b>285,537,386.00</b>		<b>52.81</b>	<b>190,929,310.98</b>

6.8 Inventories

6.8.1 Classification of inventories

Items	Dec-31-2014		
	Book Balance	Provision for inventories	Carrying Book value
Raw material	4,635,180,367.34	101,939,416.83	4,533,240,950.51
Work in progress	20,504,399,497.99	484,232,059.73	20,020,167,438.26
Finished goods	799,240,592.26	66,755,843.67	732,484,748.59
Reusable materials (packing materials, low value consumables)	52,271,103.87	79,494.73	52,191,609.14
Construction contracts (completed but not yet settled)	5,217,067,946.59	914,162,098.47	4,302,905,848.12
<b>Total</b>	<b>31,208,159,508.05</b>	<b>1,567,168,913.43</b>	<b>29,640,990,594.62</b>

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Items	Dec-31-2013		
	Book Balance	Provision for inventories	Carrying Book value
Raw material	6,162,162,335.45	73,145,686.80	6,089,016,648.65
Work in progress	17,100,797,276.18	243,142,969.38	16,857,654,306.80
Finished goods	951,752,299.57	143,867,630.59	807,884,668.98
Reusable materials (packing materials, low value consumables)	58,622,041.05	348,631.08	58,273,409.97
Construction contracts (completed but not yet settled)	4,035,060,407.61	630,179,817.45	3,404,880,590.16
Others	84,133,335.64		84,133,335.64
<b>Total</b>	<b>28,392,527,695.50</b>	<b>1,090,684,735.30</b>	<b>27,301,842,960.20</b>

**6.8.2 Provision for inventories**

Item	Dec-31-2013	Current year increase		Current year reductions		Dec-31-2014
		Current year additions	Others	Reversal	Others transferred out	
Raw material	73,145,686.80	39,827,294.08		2,270,555.32	8,763,008.73	101,939,416.83
Work in progress	243,142,969.38	325,709,691.26			84,620,600.91	484,232,059.73
Finished goods	143,867,630.59	5,657,452.75		1,309,851.77	81,459,387.90	66,755,843.67
Reusable materials (packing material, low value consumables)	348,631.08			268,303.65	832.70	79,494.73
Construction contracts (completed but not yet settled)	630,179,817.45	597,704,258.05			313,721,977.03	914,162,098.47
<b>Total</b>	<b>1,090,684,735.30</b>	<b>968,898,696.14</b>		<b>3,848,710.74</b>	<b>488,565,807.27</b>	<b>1,567,168,913.43</b>

6.8.2.1 The inventory falling price reserves withdrawn by the Group for raw materials in the current year are reserved due to the reason that as product process is changed, formerly purchased materials are warehoused for a long time during which the fair value in the market reduces. The Group has withdrawn the falling price reserves as per the balance between the net realizable value and the cost.

6.8.2.2 Because of fierce market competition, the sales prices of the small thermal power units and the wind power products fall, which results in provision for work-in-progress and finished goods of the Group. The provisions are drawn in accordance with net realizable value lower than cost.

6.8.2.3 For those construction contracts completed but not settled, provisions for

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inventory are made and the expected loss are drawn from the part of total expected costs exceeding contract income.

6.8.2.4 Others transferred out are mainly the expected contract losses resulted from the percentage of completion method in accordance with construction contract, as well as the inventories already drawn provisions been used or sold.

## 6.8.3 Drawn methods of provision for inventories

Items	Principle	Reasons for reversal
Raw material	Net realisable value lower than book value	Net realisable value increased
Work in progress	Net realisable value lower than book value	
Finished goods	Net realisable value lower than book value	Net realisable value increased
Reusable materials (packing material, low value consumables)		Net realisable value increased
Construction contracts (completed but not yet settled)	Total contract income lower than expected total cost	

6.8.4 Completed but unsettled assets at the end of year as per the construction contract

Item	金额
Accumulated incurred cost	23,545,425,581.28
Accumulated confirmed gross profits	1,340,536,879.72
Less: anticipated loss	914,162,098.47
Settled amount	19,668,894,514.41
Completed but unsettled assets at the end of year as per the construction contract	4,302,905,848.12

## 6.9 Available-for-sale financial assets

## 6.9.1 Available-for-sale financial assets

Items	Dec-31-2014		
	Book Balance	Depreciation reserves	Book value
Available-for-sale equity instrument investments	56,976,314.66	45,141,081.91	11,835,232.75
Including: According to the cost	56,976,314.66	45,141,081.91	11,835,232.75
In accordance with the fair value measurement			
<b>Total</b>	<b>56,976,314.66</b>	<b>45,141,081.91</b>	<b>11,835,232.75</b>

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**(Continued)**

Items	Dec-31-2013		
	Book Balance	Depreciation reserves	Book value
Available-for-sale equity instrument investments	346,692,979.66	39,876,314.66	306,816,665.00
Including: According to the cost	56,976,314.66	39,876,314.66	17,100,000.00
In accordance with the fair value measurement	289,716,665.00		289,716,665.00
<b>Total</b>	<b>346,692,979.66</b>	<b>39,876,314.66</b>	<b>306,816,665.00</b>

Balance of available-for-sale financial assets of the Group at the end of the year is RMB 289,716,665.00 less than that of the previous year with a reduction rate of 83.57%, the main reason for which is disposal of domestic non-restricted circulation Renminbi ordinary share (A shares) of GD Power Development Co., Ltd. and Inner Mongolia Mengdian Huaneng Thermal Power Corporation Limited.

6.9.2 Available-for-sale financial assets

Item	Dec-31-2014	Dec-31-2013
<b>Listed</b>		<b>289,716,665.00</b>
Listed in PRC(Hong Kong excluded)		289,716,665.00
Subtotal		289,716,665.00
<b>Private</b>	<b>11,835,232.75</b>	<b>17,100,000.00</b>
<b>Total</b>	<b>11,835,232.75</b>	<b>306,816,665.00</b>

6.9.3 Available-for-sale financial assets measured based on the cost at the end of year

Invested enterprise	Book Balance			
	Beginning of the year	Increase in current year	Decrease in current year	End of the year
Guangdong Dongfang Power Station Complete Equipment Co., Ltd.	1,100,000.00			1,100,000.00
Sichuan Huadian Yibin Power Generation Co., Ltd.	23,800,000.00			23,800,000.00
Guangdong Yudean Oil Shale Power Generation Co., Ltd.	23,500,000.00			23,500,000.00
Chengdu Southwest Spherical Tank Engineering Co. Ltd.	50,000.00			50,000.00

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Invested enterprise	Book Balance			
	Beginning of the year	Increase in current year	Decrease in current year	End of the year
Sichuan Mechanical and Electrical Equipment Import & Export Co., Ltd.	50,000.00			50,000.00
Southwest Mechanical Industry Affiliated Group Co., Ltd.	210,000.00			210,000.00
Southern Sichuan Expressway Co., Ltd.	1,000,000.00			1,000,000.00
Southwest Production Means Center	60,000.00			60,000.00
Deyang Mechanical and Electrical Equipment Co., Ltd.	100,941.25			100,941.25
Wuxi Electronic Guesthouse	150,000.00			150,000.00
Chengdu Sandian Stock Co., Ltd.	455,373.41			455,373.41
Sichuan Dongdian Real Estate Development Co., Ltd.	1,000,000.00			1,000,000.00
Beijing Huatsing Gas Turbine & IGCC Technology Co., Ltd.	5,500,000.00			5,500,000.00
<b>Total</b>	<b>56,976,314.66</b>			<b>56,976,314.66</b>

(Continued)

Invested enterprise	Provision for impairment				Proportion of shareholding in the invested enterprise (%)	Cash bonuses in current year
	Beginning of the year	Increase in current year	Decrease in current year	End of the year		
Guangdong Dongfang Power Station Complete Equipment Co., Ltd.					11.11	
Sichuan Huadian Yibin Power Generation Co., Ltd.	23,800,000.00			23,800,000.00	10.00	
Guangdong Yudean Oil Shale Power Generation Co., Ltd.	15,000,000.00			15,000,000.00	10.00	
Chengdu Southwest Spherical Tank Engineering Co.	50,000.00			50,000.00	16.13	

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Invested enterprise	Provision for impairment				Proportion of shareholding in the invested enterprise (%)	Cash bonuses in current year
	Beginning of the year	Increase in current year	Decrease in current year	End of the year		
Ltd.						
Sichuan Mechanical and Electrical Equipment Import & Export Co., Ltd.	50,000.00			50,000.00	5.00	
Southwest Mechanical Industry Affiliated Group Co., Ltd.	210,000.00			210,000.00	2.37	
Southern Sichuan Expressway Co., Ltd.					0.05	
Southwest Production Means Center	100,941.25			100,941.25	Unclear	
Deyang Mechanical and Electrical Equipment Co., Ltd.	150,000.00			150,000.00	Unclear	
Wuxi Electronic Guesthouse	455,373.41			455,373.41	Unclear	
Chengdu Sandian Stock Co., Ltd.					12.50	
Sichuan Dongdian Real Estate Development Co., Ltd.	60,000.00			60,000.00	12.50	
Beijing Huatsing Gas Turbine & IGCC Technology Co., Ltd.		5,264,767.25		5,264,767.25	15.49%	
<b>Total</b>	<b>39,876,314.66</b>	<b>5,264,767.25</b>		<b>45,141,081.91</b>		

Beijing Huatsing Gas Turbine & IGCC Technology Co., Ltd. has withdrawn depreciation reserves in the current year the reason for which is that the as the company continuously suffers financial losses, it is predicted that the cash flow in the future will be far lower than the book value.

**6.9.4 Provision for impairment of available-for-sale financial assets**

Classification of financial assets available for sale	Equity instruments available for sale	Total
Depreciation reserve withdrawn at the beginning of the year	39,876,314.66	39,876,314.66

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<b>Classification of financial assets available for sale</b>	<b>Equity instruments available for sale</b>	<b>Total</b>
Withdrawal of current year	5,264,767.25	5,264,767.25
Including: transferred from other comprehensive income		
Decrease in current year		
Depreciation reserve withdrawn at the end of the year	45,141,081.91	45,141,081.91

## 6.10 Long-term equity investments

## 6.10.1 Classification of Long-term equity investments

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Invested enterprise	Beginning balance	Increase and decrease in current year								Ending Balance	Balance of depreciation reserve at the end of year
		Additional investment	Negative investment	Profit and loss on investment recognized with the equity method	Adjustment of other comprehensive income	Other equity changes	Cash dividends or profit announced to distribute	Withdrawn provision for impairment	Miscellaneous		
I. Cooperative enterprise											
1. Babcock-Hitachi Dongfang Boiler Co., Ltd	151,171,142.17			17,733,964.59		696,676.10	2,830,239.02				166,771,543.84
2. AREVA Dongfang Reactor Coolant Pumps Cp., Ltd. (Note 1)	256,259,237.03			60,665,653.68			70,753,710.00				246,171,180.71
II. Joint venture											
1. Mitsubishi Heavy Industries Dongfang Gas Turbine (Guangzhou) Co., Ltd. (Note 2)	304,552,794.51			139,259,231.20			13,189,086.00		12,494,672.68		418,128,267.03
2. Leshan Dongyue Heavy Piece Hoisting Co. Ltd. (Note 3)	22,861,398.02			4,408,690.00			2,450,000.00				24,820,088.02
3. Sichuan Energy Investment Wind Power Co., LTD.	44,285,309.05	52,000,000.00		2,734,656.78							99,019,965.83
4. Huadian Longkou Wind Power Co., Ltd.	5,000,000.00	15,000,000.00									20,000,000.00
<b>Total</b>	<b>784,129,880.78</b>	<b>67,000,000.00</b>		<b>224,802,196.25</b>		<b>696,676.10</b>	<b>89,223,035.02</b>		<b>12,494,672.68</b>		<b>974,911,045.43</b>

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Note 1: Hereinafter referred to as Dongfang AREVA Company; Note 2: Hereinafter referred to as Dongfang Mitsubishi Gas Turbine Company; Note 3: Hereinafter referred to as Dongyue Heavy Piece Company.

1) Huadian Longkou Wind Power Co., Ltd., founded on September 2, 2013, is a limited liability company established under joint investment of the Group, Huadian Power International Corporation Limited and Yantai Shengneng Investment Co., Ltd. Registered capital of Huadian Longkou Wind Power Co., Ltd. is RMB 80 million (the paid-in capital at end of the year is RMB 80 million) among which recognized distribution of capital of the Group is RMB 20 million (the actually paid contribution of capital is RMB 20 million), accounting for 25% of the registered capital. Huadian Longkou Wind Power Co., Ltd. mainly undertakes development, construction, operation and maintenance of wind power plant. So far, the company is under basic construction.

2) Others listed in change of profits and losses at the current year refer to the unrealized internal transactional profits and losses incurred during upstream transactions between Dongfang Turbine Co., Ltd. and Mitsubishi Gas Turbine Company, its joint venture that attributable to Dongfang Turbine Co., Ltd. calculated as per the proportion of shareholding.

**6.10.2 Analysis of long-term equity investment**

<b>Items</b>	<b>Dec-31-2014</b>	<b>Dec-31-2013</b>
Listed		
Private	974,911,045.43	784,129,880.78
<b>Total</b>	<b>974,911,045.43</b>	<b>784,129,880.78</b>

**6.11 Investment properties****6.11.1 Investment properties measured by using cost model**

<b>Items</b>	<b>Buildings</b>	<b>Land use rights</b>	<b>Total</b>
<b>Original book value</b>			
<b>Dec-31-2013</b>	81,854,338.04	6,857,220.00	88,711,558.04
<b>Increase</b>	1,268,670.15	3,543,205.00	4,811,875.15
(1) purchase	1,268,670.15	3,543,205.00	4,811,875.15
<b>Decrease</b>			
<b>Dec-31-2014</b>	83,123,008.19	10,400,425.00	93,523,433.19
<b>Depreciation and amortization</b>			

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Items	Buildings	Land use rights	Total
<b>Dec-31-2013</b>	14,541,539.59	1,371,444.00	15,912,983.59
<b>Increase</b>	3,399,301.38	149,404.63	3,548,706.01
<b>Depreciation and amortization amount</b>	3,399,301.38	149,404.63	3,548,706.01
<b>Decrease</b>			
<b>Dec-31-2014</b>	17,940,840.97	1,520,848.63	19,461,689.60
<b>Provision for the impairment</b>			
<b>Book value</b>			
<b>Dec-31-2014</b>	65,182,167.22	8,879,576.37	74,061,743.59
<b>Dec-31-2013</b>	67,312,798.45	5,485,776.00	72,798,574.45

6.11.1.1 The new investment properties of the Group this year are the capitalized expenditures (e.g. the contract tax) the Group submitted when acquiring the certificate of title for Chongqing Huiyuan Building and the rent for use of partial land in Deyang of Dongfang Boiler Group Co., Ltd.

6.11.1.2 Depreciation and amortization of investment properties is recognized in profit or loss in this year is RMB 3,548,706.01. (last year: RMB 1,640,928.68)

## 6.11.2 Analysis of investment properties based on the ages and regions

Item	Dec-31-2014	Dec-31-2013
China	74,061,743.59	72,798,574.45
Mid-term(10-50 years)	74,061,743.59	72,798,574.45
<b>Total</b>	<b>74,061,743.59</b>	<b>72,798,574.45</b>

## 6.11.3 Uncompleted certificate of investment properties

Item	Book value	Reason
Supporting shops for affordable housing in Deyang	24,132,544.81	In application
Underground parking garage of affordable houses in Deyang	24,480,000.00	In application
<b>Total</b>	<b>48,612,544.81</b>	

## 6.12 Fixed assets

## 6.12.1 Breakdown of Fixed Assets

**Dongfang Electric Corporation Limited**

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For the year of 2014

Item	Land	Building	Machines and equipments	Motors and vehicles	Instruments, electronic equipment and others	Total
<b>Original book value</b>						
<b>31-Dec-2013</b>	22,463,127.95	6,711,950,259.50	7,916,649,208.31	350,241,694.68	802,661,244.17	15,803,965,534.61
<b>Increase</b>		232,156,098.19	130,455,740.03	5,502,954.50	157,854,085.11	525,968,877.83
(1) Procurement		2,983,576.81	11,571,050.36	1,940,904.14	16,471,652.47	32,967,183.78
(2) Transferred in for project under construction		226,858,743.93	116,085,905.89	3,504,986.43	136,021,475.30	482,471,111.55
(3) Increase due to change of exchange rate				57,063.93	1,119.35	58,183.28
(4) Other increases		2,313,777.45	2,798,783.78		5,359,837.99	10,472,399.22
<b>Decrease</b>	276,391.95	19,975,050.23	85,315,639.45	5,859,285.67	16,275,296.77	127,701,664.07
(1) Disposal or scrapping		17,713,831.98	83,184,004.98	5,853,767.02	14,928,895.37	121,680,499.35
(2) Other decreases	276,391.95	2,261,218.25	2,131,634.47	5,518.65	1,346,401.40	6,021,164.72
<b>31-Dec-2014</b>	22,186,736.00	6,924,131,307.46	7,961,789,308.89	349,885,363.51	944,240,032.51	16,202,232,748.37
<b>Depreciation</b>						
<b>31-Dec-2013</b>		1,561,930,691.88	4,193,595,787.10	234,829,223.48	551,221,963.89	6,541,577,666.35
<b>Increase</b>		321,186,431.85	627,848,676.88	33,638,305.37	159,856,216.70	1,142,529,630.80
(1) Withdrawal		321,186,431.85	627,848,676.88	33,596,766.61	159,855,201.82	1,142,487,077.16

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Item	Land	Building	Machines and equipments	Motors and vehicles	Instruments, electronic equipment and others	Total
(2) Other increases				41,538.76	1,014.88	42,553.64
<b>Decrease</b>		4,460,565.61	21,340,752.08	5,400,658.99	14,250,858.49	45,452,835.17
(1) Disposal or scrapping		4,460,565.61	21,340,752.08	5,397,135.94	14,248,932.67	45,447,386.30
(2) Other decreases				3,523.05	1,925.82	5,448.87
<b>31-Dec-2014</b>		1,878,656,558.12	4,800,103,711.90	263,066,869.86	696,827,322.10	7,638,654,461.98
<b>Provision for impairment</b>						
<b>31-Dec-2013</b>			18,613,906.28	90,000.00	72,986.92	18,776,893.20
<b>Increase</b>			6,896,625.26			6,896,625.26
(1) Withdrawal			6,896,625.26			6,896,625.26
<b>Decrease</b>					8,884.45	8,884.45
(1) Disposal or scrapping					8,884.45	8,884.45
<b>31-Dec-2014</b>			25,510,531.54	90,000.00	64,102.47	25,664,634.01
<b>Book value</b>						
<b>31-Dec-2014</b>	22,186,736.00	5,045,474,749.34	3,136,175,065.45	86,728,493.65	247,348,607.94	8,537,913,652.38
<b>31-Dec-2013</b>	22,463,127.95	5,150,019,567.62	3,704,439,514.93	115,322,471.20	251,366,293.36	9,243,610,975.06

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6.12.1.1 The land is the land use right taken by Dong Fang Electric (India) Private Limited

6.12.1.2 By the end of 2013, accumulated depreciation drawn is RMB 1,065,194,754.33 compared with RMB 1,133,022,407.46 last year.

6.12.1.3 Net loss from the fixed assets sold are RMB 1,909,936.79

6.12.1.4 The original book value of fixed assets pledged or guaranteed is RMB 752,501,824.34 and net book value is RMB 535,678,547.57 in 2014

## 6.12.2 Analysis of fixed assets based on the ages and regions

Item	Dec-31-2013	Dec-31-2012
China	5,045,474,749.34	5,150,019,567.62
Mid-term(10-50 years)	4,973,559,651.37	5,150,019,567.62
Short-term(0-10 years)	71,915,097.97	
<b>Total</b>	<b>5,045,474,749.34</b>	<b>5,150,019,567.62</b>

6.12.3 There are no fixed assets laid aside.

## 6.12.4 Fixed Assets for operating lease

Dec-31-2014, the net book value is RMB 10,243,253.87 (Original book value is RMB 23,106,620.68) (Dec-31-2013: the net book value is RMB 5,082,990.56, Original book value is RMB 14,872,317.38).

Item	Net book value
Building	6,155,567.31
Machines and equipments	4,077,342.24
Vehicles	10,000.00
Electronic equipment	344.32
<b>Total</b>	<b>10,243,253.87</b>

Note: Among the housing buildings leased via operating leasing, the housing buildings leased by Dongfang Boiler Group Co., Ltd. mainly are roofs and single rooms, so the book value of the leased portion cannot be measured. Leasees include Sichuan Dongfang Electric Automatic Control Engineering Co., Ltd., Sichuan Lomon Titanium Industry Co., Ltd., Dongfang Turbine Investment and Development Co., Ltd., Sichuan Branch of China Telecom, Deyang Branch of China Mobile Communications Corporation Sichuan Co., Ltd., Deyang Dongfang Aberle Pipe System Co., Ltd.,

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Dongfang Mitsubishi Turbine Company and social individuals.

## 6.12.5 The uncompleted ownership certificates of fixed assets

Item	Book value	Reason
Production base of Hulun Buir New Energy Co., Ltd.	32,429,760.43	In final accounting
Plants, warehouses, office building, canteen and dormitories (5 in total) of Jiuquan New Energy Co., Ltd.	107,874,009.04	In final accounting
Newly built technical building, staff dining room, laboratories, staff training center, control building of 110KV substation, etc. (13 in total) of Dongfang Electric Machinery Co., Ltd.	156,173,416.39	In application
Cold-state plants, cold-state auxiliary rooms, hot-state plants (3 in total) of Dongfang Boiler Group Co., Ltd.	10,723,225.97	As the land is not property of Dongfang Boiler Group Co., Ltd., certificate of title cannot be acquired.
Combined Factory Building V and flaw detection room (2 in total) of Dongfang Boiler Group Co., Ltd.	20,209,414.97	Environmental evaluation and safety evaluation have not passed the acceptance yet.
Communication rooms for leaders & department for singles and auxiliary rooms (2 in total) of Dongfang Boiler Group Co., Ltd.	13,662,355.55	In application
Plant, warehouse, canteen, etc. (5 in total) of Dongfang Electric (Wuhan) Nuclear Equipment Co., Ltd.	30,354,215.38	Leftover problems after establishment of Dongfang Electric (Wuhan) Nuclear Equipment Co., Ltd. with part of the operating assets of Nuclear Power Business Division of the former Wuhan Boiler Group Co., Ltd.; the originally reported materials for construction are missing.
Phase-II plant of Dongfang Electric (Wuhan) Nuclear Equipment Co., Ltd.	80,513,189.42	In final accounting
Expanded portion of staff dining room of Dongfang Heavy Machinery Co., Ltd.	3,010,006.96	In application

## 6.13 Construction in progress

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## 6.13.1 Breakdown of construction in progress

Items	Dec-31-2014			Dec-31-2013		
	Amount	Impairment	Book Value	Amount	Impairment	Book Value
Construction	819,759,381.00	1,430,697.20	818,328,683.80	687,221,105.26	1,430,697.20	685,790,408.06
<b>Total</b>	<b>819,759,381.00</b>	<b>1,430,697.20</b>	<b>818,328,683.80</b>	<b>687,221,105.26</b>	<b>1,430,697.20</b>	<b>685,790,408.06</b>

## 6.13.2 Changes of significant construction in progress

Items	Dec-31-2013	Increase	Decrease		Dec-31-2014
			Transfer to long term assets	Others	
DEC(construction project of 350T high speed) dynamic balance	104,894,417.57	12,364,923.09	78,290.61		117,181,050.05
Special project for improvement of capability in manufacturing 32t13002q container products and gasifier of Dongfang Boiler Group Co., Ltd.	2,081,874.53	102,859,321.98	4,786.32		104,936,410.19
Dongfang Boiler (Shenzhen) Control Co., Ltd (Building 2, Construction project of Chengdu R&D base)	19,674,075.89	69,120,613.60			88,794,689.49
DEC(compressor rig construction)	80,825,760.41	7,568,915.05			88,394,675.46
CNC moving-beam gantry type milling machine of Dongfang Heavy Machinery Co., Ltd.	16,691,702.73	66,875,335.96	7,111,811.86		76,455,226.83
Dong Fang Electric (India) Private Limited(Office building projects)	36,899,779.92	26,400,952.60		454,024.14	62,846,708.38
DEC(construction of 6MW full power fan blower and LVRT base construction)	31,447,318.96	3,952,302.80	1,656,410.26		33,743,211.50
EPC project of phase-II of test station of Dongfang Electric Machinery Co., Ltd.	8,677,606.38	9,958,290.78			18,635,897.16
Heavy-duty type half-precision horizontal lathe for machining rotors with 4.2m diameter of Dongfang Turbine Co., Ltd.	4,998,913.22	12,591,262.10			17,590,175.32
CNC single-column moving vertical composite milling machine of Dongfang	13,692,347.81				13,692,347.81

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Items	Dec-31-2013	Increase	Decrease		Dec-31-2014
			Transfer to long term assets	Others	
Electric (Wuhan) Nuclear Equipment Co., Ltd.					
Other projects	367,337,307.84	337,473,571.28	486,756,474.74	20,565,415.57	197,488,988.81
<b>Total</b>	<b>687,221,105.26</b>	<b>649,165,489.24</b>	<b>495,607,773.79</b>	<b>21,019,439.71</b>	<b>819,759,381.00</b>

(continued)

Items	Budget amount (0,000.00)	Proportion of injection to budget(%)	Progress (%)	Accumulated amount of interest capitalized	Including: interest capitalized for the year	Capitalisation(%)	Source of funds
DEC(construction project of 350T high speed) dynamic	18,500.00	67.00	Note 2				Other sources
Special project for improvement of capability in manufacturing 32t13002q container products and gasifier of Dongfang Boiler Group Co., Ltd.	19,220.00	52.00	55.00				Other sources
Dongfang Boiler (Shenzhen) Control Co., Ltd (Building 2, Construction	16,882.00	48.00	50.00				Other sources
DEC(compressor rig construction)	31,260.00	28.00	Note 1				Other sources
CNC moving-beam gantry type milling machine of Dongfang Heavy Machinery Co., Ltd.	9,200.00	88.30	80.00				Other sources
Dong Fang Electric (India) Private Limited(Office building projects)	13,000.00	48.34	48.34				Other sources
DEC(construction of 6MW full power fan blower and LVRT base construction)	8,000.00	43.00	Note 3				Other sources
EPC project of phase-II of test station of Dongfang Electric Machinery Co., Ltd.	2,140.00	87.08	To be accepted				Other sources
Heavy-duty type half-precision horizontal lathe for machining rotors with 4.2m diameter of Dongfang Turbine Co., Ltd.	1,600.00	110.00	Note 3				Other sources
CNC single-column moving vertical composite milling machine of Dongfang Electric (Wuhan) Nuclear Equipment Co., Ltd.	2,240.00	61.13	61.13				Other sources

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Items	Budget amount (0,000.00)	Proportion of injection to budget(%)	Progress (%)	Accumulated amount of interest capitalized	Including: interest capitalized for the year	Capitalisation(%)	Source of funds
Other projects				22,454,049.59			Loan from financial institutions and other source
<b>Total</b>				<b>22,454,049.59</b>			

Note 1: Zero-load test run of driving system is proceeding.

Note 2: building project has been completed and high powered equipment is being installed.

Note 3: Installation test is in proceeding.

6.14 Intangible assets

6.14.1 Intangible assets

Items	Land use right	Patents	Non-patent technology	Software	Total
<b>Original book value</b>					
<b>Dec-31-2013</b>	1,062,214,854.31	11,792,161.08	342,511,972.24	107,770,423.07	<b>1,524,289,410.70</b>
<b>Increase</b>	17,582,475.49		10,945,806.80	11,592,665.47	<b>40,120,947.76</b>
(1) Procurement	17,582,475.49			9,401,810.73	26,984,286.22
(2) Transferred in for project under construction			10,945,806.80	2,190,854.74	13,136,661.54
<b>Decrease</b>			22,993,449.95	3,494.46	<b>22,996,944.41</b>
(1) Disposal as due			22,993,449.95		22,993,449.95
(2) Change in exchange rate				98.23	98.23
(3) Other changes				3,396.23	3,396.23
<b>Dec-31-2014</b>	1,079,797,329.80	11,792,161.08	330,464,329.09	119,359,594.08	<b>1,541,413,414.05</b>
<b>Amortization</b>					
<b>Dec-31-2013</b>	135,390,170.02	6,181,403.17	240,388,428.30	38,560,999.25	<b>420,521,000.74</b>
<b>Increase</b>	19,364,595.53	27,463.24	26,287,370.52	19,025,140.38	<b>64,704,569.67</b>
(1) Withdrawal	19,364,595.53	27,463.24	26,287,370.52	19,025,140.38	64,704,569.67

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Items	Land use right	Patents	Non-patent technology	Software	Total
<b>Decrease</b>			22,993,449.95	8.25	<b>22,993,458.20</b>
(1) Disposal			22,993,449.95		22,993,449.95
(2) Change in exchange rate				8.25	8.25
<b>Dec-31-2014</b>	154,754,765.55	6,208,866.41	243,682,348.87	57,586,131.38	<b>462,232,112.21</b>
<b>Provision for impairment</b>					
<b>Dec-31-2013</b>	90,428,509.50				<b>90,428,509.50</b>
<b>Increase</b>					
<b>Decrease</b>					
<b>Dec-31-2014</b>	90,428,509.50				<b>90,428,509.50</b>
<b>Book Value</b>					
<b>Dec-31-2014</b>	834,614,054.75	5,583,294.67	86,781,980.22	61,773,462.70	<b>988,752,792.34</b>
<b>Dec-31-2013</b>	836,396,174.79	5,610,757.91	102,123,543.94	69,209,423.82	<b>1,013,339,900.46</b>

6.14.1.1 Analysis of land use right based on the ages and regions

Items	Dec-31-2014	Dec-31-2013
China	834,614,054.75	836,396,174.79
Mid-term(10-50 years)	834,614,054.75	836,396,174.79
<b>Total</b>	<b>834,614,054.75</b>	<b>836,396,174.79</b>

6.14.1.2 In 2014, the amount of accumulated amortization is RMB 64,704,569.67 compared with 55,295,066.28 last year.

6.14.2 Land use right without the ownership certificate

In the year-end intangible assets, the net book value of land use right which have not had the ownership certificate is RMB 29,097,081.52 (Original book value RMB 31,396,736.96), compared with RMB 19,695,313.93 (Original book value RMB 21,558,993.00) last year.

