



DONGFANG ELECTRIC

DONGFANG ELECTRIC CORPORATION LIMITED

(H Share Stock Code : 1072) (A Share Stock Code : 600875)

2015 ANNUAL REPORT



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CHAIRMAN'S STATEMENT



Chairman: Si Zefu

To investors of DEC,

Though confronted with the severe market situation in 2015, the production of the Company was kept at a high level. Taking the opportunities and challenges brought about by the “New Normal” of the economy and focusing on the “three changes”, we achieved the annual production of power generating equipment for 28,000 MW and remained an overall steady development. However, due to the decrease in the demand for power generation equipment market and the decline in product price as a result of the slowdown of the macro-economic growth, the Company’s profit met a significant year-on-year shrinkage.

Endeavor to expand the market and lay a foundation for the Company’s development. Enterprises based on their orders to achieve sustainable development. By striving hard to expand the market, the Company’s new orders for the year amounted to RMB37 billion and orders in hand of RMB120 billion at the end of the reporting period. Remarkable achievements were made in international market. We took an active part in the “One Belt One Road” construction and signed export projects of USD1.4 billion including Contracts for the Banovic Single Unit 350,000 KW Thermal Power EPC Project in Bosnia and Herzegovina and 22.5 MW Wind Power Supply for Bracken Project Phase IV in Sweden, which further strengthened the Company’s position in the overseas market.

Explore management potential and improving quality and efficiency to gain future success. Exploring potential in management is still in progress. In 2015, annual fees were reduced remarkably by strengthening financial management and enhancing cost saving and efficiency improving; centralized procurement was carried out in an all-round way, and the bidding amount for centralized procurement was increased remarkably year-on-year; resources allocation was optimized and Dongfang Electric Wind Power Co., Ltd. was incorporated, realizing professional operation and management of wind power industry; new progress was made in production and construction process by implementing scientific scheduling. All the above created conditions for the Company to improve quality and efficiency and to maintain a steady development.

Compliance operation and realize the goal of win-win with investors and to build a good image of the Company. Compliance operation is the fundamental requirement for the listed companies in the capital market. The Company has strictly complied with the rules of Shanghai and Hong Kong, and received a “level-A” information disclosure rating from Shanghai Stock Exchange; the re-election of the seventh session of the Board of directors and Supervisory Committee was completed in accordance with the Company’s governance requirements; convertible bonds of RMB4 billion were successfully converted into equity; management of investor relationship has achieved good results, the Company has been awarded “Top 100 Listed Companies Most Respected by Investors” for two consecutive years, and built a reputable image in the capital market.

Year of 2016 marks the beginning of the 13th Five Year Plan. In face of the slowdown in the growth of domestic electricity demand and the complex international environment situation, as the manufacturer in the power generation equipment industry of China for a long term vision, we shall unswervingly keep our confidence and take our responsibility to run a good corporate production in the severe situation. Meanwhile, we shall focus on reduction in overcapacity, inventory, cost and adjustment in structure in order to meet the new development opportunities in a brighter and more positive way.

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 staffs.

Chairman:

29 March 2016

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	Dongfang Electric Corporation
Reporting Period	From 1 January 2015 to 31 December 2015
Shanghai Stock Exchange, SSE	Shanghai Stock Exchange
Hong Kong Stock Exchange	The Stock Exchange of Hong Kong Limited
RMB, RMB'0000, RMB100 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



COMPANY PROFILE AND MAJOR FINANCIAL INDICES

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

	Secretary to the Board of Directors	Representative of securities affairs
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

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	http://www.dec-ltd.cn/
E-mail	dsb@dongfang.com



IV. 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	01072	Dongfang Electrical

V. OTHER RELEVANT INFORMATION

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
Supervisory sponsor during the Reporting Period	Name	CITIC Securities Co., Ltd.
	Business address	CITIC Securities Tower, No. 48 Liangmaqiao Road, Chaoyang District, Beijing
	Signature sponsor's name	Qian Weichen Xu Xin
	Supervision period	25 July 2014 – 31 December 2015
H share registrar in Hong Kong	Name	Computershare Hong Kong Investor Services Limited
	Business address	Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong



COMPANY PROFILE AND MAJOR FINANCIAL INDICES (CONTINUED)

VI. MAJOR ACCOUNTING DATA AND FINANCIAL INDICES FOR THE LAST 3 YEARS

(I) Major accounting data

Unit: Yuan Currency: RMB

Major accounting data	2015	2014		Year-on-year increase/decrease (%)	2013
		After adjustment	Before adjustment		
Operating income	36,017,943,700.32	39,036,164,758.11	39,036,164,758.11	-7.73	42,390,796,682.51
Net profit attributable to shareholders of the Company	439,072,644.82	1,278,258,405.62	1,278,258,405.62	-65.65	2,349,431,591.08
Net profit after non-recurring profit and loss attributable to shareholders of the Company	316,317,054.25	1,162,491,531.20	1,162,491,531.20	-72.79	2,240,521,098.43
Net cash flow from operating activities	4,155,867,579.48	2,832,630,323.09	2,832,630,323.09	46.71	3,003,616,665.66
	As at the end of 2015	As at the end of 2014	As at the end of 2014	Year-on-year increase/decrease (%)	As at the end of 2013
Net assets attributable to shareholders of the Company	23,051,589,145.83	19,544,092,526.73	19,544,092,526.73	17.95	17,693,768,986.23
Total assets	86,134,423,264.67	85,842,623,386.50	85,230,169,494.86	0.34	77,836,703,054.12
Total share capital at the end of the period	2,336,900,368.00	2,003,860,000.00	2,003,860,000.00	16.62	2,003,860,000.00

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



COMPANY PROFILE AND MAJOR FINANCIAL INDICES (CONTINUED)

(II) Major financial indices

Major financial index	2015	2014		Year-on-year increase/decrease (%)	2013
		After adjustment	Before adjustment		
Basic earnings per share (RMB/share)	0.19	0.64	0.64	-70.31	1.17
Diluted earnings per share (RMB/share)	0.19	0.59	0.59	-67.80	1.02
Basic earnings per share after non-recurring profit and loss (RMB/share)	0.14	0.58	0.58	-75.86	1.12
Weighted average return on net assets (%)	1.94	6.92	6.92	-71.97	14.10
Weighted average return on net assets after non-recurring profit and loss (%)	1.39	6.29	6.29	-77.90	13.44

During the year, input value-added tax credits and taxes prepaid reported under “Tax payables” in previous years were reclassified into the “Other current assets” by the Company in accordance with the Accounting Standards for Business Enterprises No. 30 – Presentation of Financial Statements and the Regulations on Accounting Treatment for Trial Replacement of Business Tax with VAT by Relevant Enterprises (Cai Kuai [2012] No. 13) (《營業稅改徵增值稅試點有關企業會計處理規定》(財會[2012]13號)). As approved by the Board of Directors of the Company on 29 March 2016, other current assets and tax payables as at 31 December 2014 were increased by RMB612,453,891.64 upon adjustment by the Company, which only had impact on the total assets in the above major accounting data and major financial indices statements. For details please refer to Note 16.1 to the Financial Statements and relevant announcement of the Company.



BUSINESS OVERVIEW

I. THE COMPANY'S PRINCIPAL BUSINESS, OPERATING MODEL AND INDUSTRY INFORMATION DURING THE REPORTING PERIOD

The Company is engaged in power equipment manufacturing industry and our major business includes large-scale power generation equipment, engineering contracting and services, etc.

The Company's principal operating model is to provide advanced power equipments, project contracting and upgrading services of power stations for global power operators. Its main products include 1,000MW ultra supercritical thermal power units, 1,000MW hydropower units, 1,000MW-1,750MW nuclear power units, heavy-duty gas turbines, wind power equipments and large environmental equipments, establishing a five-in-one and jointly-developing structure (i.e. hydropower, thermal power, nuclear power, wind power and gas). The capacity of power generation equipments of the Company ranks top in the world for years with its power equipments and services spreading over 63 countries and regions in global, which reflects a strong competitiveness and influence in the power generation equipments industry. By adhering to the objective of "to creating value and to enjoy fruits together (共創價值、共享成功)" and to provide green power for the world with clean and efficient power generation equipments, the Company committed to become a world leading manufacturer of major energy and power equipment with international competitiveness.

II. ANALYSIS OF CORE COMPETITIVENESS DURING THE REPORTING PERIOD

As one of the largest R&D and manufacturing bases for power equipments and the largest project contracting enterprises, the Company possesses a relatively strong international competitiveness, especially in techniques, brand and manufacturing ability. The core competitiveness of the Company mainly shows as below:

- (1) Excellent techniques: 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-level wind power units, and heavy duty gas turbine units, as well as technologies in flue gas desulfurization and denitrification for power stations, and EPC contracting and full-package engineering for power station projects. 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) Comprehensive industrial structure: The Company has established a five-in-one and jointly-developing structure (i.e. hydropower, thermal power, nuclear power and wind power, gas) to meet various demands of customers, therefore increasing competitiveness and anti-risk ability.
- (3) 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 capability. The Company can mass-produce 1,000MW hydropower units, 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 meeting various requirements of level, capacity and environmental protection.
- (4) Remarkable market expansion capability: Through the marketing ideology, powerful promotion team, perfect domestic and overseas network and product structure, the Company has not only maintained considerable market share in the PRC, but also made breakthrough in the international market in terms of its scale, expansion way and business types.
- (5) Strong brand influence: Brands including "DEC" became famous brand names in China and registered successfully in 24 countries like Germany, France and Russia, which indicated an increasingly strong brand influence.



REPORT OF THE BOARD OF DIRECTORS

President: Wen Shugang

I. MANAGEMENT DISCUSSION AND ANALYSIS

Review on the Overall Operation During the Reporting Period

In 2015, confronted with the severe situation in the market, the Company continued to put forward the “three changes” and achieved the production target of the Company through cooperation and unwavering and tenacious hard work. However, due to the slowdown of the macro-economic growth, the decrease in the power generation equipment market demand and the price drop on products, resulting in the decreases in the gross profit margin and the increase in the provision for contract losses as well as the sharp decrease in the Company’s profits for the Reporting Period as compared with the same period last year.

Capacity of power generation equipment

In 2015, the Company produced power generation equipment with total capacity of 28,172.5MW, representing a year-on-year growth of 4.3% when compared with the power generation equipment with total planned capacity of 27,000MW as disclosed in the 2014 Annual Report. The equipment included 20 hydro-electric turbine generating units (2,415MW); 54 steam turbine generators (24,160MW); and 868 wind turbine generator sets (1,597.5MW); 51 power station boilers (23,145MW); and 91 power station steam turbines (26,379MW).

Domestic and International Market Expansion

In 2015, affected by the overseas and domestic economy and industry development, the demand in the electricity equipment industry remained continuously low. Confronted with the severe market situation, all the staff of the Company went all out and endeavored to make progress. The Company’s new orders for the year amounted to RMB37.0 billion, of which the export orders amounted to USD1.441 billion, accounting for 24.2% of the new orders. Among the new orders, 43% was attributable to high-efficiency clean energy, 20% to new energy, 16% to hydropower and environmental protection, and 21% to engineering and services. As at the end of 2015, the Company had orders in hand of RMB118.0 billion, among which high-efficiency clean energy accounted for 57%, new energy 18%, hydropower and environmental protection 7%, engineering and services 18%. Export orders accounted for approximately 15.7% of all of the orders in hand.

Remarkable achievements were made in domestic market. The market share was kept stable as a whole in thermal power market, acquiring 1,000MW ultra-supercritical two-time reheat generating boiler and other major projects. The market share continued to lead in the domestic nuclear power market, receiving orders for of such as Hualong No. 1 steam generator, coolant pump and other principal devices. Phase III of the Gaobeidian Project was won as a base project for F5 thermal power generating units with higher efficiency. Moreover, the Company has obtained two ultra-high water head pumped-storage hydroelectricity projects, namely: Jixi project and Dunhua project and won the bid for the construction of the Baihetan 1,000 MW mega hydropower generating units equipped with the largest unit capacity in the world. Breakthroughs were also achieved in the bulk orders for 116-type 2 MW and direct-driven 121-type 2.5 MW doubly-fed wind-power generation units. The parameter modification project order for the first domestic 600MW and 300 MW supercritical generation units was obtained, taking the lead in the modification technology of domestic power stations.

The international market was explored steadily. The Group entered into Contracts for the Banovic Single Unit 350,000 KW Thermal Power EPC Project in Bosnia and Herzegovina and 22.5 MW Wind Power Supply for Bracken Project Phase IV in Sweden successively. The orders for exporting a million KW thermal power boilers were acquired for the first time, further consolidating the Company’s market position in Europe, Asia and other regions. By actively participating in the construction part of “One Belt One Road”, the Company has made initial success in exploration in international market. In the beginning of 2016, the Company acquired EPC orders from Egypt and Turkey in succession.

I. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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

Production and Engineering Construction

The Company strived to ensure product delivery as scheduled by strengthening prediction for production, allocating materials reasonably and overcoming the challenges of severe imbalance in production arrangement. All of the four generator units in Hohhot Pumped Storage Power Station were put into operation, making record in commissioning and quality of pumped storage generator units domestically. New generation of thermal power generator units in Wanzhou and Anyuan passed 168-hour pilot run in succession. New achievement was made in commissioning of gas turbine: 12 units passed 168-hour commissioning. Nuclear projects, such as Fangjiashan No. 2, Ningde No. 3, Hongyanhe No. 3, and Fuqing No. 2 were put into commercial operation, and Fangchenggang generator unit No. 1 was connected to the grid successfully. The warrant period of 816 generator units in 25 wind power projects expired.

New progress was made in project schedule management. The generator unit No. 2 of Coastal Project Phase I in Vietnam completed operation test, sustaining excellent performance of the Company in the power market of Vietnam. Take-over certificates for 3 gas turbines in the Nandipur Combined Cycle Project in Pakistan were acquired. The Stanari Project in Bosnia and Herzegovina is about to be grid-connected for power generation. The wind turbines of Bracken Wind Power Project Phase III in Sweden were put into commissioning.

Innovation-Driven Capacity Further Enhanced

Huaneng Anyuan 660,000 KW secondary reheat unit with maximum parameters in the world, and Jiaozuo 660,000 KW and Wanzhou 1,000,000 KW ultra-supercritical units were put into commercial operation. Retrofit to flow passage for Sanhe 300,000 KW steam turbines succeeded, and ultra-low emission technology was applied successfully in the 300,000 KW units of Tianfunan Power Plant. Breakthrough was made in the R&D of runner technology for 700m-high water head pumped storage unit. The third generation of nuclear Hualong No. 1, CAP1400 nuclear island, and master equipment of conventional island with proprietary technologies were well into the development stage. The pressure vessel and evaporator for AP1000 reactor were developed as scheduled. The self-development of 50,000 KW gas turbine progressed smoothly. The self-developed 2 MW low wind speed wind turbines in Sichuan Damianshan Project were put into mass operation.

Enhancement of Internal Management for the Improvement of Quality

Annual fees were reduced remarkably by strengthening financial management and enhancing cost saving and efficiency improving. Great efforts were made to recover payments and inventory management was enhanced. Centralized procurement was carried out in an all-round way, and the bidding amount for centralized procurement was increased remarkably year-on-year. Risk control was strengthened and the risk prevention system based on internal control and integrating business and management was perfected. The reform on three-system was further carried out to control total labor input strictly. Resources allocation was further optimized and management efficiency was improved. During the year, Dongfang Electric Wind Power Co., Ltd., a wholly-owned subsidiary of the Company, was incorporated, realizing professional operation and management of wind power industry. The completion of conversion of RMB4 billion convertible corporate bonds facilitated the stable development of the Company.

II. COMPLETION OF OPERATION INDICATORS DURING THE REPORTING PERIOD

During the Reporting Period, in accordance with the China Accounting Standards for Business Enterprises, the Company recorded a total operating revenue of RMB36,018 million, representing a decrease of 7.73% over the same period last year; net profit attributable to the shareholders of the Company of RMB439 million, representing a decrease of 65.65% over the same period last year; earnings per share of RMB0.19; and the consolidated gross profit margin for principal operations was 16.71%, representing an increase of 0.12 percentage points compared with last year.

For the year ended 31 December 2015, to the best of the Directors' knowledge, the Company has been complying applicable laws and regulations in business operating activities, including the Company Law of the People's Republic of China and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules").