Whereas all the above-mentioned externally purchased assets are purchased according to the relevant legal agreement, directors of the Group considers no material legal impediment against transfer of title as a result of which normal operation of the Group will not be effected materially, it is unnecessary to withdraw depreciation reserves for intangible assets and no large amount of additional cost will be incurred.

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Items	Book value	Reason
Centralized industrial development zone in Jingyang District	19,246,941.17	Transfer of ownership has not been carried out with the transferor yet.
Combined Land VI at west side of Huashan Road	9,850,140.35	In application
<b>Total</b>	<b>29,097,081.52</b>	

6.14.3 Hanwang production base was destroyed completely in 5.12 Wenchuan earthquakes. Dongfang turbine Co., Ltd has withdrawn full provision for impairment of intangible assets based on "Letter of Approval Opinion on 'project plan and feasibility study report on off-site reconstruction of DEC Hanwang production base' (Guoziting Guihua [2008] No. 417)" by SASAC.

6.14.4 The net book value of intangible assets frozen or pledged is RMB 63,237,326.87 (Original book value RMB 71,442,725.09).

## 6.15 Long-term deferred expenses

Items	31-Dec-2013	Increase	Amortization	Decrease	31-Dec-2014
Management cost for power cable	54,000.00		36,000.00		18,000.00
Maintenance cost for power distribution equipment	455,000.14		69,999.96		385,000.18
Fees for test modification		112,375.00	39,875.00		72,500.00
<b>Total</b>	<b>509,000.14</b>	<b>112,375.00</b>	<b>145,874.96</b>		<b>475,500.18</b>

## 6.16 Deferred tax asset and deferred tax liabilities

## 6.16.1 Non-offset deferred income tax assets

Items	31-Dec-2014		31-Dec-2013	
	deductible temporary differences	Deferred tax asset	deductible temporary differences	Deferred tax asset
Provision for impairment of Assets	6,760,808,441.74	1,016,484,913.77	6,102,599,031.96	918,413,283.58
Provisions	1,207,870,040.76	181,643,023.28	1,381,301,144.52	211,342,873.20
Payroll payables	297,746,976.80	44,662,046.53	266,544,721.60	40,139,097.25
Government grant	196,282,410.25	31,722,051.87	108,499,319.82	18,625,474.63
Unrealized profit of internal transactions	230,489,458.71	40,677,314.48	327,361,396.69	49,104,209.50
Trade payables	72,016,274.00	10,802,441.08	78,615,497.69	11,792,324.66
Fixed assets depreciation	33,675,747.16	5,051,362.06	31,587,481.68	4,738,122.25

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Items	31-Dec-2014		31-Dec-2013	
	deductible temporary differences	Deferred tax asset	deductible temporary differences	Deferred tax asset
Fair value change of available-for-sale financial assets			144,391,276.00	21,658,691.40
Fair value changes of financial assets held for trading			24,338,438.16	3,650,765.74
Enterprise income tax deducted from overseas for tax credit			4,662,608.16	1,165,652.04
Deductible loss carried forward to the next year			1,134,886.61	368,213.96
<b>Total</b>	<b>8,798,889,349.42</b>	<b>1,331,043,153.07</b>	<b>8,471,035,802.89</b>	<b>1,280,998,708.21</b>

## 6.16.2 Non-offset deferred income tax liabilities

Deferred tax liabilities	31-Dec-2014		31-Dec-2013	
	taxable temporary differences	deferred tax liabilities	taxable temporary differences	deferred tax liabilities
Value added after evaluation	9,002,707.07	1,350,406.07	9,002,707.07	1,350,406.07
Fair value changes of financial assets held for trading	8,427,613.11	1,264,141.97	2,826,747.59	424,012.14
Fixed assets depreciation	163,452.92	53,032.30	196,080.47	63,618.31
<b>Total</b>	<b>17,593,773.10</b>	<b>2,667,580.34</b>	<b>12,025,535.13</b>	<b>1,838,036.52</b>

## 6.16.3 Breakdown of temporary differences of unrecognized deferred tax asset

Item	31-Dec-2014	31-Dec-2013
Deductible loss carried forward to the next year	371,290,149.53	246,161,208.69
Provision for inventories	247,862,436.31	258,365,051.56
Provision for bad debts	40,628,318.02	45,017,821.75
Provisions	21,051,322.02	11,315,463.13
Government grant	9,553,833.33	9,774,817.33
Payroll payables	143,685.00	
<b>Total</b>	<b>690,529,744.21</b>	<b>570,634,362.46</b>

The Group cannot recognize the deductible temporary differences of deferred tax

**Dongfang Electric Corporation Limited**

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asset by the end of 2013. This is mainly because of the uncertain of taxable income obtained by Hangzhou new energy company and Jiuquan new energy company, Tongliao Wind Power Company and Hulunbuir new energy company. Moreover, neither deductible loss nor deductible temporary differences is determined as deferred tax asset.

## 6.16.4 Due date of deductible loss of unrecognized deferred tax asset

Years	31-Dec-2014	31-Dec-2013	Note
2015	72,393,387.46	72,393,387.46	
2016	16,570,892.12	16,570,892.12	
2017	47,419,122.33	46,458,144.18	
2018	111,558,255.81	110,738,784.93	
2019	123,348,491.81		
<b>Total</b>	<b>371,290,149.53</b>	<b>246,161,208.69</b>	

## 6.17 Short term borrowings

## 6.17.1 Classification of short term borrowings

Categories	31-Dec-2014	31-Dec-2013
Pledged loans		114,670,055.27
Mortgage loans	209,000,000.00	136,000,000.00
Credit loans	2,325,000,000.00	3,202,402,010.87
<b>Total</b>	<b>2,534,000,000.00</b>	<b>3,453,072,066.14</b>

1) Mortgage loan of the Group at the end of the year is RMB 209 million. It refers to the borrowing Dongfang Electric (Wuhan) Nuclear Equipment Co., Ltd. and Dongfang Electric New Energy Equipment (Hangzhou) Co., Ltd. of Dongfang Electric Corporation from borrowed from Dongfang Electric Finance Co., Ltd. (hereinafter referred to as Dongfang Finance Company) with machinery and equipment total book value of which is RMB 276,508,143.22, housing building with a value of RMB 259,170,404.35 and use right of land worth RMB 63,237,326.87 as the pledges.

2) On December 31, 2014, the weighted average annual interest rate for short-term borrowings is 4.44% (that on December 31, 2013 was 4.05%).

6.17.2 No overdue short-term borrowings are included in the balance amount in the year end.

## 6.18 Notes Payable

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Category	31-Dec-2014	31-Dec-2013
Bank acceptance notes	596,597,175.27	528,581,068.80
Commercial acceptance notes	4,679,298,224.47	4,336,513,303.96
<b>Total</b>	<b>5,275,895,399.74</b>	<b>4,865,094,372.76</b>

The Group withdraws RMB 3,014,115.52 from other monetary funds and uses it as the cash deposit for banker's acceptance bill at the end of the year.

## 6.19 Accounts payables

## 6.19.1 Accounts payables

Aging	31-Dec-2014	31-Dec-2013
Within one year	12,977,628,977.72	10,781,307,023.02
1-2 years	1,264,207,705.15	1,044,275,359.05
2-3 years	506,798,306.37	943,654,519.10
Over 3 years	1,144,606,182.82	1,455,462,022.04
<b>Total</b>	<b>15,893,241,172.06</b>	<b>14,224,698,923.21</b>

## 6.19.2 Over one year's accounts payables

Name	31-Dec-2014	Reason
First	82,906,430.55	In the warranty period
Second	63,025,743.21	In the warranty period
Third	52,830,450.00	In the warranty period
Forth	49,819,692.44	No urgent collection from the other party
Fifth	45,101,800.00	Fund for house purchase paid in installments
<b>Total</b>	<b>293,684,116.20</b>	

## 6.20 Advances from customers

## 6.20.1 Advances from customers

Item	31-Dec-2014	31-Dec-2013
Within 1 year	23,575,777,953.74	22,074,110,593.97
over 1 year	9,809,150,276.19	10,210,101,546.28
<b>Total</b>	<b>33,384,928,229.93</b>	<b>32,284,212,140.25</b>

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## 6.20.2 The over-one-year advances from customers

Name	31-Dec-2014	Reason
First	812,024,844.97	unsettled power generators
Second	483,088,547.01	unsettled power generators
Third	418,801,482.85	unsettled power generators
Forth	418,047,932.40	unsettled power generators
Fifth	218,456,814.43	unsettled power generators
<b>Total</b>	<b>2,350,419,621.66</b>	

## 6.20.3 Completed but unsettled projects at the end of year as per the construction contract

Item	Amount
Settled amount	60,909,769,099.94
Less: Accumulated incurred cost	46,401,042,012.46
Accumulated confirmed gross profits	3,335,762,574.84
Completed but unsettled projects at the end of year as per the construction contract	11,172,964,512.64

## 6.21 Employee benefits payable

## 6.21.1 Employee benefits payable

Items	31-Dec-2013	Increase	Decrease	31-Dec-2014
short-term remuneration	215,935,237.22	3,500,834,247.13	3,491,496,521.77	225,272,962.58
post-employment benefit -DCP	100,109,608.80	505,722,210.48	543,471,894.15	62,359,925.13
dismissal benefits	30,687,104.21	81,179,978.23	59,614,894.50	52,252,187.94
Other benefits in 1 year	11,601,427.20		11,601,427.20	
<b>Total</b>	<b>358,333,377.43</b>	<b>4,087,736,435.84</b>	<b>4,106,184,737.62</b>	<b>339,885,075.65</b>

## 6.21.2 short-term employee benefits payable

Items	31-Dec-2013	Increase	Decrease	31-Dec-2014
Salaries, bonuses, allowances and subsidies	166,950,896.67	2,493,207,383.16	2,497,525,634.70	162,632,645.13
Welfare expenses		350,311,340.07	350,311,340.07	

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Items	31-Dec-2013	Increase	Decrease	31-Dec-2014
Social insurance	189,631.58	246,156,401.02	245,487,776.98	858,255.62
Including:				
Fundamental medical insurance	159,703.13	145,159,550.46	144,628,613.99	690,639.60
Injury insurance	13,958.14	17,620,798.07	17,521,539.25	113,216.96
Maternity insurance	15,970.31	10,913,667.49	10,875,238.74	54,399.06
Supplementary medical insurance		72,462,385.00	72,462,385.00	
Housing fund	6,880,284.30	231,842,151.05	231,767,019.05	6,955,416.30
Labor union expenses cost and employee education expenses	41,914,424.67	94,053,047.29	83,661,953.81	52,305,518.15
Labour protection expenses		69,537,457.14	68,438,767.14	1,098,690.00
Others		15,726,467.40	14,304,030.02	1,422,437.38
<b>Total</b>	<b>215,935,237.22</b>	<b>3,500,834,247.13</b>	<b>3,491,496,521.77</b>	<b>225,272,962.58</b>

### 6.21.3 DCP

Items	31-Dec-2013	Increase	Decrease	31-Dec-2014
Fundamental endowment insurance	191,643.75	394,036,151.89	392,581,832.23	1,645,963.41
Unemployment insurance	31,940.63	45,747,080.81	45,596,871.54	182,149.90
corporate annuity payment	99,886,024.42	65,938,977.78	105,293,190.38	60,531,811.82
<b>Total</b>	<b>100,109,608.80</b>	<b>505,722,210.48</b>	<b>543,471,894.15</b>	<b>62,359,925.13</b>

6.21.4 Other welfare due within one year refer to the incentive plan related to share appreciation right of H-shares granted to directors of the Group, high-level management personnel and key technical personnel and management elites exerting direct effect on the overall performance and continuous development of the Group. See descriptions in Note XI and Note 1 of the Financial Statement for details of the incentive plan related to share appreciation right of H-shares and the decrease of the current year.

### 6.22 Taxes & Fees Payable

Item	31-Dec-2014	31-Dec-2013
Value-added tax(VAT)	-328,213,522.93	-285,160,815.70
Business tax	1,970,935.70	2,376,214.75
Enterprise income tax(EIT)	80,051,533.14	279,769,742.79

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Item	31-Dec-2014	31-Dec-2013
Urban maintenance and construction tax	22,008,592.88	5,237,684.39
Individual income tax	20,248,139.84	23,416,464.51
Education surcharge	9,909,438.94	4,927,630.27
Local education surcharge	6,594,915.97	8,848,821.14
House property tax	2,965,460.26	2,957,449.49
Land use tax	590,297.58	858,518.70
Stamp duty	2,174,450.46	4,996,947.85
Embankment protection charges		325,173.84
Price regulation fund	8,456,113.73	5,211,322.91
Water conservancy and construction special funds	374,579.22	139,635.46
Others	-27,796.49	2,321.22
<b>Total</b>	<b>-172,896,861.70</b>	<b>53,907,111.62</b>

6.22.1 The balance amount has decreased 226,803,973.32 yuan from the beginning of 2012, representing a decreasing of 4.2 times. The main reason is the deduction of VAT input tax increased.

6.22.2 There is no enterprise income tax payable from Hongkong

6.23 Interest payable

6.23.1 Interest payable

Items	Dec-31-2014	Dec-31-2013
The convertible bond interest	9,534,246.58	
Short term loan interest	3,783,333.33	
<b>Total</b>	<b>13,317,579.91</b>	

Balance of interest payable of the Group at the end of the year increased RMB 13,317,579.91 when compared with that at the beginning of the year and the reason for such increase is interest payable for the withdrawn external borrowings and the convertible bond issued at the current year.

6.23.2 No overdue interest is included in the interest payable of the Group at the end of the year.

6.24 Dividends payable

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<b>Name of shareholders</b>	<b>31-Dec-2014</b>	<b>31-Dec-2013</b>
China Western Power Industrial Co., Ltd.	763,662.57	1,365,662.57
Other outside shareholders of Dongfang Boiler Co., Ltd	2,379,654.25	2,024,069.45
<b>Total</b>	<b>3,143,316.82</b>	<b>3,389,732.02</b>

6.24.1 Included in dividends payable aged over one year is dividends to be drawn by non-controlling shareholders of Dongfang Boiler Group., Ltd.

6.24.2 Dividends the Group shall pay to Western Power Industrial Co., Ltd. at the end of the year refer to the 2014 annual cash dividends Eastern Boiler Control Co., Ltd. distributed but has not paid to Western Power Industrial Co., Ltd.

## 6.25 Other payables

## 6.25.1 Other payables

<b>Nature</b>	<b>31-Dec-2014</b>	<b>31-Dec-2013</b>
payables of stock purchase	942,336,415.78	942,336,415.78
State allocations on budget	413,710,000.00	413,710,000.00
deposit and earnest money	160,410,297.43	155,901,754.13
Lease, labor and sporadic	94,719,596.73	117,017,719.00
agency fund	38,797,791.97	36,853,513.46
Pay for others	33,096,864.05	76,262,448.91
Fundamental medical insurance	20,980,940.00	26,021,542.05
Others	34,262,722.66	37,089,560.49
<b>Total</b>	<b>1,738,314,628.62</b>	<b>1,805,192,953.82</b>

## 6.25.2 Over 1 year's other payables

<b>Name</b>	<b>31-Dec-2014</b>	<b>Reason</b>
First	1,356,046,415.78	Note
Second	20,683,850.75	No urge collection from the other party
Third	17,535,977.28	Transferred to employees hit by a natural disaster on a yearly basis
Forth	4,603,333.20	Quality guarantee deposit for equipment within warranty period
Fifth	4,500,000.00	Qualification guarantee deposit to be repaid when purchase-and-sale relationship ends

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Name	31-Dec-2014	Reason
sixth	4,500,000.00	Qualification guarantee deposit to be repaid when purchase-and-sale relationship ends
Seventh	4,500,000.00	Qualification guarantee deposit to be repaid when purchase-and-sale relationship ends
Eighth	4,500,000.00	Qualification guarantee deposit to be repaid when purchase-and-sale relationship ends
<b>Total</b>	<b>1,416,869,577.01</b>	

Note: The balance amount at year ended aged over one year is A Shares issued to acquire Dongfang Turbine Co., Ltd and Dongfang Boiler Group., Ltd in 2007. In basis of the acquisition agreement, the balance is the profit of the DEC from the valuation date of acquiree to the acquisition completed date, as well as the capital construction appropriation of central budgetary funds.

## 6.26 Non-current Liabilities maturing within one year

Item	31-Dec-2014	31-Dec-2013
Long-term borrowings maturing within one year	16,320,000.00	86,320,000.00
Convertible bond due within one year	3,240,540,290.35	
<b>Total</b>	<b>3,256,860,290.35</b>	<b>86,320,000.00</b>

26.1 Convertible bond which may expire within one year is the convertible bonds that the Company will redeemed in February 2015. See Note XIV, 1 of the Financial Statement for details.

## 26.2 Breakdown of overdue borrowings

Name of creditor	Amount	Overdue period	Interest rate	Loans are used for	Reason for overdue	Tentative repayment period
Deyang City Finance Bureau	16,320,000.00	49-97 months	2.55	Implementation of technical transformation and construction of gas-steam combined cycle.	Not been collected	
<b>Total</b>	<b>16,320,000.00</b>					

Overdue loans at year ended are bond funds which have been borrowed from Deyang Finance Bureau since 2001, based on the agreement between Dongfang Turbine Co., Ltd and Deyang Finance Bureau. The loans are used the reconstruction project of gas and steam technology and due from Nov, 2006 to Nov, 2010 gradually. By

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the end of 2013, the group has not repay the loans

## 6.27 Other current liabilities

## 6.27.1 Other current liabilities

Items	31-Dec-2014	31-Dec-2013
Deferred income- Government grants	128,543,364.04	79,943,075.58
<b>Total Deferred income is to be included in non-operating revenue in 2003. It can refer to note of financial statement 3. VI</b>	<b>128,543,364.04</b>	<b>79,943,075.58</b>

## 6.27.2 Government grants

Item	31-Dec-2013	Current year additions	Others	Included non-recurring income	31-Dec-2014	Capital or revenue expenditure
VAT refund of the third company	52,696,994.88		42,181,950.35	52,696,994.88	42,181,950.35	Capitalexpenditure
Government funding for infrastructure	1,105,741.99		1,303,741.99	1,105,741.99	1,303,741.99	Capitalexpenditure
Government funding for scientific research	3,082,247.27		2,596,141.05	3,048,569.51	2,629,818.81	Capitalexpenditure
Government funding for scientific research	18,440,259.67	2,347,700.00	67,362,936.60	11,240,259.67	76,910,636.60	Capitalexpenditure
Government funding for technology	1,200,000.00		1,200,000.00	1,200,000.00	1,200,000.00	Capitalexpenditure
Government subsidies	308,550.00		308,550.00	308,550.00	308,550.00	Capitalexpenditure
Others	3,109,281.77		4,008,666.29	3,109,281.77	4,008,666.29	income
<b>Total</b>	<b>79,943,075.58</b>	<b>2,347,700.00</b>	<b>118,961,986.28</b>	<b>72,709,397.82</b>	<b>128,543,364.04</b>	

The amount of government grants RMB 118,961,986.28 which belong to other current liability within group at the end of year and would be carried over as non-operating revenue in 2015, should refer to notes of financial statements, No. 33.(2) VI

## 6.28 Long-term borrowings

Item	31-Dec-2014	31-Dec-2013
Mortgage borrowings		70,000,000.00
Credit borrowings	561,940,000.00	55,720,000.00
Less: long-term borrowings maturing within one year	16,320,000.00	86,320,000.00

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Item	31-Dec-2014	31-Dec-2013
<b>Total</b>	<b>545,620,000.00</b>	<b>39,400,000.00</b>

6.28.1 Amount of long-term loan of the Group at the end of the year increases RMB 50,622.00, for 12.85 times than that at the beginning of the year. Such incensement mainly consists of the seller's credit of RMB 300 million on exports of high-tech product, which is borrowed by Dongfang Turbine Co., Ltd. from the Export-Import Bank of China, and the loan of RMB 150.12 million which is borrowed by Dongfang Boiler Group Co., Ltd, and Dongfang Electric Finance Co., Ltd. for vessel products and gasifier manufacturing capacity improvement and for Construction Project of Chengdu Research & Development Service Base.

6.28.2 On December 31, 2014, the weighted average annual interest rate for long-term borrowings is 3.70% (that on December 31, 2013 was 5.35%).

## 6.28.3 Due date analysis of long-term borrowings

Due date	31-Dec-2014	31-Dec-2013
Within 1-2 years	338,800,000.00	
Within 2-5 years	206,820,000.00	39,400,000.00
<b>Total</b>	<b>545,620,000.00</b>	<b>39,400,000.00</b>

## 6.29 Long-term accounts payables

Name of creditors	31-Dec-2014	31-Dec-2013
National special reserve fund	685,252.84	685,252.84
<b>Total</b>	<b>685,252.84</b>	<b>685,252.84</b>

## 6.30 Long-term employee benefits payable

Items	31-Dec-2014	31-Dec-2013
Termination benefits	63,585,273.19	36,278,343.40
<b>Total</b>	<b>63,585,273.19</b>	<b>36,278,343.40</b>

6.30.1 Dismission welfare of the Group is the payable cost for personnel who have early retirement. The Company discounts the cost of early retirement according to banker's call rate in the corresponding period.

6.30.2 Long-term payroll payable of the Group at the end of the year increases for 75.27%, which is RMB 27,306,929.79 more than that at the beginning of the year. It is

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mainly caused by incensement of the number of personnel who have early retirement and the salary of such personnel. 6.31 Specified accounts payables

**6.31 Specified accounts payables**

<b>Items</b>	<b>31-Dec-2013</b>	<b>Current year additions</b>	<b>Current year reductions</b>	<b>31-Dec-2014</b>	<b>Reason</b>
Tariffs on imported equipment and VAT refunds	58,042,614.63			58,042,614.63	Note
<b>Total</b>	<b>58,042,614.63</b>			<b>58,042,614.63</b>	

Note: Pursuant to the Notice 11[2007] "The implementation of the State Council to accelerate the revitalization of equipment manufacturing and notice of import tax policy" issued by Ministry of Finance, National Development and Reform Commission, General Administration of Customs of the People's Republic of China and State Administration of Taxation, the amount of money which are the tariffs on import equipments and value-added tax refunds have been received by Dongfang Turbine Co., Ltd. As at the date of this financial report, the company has transferred tax refunds to state capital

**6.32 Estimated Liabilities**

<b>Items</b>	<b>31-Dec-2014</b>	<b>31-Dec-2013</b>	<b>Reason</b>
Product warranties	1,216,586,973.04	1,118,130,731.82	(1)
Outstanding litigation	6,190,800.00	225,770,013.60	(2)
Onerous contracts pending for execution	6,143,589.74	44,882,051.26	Estimated total contract cost is higher than total contract revenue
Others		3,833,810.97	
<b>Total</b>	<b>1,228,921,362.78</b>	<b>1,392,616,607.65</b>	

(1) The provision for warranty claims represents the present value of the directors' best estimate of the future outflow of economic benefits that will be required under the Groups warranty program for power equipment. The estimate has been made on the basis of historical warranty trends and may vary as a result of new materials and altered manufacturing processes.

(2) The estimated pending litigation liability of the Group at the end of the year is mainly the estimated supplier compensation loss of Dongfang Electric New Energy Equipment (Hangzhou) Co., Ltd. (hereinafter referred to as Hangzhou New Energy Co., Ltd.) due to Indian project shutdown. See Note XII, 1 in the financial statement for details.

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(3) The pending litigation of the Group at the end of the year reduces RMB 219,579,213.60 comparing with that at the beginning of the year, which mainly results from lawsuit claim payment to Foster Wheeler in the current year. See Note XV, 3 (1) in the financial statement for details. 6.33Deferred income

## 6.33.1 Deferred income

Items	31-Dec-2013	Increase	Decrease	31-Dec-2014	Reason
Government grants	500,287,825.52	179,654,616.67	213,792,857.85	466,149,584.34	
<b>Total</b>	<b>500,287,825.52</b>	<b>179,654,616.67</b>	<b>213,792,857.85</b>	<b>466,149,584.34</b>	—

## 6.33.2 Government grants

Item	31-Dec-2013	Current year additions	Included non-recurring income	Others	31-Dec-2013	Capital or revenue expenditure
VAT refund of Third-line Region Enterprises	389,032,399.88		3,523,395.08	42,181,950.35	343,327,054.45	Capital expenditure
Government funding for infrastructure	62,174,841.93			1,303,741.99	60,871,099.94	Capital expenditure
Government funding for scientific research	7,153,134.68	16,010,000.00	499,959.58	3,088,442.94	19,574,732.16	Capital expenditure
Government funding for scientific research	24,347,393.50	150,537,266.67	78,259,939.17	71,966,095.20	24,658,625.80	Capital expenditure
Government funding for technology	5,320,000.00			1,200,000.00	4,120,000.00	Capital expenditure
Government subsidies	1,851,300.00			308,550.00	1,542,750.00	Capital expenditure
Government subsidies	1,200,000.00		200,000.00		1,000,000.00	Revenue expenditure
Others	7,208,755.53	13,107,350.00	7,252,117.25	4,008,666.29	9,055,321.99	Revenue expenditure
Others	2,000,000.00				2,000,000.00	Capital expenditure
<b>Total</b>	<b>500,287,825.52</b>	<b>179,654,616.67</b>	<b>89,735,411.08</b>	<b>124,057,446.77</b>	<b>466,149,584.34</b>	

6.33.2.1 According to “Notice of tax policies in third-line enterprises during the tenth Five Year Plan” (the fiscal and taxation No.[2001]133) issued by Treasury Department and State Administration of Taxation, as well as “Notice of Value-added Tax related to taxation before refund in third enterprises” (the fiscal and taxation No. [2006]166), the group (including Dongfang Turbine Co., Dongfang Boiler Company and Dongfang Electronic Company) classifies refund of Value-added tax in third enterprises between Jan 1st 2006 and Dec 31th 2008 into 2 categories, government subsidies either related to assets or revenue, and make accounting adjustments respectively.

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The group receives subsidies from government for its ongoing projects, such as Hulunbeier production base. Non-operating revenue will be periodically recorded based on beneficial period when government compensation have been acquired and recognized as assets.

Other research & financial appropriation contain subsidies, financial allocation and fund, specialized for research & development projects such as wind power, nuclear facilities and scientific innovation. The group divides government subsidies into two parts as asset-related and revenue-related, followed by different accounting treatments respectively. The part of scientific compensation that difficult to separate will be treated as revenue-related subsidies, followed by periodical carry-forward of non-operating revenue during implementation period of projects.

6.33.2.2 Others mainly involve two parts: one part is the government grants 118,961,986.28 yuan which would be carried over as non-operating revenue; another part is the fund RMB 5,095,460.49 for scientific research

### 6.34 Share capital

#### 6.34.1 Share capital for 2014

Types	31-Dec-2013		Changs in 2014					31-Dec-2014	
	Amount	Proportion (%)	Reserves conversion	Sent shares	The accumulation fund turn	Others	Sub total	Amount	Proportion (%)
Restricted circulating shares									
Unrestricted circulating shares									
Including: A shares	1,663,860,000	83.03						1,663,860,000	83.03
H shares	340,000,000	16.97						340,000,000	16.97
Subtotal	<b>2,003,860,000</b>	<b>100</b>						<b>2,003,860,000</b>	<b>100</b>
<b>Total</b>	<b>2,003,860,000</b>	<b>100</b>						<b>2,003,860,000</b>	<b>100</b>

#### 6.34.2 Share capital for 2013

Types of share capital	31-Dec-2012		Changs in 2013					31-Dec-2013	
	Amount	Proportion (%)	Reserves conversion	Sent shares	The accumulation fund	Others	Sub total	Amount	Proportion (%)
Restricted circulating shares									

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Types of share capital	31-Dec-2012		Changes in 2013					31-Dec-2013	
	Amount	Proportion(%)	Reserve s conversion	Se nd sha res	The accu mulation fund	Ot he rs	Su bt ota l	Amount	Proportion(%)
Unrestricted circulating shares									
Including: A shares	1,663,860,000	83.03						1,663,860,000	83.03
H shares	340,000,000	16.97						340,000,000	16.97
Subtotal	<b>2,003,860,000</b>	<b>100</b>						<b>2,003,860,000</b>	<b>100</b>
<b>Total</b>	<b>2,003,860,000</b>	<b>100</b>						<b>2,003,860,000</b>	<b>100</b>

6.35 Capital reserve

6.35.1 Capital reserve for 2014

Items	31-Dec-2013	Increase	Decrease	31-Dec-2014
<b>Share premium</b>	5,083,399,637.75			5,083,399,637.75
Including: Investment by shareholders	5,091,111,837.75			5,091,111,837.75
Differences of business combination under common control	-7,712,200.00			-7,712,200.00
<b>Others capital reserves</b>	8,626,994.90	803,481,159.67		812,108,154.57
Including: equity movements of investee company	8,626,994.90	694,343.05		9,321,337.95
Fair value changes of available-for-sale financial assets		802,786,816.62		802,786,816.62
<b>Total</b>	<b>5,092,026,632.65</b>	<b>803,481,159.67</b>		<b>5,895,507,792.32</b>

6.35.1.1 In other capital reserves of the Group, other equity change of invested entities increased in the current year is RMB 694,343.05, which is the special reserve balance of Babcock-Hitachi Dongfang Boiler Co., Ltd. (the joint venture of Dongfang Boiler Group Co., Ltd.) that shall be enjoyed by the Company calculated as per the shareholding ratio.

6.35.1.2 In other capital reserves of the Group, equity split from convertible corporate bond increased in the current year is RMB 802,786,816.62, which is from the convertible corporate bonds (RMB 4 billion) issued by the Company public to the society on July 10, 2014 after approved by China Securities Regulatory Commission in form of Reply on Approving Public Issuance of Convertible Corporate Bond of Dongfang Electric Corporation Limited (ZJXK [2014] Doc #628). It is the difference obtaining from

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the issuing price of convertible corporate bond by means of split trade on the issue date deducting the estimated fair value of such bond liability by use of market interest rate of similar bond not attaching with subscription right.

**6.35.2 Capital reserve for 2013**

Items	31-Dec-2012	Increase	Decrease	31-Dec-2013
<b>Share premium</b>	5,083,399,637.75			5,083,399,637.75
Including: Investment by shareholders	5,091,111,837.75			5,091,111,837.75
Differences of business combination under common control	-7,712,200.00			-7,712,200.00
<b>Others capital reserves</b>	8,626,994.90			8,626,994.90
Including: equity movements of investee company	8,626,994.90			8,626,994.90
<b>Total</b>	<b>5,092,026,632.65</b>			<b>5,092,026,632.65</b>

**6.36 Other Comprehensive Income**

Item	Beginning balance	Incurred amount in current year					Ending balance
		Incurring amount in current year before income tax	Less: currently transferred profit and loss of other comprehensive income in early stage	Less: income tax expenses	Attributable to parent company after tax	Incurring amount in current year before income tax	
I. Other comprehensive income which cannot be classified to profits and losses in the future							
II. Other comprehensive income which will be classified	-158,584,963.14	107,136,830.32	-31,642,807.25	16,074,666.59	122,704,970.98		-35,879,992.16

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Item	Beginning balance	Incurred amount in current year				Incurred amount in current year before income tax	Ending balance
		Incurring amount in current year before income tax	Less: currently transferred profit and loss of other comprehensive income in early stage	Less: income tax expenses	Attributable to parent company after tax		
Adjusted to profits and losses in the future							
Including: profits and losses of changes in the fair value of financial assets available for sale	-122,732,584.60	107,164,443.94	-31,642,807.25	16,074,666.59	122,732,584.60		
Conversion difference of foreign currency financial statements	-35,852,378.54	-27,613.62			-27,613.62		-35,879,992.16
Total of other comprehensive income	-158,584,963.14	107,136,830.32	-31,642,807.25	16,074,666.59	122,704,970.98		-35,879,992.16

6.37 Special reserve

6.37.1 Special reserve for 2014

Items	31-Dec-2013	Increase	Decrease	31-Dec-2014
Special reserve for safety production	15,684,408.62	58,225,080.33	51,651,276.10	22,258,212.85
<b>Total</b>	<b>15,684,408.62</b>	<b>58,225,080.33</b>	<b>51,651,276.10</b>	<b>22,258,212.85</b>

The group has drawn special reserve for safety production, in basis of the document "The notice on the management and drawing of special reserve for safety

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production (Caiqi [2012]No.16)” issued by Ministry of Finance of the People’s Republic of China and State Administration of Work Safety.

**6.37.2 Special reserve for 2013**

Items	31-Dec-2011	Increase	Decrease	31-Dec-2012
Special reserve for safety production	8,196,251.24	49,167,834.38	41,679,677.00	15,684,408.62
<b>Total</b>	<b>8,196,251.24</b>	<b>49,167,834.38</b>	<b>41,679,677.00</b>	<b>15,684,408.62</b>

**6.38 Surplus reserve****6.38.1 Surplus reserve for 2014**

Items	31-Dec-2013	Current year additions	Current year reductions	31-Dec-2014
Statutory surplus reserve	578,473,906.12	95,628,778.58		674,102,684.70
<b>Total</b>	<b>578,473,906.12</b>	<b>95,628,778.58</b>		<b>674,102,684.70</b>

In accordance with the articles of association, statutory surplus reserve is reserved as 10% of net profit

**6.38.2 Surplus reserve for 2013**

Items	31-Dec-2012	Current year additions	Current year reductions	31-Dec-2013
Statutory surplus reserve	453,492,120.76	124,981,785.36		578,473,906.12
<b>Total</b>	<b>453,492,120.76</b>	<b>124,981,785.36</b>		<b>578,473,906.12</b>

**6.39 Undistributed profits****6.39.1 Undistributed profits for 2014**

Items	Amount	The proportion of allocation
Undistributed profits at beginning of the year	<b>10,162,309,001.98</b>	
Beginning balance	<b>10,162,309,001.98</b>	
Add : Net profits attributable to shareholders of the Company	1,278,258,405.62	
Less: Surplus reserves provided for the year	95,628,778.58	10%
Cash dividend distributed during the year	360,694,800.00	
Ending balance	<b>10,984,243,829.02</b>	

Approval by the distribution of after tax scheme passed in the 2013 annual general meeting in 29 April 2014, the cash dividend of RMB 1.80 (tax inclusive) per every

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10 shares has been proposed by the directors, totaling of RMB360,694,800.00 (tax inclusive)

**6.39.2 Undistributed profits for 2013**

<b>Item</b>	<b>Amount</b>	<b>The proportion of allocation</b>
Undistributed profits at beginning of year	<b>8,158,283,796.26</b>	
Beginning balance	<b>8,158,283,796.26</b>	
Add : Net profits attributable to shareholders of the Company	2,349,431,591.08	
Less: Surplus reserves provided for the year	124,981,785.36	10%
Cash dividend distributed during the year	220,424,600.00	
Ending balance	<b>10,162,309,001.98</b>	

**6.40 Non-controlling interests**

<b>Name of subsidiaries</b>	<b>Share</b>	<b>31-Dec-2014</b>	<b>31-Dec-2013</b>
Dongfang (Guangzhou) Heavy Machinery Co., Ltd	34.8187	543,328,262.30	521,575,884.95
Chengdu dongfang KWH Environmental Protection Catalysts Co., Ltd	38.58	142,951,385.02	126,036,681.40
Tianjin Dongqi Wind Turbine Blade Engineering Co., Ltd	49.64	84,940,837.41	95,535,151.45
Dongfang Boiler (Shenzhen) Control Co., Ltd	49	76,624,846.43	75,194,598.58
Dongfang Electric (Wuhan) Nuclear Equipment Co., Ltd	33	58,802,624.30	63,717,370.19
Dongfang Boiler Group Co., Ltd	0.335	16,959,804.77	16,086,546.58
Dongfang Electric Autocontrol Engineering Co., Ltd,	0.50	841,656.49	772,267.60
Dongfang Electric Power Equipment Co., Ltd	1.17	563,373.35	550,488.01
Dongfang Electrical machinery mould Co., Ltd	0.685	160,314.52	152,645.74
<b>Total</b>		<b>925,173,104.59</b>	<b>899,621,634.50</b>

**6.41 Net current assets**

<b>Item</b>	<b>31-Dec-2014</b>	<b>31-Dec-2013</b>
Current assets	72,492,724,679.50	64,448,583,518.92
Less: current liabilities	62,395,232,195.42	57,214,163,752.83
<b>Net current assets</b>	<b>10,097,492,484.08</b>	<b>7,234,419,766.09</b>

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## 6.42 Differences between total assets and current liabilities

Item	31-Dec-2014	31-Dec-2013
Total assets	85,230,169,494.86	77,836,703,054.12
Less: current liabilities	62,395,232,195.42	57,214,163,752.83
<b>Differences</b>	<b>22,834,937,299.44</b>	<b>20,622,539,301.29</b>

## 6.43 Borrowings

Item	31-Dec-2014	31-Dec-2013
Short term borrowings from bank	2,534,000,000.00	3,453,072,066.14
Long term borrowings	545,620,000.00	125,720,000.00
Long-term accounts payables	685,252.84	685,252.84
Non-current liabilities due within one year (redeemed part of due convertible bond)	3,497,000.00	
<b>Total</b>	<b>3,083,802,252.84</b>	<b>3,579,477,318.98</b>

## 6.43.1 The analysis of the borrowings

Item	31-Dec-2014	31-Dec-2013
Borrowings from bank		
-Within 5 years	3,079,620,000.00	3,578,792,066.14
-over 5 years		
Subtotal	3,079,620,000.00	3,578,792,066.14
Others	4,182,252.84	685,252.84
<b>Total</b>	<b>3,083,802,252.84</b>	<b>3,579,477,318.98</b>

## 6.43.2 Due date analysis of borrowings

Item	31-Dec-2014	31-Dec-2013
Within 1 year	2,537,497,000.00	3,539,392,066.14
1-2 years	338,800,000.00	
2-5 years	206,820,000.00	39,400,000.00
Over 5 years	685,252.84	685,252.84
<b>Total</b>	<b>3,083,802,252.84</b>	<b>3,579,477,318.98</b>

## 6.44 Operating Income and Operating Cost

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Item	2014		2013	
	income	cost	income	cost
Main operation	38,673,692,007.13	32,259,290,882.02	42,026,282,530.50	33,579,114,682.24
Other sales	362,472,750.98	236,514,768.89	364,514,152.01	163,751,984.26
<b>Total</b>	<b>39,036,164,758.11</b>	<b>32,495,805,650.91</b>	<b>42,390,796,682.51</b>	<b>33,742,866,666.50</b>

The total revenue of top 5 clients is RMB 6,344,552,999.17, making up 16.25% of its annual revenue, while it is RMB 7,765,753,109.83, accounting for 18.32% last year

## Top 5 clients for revenue

Items	Revenue	Proportion to total revenue
FIRST	1,673,781,148.41	4.29%
SECOND	1,338,800,310.58	3.43%
THIRD	1,199,994,023.08	3.07%
FOURTH	1,088,081,154.72	2.79%
FIFTH	1,043,896,362.38	2.67%
<b>Total</b>	<b>6,344,552,999.17</b>	<b>16.25%</b>

## 6.45 Business taxes and surtaxs

Item	2014	2013
Business tax	6,943,188.44	8,312,604.57
City maintenance and construction tax	126,398,086.96	162,484,267.78
Education tax	54,458,024.34	70,148,482.61
Local education tax	36,252,936.91	46,793,066.08
Embankment protection charges	525,213.51	1,770,051.68
Fund of deputy price	12,363,080.19	12,182,618.10
Other	922,061.15	776,658.05
<b>Total</b>	<b>237,862,591.50</b>	<b>302,467,748.87</b>

## 6.46 Sales expenses

Items	2014	2013
Quality deposit and customer service charges	533,807,904.01	597,103,078.62
Salaries and wages	227,952,769.85	218,966,365.49

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<b>Items</b>	<b>2014</b>	<b>2013</b>
Business trip	48,751,479.19	49,159,978.48
Others	81,417,162.19	95,398,796.88
<b>Total</b>	<b>891,929,315.24</b>	<b>960,628,219.47</b>

## 6.47 General and administrative expense

<b>Items</b>	<b>2014</b>	<b>2013</b>
Research and development	1,242,475,321.94	1,272,269,052.57
Salaries and wages	1,163,907,757.89	1,147,037,407.64
Repairing	279,447,150.25	285,832,872.14
Depreciation	178,086,268.70	167,398,994.20
Tax	121,713,691.66	120,432,220.33
Business trip	64,617,601.35	74,351,349.87
In charge of production safety	63,768,748.80	56,700,671.58
Lease	54,141,836.47	55,564,896.92
Property management fee	52,409,854.72	39,353,036.06
Amortization of intangible assets	51,546,774.88	47,221,315.63
Marketing	42,271,443.75	57,349,730.40
Water and electrical charges	30,975,033.44	30,202,779.73
Tele-communication charges	16,347,060.65	14,174,597.30
Others	247,951,752.45	360,904,869.67
<b>Total</b>	<b>3,609,660,296.95</b>	<b>3,728,793,794.04</b>

## 6.48 Financial expenses

## 6.48.1 Financial expenses

<b>Items</b>	<b>2014</b>	<b>2013</b>
Interest expense	231,901,218.01	130,506,360.75
Less: interest received	309,105,183.06	218,299,066.26
Add: Exchange losses	-9,933,721.33	-24,161,584.04
Add: Other expenses	-94,139,274.55	-21,617,978.49

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<b>Items</b>	<b>2014</b>	<b>2013</b>
<b>Total</b>	<b>-181,276,960.93</b>	<b>-133,572,268.04</b>

## 6.48.2 Details of interest expense

<b>Items</b>	<b>2014</b>	<b>2013</b>
Interest on borrowings:	135,324,193.17	119,864,665.99
Maturity of loans within 5 years	3,160,603.63	1,295,706.71
Maturity of loans over 5 years		
Bond interest withdrawn as per effective interest rate (Note)	88,471,189.77	
Bill discount interest	4,945,231.44	9,345,988.05
<b>Subtotal</b>	<b>231,901,218.01</b>	<b>130,506,360.75</b>
Less: interests capitalized		
<b>Total</b>	<b>231,901,218.01</b>	<b>130,506,360.75</b>

Note: after approved by China Securities Regulatory Commission in form of Reply on Approving Public Issuance of Convertible Corporate Bond of Dongfang Electric Corporation Limited (ZJXK [2014] Doc #628), the Company issued convertible corporate bonds of RMB 4 billion public to the society on July 10, 2014. Referring to market interest rate of similar bond not attaching with subscription right and other factors on the issue date, the Company determined that the effective annual interest rate of convertible corporate bond was 5.87%.

## 6.48.3 Details of interest received

<b>Items</b>	<b>2014</b>	<b>2013</b>
Interests of deposits	309,105,183.06	218,299,066.26
<b>Total</b>	<b>309,105,183.06</b>	<b>218,299,066.26</b>

## 6.49 Asset Impairment losses

<b>Item</b>	<b>2014</b>	<b>2013</b>
Bad debts	144,707,587.34	837,956,634.97
Impairment loss on inventories	744,354,683.24	421,748,915.52
Impairment loss of marketable financial assets	5,264,767.25	
Impairment loss on fixed assets	6,896,625.26	1,705,552.45
<b>Total</b>	<b>901,223,663.09</b>	<b>1,261,411,102.94</b>

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## 6.50 Net income/loss of fair value changes

Item	2014	2013
Transactional financial assets	32,613,219.56	-3,658,698.58
Including: fair value changes in derivative financial	-113,772.94	-1,860,672.65
Transactional financial liabilities		25,830,967.05
Including: fair value changes in derivative financial instrument		25,830,967.05
<b>Total</b>	<b>32,613,219.56</b>	<b>22,172,268.47</b>

## 6.51 Investment income

Items	2014	2013
Investment income in associate under equity method	224,899,720.65	213,174,501.29
Investment income of financial assets measured at fair value with their variance recorded into current profits and losses during holding period	581,813.20	
Investment income during holding available-for-sale assets	24,379,007.00	12,879,007.00
Disposal of available-for-sale financial assets	-37,226,832.06	
Disposal of investment income obtained from financial assets measured at fair value with their variance recorded into current profits and losses during holding period	-607,736.88	504,900.87
<b>Total</b>	<b>212,025,971.91</b>	<b>226,558,409.16</b>

The investment incomes incurred in the current year from public and private investments are RMB -12,266,011.86 and RMB 224,291,983.77 respectively.

## 6.52 Non-operating expenses

## 6.52.1 Non-operating expenses

Item	2014	2013	The nonrecurring items
Net profit for non-current assets disposal	1,795,668.59	6,525,418.48	1,795,668.59
Include: profit for fixed assets disposal	1,795,668.59	6,525,418.48	1,795,668.59
Donations		250,342.00	
Government grants	193,061,573.51	182,424,638.81	193,061,573.51

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Item	2014	2013	The nonrecurring items
Compensation for breaching of contracts	1,879,966.24	2,161,798.96	1,879,966.24
Penalty income	193,259.20	197,880.59	193,259.20
Others	7,985,853.83	14,923,706.44	7,985,853.83
<b>Total</b>	<b>204,916,321.37</b>	<b>206,483,785.28</b>	<b>204,916,321.37</b>

The nonrecurring items this year is RMB 204,916,321.37, compared with RMB 206,483,785.28 in 2013.

## 6.52.2 Details of government subsidies:

Item	Amount of current year	Amount of previous year	Source and basis	Assets related/ income related
Governmental subsidy directly recorded as profit or loss				
Special appropriation allocated by ministry of finance for AP1000 evaporator manufacturing technology research	9,850,000.00		AP1000 evaporator manufacturing technology research task contract	Income related
Financial subsidies	6,905,812.43	6,720,350.00	ZFGHJ [2013] Doc #1299, DSCJ (2014) Doc #70	Income related
Promotion fund for coordinated development of foreign trade and economic area	4,563,700.00	1,650,000.00	CCJ (2014) Doc #174, DSCJW (2014) Doc #44	Income related
Special fund for enlarging scale of export-oriented large corporates	4,000,000.00	920,000.00	CCW (2014) Doc #20	Income related
Export credit insurance subsidies	1,800,000.00		CSF [2013] Doc #137, CJF (2014) Doc #78	Income related
Drawback of house property tax, land use tax, corporate income tax, etc.	717,067.40		SDSH [2012] Doc #82	Income related
Fiscal support subsidy for tax	348,504.78	1,991,580.45	XDSYYP [2014] Doc #160	Income related
Imported product interest discount fund	107,280.00	1,117,831.00	CQ (2014) Doc #97	Income related
Significant technology innovation and industrialization fund in central state-owned		12,420,000.00	CQ [2012] Doc #383	Income related

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capital management budget in 2012				
Drawback of software product value-added tax		1,564,243.87	GF [2000] Doc #18	Income related
Engineering subsidy for project official electricity utilization from bureau of finance		312,800.00	Deyang Finance Bureau	Income related
Miscellaneous	2,324,400.00	33,457,760.00	DW (2014) Doc #49, CWZF (2014) Doc #11	Income related
<b>Subtotal</b>	<b>30,616,764.61</b>	<b>60,154,565.32</b>		
Transferred deferred income	63,461,158.79	71,642,293.36		Assets related
Transferred deferred income	98,983,650.11	50,627,780.13		Income related
<b>Total</b>	<b>193,061,573.51</b>	<b>182,424,638.81</b>		

### 6.53 Non-operating expenses

Item	2014	2013	The nonrecurring items
Losses for non-current assets disposal	3,705,605.38	2,484,243.37	3,705,605.38
Include: Losses for fixed assets disposal	3,705,605.38	2,484,243.37	3,705,605.38
Intangible asset disposal of the loss			
Compensation and penalty	3,368,689.63	162,027,747.18	3,368,689.63
Estimated contract losses		25,647,836.24	
Abnormal loss	528,320.17		528,320.17
Inventory shortage	46,229.86	431,745.37	46,229.86
Donation	3,191,197.72	2,377,100.00	3,191,197.72
Pending litigation loss	9,460,800.00		9,460,800.00
Other losses	7,872,535.03	2,955,116.01	7,872,535.03
<b>Total</b>	<b>28,173,377.79</b>	<b>195,923,788.17</b>	<b>28,173,377.79</b>

6.53.1 Comparing with the previous year, the amount of non-operating expenses of the current year of the Group reduced RMB 167,750,410.38 and 85.62%, which results from estimated lawsuit claim expense of Foster Wheeler and irrevocable contract loss of last year.

6.53.2 For pending litigation loss of the current year of the Group, which is estimated loss from arbitration between Hangzhou New Energy Co., Ltd. and Zhejiang

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Jiali Wind Power Technology Co., Ltd., see Note XII, 2 in the financial statement.

6.53.3 The nonrecurring items this year is RMB 28,173,377.79, compared with RMB 195,923,788.17 in 2013

## 6.54 Income Tax Expense

## 6.54.1 Income Tax Expense

Item	2014	2013
Tax expense	252,605,607.41	575,760,802.32
Including: tax expense in China	246,363,574.39	570,143,069.15
tax expense in India	1,399,368.76	1,767,733.17
tax expense in Hongkong		
tax expense in other areas	4,842,664.26	3,850,000.00
Deferred tax	-70,879,991.79	-187,671,389.98
<b>Total</b>	<b>181,725,615.62</b>	<b>388,089,412.34</b>

## 6.54.2 The reconciliation sheet between expenses of income tax and total profit

Item	2014	2013
Total profit	1,502,342,336.40	2,787,492,093.47
Income tax by the statutory rate	375,585,584.08	696,873,023.38
Influenced by tax-free income	-67,797,870.89	-76,845,230.73
Influenced by expenses not deducted	64,975,790.77	72,090,079.78
Tax preferences	-223,917,522.52	-371,269,879.76
Including: R&D costs deducted	-81,475,478.11	-130,904,585.44
Income tax relief	-142,442,044.41	-240,232,872.54
Unconfirmed deductible temporary differences	32,617,697.18	50,016,491.75
Special taxation exempted		
Different tax rates	417,045.83	316,374.33
Deductible temporary differences from the previous year	-3,705,133.78	-3,346,146.02
Income tax payable from 2013	3,550,024.94	20,254,699.61
Deferred tax asset and deferred tax liabilities of 2012 changed		
<b>Total</b>	<b>181,725,615.62</b>	<b>388,089,412.34</b>

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**6.55 The audit fee**

The audit fee of this year is RMB2,400,000, the same as last year.

**6.56 Depreciation and Amortization**

It is confirmed that the depreciation and amortization in the income statement of the current year is RMB 1,133,593,904.97 (that of the previous year is RMB 1,190,064,402.38).

**6.57 Operating Rental Expense**

The operating rental expense of the current year is RMB 53,332,099.66 (that of the previous year is RMB 56,637,101.78) where the rental expense of industrial equipment and machinery is RMB 1,847,149.61 (that of the previous year is RMB 3,220,634.46).

**6.58. Rental income**

The rental income of this year is RMB 3,456,935.67 from renting land and buildings. (Last year is RMB 2,727,035.11).

**6.59 Earnings per share****6.59.1 Basic earnings per share**

<b>Items</b>	<b>2014</b>	<b>2013</b>
Profit for the year attribute to owners of the Company	1,278,258,405.62	2,349,431,591.08
Total comprehensive income attribute to owners of the Company	1,162,491,531.20	2,240,521,098.43
Weighted average share outstanding	2,003,860,000.00	2,003,860,000.00
<b>Basic earnings per share ( I )</b>	0.64	1.17
<b>Basic earnings per share ( II )</b>	0.58	1.12

**alculation of weighted average of ordinary share:**

<b>Item</b>	<b>Current year</b>	<b>Previous year</b>
Issued ordinary share at the beginning of the year	2,003,860,000.00	2,003,860,000.00
Issued ordinary share at the end of the year	2,003,860,000.00	2,003,860,000.00

**6.59.2 Diluted Earnings per Share**

Diluted earnings per share is calculated as combined net profit of adjusted dilutive potential ordinary shares which are attributable to ordinary share holders of the parent

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company divides the weighted average of issued ordinary shares of the Company after adjustment.

The adjustment factors for combined net profit attributable to ordinary share holders of the parent company are dilutive potential ordinary share interest confirmed as expense in the current period, revenue or cost that will be incurred during conversion of dilutive potential ordinary share, and relevant income tax.

The adjustment factors for weighted average of issued ordinary shares of the Company is the weighted average of ordinary shares increased by conversion of assumed dilutive potential ordinary share into ordinary share.

Items	2014	2013
Combined net profit attributable to ordinary share holders of the parent company after adjustment	1,347,227,350.64	2,329,929,346.33
Combined net profit attributable to ordinary share holders of the parent company after adjustment (after deducting non-recurring profits and losses)	1,231,460,476.22	2,221,018,853.68
Weighted average of issued ordinary shares of the Company after adjustment	2,283,086,222.00	2,283,086,222.00
Diluted earnings per share (Yuan/share)	0.59	1.02
Diluted earnings per share (Yuan/share) (after deducting non-recurring profits and losses)	0.54	0.97

## 6.60 Other comprehensive income

Items	2014	2013
1. Available-for-sale financial instrument gains and losses	107,164,443.94	-123,297,092.00
Less: Tax effect of available-for-sale financial instrument	16,074,666.59	-18,494,563.80
Other comprehensive income from income of the previous year transferred	-31,642,807.25	
<b>Subtotal</b>	122,732,584.60	-104,802,528.20
2. Foreign currency translation adjustments	-27,613.62	-16,029,051.65
Less: net amount currently transferred into profit and loss from disposal of overseas business		
<b>Subtotal</b>	-27,613.62	-16,029,051.65

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<b>Items</b>	<b>2014</b>	<b>2013</b>
<b>Total</b>	<b>122,704,970.98</b>	<b>-120,831,579.85</b>

## 6.61 Cash Flow Statement

6.61.1 Cash received/paid related to others of operating/investment/financing activities

## 6.61.1.1 Cash received related to others of operating activities

<b>Items</b>	<b>2014</b>	<b>2013</b>
Interest	282,472,084.96	136,504,387.23
Government grants	256,760,648.30	178,377,485.23
Deposit	56,179,295.60	35,339,065.33
Recovered advance payment	46,469,539.44	23,727,509.74
Receipts under custody	31,382,987.82	40,936,931.06
Others	17,479,153.48	67,344,362.02
<b>Total</b>	<b>690,743,709.60</b>	<b>482,229,740.61</b>

## 6.61.1.2 Cash paid related to others of operating activities

<b>Items</b>	<b>2014</b>	<b>2013</b>
Operating expenses	1,711,226,884.40	1,222,237,719.86
Deposit	119,431,043.43	77,687,122.58
Reimbursement	56,600,428.74	22,726,900.76
Imprest	9,673,566.65	9,350,083.05
Others	982,000.00	6,426,873.72
<b>Total</b>	<b>1,897,913,923.22</b>	<b>1,338,428,699.97</b>

## 6.61.1.3 Cash paid related to others of financing activities

<b>Items</b>	<b>2014</b>	<b>2013</b>
Convertible bond disclosure cost	6,930,000.00	
<b>Total</b>	<b>6,930,000.00</b>	

## 6.61.2 Supplementary of consolidated cash flow statement

**Dongfang Electric Corporation Limited**

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<b>Items</b>	<b>2014</b>	<b>2013</b>
<b>Reconciliation of net profit / (loss) to cash flows from operating activities</b>		
Net profit / (loss)	1,320,616,720.78	2,399,402,681.13
Add: Provision for / (Reversal of) asset impairment	632,540,836.28	961,906,511.92
Depreciation of fixed assets, depreciation of investment real estate	1,144,252,857.22	1,218,794,749.56
Amortization of intangible assets, amortization of investment real estate	64,841,722.32	55,432,210.68
Amortization of other assets	145,874.96	105,999.96
Losses (Gains) on disposal of fixed assets, intangible assets and other long-	1,824,428.33	-4,100,387.71
Losses (Gains) on scrapping of fixed	85,508.46	59,212.60
Losses (Gains) on change in fair value	-32,613,219.56	-22,172,268.47
Finance expenses (income)	253,547,530.60	131,544,797.55
Investment losses (income)	-212,025,971.91	-226,558,409.16
Decrease(Increase) in Deferred tax asset	-71,703,136.26	-185,539,345.07
Increase(decrease) in Deferred tax liability	829,543.82	-2,094,319.31
Decrease (Increase) in inventories	-2,803,057,239.87	4,473,242,004.69
Decrease (Increase) in operating receivables	-2,206,791,303.73	-2,274,047,122.84
Increase (Decrease) in operating payables	4,740,136,171.65	-3,522,359,649.87
Others		
<b>Net cash flows from operating activities</b>	<b>2,832,630,323.09</b>	<b>3,003,616,665.66</b>
<b>Investing and financing activities that do not involve cash receipts and payments</b>		
Convertible corporate bonds due within one year	3,240,540,290.35	
<b>3.Net increase in cash and cash equivalents</b>		
Cash at end of year	17,802,441,129.06	12,108,370,760.93
Less: cash at beginning of year	12,108,370,760.93	8,928,997,459.40
<b>Net increase in cash and cash equivalents</b>	<b>5,694,070,368.13</b>	<b>3,179,373,301.53</b>

## 6.61.3Cash and cash equivalents

**Dongfang Electric Corporation Limited**

Notes to the financial statement

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<b>Item</b>	<b>Dec-31-2014</b>	<b>Dec-31-2013</b>
Cash	17,802,441,129.06	12,108,370,760.93
Include: cash in hand	2,777,744.44	2,847,607.00
Cash in bank can be payable immediately	17,799,645,196.56	12,064,894,863.07
Other monetary assets can be payable immediately	18,188.06	40,628,290.86
<b>cash equivalents</b>		
<b>Cash and cash equivalents at the year ended</b>	17,802,441,129.06	12,108,370,760.93
Including: restricted cash and cash equivalents used by parent company or subsidiaries within the Group		

6.61.4 Significant investment and financial activities not related to current cash disbursement

Significant investment activity occurred in the current year in the Group which is not related to cash disbursement but affects financial situation is that the convertible corporate bond issued by the Company in the current year will be redeemed in February 2015. See Note XIV, 1 in the financial statement for details.