(I) Analysis of Principal Business

Analysis of changes in certain items in the income statement and cash flow statement

Unit: Yuan Currency: RMB

Item	Amount for the year	Amount for last year	Change (%)
Operating revenue	36,017,943,700.32	39,036,164,758.11	-7.73
Operating cost	29,959,761,391.90	32,495,805,650.91	-7.80
Selling expenses	964,883,532.33	891,929,315.24	8.18
Administrative expenses	3,361,762,730.46	3,609,660,296.95	-6.87
Finance costs	-477,001,415.20	-181,276,960.93	-163.13
Net cash flows from operating activities	4,155,867,579.48	2,832,630,323.09	46.71
Net cash flows from investing activities	-257,589,010.85	-196,004,577.79	-31.42
Net cash flows from financing activities	-706,185,646.29	3,083,937,938.11	-122.90
Research and development expenses	1,252,235,199.43	1,242,475,321.94	0.79

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

II. COMPLETION OF OPERATION INDICATORS DURING THE REPORTING PERIOD (CONTINUED)

(I) Analysis of Principal Business (Continued)

1. Analysis of revenue and cost

(1) Principal operations by industry, product and region

Unit: Yuan Currency: RMB

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 (percentage point)
Clean high efficiency power generation equipments	23,032,374,907.06	19,318,896,819.47	16.12	-4.77	-5.75	0.87
New energy	4,585,390,915.67	4,008,035,956.77	12.59	-6.42	-6.55	0.12
Hydropower and environmental equipments	2,629,283,402.23	2,035,938,240.61	22.57	-38.75	-42.99	5.76
Engineering and services	5,522,591,335.18	4,430,235,777.01	19.78	4.31	13.54	-6.52
Total	35,769,640,560.14	29,793,106,793.86	16.71	-7.51	-7.64	0.12

- (1) In general, the Company operated stably this year. However, under the effect of macro-economy, the revenue of all sectors (except for slight growth in engineering and services sector) decreased inordinately. The revenue of principal activities this year decreased year-on-year by 7.51%.
- (2) The operating revenue from clean high-efficiency power generation equipments during the year increased by 4.77% as compared with the same period last year, mainly due to inordinate decrease in thermal power, gas turbine and nuclear power conventional island products. The gross profit margin of clean high-efficiency power generation equipments during the year was flat as compared with that of last year.
- (3) The revenue from the new energy during the year decreased by 6.42% as compared with the same period last year, mainly due to the decrease of 8.09% in sales revenue of the wind power projects. The gross profit margin of the new energy was flat as compared with that of last year.
- (4) The revenue from hydropower and environmental equipments decrease by 38.75% as compared with the same period last year, mainly due to the decrease of 40.61% in sales of hydropower projects. Meanwhile, the sales revenue of environmental equipments declined by 36.50%, the gross profit margins of hydropower and environmental equipments increased by 5.76 percentage points, mainly due to gross profit margin of mixed-flow and pumped storage generator unit in the hydro-power products higher than that of the last year.
- (5) Revenue from engineering and services for the year increased 4.31% as compared with the same period last year, mainly due to the year-on-year increase of 1.48% and 20.04% in income from construction contract and power station services respectively. The integrated gross profit margin of the projects this year was lower than that of the last year, resulting in the sector's decrease of 6.52 percentage points on year-on-year basis.

II. COMPLETION OF OPERATION INDICATORS DURING THE REPORTING PERIOD (CONTINUED)

(I) Analysis of Principal Business (Continued)

1. Analysis of revenue and cost (Continued)

(1) *Principal operations by industry, product and region (Continued)*

Principal operations by region

Unit: Yuan Currency: RMB

Region	Operating revenue	Year-on-year increase/decrease in operating revenue (%)
PRC	30,878,161,681.08	-5.25
Overseas	4,891,478,879.06	-19.61
Total	35,769,640,560.14	-7.51

(2) *Analysis on Production and Sales*

Product	Production	Sales	Inventory	Increase/decrease in production compared to the last year (%)	Increase/decrease in sales compared to the last year (%)	In-crease/decrease in inventory compared to the last year (%)
Production of power generating equipment	28,172.5MW	RMB36.018 billion	RMB23.671 billion	4.3	-7.73	-5.72

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

II. COMPLETION OF OPERATION INDICATORS DURING THE REPORTING PERIOD (CONTINUED)

(I) Analysis of Principal Business (Continued)

1. Analysis of revenue and cost (Continued)

(3) Cost analysis

Unit: Yuan Currency: RMB

By industry	Cost composition	By industry		Amount for the last year	Percentage in total costs for last year (%)	Year-on-year increase/ decrease (%)	Remark
		Amount for the year	As a percentage in total costs for the period (%)				
Power generation equipment manufacturing and services	Raw materials and purchased parts	23,425,851,299.72	78.63	25,321,329,115.13	78.49	-7.49	
Power generation equipment manufacturing and services	Direct labor costs	1,679,340,924.73	5.64	1,834,732,023.08	5.69	-8.47	
Power generation equipment manufacturing and services	Manufacturing costs	4,687,914,569.41	15.73	5,103,229,743.81	15.82	-8.14	
Power generation equipment manufacturing and services	Total	29,793,106,793.86	100.00	32,259,290,882.02	100.00	-7.64	

(4) Major customers in sales

During the Reporting Period, the Company's operating revenue from its top five customers amounted to RMB7,246 million, accounting for 20.12% of the Company's total operating revenue, which is lower than 30% of the Company's total operating revenue.

(5) Major suppliers

During the Reporting Period, the Company's procurement from its top five suppliers amounted to RMB1,836 million, accounting for 7.21% of the Company's total procurement, which is lower than 30% of the Company's total procurement.

II. COMPLETION OF OPERATION INDICATORS DURING THE REPORTING PERIOD (CONTINUED)

(I) Analysis of Principal Business (Continued)

2. Expenses

Unit: RMB

Item	Amount for the year	Amount for last year	Change (%)
Selling expenses	964,883,532.33	891,929,315.24	8.18
Administrative expenses	3,361,762,730.46	3,609,660,296.95	-6.87
Finance costs	-477,001,415.20	-181,276,960.93	-163.13
Income tax expenses	73,401,825.32	181,725,615.62	-59.61

3. R&D expenditure

R&D expenditure statement

Unit: RMB

Expensed R&D expenditure for the year	1,241,449,697.26
Capitalized R&D expenditure for the year	10,785,502.17
Total R&D expenditure	1,252,235,199.43
Percentage of total R&D expenditure over revenue (%)	3.48
Number of R&D staff	2,281.00
Percentage of R&D staff over the total staffs (%)	9.53
Percentage of R&D expenditure capitalization (%)	0.86

Note information

During the year, the Company focused on refining the core businesses, strengthening R&D to enhance promotion of key technology of main products, optimizing the performance so as to improve the competitiveness of products, and by making greater efforts in development and research of new products, the Company has achieved good performance in the industries of “hydro, thermal, nuclear, gas and wind power”.

In 2015, the Company has successfully applied for 266 patents, including 127 patents for invention and received licenses for 204 patents including 79 patents for invention.

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

II. COMPLETION OF OPERATION INDICATORS DURING THE REPORTING PERIOD (CONTINUED)

(I) Analysis of Principal Business (Continued)

4. Cash flows

Unit: RMB

Item	Amount for the year	Amount for last year	Change (%)
Received tax rebates	522,069,019.17	351,528,130.08	48.51
Other cash received from operating activities	464,728,239.06	690,743,709.60	-32.72
Various taxes paid	3,365,417,867.42	2,521,539,328.83	33.47
Cash received from disposal of investments	125,784,604.33	435,894,771.84	-71.14
Cash paid for purchase and construction of fixed assets, intangible assets and other long-term assets	385,281,362.20	667,494,302.62	-42.28
Cash paid for investment	113,971,569.15	67,000,000.00	70.11
Cash received from borrowings	3,044,000,000.00	7,064,820,000.00	-56.91
Dividends paid, profit distributed or interest paid	341,888,963.27	511,791,943.80	-33.20

II. COMPLETION OF OPERATION INDICATORS DURING THE REPORTING PERIOD (CONTINUED)

(I) Analysis of Principal Business (Continued)

4. Cash flows (Continued)

- (1) Received tax rebates increased by 48.51% on a year-on-year basis, mainly due to the increase of tax refund for export received in this year.
- (2) Cash received relating to other operating activities decreased by 32.72% on a year-on-year basis, mainly due to the decrease in government fiscal subsidies received by the Company in this year.
- (3) Various taxes paid increased by 33.47% on a year-on-year basis, mainly due to the increase in VAT and tax subcharge paid by the Company in this year.
- (4) Cash received from disposal of investments decreased by 71.14% on a year-on-year basis, mainly due to that the cash received from disposal of investments in stocks for the last year exceeded RMB297 million than this year.
- (5) Cash paid for purchase and construction of fixed assets, intangible assets and other long-term assets decreased by 42.28% on a year-on-year basis, mainly due to the decrease in expenses for investment in currencies resulted from the strict control over the investment scale in fixed assets of the Company.
- (6) Cash paid to acquire investments increased by 70.11% on a year-on-year basis, mainly due to the increase in investment in stocks and joint venture by the Company in this year.
- (7) Cash received from borrowings decreased by 56.91% on a year-on-year basis, mainly due to the issuance of convertible corporate bonds of RMB4 billion by the Company during the last year.
- (8) Cash payments for interest expenses and distribution of dividends or profits decreased by 33.20% on a year-on-year basis, mainly due to the year-on-year decrease in dividends distributed by the Company in this year.

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

II. COMPLETION OF OPERATION INDICATORS DURING THE REPORTING PERIOD (CONTINUED)

(II) Analysis on assets and liabilities

1. Analysis on assets and liabilities

Unit: RMB

Item	Closing amount at the end of the year	Closing amount at the end of the year over total assets (%)	Closing amount at the end of last year	Percentage of closing amount at the end of last year over total assets (%)	Increase/decrease of closing amount at the end of the year over that at the end of last year (%)
Financial assets at fair value through profit or loss	36,079,098.10	0.04	56,547,665.82	0.07	-36.20
Bills receivable	4,340,955,431.92	5.04	2,626,992,774.70	3.06	65.24
Interest receivables	297,206,934.58	0.35	153,964,346.27	0.18	93.04
Other current assets	335,373,683.92	0.39	612,453,891.64	0.71	-45.24
Available-for-sale financial assets	3,100,000.00		11,835,232.75	0.01	-73.81
Construction in progress	447,801,742.11	0.52	818,328,683.80	0.95	-45.28
Short term borrowings	1,642,000,000.00	1.91	2,534,000,000.00	2.95	-35.20
Non-current liabilities due within one year	354,320,000.00	0.41	3,256,860,290.35	3.79	-89.12
Long-term remuneration payable	142,868,920.51	0.17	63,585,273.19	0.07	124.69
Capital reserves	8,828,516,983.85	10.25	5,895,507,792.32	6.87	49.75

- (1) Financial assets at fair value through profit or loss of the Company decreased by 36.20% at the end of the year as compared with the beginning of the year, mainly due to the disposal of shares by the Company during the year.
- (2) Bills receivable of the Company increased by 65.24 % at the end of the year as compared with the beginning of the year, mainly affected by the macro-economic situation which resulted in the increase in proportion of bank acceptances as receivables recovered by the Company in this year.
- (3) Interest receivables of the Company increased by 93.04% at the end of the year as compared with the beginning of the year, mainly due to that the Company optimized the structure of deposits, which resulted in the increase of average balance of time deposits and the increase of provision for interest of time deposits on a year-on-year basis.
- (4) Other current assets of the Company decreased by 45.24% at the end of the year as compared with the beginning of the year, which was resulted from the significantly decrease in the input tax amount of the VAT to be deductible for the year as compared with the beginning of the year.

II. COMPLETION OF OPERATION INDICATORS DURING THE REPORTING PERIOD (CONTINUED)

(II) Analysis on assets and liabilities (Continued)

1. Analysis on assets and liabilities (Continued)

- (5) Available-for-sale financial assets of the Company decreased by 73.81% at the end of the year as compared with the beginning of the year, mainly due to that the Company withdrew some of the investment in this year.
- (6) Construction in progress of the Company decreased by 45.28% at the end of the year as compared with the beginning of the year, mainly due to some of the construction in progress can be transferred to fixed assets, such as Dongguo Chengdu marketing research and development base and the motor water testing station had been transferred to fixed assets in this year, in addition to the measures taken by the Company to compress the investment scale which resulted in a decrease of newly construction in progress projects.
- (7) Short term borrowings decreased by 35.20% at the end of the year as compared with the beginning of the year, mainly due to the decrease in short term borrowings of the subsidiaries of the Company.
- (8) Non-current liabilities due within one year significantly decreased by 89.12%, mainly due to reclassification of the debt part of convertible debt securities issued in 2014 into non-current liabilities due within one year of RMB3,520 million.
- (9) Long-term staff remuneration payable of the Company increased by 124.694% at the end of the year as compared with the beginning of the year, mainly due to the increase in provision for resignation benefits in this year.
- (10) Capital reserves of the Company increased by 49.75% at the end of the year as compared with the beginning of the year, which was resulted from the convertible bonds transferring to shares which resulted in the increase of capital reserves.

(III) Analysis of investment

1. Overall analysis on external equity investment

No.	Investment subject	Investment type	Name of the invested company	Principle business of the invested company	Amount for investment in 2015 (RMB'0000)	Interests held in the invested company upon the completion of investment (%)
1	Dongfang Electric Corporation Limited	Equity investment	Inner Mongolia Energy Power Hongnijing Wind Power Co., Ltd.	Investment, construction and operation of wind power plant	1,600	20

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

II. COMPLETION OF OPERATION INDICATORS DURING THE REPORTING PERIOD (CONTINUED)

(III) Analysis of investment (Continued)

2. Analysis of Major Controlling Subsidiaries and Investees

Unit: 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 turbine generator units, 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	341.10	35.46	139.72	-0.40	0.39
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	144.65	41.01	50.16	-0.51	-0.03
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	227.98	52.81	126.02	2.63	2.65
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	35.99	16.27	14.02	0.80	0.88
Dongfang Electric Wind Power Co., Ltd.	100.00%	Design, production, sales and service of wind turbine generator units and introduction, development and application of associated technology; construction and operation of wind farms, manufacturing and sales of components and parts of wind-mill generators; technical service and technical consultation related to manufacturing of fans as well as construction and operation of wind farms; and import and export of wind turbine generator units, components and parts and associated technologies	8.20	47.91	5.13	14.53	-2.24	-2.50

II. COMPLETION OF OPERATION INDICATORS DURING THE REPORTING PERIOD (CONTINUED)

(IV) Financial Position and Operating Results during the Reporting Period

1. Analysis of operating results

Unit: RMB

Item	Amount for the year	Amount for last year	Year-on-year increase/decrease (%)
Operating revenue	36,017,943,700.32	39,036,164,758.11	-7.73
Selling expenses	964,883,532.33	891,929,315.24	8.18
Administrative expenses	3,361,762,730.46	3,609,660,296.95	-6.87
Finance costs	-477,001,415.20	-181,276,960.93	-163.13
Impairment loss of assets	1,665,374,908.04	901,223,663.09	84.79
Operating profit	383,982,344.61	1,325,599,392.82	-71.03
Total profit	532,899,436.82	1,502,342,336.40	-64.53
Income tax expenses	73,401,825.32	181,725,615.62	-59.61
Net profit	459,497,611.50	1,320,616,720.78	-65.21
Net profit attributable to shareholders of the Parent Company	439,072,644.82	1,278,258,405.62	-65.65

- (1) The Company made great efforts to production, operation and project management this year, but the operating revenue still decreased by 7.73% compared with the last year under the effect of macro-economic environment.
- (2) The financial expenses decreased by 163.13% compared with the last year mainly due to increase of interest income for sustained optimization of deposit structure and considerable increase of exchange gain under the effect of change in exchange rate.
- (3) The asset impairment loss increased by 84.79% compared with the last year mainly due to fiercer completion in the market, reduction of product price, increase of predicted contract loss, the increase of the provision for bad debts as a result of ageing of accounts receivable.
- (4) The operating profit decreased by 71.03% compared with the last year, total profit decreased by 64.53% compared with the last year, and net profit decreased by 65.21% mainly for the following reasons: In the context of slowdown of macro-economic growth, the demand was decreased in the power generation equipment market and product price and sale also dropped, resulting in decrease of operating revenue and gross profit margin this year; the profitability of this year decreased significantly due to multiple reasons, such as increase of asset impairment loss.

II. COMPLETION OF OPERATION INDICATORS DURING THE REPORTING PERIOD (CONTINUED)

(IV) 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 year, the Company's total assets amounted to RMB86,135 million. The assets scale had no significant increase and remained at the same level to that for the beginning of the year. Among which, the items with a sharp increase were monetary fund, up 18.32% and bills receivable, up 65.24%. Meanwhile, accounts receivable and inventories that accounted for a higher proportion of assets decreased by 2.31% and 9.25% as compared with the beginning of the year; total liabilities amounted to RMB62,157 million, down 4.92% as compared with the beginning of the year, mainly attributable to the decrease of RMB892 million in short-term borrowings, down 35.20% as compared with the beginning of the year; the shareholders' equity amounted to RMB23,978 million, up 17.14% as compared with the beginning of the year, mainly attributable to a 16.62% increase of capital stock and a 49.75% increase in capital reserve after the convertible bonds converted into shares of the Company in the year.

3. Gearing ratio

Gearing ratio = total liabilities/total assets × 100%

Item	As at the end of 2015	As at the end of 2014	Year-on-year increase/decrease (percentage point)
Gearing ratio (%)	72.16	76.15	-3.99

Gearing ratio of the Company was 72.16% at the end of the year, a decrease of 3.99 percentage points as compared with the beginning of the year. Financial position of the Company was further optimized and improved.

4. Bank borrowings

As at 31 December 2015, the Company had bank borrowings of RMB1,980 million due within one year and RMB719 million due beyond one year. The Company's borrowings and cash and cash equivalents are mainly dominated in RMB. In particular, RMB1,899 million were fixed-rate loans. The Company has maintained a favourable credit rating with banks and a sound financing capacity.

II. COMPLETION OF OPERATION INDICATORS DURING THE REPORTING PERIOD (CONTINUED)

(IV) 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 adopts exchange rate hedging instruments including forward exchange settlement for hedging purpose to limit the risks arising from exchange rate fluctuations.

6. Pledge of assets

At the end of this year, the Company acquired a pledged loan of RMB10 million, which was acquired by a subsidiary from Dongfang Electric Finance Co., Ltd. through discounting an unmatured commercial acceptance bill attached with recourse. As at the end of the year, the Company had pledged borrowings of RMB142 million, which were related to borrowings from financial institutions secured by machinery, equipment, properties and land use rights. As at the end of the year, this part of borrowings was not mature and repayable.

7. Contingent liabilities

Please see Note 13 of the Financial Statements.

(V) Main Sources and Uses of Funds

1. Cash flows from operating activities

During the year, the Company's cash inflows from operating activities amounted to RMB38,091 million, mainly attributable to cash received from goods sold by the Company; cash outflows from operating activities amounted to RMB33,935 million, mainly attributable to payment for procurement of raw materials; net cash flows from operating activities amounted to RMB4,156 million. The net cash flows from operating activities increased by 46.71% year-on-year.

2. Cash flows from investing activities

During the year, the Company's cash inflows from investing activities amounted to RMB242 million, mainly attributable to the retrieval of investments from the disposal of a portion of the shares; cash outflows from investing activities amounted to RMB499 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-258 million. The cash flows from investing activities decreased by 31.42% as compared with the same period last year.

II. COMPLETION OF OPERATION INDICATORS DURING THE REPORTING PERIOD (CONTINUED)

(V) Main Sources and Uses of Funds (Continued)

3. Cash flows from financing activities

During the year, the Company's cash inflows from financing activities amounted to RMB3,074 million, representing a decrease of 56.49%, mainly attributable to the issue of convertible corporate bonds of RMB4,000 million by the Company in the previous year; cash outflows from financing activities amounted to RMB3,780 million, mainly attributable to the re-payment of borrowings due and the payment for interest accrued thereon by the Company, as well as the distribution of 2014 cash dividends of RMB210 million to the shareholders of the Company; net cash outflows from financing activities amounted to RMB706 million. The effect of issuance of convertible bonds the last year was reflected as net inflow of RMB3,084 million.

III. DISCUSSION AND ANALYSIS ON FUTURE DEVELOPMENT

(I) Competition pattern and development trend of the industry

Looking into the future, the world economy is still in the transition and adjustment stage and the economy at home enters a new normality. From the perspective of industry, further adjustment will be made in national power structure in the "13th Five-Year Plan", posing more severe challenges for the conventional power generation equipment manufacturing industry. The demand in thermal power and other fossil energy markets will decrease considerably. The development amount of hydropower resource will decrease and market competition will become more intense, driving the prices of hydro and thermal power generation equipment further drop. On the other hand, during "The Thirteenth Five" period, energy structure will be adjusted and new energy development will be sped up, creating new opportunities for development of nuclear power, wind power and solar power. New national requirements will be proposed in respect of economy, reliability, energy conservation and environmental-friendliness of generator units, bringing room for new market growth in reformation on energy conservation and emissions reduction, technical innovation for parameters upgrade, and power plant maintenance and operation.

In the respect of international market, the implementation of "One Belt One Road" and capacity cooperation internationally will bring new development opportunities. However, market channels response, risk prevention, cost control and resource deployment in the international market and other international operation requirements also bring about new challenges.

In the new circumstance, the demand for power generation equipment will grow slowly and competition in domestic power market will become more intense in the "13th Five-Year Plan" period. It has become a problem for power generation equipment enterprises to have to resolve to increase market competitiveness and expanding market share through technology, quality, service and cost control.

III. DISCUSSION AND ANALYSIS ON FUTURE DEVELOPMENT (CONTINUED)

(II) Development strategy of the Company

Facing the macroeconomic environment at home and abroad and under the circumstance of power generation equipment industry, the Company will practice the development concepts of “innovation, coordination, greenness, openness and sharing” and increase core competitiveness by centering around five key points of “improving quality and efficiency to achieve steady growth, accelerating structural adjustment to promote transition and upgrade, focusing on innovation to strengthen development motive, paying close attention to international operations to allocate resources globally, deepening reform to stimulate energy for development” so as to build the Company into an “internationally competitive first-class heavy energy and power equipment enterprise”.

(III) Business plan of the Company

In 2016, the Company will implement the spirit of the Fifth Plenary Session of the 18th CPC Central (“十八屆五次全會”) in an all-round way and adapt to new normality economy with improving development and quality as goals, market demand as orientation, reform and innovation as means and by hard work, cooperation, overcoming difficulties and challenges, speeding up transformation and upgrade and increasing core competitiveness to lay a solid foundation for achieving the development goals of the “13th Five-Year Plan”.

In 2016, the power generation equipment industry will be adjusted further and market competition will be more intense. In such new economy normality, the Company will seek sustainable development under adjustment, with over-capacity and inventory reduction, cost saving and restructuring as guiding thoughts and by speeding up transition and upgrade. The Company has planned annual production of power generation equipment of 27 million KW and operating revenue maintained relatively stable. However, the planned production may be lowered with the adjustment of national industry policies. Moreover, in view of the continuing decline of product prices, product gross profit margin will keep falling; in addition to reasons such as increased costs brought on from over-capacity and inventory reduction, the Company will still face with decline in profit and the possibility of losses in 2016. Therefore, the Company will take the following measures to ensure sustainable and stable development:

Expansion of Market with Meticulous Planning and Best Efforts

Best effect to expand international market. The operation mode shall be innovated to improve operation of EPC plus investment and financing projects and acquire more orders. Stationing in countries and regions along the “One Belt One Road” shall be strengthened. The development of new energy projects shall be strengthened to expand engineering contract scope. Deep cooperation with business partners shall be enhanced to enrich exploration means of international market.

Domestic market share shall be expanded and consolidated. The planning for such key projects as 1,000,000 KW thermal generator unit, hydropower generator unit, the third generation nuclear power generator unit, gas turbine, wind power generator unit shall be well made to consolidate the position of main products in the market at home. The thermal power retrofit (such as parameter upgrade and retrofit to flow passage) market shall explored with great effort. Excellent product life cycle service shall be provided to drive increase of technology and service level.

III. DISCUSSION AND ANALYSIS ON FUTURE DEVELOPMENT (CONTINUED)

(III) Business plan of the Company (Continued)

Taking Initiative in adapting to New Economy Normality and speeding up transition and upgrade

Under the main principle of “high end and high quality”, the Company will: make great efforts to promote optimization and upgrade of large, high-efficient and environmental-friendly power generation equipment to increase product competitiveness; grasp the strategic opportunities of implementation of “One Belt One Road” and international capacity cooperation to explore overseas operation modes including BOT, BOO, further improve capability in power plant project contract and international trade; speed up development of power plant service industry and research and promote the development of modern financial industry.

Driving Innovation and Increasing Competitiveness of Main Products

Major scientific and technologic projects shall be promoted and the supporting role of technical innovation in competition on the market shall be given full play. The thermal power generator unit shall be further upgraded to reach internationally advanced level. The optimized design of 1,000,000 KW hydropower generator unit shall be conducted. The development of the third generation of nuclear power generation master equipment such as Hualong No. 1, CAP1400 and AP1000 shall be promoted. The development of 50,000 KW gas turbine shall be carried out. The existing double-fed and direct-drive wind turbine shall be optimized. The market application of 5 MW offshore wind turbine shall be promoted.

Exploring Potential and Improving Efficiency and Profits

The Company will optimize overall budgeting management incessantly to curb declining of profits. Target cost management shall be carried out in an all-round way to ensure gross profit margin of principal activities slightly higher than predicted and year-on-year decrease of sale and management expenses. Centralized bidding and procurement shall be carried out to ensure year-on-year decrease of annual procurement cost. The management on accounts receivable and inventory shall be strengthened to improve asset quality.

Implementing Standard Management Strictly and Increasing risk Resistance Capacity

Close attention shall be paid to the risks in project implementation, funds and investment. Under the guiding principle of “risk control”, the Company will strengthen communication with the employers to have knowledge of their financial conditions and real requirements for reasonable production arrangement so to prevent project risks. Focusing on increase matchup of product, production and technology preparation shall be made as scheduled to complete production tasks with product quantity and quality guaranteed and smooth progression of the project.

III. DISCUSSION AND ANALYSIS ON FUTURE DEVELOPMENT (CONTINUED)

(III) Business plan of the Company (Continued)

Deepening Reform and Stimulating Development Vitality

The Company will further carry out reform unswervingly. The industry “slimming” will be carried out by retreat from low-efficient capacity and strengthening over-capacity and inventory reduction and restructuring. The reform on “three system” will be further carried out to reduce labor cost whiling controlling total input. Great efforts will be made to building a streamline, high-efficient and energetic staff team. The strategy of enterprise thriving relying on talents will be followed and construction of human resources will be strengthened to stimulating development vitality and lay a solid foundation for sustainable and sound development of the Company.

(IV) Probable Risks

1. Market Orders Risk:

In 2016, the Chinese economy is still under downturn pressure. Reform on supply side and power systems reform exerted relatively great effect on domestic power demand. The new power generation equipment market faces sharp downturn and uncertainties increases for concluded contracts. All of these factors bring about great pressure and risks for orders of enterprises.

Aimed at demands in the target market, the Company will strengthen market planning and improve quick and efficient market response mechanism to deal with market changes, and further optimize allocation of internal resources to promote transition and upgrade and satisfy market demands.

2. Project Execution Risk:

The domestic projects currently in the hands of the Company are subject to the impact of slowdown in the construction of the power infrastructure 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, quality and exchange rate will, in turn, give rise to the project execution risk.

By promoting the establishment of internal control system, the Company increased 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.

III. DISCUSSION AND ANALYSIS ON FUTURE DEVELOPMENT (CONTINUED)

(IV) Probable Risks (Continued)

3. Risk of Recovering Payment for Goods:

Since 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 products 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.

4. Risk of Profit Decline:

Contraction of demand of the domestic power market, over-capacity of power generation equipment, extremely fierce market competition as well as cost increased from over-capacity and inventory reduction led to continuous decrease in products' prices and declining of product gross profit margin. As a result, the Company will be subject to the drop of profit and loss in 2016.

In 2016, the Company will implement the principle of "energy saving, potential digging and efficiency enhancing" throughout the entire year. In addition, it will strengthen budget management and examination and will strictly control various costs. It will strengthen the accounts receivable and inventory management, improve the operating performance examining system and enhance the incentive and restrictive effect of the appraisal of operating performance.

IV. OTHER EVENTS

Saved as disclosed above, description in relation to the following issues included in the sections headed "Directors, Supervisors, Senior Management and Employees" and "Significant Events" forms part of this report.

(I) Directors and Supervisors

Please refer to Section VIII headed "Directors, Supervisors, Senior Management and Employees" for list of members regarding the Board of Directors, the Supervisory Committee in 2015.

(II) Major business

The Company is engaged in power equipment manufacturing industry and our major business includes complete large-scale power generation equipment, engineering contracting and services, etc.

IV. OTHER EVENTS (CONTINUED)

(III) Interests of Directors and Supervisors

For details of the interests of Directors and Supervisors in 2015, please refer to the Section VI “Significant Events – VI. Other Material Contracts and Implementation thereof”.

(IV) Donations

For the year ended 31 December 2015, the aggregated donation made by the Company for charity and other purposes amounted to RMB1.5 million.

(V) Debentures

For details of the convertible bonds of the Company during the year, please refer to Section VI “Significant Events – VII. Other Significant Events”.

(VI) Share Incentive Scheme

For details of the Share Option Incentives Scheme of the Company during the year, please refer to Section VI “Significant Events – IV. The Company’s Share Incentive Scheme, Employee Stock Ownership Plan or Other Employees’ Incentive Schemes and the Impact Thereof”.

(VII) Dividend

The Company proposed to distribute a cash dividend of RMB0.6 per 10 shares (tax inclusive), totaling RMB140,214,022.08. There is no capitalization of capital reserve or allocation of dividend. The proposal is subject to the consideration and approval at the 2015 annual general meeting.

(VIII) Permitted indemnity provisions

To comply with the provisions of the Corporate Governance Code, the Company has arranged appropriate liability insurance for directors, so as to provide compensation insurance for their liability arising from enterprise business activities.

(IX) Directors’ and Supervisors’ Interests in Contracts

No contracts of significance (as defined in Appendix 16 to the Listing Rules), in which a director or supervisor of the Company had 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.

IV. OTHER EVENTS (CONTINUED)

(X) Distributable reserves

As at 31 December 2015, distributable reserves of the Company amounted to RMB11.156 billion. The Company proposed to distribute 2015 final cash dividend of RMB0.06 per share (tax inclusive). The remaining part of the distributable reserves after deducting the 2015 final dividend will be carried forward to 2016. In addition, the Company's capital surplus was RMB8.829 billion, and surplus reserve amounted to RMB731 million, both are available for distribution in case of capitalization issue in the future.

(XI) Key relationships with persons with significant impact

We have been keeping stable and sound relationship with our customers and suppliers. The Company cherishes talents and carefully perform its corporate responsibilities. By providing training management, health protection, it aims to assist employees to make progress and become talents.

(XII) Corporate Social Responsibility

By adhering to the "green value", the Company continued its efforts in the construction of green plant and environmental protection works. To comply with energy conservation provisions under the national laws and regulations in relation to the material infrastructure projects, the Company endeavors to promote green, energy-saving and environmentally friendly low-carbon technologies for major equipment and facilities. In respect of optimizing working environment, the Company enhanced its management and regulation on the disposal of waste oil, liquid and residue advocate paperless office, and implement energy conservation and emission reduction among each unit of the Company through various education activities. For details, please refer to the simultaneous disclosed Social Responsibility Report of Dongfang Electric Corporation Limited for 2015.

To shareholders,

2015 is not only the harvesting year of the Twelfth Five Year Plan, but also an important year for the Company to carry out reform, innovation, and accelerate the implementation of the “three changes (三個轉變)”. All management and employees of the Company took initiative to adapt to the new normal, further deepen the reform, exploration and innovation, so as to control costs and improve efficiency, to better achieve the annual target. 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 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 2015 is set out as follows:

I. WORK OF THE SUPERVISORY COMMITTEE DURING THE REPORTING PERIOD

In 2015, the Supervisory Committee of the Company diligently performed their duties and obligations, strengthened its supervision over the Company’s decision-making strategies on significant operation and management as well as its implementation by attending the general meetings and Board meetings of the Company, holding meetings of the Supervisory Committee and independently carrying out special supervisory activities pursuant to relevant provisions under the Company Law, the Articles of Association, the Rules of Procedure of the Supervisory Committee and other relevant laws and regulations.

(I) Convening of meetings of the Supervisory Committee

In 2015, a total of 6 meetings were convened by the Supervisory Committee, details of which are set out as follows:

1. The twelfth meeting of the seventh session of the Supervisory Committee was convened in Chengdu on 12 January 2015. There were 3 Supervisors eligible to attend the meeting, and 2 attended in person. The following matters were considered and approved at the meeting:
 - (1) to consider the resolution on 2015 Annual Financial Budget of the Company;
 - (2) to consider the resolution on 2015 Fixed Assets Investment Plan of the Company;
 - (3) to consider the resolution on 2015 External Investment Plan of the Company;
 - (4) to debrief issues regarding the conversion and redemption of convertible bonds with an amount of RMB4 billion.

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

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

2. The thirteenth meeting of the seventh session of the Supervisory Committee was convened in Chengdu on 26 March 2015. There were 3 Supervisors eligible to attend the meeting, and 3 attended in person. The following matters were considered and approved at the meeting:
 - (1) to consider the resolution on 2014 Audited Financial Report of the Company;
 - (2) to consider the resolution on 2014 Annual Report of the Company;
 - (3) to consider the resolution on 2014 Annual Profit Distribution Plan of the Company;
 - (4) to consider the resolution on Annual Special Report on the Deposit and Use of the Proceeds of the Company;
 - (5) to consider the resolution on Report of the Supervisory Committee for 2014;
 - (6) to consider the resolution on 2014 Appraisal Report of Internal Control of the Company;
 - (7) to debrief the report from human resources department in relation to the adjustment to quantity and execution price of H share appreciation rights of the Company and the manner of vesting during the vesting period;
 - (8) to debrief the report on write-off of asset losses in 2014 from finance department of the Company;
 - (9) to debrief the report on special supervisory examination works from the supervisory office.
3. The fourteenth meeting of the seventh session of the Supervisory Committee was convened in Chengdu on 28 April 2015. There were 3 Supervisors eligible to attend the meeting, and 3 attended in person. The following matters were considered and approved at the meeting:
 - (1) to consider the resolution on 2015 First Quarterly Report of the Company;
 - (2) to debrief the resolution on the appointment of accounting firm for the Company in 2015;
 - (3) to debrief the resolution in relation to the adjustment on the registered capital and shareholding ratio of the Indonesian subsidiary;
 - (4) to debrief the resolution on increasing the registered capital and amending the Articles of Association of the Company.