#### 6.62 Items for Statement of Change in Stockholder Equity

The item "Others" in the Statement of Change in Stockholder Equity of the Group is mainly the equity which is split from the convertible corporate bond issued by the Company in the current year and is recorded into capital reserve. See Note VI, 35 in the financial statement for details

#### 6.63 The assets of the ownership or use right is restricted

<b>Items</b>	<b>Book value</b>	<b>Reason</b>
Monetary fund	20,376,942.59	Performance security, bank acceptance and other securities
Fixed assets	535,678,547.57	For mortgage
Intangible assets	63,237,326.87	For mortgage
<b>Total</b>	<b>619,292,817.03</b>	

#### 6.64 Foreign currency monetary items

##### 6.64.1 Foreign currency monetary items

<b>Items</b>	<b>Local Currency</b>	<b>Exchange rate</b>	<b>Renminbi</b>
Monetary fund			

**Dongfang Electric Corporation Limited**

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For the year of 2014

Items	Local Currency	Exchange rate	Renminbi
Including: US Dollar	142,367,339.38	6.119000	871,145,749.67
Euro	5,590,622.93	7.455600	41,681,448.32
HongKongDollar	199,666.15	0.788900	157,511.12
Japanese Yen	1,286,466.00	0.051371	66,087.04
Indian Rupee	369,154,919.24	0.097130	35,856,017.31
Pakistani Rupee	93,612,672.08	0.061190	5,728,159.14
Vietnamese dong	6,705,888,728.00	0.000286	1,917,414.78
Convertible mark	2,348,568.09	3.824380	8,981,816.83
Venezuela bo currency	92,970,307.81	0.034645	3,220,956.36
Accounts receivable			
Including: US Dollar	334,971,971.50	6.119000	2,049,693,493.61
Euro	3,820,213.85	7.455600	28,481,986.38
Japanese Yen	9,589,700.00	0.051371	492,632.48
Indian Rupee	45,756,097.00	0.097130	4,444,289.70
Other receivables			
Including: US Dollar	63,053.00	6.119000	385,821.31
Euro	192.50	7.455600	1,435.20
Indian Rupee	2,731,219.60	0.097130	265,283.34
Pakistani Rupee	371,451,746.87	0.061190	22,729,132.40
Vietnamese dong	44,187,664,350.00	0.000286	12,634,579.70
Convertible mark	49,908.09	3.824380	190,867.50
Accounts payable			
Including: US Dollar	1,141,932.10	6.119000	6,987,482.50
Euro	1,536,197.35	7.455600	11,453,272.96
HongKongDollar	92,392.25	0.788900	72,888.25
Japanese Yen	617,339,700.00	0.051371	31,713,357.73
Pakistani Rupee	860,189.00	0.061190	52,634.96
Vietnamese dong	2,744,340,565.00	0.000286	784,689.30

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Notesto the financial statement

For the year of 2014

Items	Local Currency	Exchange rate	Renminbi
Swiss Franc	34,816.03	6.271500	218,348.68
Canadian Dollar	914,006.00	5.275500	4,821,838.65
Convertible mark	85,006.18	3.824380	325,095.93
Other payables			
Including: US Dollar	1,080,150.07	6.11900	6,609,438.27
Euro	461,673.40	7.45560	3,442,052.22
Indian Rupee	67,110,750.68	0.09713	6,518,467.18
Pakistani Rupee	3,888,850.04	0.06119	237,958.73
Vietnamese dong	115,279,000.00	0.00029	32,961.73
Convertible mark	517,269.64	3.82438	1,978,235.66

**7. Equity in Other Entities**
**7.1 Equity in Subsidiaries**

## 7.1.1 Composition of the Group

Name of subsidiary	Main business location	Registration place	Natures of businesses	Shareholding ratio (%)		Gaining method
				Direct	Indirect	
Dongfang Turbine Co., Ltd.	Deyang, Sichuan	Deyang, Sichuan	Manufacturing	100.00		Note 1
Dongfang Boiler Group Co., Ltd.	Zigong, Sichuan	Zigong, Sichuan	Manufacturing	99.665		Note 1
Dongfang Heavy Machinery Co., Ltd.	Guangzhou, Guangdong	Guangzhou, Guangdong	Manufacturing	51.0452	14.1361	Note 1
Tianjin Dongqi Wind Turbine Blade Engineering Co., Ltd.	Tianjin	Tianjin	Manufacturing		50.36	Note 1
Dongfang Electric (Wuhan) Nuclear Equipment Co., Ltd.	Wuhan, Hubei	Wuhan, Hubei	Manufacturing	67.00		Note 2
Dongfang Electric Machinery Co., Ltd.	Deyang, Sichuan	Deyang, Sichuan	Manufacturing	100.00		Note 3
Indian Company (Note 4)	Calcutta, India	Calcutta, India	Service	100.00		Note 3
Chengdu Dongfang KWH Environmental Protection Catalysts Co., Ltd.	Chengdu, Sichuan	Chengdu, Sichuan	Manufacturing		61.42	Note 3
Eastern Boiler Control Co., Ltd.	Shenzhen, Guangdong	Shenzhen, Guangdong	Manufacturing		51.00	Note 3
DFEM Control Equipment Co., Ltd.	Deyang, Sichuan	Deyang, Sichuan	Manufacturing		99.50	Note 3
DFEM Power Equipment Co., Ltd.	Deyang, Sichuan	Deyang, Sichuan	Manufacturing		98.83	Note 3

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Dongfang Electric Machinery Tools & Moulds Co., Ltd.	Deyang, Sichuan	Deyang, Sichuan	Manufacturing		99.315	Note 3
Hangzhou New Energy Co., Ltd.	Hangzhou, Zhejiang	Hangzhou, Zhejiang	Manufacturing		100.00	Note 3
Dongfang Electric (Tianjin) Wind Power Technology Co., Ltd. (Note 5)	Tianjin	Tianjin	Manufacturing		100.00	Note 3
Dongfang Electric (Tongliao) Wind Power Engineering Technology Co., Ltd. (Note 6)	Tongliao, Inner Mongolia	Tongliao, Inner Mongolia	Service		100.00	Note 3
Dongfang Electric (Jiuquan) New Energy Co., Ltd. (Note 7)	Jiuquan, Gansu	Jiuquan, Gansu	Manufacturing		100.00	Note 3
Dongfang Electric (Hulun Buir) New Energy Co., Ltd. (Note 8)	Hulun Buir, Inner Mongolia	Hulun Buir, Inner Mongolia	Manufacturing		100.00	Note 3

**(Continued)**

Name of subsidiary	Type of enterprise	Legal representative	Organization code
Dongfang Turbine Co., Ltd.	Limited company	Zhuang Wenfeng	20525052-1
Dongfang Boiler Group Co., Ltd.	Limited liability company	Xu Peng	62072918-5
Dongfang Heavy Machinery Co., Ltd.	Limited company	Zeng Xianmao	75347385-7
Tianjin Dongqi Wind Turbine Blade Engineering Co., Ltd.	Limited company	Huang Yingshu	797265363
Dongfang Electric (Wuhan) Nuclear Equipment Co., Ltd.	Limited company	Wang Weidong	68230631-3
Dongfang Electric Machinery Co., Ltd.	Limited company	He Jianhua	67141584-8
Indian Company	Limited company	Han Zhiqiao (President)	Not applicable
Chengdu Dongfang KWH Environmental Protection Catalysts Co., Ltd.	Limited company	Liao Xin	76198432-3
Eastern Boiler Control Co., Ltd.	Limited company	Hu Dingkun	76538502-9
DFEM Control Equipment Co., Ltd.	Limited company	Duo Lin	71754405-6
DFEM Power Equipment Co., Ltd.	Limited company	Cao Jianjin	71758558-7
Dongfang Electric Machinery Tools & Moulds Co., Ltd.	Limited company	Guo Yubo	72551287-1
Hangzhou New Energy Co., Ltd.	Limited company	Zhan Ming	67398697-8
Tianjin Wind Power Technology Co., Ltd.	Limited company	Yang Xuehui	673730788
Tongliao Wind Power Co., Ltd.	Limited company	Liu Zuming	692866373

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Jiuquan New Energy Co., Ltd.	Limited company	Pang Dong	695633778
Hulun Buir New Energy Co., Ltd.	Limited company	Liu Zuming	566915242

Note 1: subsidiary formed by merger of companies under the same control; Note 2: subsidiary formed by merger of companies not under the same control; Note 3: subsidiary gained by means of founding or investment; Note 4: to meet the requirements of Indian Companies Act on number of shareholders and constitution of Indian private limited company, the Company entrusts two natural persons, Chen Weimin and Liang Jian, to hold 0.005% of stock right of Indian Company respectively on behalf of the Company; Note 5: hereinafter referred to as Tianjin Wind Power Technology Co., Ltd.; Note 6: hereinafter referred to as Tongliao Wind Power Co., Ltd.; Note 7: hereinafter referred to as Jiuquan New Energy Co., Ltd.; and Note 8: hereinafter referred to as Hulun Buir New Energy Co., Ltd.

**7.1.2 Significant Non-wholly-owned Subsidiaries**

<b>Name of subsidiary</b>	<b>Shareholding ratio of minority stockholders</b>	<b>Profits and losses attributable to minority stockholders in the current year</b>	<b>Dividend allotted to minority stockholders in the current year</b>	<b>Balance of minority stockholder equity at the end of the year</b>
Dongfang Heavy Machinery Co., Ltd.	34.8187%	28,827,394.12	7,075,016.77	543,328,262.30
Chengdu Dongfang KWH Environmental Protection Catalysts Co., Ltd.	38.58%	25,368,057.02	8,678,228.70	142,951,385.02
Tianjin Dongqi Wind Turbine Blade Engineering Co., Ltd.	49.64%	-10,594,314.04		84,940,837.41
Eastern Boiler Control Co., Ltd.	49%	1,773,247.85	343,000.00	76,624,846.43
Dongfang Electric (Wuhan) Nuclear Equipment Co., Ltd.	33%	-5,056,497.36		58,802,624.30
Dongfang Boiler Group Co., Ltd.	0.335%	1,947,526.38	1,075,416.00	16,959,804.77

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### 7.1.3 Main Financial Information of Significant Non-wholly-owned Subsidiaries (Monetary unit: RMB 10,000)

Name of subsidiary	Ending balance						Beginning balance					
	Current assets	Non-current assets	Total amount of assets	Current liabilities	Non-current liabilities	Total amount of liabilities	Current assets	Non-current assets	Total amount of assets	Current liabilities	Non-current liabilities	Total amount of liabilities
Dongfang Heavy Machinery Co., Ltd.	208,732.59	157,972.71	366,705.30	188,359.32	22,301.02	210,660.34	197,660.84	164,801.69	362,462.53	193,419.59	19,245.31	212,664.90
Chengdu Dongfang KWH Environmental Protection Catalysts Co., Ltd.	57,551.83	17,827.65	75,379.48	36,065.48	1,720.20	37,785.68	46,185.20	20,917.78	67,102.98	33,240.96	1,193.10	34,434.06
Tianjin Dongqi Wind Turbine Blade Engineering Co., Ltd.	76,642.02	16,816.89	93,458.91	70,678.38	2,481.76	73,160.14	37,680.88	17,860.81	55,541.69	34,460.91	1,835.18	36,296.09
Eastern Boiler Control Co., Ltd.	31,557.60	3,861.65	35,419.25	19,569.66	100.00	19,669.66	25,103.33	3,948.29	29,051.62	13,585.78	120.00	13,705.78
Dongfang Electric (Wuhan) Nuclear Equipment Co., Ltd.	22,874.89	28,081.03	50,955.92	24,129.66	9,007.29	33,136.95	16,898.72	30,273.01	47,171.73	19,124.15	8,739.29	27,863.44
Dongfang Boiler Group Co., Ltd.	2,142,576.79	258,647.65	2,401,224.44	1,776,721.77	96,104.81	1,872,826.58	1,941,471.66	248,952.67	2,190,424.33	1,582,778.77	107,158.74	1,689,937.51

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Name of subsidiary	Incurred amount in current year				Incurred amount in previous year			
	Operating revenues	Net profit	Total comprehensive income	Cash flow generated in operating activities	Operating revenues	Net profit	Total comprehensive income	Cash flow generated in operating activities
Dongfang Heavy Machinery Co., Ltd.	131,714.96	8,279.29	8,279.29	2,359.46	105,290.10	7,525.77	7,525.77	36,269.54
Chengdu Dongfang KWH Environmental Protection Catalysts Co., Ltd.	76,736.95	7,116.00	7,116.00	4,441.47	63,098.14	6,577.23	6,577.23	9,488.62
Tianjin Dongqi Wind Turbine Blade Engineering Co., Ltd.	71,744.24	1,053.18	1,053.18	2,028.68	38,839.17	58.34	58.34	366.51
Eastern Boiler Control Co., Ltd.	23,955.53	473.75	473.75	1,771.46	17,776.78	99.33	99.33	124.25
Dongfang Electric (Wuhan) Nuclear Equipment Co., Ltd.	12,233.22	-1,532.27	-1,532.27	1,223.41	9,468.23	-1,480.76	-1,480.76	40.69
Dongfang Boiler Group Co., Ltd.	1,224,114.09	58,155.49	58,155.49	76,745.48	1,210,943.95	72,750.79	72,750.79	173,421.99

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### 7.2 Change on Owner's Equity Share of Subsidiary and Controlling Subsidiary Still

Situation of change on owner's equity share of subsidiary and controlling subsidiary still does not occur to the Group in the current year.

### 7.3 Equity in Joint or Associated Venture

#### 7.3.1 Significant Joint or Associated Venture

Name of joint or associated venture	Main business location	Registration place	Natures of business	Shareholding ratio (%)		Accounting methods for investment to joint or associated venture
				Direct	Indirect	
Babcock-Hitachi Dongfang Boiler Co., Ltd	Jiaxing, Zhejiang	Jiaxing, Zhejiang	Manufacturing		50.00	Equity method
Dongfang AREVA Company	Deyang, Sichuan	Deyang, Sichuan	Manufacturing	50.00		Equity method
Dongfang Mitsubishi Gas Turbine Company	Nansha, Guangzhou	Nansha, Guangzhou	Manufacturing		49.00	Equity method
Dongyue Heavy Piece Company	Leshan, Sichuan	Leshan	Cargo transportation		49.00	Equity method
Sichuan Energy Investment Wind Power Co., Ltd.	Chengdu, Sichuan	Chengdu, Sichuan	Power plant development	20.00		Equity method
Huadian Longkou Wind Power Co., Ltd.	Longkou, Shandong	Longkou, Shandong	Power plant development	25.00		Equity method

#### 7.3.2 Main Financial Information of Significant Joint Venture

Item	Ending balance/ incurred amount in current year		Beginning balance/ incurred amount in previous year	
	Babcock-Hitachi Dongfang Boiler Co., Ltd	Dongfang AREVA Company	Babcock-Hitachi Dongfang Boiler Co., Ltd	Dongfang AREVA Company
Current assets:	814,824,780.90	1,181,641,239.00	874,716,859.70	1,342,206,300.17
Including: cash and cash equivalents	128,312,145.68	640,874,808.44	149,812,049.92	637,763,065.05
Non-current assets	184,302,237.22	191,807,196.98	147,406,829.14	187,522,391.29
Total amount of assets	999,127,018.12	1,373,448,435.98	1,022,123,688.84	1,529,728,691.46
Current liabilities:	602,606,385.06	743,472,731.02	666,593,540.11	924,069,717.40
Non-current liabilities	62,977,545.75	137,633,343.54	53,187,864.75	93,140,500.00
Total amount of liabilities	665,583,930.81	881,106,074.56	719,781,404.86	1,017,210,217.40
Minority equity				

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Equity attributable to shareholders of parent company	333,543,087.31	492,342,361.42	302,342,283.98	512,518,474.06
Net asset share calculated as per shareholding ratio	166,771,543.84	246,171,180.71	151,171,142.17	256,259,237.03
Book value of investment to joint venture equity	166,771,543.84	246,171,180.71	151,171,142.17	256,259,237.03
Operating revenues	835,261,598.33	522,441,618.81	768,823,077.07	749,454,075.80
Financial expenses	3,373,319.03	-10,388,837.58	1,623,702.61	-19,643,863.16
Income tax expense	4,402,748.49	58,293,155.29	4,206,334.05	28,969,455.63
Net profit	37,334,662.29	165,308,629.76	35,377,987.74	226,106,621.32
Other comprehensive income				
Total comprehensive income	37,334,662.29	165,308,629.76	35,377,987.74	226,106,621.32
Dividend received from joint venture in current year	2,830,239.02	70,753,710.00	2,268,350.28	53,813,913.72

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**7.3.3 Main Financial Information of Significant Associated Venture**

Item	Ending balance/ incurred amount in current year				Beginning balance/ incurred amount in previous year			
	Dongfang Mitsubishi Gas Turbine Company	Dongyue Heavy Piece Company	Sichuan Energy Investment Wind Power Co., Ltd.	Huadian Longkou Wind Power Co., Ltd.	Dongfang Mitsubishi Gas Turbine Company	Dongyue Heavy Piece Company	Sichuan Energy Investment Wind Power Co., Ltd.	Huadian Longkou Wind Power Co., Ltd.
Current assets:	1,140,756,740.61	66,532,082.20	297,659,015.86	21,837,662.98	946,929,007.55	59,447,882.99	122,152,722.55	12,985,402.24
Including: cash and cash equivalents	265,503,698.33	44,694,110.88	263,052,449.64	21,766,302.98	108,888,638.29	34,456,101.02	57,572,672.38	12,985,402.24
Non-current assets	259,165,277.85	1,470,917.13	1,017,847,236.10	402,604,985.99	228,757,200.93	1,694,034.62	365,428,916.67	7,018,497.76
Total amount of assets	1,399,922,018.46	68,002,999.33	1,315,506,251.96	424,442,648.97	1,175,686,208.48	61,141,917.61	487,581,639.22	20,003,900.00
Current liabilities:	546,599,024.53	13,356,044.81	180,727,613.92	134,429,648.97	554,149,893.16	10,876,538.01	83,285,302.03	3,900.00
Non-current liabilities			608,884,966.67	210,013,000.00			175,970,000.00	
Total amount of liabilities	546,599,024.53	13,356,044.81	789,612,580.59	344,442,648.97	554,149,893.16	10,876,538.01	259,255,302.03	3,900.00
Minority equity			30,793,842.20				6,899,791.93	
Equity attributable to shareholders of parent company	853,322,993.93	54,646,954.52	495,099,829.17	80,000,000.00	621,536,315.32	50,265,379.60	221,426,545.26	20,000,000.00
Net asset share calculated as per shareholding ratio	418,128,267.03	26,777,007.71	99,019,965.83	20,000,000.00	304,552,794.51	24,630,036.00	44,285,309.05	5,000,000.00
Adjusting events								
--Non-realized profit of internal transaction	-21,489,692.82				-33,984,365.50			

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Book value of investment to associated venture equity	396,638,574.21	24,820,088.02	99,019,965.83	20,000,000.00	270,568,429.01	22,861,398.02	44,285,309.05	5,000,000.00
Operating revenues	1,052,900,554.29	23,038,055.18	35,964,639.57		790,259,146.76	22,770,427.16	7,200.06	
Financial expenses	-70,826,482.19	-441,336.82	3,849,742.54		-62,060,992.02	-191,157.73	784,302.09	
Income tax expense	103,939,964.07	1,655,572.04			69,383,049.33	1,395,383.01		
Net profit	311,542,800.93	9,381,574.92	14,615,811.06		202,372,987.03	7,857,170.42	-9,164,647.15	
Other comprehensive income								
Total comprehensive income	311,542,800.93	9,381,574.92	14,615,811.06		202,372,987.03	7,857,170.42	-9,164,647.15	
Dividend received from associated venture in current year	13,189,086.00	2,450,000.00			10,461,950.00			

## 8. The risks associated with financial instruments

The Group's major financial instruments include borrowings, accounts receivables, accounts payables, financial assets available for sale and financial liabilities held for trading, details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

### 1. Risk management objectives and policies

Objective of the Group's risk management is to balance the returns associate with risks, reduce the negative impact on the operating results to the lowest level, and maximize interests of shareholders and other stakeholders. Based on the objective of risk management, the basic strategy of the group's risk management is to identify and analyze all kinds of risks faced by the Group, establish appropriate bottom line of risk tolerance, and control the risks within limited range by supervising all kinds of risk in a timely and reliable manner.

#### (1) Market risk

##### 1) Currency risk

The exchange risks that associate with the Group mainly relate to U.S. Dollar, Euro, Pakistan Rupee, and Indian Rupee etc. The main business activities of the Group are settled in RMB, except the purchases and sales with subsidiaries in U.S. Dollar, Euro, Pakistan Rupee, and Indian Rupee etc. On 31<sup>st</sup> December 2014, the balance of assets and liabilities is RMB, besides the figures that described in following table in U.S. Dollar, Euro, Pakistan Rupee, Indian Rupee, Japanese Yen, and Hong Kong Dollar.

<b>Items</b>	<b>31-Dec-2014</b>	<b>31-Dec-2013</b>
Cash-U.S. Dollar	871,145,749.67	1,372,605,103.05
Cash-Euro	41,681,448.32	28,754,869.39
Cash-Pakistan Rupee	5,728,159.14	64,161,302.26
Cash-Indian Rupee	35,856,017.31	35,879,067.58
Cash-Other monetary funds	14,343,786.13	88,591,434.28
Derivative financial assets	39,058.77	2,826,747.59
Accounts Receivable-Dollar	2,049,693,493.61	1,894,123,440.55

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<b>Items</b>	<b>31-Dec-2014</b>	<b>31-Dec-2013</b>
Accounts Receivable-Euro	28,481,986.38	41,905,869.49
Accounts Receivable-Pakistan Rupee		
Receivables-Indian Rupee	4,444,289.70	12,039,091.49
Accounts Receivable- Other monetary funds	492,632.48	1,948,068,401.53
Other Receivable- U.S. Dollar	385,821.31	481,892.76
Other Receivable-Euro	1,435.20	
Other Receivable-Pakistan Rupee	22,729,132.40	22,129,584.01
Other Receivable-Indian Rupee	265,283.34	329,927.93
Other Receivable-Other monetary funds	12,825,447.20	29,589,240.59
Short-term Loan-U.S. Dollar		163,085,727.27
Short-term Loan-Euro		35,154,647.42
Short-term Loan-Other monetary funds		222,341,636.18
Derivative financial liabilities		
Accounts payable-U.S. Dollar	6,987,482.50	210,231,946.86
Accounts payable-Euro	11,453,272.96	10,740,012.87
Accounts payable-Pakistan Rupee	52,634.96	
Accounts payable-Indian Rupee		
Accounts payable-Other monetary funds	37,936,218.56	39,847,592.80
Other Payable- U.S. Dollar	6,609,438.27	39,643.93
Other Payable- Euro	3,442,052.22	3,078,572.33
Other Payable- Pakistan Rupee	237,958.73	34,264.65
Other Payable- Indian Rupee	6,518,467.18	6,056,179.67
Other Payable- Other monetary funds	2,011,197.39	20,482,374.99

The Group pays close attention on the impact of changes in the exchange rate to the foreign exchange risk, and the main solution to avoid foreign exchange risk of the Group is forward foreign exchange contract.

#### 1) Interest Risks

The Group's interest rate risk arises from bank loans, bonds payable and other interest bearing debts. The Group faces cash flow interest rate risk in the case of

financial liabilities with floating interest rate, and fair value interest rate risk in the case of fixed rate financial liabilities. The Group to determine relative proportion of contract between the fixed interest rate and floating interest rates according to the market environment. The group's interest bearing debts are mainly fixed rate contract in RMB on 31st December 2014, the total amount is 6,320,160,290.35 Yuan.

The risks of changes in cash flow of financial instruments of the Group, caused by the changes in the interest rate mainly associate with floating rate bank borrowings. The group's policy is to maintain the loan floating interest rate and eliminate the risks of changes in interest rates that associate with fair value.

1) Price Risk

The group sales the power generation equipment at market price, therefore, affected by the price fluctuation.

2) Credit Risk

As at 31st December 2014, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counter-parties provided by the Group is arising from the carrying amount of the respective recognized financial assets as stated in the consolidated statement of financial position.

In order to reduce the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade and other receivables, amounts due from associates and amounts due from related parties at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The Group's working capital is deposited in the banks which with relatively high credit rating, thus, the credit risk associates with working capital is relatively low.

Necessary policies have been adopted by the Group to ensure that all customers have a good credit record. There is no significant concentration of credit risk in the Group except the top 5 accounts receivables.

The total amount of top 5 accounts receivable is 2,551,611,537.21 Yuan.

3) Liquidity Risk

The liquidity risk is the risks that the Group unable to meet its financial obligations on maturity date. The Group control the liquidity risk by ensuring that there is enough current capital to its due debts, without causing unacceptable loss or damage to the

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enterprise reputation. In order to ensure that there are sufficient funds, the Group regularly analyse the structure and term of the debts. Management of the Group monitors the use of the loan and ensure the compliance with loan agreement. Meanwhile, the management negotiate the financing with financial institutions to maintain a certain level of credit line and reduce the liquidity risk.

Bank loan is the main source of funding in the Group. On 31<sup>st</sup> December 2014, the unused bank borrowing limits is 4.53 billion, in which the unused short-term bank loan limits is 2.60 billion.

The analysis of maturity term of financial assets and financial liabilities according to undiscounted contractual obligations are listed below:

Figures on 31<sup>st</sup> Dec 2014:

Items	Within 1 year	1-2 years	2-5 years	Over 5 years	Total
<b>Financial assets</b>					
Cash at bank and on hand	17,822,818,071.65				17,822,818,071.65
Trading financial assets	56,547,665.82				56,547,665.82
Notes receivable	2,626,992,774.70				2,626,992,774.70
Accounts receivable	17,698,467,285.71				17,698,467,285.71
Interest receivable	153,964,346.27				153,964,346.27
Other receivable	282,414,587.72				282,414,587.72
<b>Summation of financial asset</b>	<b>38,641,204,731.87</b>				<b>38,641,204,731.87</b>
<b>Financial Liabilities</b>					
Short-term loan	2,534,000,000.00				2,534,000,000.00
Trading financial liabilities					
Notes payable	5,275,895,399.74				5,275,895,399.74
Accounts payable	15,893,241,172.06				15,893,241,172.06
Other payable	1,738,314,628.62				1,738,314,628.62
Dividends payable	3,143,316.82				3,143,316.82
Interest payable	13,317,579.91				13,317,579.91

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Items	Within 1 year	1-2 years	2-5 years	Over 5 years	Total
Employee benefits payable	339,885,075.65				339,885,075.65
Current portion of non-current liabilities	3,256,860,290.35				3,256,860,290.35
Long-term liabilities		338,800,000.00	206,820,000.00		545,620,000.00
Bond payable					
Long-term payable			685,252.84		685,252.84
Long-term employee benefits payable		27,776,647.68	12,731,803.48	23,076,822.03	63,585,273.19
<b>Summation of financial liabilities</b>	<b>29,054,657,463.15</b>	<b>366,576,647.68</b>	<b>220,237,056.32</b>	<b>23,076,822.03</b>	<b>29,664,547,989.18</b>

2. Sensibility Analysis

The Group adopt sensibility analysis methodology to evaluate the rationality and possibility of changes of risk variables to the current profit and loss or owner's equity. Because any risk variables rarely changes individually, the correlation between the variables of the final effect on a variable amount of risk will have a significant effect, therefore, the following content is under the assumption of changes in each variable is independently.

(1) Sensitivity analysis of foreign exchange risk

Foreign exchange risk sensitivity analysis hypothesis: all the hedging in overseas operation and cash flow are highly effective.

Based on the above assumption, and other variables being equal, the impacts on net profit and equity that caused by reasonable movements on exchange rate are listed below:

Items	Fluctuations in exchange	The year 2014		The year 2013	
		Impact on the net profit	Impact on equity	Impact on the net profit	Impact on equity
All foreign currency	appreciation of the RMB 5%	496,686.07	496,686.07	1,208,079.20	1,208,079.20
All foreign currency	devaluation of the RMB 5%	-496,686.07	-496,686.07	-1,208,079.20	-1,208,079.20

(1) Sensitivity analysis of interest rate risk

Sensitivity analysis of interest rate risk based on the following assumptions:

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The changes in market interest rate affect the interest gain and cost of financial instruments with variable interest rate;

To the financial instruments with fixed interest rate which measured at fair value, the changes of market interest rate only affect its interest income and cost;

The financial instruments measured by discounted cash flow method at the balance sheet date and changes in fair value of other financial assets and liabilities.

Based on the above assumption, and other variables being equal, the impacts on net profit and equity (after tax) that caused by reasonable movements on exchange rate are listed below:

Items	Change s in interest	The year 2014		The year 2013	
		Impact on the net profit	Impact on equity	Impact on the net profit	Impact on equity
Floating rate loans	Increase 1%	879,825.95	879,825.95	877,927.06	877,927.06
Floating rate loans	Decrease 1%	-879,825.95	-879,825.95	-877,927.06	-877,927.06

**9. disclosure of fair value**

1. The assets and liabilities measured at fair value at the end of the year and the fair value measurement level

Items	Fair value at the end of the year			
	The first level of fair value measurement	The second level of fair value measurement	The third level of fair value measurement	Total
<b>1. continuous measurement of fair value</b>				
(1) Financial assets measured at fair value and the variation of which is recorded into the profits and losses				
1.1. Financial assets at fair value through profit or loss				
1) Investments in equity instruments	56,508,607.05			56,508,607.05
2) Derivative financial assets		39,058.77		39,058.77
<b>Total assets measured at fair value on a continuous basis</b>	<b>56,508,607.05</b>	<b>39,058.77</b>		<b>56,547,665.82</b>
<b>Total liabilities measured at fair value on a continuous basis</b>				
<b>2. Non continuous measurement of fair value</b>				

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## 2. The basis of measuring fair value at first level

Please see more information in this Notes 6.2 for the basis of measuring fair value at first level of the Group.

3. The projects of measuring fair value at second level, recognised by valuation technique and information on qualitative and quantitative parameters.

Please see more information in this Notes 6.2 for the projects which recognised by valuation technique and information on qualitative and quantitative parameters.

**10. Related Parties and Related Party Transactions****1. Related Parties**

## 1.1 Majority stockholder and ultimate parent company

## 1.1.1 Majority stockholder and ultimate parent company

All the amount shows below is presented as 10K as a unit.

Name	Registered address	Nature of business	Registered capital	Proportion of holding share (%)	Proportion of votes (%)
DEC	China Chengdu	Hydro power, nuclear power project , sale and manufacture of equipments	479,167.50	50.00	50.00

## 1.1.2 Changes in registered capital of Majority stockholder

All the amount shows below is presented as 10K as a unit.

Name	2013	Increased	Decreased	2014
DEC	479,167.50			479,167.50

## 1.1.3 Changes are shares held by Majority stockholder

Name	Amount		Proportion (%)	
	2014	2013	2014	2013
DEC	100,196.81	100,245.73	50.00	50.03

## 1.2 Subsidiaries

See notes VII 1.1

## 1.3 Associates

See notes VII 3.1

## 1.4 Other related parties

Name of related parties	Type of relationship
Dongfang Electric Machinery Works	Enterprises under the same immediate and ultimate parent
Dongfang Boiler Works	

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<b>Name of related parties</b>	<b>Type of relationship</b>
Dongfang Electric Finance Co., Ltd	company
DEC Dongfeng Electric Machinery Co., Ltd	
Guangdong Dongfang Power Station Equipment Co., Ltd)	
DEC International Corporation Co., Ltd	
DEC Project Cargo Logistics Co., Ltd	
Deyang Dongfang Aberle System Corporation Limited	Enterprises under the same immediate and ultimate parent company
Dongqi Investment and Development Co., Ltd	
Dongfang (Sichuan) Electric Corporation Materials Co., Ltd	
DEC Henan Station Auxiliary Equipment Co., Ltd	
DEC Emei Semiconductor Materials Co., Ltd	
DEM Real Estate Development Co., Ltd	
DEC (Yixing) Magi solar Co., Ltd	
Sichuan Dongfang Electric Autocontrol Engineering Co., Ltd	
Dongqi Hospital (remanufacture in 2014)	
DEC(Sichuan) Property Management Co., Ltd	
Dongfang Hitachi (Chengdu) Electrical Control Equipment Co., Ltd	
Dongfang Electric(Leshan) New Energy Equipment Co., Ltd	
Deyang Dongqi Science & Technology Industrial Company	
Zhonghe Seawater Desalination Engineering Co., Ltd	
Shizishan photovoltaic power generation Co. Ltd	
Dongfang (Jiuquan) Solar Energy Engineering Technology Co., Ltd	
China Western Power Industrial Co., Ltd	Investors with significant influence
Envirotherm GmbH Essen, Germany	
Alstom Power Turbo Machines	
Guangdong Yudean Group Co., Ltd	Others
Directors and the management	

**2. Related Party Transactions**

## 2.1 Purchase and Sales of goods、Rendering and Receiving of services

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## 2.1.1 Purchase of goods and Receiving of services

<b>Name of related parties</b>	<b>Content</b>	<b>2014</b>	<b>2013</b>
<b>Immediate parent and ultimate parent</b>		<b>23,328,301.92</b>	<b>12,841,594.91</b>
Including: : China Dongfang Electric Corporation	Receiving of services	22,460,377.39	12,841,594.91
	Purchase of goods	867,924.53	
<b>Associates</b>		<b>1,219,065,198.51</b>	<b>1,235,764,969.55</b>
Including: Babcock-Hitachi Dongfang Boiler Co., Ltd	Purchase of goods	667,599,880.23	674,645,140.49
	Receiving of services		376,068.38
Mitsubishi Heavy Industries Dongfang Gas Turbine (guangzhou) Co., Ltd	Purchase of goods	546,816,859.88	558,806,051.08
Leshan East Lok bulky Co., Ltd	Receiving of services	4,648,458.40	1,937,709.60
<b>Other enterprises under the control of the same parent company and ultimate parent</b>		<b>2,187,842,380.60</b>	<b>1,221,880,403.28</b>
Including: Dongfang (Sichuan) Electric Corporation Materials Co., Ltd	Purchase of goods	492,801,931.46	412,245,454.16
	Receiving of services	370,451.42	
Sichuan Dongfang Electric Autocontrol Engineering Co., Ltd	Purchase of goods	821,685,804.19	258,397,462.47
Dongfang (Jiuquan) Solar Energy Engineering Technology Co., Ltd	Purchase of goods		119,574,487.23
DEC Henan Station Auxiliary Equipment Co., Ltd	Purchase of goods	120,346,541.27	91,845,007.55
<b>Other enterprises under the control of the same parent company and ultimate parent</b>			
DEC (Yixing) Magi solar Co., Ltd	Purchase of goods	173,479,058.72	80,380,634.91
Deyang Dongfang Aberle System Corporation Limited	Purchase of goods	92,589,520.00	28,766,140.26
Dongfang Hitachi (Chengdu) Electrical Control Equipment Co., Ltd	Purchase of goods	12,258,577.83	21,925,591.34
Dongfang Electric (Leshan) New Energy Equipment Co., Ltd	Purchase of goods	170,961,593.00	10,901,175.00
DEC Dongfeng Electric	Purchase of goods	60,137,618.97	9,594,691.53

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<b>Name of related parties</b>	<b>Content</b>	<b>2014</b>	<b>2013</b>
Machinery Co., Ltd	Receiving of services	186,324.80	
DEC Project Cargo Logistics Co., Ltd	Receiving of services	208,914,621.08	157,202,523.62
Dongqi Hospital	Receiving of services	15,291,885.49	13,112,220.00
DEC(Sichuan) Property Management Co., Ltd	Receiving of services	11,501,558.68	11,513,880.56
Dongfang Boiler Works	Receiving of services	4,656,200.00	5,476,800.00
DEC International Corporation Co., Ltd	Receiving of services	2,660,693.69	944,334.65
<b>Investors with significant influence</b>		<b>48,899,786.91</b>	<b>39,403,258.29</b>
Including: China Western Power Industrial Co., Ltd	Purchase of goods	45,222,222.16	35,811,965.87
Guangdong Yudean Group Co., Ltd	Purchase of goods	3,677,564.75	3,591,292.42
<b>Total</b>		<b>3,479,135,667.94</b>	<b>2,509,890,226.03</b>

## 2.1.2 Sales of goods and Rendering of services

<b>Name of related parties</b>	<b>Content</b>	<b>2014</b>	<b>2013</b>
<b>Immediate parent and ultimate parent</b>		<b>1,457,880.33</b>	<b>2,981,623.93</b>
Including: China Dongfang Electric Corporation	Sales of goods	1,457,880.33	2,981,623.93
<b>Associates</b>		<b>133,647,223.35</b>	<b>16,866,060.35</b>
Including: Babcock-Hitachi Dongfang Boiler Co., Ltd	Sales of goods		9,401,709.41
	Rendering of services	57,735.85	
Mitsubishi Heavy Industries Dongfang Gas Turbine (guangzhou) Co., Ltd	Sales of goods	8,810,116.35	7,464,350.94
Including: Dongfang Areva Nuclear Pump Co., Ltd	Sales of goods	124,616,868.34	
	Rendering of services	162,502.81	
<b>Other enterprises under the control of the same parent company and ultimate parent</b>		<b>267,492,837.90</b>	<b>882,995,334.44</b>
Including: DEC International Corporation Co. Ltd	Sales of goods	222,009,060.14	809,584,021.66
Dongfang Electric(Leshan) New Energy Equipment Co., Ltd	Sales of goods		20,339,738.03

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<b>Name of related parties</b>	<b>Content</b>	<b>2014</b>	<b>2013</b>
DEC Dongfeng Electric Machinery Co., Ltd	Sales of goods	9,521,344.46	10,916,697.03
	Rendering of services	304,332.08	963,909.45
Deyang DongfangAberle System Corporation Limited	Sales of goods	488,210.57	8,314,021.69
Guangdong Corporation	Sales of goods	9,785,725.63	7,445,230.79
Sichuan Dongfang Electric Autocontrol Engineering Co., Ltd	Sales of goods	805,258.42	4,681,484.32
DEC (Yixing) Magi solar Co., Ltd	Sales of goods	1,413,059.83	2,216,111.47
Dongfang (Sichuan) Electric Corporation Materials Co., Ltd	Sales of goods	8,307,955.93	2,215,075.20
DEC Project Cargo Logistics Co., Ltd	Sales of goods	30,769.23	486,324.78
	Rendering of services	7,907,472.36	291,789.60
Dongqi Investment and Development Co., Ltd	Sales of goods		121,173.76
	Rendering of services	5,000,000.00	14,880,000.00
Shizishanphotovoltaic power generation Co. Ltd	Rendering of services		230,000.00
DEC Henan Station Auxiliary Equipment Co., Ltd	Rendering of services		309,756.66
Dongfang Hitachi (Chengdu) Electrical Control Equipment Co., Ltd	Rendering of services	11,372.32	
Zhonghe Seawater Desalination Engineering Co., Ltd	Rendering of services	1,708,276.93	
Dongfang Electric works	Rendering of services	200,000.00	
<b>Investors with significant influence</b>		<b>4,966,431.51</b>	<b>3,762,895.90</b>
Including: China Western Power Industrial Co., Ltd	Sales of goods	3,489,571.80	3,682,358.90
	Rendering of services	5,350.00	5,737.00
Guangdong Yudean Group Co., Ltd	Sales of goods		74,800.00
Envirotherm GmbH Essen, Germany	Sales of goods	1,471,509.71	
<b>Total</b>		<b>407,564,373.09</b>	<b>906,605,914.62</b>

## 2.2 Lease and Rental

## 2.2.1 Lease

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Lessor	Lessee	Items	Recognized lease income in 2014	Recognized lease income in 2013
Dongfang Boiler Group Co., Ltd	Babcock-Hitachi Dongfang Boiler Co., Ltd	Land use right, buildings and equipments	1,943,317.17	1,594,222.52
Jiuquan New Energy Co., Ltd.	Dongfang Electric (Jiuquan) Solar Engineering Technology Co., Ltd	factory	518,400.00	518,400.00
Dongfang Turbine Co., Ltd	Mitsubishi Heavy Industries Dongfang Gas Turbine (Guangzhou) Co., Ltd	buildings	324,775.90	412,800.00
Tianjin Wind Power Technology Co., Ltd.	Zhonghe Seawater Desalination Engineering Co., Ltd	buildings	111,000.00	130,500.00
Dongfang Turbine Co., Ltd	Sichuan Dongfang Electric Automatic Control Engineering Co., Ltd.	buildings	35,500.00	20,250.00
Dongfang (Guangzhou) Heavy Machinery Co., Ltd	Guangdong Yudean Group Co., Ltd	land	74,800.00	74,800.00
<b>Total</b>			<b>3,007,793.07</b>	<b>2,750,972.52</b>

## 2.2.2 Rental

Lessor	Lessee	Items	Recognized lease income in 2014	Recognized lease income in 2013
China Dongfang Electric Corporation	Electric (Wuhan) Nuclear Equipment Co., Ltd	Machines and equipments	410,256.41	
Dongfang Electric works	Dongfang Electric Machinery Co., Ltd	Plants, land and equipments	19,007,505.16	19,203,600.04
China Dongfang Electric Corporation	The Company	Buildings	24,540,000.00	24,540,000.00
China Dongfang Electric Corporation	Dongfang Boiler Group Co., Ltd	Buildings	3,308,193.20	5,343,634.46
<b>Total</b>			<b>47,265,954.77</b>	<b>49,087,234.50</b>

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### 2.3 Details of guarantee between related parties

Guarantor	Guarantee	Amount (RMB 10k)	Start date	End date	Whether complete the guarantee
Dongqi Investment and Development Co., Ltd	Tianjin Dongqi Wind Turbine Blade Engineering Co., Ltd	5,000.00	31-Oct-2012	30-Oct-2014	Yes
<b>Total</b>		<b>5,000.00</b>			

### 2.4 Borrowings between related parties

Related Parties	Inter-bank borrowing/ Lending transaction	Amount	Whether complete the Reductions	Note
Finance Co., Ltd	Inter-bank borrowing	104,670,055.27	Yes	Commercial acceptance bills
Finance Co., Ltd	Inter-bank borrowing	65,150,000.00	Yes	Commercial acceptance bills Dongfang Boiler (Shenzhen) Control Co., Ltd
Finance Co., Ltd	Inter-bank borrowing	35,000,000.00	Yes	Short-term borrowings Chengdu dongfang KWH Environmental Protection Catalysts Co., Ltd
Finance Co., Ltd	Inter-bank borrowing	30,000,000.00	Yes	Short-term borrowings Sichuan Dongfang Electric Autocontrol Engineering Co., Ltd
Finance Co., Ltd	Inter-bank borrowing	50,000,000.00	Yes	Short-term borrowings Dongfang (Hangzhou) Energy Equipment
Finance Co., Ltd	Inter-bank borrowing	2,313,085,727.27	Yes	loans entrusted Dongfang Electric Machinery Co., Ltd
Finance Co., Ltd	Inter-bank borrowing	90,000,000.00	Yes	loans entrusted Tianjin Dongqi Wind Turbine Blade Engineering Co., Ltd
Finance Co., Ltd	Inter-bank borrowing	156,000,000.00	Yes	Short-term borrowings Electric (Wuhan) Nuclear Equipment Co., Ltd
Finance Co., Ltd	Inter-bank borrowing	45,000,000.00	No	Short-term borrowings Dongfang Boiler (Shenzhen) Control Co., Ltd
Finance Co., Ltd	Inter-bank borrowing	30,000,000.00	No	Short-term borrowings Chengdu dongfang KWH Environmental Protection Catalysts Co., Ltd
Finance Co., Ltd	Inter-bank borrowing	10,000,000.00	No	Short-term borrowings Sichuan Dongfang Electric Autocontrol Engineering Co., Ltd

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Related Parties	Inter-bank borrowing/ Lending transaction	Amount	Whether complete the Reductions	Note
Finance Co., Ltd	Inter-bank borrowing	50,000,000.00	No	Short-term borrowings Dongfang (Hangzhou) Energy Equipment
Finance Co., Ltd	Inter-bank borrowing	300,000,000.00	No	Short-term borrowings Dongfang (Guangzhou) Heavy Machinery Co., Ltd
Finance Co., Ltd	Inter-bank borrowing	1,450,000,000.00	No	loans entrusted Dongfang Turbine Co., Ltd
Finance Co., Ltd	Inter-bank borrowing	90,000,000.00	No	loans entrusted Tianjin Dongqi Wind Turbine Blade Engineering Co., Ltd
Finance Co., Ltd	Inter-bank borrowing	159,000,000.00	No	Short-term borrowings Electric (Wuhan) Nuclear Equipment Co., Ltd
Dongfang Electric Finance Co., Ltd	Inter-bank borrowing	20,120,000.00	Yes	loans entrusted Dongfang Boiler Group., Ltd
Dongfang Electric Finance Co., Ltd	Inter-bank borrowing	39,600,000.00	Yes	loans entrusted Dongfang Electric Machinery Co., Ltd
Dongfang Electric Finance Co., Ltd	Inter-bank borrowing	150,120,000.00	No	loans entrusted Dongfang Boiler Group., Ltd
Dongfang Electric Finance Co., Ltd	Inter-bank borrowing	39,600,000.00	No	Long-term loans entrusted Dongfang Electric Machinery Co., Ltd
Dongfang Electric Finance Co., Ltd	Inter-bank borrowing	17,100,000.00	No	Long-term borrowings Dongfang (Guangzhou) Heavy Machinery Co., Ltd
<b>Total</b>		<b>5,244,445,782.54</b>		

### 3. Key management's emoluments

#### 3.1 Directors' and supervisors' emoluments

The emoluments paid or payable to each of the directors and supervisors are as follows at the year ended 31 December 2014

Name	Director and Supervisor fees	Salaries, allowance and benefits	Performance salary	Social insurance	Total
<b>Directors</b>					
Si Zefu		292,034.00	530,374.00	47,592.00	870,000.00
Zhang xiaolun		266,034.00	473,476.00	43,490.00	783,000.00
Wen Shugang		266,034.00	473,465.00	43,501.00	783,000.00
Huang Wei		260,834.00	462,122.00	42,644.00	765,600.00

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Name	Director and Supervisor fees	Salaries, allowance and benefits	Performance salary	Social insurance	Total
Zhu Yuanchao		260,834.00	466,301.00	44,565.00	771,700.00
Zhang jilie		253,034.00	439,050.00	41,316.00	733,400.00
Li Yanmeng	80,000.00				80,000.00
Zhao Chunjun	80,000.00				80,000.00
Peng Shaobing	80,000.00				80,000.00
<b>Supervisors</b>					
Wen Bingyou*		184,566.00	455,067.00	43,599.00	683,232.00
Wen Limin*		260,834.00	450,128.00	42,438.00	753,400.00
Wang zaiqiu		275,125.00			275,125.00
Wang cong yuan		365,764.00		20,307.00	386,071.00
<b>Total</b>	<b>240,000.00</b>	<b>2,685,093.00</b>	<b>3,749,983.00</b>	<b>369,452.00</b>	<b>7,044,528.00</b>

At the year ended 31 December 2013

Name	Director and Supervisor fees	Salaries, allowance and benefits	Performance salary	Social insurance	Total
<b>Directors</b>					
Si Zefu		295,148.00	447,754.00	47,098.00	790,000.00
Zhang xiaolon		269,148.00	398,784.00	43,068.00	711,000.00
Wen Shugang		269,148.00	398,773.00	43,079.00	711,000.00
Huang Wei		263,948.00	389,035.00	42,217.00	695,200.00
Zhu Yuanchao		263,948.00	387,148.00	44,104.00	695,200.00
Zhang jilie		256,148.00	374,370.00	40,982.00	671,500.00
Li Yanmeng	80,000.00				80,000.00
Zhao Chunjun	80,000.00				80,000.00
Peng Shaobing	80,000.00				80,000.00
<b>Supervisors</b>					
Wen Bingyou*		263,948.00	388,097.00	43,155.00	695,200.00
Wen Limin*		263,948.00	389,237.00	42,015.00	695,200.00
Wang cong yuan		386,782.00		20,170.00	406,952.00
<b>Total</b>	<b>240,000.00</b>	<b>2,532,166.00</b>	<b>3,173,198.00</b>	<b>365,888.00</b>	<b>6,311,252.00</b>

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The group has attributed the key management's emoluments to market and personal performance

**3.2 Top 5 of key management's emoluments**

In 2014, top 5 of key management's emoluments include five (2013: five) Directors.

(Reference the upper tabulation)

No director waived and agreed to waive any emoluments paid by the Group during the years ended 31 December 2014 and 2013, and none of director's emolument exceeds HKD 1 million

Highest number of people pay according to pay group categorized as follows;

Items	2014	2013
0~HKD 1 million	5	5
<b>Total</b>	<b>5</b>	<b>5</b>

**4. Cash between related parties****4.1 Cash deposited in related parties**

Name of related parties	Currency	31-Dec-2014 (RMB)	31-Dec-2013 (RMB)
Enterprises under the same immediate and ultimate parent company		13,739,532,943.45	10,373,038,053.44
including: Dongfang Electric Finance Co., Ltd	CNY	13,093,898,255.07	9,147,132,287.53
Dongfang Electric Finance Co., Ltd	USD	609,689,540.08	1,197,765,467.97
Dongfang Electric Finance Co., Ltd	EUR	35,945,148.30	28,140,297.94
<b>Total</b>		<b>13,739,532,943.45</b>	<b>10,373,038,053.44</b>

**4.2 Accounts receivable between related parties**

Name of related parties	2014		2013	
	Amount	Provision for bad debts	Amount	Provision for bad debts
<b>Immediate parent and ultimate parent</b>	6,487,941.00	6,257,426.40	36,575,630.55	20,081,699.57
Including: China Dongfang Electric Corporation	6,487,941.00	6,257,426.40	36,575,630.55	20,081,699.57
<b>Associates</b>	21,704,204.73	2,155,653.57	22,011,854.58	1,526,992.73
Including: Babcock-Hitachi Dongfang Boiler Co., Ltd	4,096,000.00	1,253,200.00	14,088,000.00	1,130,800.00
Dongfang Areva Nuclear Pump Co., Ltd	12,039,684.61	624,027.56	4,650.00	232.50
Mitsubishi Heavy Industries Dongfang Gas Turbine (guangzhou) Co., Ltd	5,568,520.12	278,426.01	7,919,204.58	395,960.23
<b>Other enterprises under the control of the same parent company and ultimate parent</b>	925,574,215.62	518,313,551.63	991,713,244.30	411,505,227.14

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Name of related parties	2014		2013	
	Amount	Provision for bad debts	Amount	Provision for bad debts
Including: DEC International Corporation Co., Ltd	783,900,945.69	467,092,216.46	904,852,412.43	386,263,065.90
Zhonghe Seawater Desalination Engineering Co., Ltd	22,284,100.00	22,284,100.00		
Guangdong Corporation	19,326,262.12	14,089,584.12	23,408,586.12	13,569,543.27
DEC Emei Semiconductor Materials Co., Ltd	17,784,137.77	8,697,073.78	17,784,137.77	6,846,036.89
Sichuan Dongfang Electric Auto control Engineering Co., Ltd	27,677,238.91	1,406,409.94	23,211,171.75	1,160,558.59
Dongfang Electric(Leshan) New Energy Equipment Co., Ltd	23,797,493.49	2,379,749.35		
Deyang Dongfang Aberle System Corporation Limited	9,532,069.51	572,271.46		
DEC (Yixing) Magi solar Co., Ltd	2,249,504.20	142,286.42	2,150,324.20	120,748.88
DEC Project Cargo Logistics Co., Ltd	2,024,828.26	101,241.41	133,000.00	6,650.00
Dongqi Investment and Development Co., Ltd	1,766,698.18	176,669.82	1,629,837.98	81,491.90
Dongfang Electric (Jiuquan) Solar Engineering Technology Co., Ltd	649,673.64	32,483.68		
Dongfang Electric Corporation Materials Co., Ltd	401,318.00	20,065.90	1,421,840.40	130,497.09
Dongfang Electric works	13,346.33	13,346.33	413,346.33	33,265.25
DEC Dongfeng Electric Machinery Co., Ltd	14,166,599.52	1,306,052.96	14,228,187.32	812,969.37
Deyang Dongqi Science & Technology Industrial Company			2,480,400.00	2,480,400.00
<b>Investors with significant influence</b>	17,368,462.90	5,714,335.12	19,486,771.28	3,470,111.96
Including: Alstom Power Turbo Machines	12,342,953.25	4,937,181.30	15,299,145.57	3,082,744.24
Envirotherm GmbH Essen, Germany	4,112,066.62	731,481.67	3,445,625.68	350,267.72
China Western Power Industrial Co., Ltd	913,443.03	45,672.15	742,000.03	37,100.00
<b>Total</b>	<b>971,134,824.25</b>	<b>532,440,966.72</b>	<b>1,069,787,500.71</b>	<b>436,584,031.40</b>

**4.3 Others payable between related parties**

Name of related parties	2014		2013	
	Amount	Provision for bad debts	Amount	Provision for bad debts
<b>Immediate parent and ultimate parent</b>	31,198,286.51	11,133,022.45	27,442,228.91	10,944,895.37
Including: China Dongfang Electric Corporation	31,198,286.51	11,133,022.45	27,442,228.91	10,944,895.37
<b>Other enterprises under the control of the same parent company and ultimate parent</b>	36,578,888.59	5,803,042.41	35,865,166.58	3,111,523.36
Dongqi Investment and Development Co., Ltd	33,016,808.96	5,100,360.90	33,189,508.96	2,704,715.45

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Dongfang Electric (Jiuquan) Solar Engineering Technology Co., Ltd	2,738,925.04	396,013.93	2,105,780.62	182,178.36
DEM Real Estate Development Co., Ltd	558,777.00	279,388.50	558,777.00	223,510.80
Sichuan Dongfang Electric Autocontrol Engineering Co., Ltd	12,135.70	2,249.29	11,100.00	1,118.75
Deyang Dongfang Aberle System Corporation Limited	241,261.89	24,120.79		
Dongqi Hospital	7,200.00	720.00		
DEC(Sichuan) Property Management Co., Ltd	3,780.00	189.00		
<b>Associates</b>	1,614,252.37	80,712.62		
Including: Babcock-Hitachi Dongfang Boiler Co., Ltd	1,543,888.67	77,194.43		
Mitsubishi Heavy Industries Dongfang Gas Turbine (guangzhou) Co., Ltd	70,363.70	3,518.19		
<b>Total</b>	<b>69,391,427.47</b>	<b>17,016,777.48</b>	<b>63,307,395.49</b>	<b>14,056,418.73</b>

**4.4 Prepayments between related parties**

Name of related parties	2014		2013	
	Amount	Provision for bad debts	Amount	Provision for bad debts
<b>Immediate parent and ultimate parent</b>	1,696,000.00			
including: China Dongfang Electric Corporation	1,696,000.00			
<b>Associates</b>			116,369,561.59	
Including: Mitsubishi Heavy Industries Dongfang gas Turbine(Guangzhou) Co., Ltd			116,369,561.59	
<b>Other enterprises under the control of the same parent company and ultimate parent</b>	97,486,965.63		232,362,534.61	
Including: DEC Project Cargo Logistics Co., Ltd	36,807,061.70		6,015,221.28	
DEC International Corporation Co., Ltd	28,551,072.33		28,544,891.62	
Dongfang (Sichuan) Electric Corporation Materials Co., Ltd	8,240,064.60		35,456,900.48	
Sichuan Dongfang Electric Autocontrol Engineering Co., Ltd	6,067,000.00		35,261,271.93	
Dongfang Hitachi (Chengdu) Electrical Control Equipment Co., Ltd	1,473,120.00		1,416,000.00	
DEC (Yixing) Magi solar Co., Ltd			59,301,294.00	
DEC Dongfeng Electric Machinery Co., Ltd	16,348,647.00		61,944,442.00	
Dongfang Electric Machinery Works			3,467,559.00	
DEC Henan Station Auxiliary Equipment Co., Ltd			787,290.00	
Deyang Dongfang Aberle System			167,664.30	

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Name of related parties	2014		2013	
	Amount	Provision for bad debts	Amount	Provision for bad debts
Corporation Limited				
<b>Investors with significant influence</b>	74,800.00			
Guangdong Yudean Group Co., Ltd	74,800.00			
<b>Total</b>	<b>99,257,765.63</b>		<b>348,732,096.20</b>	

4.5 Interests receivable between related parties

Name of related parties	Dec-31-2014	Dec-31-2013
<b>Other enterprises under the control of the same parent company</b>	153,964,346.27	101,620,018.51
Including: Dongfang Electric Finance Co., Ltd	153,964,346.27	101,620,018.51
<b>Total</b>	<b>153,964,346.27</b>	<b>101,620,018.51</b>