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

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

4. The first meeting of the eighth session of the Supervisory Committee was convened in Chengdu on 30 June 2015. There were 3 Supervisors eligible to attend the meeting, and 2 attended in person. Resolution on the appointment of chairman of the eighth session of the Supervisory Committee was approved at the meeting, and Mr. Wen Limin was elected as the chairman of the eighth session of the Supervisory Committee.
5. The second meeting of the eighth session of the Supervisory Committee was convened in Chengdu on 27 August 2015. There were 3 Supervisors eligible to attend the meeting, and 3 attended in person. The following matters were considered and approved at the meeting:
 - (1) to consider the resolution on 2015 Unaudited Interim Financial Report of the Company;
 - (2) to consider the resolution on 2015 Interim Report of the Company;
 - (3) to consider the resolution on Authorized Stock Market Investment Operations Permission of the Company.
6. The third meeting of the eighth session of the Supervisory Committee was convened in Chengdu on 28 October 2015. There were 3 Supervisors eligible to attend the meeting, and 3 attended in person. The following matters were considered and approved at the meeting:
 - (1) to consider the resolution on 2015 Unaudited Third Quarterly Financial Report of the Company;
 - (2) to consider the resolution in relation to 2015 Third Quarterly Report of Company;
 - (3) to consider the resolution in relation to the idle proceeds used for temporary replenishment of working capital by the Company;
 - (4) to debrief the report on the conversion of retention money to the equity in the project in the Thermal power BTG project in Singhitarai, India by the Company.

In 2015, the Supervisory Committee conscientiously reviewed relevant proposals by way of holding meetings, and raised certain rationalized advices on project investment, inventory management, foreign exchange management, collection of receivables, budget execution and other aspects. The Supervisory Committee handed out their advice to relevant units and departments by way of minutes of meeting. Such advice 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.

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

(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 seven 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) Strengthen the construction of the Supervisory Committee, expand its scope of supervision

Firstly, the Supervisory Committee strengthened its office's daily operation and management, and actively performed its function as a supervisory committee; Secondly, it regulated the preparation and management regarding the record, minutes, proposal, resolution and announcement of meetings convened by Supervisory Committee; Thirdly, the Supervisory Committee organized Supervisors to educate, research and discuss regulation and rules such as the Work Guidelines for Supervisory Committees of Listed Companies in Sichuan, Adoption of the Rules for Management on Use of Proceeds of the Company, 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》) etc, so as to enhance their awareness of responsibility and ability to perform their duties constantly; Fourthly, the Supervisory Committee carried on study over the operation and financial works of Dongfang Steam Turbine and Dongfang Wind Power Company under the organization by supervisory office; Fifthly, it expanded the Supervisory Committee's scope of consideration, other material and significant issues were included except the issues specified.

REPORT OF THE SUPERVISORY COMMITTEE (CONTINUED)

II. PERFORMANCE OF DUTIES BY SUPERVISORS

In 2015, according to the re-election arrangement on the corporate governance structure, the Supervisory Committee was re-elected during the 2014 annual general meeting and employee representative meeting and members of the eighth session of the Supervisory Committee were changed to Wen Limin (chairman of the Supervisory Committee), Wang Zaiqiu and Wang Congyuan (employee supervisor). 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 (six 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 Limin	No	6	5	1	0
Wang Zaiqiu	No	6	5	1	0
Wang Congyuan	Yes	6	6	0	0

2. Detailed breakdown of the Supervisors' attendance at the Board meetings held in the year (seven meetings were held in the year, nil was 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 Limin	No	7	5	0	2
Wang Zaiqiu	No	7	5	0	2
Wang Congyuan	Yes	7	7	0	0

3. Detailed breakdown of the Supervisors' attendance at the general meetings held in the year (one meeting was 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 Limin	No	1	0	0	1
Wang Zaiqiu	No	1	1	0	0
Wang Congyuan	Yes	1	1	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

During the Reporting Period, the Company carried on regulated operation pursuant to the Company Law and the Articles of Association, decisions of the Company were made in compliance with legal and valid procedures. 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.

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

During the Reporting Period, no changes of accounting policies or estimation incurred, and the scope of combination has not changed. The preparation and review procedures of the Company's financial report are in compliance with requirements of the laws, regulations, the Articles of Association and other relevant regulations; and the 2015 financial report truly and objectively reflects the financial position and the operating results of the Company. The audit opinion as contained in the standard unqualified auditor's report provided by ShineWing Certified Public Accountants is objective and fair.

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

During the Reporting Period, the overall operation of connected transactions of the Company complied in accordance with the requirement of the Listing Rules and the relevant information disclosure is complete. All connected transactions are within the approved caps and none of them were found in prejudicial to the interests of shareholders or the Company.

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

During the Reporting Period, the Supervisory Committee conducted supervision and monitoring over the construction, testing and rectification works on internal control system of the Company. In 2015, the Company continued its efforts in the improvement of internal control, the testing and appraisal works on management were push forward under a solid progress, in addition, information disclosure of internal control was in line with regulative requirements, and the internal control works was therefore improved constantly as a whole.

IV. THE SUPERVISORY COMMITTEE'S SPECIAL SUPERVISION WORKS

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

Firstly, 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 in line with the Articles of Association. Secondly, the Supervisory Committee heard special report of the Board and relevant departments. Thirdly, 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

During the Reporting Period, the Supervisory Committee carried out special supervision over the fairness of assessment on management on H Share Appreciation Rights and exercise of such rights. All of the 2013 annual performance assessment index in respect of the H Share Appreciation Rights Plan has exceeded the target, and 1/3 of the H share appreciation rights granted to the incentive objects has taken effect, but have not been exercised. The 2014 annual performance assessment index in respect of the H Share Appreciation Rights Plan failed to meet the target, and 1/3 of the H share appreciation rights granted to the incentive objects have been invalid.

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

(III) Supervision and examination on the proceeds

During the Reporting Period, the Supervisory Committee implemented examination over the use and decision-making procedure regarding the idle proceeds used for temporary replenishment of working capital and paid continuing attention to actual management and use of 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, the use of the idle proceeds for temporary replenishment of working capital was considered and approved by the Board of the Company. The independent directors and sponsor institution as well as the Supervisory Committee all expressly delivered their agreement on the replacement plan. The Supervisory Committee was of the view that such plan conformed to relevant regulations and issuance application documents, and the decision-making procedures of which met the Management Measures on Proceeds.

2016 marks the beginning of the "13th Five-Year Plan", and also the important year for the Company to continue to overcome difficulties and challenges, thoroughly deepening reformation and accelerating its transformation under the "New Normal". The Company will comprehensively implement gist of the Fifth Plenary of the 18th Central Committee of the Party and the Central Economic Work Conference, as well as the requirement of SASAC, actively adapt to "New Normal", overcoming difficulties and challenges, speeding up transformation and upgrade and increasing core competitiveness to lay a solid foundation for achieving the development goals of the "13th Five-Year Plan". In 2016, the Supervisory Committee will broaden its ideas and innovate working methods, and strictly perform their duties, follow the principle of good faith, and strengthen supervision in accordance with the Company Law, Articles of Association and relevant regulations on the listed companies, and with a goal of maintaining and safeguarding the legitimate interests of the Company and its shareholders as its responsibility, the Supervisory Committee will endeavor to perform its various duties constantly.

I. PLAN FOR PROFIT DISTRIBUTION OF ORDINARY SHARES 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 listed company 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 26 June 2015, the Profit Distribution Plan for 2014 was considered and approved at the 2014 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 had expressed their opinions concerning the plan which had 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.

(II) Scheme or plan for profit distribution, transfer of capital reserve to share capital of the Company for the last 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 (%)
2015	0	0.60	0	140,214,022.08	439,072,644.82	31.93
2014	0	0.90	0	210,321,033.12	1,278,258,405.62	16.45
2013	0	1.80	0	360,694,800.00	2,349,431,591.08	15.35

SIGNIFICANT EVENTS (CONTINUED)

II. APPOINTMENT OR TERMINATION OF THE AUDITORS

Unit: RMB'0000 Currency: RMB

		Current auditor
Domestic auditor		ShineWing Certified Public Accountants (Special General Partnership)
Remuneration of the domestic auditor		230
Term of audit of the domestic auditor		7
		Remuneration
Internal control auditor	ShineWing Certified Public Accountants	60

III. EXPLANATION OF INTEGRITY OF THE COMPANY, CONTROLLING SHAREHOLDER AND THE DEFACTO CONTROLLER

Within the Reporting Period, there had been no refusal to implement effective judgments of a court or failure to meet debt repayment schedules in a relatively large amount by the Company and its controlling shareholders.

IV. THE COMPANY'S SHARE INCENTIVE SCHEME, EMPLOYEE STOCK OWNERSHIP PLAN, OR OTHER EMPLOYEES' INCENTIVE SCHEMES AND THE IMPACT THEREOF

- (I) **Relevant incentive events have been disclosed in the temporary announcement and there is no further development or change in subsequent implementation**

Summary of the events

The Company convened the Board meeting and the general meeting on 27 October 2012 and 15 December 2012, respectively, the Resolution in relation to H share appreciation rights scheme were considered and approved.

Query index

For details of the announcement, please refer to the website of Shanghai Stock Exchange, Shanghai Securities News and China Securities Journal on 27 October 2012 and 15 December 2012, respectively.

IV. THE COMPANY'S SHARE INCENTIVE SCHEME, EMPLOYEE STOCK OWNERSHIP PLAN, OR OTHER EMPLOYEES' INCENTIVE SCHEMES AND THE IMPACT THEREOF (CONTINUED)

(II) Explanation of the relevant incentive matters of the Company during the Reporting Period

The Company launched the first H share appreciation rights scheme on 14 December 2012, incentive recipients included the Directors and senior management of the Company, the principal and key managerial personnel of main subsidiaries, the senior management and important managerial personnel of the subsidiaries, the key engineering and technical professionals and the key professionals with expertise. The restrictive period was from 14 December 2012 to 13 December 2014, and the lock-up period was commenced on 14 December 2014 and ended on 13 December 2017.

All the 2013 annual performance evaluation indicators under the H share appreciation rights scheme were exceeded the target value. One third of the H share appreciation rights granted by the Company to incentive recipients took effect from 14 December 2014. None of incentive recipients exercise such rights during the Reporting Period. Since the 2014 annual performance evaluation indicators under the H share appreciation rights scheme didn't achieve the target value, one third of the H share appreciation rights granted by the Company to incentive recipients had been invalid.

Pursuant to the requirements of ASBE 11 – Share-based Payment (《企業會計準則第11號-股份支付》), incentive funds of RMB0 was provided during the Reporting Period with accumulated provision for incentive funds of RMB0. For details please refer to Note 12 “Share-based Payment” to the financial statements of the Company.

V. MATERIAL CONNECTED TRANSACTIONS

(I) Connected transactions relating to day-to-day operation

1. Matters disclosed in provisional announcements with progress or change in the follow-up implementation

On 30 October 2014, the Company entered into the 2015–2017 Purchase and Production Services Framework Agreement, 2015–2017 Sales and Production Services Framework Agreement, 2015–2017 Combined Ancillary Services Framework Agreement, 2015–2017 Properties and Equipment Framework Lessee Agreement and 2015–2017 Properties and Equipment Framework Lessor Agreement with Dongfang Electric Corporation, and entered into the 2015–2017 Financial Services Framework Agreement with Dongfang Electric Finance Co., Ltd. (“DEC Finance”) in Chengdu, Sichuan Province. Such continuing connected transactions are effective from 1 January 2015 to 31 December 2017.

Dongfang Electric Corporation is the controlling shareholder of the Company, and DEC Finance is a wholly-owned subsidiary of Dongfang Electric Corporation. Therefore, the agreements entered into by the Company, Dongfang Electric Corporation and the DEC Finance and the day-to-day 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.

V. MATERIAL CONNECTED TRANSACTIONS (CONTINUED)

(I) Connected transactions relating to day-to-day operation (Continued)

1. Matters disclosed in provisional announcements with progress or change in the follow-up implementation (Continued)

The basic contents of such agreements are as follows:

(1) *2015–2017 Purchase and Production Services Framework Agreement*

Dongfang Electric Corporation and its affiliated enterprises would supply 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 services, 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) *2015–2017 Sales and Production Services Framework Agreement*

The Company and its subsidiaries would supply 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 services, technical services, transportation services, import agency services, and other related production services) to Dongfang Electric Corporation and its affiliated enterprises.

(3) *2015–2017 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.

V. MATERIAL CONNECTED TRANSACTIONS (CONTINUED)

(I) Connected transactions relating to day-to-day operation (Continued)

1. Matters disclosed in provisional announcements with progress or change in the follow-up implementation (Continued)

(4) *2015–2017 Properties and Equipment Framework Lessee Agreement*

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

(5) *2015–2017 Properties and Equipment Framework Lessor Agreement*

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

(6) *2015–2017 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 currently holds: deposit-taking services, loans services, fund settlement services and other investment and financial services approved by the China Banking Regulatory Commission.

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 SSE and Hong Kong Stock Exchange on 30 October 2014 and 7 November 2014.

The aforesaid day-to-day 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 and relevant specific transaction 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 of 31 December 2015, the specific amounts of those material continuing connected transactions did not exceed the annual caps approved by the Board of Directors or shareholders at the general meetings.

SIGNIFICANT EVENTS (CONTINUED)

V. MATERIAL CONNECTED TRANSACTIONS (CONTINUED)

(I) Connected transactions relating to day-to-day operation (Continued)

1. Matters disclosed in provisional announcements with progress or change in the follow-up implementation (Continued)

The actual amounts of the connected transactions as at 31 December 2015 and the annual caps for 2015

Unit: RMB'000 Currency: RMB

Name of agreement	Total actual amount for 2015	Proposed annual cap for 2015
Purchase and Production Services Framework Agreement	2,801,886	3,500,000
Sales and Production Services Framework Agreement	308,895	1,050,000
Combined Ancillary Services Framework Agreement (receipt of services)	30,294	150,000
Combined Ancillary Services Framework Agreement (provision of services)	0	10,000
Properties and Equipment Framework Lessee Agreement	48,346	100,000
Properties and Equipment Framework Lessor Agreement	2,048	10,000
	12,313,883	12,500,000
Financial Services Framework Agreement	3,937,771	(deposit plus interest income) 12,500,000 (loans plus interest income)

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.

V. MATERIAL CONNECTED TRANSACTIONS (CONTINUED)

(I) Connected transactions relating to day-to-day operation (Continued)

1. Matters disclosed in provisional announcements with progress or change in the follow-up implementation (Continued)

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.

In accordance with the Rule 14A.56 of the Listing Rules, the auditor engaged by the Company confirmed that, in 2015, 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.

VI. OTHER MATERIAL CONTRACTS AND IMPLEMENTATION THEREOF

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.

VII. OTHER SIGNIFICANT EVENTS

1. 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.

2. Purchase, Sales or Redemption of Listed Securities of the Company

The Resolution in relation to Conditional Redemption of Dongfang Convertible Bonds was approved at the 20th meeting of the seventh 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. For A shares convertible bonds, accumulative 333,040,368 shares equivalent to RMB3,996,503,000 had been converted from commencing date of conversion (12 January 2015) to “redemption record date” (16 February 2015). The rest of A shares convertible bonds equivalent to RMB3,497,000 was redeemed on 17 February 2015. 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.

3. Audit Committee

The Board has established an audit committee, which consists of three independent non-executive Directors, namely Mr. Chen Zhangwu, Mr. Gu Dake and Mr. Xu Haihe. 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.

SIGNIFICANT EVENTS (CONTINUED)

VII. OTHER SIGNIFICANT EVENTS (CONTINUED)

4. Five Year's Financial Summary

Unit: Yuan Currency: RMB

Item	2015 (31 December 2015)	2014 (31 December 2014)	2013 (31 December 2013)	2012 (31 December 2012)	2011 (31 December 2011)
Total assets	86,134,423,264.67	85,842,623,386.50	77,836,703,054.12	78,327,056,597.82	82,442,725,917.98
Total liabilities	62,156,834,114.73	65,373,357,755.18	59,243,312,433.39	61,779,541,443.39	67,835,972,139.68
Total shareholders' equity	23,977,589,149.94	20,469,265,631.32	18,593,390,620.73	16,547,515,154.43	14,606,753,778.30
Including: Equity attributable to shareholders of the Company	23,051,589,145.83	19,544,092,526.73	17,693,768,986.23	15,678,105,417.62	13,802,558,874.23
Minority interests	926,000,004.11	925,173,104.59	899,621,634.50	869,409,736.81	804,194,904.07
Revenue from operations	36,017,943,700.32	39,036,164,758.11	42,390,796,682.51	38,079,202,510.13	42,916,618,329.18
Total profit	532,899,436.82	1,502,342,336.40	2,787,492,093.47	2,618,658,623.02	3,544,056,803.56
Income tax expenses	73,401,825.32	181,725,615.62	388,089,412.34	364,937,341.51	425,839,071.57
Net profit	459,497,611.50	1,320,616,720.78	2,399,402,681.13	2,253,721,281.51	3,118,217,731.99
Including: Net profit attributable to the Company	439,072,644.82	1,278,258,405.62	2,349,431,591.08	2,191,129,345.43	3,056,227,705.50
Minority interests	20,424,966.68	42,358,315.16	49,971,090.05	62,591,936.08	61,990,026.49

Note: Prepared in accordance with the PRC Accounting Standards.