4.6 Short borrowings between related parties

Name of related parties	Dec-31-2014	Dec-31-2013
<b>Immediate parent and ultimate parent</b>		76,820,000.00
China Dongfang Electric Corporation		76,820,000.00
<b>Other enterprises under the control of the same parent company and ultimate parent</b>	2,134,000,000.00	2,818,755,782.54
Including: Dongfang Electric Finance Co., Ltd	2,134,000,000.00	2,818,755,782.54
<b>Total</b>	<b>2,134,000,000.00</b>	<b>2,895,575,782.54</b>

4.7 Notes payable between related parties

Name of related parties	2014	2013
<b>Immediate parent and ultimate parent</b>	2,264,000.00	
Including: China Dongfang Electric Corporation	2,264,000.00	
<b>Associates</b>	65,265,300.00	69,200,000.00
Including: Babcock-Hitachi Dongfang Boiler Co., Ltd	29,160,000.00	68,500,000.00
Leshan Dongyue Heavy Piece Hoisting and Transport Co., Ltd.		700,000.00
Mitsubishi Heavy Industries Dongfang Gas Turbine (guangzhou) Co., Ltd	36,000,000.00	
Dongfang Areva Nuclear Pump Co., Ltd	105,300.00	
<b>Other enterprises under the control of the same parent company and ultimate parent</b>	280,211,656.22	292,296,627.78
Including: Sichuan Dongfang Electric Autocontrol Engineering Co., Ltd	70,897,009.00	90,401,370.00

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Dongfang (Sichuan) Electric Corporation Materials Co., Ltd	89,334,347.90	105,080,146.77
DEC Project Cargo Logistics Co., Ltd	23,248,715.66	28,654,988.85
Dongfang Electric(Leshan) New Energy Equipment Co., Ltd	67,072,122.50	12,183,000.00
DEC Henan Station Auxiliary Equipment Co., Ltd	20,091,980.00	14,994,000.00
Dongfang Electric works	1,620,241.16	25,648,772.16
DEC Dongfeng Electric Machinery Co., Ltd	5,831,813.00	13,386,000.00
Deyang Dongfang Aberle System Corporation Limited	1,380,427.00	1,648,350.00
Dongfang Hitachi (Chengdu) Electrical Control Equipment Co., Ltd	735,000.00	300,000.00
<b>Investors with significant influence</b>	<b>4,700,000.00</b>	<b>4,000,000.00</b>
Including: China Western Power Industrial Co., Ltd	4,700,000.00	4,000,000.00
<b>Total</b>	<b>352,440,956.22</b>	<b>365,496,627.78</b>

**4.8 Accounts payable between related parties**

<b>Name of related parties</b>	<b>2014</b>	<b>2013</b>
<b>Immediate parent and ultimate parent</b>	7,984,211.31	999,486.79
including: China Dongfang Electric Corporation	7,984,211.31	999,486.79
<b>Associates</b>	390,261,495.08	193,912,028.89
Including: Babcock-Hitachi Dongfang Boiler Co., Ltd	226,965,334.46	192,717,548.89
Mitsubishi Heavy Industries Dongfang Gas Turbine (guangzhou) Co., Ltd	163,280,530.12	1,194,480.00
Dongfang Areva Nuclear Pump Co., Ltd	15,630.50	
<b>Other enterprises under the control of the same parent company and ultimate parent</b>	1,103,279,865.48	522,411,644.97
Including: Sichuan Dongfang Electric Autocontrol Engineering Co., Ltd	461,684,907.18	155,472,755.31
Dongfang (Sichuan) Electric Corporation Materials Co., Ltd	230,012,903.26	180,239,739.53
Dongfang Electric(Leshan) New Energy Equipment Co., Ltd	123,979,897.10	43,352,187.10
Dongqi Investment and Development Co., Ltd	25,815,844.33	25,929,364.38
DEC Project Cargo Logistics Co., Ltd	28,854,175.90	14,366,853.95
DEC International Corporation Co., Ltd	1,422,661.08	5,903,942.28
Deyang Dongfang Aberle System Corporation Limited	55,849,970.60	2,368,792.32
DEC Dongfeng Electric Machinery Co., Ltd	28,728,881.05	4,297,100.65
DEC Henan Station Auxiliary Equipment Co., Ltd	52,311,170.68	29,477,019.87

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<b>Name of related parties</b>	<b>2014</b>	<b>2013</b>
Dongfang Hitachi (Chengdu) Electrical Control Equipment Co., Ltd	9,893,514.00	15,292,942.01
DEC (Yixing) Magi solar Co., Ltd	77,684,760.30	11,767,629.59
Dongfang (Jiuquan) Solar Energy Engineering Technology Co., Ltd	7,041,180.00	29,075,270.00
Dongqi Hospital		4,868,047.98
<b>Investors with significant influence</b>	40,220,918.56	46,008,412.50
Including: China Western Power Industrial Co., Ltd	39,896,830.56	44,959,183.50
Guangdong Yudean Group Co., Ltd	324,088.00	1,049,229.00
<b>Total</b>	<b>1,541,746,490.43</b>	<b>763,331,573.15</b>

**4.9 Advance from customers between related parties**

<b>Name of related parties</b>	<b>2014</b>	<b>2013</b>
<b>Immediate parent and ultimate parent</b>		4,133,467.27
Including: China Dongfang Electric Corporation		4,133,467.27
<b>Associates</b>	51,676,992.50	
Including: Dongfang Areva Nuclear Pump Co., Ltd	51,676,992.50	
<b>Other enterprises under the control of the same parent company and ultimate parent</b>	118,057,950.78	159,956,421.79
Including: DEC International Corporation Co., Ltd	110,745,619.85	158,344,263.19
Dongfang (Sichuan) Electric Corporation Materials Co., Ltd	3,602,410.00	19,200.00
DEC Project Cargo Logistics Co., Ltd	1,842,303.47	
Guangdong Corporation	824,230.20	668,230.20
DEC Dongfeng Electric Machinery Co., Ltd	462,500.00	531,000.00
Deyang Dongfang Aberle System Corporation Limited	316,818.00	316,710.00
Sichuan Dongfang Electric Automatic Control Engineering Co., Ltd.	172,983.86	
DEC Emei Semiconductor Materials Co., Ltd	76,500.00	76,500.00
Emei Semiconductor Material Institute	14,067.00	
Dongfang Electric works	518.40	518.40
<b>Investors with significant influence</b>	200,000.00	200,000.00
Including: China Western Power Industrial Co., Ltd	200,000.00	200,000.00
<b>Total</b>	<b>169,934,943.28</b>	<b>164,289,889.06</b>

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**4.10 Others payable between related parties**

<b>Name of related parties</b>	<b>2014</b>	<b>2013</b>
<b>Immediate parent and ultimate parent</b>	1,387,983,582.70	1,389,852,015.70
Including: China Dongfang Electric Corporation	1,387,983,582.70	1,389,852,015.70
<b>Associates</b>	200,000.00	200,000.00
Including: Babcock-Hitachi Dongfang Boiler Co., Ltd	200,000.00	200,000.00
<b>Other enterprises under the control of the same parent company and ultimate parent</b>	33,325,062.76	41,682,623.16
Including: Dongfang Boiler Works	30,001,497.37	32,683,850.75
Dongqi Investment and Development Co., Ltd		5,200,000.00
DEC Project Cargo Logistics Co., Ltd	1,820,000.00	1,900,000.00
Sichuan Dongfang Electric Autocontrol Engineering Co., Ltd	853,565.39	1,290,256.41
Guangdong Corporation	200,000.00	200,000.00
Dongfang Electric Corporation Materials Co., Ltd	250,000.00	200,000.00
DEC Henan Station Auxiliary Equipment Co., Ltd	200,000.00	200,000.00
Dongqi Hospital		8,516.00
<b>Investors with significant influence</b>	4,781,238.32	4,124,445.80
Including: Alstom Power Turbo Machines	105,323.57	545,873.47
Envirotherm GmbH Essen, Germany	2,675,914.75	3,078,572.33
China Western Power Industrial Co., Ltd	2,000,000.00	500,000.00
<b>Total</b>	<b>1,426,289,883.78</b>	<b>1,435,859,084.66</b>

**4.11 Dividends payable between related parties**

<b>Name of related parties</b>	<b>2014</b>	<b>2013</b>
<b>Investors with significant influence</b>	763,662.57	1,365,662.57
Including: China Western Power Industrial Co., Ltd	763,662.57	1,365,662.57
<b>Total</b>	<b>763,662.57</b>	<b>1,365,662.57</b>

**4.12 Long-term borrowings**

<b>Name of related parties</b>	<b>2013</b>	<b>2012</b>
<b>Immediate parent and ultimate parent</b>	206,820,000.00	
Including: China Dongfang Electric Corporation	206,820,000.00	

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<b>Name of related parties</b>	<b>2013</b>	<b>2012</b>
<b>Total</b>	<b>206,820,000.00</b>	

**11. Plan of Dividend paid**

## 1. 7 Overall Condition of Stock Payment

<b>Item</b>	<b>Condition</b>
Sum of equity instruments granted by the Company in current year	
Sum of equity instruments exercised by the Company in current year	
Sum of equity instruments invalidated by the Company in current year	10.88 million shares
Range of exercise prices for stock options issued outward by the Company at the end of year, and remainder of contractual period	
Range of exercise prices for other equity instruments of the Company at the end of year, and remainder of contractual period	

The plan of stock appreciation right of H shares has approved in the 1st domestic shareholders class meeting on Dec 14, 2012. It is mainly involving three parts:

1.1 The plan of stock appreciation right is valid for 5 years starting the right first granted. If the group performs well, the stock appreciation right can be vested and the holders can receive the amount of the increase in cash or shares at three times.

1.2 The following performance targets for a financial year must be achieved so that share appreciating right can be granted: first, EVA should exceed 2.2 billion; second, the growth rate of revenue is not less than 9.00%; Third, ROE must be higher than 13%; Fourth, revenue and ROE growth rate shall exceed 50% benchmarking company's growth rate.

1.3 The following performance targets for a financial year must be achieved to exercise share appreciating right: First, EVA should exceed 2.4 billion, then 2.6billion, and then 2.8billion; Second, the growth rate of revenue is no less than 9.00%, then 11% and then 13% and no less than 75% benchmarking company' growth rate; Third, ROE growth rate should be no less than 13%, then 15%, and then 17% and no less than 75% benchmarking company' growth rate.

The board of the group has confirmed the day as the first grant date on Dec 14, 2012 according to shareholders class meeting, the value is HKD15.14 per shares in basis of the closing price of H shares. The amount is 16,540,000 shares received by 175 staffs. It is involving 11 directors and senior managers, 164 key managers and staffs.

According to the resolution made at the first meeting of the Remuneration and Assessment Committee of the Company at the first quarter of 2014, the Company

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decreases the first batch of incentive objects to which H-share stock appreciation right is granted by 3 person/time; after such decrease, the Company will first grant the stock appreciation right of 16.32 million H-shares in total to 172 objects who meet conditions (accounting for 0.8144% of the current total stock 2003.86 million shares), granting stock appreciation right of 2.14 million H-shares in total to 11 directors and senior management personnel, and granting stock appreciation right of 14.18 million H-shares in total to 161 management personnel and key employees who play an important role in development of the Company.

According to the resolution made at the 16th meeting of the 7th Board of Directors of the Company in 2014, the Company passes the assessment results of the H-share stock appreciation right plan for the first assessment period (the year of 2013). Among the 16.32 million H-shares to which stock appreciation right is granted, the stock appreciation right of 5.44 million H-shares meets exercise conditions; after the waiting period for the H-share stock appreciation right, the incentive objects can choose to exercise within the exercise period from Dec. 14, 2014 to Dec. 14, 2017.

Up to Dec. 31, 2014, the above-mentioned stock appreciation right of 5.44 million H-shares is not exercised because the H-share price was continuously lower than the price (HKD 15.14) granted for the H-share stock appreciation right from the end of the waiting period (Dec. 14, 2014) to Dec. 31, 2014. Thus, the Company measures such share-based payment (settled in cash) as zero as per fair value and has it included in under the payroll payable in the financial statements.

Among the 10.88 million shares of equity instruments invalidated by the Company in current year, 5.44 million shares are invalidated because the performance of 2014 financial statements of the Company cannot meet the exercise conditions of H-share stock appreciation right, and the other 5.44 million shares are invalidated because the management of the Company predicts that the performance of the 2015 financial statements probably cannot meet the exercise conditions of H-share stock appreciation right.

**2. Cost confirmed by cash payment**

<b>Item</b>	<b>Condition</b>
Fair value of liabilities confirmed by shares	BS-model
Accumulated liabilities produced by cash payment	
Cost confirmed by cash payment in total	-11,601,427.20

**12. Contingencies liabilities****1. Contingent Liabilities Formed by Pending Litigation or Arbitration**

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(1) In 2010, Hangzhou New Energy Co., Ltd. signed a procurement contract of 1.5MW wheel hub rack with Zhejiang Jiali Wind Power Technology Co., Ltd. (hereinafter referred to as Jiali Wind Power Co., Ltd.); however, due to stoppage impact of the Indian Project, the materials already being put into production are kept long in stock of Jiali Wind Power Co., Ltd. On Nov. 17, 2013, Jiali Wind Power Co., Ltd. submitted such matter for arbitration; through 1 year of coordination, the Arbitration Commission agreed that Hangzhou New Energy Co., Ltd. compensates for the loss of Jiali Wind Power Co., Ltd. The amount of damages required by Jiali Wind Power Co., Ltd. is RMB 2,895,000, while the predicted amount of damages calculated by Hangzhou New Energy Co., Ltd. is RMB 2,346,600. The final amount of damages shall be determined upon identification results by a third party. Thus, Hangzhou New Energy Co., Ltd. records the predicted liabilities by taking the median value of  $(289.50+234.66)/2=262.08$  (RMB 10,000).

(2) During 2010 to 2011, Hangzhou New Energy Co., Ltd. signed a procurement contract of 1.5MW main shaft with Tongyu Heavy Industry Co., Ltd.; however, due to stoppage impact of the Indian Project, large quantities of main shafts are kept long in stock of Tongyu Heavy Industry Co., Ltd. In July 2013, Tongyu Heavy Industry Co., Ltd. started to require solving the matter of main shaft stock through legal ways. Through consultation and negotiation, Minutes of Contract Execution Consultation Meeting was signed on June 13, 2014. According to the terms agreed in such meeting minutes, the predicted amount of damages calculated by Hangzhou New Energy Co., Ltd. is RMB 6.84 million. RMB 3.27 million of settlement agreement payment was already paid on Dec. 23, 2014. The remaining amount of damages is still communicated with Tongyu Heavy Industry Co., Ltd. Thus, RMB 3.57 million of liabilities is recorded in current year.

## 2. Matters of Contingent Liabilities Caused by Letter of Credit, etc.

The balance at the year ended of irrevocable letter of credit is RMB 1,765,544,166.99:

<b>Currency</b>	<b>Local currency</b>	<b>Equivalent to RMB</b>
USD	103,757,945.34	634,894,867.54
EURO	118,456,221.58	883,162,205.61
Japanese Yen	4,785,837,962.00	245,853,281.94
Hong Kong dollar	2,071,000.00	1,633,811.90
<b>Total</b>		<b>1,765,544,166.99</b>

## 3. The Letter of Guarantee

The balance at the year ended of letter of guarantee is RMB 23,172,801,800.86:

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Currency	Local currency	Equivalent to RMB
RMB	17,577,614,630.13	17,577,614,630.13
USD	845,358,155.50	5,172,746,553.50
EURO	51,654,320.93	385,113,955.13
Pakistan Rupee	610,012,454.60	37,326,662.10
<b>Total</b>		<b>23,172,801,800.86</b>

4. Apart from mentioned above, there are no other significant contingency liabilities up till 31 December 2014

**13. Commitments**

## 1. Significant commitments

## 1.1 Commitment on Capital Expenditure

The details of the balance of investment expenditures of contracts already signed that have not fully fulfilled at the year ended are as below: **(RMB 10K)**

Items	2014	2013
Construction projects	30,032.34	37,682.94
Equipments	22,003.38	22,459.57
Techniques		1,600.00
External investment		6,771.92
<b>Total</b>	<b>52,035.72</b>	<b>68,514.43</b>

The balance of investment expenditures of contracts already signed that have not fully fulfilled at the year ended is RMB 52,035.72 ten-thousand yuan, and the details are as below:

Items	Contract sum (RMB 10K)	Amount paid (RMB 10K)	Amount to be paid (RMB 10K)	Tentative investment period	Notes
Construction projects	117,957.28	87,924.94	30,032.34	2014-2016	
Equipments	163,235.46	141,232.08	22,003.38	2014-2016	
<b>Total</b>	<b>281,192.75</b>	<b>229,157.03</b>	<b>52,035.72</b>		

## 1.2 Lease contracts already signed and the financial effect

The details of balance of irrevocable operating lease and finance lease at the year ended are as below:

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<b>Period</b>	<b>Dec-31-2014</b>	<b>Dec-31-2013</b>
Within 1 year	42,677,375.08	40,884,176.74
1-2 year	21,288,092.36	2,181,120.24
2-3 year	20,181,989.78	2,267,510.28
Over 3 years	38,041,164.16	1,161,407.70
<b>Total</b>	<b>122,188,621.38</b>	<b>46,494,214.96</b>

2. Apart from mentioned above, there are no other significant events after balance sheet up till 31 December 2014

**14. Events after balance sheet date****1. Matters of Conditional Redemption of “Convertible Bond of Dongfang”**

After verified by China Securities Regulatory Commission in form of *Reply on Examination and Approval of Public Issue of Convertible Corporate Bond by Dongfang Electric Corporation Limited* (ZJXK [2014] Doc. #628), the Company issued convertible corporate bonds in total amount of RMB 4 billion on July 10, 2014. The bond is referred to as “Convertible Bond of Dongfang” for short, with bond code of 110027. The debt-to-equity period of the convertible bond is from the first trading day after six months upon the day when the issue of the convertible bond is ended to the due date of the convertible bond (i.e. from the first trading day after Jan. 10, 2015 to Jul. 10, 2020). The initial debt-to-equity price is RMB 12/share, and the current debt-to-equity price is RMB 12/share.

According to provisions of *Prospectus on Public Issue of Convertible Corporate Bond* of the Company on conditional redemption clause, the debt-to-equity period starts from Jan. 12, 2015; the closing price of A-share of the Company is higher than 130% of the debt-to-equity price (RMB 12/share) in current period for 15 consecutive trading days from Jan. 12, 2015 to Jan. 30, 2015, triggering the conditional redemption clause of the convertible bond for the first time. On Jan. 30, 2015, through deliberation, the 20<sup>th</sup> meeting of the 7<sup>th</sup> Board of Directors passes *Proposal on Conditional Redemption of “Dongfang Bond”* by consensus. The Company decides to exercise conditional redemption right of “Dongfang Bond” and redeems all “Convertible Bond of Dongfang” registered on and before “Redemption Record Date”.

Up to the closing time on Feb. 16, 2015, among the RMB 4 billion of “Convertible Bond of Dongfang” issued on July 10, 2014, RMB 3,996,503,000 was accumulatively converted into A-share of the company, and the accumulatively converted stock is 333,040,368 shares, which accounts for 16.62% of the total 2,003,860,000 shares

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already issued by the Company before conversion of "Convertible Bond of Dongfang". The redemption amount of the convertible bond is RMB 3,497,000, accounting for 0.087% of the total RMB 4 billion of "Convertible Bond of Dongfang".

From Feb. 27, 2015, the "Convertible Bond of Dongfang" (110027) and "Convertible Stock of Dongfang" (190027) will be delisted from Shanghai Stock Exchange.

2. Power project of Saudi Arabia Rabigh is tender by the DEC as the union on July 2009

The DEC is responsible for supplying the machine and technology. There was some problems with the equipments supplied and those equipments could not be put in use.

After the peak for the generation of electricity completed in 2012, the group had improved some units according to the agreement with customers. The 1#unit and 2#unit also was used in Dec, 2012 and Jan 2013 separately.

The Company had signed agreements with relevant parties on rectification expenses, project delay claim and other matters of the Project in Jan. 2015. According to such agreements, the Company shall bear the rectification expenses and project delay claim in sum of USD 55 million. The Company has made reasonable prediction on relevant expenditures in previous period based on the conservatism principle; therefore, the solution of such matter will not affect the business performance of the Company in the year of 2015.

### 3. Distribution of Profits

Item	Content
Profits or dividends proposed to be distributed	210,321,033.12
Profits or dividends declared to be distributed upon deliberation and approval	210,321,033.12

4. Apart from mentioned above , there are no other significant contingency liabilities up till 31 December 2014

## 15. Other significant events

### 15.1 Lease

#### 15.1.1. Operating lease

At the end of the year, operating lease of the group are shown below:

Items	2014	2013
Building	65,182,167.22	67,312,798.45

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Land use right	8,879,576.37	5,485,776.00
Machines and equipments	4,077,342.24	5,071,849.20
Vehicles	10,000.00	10,000.00
Office equipment and others	344.32	1,141.36
<b>Total</b>	<b>78,149,430.15</b>	<b>77,881,565.01</b>

## 15.1.2 Significant minimum operating lease payments

<b>Period</b>	<b>Dec-31-2014</b>	<b>Dec-31-2013</b>
Within 1 year	42,677,375.08	40,884,176.74
1-2 year	21,288,092.36	2,181,120.24
2-3 year	20,181,989.78	2,267,510.28
Over 3 years	38,041,164.16	1,161,407.70
<b>Total</b>	<b>122,188,621.38</b>	<b>46,494,214.96</b>

## 15.2 Annuity plan

Pursuant to Notice 1201[2007]"Reply to annuity system of China Dongfang Electric Corporation" issued by State-owned Assets Supervision and Administration Commission, annuity is listed out as employee benefit and expenses, and the specialised account is entrusted to China Life Pension Company Limited for operation.

## 15.3 Other important transactions and events impact on investors decision-making

15.3.1 The controversy over technology contracts between Forster Wheeler and the group

In March 1994, China Dongfang Electric Corporation, Dongfang Boiler Works and Forster Wheeler signed the license agreement jointly. Dongfang Boiler Works and China Dongfang Electric Corporation got the technology of 50MW and 100MW non-reheat circulating fluidized bed boiler according to the agreement above. In Jan-1999, the rights and obligations of the license agreements was granted to Dongfang Boiler Co., Ltd.

Referring to this matter, Forster Wheeler sued DEC, Dongfang Boiler Works and Dongfang Boiler Co., Ltd. at the Arbitration Institute of Stockholm Chamber of Commerce for violating the said agreement, and claimed for a compensation of economic loss. On October 20th, 2011 the Arbitration Institute of Stockholm Chamber of Commerce thought that Dongfang Boiler Co., Ltd should compensate the loss USD 6,335,000 for Forster Wheeler. DEC and Dongfang Boiler Co., Ltd was disappointed at

the results and appealed to the Arbitration Institute of Stockholm Chamber of Commerce on 30 December 2011. On 20 June 2013, the court had denied the appeal. Till the end of year 2013.12.31, In term of the results, Dongfang Boiler Co., Ltd had confirmed RMB 53,285,991.47 for estimated liabilities based on related Standards.

On 18 February 2013, Forster Wheeler had submitted a plea to the Arbitration Institute of Stockholm Chamber of Commerce again and required the compensation of other 14 projects on 12 July. The result is that DEC and Dongfang Boiler Co., Ltd should pay USD 16,500,000 for Forster Wheeler. On 30 August 2013, the Arbitration Institute of Stockholm Chamber of Commerce required DEC and Dongfang Boiler Co., Ltd to pay the rulling cost. But DEC and Dongfang Boiler Co., Ltd had appealed to the Arbitration Institute of Stockholm Chamber of Commerce on 15 October 2013. Till the end of year 2013.12.31, In term of the results, according to the result of the Arbitration Institute of Stockholm Chamber of Commerce made on 12 July and 30 August 2013, Dongfang Boiler Co., Ltd had confirmed RMB172,484,022.13 for estimated liabilities based on related Standards.

On May 21, 2014, Dongfang Boiler Group Co., Ltd. and Dongfang Electric Group Co., Ltd. reached an agreement with Foster Wheeler on this issued, and signed a Memorandum of Understanding which stated that both parties reciprocally admit the integrity of circulating fluidized bed boiler technology of each other. According to this MOU, both parties may participate in unlimited market competition worldwide, which settles down all disagreements and disputes under the license agreement. The business performance of the Company is not affected by the resolving of the issue.

#### 15.3.2 Details of national debt investments of Dongfang Boiler Group Co., Ltd

In 2004, Dongfang Boiler Group Co., Ltd RMB 197,173,563.16 of national debts was illegally pledged by China Technology Securities Co., Ltd Chongqing branch. Bank accounts of China Technology Securities Co., Ltd were frozen after report.

Dongfang Boiler Group Co., Ltd received RMB 10,709,456.86 distributed by China Technology Securities bankruptcy liquidation commission on 4 August 2008.

As at the date of this financial report, the remaining compensation was deposited by insolvency administrator of this case.

2In March, 2014, all creditors agreed, through voting, to recover the property distribution of acknowledged creditor's rights of Dongfang Boiler Group Co., Ltd. The allocable fund received by Dongfang Boiler Group Co., Ltd. with acknowledged creditor's rights in earlier stage is summed as RMB 29,013,662.90. The account age of creditor's right which is not recovered yet has already been more than 5 years. The Group has already withdrawn depreciation reserves of RMB 157,450,443.40 in full for

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the national debt with compensation risk mentioned above. By the end of the reporting date of this Financial Statement, bankruptcy liquidation of Zhongke Securities is still ongoing.

### 15.4 Segment Information

According to internal organizational structure, administrative requirement and internal reporting system of the Group, the business is divided into 5 reporting segments which are determined based on internal organizational structure, administrative requirement and internal reporting system. The Management of the Group evaluates the operating result of each segment periodically, in order to determine the resource allocation and business performance. Main products and labor service provided by each reporting segment of the Group include high-efficient cleaning power generation unit, new energy, hydro-energy, environmental protection equipment, engineering, service and others.

Information of segment report is disclosed according to accounting policy and measurement standard adopted in the reporting provided by each segment to the Management. The measurement standard complies with the accounting and measurement basis adopted at the time of financial statement preparation.

## 16. Notes to the parent's financial statements

### 16.1 Cash and cash equivalents

Item	Dec-31-2014	Dec-31-2013
	Amount (RMB)	Amount (RMB)
Cash on hand	1,880,003.36	1,914,757.80
Cash at Bank	6,602,440,734.22	3,816,546,881.16
Other monetary assets	6,533,188.06	40,628,290.86
<b>Total</b>	<b>6,610,853,925.64</b>	<b>3,859,089,929.82</b>
Including: The total amount deposited abroad	70,438,743.32	298,725,415.44

(1) The balance of cash and cash equivalents increased 2,751,763,995.82 yuan, up 71.31% compared with last year's. It is because that the group has received progress payment of turbine contract in advance and some of the money of this year's convertible bonds has not been used.

(2) On 31 Dec 2014, the performance guarantee RMB 6,515,000.00 restricted.

16.2 Financial assets measured at fair value and the changes are included in the profits and losses

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## 16.2.1 Classification

<b>Item</b>	<b>Dec-31-2014</b>	<b>Dec-31-2013</b>
Financial assets held for trading	56,508,607.05	23,781,614.55
Including: Equity investments	56,508,607.05	23,781,614.55
<b>Total</b>	<b>56,508,607.05</b>	<b>23,781,614.55</b>

The equity investments involve 7,272,665 ordinary shares (A shares) of China XD Electricity Co., Ltd held by the Group, accounting for 0.1419% of its registered capital. The fair value of the equity investments above are measured by the closing price of the stock market.

## 16.2.2 Financial assets held for trading:

<b>Item</b>	<b>Dec-31-2014</b>	<b>Dec-31-2013</b>
<b>Listed</b>		
Listed in PRC(Hong Kong excluded)	56,508,607.05	23,781,614.55
Subtotal	56,508,607.05	23,781,614.55
<b>Private</b>		
<b>Total</b>	<b>56,508,607.05</b>	<b>23,781,614.55</b>

## 16.3 Notes receivable

## 16.3.1 Classification of notes receivable

<b>Item</b>	<b>Dec-31-2014</b>	<b>Dec-31-2013</b>
Bank acceptance notes	233,757,169.32	319,438,975.73
Trade acceptance notes		104,670,055.27
<b>Total</b>	<b>233,757,169.32</b>	<b>424,109,031.00</b>

16.3.2 At the end of this year, the group does not exist for the pledge of notes receivable.

16.3.3 At the end of this year, unmaturing notes receivable has endorsed or discounted

<b>Item</b>	<b>Stop recognizing</b>	<b>Not stop recognizing</b>
Bank acceptance notes	150,000,000.00	
<b>Total</b>	<b>150,000,000.00</b>	

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16.3.4 None of notes receivable is converted to trade receivables due to failing to honor the agreements.

## 16.4 Accounts receivable

Item	Dec-31-2014	Dec-31-2013
Account receivables	4,697,093,268.42	3,215,413,089.64
Less: Provision for bad debts	628,361,510.00	437,498,645.31
<b>Balance b/d</b>	<b>4,068,731,758.42</b>	<b>2,777,914,444.33</b>

The balance of accounts receivable increased 1,481,680,178.78 yuan, up 46.08% compared with last year's. It is because that business picks up.