5. 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.

VIII. ACTIVE PERFORMANCE OF SOCIAL RESPONSIBILITY

Works of social responsibility

For details, please refer to the simultaneous disclosed Social Responsibility Report of Dongfang Electric Corporation Limited for 2015.

CHANGES IN ORDINARY SHARES AND PARTICULARS OF SHAREHOLDERS

I. CHANGES IN ORDINARY SHARE CAPITAL

1. Explanations on changes in ordinary shares

There was an increase of 333,040,368 shares of the Company during the Reporting Period due to conversion of convertible bonds to shares. Thus total share capital of the Company increased from 2,003,860,000 shares to 2,336,900,368 shares.

2. Impact on the latest financial indicators such as earnings per share and net assets per share and that of the last year from changes in ordinary shares, if any

None

3. Total number of shares and the structure of share capital of the Company

Share class	Number (share)	Percentage
I A shares		
1. Dongfang Electric Corporation	974,016,763	41.68%
2. Others	1,022,883,605	43.77%
II H shares	340,000,000	14.55%
Total	2,336,900,368	100%

II. PARTICULARS OF SHAREHOLDERS

(I) Total number of shareholders and de facto controller

Total number of ordinary shareholders as of the end of the Reporting Period (shareholder)	148,215
Total number of ordinary shareholders as of the end of the month prior to the date of disclosure of the Annual Report (shareholder)	148,152

CHANGES IN ORDINARY SHARES AND PARTICULARS OF SHAREHOLDERS (CONTINUED)

II. PARTICULARS OF SHAREHOLDERS (CONTINUED)

(II) Shareholdings of the top 10 shareholders and top 10 holders of tradable shares (or shareholders that were not subject to trading moratorium) as of the end of the Reporting Period

Unit: share

Name of shareholder (full name)	Increase/ decrease during the Reporting Period	Shareholdings of top 10 shareholders		Pledged or frozen			
		Number of shares held at the end of the Period	Percentage (%)	Number of shares held subject to trading moratorium	Status of shares	Number of shares	Type of shareholder
Dongfang Electric Corporation	-27,951,300	974,016,763	41.68	0	Nil	0	State-owned legal person
HKSCC Nominees Limited	-135,802	338,224,697	14.47	0	Unknown	0	Overseas legal person
China Securities Finance Corporation Limited (中國證券金融股份有限公司)		49,648,500	2.12	0	Unknown	0	Other
Central Huijin Asset Management Ltd. (中央匯金資產管理有限責任公司)		22,645,600	0.97	0	Unknown	0	Other
Agricultural Bank of China Ltd. - Fullgoal CSI State-owned Enterprises Reform Index Classified Securities Investment Fund (中國農業銀行股份有限公司-富國中證國有企業改革指數分級證券投資基金)		15,391,038	0.66	0	Unknown	0	Other
Zhong Ou Fund - Agricultural Bank-Zhong Ou China Securities and Financial Assets Management Program (中歐基金-農業銀行-中歐中證金融資產管理計劃)		8,480,400	0.36	0	Unknown	0	Other
EFund - Agricultural Bank - EFund China Securities and Financial Assets Management Program (易方達基金-農業銀行-易方達中證金融資產管理計劃)		8,480,400	0.36	0	Unknown	0	Other
China Southern Fund - Agricultural Bank - China Southern China Securities and Financial Assets Management Program (南方基金-農業銀行-南方中證金融資產管理計劃)		8,480,400	0.36	0	Unknown	0	Other
Bosera Funds-Agricultural Bank - Bosera China Securities and Financial Assets Management Program (博時基金-農業銀行-博時中證金融資產管理計劃)		8,480,400	0.36	0	Unknown	0	Other
GF Fund - Agricultural Bank - GF China Securities and Financial Assets Management Program (廣發基金-農業銀行-廣發中證金融資產管理計劃)		8,480,400	0.36	0	Unknown	0	Other

III. INFORMATION OF CONTROLLING SHAREHOLDER AND DE FACTO CONTROLLER

(I) Information of Controlling Shareholder

1 Legal person

Name	Dongfang Electric Corporation
Person in charge of the company or legal representative	Si Zefu
Date of establishment	6 November 1984
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.
Equity interests in other controlled and invested companies whose shares were listed in the PRC or overseas during the Reporting Period	Stock account under the Parent Company of the Group also held shares of the following listed companies as at the end of 2015:

Name of stock	Number of shares held (shares)	Percentage of the share capital of the listed company %
HPI (華能國際)	500,000	0.003
Huadian Power (華電國際)	200,000	0.002
GD Power Development Co., Ltd. (國電電力)	3,040,000	0.015
China's nuclear power (中國核電)	800,000	0.005
Datang Power (大唐發電)	17,173,679	0.129

2. Special explanation that the Company does not have any controlling shareholder

Dongfang Electric Corporation is the Controlling Shareholder and de facto controller of the Company.

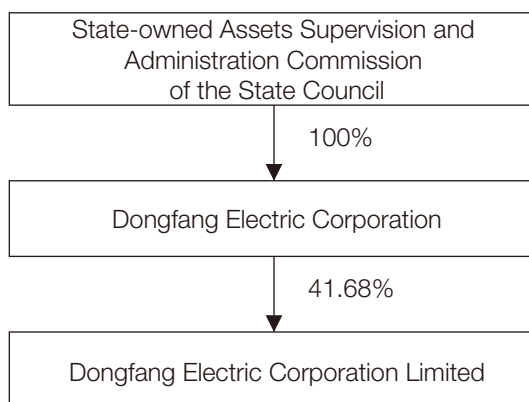
III. INFORMATION OF CONTROLLING SHAREHOLDER AND DE FACTO CONTROLLER (CONTINUED)

(I) Information of Controlling Shareholder (Continued)

3. References of changes and date of changes in controlling shareholder during the Reporting Period

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

4. Framework of the property right and controlling relationship between the Company and the Controlling Shareholder



IV. OTHER LEGAL PERSONS HOLDING SHARES OF 10% OR ABOVE

There is no other legal persons of the Company holding shares of 10% or above other than the Controlling Shareholder as at the end of the Reporting Period.

V. EXPLANATION ON REDUCED SHAREHOLDING

Applicable Not applicable

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

Interests of substantial shareholders

As at 31 December 2015, the following person was recorded in the register required to be kept pursuant to Section 336 of the Hong Kong Securities and Futures Ordinance as the substantial shareholder (defined in the Hong Kong Securities and Futures Ordinance) of the Company, whose interests were as follows:

Name	Share class	Capacity	Number of shares held	Percentage of total share capital (%)	Percentage in the respective class of share capital (%)
Dongfang Electric Corporation	A shares	Beneficial owner	976,094,111(L)	41.77(L)	48.88(L)

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

Notes:

1. The above interests held by Dongfang Electric Corporation reflected its latest disclosure of interests of substantial shareholder under the Hong Kong Securities and Futures Ordinance, but did not reflect the decrease in shareholding of A shares of the Company from 23 January 2015 to the end of the Reporting Period.
2. The above percentage of total share capital and the percentage in the respective class of share capital were calculated on the basis of total share capital and respective class of share capital of the Company as at 31 December 2015.
3. There is no provision of pre-emptive rights under the relevant PRC laws and the Company's Articles of Association.

Save as disclosed above, as at 31 December 2015, the Company did not record other interests (including derivative interests) or short position in the register required to be kept pursuant to Section 336 of the Hong Kong Securities and Futures Ordinance.

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 (Note)	Gender	Age	Commencement of term of office	Expiry of term office	Number of shares held at the beginning of the year	Number of shares held at the end of the year	Total remuneration received from the Company in Reporting Period (RMB) (before tax)	Whether get payment from related parties of the Company
Si Zefu	Chairman	Male	57	28 June 2015	27 June 2018	0	0	0	Yes
Zhang Xiaolun	Director	Male	51	28 June 2015	27 June 2018	0	0	0	Yes
Wen Shugang	Director, President	Male	53	28 June 2015	27 June 2018	0	0	0	Yes
Huang Wei	Director	Male	50	28 June 2015	27 June 2018	0	0	0	Yes
Zhu Yuanchao	Director	Male	59	28 June 2015	27 June 2018	0	0	0	Yes
Zhang Jilie	Director	Male	52	28 June 2015	27 June 2018	0	0	0	Yes
Li Yanmeng	Independent non-executive Director (Resigned)	Male	70	28 June 2012	27 June 2015	0	0	80,000	No
Zhao Chunjun	Independent non-executive Director (Resigned)	Male	73	28 June 2012	27 June 2015	0	0	80,000	No
Peng Shaobing	Independent non-executive Director (Resigned)	Male	50	28 June 2012	27 June 2015	0	0	80,000	No
Chen Zhangwu	Independent non-executive Director	Male	69	28 June 2015	27 June 2018	0	0	0	No
Gu Dake	Independent non-executive Director	Male	62	28 June 2015	27 June 2018	0	0	0	No
Xu Haihe	Independent non-executive Director	Male	61	28 June 2015	27 June 2018	0	0	0	No
Wen Limin	Chairman of Supervisory Committee	Male	50	28 June 2015	27 June 2018	0	0	0	Yes
Wang Zaiqiu	Supervisor	Male	58	28 June 2015	27 June 2018	0	0	471,263	No
Wang Congyuan	Supervisor	Male	51	28 June 2015	27 June 2018	0	0	354,986	No
Zhang Zhiying	Executive Vice President	Male	55	28 June 2015	27 June 2018	0	0	719,200	No
Han Zhiqiao	Vice President	Male	57	28 June 2015	27 June 2018	2,540	2,540	718,800	No
Gong Dan	Chief Accountant, Secretary to the Board	Male	53	28 June 2015	27 June 2018	2,540	2,540	719,300	No
Chen Huan	Vice President	Male	54	28 June 2015	27 June 2018	0	0	640,000	No
Gao Feng	Vice President	Male	52	28 June 2015	27 June 2018	0	0	719,200	No
Total	/	/	/	/	/	5,080	5,080	4,582,749	/

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)

Explanations on other matters

Explanations:

1. Other than the independent Directors as well as the Supervisors, the remuneration disclosed in the table above represented the sum of basic annual salary for 2015 and the performance-based emolument for 2014 (deferred part included).
2. Seven members of the management team concurrently serving as directors, supervisors of Dongfang Electric Corporation will not be receiving any form of remuneration from the Company since 1 January 2015 pursuant to the requirements by Zhongfa [2014] No. 12 and Guo Zi Fa Fen Pei [2015] No. 83.
3. The election of Chen Zhangwu, Gu Dake and Xu Haihe as independent non-executive Directors of the Company with effective from 28 June 2015 was considered and approved at 2014 annual general meeting held on 26 June 2015 and that the remuneration will be paid in accordance with their term of office. They did not receive any remuneration from the Company during the Reporting Period.

As at 31 December 2015, 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 Hong Kong 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 Hong Kong 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 shares and interests disclosed above represent A shares of the Company.

During the Reporting Period, there was no change in shareholdings of Directors, Supervisors and senior management of the Company.

None of the Directors, Supervisors and senior management of the Company 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 2015.

Save as disclosed above, as at 31 December 2015, none of the Directors, Supervisors or chief executive of the Company had any interest or short positions in the shares, underlying shares and debentures of the Company or its associate corporations (within the meaning under Part XV of the Securities and Futures Ordinance), which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance (including interests or short positions which they were taken or deemed to have under such provisions of the Securities and Futures Ordinance); or which were required to be recorded in the register kept by the Company pursuant to section 352 of the Securities and Futures Ordinance; or which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code adopted by the Company.

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)

Name	Principal working experience
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.
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 manager 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.

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)

Name	Principal working experience
Wen Shugang	<p>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 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. He has been a member of Party Committee of Dongfang Electric Corporation of Dongfang Electric Corporation since September 2007. 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. From April 2008 to October 2015, he concurrently served as the director of Dongfang Electric (Guangzhou) Heavy Duty Machinery Co. Ltd. From January 2008 to June 2015 he also served as the director of Dongfang Steam Turbine Co. Ltd. of Dongfang Electric Corporation. From April 2008 to October 2015, he concurrently served as the director of Dongfang Boiler (Group) Company Limited. He holds the title of senior engineer of a professor level of qualification.</p>

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)

Name	Principal working experience
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.
Zhu Yuanchao	born in November 1956, is currently, a Director of the Company, the deputy general manager and a member of the Party Committee 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 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.

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)

Name	Principal working experience
Zhang Jilie	<p>born in August 1963, is currently a Director of the Company, chief law consultant, the secretary to the Board and the director of the general office of Dongfang Electric Corporation, and the chairman of DEC Emei Semiconductor Material Co., Ltd. (東方電氣集團峨嵋半導體材料有限公司) 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 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 from December 2010 to October 2015. He had been the chief law consultant and the director of the General Office of Dongfang Electric Corporation from October 2015 to December 2015. Mr. Zhang has been the chief law consultant, secretary to the board as well as the director of the General Office of Dongfang Electric Corporation since December 2015. Mr. Zhang holds the title of senior economist and the practicing qualification of corporate law consultant.</p>

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)

<u>Name</u>	<u>Principal working experience</u>
Chen Zhangwu	born in November 1946, has been an independent non-executive Director of the Company since 28 June 2015, is a professor in economics and a leading lecturer in management and economics of Tsinghua University. He graduated from the Engineering Physics Faculty of Tsinghua University where he specialized in physics and obtained a master's degree in accelerator physics from Engineering Physics Faculty of Tsinghua University. He had been a member to the Party Committee and secretary to the Group Committee of Engineering Physics Faculty of Tsinghua University, deputy secretary to the Party Committee of Modern Applied Physics Faculty of Tsinghua University, the deputy dean of the Economic Management Faculty, deputy secretary and secretary to the Party Committee of Tsinghua University and a member of the Party Committee of Tsinghua University, etc.
Gu Dake	born in March 1954, has been an independent non-executive Director of the Company since 28 June 2015, is a professor-level senior engineer with a bachelor's degree. Mr Gu has held positions including the specialized person-in-charge of the boilers, the person-in-charge of the production arrangement division, deputy chief engineer and the head of the repair division of Tianjin Ji County Power Plant; the chief engineer, deputy director and director of Tianjin Panshan Power Plant; the chief engineer and deputy general manager of Beijing Guohua Power Company Limited; the vice president of CLP Guohau Corporation (中電國華電力股份有限責任公司); the member of the Party Committee, deputy general manager and chief engineer of China Power International Holding Limited; the vice president of China Power International Development Limited; the deputy secretary to the Party Committee and deputy general manager of the branch company of China Power Investment Corporation in Northern China; the general manager of Shanxi Zhangze Power Company Limited; the chief operational officer in power generation of China Power Investment Corporation. He also serves as the executive director and president of China Power International Development Limited, and concurrently holds the positions of the general manager, deputy secretary to the Party Committee of China Power International Holding Limited and others.
Xu Haihe	born in February 1955, has been an independent non-executive Director of the Company since 28 June 2015, is an MBA degree holder and senior accountant. Mr. Xu ever served for China National Electronic Materials Corporation as deputy head of financial management division, head of financial management division, general manager assistant and head of finance division, head of auditing division, deputy general manager, member of party group, general manager (legal representative) and secretary of party group; worked for China Electronics Corporation as deputy general manager of finance department and director of finance department, concurrently served for China Electronics Financial Co., Ltd. as director and the chairman (legal representative) and for China Electronics Corporation as general economist and worker's director.

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)

Name	Principal working experience
Wen Limin	<p>born in March 1966, is currently the chairman of 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 Gezhouba (Group) Corporation No. 9 Engineering Company, accountant of the Finance Department of Three-Gorge Project Commanding Department of China Gezhouba (Group) Corporation, section head and deputy head of Finance and Asset Department of China Gezhouba Group Company Limited, deputy head and head of Finance and Property Right Management Department of China Gezhouba (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.</p>

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)

Name	Principal working experience
Wang Zaiqiu	<p>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.</p>
Wang Congyuan	<p>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.</p>

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)

<u>Name</u>	<u>Principal working experience</u>
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.
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 services. 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.

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)

Name	Principal working experience
Gong Dan	<p>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.</p>
Chen Huan	<p>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.</p>

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)

Name	Principal working experience
Gao Feng	<p>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, Dongfang Electric (Guangzhou) Heavy Duty Machinery Co., Ltd and Dongfang Electric Wind Power Co., Ltd.. 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.</p>

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, deputy secretary of the Party Committee
Zhang Xiaolun	Dongfang Electric Corporation	Executive deputy general manager, 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, a member of the Party Committee
Zhu Yuanchao	Dongfang Electric Corporation	Deputy general manager, a member of the Party Committee
Zhang Jilie	Dongfang Electric Corporation	Chief law consultant, secretary to the Board, director of the General Office
Wen Limin	Dongfang Electric Corporation	Chief accountant
Wang Congyuan	Dongfang Electric Corporation	Deputy head of Audit Department

Explanations on particulars of positions held in shareholders entities For the commencing date of the above person's positions held in shareholders entities, please refer to preceding detailed biographies of Directors, Supervisors and senior management.