## 16.4.1 Aged receivables analysis:

Age of the receivable	Dec-31-2014	Dec-31-2013
Within 1 year	2,729,083,142.06	1,722,368,992.28
1-2 years	606,119,537.74	532,152,805.97
2-3 years	403,720,739.92	370,209,658.96
3-4 years	259,215,401.51	153,182,987.12
4-5 years	70,592,937.19	
<b>Net amount</b>	<b>4,068,731,758.42</b>	<b>2,777,914,444.33</b>

## 16.4.2 Receivables Classification

Category	Dec-31-2014			
	Book Balance		Provision for bad debts	
	Amount	Proportion (%)	Amount	Proportion (%)
Receivables that are individually significant and provided for bad debts on individual basis.	73,045,550.00	1.56	73,045,550.00	100
Receivables that are provided for bad debts on portfolio basis	4,624,047,718.42	98.44	555,315,960.00	12.01
<b>Total</b>	<b>4,697,093,268.42</b>	<b>100</b>	<b>628,361,510.00</b>	<b>13.38</b>

(Continued)

Category	Dec-31-2013
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	Book Balance		Provision for bad debts	
	Amount	Proportion (%)	Amount	Proportion (%)
Receivables that are individually significant and provided for bad debts on individual basis.	93,045,150.00	2.89	93,045,150.00	100
Receivables that are provided for bad debts on portfolio basis	3,122,367,939.64	97.11	344,453,495.31	11.03
<b>Total</b>	<b>3,215,413,089.64</b>	<b>100</b>	<b>437,498,645.31</b>	<b>13.61</b>

1) Accounts receivable that are individually significant and provided for bad debts on individual basis by the end of 2014

Name	Book Balance	Provision for bad debts	Proportion (%)	Reasons
First	73,045,550.00	73,045,550.00	100	Warranty in dispute
<b>Total</b>	<b>73,045,550.00</b>	<b>73,045,550.00</b>	<b>—</b>	

2) Receivables that are provided for bad debts on portfolio basis

Aging	Dec-31-2014		
	Amount	Provision for bad debts	Rate (%)
Within 1 year	2,872,719,096.91	143,635,954.85	5
1-2 years	673,466,153.04	67,346,615.30	10
2-3 years	504,650,924.90	100,930,184.98	20
3-4 years	432,025,669.19	172,810,267.68	40
4-5 years	141,185,874.38	70,592,937.19	50
<b>Total</b>	<b>4,624,047,718.42</b>	<b>555,315,960.00</b>	<b>12.01</b>

(Continued)

Aging	Dec-31-2013		
	Amount	Provision for bad debts	Rate (%)
Within 1 year	1,813,019,991.87	90,650,999.59	5
1-2 years	591,280,895.54	59,128,089.57	10
2-3 years	462,762,073.69	92,552,414.73	20
3-4 years	255,304,978.54	102,121,991.42	40

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Aging	Dec-31-2013		
	Amount	Provision for bad debts	Rate (%)
4-5 years			
<b>Total</b>	<b>3,122,367,939.64</b>	<b>344,453,495.31</b>	<b>11.03</b>

## 6.4.3 Reversal (recovery) of provision for bad debts during the year

The provision for bad debts prior to is RMB 210,862,464.69. The recovered amount is RMB 19,999,600.00. Including the importance:

Name	Amount	Way of recovery	Reason for recovery
First	19,999,600.00	Cash at Bank	Negotiation solve
<b>Total</b>	<b>19,999,600.00</b>		-

6.4.4 There are no accounts receivables Actually Written-off during the reporting year

## 6.4.5 The top 5 of account receivable

Name	Dec-31-2014	Aging	Proportion to book value of account receivable	Provision for bad debts
First	701,919,602.54	Within 2 years	14.94	45,837,138.98
Second	469,167,465.91	Within 5 years	9.99	184,463,217.80
Third	450,706,208.99	Within 1 years	9.60	22,535,310.45
Forth	390,529,024.45	Within 1 years	8.31	19,526,451.22
Fifth	282,819,231.56	Within 5 years	6.02	52,067,883.95
<b>Total</b>	<b>2,295,141,533.45</b>		<b>48.86</b>	<b>324,430,002.40</b>

## 16.5 Prepayments

## 16.5.1 Aging analysis for Prepayments

Items	Dec-31-2014		Dec-31-2013	
	Amount	Rate (%)	Amount	Rate (%)
Within 1 year	4,635,979,479.09	40.06	6,816,437,674.31	59.23
1-2 years	3,764,653,722.47	32.53	953,730,288.88	8.29
2-3 years	485,463,492.23	4.19	554,907,915.52	4.82

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Items	Dec-31-2014		Dec-31-2013	
	Amount	Rate (%)	Amount	Rate (%)
Over 3 years	2,687,099,584.90	23.22	3,183,772,638.21	27.66
<b>Total</b>	<b>11,573,196,278.69</b>	<b>100</b>	<b>11,508,848,516.92</b>	<b>100</b>

## 16.5.2 The top 5 of prepayments:

Items	Dec-31-2014	Aging	Proportion to book value of prepayments
FIRST	6,574,709,575.45	0-3 years	56.81%
SECOND	2,150,809,142.63	0-3 years	18.58%
THIRD	1,121,765,621.61	0-3years	9.69%
FOURTH	535,528,303.26	Within 1 year	4.63%
FIFTH	36,807,061.70	Within 1 year	0.32%
<b>Total</b>	<b>10,419,619,704.65</b>		<b>90.03%</b>

## 16.6 Interests receivable

## 16.6.1 Classification

Item	Dec-31-2014	Dec-31-2013
Interest of time deposit	15,641,694.45	
Entrusted loans.	1,446,041.67	
Convertible bond used by subsidiaries	2,263,013.70	
<b>Total</b>	<b>19,350,749.82</b>	

16.6.2 There are no overdue interests this year in interest receivables.

## 16.7 Dividends receivable

Items	Dec-31-2014	Dec-31-2013
Dongfang Electric Co., Ltd	131,436,444.73	131,436,444.73
<b>Total</b>	<b>131,436,444.73</b>	<b>131,436,444.73</b>

## 16.8 Other receivables

Item	31-Dec-2014	31-Dec-2013
Other receivable	6,075,726,598.78	4,934,784,863.89
Less: provision for bad debts	54,671,449.93	57,208,374.86

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<b>Net book value</b>	<b>6,021,055,148.85</b>	<b>4,877,576,489.03</b>
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16.8.1 Age of other receivable:

<b>Aging</b>	<b>31-Dec-2014</b>	<b>31-Dec-2013</b>
Within 1 year	1,247,306,631.58	102,900,992.08
Between 1-2 years	16,727,762.34	131,542,497.07
Between 2-3 years	129,397,893.35	193,353,427.20
Between 3-4 years	183,093,067.21	825,367,245.90
Between 4-5 years	821,029,794.37	3,624,412,326.78
Over 5 years	3,623,500,000.00	
<b>Total</b>	<b>6,021,055,148.85</b>	<b>4,877,576,489.03</b>

16.8.2 Other receivable classification:

<b>Item</b>	<b>Dec-31-2014</b>			
	<b>Book Balance</b>		<b>Provision for bad debts</b>	
	<b>Amount</b>	<b>Rate (%)</b>	<b>Amount</b>	<b>Rate (%)</b>
Single significant and provision for bad debts	5,928,710,000.00	97.58		
Account receivable withdrawal bad debt provision by age combination	147,016,598.78	2.42	54,671,449.93	37.19
<b>Total</b>	<b>6,075,726,598.78</b>	<b>100</b>	<b>54,671,449.93</b>	<b>0.90</b>

(Continued)

<b>Item</b>	<b>Dec-31-2013</b>			
	<b>Book Balance</b>		<b>Provision for bad debts</b>	
	<b>Amount</b>	<b>Rate (%)</b>	<b>Amount</b>	<b>Rate (%)</b>
Single significant and provision for bad debts	4,748,710,000.00	96.23		
Account receivable withdrawal bad debt provision by age combination	186,074,863.89	3.77	57,208,374.86	30.74
<b>Total</b>	<b>4,934,784,863.89</b>	<b>100</b>	<b>57,208,374.86</b>	<b>1.16</b>

1) Single significant and provision for bad debts

<b>Name</b>	<b>Dec-31-2014</b>			
	<b>Book Balance</b>	<b>Provision for bad debts</b>	<b>Rate (%)</b>	<b>Reason</b>

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Name	Dec-31-2014			
	Book Balance	Provision for bad debts	Rate (%)	Reason
First	3,738,090,000.00			The fund of the central budget, raise money of the issuance of A-share and the convertible bond, special fund, no counting and Drawing
Second	1,189,350,000.00			The fund of the central budget, raise money of the issuance of A-share and the convertible bond, no counting and Drawing
Third	843,000,000.00			The fund of the central budget, raise money of the issuance of A-share and the convertible bond, no counting and drawing
Forth	113,970,000.00			The project funds of self-reliant nuclear power equipment and energy independent innovation, no counting and drawing
Fifth	44,300,000.00			The project funds of self-reliant nuclear power equipment and energy independent innovation, no counting and drawing
<b>Total</b>	<b>5,928,710,000.00</b>			

1) Other Receivables that are provided for bad debts on portfolio basis

Aging	Dec-31-2014		
	Amount	Provision for bad debts	Rate (%)
Within 1 year	70,849,085.88	3,542,454.30	5
1-2 years	18,586,402.60	1,858,640.26	10
2-3 years	1,822,366.68	364,473.33	20
3-4 years	3,871,778.69	1,548,711.48	40
4-5 years	9,059,588.75	4,529,794.38	50
Over 5 years	42,827,376.18	42,827,376.18	100
<b>Total</b>	<b>147,016,598.78</b>	<b>54,671,449.93</b>	<b>37.19</b>

(Continued)

Aging	Dec-31-2013		
	Amount	Provision for bad debts	Rate (%)
Within 1 year	108,316,833.77	5,415,841.69	5

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Aging	Dec-31-2013		
	Amount	Provision for bad debts	Rate (%)
1-2 years	4,002,774.52	400,277.45	10
2-3 years	15,729,284.00	3,145,856.80	20
3-4 years	14,778,743.16	5,911,497.26	40
4-5 years	1,824,653.57	912,326.79	50
Over 5 years	41,422,574.87	41,422,574.87	100
<b>Total</b>	<b>186,074,863.89</b>	<b>57,208,374.86</b>	<b>30.74</b>

16.8.3 The provision for bad debts prior to is -2,536,924.93. The recovered amount is 0.

16.8.4 There are no Other receivables Actually Written-off during the reporting year.

16.8.5 Other receivables classification according to the nature

Nature of money	Dec-31-2014	Dec-31-2013
pay for others	89,512,897.54	108,222,835.20
The fund of the central budget, raise money of the issuance of A-share and the convertible bond, special fund	5,928,710,000.00	4,748,710,000.00
Petty cash fund	37,345,957.21	46,299,227.09
Cash deposit & guarantee deposit	20,157,744.03	31,244,770.12
<b>Other</b>		308,031.48
<b>Total</b>	<b>6,075,726,598.78</b>	<b>4,934,784,863.89</b>

16.8.6 The top 5 of other receivable

Name	The Color of Money	Dec-31-2014	Aging	Proportion to book value of other receivables (%)	Provision for bad debts
First	The fund of the central budget, raise money of the issuance of A-share and the convertible bond, special fund	3,740,840,895.11	0-5 years	61.57	
Second		1,221,522,593.40	0-5 years	20.10	
Third		843,115,312.44	0-5 years	13.88	
Forth	The project funds of self-reliant nuclear power equipment and energy	114,030,689.22	0-4 years	1.88	
Fifth		44,300,000.00	3-4 years	0.73	

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Name	The Color of Money	Dec-31-2014	Aging	Proportion to book value of other receivables (%)	Provision for bad debts
	independent innovation				
<b>Total</b>		<b>5,963,809,490.17</b>		<b>98.16</b>	

16.9 Inventories

16.9.1 Classification of inventories

Items	Dec-31-2014		
	Book Balance	Provision for inventories	Carrying Book value
Work in progress	1,480,979,254.46		1,480,979,254.46
Construction contracts (completed but not yet settled)	679,839,313.68		679,839,313.68
<b>Total</b>	<b>2,160,818,568.14</b>		<b>2,160,818,568.14</b>

**(Continued)**

Items	Dec-31-2013		
	Book Balance	Provision for inventories	Carrying Book value
Work in progress	299,692,657.17		299,692,657.17
Construction contracts (completed but not yet settled)	977,782,859.95		977,782,859.95
<b>Total</b>	<b>1,277,475,517.12</b>		<b>1,277,475,517.12</b>

The balance of inventories increased RMB 883,343,051.02, up 69.15% compared with last year's. It is because the host of "Jiajie" project which is purchased in this year has not realized the sale and other two project has not delivered.

16.9.2 Completed but unsettled assets at the end of year as per the construction contract

Item	Amount
Accumulated incurred cost	1,431,928,717.52
Accumulated confirmed gross profits	6,302,784.50
Less: anticipated loss	
Settled amount	758,392,188.34

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Completed but unsettled assets at the end of year as per the construction contract	679,839,313.68
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## 16.10 other liquid assets

Items	Dec-31-2014	Dec-31-2013	Nature
Entrusted loans	1,575,000,000.00	510,000,000.00	
<b>Total</b>	<b>1,575,000,000.00</b>	<b>510,000,000.00</b>	

The other liquid assets is Dongfang Electric Finance Co., Ltd entrusted to make loans 1.56billions yuan to Dongfang Angturbine Co., Ltd and 150 millions yuan to Dongfang Electric (Wuhan) Nuclear Equipment Co., Ltd.

## 16.11 Available-for-sale financial assets

## 16.11.1 Situation of available-for-sale financial assets

Items	Dec-31-2013		
	Book Balance	Depreciation reserves	Book value
Available-for-sale equity instrument investments	289,716,665.00		289,716,665.00
Including: In accordance with the fair value measurement	289,716,665.00		289,716,665.00
<b>Total</b>	<b>289,716,665.00</b>		<b>289,716,665.00</b>

At the beginning of the year, available-for-sale financial assets is the treatment of non-limited merchantable domestic listed RMB ordinary shares ( A-share) of GD POWER DEVELOPMENT CO.,LTD. and Inner Mongolia MengDian HuaNeng Thermal Power Corporation Limited

## 16.11.2 Available-for-sale financial assets

Item	Dec-31-2014	Dec-31-2013
<b>Listed</b>		<b>289,716,665.00</b>
Listed in PRC(Hong Kong excluded)		289,716,665.00
Subtotal		289,716,665.00
<b>Private</b>		
<b>Total</b>		<b>289,716,665.00</b>

## 16.12 Long-term equity investment

**Dongfang Electric Corporation Limited**

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16.12.1 Classification of Long-term equity investments

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Items	Dec-31-2014			Dec-31-2014		
	Book Balance	depreciation reserves	Book Value	Book Balance	depreciation reserves	Book Value
investments in subsidiaries	9,783,923,522.13		9,783,923,522.13	9,759,499,983.19		9,759,499,983.19
investments in jointly controlled entities and associates.	365,191,146.54		365,191,146.54	305,544,546.08		305,544,546.08
<b>Total</b>	<b>10,149,114,668.67</b>		<b>10,149,114,668.67</b>	<b>10,065,044,529.27</b>		<b>10,065,044,529.27</b>

16.12.2 Investments in subsidiaries

Invested Entity	Dec-31-2013	Increase	Decrease	Dec-31-2014	Set Aside depreciation reserves In this year	Year End Balance Of Depreciation Reserves
1.Dongfang Boiler Group Co., Ltd	4,391,395,417.83			4,391,395,417.83		
2.Dongfang Turbine Co., Ltd	2,542,003,999.71			2,542,003,999.71		
3.Dongfang ElectricCo., Ltd	2,000,000,000.00			2,000,000,000.00		
4.Dongfang Electric (India) Private Limited	105,081,173.28	24,423,538.94		129,504,712.22		
5.Dongfang Electric (Wuhan) Nuclear Equipment Co., Ltd	131,560,000.00			131,560,000.00		
6.Dongfang(Guangzhou) Heavy Machinery Co., Ltd	589,459,392.37			589,459,392.37		
<b>Total</b>	<b>9,759,499,983.19</b>	<b>24,423,538.94</b>		<b>9,783,923,522.13</b>		

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16.12.3 Investments in jointly controlled entities and associates

Invested Entity	Dec-31-2013	Increase Or Decrease In This year							Dec-31-2014	Year End Balance Of Depreciation Reserves
		follow-on investments	Decrease investment profit and loss under the equity method	adjustment of other comprehensive income	Changes of Other equity	cash dividends or profits declared to be paid	depreciation reserves	other		
1. jointly controlled entities										
1. Dongfang Areva Nuclear Pump Co., Ltd	256,259,237.03			60,665,653.68			70,753,710.00			246,171,180.71
2. associates										
1. Sichuan Energy Industry Investment wind power Co., Ltd	44,285,309.05	52,000,000.00		2,734,656.78						99,019,965.83
2. Huadian Longkou Wind Power Co., Ltd.	5,000,000.00	15,000,000.00								20,000,000.00
<b>Total</b>	<b>305,544,546.08</b>	<b>67,000,000.00</b>		<b>63,400,310.46</b>			<b>70,753,710.00</b>			<b>365,191,146.54</b>

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## 16.12.4 Analyse of Long-term equity investment

Items	Dec-31-2014	Dec-31-2013
Listed		
Private	10,149,114,668.67	10,065,044,529.27
<b>Total</b>	<b>10,149,114,668.67</b>	<b>10,065,044,529.27</b>

## 16.13 Investment properties

## 16.13.1 Investment properties measured by using cost model

Items	Buildings	Total
<b>1.Original book value</b>		
<b>(1)Dec-31-2013</b>	26,759,993.20	<b>26,759,993.20</b>
<b>(2)Increase</b>	1,268,670.15	<b>1,268,670.15</b>
<b>1)purchase</b>	1,268,670.15	<b>1,268,670.15</b>
<b>(3)Decrease</b>		
<b>(4)Dec-31-2014</b>	28,028,663.35	<b>28,028,663.35</b>
<b>2.Depreciation and amortization</b>		
<b>(1)Dec-31-2013</b>	10,210,225.43	<b>10,210,225.43</b>
<b>(2)Increase</b>	1,046,118.25	<b>1,046,118.25</b>
<b>1)Depreciation and amortization amount</b>	1,046,118.25	<b>1,046,118.25</b>
<b>(3)Decrease</b>		
<b>(4)Dec-31-2014</b>	11,256,343.68	<b>11,256,343.68</b>
<b>3.Provision for the impairment</b>		
<b>4.Book value</b>		
<b>(1)Dec-31-2014</b>	16,772,319.67	<b>16,772,319.67</b>
<b>(2)Dec-31-2013</b>	16,549,767.77	<b>16,549,767.77</b>

The new investment properties are capitalization of deed tax 11.1

Depreciation and amortization of investment properties is recognized in profit or loss in this year is RMB 1,046,118.25. (last year: RMB 1,029,001.10)

## 16.13.2 Analysis of investment properties based on the ages and regions

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Item	Dec-31-2014	Dec-31-2013
China		
Mid-term(10-50 years)	16,772,319.67	16,549,767.77
<b>Total</b>	<b>16,772,319.67</b>	<b>16,549,767.77</b>

## 16.14 Fixed assets

## 16.14.1 Bills of Fixed Assets

Item	Building	Motors and vehicles	Instruments, electronic equipment and others	Total
<b>1.Original book value</b>				
<b>(1)31-Dec-2013</b>	3,342,707.40	18,685,559.34	8,371,335.82	<b>30,399,602.56</b>
<b>(2)Increase</b>		57,063.93	709,102.23	<b>766,166.16</b>
(1) Purchase			707,982.88	<b>707,982.88</b>
( 3 ) Increase because of exchange rate		57,063.93	1,119.35	<b>58,183.28</b>
<b>(3)Decrease</b>			311,043.07	<b>311,043.07</b>
( 1 ) dispose or scrap			311,043.07	<b>311,043.07</b>
<b>(4)31-Dec-2014</b>	3,342,707.40	18,742,623.27	8,769,394.98	<b>30,854,725.65</b>
<b>2.Depreciation</b>				
<b>(1)31-Dec-2013</b>	2,519,740.08	8,362,655.21	4,101,352.08	<b>14,983,747.37</b>
<b>Increase</b>	196,749.59	2,867,284.61	1,244,931.44	<b>4,308,965.64</b>
(1) set aside	196,749.59	2,825,745.85	1,243,916.56	<b>4,266,412 .00</b>
(2) other		41,538.76	1,014.88	<b>42,553.64</b>
<b>(3)Decrease</b>			287,685.33	<b>287,685.33</b>
( 1 ) dispose or scrap			287,685.33	<b>287,685.33</b>
<b>(4)31-Dec-2014</b>	2,716,489.67	11,229,939.82	5,058,598.19	<b>19,005,027.68</b>
<b>3.Provision for impairment</b>				
<b>4.Book value</b>				
<b>(1)31-Dec-2014</b>	626,217.73	7,512,683.45	3,710,796.79	<b>11,849,697.97</b>

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Item	Building	Motors and vehicles	Instruments, electronic equipment and others	Total
<b>(2)31-Dec-2013</b>	822,967.32	10,322,904.13	4,269,983.74	<b>15,415,855.19</b>

(1) Analysis of fixed assets based on the ages and regions:

Item	Dec-31-2013	Dec-31-2012
China	626,217.73	822,967.32
Mid-term(10-50 years)		822,967.32
Short-term(0-10years)	626,217.73	
<b>Total</b>	<b>626,217.73</b>	<b>822,967.32</b>

(2) Accumulated depreciation of fixed assets is recognized in profit or loss in this year is RMB 4,256,351.46 and last year is RMB4,235,530.39.

(3) Losses of disposing fixed assets is RMB 23,190.96.

16.14.2 There are no fixed assets laid aside.

16.15 Construction in progress

16.15.1 Breakdown of construction in progress

Items	Dec-31-2014			Dec-31-2013		
	Amount	Impairment	Book Value	Amount	Impairment	Book Value
Construction				10,425,599.19		10,425,599.19
<b>Total</b>				<b>10,425,599.19</b>		<b>10,425,599.19</b>

16.15.2 Changes of significant construction in progress

Items	Dec-31-2013	Increase	Decrease		Dec-31-2014
			Transfer to long term assets	Others	
Upgrading of document management system	182,051.30	145,641.05	327,692.35		
Upgrading of OA system	1,167,222.22	695,940.17	1,863,162.39		
AP1000 technology	9,076,325.67	1,869,481.13	10,945,806.80		
<b>Total</b>	<b>10,425,599.19</b>	<b>2,711,062.35</b>	<b>13,136,661.54</b>		

(continued)

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Items	Budget amount (0,000.00)	Proportion of injection to budget(%)	Progress	Accumulated amount of interest capitalized	Including: Inter- est capitalized for the year	Capitalis- ation(%)	Source of funds
Upgrading of document management system	260	84.26	completed				other
Upgrading of OA system			completed				other
AP1000 technology	1,095	100.00	completed				other
<b>Total</b>	<b>1,355</b>						

16.16 Intangible assets

Items	Non-patent technology	Software	Total
<b>1.Original book value</b>			
<b>(1)Dec-31-2013</b>		2,054,646.03	<b>2,054,646.03</b>
<b>(2)Increase</b>	10,945,806.80	2,501,538.51	<b>13,447,345.31</b>
1) purchase		310,683.77	<b>310,683.77</b>
2) transfer	10,945,806.80	2,190,854.74	<b>13,136,661.54</b>
<b>(3)Decrease</b>			
<b>(4)Dec-31-2014</b>	10,945,806.80	4,556,184.54	<b>15,501,991.34</b>
<b>2.Amortization</b>			
<b>(1)Dec-31-2013</b>		148,363.10	<b>148,363.10</b>
<b>(2)Increase</b>	114,018.82	486,627.08	<b>600,645.90</b>
1)set aside	114,018.82	486,627.08	<b>600,645.90</b>
<b>(3)Decrease</b>			
<b>(4)Dec-31-2014</b>	114,018.82	634,990.18	<b>749,009.00</b>
<b>3.Provision for impairment</b>			
<b>4.Book Value</b>			
<b>Dec-31-2014</b>	10,831,787.98	3,921,194.36	<b>14,752,982.34</b>
<b>Dec-31-2013</b>		1,906,282.93	<b>1,906,282.93</b>

(1) The increase of Non-patent technology is AP1000 technology.

(2) Amortization is recognized in profit or loss in this year is RMB 600,645.906 and last year is RMB 67,481.15

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16.17 Deferred tax asset and deferred tax liabilities

6.16.1 Non-offset deferred income tax assets

Items	31-Dec-2014		31-Dec-2013	
	deductible temporary differences	Deferred tax asset	deductible temporary differences	Deferred tax asset
Provision for impairment of Assets	683,032,959.93	102,454,943.99	494,707,020.17	74,206,053.03
Provisions	45,500,000.00	6,825,000.00		
Payroll payables	8,095,100.00	1,214,265.00	23,923,499.71	3,588,524.96
Government grant	94,085.47	14,112.82	351,927.71	52,789.16
Fair value change of available-for-sale financial assets			144,391,276.00	21,658,691.40
Fair value changes of financial assets held for trading			24,338,438.16	3,650,765.74
Enterprise income tax deducted from overseas for tax credit			4,662,608.16	1,165,652.04
<b>Total</b>	<b>736,722,145.40</b>	<b>110,508,321.81</b>	<b>692,374,769.91</b>	<b>104,322,476.33</b>

6.14.2 Non-offset deferred income tax liabilities

Deferred tax liabilities	31-Dec-2014		31-Dec-2013	
	taxable temporary differences	deferred tax liabilities	taxable temporary differences	deferred tax liabilities
Fair value changes of financial assets held for trading	8,388,554.34	1,258,283.15		
<b>Total</b>	<b>8,388,554.34</b>	<b>1,258,283.15</b>		

16.18 Accounts payables

16.18.1 Accounts payables

Aging	31-Dec-2014	31-Dec-2013
Within one year	3,068,699,888.07	2,864,649,467.04
1-2 years	1,464,360,445.69	1,065,493,500.14

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<b>Aging</b>	<b>31-Dec-2014</b>	<b>31-Dec-2013</b>
2-3 years	776,273,211.25	501,146,549.33
Over 3 years	642,049,917.78	143,887,524.61
<b>Total</b>	<b>5,951,383,462.79</b>	<b>4,575,177,041.12</b>

## 16.18.2 Over one year's accounts payables

<b>Name</b>	<b>31-Dec-2014</b>	<b>Reason</b>
First	1,438,929,541.32	In the warranty period
Second	609,415,949.96	In the warranty period
Third	234,519,726.99	In the warranty period
Forth	38,360,425.00	In the warranty period
Fifth	11,596,449.44	In the warranty period
<b>Total</b>	<b>2,332,822,092.71</b>	

## 16.19 Advances from customers

## 16.19.1 Advances from customers

<b>Item</b>	<b>31-Dec-2014</b>	<b>31-Dec-2013</b>
Within 1 year	14,437,878,218.94	13,123,763,000.90
over 1 year	3,420,489,406.99	3,277,491,584.59
<b>Total</b>	<b>17,858,367,625.93</b>	<b>16,401,254,585.49</b>

## 16.19.2 The over-one-year advances from customers

<b>Name</b>	<b>31-Dec-2014</b>	<b>Reason</b>
First	483,088,547.01	Uncompleted of execution of contract
Second	418,801,482.85	Uncompleted of execution of contract
Third	418,047,932.40	Uncompleted of execution of contract
Forth	192,648,028.06	Uncompleted of execution of contract
Fifth	172,064,292.11	Uncompleted of execution of contract
<b>Total</b>	<b>1,684,650,282.43</b>	

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16.19.3 Completed but unsettled projects at the end of year as per the construction contract

Items	Amount
Settled amount	43,708,077,272.85
Less: Accumulated incurred cost	31,916,489,113.57
Accumulated confirmed gross profits	2,587,957,227.53
Completed but unsettled projects at the end of year as per the construction contract	
Settled amount	9,203,630,931.75

16.20 Employee benefits payable

16.20.1 Employee benefits payable

Items	31-Dec-2013	Increase	Decrease	31-Dec-2014
short-term remuneration	8,080,719.96	178,430,418.61	176,707,764.72	9,803,373.85
post-employment benefit -DCP	11,390,552.51	25,323,222.35	29,329,034.86	7,384,740.00
dismissal benefits	1,107.92	10,198.17	11,306.09	
Other benefits in 1 year	11,601,427.20		11,601,427.20	
<b>Total</b>	<b>31,073,807.59</b>	<b>203,763,839.13</b>	<b>217,649,532.87</b>	<b>17,188,113.85</b>

16.20.2 short-term employee benefits payable

Items	31-Dec-2013	Increase	Decrease	31-Dec-2014
Salaries, bonuses, allowances and subsidies	931,520.00	135,474,208.43	135,695,368.43	710,360.00
Welfare expenses		11,458,073.17	11,458,073.17	
Social insurance		12,412,920.30	12,412,920.30	
Including: Fundamental medical insurance		5,715,473.13	5,715,473.13	
Injury insurance		467,240.86	467,240.86	
Maternity insurance		457,806.31	457,806.31	
Supplementary medical insurance		5,772,400.00	5,772,400.00	
Housing fund		12,043,852.15	12,043,852.15	

**Dongfang Electric Corporation Limited**

Notes to the financial statement

For the year of 2014

Items	31-Dec-2013	Increase	Decrease	31-Dec-2014
Labor union expenses cost and employee education expenses	7,149,199.96	5,476,349.57	3,532,535.68	9,093,013.85
Labour protection expenses		1,565,014.99	1,565,014.99	
<b>Total</b>	<b>8,080,719.96</b>	<b>178,430,418.61</b>	<b>176,707,764.72</b>	<b>9,803,373.85</b>

## 6.20.3DCP

Items	31-Dec-2013	Increase	Decrease	31-Dec-2014
Fundamental endowment insurance		16,418,869.37	16,418,869.37	
Unemployment insurance		1,519,612.98	1,519,612.98	
corporate annuity payment	11,390,552.51	7,384,740.00	11,390,552.51	7,384,740.00
<b>Total</b>	<b>11,390,552.51</b>	<b>25,323,222.35</b>	<b>29,329,034.86</b>	<b>7,384,740.00</b>

## 6.21 Taxes &amp; Fees Payable

Item	31-Dec-2014	31-Dec-2013
Value-added tax(VAT)	-495,927,185.09	-464,214,092.12
Business tax	594,805.57	655,873.24
Enterprise income tax(EIT)	42,880,157.49	90,182,840.18
Urban maintenance and construction tax	29,740.30	1,192,564.27
Individual income tax	6,091,136.47	8,280,382.47
Education surcharge	17,844.19	715,538.57
Local education surcharge	11,896.11	475,462.28
Others	31,284.79	11,597.23
<b>Total</b>	<b>-446,270,320.17</b>	<b>-362,699,833.88</b>

## 16.22 Other payables

## 6.22.1 Other payables

Nature	31-Dec-2014	31-Dec-2013
Payables of stock purchase	942,336,415.78	942,336,415.78
State allocations on budget	413,710,000.00	413,710,000.00
Deposit and earnest money	10,510,074.58	30,181,114.55
Lease, labor and sporadic procurement	10,017,104.58	268,000.00

**Dongfang Electric Corporation Limited**

Notes to the financial statement

For the year of 2014

<b>Nature</b>	<b>31-Dec-2014</b>	<b>31-Dec-2013</b>
agency fund	6,206,691.33	9,605,618.54
Pay for others	4,804,465.72	228,296,195.41
Fundamental medical insurance and Housing fund by the individual	3,799,387.87	5,749,132.03
Others	78,118.99	105,307.51
<b>Total</b>	<b>1,391,462,258.85</b>	<b>1,630,251,783.82</b>

## 6.22.2 Over 1 year's other payables

<b>Name</b>	<b>31-Dec-2014</b>	<b>Reason</b>
First	1,356,046,415.78	net profits belonged to the Group from valuation date to the completion date of the acquisition and state allocating funds for capital construction on budget
<b>Total</b>	<b>1,356,046,415.78</b>	

## 6.23 Non-current Liabilities maturing within one year

<b>Item</b>	<b>31-Dec-2014</b>	<b>31-Dec-2013</b>
Bonds payable maturing within one year	3,240,540,290.35	
<b>Total</b>	<b>3,240,540,290.35</b>	

Convertible bond which may expire within one year is the convertible bonds that the Company will redeemed in February 2015. See Note XIV, 1 of the Financial Statement for details.