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 the 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 the 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 20 members of Directors, Supervisors and senior management, among them, there were 7 members receiving remuneration from Dongfang Electric Corporation and 13 members receiving remuneration from the Company (the total remuneration amounted to RMB4,582,749 during the Reporting Period).

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

On 26 June 2015, re-election and appointment of the Board and Supervisory Committee of the Company were carried out at the annual general meeting of the Company. Mr. Si Zefu, Mr. Zhang Xiaolun, Mr. Wen Shugang, Mr. Huang Wei, Mr. Zhu Yuanchao and Mr. Zhang Jilie were re-elected as Directors; Mr. Chen Zhangwu, Mr. Gu Dake and Mr. Xu Haihe were newly appointed as independent non-executive Directors; and Mr. Wen Limin and Mr. Wang Zaiqiu were re-elected as shareholder representative Supervisors.

On 11 June 2015, Mr. Wang Congyuan was elected as a staff representative Supervisor at the staff representative meeting held by the Company.

Term of office of the above Directors and Supervisors was three years, commencing from 28 June 2015.

Since 28 June 2015, Mr. Li Yanmeng, Mr. Zhao Chunjun and Mr. Peng Shaobing would not serve as independent non-executive Directors of the Company. The Company hereby expressed its high regard and sincere gratitude for contributions of Mr. Li Yanmeng, Mr. Zhao Chunjun and Mr. Peng Shaobing to the Company during their tenure of their services.

On 30 June 2015, the Company convened the first meeting of the eighth session of the Board of the Company, at which Mr. Wen Shugang was appointed as the president; Mr. Zhang Zhiying was appointed as the executive vice president; Mr. Han Zhiqiao, Mr. Chen Huan and Mr. Gao Feng were appointed as vice presidents; and Mr. Gong Dan was appointed as the chief accountant and the secretary to the Board.

The above senior management of the Company has the same tenure with members of the eighth session of the Board.

V. EMPLOYEES OF THE COMPANY AND PRINCIPAL SUBSIDIARIES

(I) Information on employees

The number of employees on register of the Company	689
The number of employees on register of principal subsidiaries	19,625
Total	20,314
The number of retired employees whose expenses shall be assumed by the Company and principal subsidiaries	13,431

Professional Composition

<u>Category of professional structure</u>	<u>Headcount</u>
Production	10,547
Sales	563
Technical	4,874
Financial	385
Administrative	3,945
Total	20,314

Background education

<u>Category of background education</u>	<u>Headcount</u>
Master degree and above	1,385
Bachelor degree	6,491
Tertiary degree	4,808
Technical middle school and below	7,630
Total	20,314

V. EMPLOYEES OF THE COMPANY AND PRINCIPAL SUBSIDIARIES

(II) Remuneration policy

1. Control over the total labor cost. In 2015, 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, improve the classification and control mechanism of labor cost and refining the 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 2015, continued effort was 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 2015, 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.

VI. OTHERS

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' 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).

I. EXPLANATION ON MATTERS REGARDING CORPORATE GOVERNANCE

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 China Securities Regulatory Commission ("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 regulatory bodies such as the Hong Kong Stock Exchange, the Shanghai Stock Exchange and the CSRC, 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 one general meeting which was witnessed by lawyers with their legal opinions issued in such respect.

2. In relation to Directors and the Board of Directors

The re-election of seventh session of Board of Directors was completed in June 2015. The eighth session of Board of Directors of the Company consists of 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 are 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 9 Board meetings were convened.

I. EXPLANATION ON MATTERS REGARDING CORPORATE GOVERNANCE (CONTINUED)

3. In relation to Supervisors and the Supervisory Committee

The re-election of seventh session of Supervisory Committee was completed in June 2015. The eighth session of 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 all its shareholders in accordance with the Company Law, the Securities Law 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 6 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 achieving 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.

Any material discrepancy between corporate governance and relevant requirements of CSRC and the explanation thereof (if any): None

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

Corresponding solutions, working progress and subsequent working plans of the Company in case of business competition: There is no business competition for the Company during the Reporting Period.

IV. APPRAISAL MECHANISM FOR SENIOR MANAGEMENT AND ESTABLISHMENT AND IMPLEMENTATION OF INCENTIVE MECHANISM DURING THE REPORTING PERIOD

The Company adopts annual salary system for senior management whose annual remuneration is 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.

V. DISCLOSURE OF SELF-ASSESSMENT REPORT ON INTERNAL CONTROL

For details, please refer to the Self-assessment Report on Internal Control of the Company disclosed on the website of the Shanghai Stock Exchange.

VI. EXPLANATION OF AUDIT REPORT ON INTERNAL CONTROL

For details, please refer to the Audit Report on Internal Control of the Company disclosed on the website of the Shanghai Stock Exchange.

Whether the Audit Report on Internal Control is disclosed: yes

VII. 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.

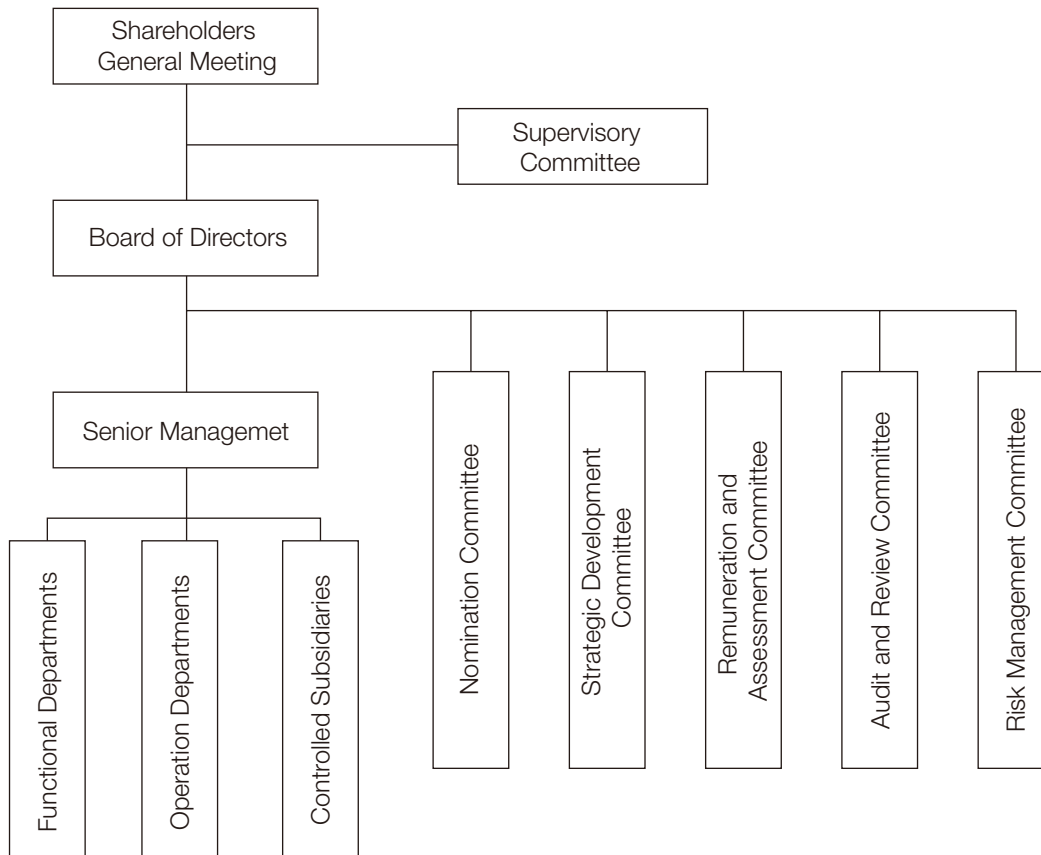
The documents related to corporate governance of the Company include the Articles of Association, Rules for Procedure of the General Meeting, Rules for Procedure of the Board, Rules for Procedure of the Supervisory Committee, Regulations for the Work of the Special Committees under the Board and Regulations for the Work of 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.

VII. CORPORATE GOVERNANCE REPORT (CONTINUED)

Corporate governance practices (Continued)

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



VII. 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 meetings will be delivered 45 days before convening. All Directors and members of senior management are requested to attend as far as possible. 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 of the Company in 2015 are as follows:

Session of Meeting	Date	Resolutions	Voting results	Designated website for publication of resolutions	Publication date of resolutions
2014 annual general meeting	26 June 2015	<p>The following resolutions were considered at the meeting by way of ordinary resolution:</p> <ol style="list-style-type: none"> 1. Work Report of the Board of the Company for 2014; 2. Work Report of the Supervisory Committee of the Company for 2014; 3. After-tax Profit Distribution Plan of the Company for 2014; 4. Audited Financial Report of the Company for 2014; 5. Resolution in relation to the Re-appointment of Accountant of the Company for 2015 and the Authorization to the Board to Determine Its Remuneration; 6. Resolution on the election of Mr. Wen Limin as the member of the eighth session of the Supervisory Committee of the Company; 7. Resolution on the election of Mr. Wang Zaiqiu as the member of the eighth session of the Supervisory Committee of the Company; 8. Determination on the remuneration of the members of the eighth session of the Board; 9. Determination on remuneration of the members of the eighth session of the Supervisory Committee; 10. Resolution on election of Directors; 11. Resolution on election of independent Directors. 	Approved	www.sse.com.cn	27 June 2015

VII. 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 power to make management decisions on 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 reviews 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*

In June 2015, the re-election of members of the seventh session of the Board was completed. The eighth session of 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. Chen Zhangwu, Mr. Gu Dake and Mr. Xu Haihe, 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 eighth session of the Board since the establishment of the Company, the term of which is expected to end on 27 June 2018.

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 VIII headed "Directors, Supervisors, Senior Management and Employees" in this annual report.

Saved as 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 majority shareholders. The three independent non-executive Directors of the Company also served in the Board's special committees.

VII. 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.

VII. 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 herefrom 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 2015, 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.

VII. CORPORATE GOVERNANCE REPORT (CONTINUED)

Corporate governance practices (Continued)

2. Board of Directors (Continued)

(6) Meeting of the Board of Directors

During the Reporting Period, 9 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 redemption of convertible bonds. 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 in person for twice consecutively		Attendance at general meetings
			Attendance in person	Attendance by communication equipment	Attendance by proxy	Absence	consecutively	
Si Zefu	No	9	7	2	0	0	No	1
Zhang Xiaolun	No	9	7	2	0	0	No	0
Wen Shugang	No	9	7	2	0	0	No	1
Huang Wei	No	9	6	2	1	0	No	0
Zhu Yuanchao	No	9	6	2	1	0	No	0
Zhang Jilie	No	9	7	2	0	0	No	0
Li Yanmeng (resigned)	Yes	5	2	1	2	0	No	1
Zhao Chunjun (resigned)	Yes	5	3	1	1	0	No	0
Peng Shaobing (resigned)	Yes	5	2	1	2	0	No	0
Chen Zhangwu	Yes	4	3	1	0	0	No	0
Gu Dake	Yes	4	3	1	0	0	No	0
Xu Haihe	Yes	4	3	1	0	0	No	0

Number of Board meetings convened during the year	9
Among which: number of meetings convened on-site	7
Number of meetings convened by communication equipment	2
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.

VII. 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. Since the seventh session of the Board was re-elected in June 2015, the three former independent non-executive directors aforementioned no longer served as members of such committee. The members of audit and review committee under the eighth session of the Board of the Company comprise three independent non-executive directors Mr. Xu Haihe (chairman), Mr. Chen Zhangwu and Mr. Gu Dake.

In 2015, the audit and review committee held a total of 5 meetings, at which resolutions including the Audited Financial Report of the Company for 2014, the Unaudited First Quarterly Financial Report of the Company for 2015, the Unaudited Interim Financial Report of the Company for 2015, and the Unaudited Third Quarterly Financial Report of the Company for 2015 were considered and approved.

VII. 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 2015	Actual Attendance
Peng Shaobing (Independent non-executive Director)	Former Chairman of the committee	3	3
Li Yanmeng (Independent non-executive Director)	Former Member	3	2
Zhao Chunjun (Independent non-executive Director)	Former Member	3	1
Xu Haihe (Independent non-executive Director)	Incumbent Chairman of the committee	2	2
Chen Zhangwu (Independent non-executive Director)	Incumbent Member	2	2
Gu Dake (Independent non-executive Director)	Incumbent Member	2	2

(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 session of the Board comprise of Directors Mr. Si Zefu (chairman), Mr. Wen Shugang, Mr. Zhu Yuanchao and independent non-executive Director Mr. Li Yanmeng. Due to the re-election of the seventh session of the Board of directors in June 2015, Mr. Li Yanmeng, the former independent non-executive director, no longer held office in such committee. The members of the strategic development committee under the eighth session of Board of directors comprise of Mr. Si Zefu (chairman), Mr. Wen Shugang, Mr. Zhu Yuanchao and Mr. Gu Dake, an independent non-executive Director.

In 2015, the Strategic Development Committee convened one meeting mainly to consider and approve the Development Strategy and Plan of the Company for 2015–2017.

VII. CORPORATE GOVERNANCE REPORT (CONTINUED)

Corporate governance practices (Continued)

3. Special committees of the Board (Continued)

(2) *Strategic Development Committee (Continued)*

Members of the Strategic Development Committee and attendance at its meetings

Name	Position	Required attendance in 2015	Actual Attendance
Si Zefu (Director)	Chairman of the committee	1	1
Wen Shugang (Director)	Member	1	1
Zhu Yuanchao (Director)	Member	1	1
Li Yanmeng (Independent non-executive Director)	Former Member	1	1
Gu Dake (Independent non-executive Director)	Member	0	0

(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 management 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 management 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;

VII. CORPORATE GOVERNANCE REPORT (CONTINUED)

Corporate governance practices (Continued)

3. Special committees of the Board (Continued)

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

- ⑦ review and approve compensation payable to non-independent 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 session of the Board comprises independent non-executive Directors Mr. Li Yanmeng (chairman), Mr. Zhao Chunjun and Mr. Peng Shaobing and Director Mr. Zhang Xiaolun. Due to the re-election of the seventh session of the Board of Directors in June 2015, the former independent non-executive Directors, namely Mr. Peng Shaobing, Mr. Li Yanmeng and Mr. Zhao Chunjun no longer served at such committee. The members of the Remuneration and Assessment Committee under the eighth session of Board of Directors comprise of independent non-executive Directors Mr. Gu Dake (Chairman), Mr. Chen Zhangwu and Mr. Xu Haihe and Director Mr. Zhang Xiaolun.

During the year of 2015, the Remuneration and Assessment Committee convened three meetings to mainly consider and approve the Report on Remuneration of Directors, Supervisors and Senior Management of the Company for 2014, the Results of H Share Appreciation Rights Assessment, etc..

VII. 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 2015	Actual Attendance
Li Yanmeng (Independent non-executive Director)	Former Chairman of the committee	3	3
Zhao Chunjun (Independent non-executive Director)	Former Member	3	1
Peng Shaobing (Independent non-executive Director)	Former Member	3	2
Zhang Xiaolun (Director)	Member	3	2
Gu Dake (Independent non-executive Director)	Incumbent Chairman of the committee	0	0
Chen Zhangwu (Independent non-executive Director)	Incumbent member	0	0
Xu Haihe (Independent non-executive Director)	Incumbent member	0	0

VII. CORPORATE GOVERNANCE REPORT (CONTINUED)

Corporate governance practices (Continued)

3. Special committees of the Board (Continued)

(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 session of the Board comprises Directors Mr. Wen Shugang (Chairman), Mr. Huang Wei and Mr. Zhang Jilie and independent non-executive Director Mr. Peng Shaobing. Due to the re-election of the seventh session of the Board of Directors in June 2015, the former independent non-executive Director Mr. Peng Shaobing no longer served at such committee. The members of Risk Management Committee under the eighth session of Board of Directors comprise of Directors Mr. Wen Shugang (Chairman), Mr. Huang Wei and Mr. Zhang Jilie and an independent non-executive Director Mr. Xu Haihe.

During the year of 2015, the Risk Management Committee convened 1 meeting to debrief the Report on the Assessment of Internal Control of Dongfang Electric Corporation Limited for 2014 from the finance department, and agreed to submit the same to the Board of Directors for consideration.

VII. 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 2015	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)	Former Member	1	0
Xu Haihe (Independent non-executive Director)	Member	0	0

(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, ethnics, skills, 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 serve 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;

VII. 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 session of the Board of Directors 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. Due to the re-election of the seventh session of the Board of Directors in June 2015, the former independent non-executive directors Mr. Zhao Chunjun, Mr. Li Yanmeng and Mr. Peng Shaobing no longer served as the corresponding positions. The members of nomination committee of the eighth session of Board of Directors comprise of independent non-executive directors Mr. Chen Zhangwu (chairman), Mr. Gu Dake and Mr. Xu Haihe and directors Mr. Si Zefu and Mr. Wen Shugang.