## 16.24 Estimated Liabilities

<b>Items</b>	<b>31-Dec-2014</b>	<b>31-Dec-2013</b>
Product warranties	45,500,000.00	
<b>Total</b>	<b>45,500,000.00</b>	

## 16.25 Share capital

See Note VII.34

## 16.26 Capital reserve

## (1) Capital reserve for 2014

<b>Items</b>	<b>31-Dec-2013</b>	<b>Increase</b>	<b>Decrease</b>	<b>31-Dec-2014</b>
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**Dongfang Electric Corporation Limited**

Notes to the financial statement

For the year of 2014

Items	31-Dec-2013	Increase	Decrease	31-Dec-2014
<b>Share premium</b>	5,075,377,469.19			5,075,377,469.19
Including: Investment by shareholders	5,632,951,469.06			5,632,951,469.06
Differences of business combination under common control	-557,573,999.87			-557,573,999.87
<b>Others capital reserves</b>	80,504,435.11			883,291,251.73
Including: equity movements of investee company	68,663.24			68,663.24
Transfer from earlier system	80,435,771.87			80,435,771.87
Fair value changes of available-for-sale financial assets		802,786,816.62		802,786,816.62
<b>Total</b>	<b>5,155,881,904.30</b>	<b>802,786,816.62</b>		<b>5,958,668,720.92</b>

In other capital reserves of the Company, equity split from convertible corporate bond increased in the current year is RMB 802,786,816.62, which is from the convertible corporate bonds (RMB 4 billion) issued by the Company public to the society on July 10, 2014 after approved by China Securities Regulatory Commission in form of Reply on Approving Public Issuance of Convertible Corporate Bond of Dongfang Electric Corporation Limited (ZJXK [2014] Doc #628). It is the difference obtaining from the issuing price of convertible corporate bond by means of split trade on the issue date deducting the estimated fair value of such bond liability by use of market interest rate of similar bond not attaching with subscription right.

## (2) Capital reserve for 2013

Items	31-Dec-2012	Increase	Decrease	31-Dec-2013
<b>Share premium</b>	5,075,377,469.19			5,075,377,469.19
Including: Investment by shareholders	5,632,951,469.06			5,632,951,469.06
Differences of business combination under common control	-557,573,999.87			-557,573,999.87
<b>Others capital reserves</b>	80,504,435.11			80,504,435.11
Including: equity movements of investee company	68,663.24			68,663.24
Transfer from earlier system	80,435,771.87			80,435,771.87
<b>Total</b>	<b>5,155,881,904.30</b>			<b>5,155,881,904.30</b>

## 16.27 Other Comprehensive Income

**Dongfang Electric Corporation Limited**

Notes to the financial statement

For the year of 2014

Item	Beginning balance	Incurred amount in current year					Ending balance
		Incurred amount in current year before income tax	Less: currently transferred profit and loss of other comprehensive income in early stage	Less: income tax expenses	Attributable to parent company after tax	Incurred amount in current year before income tax	
I. Other comprehensive income which cannot be classified to profits and losses in the future							
II. Conversion difference of foreign currency financial statements	-122,732,584.60	107,164,443.94	-31,642,807.25	16,074,666.59	122,732,584.60		
Including: profits and losses of changes in the fair value of financial assets available for sale	-122,732,584.60	107,164,443.94	-31,642,807.25	16,074,666.59	122,732,584.60		
Total of other comprehensive income	-122,732,584.60	107,164,443.94	-31,642,807.25	16,074,666.59	122,732,584.60		

**Dongfang Electric Corporation Limited**

Notes to the financial statement

For the year of 2014

## 16.28 Surplus reserve

## (1) Surplus reserve for 2014

Items	31-Dec-2013	Current year additions	Current year reductions	31-Dec-2014
Statutory surplus reserve	866,837,022.55	95,628,778.58		962,465,801.13
<b>Total</b>	<b>866,837,022.55</b>	<b>95,628,778.58</b>		<b>962,465,801.13</b>

In accordance with the articles of association, statutory surplus reserve is reserved as 10% of net profit

## (2) Surplus reserve for 2013

Items	31-Dec-2012	Current year additions	Current year reductions	31-Dec-2013
Statutory surplus reserve	741,855,237.19	124,981,785.36		866,837,022.55
<b>Total</b>	<b>741,855,237.19</b>	<b>124,981,785.36</b>		<b>866,837,022.55</b>

## 16.29 Undistributed profits

## 16.29.1 Undistributed profits for 2014

Items	Amount	The proportion of allocation
Undistributed profits at beginning of the year	5,259,699,411.89	
Beginning balacne	5,259,699,411.89	
Add : Net profits attributable to shareholders of the Company	956,287,785.82	
Less: Surplus reserves provided for the year	95,628,778.58	10%
Cash dividend distributed during the year	360,694,800.00	
Ending balance	5,759,663,619.13	

Approval by the distribution of after tax scheme passed in the 2013 annual general meeting in 29 April 2014, the cash dividend of RMB 1.80 (tax inclusive) per every 10 shares has been proposed by the directors, totaling of RMB360,694,800.00 (tax inclusive)

## 16.29.2 Undistributed profits for 2013

Item	Amount	The proportion of allocation
Undistributed profits at beginning of year	4,355,287,943.68	
Beginning balacne	4,355,287,943.68	

**Dongfang Electric Corporation Limited**

Notes to the financial statement

For the year of 2014

Item	Amount	The proportion of allocation
Add : Net profits attributable to shareholders of the Company	1,249,817,853.57	
Less: Surplus reserves provided for the year	124,981,785.36	10%
Cash dividend distributed during the year	220,424,600.00	
Ending balance	5,259,699,411.89	

## 16.30 Net current assets

Item	31-Dec-2014	31-Dec-2013
Current assets	32,450,708,650.66	25,390,231,987.50
Less: current liabilities	28,022,229,199.55	22,729,754,959.41
<b>Net current assets</b>	<b>4,428,479,451.11</b>	<b>2,660,477,028.09</b>

## 16.31 Differences between total assets and current liabilities

Item	31-Dec-2014	31-Dec-2013
Total assets	42,753,716,187.98	35,893,625,121.26
Less: current liabilities	28,022,229,199.55	22,729,754,959.41
<b>Differences</b>	<b>14,731,486,988.43</b>	<b>13,163,870,161.85</b>

## 16.32 Borrowings

Item	31-Dec-2014	31-Dec-2013
Short term borrowings from bank		454,670,055.27
Non-current liabilities due within one year (redeemed part of due convertible bond)	3,497,000.00	
<b>Total</b>	<b>3,497,000.00</b>	<b>454,670,055.27</b>

## 16.32.1 The analysis of the borrowings

Item	31-Dec-2014	31-Dec-2013
Borrowings from bank		
-Within 1 year		454,670,055.27
Subtotal		454,670,055.27
Non-current liabilities due within one year (redeemed part of due convertible bond)	3,497,000.00	

**Dongfang Electric Corporation Limited**

Notes to the financial statement

For the year of 2014

Item	31-Dec-2014	31-Dec-2013
<b>Total</b>	<b>3,497,000.00</b>	<b>454,670,055.27</b>

## 16.32.2 Due date analysis of borrowings

Item	31-Dec-2014	31-Dec-2013
Within 1 year	3,497,000.00	454,670,055.27
<b>Total</b>	<b>3,497,000.00</b>	<b>454,670,055.27</b>

## 16.33 Operating Income and Operating Cost

Item	2014		2013	
	income	cost	income	cost
Main operation	18,149,249,387.87	17,584,216,746.04	15,654,550,408.18	14,646,518,322.04
Other sales	8,815,477.54	2,008,872.46	5,935,805.09	1,029,001.10
<b>Total</b>	<b>18,158,064,865.41</b>	<b>17,586,225,618.50</b>	<b>15,660,486,213.27</b>	<b>14,647,547,323.14</b>

## 16.34 Sales expenses

Items	2014	2013
Quality deposit and customer service charges	46,548,184.04	1,752,383.25
Salaries and wages	33,449,709.88	28,849,050.47
Business trip	48,751,479.19	49,159,978.48
Others	81,417,162.19	95,398,796.88
<b>Total</b>	<b>891,929,315.24</b>	<b>960,628,219.47</b>

## 16.35 General and administrative expense

Items	2014	2013
Research and development	20,338,929.49	16,347,770.70
Salaries and wages	100,141,577.45	124,131,628.78
Repairing	1,140,422.44	1,502,935.19
Depreciation	3,070,262.12	3,207,549.30
Tax	8,699,638.80	7,247,302.90
Business trip	9,230,744.19	8,581,323.58
Lease	24,540,000.00	24,540,000.00

**Dongfang Electric Corporation Limited**

Notes to the financial statement

For the year of 2014

Items	2014	2013
Property management fee	4,454,647.49	5,056,116.00
Marketing	6,745,101.69	8,860,223.89
Water and electrical charges	1,298,774.87	1,190,330.38
intermediary	4,879,730.46	6,322,634.18
Meeting	1,208,838.51	2,395,722.30
Others	11,865,157.28	13,305,658.82
<b>Total</b>	<b>197,613,824.79</b>	<b>222,689,196.02</b>

## 16.36 Asset Impairment losses

Item	2014	2013
Bad debts	188,325,939.76	320,053,833.49
<b>Total</b>	<b>188,325,939.76</b>	<b>320,053,833.49</b>

## .16.37 Net income/loss of fair value changes

Item	2014	2013
Transactional financial assets	32,726,992.50	21,103,441.35
<b>Total</b>	<b>32,726,992.50</b>	<b>21,103,441.35</b>

## 16.38 Investment income

Items	2014	2013
Investment income in associate under cost method	772,346,330.79	756,264,111.90
Investment income in associate under equity method	63,400,310.46	112,741,096.34
Investment income of financial assets measured at fair value with their variance recorded into current profits and losses during holding period	581,813.20	
Investment income during holding available-for-sale assets	24,379,007.00	12,879,007.00
Disposal of available-for-sale financial assets	-37,226,832.06	
Other	44,380,486.10	16,615,277.78
<b>Total</b>	<b>867,861,115.49</b>	<b>898,499,493.02</b>

The investment incomes incurred in the current year from public and private investments are RMB -12,266,011.86 and RMB 880,127,127.35 respectively.

**Dongfang Electric Corporation Limited**

Notes to the financial statement

For the year of 2014

## 16.39 Income Tax Expense

## 16.39.1 Income Tax Expense

Item	2014	2013
Tax expense	58,188,074.02	118,824,600.89
Including: tax expense in China	53,332,693.55	114,915,546.75
tax expense in India	12,716.21	59,054.14
tax expense in Hongkong		-
tax expense in other areas	4,842,664.26	3,850,000.00
Deferred tax	-26,586,253.73	-47,829,840.44
<b>Total</b>	<b>31,601,820.29</b>	<b>70,994,760.45</b>

## 16.39.2 The reconciliation sheet between expenses of income tax and total profit

Item	2014	2013
Total profit	987,889,606.11	1,320,812,614.02
Income tax by the statutory rate	246,972,401.53	330,203,153.51
Influenced by tax-free income	-215,242,865.36	-225,746,914.15
Influenced by expenses not deducted	20,940,164.32	13,868,361.39
Tax preferences	-21,067,880.19	-47,329,840.30
Including: R&D costs deducted	-21,067,880.19	-47,329,840.30
<b>Total</b>	<b>31,601,820.29</b>	<b>70,994,760.45</b>

## 16.40 Depreciation and Amortization

It is confirmed that the depreciation and amortization in the income statement of the current year is RMB 5,903,115.61 (that of the previous year is RMB 5,332,012.64).

## 16.41 Operating Rental Expense

The operating rental expense of the current year is RMB 24,540,000 (that of the previous year is RMB 24,540,000) where the rental expense of industrial equipment and machinery is RMB 0.00 (that of the previous year is RMB0.00).

## 16.42 Rental income

The rental income of this year is RMB 1,100,000.00 from renting land and buildings. (Last year is RMB 802,773.79).

**Dongfang Electric Corporation Limited**

Notes to the financial statement

For the year of 2014

## 16.43 Other comprehensive income

<b>Items</b>	<b>2014</b>	<b>2013</b>
1 . Available-for-sale financial instrument gains and losses	107,164,443.94	-123,297,092.00
Less: Tax effect of available-for-sale financial instrument	16,074,666.59	-18,494,563.80
Other comprehensive income from income of the previous year transferred	-31,642,807.25	
<b>Subtotal</b>	<b>122,732,584.60</b>	<b>-104,802,528.20</b>
<b>Total</b>	<b>122,732,584.60</b>	<b>-104,802,528.20</b>

## 16.44 Cash Flow Statement

16.44.1 Cash received/paid related to others of operating/investment/financing activities

## 16.44.1.1 Cash received related to others of operating activities

<b>Items</b>	<b>2014</b>	<b>2013</b>
Interest	57,637,569.03	27,888,402.19
Temporary receipt	40,450,900.36	34,392,996.69
Risks guarantee fund of Custom	15,350,000.00	
Government grants	7,150,000.00	32,364,400.00
net debt of business agent	1,517,984.71	66,509,254.18
Others	612,442.87	624,839.01
Imprest		1,354,782.10
<b>Total</b>	<b>122,718,896.97</b>	<b>163,134,674.17</b>

## 16.44.1.2 Cash paid related to others of operating activities

<b>Items</b>	<b>2014</b>	<b>2013</b>
Operating expenses	135,537,626.48	127,840,464.58
Deposit	78,368,553.42	37,637,629.51
Pay for others	45,345,370.37	6,512,467.06
Imprest	339,234.62	3,147,276.79
<b>Total</b>	<b>259,590,784.89</b>	<b>175,137,837.94</b>

## 16.44.1.3 Cash paid related to others of financing activities

**Dongfang Electric Corporation Limited**

Notes to the financial statement

For the year of 2014

Items	2014	2013
Convertible bond disclosure cost	6,930,000.00	
<b>Total</b>	<b>6,930,000.00</b>	

## 16.44.2 Supplementary of consolidated cash flow statement

Items	2014	2013
<b>Reconciliation of net profit / (loss) to cash flows from operating activities</b>		
Net profit / (loss)	956,287,785.82	1,249,817,853.57
Add: Provision for / (Reversal of) asset impairment	188,325,939.76	320,053,833.49
Depreciation of fixed assets, depreciation of investment real estate	5,355,083.89	5,308,544.62
Amortization of intangible assets, amortization of investment real estate	600,645.90	67,481.15
Losses (Gains) on disposal of fixed assets, intangible assets and other long-	23,190.96	54,698.28
Losses (Gains) on change in fair value	-32,726,992.50	-21,103,441.35
Finance expenses (income)	121,092,549.67	88,446,728.62
Investment losses (income)	-867,861,115.49	-898,499,493.02
Decrease(Increase) in Deferred tax asset	-27,844,536.88	-47,503,397.95
Increase(decrease) in Deferred tax liability	1,258,283.15	-326,442.49
Decrease (Increase) in inventories	-883,343,051.02	475,259,533.34
Decrease (Increase) in operating receivables	-4,685,098,104.11	-3,326,773,430.60
Increase (Decrease) in operating payables	5,770,324,704.00	3,716,364,065.60
<b>Net cash flows from operating activities</b>	<b>546,394,383.15</b>	<b>1,561,166,533.26</b>
<b>Investing and financing activities that do not involve cash receipts and payments</b>		
Convertible corporate bonds due within one year	3,240,540,290.35	
<b>3.Net increase in cash and cash equivalents</b>		
Cash at end of year	6,604,338,925.64	3,859,089,929.82
Less: cash at beginning of year	3,859,089,929.82	2,203,547,671.62
<b>Net increase in cash and cash equivalents</b>	<b>2,745,248,995.82</b>	<b>1,655,542,258.20</b>

**Dongfang Electric Corporation Limited**

Notes to the financial statement

For the year of 2014

## 16.44.3 Cash and cash equivalents

<b>Item</b>	<b>Dec-31-2014</b>	<b>Dec-31-2013</b>
Cash	6,604,338,925.64	3,859,089,929.82
Include: cash in hand	1,880,003.36	1,914,757.80
Cash in bank can be payable immediately	6,602,440,734.22	3,816,546,881.16
Other monetary assets can be payable immediately	18,188.06	40,628,290.86
<b>Cash and cash equivalents at the year ended</b>	<b>6,604,338,925.64</b>	<b>3,859,089,929.82</b>

**17. Approval of the Financial Statements**

The financial statements have been approved by the board of directors on 27 March 2015.

Dongfang Electric Corporation Limited

Legal representative:

Person in charge of accounting function:

Person in charge of accounting department:

27 March 2015

**Dongfang Electric Corporation Limited**

Notes to the financial statement

For the year of 2014

**Further Information of Financial Statement**

## 1. Non-recurring Profit and Loss Statement in Current Year

<b>Item</b>	<b>Amount of Current Year</b>	<b>Notes</b>
Profit and loss from disposal of non-current assets	-1,909,936.79	
Governmental subsidy recorded as profit or loss	193,061,573.51	
Profit and loss of the change of fair value when holding trading financial assets, trading financial liabilities, besides the effective hedging business which is related to the company's normal business, and the investment income gained in the disposal of trading financial assets, trading financial liabilities, and financial assets available for sale	-5,221,349.38	
Reversal for impairment provision of receivables subject to separate impairment test	46,013,662.90	
Other non-business income and expense besides the above stated items	-14,408,693.14	
Other profit and loss items which meet the definition of non-recurring profit and loss	-76,869,762.57	
Subtotal	140,665,494.53	
Effect of income tax	20,291,154.85	
Impact on minority stockholder's interest (after tax)	4,607,465.26	
<b>Total</b>	<b>115,766,874.42</b>	

Other profit and loss items which meet the definition of non-recurring profit and loss of the Group in current year:

(1) The stock payment of cash settlement, which is recovered to the balance of the beginning of the year of RMB 11,601,427.20 due to failure to satisfy vesting conditions. See Note XI, 1 of this Financial Statement for details.

(2) The issuance cost and debenture interest in amount of RMB 88,471,189.77 for issuing of convertible bonds of the Company, which is calculated and amortized through effective interest method.

**Dongfang Electric Corporation Limited**

Notes to the financial statement

For the year of 2014

## 2. Effect Imposed by Implementation of Newly Issued or Revised Accounting Standard for Business Enterprises on Financial Statement

According to *No. 2 Accounting Standard for Business Enterprises - Long-term Equity Investment* issued by Ministry of Finance in 2014 and other seven accounting standards, the Company carried out retroactive restatement of comparative financial statement. The Consolidated Balance Sheets of January 1, 2013 and December 31, 2012 after restatement are seen below:

Item	January 1, 2013	December 31, 2013	December 31, 2014	Item	January 1, 2013	December 31, 2013	December 31, 2014
Current assets:				Current Liabilities:			
Monetary fund	8,960,708,524.63	12,131,648,112.18	17,822,818,071.65	Short-term borrowings	2,118,520,012.90	3,453,072,066.14	2,534,000,000.00
Settlement reserve				Borrowing from the Central Bank			
Capital lent				Deposit taking and due to banks			
Financial assets measured at fair value with their variance recorded into current profits and losses	30,311,323.96	26,608,362.14	56,547,665.82	Capital borrowed			
Derivative financial Assets				Financial Liabilities Measured at Fair Value with Their Variance Recorded into Current Profits and Losses	25,830,967.05		
Notes receivable	2,568,756,924.94	2,784,861,591.44	2,626,992,774.70	Other financial liabilities			
Accounts receivable	14,991,233,562.34	17,032,484,330.47	17,698,467,285.71	Notes payable	4,107,094,766.78	4,865,094,372.76	5,275,895,399.74
Advances to suppliers	5,784,631,010.52	4,716,518,840.61	4,210,529,353.01	Accounts payable	13,385,150,089.62	14,224,698,923.21	15,893,241,172.06
Premium receivable				Advances from customers	37,594,148,516.54	32,284,212,140.25	33,384,928,229.93

## Dongfang Electric Corporation Limited

Notes to the financial statement

For the year of 2014

Item	January 1, 2013	December 31, 2013	December 31, 2014	Item	January 1, 2013	December 31, 2013	December 31, 2014
Reinsurance accounts receivable				Financial assets sold for repurchase			
Reserve for reinsurance contract receivable				Service charges and commissions payable			
Interest receivable	61,740,939.07	101,620,018.51	153,964,346.27	Payroll payable	367,145,216.58	358,333,377.43	339,885,075.65
Dividends receivable	136,612.20	39,087.80		Taxes payable	251,202,094.65	53,907,111.62	-172,896,861.70
Other receivable	325,693,411.09	352,960,215.57	282,414,587.72	Interest payable			13,317,579.91
Buying back the sale of financial assets				Dividends payable	2,008,723.98	3,389,732.02	3,143,316.82
Inventories	31,901,091,912.16	27,301,842,960.20	29,640,990,594.62	Other payable	2,027,341,175.03	1,805,192,953.82	1,738,314,628.62
Available for sale assets				Reinsurance accounts payable			
Non-current assets due within one year				Reserve for insurance contract			
Other current assets				Receiving from vicariously traded securities			
Total current assets	64,624,304,220.91	64,448,583,518.92	72,492,724,679.50	Receiving from vicariously sold securities			
Non-current assets:				Available for sale liability			
Loans and advances offered				Non-current liabilities due within one year	54,320,000.00	86,320,000.00	3,256,860,290.35
Financial assets available for sale	430,113,757.00	306,816,665.00	11,835,232.75	Other current liabilities	80,844,288.14	79,943,075.58	128,543,364.04
Held-to-maturity investments				Total current liabilities	60,013,605,851.27	57,214,163,752.83	62,395,232,195.42
Long-term accounts receivable				Non-current liabilities:			

## Dongfang Electric Corporation Limited

Notes to the financial statement

For the year of 2014

Item	January 1, 2013	December 31, 2013	December 31, 2014	Item	January 1, 2013	December 31, 2013	December 31, 2014
Long-term equity investment	573,319,356.09	784,129,880.78	974,911,045.43	Long-term borrowings	125,827,585.21	39,400,000.00	545,620,000.00
Investment real estate	27,479,503.13	72,798,574.45	74,061,743.59	Bonds payable			
Fixed assets	9,873,036,157.62	9,243,610,975.06	8,537,913,652.38	Wherein: preferred stock			
Work in progress	723,924,491.91	685,790,408.06	818,328,683.80	Permanent capital securities			
Project materials	113,464.96	113,464.96	113,464.96	Long-term accounts payable	685,252.84	685,252.84	685,252.84
Disposal of fixed assets		11,958.08	9,546.86	Long-term payroll payable	31,549,012.87	36,278,343.40	63,585,273.19
Productive biological assets				Special accounts payable		58,042,614.63	58,042,614.63
Oil and gas assets				Estimated liabilities	1,064,299,498.92	1,392,616,607.65	1,228,921,362.78
Intangible assets	997,185,846.76	1,013,339,900.46	988,752,792.34	Deferred income	539,641,886.45	500,287,825.52	466,149,584.34
Development expenditure				Deferred income tax liabilities	3,932,355.83	1,838,036.52	2,667,580.34
Goodwill				Other non-current liabilities			
Long-term unamortized expenses	615,000.10	509,000.14	475,500.18	Total non-current liabilities	1,765,935,592.12	2,029,148,680.56	2,365,671,668.12
Deferred income tax assets	1,076,964,799.34	1,280,998,708.21	1,331,043,153.07	Total amount of liabilities	61,779,541,443.39	59,243,312,433.39	64,760,903,863.54
Other non-current assets				Owner's equity:			
Total non-current assets	13,702,752,376.91	13,388,119,535.20	12,737,444,815.36	Capital stock	2,003,860,000.00	2,003,860,000.00	2,003,860,000.00
				Other equity instrument			

## Dongfang Electric Corporation Limited

Notes to the financial statement

For the year of 2014

Item	January 1, 2013	December 31, 2013	December 31, 2014	Item	January 1, 2013	December 31, 2013	December 31, 2014
				Wherein: preferred stock			
				Permanent capital securities			
				Capital surplus	5,092,026,632.65	5,092,026,632.65	5,895,507,792.32
				Less: treasury stock			
				Other comprehensive income	-37,753,383.29	-158,584,963.14	-35,879,992.16
				Special reserve	8,196,251.24	15,684,408.62	22,258,212.85
				Surplus reserve	453,492,120.76	578,473,906.12	674,102,684.70
				General risk reserve			
				Undistributed profits	8,158,283,796.26	10,162,309,001.98	10,984,243,829.02
				Total equity attributable to owners of the parent company	15,678,105,417.62	17,693,768,986.23	19,544,092,526.73
				Minority equity	869,409,736.81	899,621,634.50	925,173,104.59
				Total owner's equities	16,547,515,154.43	18,593,390,620.73	20,469,265,631.32
Total amount of assets	78,327,056,597.82	77,836,703,054.12	85,230,169,494.86	Total liabilities and owner's equity	78,327,056,597.82	77,836,703,054.12	85,230,169,494.86

**Dongfang Electric Corporation Limited**

Notes to the financial statement

For the year of 2014

## 3. Net Assets Income Rate and Earnings per Share

Profit of Report Period	Weighted Average Net Assets Income Rate (%)		Earnings per Share			
			Basic Earnings per Share		Diluted Earnings per Share	
	Year 2014	Year 2013	Year 2014	Year 2013	Year 2014	Year 2013
Net profit attributable to shareholder of the parent company	6.92	14.10	0.64	1.17	0.59	1.02
Net profit that is assigned to shareholders of parent company after deducting non-recurring profit and loss	6.29	13.44	0.58	1.12	0.54	0.97

**Dongfang Electric Group Co., Ltd.****March 27, 2015**

# DOCUMENTS AVAILABLE FOR INSPECTION

- (I) Copy of the 2014 Annual Report signed by the Chairman of the Company
- (II) Original financial statements of the Company stamped and signed by the Legal Representative, General Accountant and Finance Manager
- (III) Articles of Association

*Chairman: Si Zefu*  
**Dongfang Electric Corporation Limited**  
27 March 2015