During the year of 2015, the Nomination Committee convened 1 meeting to consider resolution on the nomination of candidates of Directors of the eighth session of Board of Directors. At the meeting, Mr. Chen Zhangwu, Mr. Gu Dake and Mr. Xu Haihe were nominated as candidates of independent directors of the eighth session of Board of Directors and candidates for the new session of Board of Directors recommended by Controlling Shareholder were reviewed and came to the conclusion that the recommendation gave full play to the advantages of such candidates, took the board diversity policy into account (including, but not limited to the gender, age, culture, educational background, ethnics, expertise, term of service and experience) and conformed with reasonable recommendation procedure and structure.

VII. CORPORATE GOVERNANCE REPORT (CONTINUED)

Corporate governance practices (Continued)

3. Special committees of the Board (Continued)

(5) *Nomination Committee (Continued)***Members of the Nomination Committee and attendance at its meetings**

Name	Position	Required attendance in 2015	Actual Attendance
Zhao Chunjun (Independent non-executive Director)	Former Chairman of the committee	1	1
Li Yanmeng (Independent non-executive Director)	Former member	1	1
Peng Shaobing (Independent non-executive Director)	Former member	1	1
Chen Zhangwu (Independent non-executive Director)	Incumbent Chairman of the committee	0	0
Gu Dake (Independent non-executive Director)	Incumbent Member	0	0
Xu Haihe (Independent non-executive Director)	Incumbent Member	0	0
Si Zefu (Director)	Member	1	1
Wen Shugang (Director)	Member	1	1

VII. CORPORATE GOVERNANCE REPORT (CONTINUED)

Corporate governance practices (Continued)

4. Duties of the management team

Pursuant to the terms of reference under the Articles of Association, the management team mainly discharges 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 senior management 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.

VII. 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, Mr. Chen Zhangwu, Mr. Gu Dake and Mr. Xu Haihe), 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 newly-appointed independent Directors. In view of the re-election of Board of Directors and Supervisory Committee, Training Materials for Directors, Supervisors and Senior Management (《董事、監事、高級管理人員培訓資料》) and Rules and Regulations for the Capital Market—Integrity Construction (《資本市場法律法規—誠信建設專題》) were distributed to all Directors, Supervisors, and senior management. Through the said arrangements, their knowledge and skills were refreshed to ensure that their contribution to the Board remained comprehensive 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 2015, the Company has made information disclosure for approximately 142 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 standardized and professional. The Company's communication methods with investors mainly 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.

VII. 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 2015 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 7 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	230
Service length of the domestic accounting firm (year)	6	7
	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 2015.

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 2015.

VII. 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 Hong Kong Stock Exchange on 29 April 2015 and published on the website of Shanghai Stock Exchange on the same day. For details of the amendments, please refer to the announcement of “resolutions of the 22nd Board meeting of the seventh session of the Board”.

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 2015, 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.

VII. 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.

VII. CORPORATE GOVERNANCE REPORT (CONTINUED)

Corporate governance practices (Continued)

12. Shareholders' rights (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 writing 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.

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

Fax No.: 0830-87583551

Email: dsb@dongfang.com

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



信永中和会计师事务所

ShineWing
certified public accountants

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AUDITOR'S REPORT

XYZH/2016CDA30212

To the Shareholders of Dongfang Electric Corporation Limited

We have audited the accompanying financial statements of Dongfang Electric Corporation Limited ("Dongfang Electric"), which comprise the company's and consolidated balance sheets as at 31 December 2015, and the company's and consolidated income statements, the company's and consolidated statements of changes in owners' equity and the company's and consolidated cash flow statements for the year then ended, and the notes to the financial statements.

1. Management's responsibility for the financial statements

Management of Dongfang Electric is responsible for the preparation and fair presentation of these financial statements. This responsibility includes: (1) preparing the financial statements in accordance with Accounting Standards for Business Enterprises to achieve fair presentation of the financial statements; (2) designing, implementing and maintaining internal control which is necessary to enable that the financial statements are free from material misstatement, whether due to fraud or error.

2. Auditor's responsibility

Our responsibility is to express an audit opinion on these financial statements based on our audit. We conducted our audit in accordance with China Standards on Auditing. China Standards on Auditing require that we comply with the Code of Ethics for Chinese Certified Public Accountants and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing 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 fraud or error. In making those risk assessments, Certified Public Accountants consider the internal control relevant to the preparation and fair presentation 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 internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

3. Opinion

In our opinion, the financial statements of Dongfang Electric present fairly, in all material respects, the company's and consolidated financial position as of 31 December 2015, and the company's and consolidated results of operations and cash flows for the year then ended in accordance with Accounting Standards for Business Enterprises.

ShineWing certified public accountants



Chinese Certified Public Accountant



Chinese Certified Public Accountant



29 March, 2016

Consolidated Balance Sheet
December 31, 2015

Prepared by: Dongfang Electric Corporation Limited

Unit: RMB

Item	Notes	Closing balance	Opening balance
Current Assets:			
Cash and cash equivalents	6 .1	21,087,539,125.49	17,822,818,071.65
Clearing provision			
Funds for lending			
Financial asset at fair value through profit or loss	6 .2	36,079,098.10	56,547,665.82
Derivative financial assets			
Notes receivable	6 .3	4,340,955,431.92	2,626,992,774.70
Accounts receivable	6 .4	17,290,192,715.92	17,698,467,285.71
Prepayments	6 .5	3,299,961,538.85	4,210,529,353.01
Premiums receivable			
Amounts receivable under reinsurance contracts			
Reinsurer's share of insurance contract reserves			
Interest receivable	6 .6	297,206,934.58	153,964,346.27
Dividends receivable			
Other receivable	6 .7	366,296,279.41	282,414,587.72
Financial assets purchased under resale agreements			
Inventories	6 .8	26,899,590,387.82	29,640,990,594.62
Assets classified as held for sale			
Non-current assets due within one year			
Other current assets	6 .9	335,373,683.92	612,453,891.64
Total Current Assets		73,953,195,196.01	73,105,178,571.14
Non-current Assets:			
Loans and advances			
Financial assets available-for-sale	6 .10	3,100,000.00	11,835,232.75
Held-to-maturity investments			
Long-term receivables			
Long-term equity investments	6 .11	1,066,013,723.84	974,911,045.43
Investment properties	6 .12	70,560,947.99	74,061,743.59
Fixed assets	6 .13	8,099,246,237.21	8,537,913,652.38
Constructions in process	6 .14	447,801,742.11	818,328,683.80
Construction materials		113,464.96	113,464.96
Fixed assets on disposal		24,979.33	9,546.86
Productive biological assets			
Oil and gas assets			
Intangible assets	6 .15	946,229,278.85	988,752,792.34
Development expenditure			
Goodwill			
Long-term deferred expenses	6 .16	344,000.22	475,500.18
Deferred tax assets	6 .17	1,547,269,129.51	1,331,043,153.07
Other non-current assets		524,564.64	
Total Non-current Assets		12,181,228,068.66	12,737,444,815.36
TOTAL ASSETS		86,134,423,264.67	85,842,623,386.50

Legal Representative:
department:

Person in charge of accounting function:

Person in charge of accounting

Consolidated Balance Sheet (Continued)

December 31, 2015

Prepared by: Dongfang Electric Corporation Limited

Unit: RMB

Item	Notes	Closing balance	Opening balance
Current Liabilities:			
Short-term Loans	VI .18	1,642,000,000.00	2,534,000,000.00
Loans from the central bank			
Customer deposits and deposits from banks and other financial institutions			
Taking from banks and other financial institutions			
Financial liability at fair value through profit or loss	6 .19	5,853,124.58	
Derivative financial liabilities			
Notes Payable	6 .20	4,657,772,328.81	5,275,895,399.74
Accounts Payable	6 .21	15,179,533,382.72	15,893,241,172.06
Receipts in advance	6 .22	34,846,467,692.38	33,384,928,229.93
Financial assets sold under repurchase agreements			
Fees and commissions payable			
Employee benefits payable	6 .23	396,074,204.46	339,885,075.65
Taxes payable	6 .24	518,222,871.19	439,557,029.94
Interest payable	6 .25	1,776,111.10	13,317,579.91
Dividends payable	6 .26	3,144,122.09	3,143,316.82
Other payables	6 .27	1,774,765,747.04	1,738,314,628.62
Amounts payable under reinsurance contracts			
Insurance contract reserves			
Funds from securities trading agency			
Funds from underwriting securities agency			
Assets classified as held for sale			
Non-current liabilities due within one year	6 .28	354,320,000.00	3,256,860,290.35
Other current liabilities	6 .29	103,512,042.66	128,543,364.04
Total Current Liabilities		59,483,441,627.03	63,007,686,087.06
Non-current Liabilities:			
Long-term borrowings	6 .30	718,820,000.00	545,620,000.00
Bonds payable			
Including: Preferred stock			
Perpetual capital securities			
Long-term payables	6 .31		685,252.84
Long-term accrued payroll	6 .32	142,868,920.51	63,585,273.19
Special payables	6 .33	58,062,614.63	58,042,614.63
Provisions	6 .34	1,330,193,012.30	1,228,921,362.78
Deferred income	6 .35	408,634,664.10	466,149,584.34
Deferred tax liabilities	6 .17	14,813,276.16	2,667,580.34
Other non-current liabilities			
Total Non-current Liabilities		2,673,392,487.70	2,365,671,668.12
TOTAL LIABILITIES		62,156,834,114.73	65,373,357,755.18
OWNERS' EQUITY			
Share capital	6 .36	2,336,900,368.00	2,003,860,000.00
Ether equity instruments			
Including: Preferred stock			
Perpetual capital securities			
Capital reserves	6 .37	8,828,516,983.85	5,895,507,792.32
Less: Treasury shares			
Other comprehensive income	6 .38	-34,093,733.04	-35,879,992.16
Special reserves	6 .39	33,167,401.60	22,258,212.85
Surplus reserves	6 .40	730,751,423.51	674,102,684.70
General risk reserves			
Retained profits	6 .41	11,156,346,701.91	10,984,243,829.02
Total owners' equity attributable to equity holders of the Company		23,051,589,145.83	19,544,092,526.73
Minority shareholder's equity	6 .42	926,000,004.11	925,173,104.59
TOTAL OWNERS' EQUITY		23,977,589,149.94	20,469,265,631.32
TOTAL LIABILITIES AND OWNERS' EQUITY		86,134,423,264.67	85,842,623,386.50

Legal Representative:
department.

Person in charge of accounting function:

Person in charge of accounting

Balance Sheet of the Parent

December 31, 2015

Prepared by: Dongfang Electric Corporation Limited

Unit: RMB

Item	Notes	Closing balance	Opening balance
Current Assets:			
Cash and cash equivalents	17.1	7,514,610,838.61	6,610,853,925.64
Financial asset at fair value through profit or loss	17.2	36,068,759.00	56,508,607.05
Derivative financial assets			
Notes receivable	17.3	386,376,590.50	233,757,169.32
Accounts receivable	17.4	5,571,352,222.71	4,068,731,758.42
Prepayments	17.5	12,140,191,338.69	11,573,196,278.69
Interest receivable	17.6	18,120,377.78	19,350,749.82
Dividends receivable	17.7	131,436,444.73	131,436,444.73
Other receivable	17.8	6,215,312,953.39	6,021,055,148.85
Inventories	17.9	1,424,153,310.29	2,160,818,568.14
Assets classified as held for sale			
Non-current assets due within one year			
Other current assets	17.1	647,969,236.34	2,070,927,185.09
Total Current Assets		34,085,592,072.04	32,946,635,835.75
Non-current Assets:			
Financial assets available-for-sale			
Held-to-maturity investments			
Long-term receivables			
Long-term equity investments	17.11	10,559,843,563.61	10,149,114,668.67
Investment properties	17.12	15,658,898.04	16,772,319.67
Fixed assets	17.13	8,562,532.97	11,849,697.97
Constructions in process		135,922.33	
Construction materials			
Fixed assets on disposal		24,979.33	9,546.86
Productive biological assets			
Oil and gas assets			
Intangible assets	17.14	12,566,992.92	14,752,982.34
Development expenditure			
Goodwill			
Long-term deferred expenses			
Deferred tax assests	17.15	203,043,329.94	110,508,321.81
Other non-current assets			
Total Non-current Assets		10,799,836,219.14	10,303,007,537.32
TOTAL ASSETS		44,885,428,291.18	43,249,643,373.07

Legal Representative:

Person in charge of accounting function:
department:

Person in charge of accounting

Consolidated Income Statement

Jan.-Dec.,2015

Prepared by: Dongfang Electric Corporation Limited

Unit: RMB

Item	Notes	Amount for the current period	Amount for the prior period
I. Total revenue		36,017,943,700.32	39,036,164,758.11
Including: Operating income	6.46	36,017,943,700.32	39,036,164,758.11
Interest income			
Premium earned			
Fee and commission income			
II. Total operating costs		35,804,857,985.80	37,955,204,556.76
Including: Operating costs	6.46	29,959,761,391.90	32,495,805,650.91
Interest expenses			
Fee and commission expenses			
Surrenders			
Claims and policyholder benefits (net of amounts recoverable from reinsurers)			
Changes in insurance contract reserves (net of reinsurers' share)			
Insurance policyholder dividends			
Expenses for reinsurance accepted			
Business tax and levies	6.47	330,076,838.27	237,862,591.50
Sales expenses	6.48	964,883,532.33	891,929,315.24
Administrative expenses	6.49	3,361,762,730.46	3,609,660,296.95
Financial expenses	6.5	-477,001,415.20	-181,276,960.93
Impairment loss of assets	6.51	1,665,374,908.04	901,223,663.09
Add: Gains from changes in fair values (Losses are indicated by "-")	6.52	-20,939,890.13	32,613,219.56
Investment income (Loss is indicated by "-")	6.53	191,836,520.22	212,025,971.91
Including: Income from investments in associates and joint ventures		165,611,516.59	224,899,720.65
Foreign exchange gains (Losses are indicated by "-")			
III. Operating profit (Loss is indicated by "-")		383,982,344.61	1,325,599,392.82
Add: Non-operating income	6.54	227,912,649.23	204,916,321.37
Including: Gain from disposal of non-current assets		17,450,857.66	1,795,668.59
Less: Non-operating expenses	6.55	78,995,557.02	28,173,377.79
Including: Losses from disposal of non-current assets		4,044,719.71	3,705,605.38
IV. Total profit (Total loss is indicated by "-")		532,899,436.82	1,502,342,336.40
Less: Income tax expenses	6.56	73,401,825.32	181,725,615.62
V. Net profit (Net loss is indicated by "-")		459,497,611.50	1,320,616,720.78
Net profit attributable to owners of the Company		439,072,644.82	1,278,258,405.62
Profit or loss attributable to minority interests		20,424,966.68	42,358,315.16
VI. Other comprehensive income (net of tax)	6.62	1,786,267.55	122,704,970.98
Net OCI attributable to Owners of the Company		1,786,259.12	122,704,970.98
1. OCI that will not be reclassified to profit and loss			
Including: (1). Actuarial gains and losses on defined benefit plans recognized (2). Shares of OCI by equity method that will not be reclassified to profit and loss			
2. OCI that will be reclassified to profit and loss		1,786,259.12	122,704,970.98
Including: (1). Shares of OCI by equity method that will be reclassified to profit and loss (2). Gain/loss on fair value of available-for-sale financial assets			122,732,584.60
(3). Gain/loss on reclassifying of investment held-to-maturity to available-for-sale financial asset			
(4). Gains and losses on derivatives held as cash flow hedges (only for effective portions)			
(5). Foreign currency translation differences-foreign operation		1,786,259.12	-27,613.62
(6) others			
Net other comprehensive income attribute to minority shareholders		8.43	
VII. Consolidated income		461,283,879.05	1,443,321,691.76
Consolidated income attributable to parent company		440,858,903.94	1,400,963,376.60
Consolidated income attributable to minority interests		20,424,975.11	42,358,315.16
VIII. Earnings per share			
(1) Basic earnings per share	6.61	0.19	0.64
(2) Diluted earnings per share	6.61	0.19	0.59

Legal Representative:

Person in charge of accounting function:

Person in charge of accounting department:

Income Statement of the Parent

Jan.-Dec.,2015

Prepared by: Dongfang Electric Corporation Limited

Unit: RMB

Item	Notes	Amount for the current period	Amount for the prior period
I. Operating income	17.3	19,284,271,592.95	18,158,064,865.41
Less: Operating costs	17.3	18,599,802,129.53	17,586,225,618.50
Business taxes and levies		4,736,594.61	5,626,201.93
Sales expenses	17.31	111,729,862.30	104,202,303.09
Administrative expenses	17.32	196,310,613.38	197,613,824.79
Financial expenses	17.33	-265,868,797.86	-3,932,857.41
Impairment loss of assets	17.34	546,385,828.70	188,325,939.76
Add: Gains from changes in fair values (Losses are indicated by “—”)	17.35	-15,058,045.88	32,726,992.50
Investment income (Loss is indicated by “—”)	17.36	511,698,553.88	867,861,115.49
Including: Income from investments in associates and joint ventures		78,032,439.09	63,400,310.46
II. Operating profit (Loss is indicated by “—”)		587,815,870.29	980,591,942.74
Add: Non-operating income		8,374,277.52	7,556,285.13
Including: Gain from disposal of non-current assets			
Less: Non-operating expenses		379,692.29	258,621.76
Including: Losses from disposal of non-current assets		377.49	23,190.96
III. Total profit (Total loss is indicated by “—”)		595,810,455.52	987,889,606.11
Less: Income tax expenses	17.37	29,323,067.39	31,601,820.29
IV. Net profit (Net loss is indicated by “—”)		566,487,388.13	956,287,785.82
V. Other comprehensive income (net of tax)	17.41		122,732,584.60
1. OCI that will not be reclassified to profit and loss			
Including: (1). Actuarial gains and losses on defined benefit plans recognized			
(2). Shares of OCI by equity method that will not be reclassified to profit and loss			
2. OCI that will be reclassified to profit and loss			122,732,584.60
Including: (1). Shares of OCI by equity method that will be reclassified to profit and loss			
(2). Gain/loss on fair value of available-for-sale financial assets			122,732,584.60
(3). Gain/loss on reclassifying of investment held-to-maturity to available-for-sale financial asset			
(4). Gains and losses on derivatives held as cash flow hedges (only for effective portions)			
(5). Foreign currency exchange			
(6) others			
VI. Total comprehensive income		566,487,388.13	1,079,020,370.42
VII. Earnings per share			
(1) Basic earnings per share		--	--
(2) Diluted earnings per share		--	--

Legal Representative:

Person in charge of accounting function:

Person in charge of accounting department:

Consolidated Cash Flow Statement

Jan.-Dec.,2015

Prepared by: Dongfang Electric Corporation Limited

Unit: RMB

Item	Notes	Amount for the current period	Amount for the prior period
I. Cash Flows from Operating Activities:			
Cash receipts from the sale of goods and the rendering of services		37,103,750,197.88	39,724,381,248.94
Net increase in customer deposits and deposits from banks and other financial institutions			
Net increase in loans from the central bank			
Net increase in taking from banks and other financial institutions			
Cash receipts from premiums under direct insurance contracts			
Net cash receipts from reinsurance business			
Net cash receipts from policyholders' deposits and investment contract liabilities			
Net cash receipts from disposal of financial assets held for trading			
Cash receipts from interest, fees and commissions			
Net increase in taking from banks			
Net increase in financial assets sold under repurchase arrangements			
Receipts of tax refunds		522,069,019.17	351,528,130.08
Other cash receipts relating to operating activities	6.63	464,728,239.06	690,743,709.60
Sub-total of cash inflows from operating activities		38,090,547,456.11	40,766,653,088.62
Cash payments for goods purchased and services received		25,471,281,801.78	29,425,461,901.93
Net increase in loans and advances to customers			
Net increase in balance with the central bank and due from banks and other financial institutions			
Cash payments for claims and policyholders' benefits under direct insurance contracts			
Cash payments for interest, fees and commissions			
Cash payments for insurance policyholder dividends			
Cash payments to and on behalf of employees		3,757,826,789.22	4,089,107,611.55
Payments of various types of taxes		3,365,417,867.42	2,521,539,328.83
Other cash payments relating to operating activities	6.63	1,340,153,418.21	1,897,913,923.22
Sub-total of cash outflows from operating activities		33,934,679,876.63	37,934,022,765.53
Net Cash Flow from Operating Activities		4,155,867,579.48	2,832,630,323.09
II. Cash Flows from Investing Activities:			
Cash receipts from disposals and recovery of investments		125,784,604.33	435,894,771.84
Cash receipts from investment income		83,670,897.49	101,033,857.02
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets		32,208,418.68	1,561,095.97
Net cash receipts from disposals of subsidiaries and other business units			
Other cash receipts relating to investing activities			
Sub-total of cash inflows from investing activities		241,663,920.50	538,489,724.83
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets		385,281,362.20	667,494,302.62
Cash payments to acquire investments		113,971,569.15	67,000,000.00
Net increase in pledged loans receivables			
Net cash payments for acquisitions of subsidiaries and other business units			
Other cash payments relating to investing activities			
Sub-total of cash outflows from investing activities		499,252,931.35	734,494,302.62
Net Cash Flow from Investing Activities		-257,589,010.85	-196,004,577.79
III. Cash Flows from Financing Activities:			
Cash receipts from capital contributions		316.98	
Including: cash receipts from capital contributions from minority owners of subsidiaries		316.98	
Cash receipts from borrowings		3,044,000,000.00	7,064,820,000.00
Cash receipts from issue of bonds			
Other cash receipts relating to financing activities	6.63	30,000,000.00	
Sub-total of cash inflows from financing activities		3,074,000,316.98	7,064,820,000.00
Cash repayments of borrowings		3,438,297,000.00	3,462,160,118.09
Cash payments for distribution of dividends or profits or settlement of interest expenses		341,888,963.27	511,791,943.80
Including: payments for distribution of dividends or profits to minority owners of subsidiaries		11,534,269.82	17,042,609.15
Other cash payments relating to financing activities	6.63		6,930,000.00
Sub-total of cash outflows from financing activities		3,780,185,963.27	3,980,882,061.89
Net Cash Flow from Financing Activities		-706,185,646.29	3,083,937,938.11
IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents		71,999,060.41	-26,493,315.28
V. Net Increase in Cash and Cash Equivalents		3,264,091,982.75	5,694,070,368.13
Add: Opening balance of Cash and Cash Equivalents		17,802,441,129.06	12,108,370,760.93
VI. Closing Balance of Cash and Cash Equivalents		21,066,533,111.81	17,802,441,129.06

Legal Representative:

Person in charge of accounting function:

Person in charge of accounting department:

Cash Flow Statement of the Parent

Jan.-Dec.,2015

Prepared by: Dongfang Electric Corporation Limited

Unit: RMB

Item	Notes	Amount for the current period	Amount for the prior period
I. Cash Flows from Operating Activities:			
Cash receipts from the sale of goods and the rendering of services		17,229,305,680.81	16,905,718,984.38
Receipts of tax refunds		513,535,081.17	343,235,061.43
Other cash receipts relating to operating activities	17.42	429,119,693.38	122,718,896.97
Sub-total of cash inflows from operating activities		18,171,960,455.36	17,371,672,942.78
Cash payments for goods purchased and services received		17,570,400,285.07	16,131,657,874.23
Cash payments to and on behalf of employees		209,442,143.36	216,702,730.55
Payments of various types of taxes		162,556,652.36	217,327,169.96
Other cash payments relating to operating activities	17.42	365,550,928.90	259,590,784.89
Sub-total of cash outflows from operating activities		18,307,950,009.69	16,825,278,559.63
Net Cash Flow from Operating Activities		-135,989,554.33	546,394,383.15
II. Cash Flows from Investing Activities:			
Cash receipts from disposals and recovery of investments		2,784,378,099.19	906,881,108.94
Cash receipts from investment income		500,012,702.74	910,995,305.42
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets			2,378.00
Net cash receipts from disposals of subsidiaries and other business units			
Other cash receipts relating to investing activities			
Sub-total of cash inflows from investing activities		3,284,390,801.93	1,817,878,792.36
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets		3,446,566.51	2,390,419.79
Cash payments to acquire investments		2,076,598,809.15	2,846,387,600.00
Net cash payments for acquisitions of subsidiaries and other business units			
Other cash payments relating to investing activities			
Sub-total of cash outflows from investing activities		2,080,045,375.66	2,848,778,019.79
Net Cash Flow from Investing Activities		1,204,345,426.27	-1,030,899,227.43
III. Cash Flows from Financing Activities:			
Cash receipts from capital contributions			
Cash receipts from borrowings			3,980,000,000.00
Cash receipts from issue of bonds			
Other cash receipts relating to financing activities			
Sub-total of cash inflows from financing activities			3,980,000,000.00
Cash repayments of borrowings		3,497,000.00	350,000,000.00
Cash payments for distribution of dividends or profits or settlement of interest expenses		210,595,965.23	370,188,550.01
Other cash payments relating to financing activities	17.42		6,930,000.00
Sub-total of cash outflows from financing activities		214,092,965.23	727,118,550.01
Net Cash Flow from Financing Activities		-214,092,965.23	3,252,881,449.99
IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents		48,518,006.26	-23,127,609.89
V. Net Increase in Cash and Cash Equivalents		902,780,912.97	2,745,248,995.82
Add: Opening balance of Cash and Cash Equivalents		6,604,338,925.64	3,859,089,929.82
VI. Closing Balance of Cash and Cash Equivalents		7,507,119,838.61	6,604,338,925.64

Legal Representative:
department:

Person in charge of accounting function:

Person in charge of accounting

Consolidated Statement of Changes in Owners' Equity
Jan.-Dec., 2015

Prepared by: Dongfang Electric Corporation Limited

Unit: RMB

Item	Amount for the current period											Minority shareholder's equity	Total owners' equity
	Attributable to owners of the Company										Others		
	Share capital	Other equity instruments			Capital reserve	Other Comprehensive Income	Special reserve	Surplus reserve	General reserve	Retained profits			
	Preferred shares	capital	Others										
I. Closing balance of the preceding year	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
Add: Changes in accounting policies													
Corrections of prior period errors													
Enterprises under common control													
Others													
II. Opening balance of the current year	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
III. Changes for the year	333,040,368.00				2,933,009,191.53	1,786,259.12	10,909,188.75	56,648,738.81		172,102,872.89		826,899.52	3,508,323,518.62
(I) Comprehensive income						1,786,259.12				439,072,644.82		20,424,975.11	461,283,879.05
(II) Owners' contributions and reduction in capital	333,040,368.00				2,933,031,535.61							317.02	3,266,072,220.63
1. Capital contribution from owners												317.02	317.02
2. Capital contribution from other equity instruments	333,040,368.00				3,735,818,352.23								4,068,858,720.23
3. Share-based payment recognised in owners' equity													
4. Others					-802,786,816.62								-802,786,816.62
(III) Profit distribution								56,648,738.81		-266,969,771.93		-20,657,999.03	-230,979,032.15
1. Transfer to surplus reserve								56,648,738.81		-56,648,738.81			
2. Transfer to general reserve													
3. Distributions to owners										-210,321,033.12		-20,657,999.03	-230,979,032.15
4. Others													
(IV) Transfers within owners' equity													
1. Capitalisation of capital reserve													
2. Capitalisation of surplus reserve													
3. Loss offset by surplus reserve													
4. Others													
(V) Special reserve							10,909,188.75					1,059,681.50	11,968,870.25
1. Transfer to special reserve in the period							48,530,244.57					4,024,757.40	52,555,001.97
2. Amount utilised in the period							-37,621,055.82					-2,965,075.90	-40,586,131.72
(VI) Others					-22,344.08							-75.08	-22,419.16
IV. Closing balance of the current year	2,336,900,368.00				8,828,516,983.85	-34,093,733.04	33,167,401.60	730,751,423.51		11,156,346,701.91		926,000,004.11	23,977,589,149.94

Legal Representative:

Person in charge of accounting function:

Person in charge of accounting department:

Consolidated Statement of Changes in Owners' Equity(Continued)

Jan.-Dec., 2015

Prepared by: Dongfang Electric Corporation Limited

Unit: RMB

Item	Amount for the same period of last year												
	Attributable to owners of the Company											Minority shareholder's equity	Total owners' equity
	Share capital	Other equity instruments Preferred shares	capital	Others	Capital reserve	Other Comprehensive Income	Special reserve	Surplus reserve	General reserve	Retained profits	Others		
I. Closing balance of the preceding 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: Changes in accounting policies													
Corrections of prior period errors													
Enterprises under common control													
Others													
II. Opening balance of the current 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
III. Changes for the year					803,481,159.67	122,704,970.98	6,573,804.23	95,628,778.58		821,934,827.04		25,551,470.09	1,875,875,010.59
(I) Comprehensive income						122,704,970.98				1,278,258,405.62		42,358,315.16	1,443,321,691.76
(II) Owners' contributions and reduction in capital					802,786,816.62								802,786,816.62
1. Capital contribution from owners													
2. Capital contribution from other equity instruments													
3. Share-based payment recognised in owners' equity													
4. Others					802,786,816.62								802,786,816.62
(III) Profit distribution								95,628,778.58		-456,323,578.58		-17,185,036.38	-377,879,836.38
1. Transfer to surplus reserve								95,628,778.58		-95,628,778.58			
2. Transfer to general reserve													
3. Distributions to owners										-360,694,800.00		-17,185,036.38	-377,879,836.38
4. Others													
(IV) Transfers within owners' equity													
1. Capitalisation of capital reserve													
2. Capitalisation of surplus reserve													
3. Loss offset by surplus reserve													
4. Others													
(V) Special reserve							6,573,804.23					375,858.26	6,949,662.49
1. Transfer to special reserve in the period							58,225,080.33					3,390,158.36	61,615,238.69
2. Amount utilised in the period							-51,651,276.10					-3,014,300.10	-54,665,576.20
(VI) Others					694,343.05							2,333.05	696,676.10
IV. Closing balance of the current year	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:

Person in charge of accounting function:

Person in charge of accounting department:

Statement of Changes in Owners' Equity of the Parent(Continued)

Jan.-Dec., 2015

Prepared by: Dongfang Electric Corporation Limited

Unit: RMB

Item	Amount for the same period of last year										
	Share capital	Other equity instruments			Capital reserve	Other Comprehensive Income	Special reserve	Surplus reserve	Retained profits	Others	Total owners' equity
		Preferred shares	capital	Others							
I. Closing balance of the preceding 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: Changes in accounting policies											
Corrections of prior period errors											
Others											
II. Opening balance of the current 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
III. Changes for the year					802,786,816.62	122,732,584.60		95,628,778.58	499,964,207.24		1,521,112,387.04
(I) Comprehensive income						122,732,584.60			956,287,785.82		1,079,020,370.42
(II) Owners' contributions and reduction in capital					802,786,816.62						802,786,816.62
1. Capital contribution from owners											
2. Capital contribution from other equity instruments											-
3. Share-based payment recognised in owners' equity											
4. Others					802,786,816.62						802,786,816.62
(III) Profit distribution								95,628,778.58	-456,323,578.58		-360,694,800.00
1. Transfer to surplus reserve								95,628,778.58	-95,628,778.58		
2. Distributions to owners									-360,694,800.00		-360,694,800.00
3. Others											
(IV) Transfers within owners' equity											
1. Capitalisation of capital reserve											
2. Capitalisation of surplus reserve											
3. Loss offset by surplus reserve											
4. Others											
(V) Special reserve											
1. Transfer to special reserve in the period											
2. Amount utilised in the period											
(VI) Others											
IV. Closing balance of the current year	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:

Person in charge of accounting function:

Person in charge of accounting department:

Dongfang Electric Corporation Limited

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(Amount in RMB unless otherwise stated)

1. General information of the Company

Dongfang Electric Corporation Limited (Previously named as Dongfang Electric Machinery Co., Ltd, hereinafter referred to as the “Company”, or as the “Group” while including its subsidiaries”) is a limited company permitted by State Commission for Economic Restructuring (Ti Gai Sheng [1992] No.67 and Ti Gai Sheng [1993] No.214) and former National Administrative Bureau of the State Owned Property of the People's Republic of China(Guo Zi Qi Han Fa [1993] No.100), with Dongfang Electric Machinery Co., Ltd as the exclusive promoter and with contributed operating assets as capital injection on December 28,1993. The Company obtained the Business License from Chengdu Administration for Industry and Commerce, and the Social Credit Number of the Company is 91510100205115485Y. The registered address of the Company is No.18 Xixin Avenue Western, high-tech district, Chengdu City, Sichuan Province, the headquarter office address of the Company is No.333 Shuhan Avenue, Jinniu district, Chengdu City, Sichuan Province.

On May 31,1994, with the approval from State Commission for Economic Restructuring (Ti Gai Sheng [1994] No.42) on April 12,1994, the Company issued 170,000,000 overseas listed foreign shares(H-shares) and have been listed on The Stock Exchange of Hong Kong Ltd. (SEHK) since June 6, 1994. On July 4, 1995, the Company issued 60,000,000 domestic listed Renminbi ordinary shares (A-shares) in PRC and have been listed on Shanghai Stock Exchange (SSE) since October 10, 1995. After the issuance of fore mentioned shares, the share capital of the Company has increased to 450,000,000 shares.

On December 30, 2005, according to the Approval of Certain Issues on the Transfer of State-owned Shares of Dongfang Electrical Machinery Company Limited (Guo Zi Chan Quan [2005] No. 1604) issued by State-Owned Assets Supervision & Administration Commission of the State Council, Dongfang Electric Machinery Co., Ltd (hereinafter referred to as DFEM) transferred its 220,000,000 State-owned shares, representing 48.89% of its original share capital, to Dongfang Electric Corporation(“DEC”).

On October 17, 2007, according to the Approval of Dongfang Electrical Machinery Company Limited Targeted Issuance of Shares to Dongfang Electric Corporation to Purchase Assets (Zheng Jian Gong Si[2007] No.172) issued by China Securities Regulatory Commission. In November 2007, the Company issued 367,000,000 domestic listed shares (A shares) to Dongfang Electric Corporation in exchange of the 273,165,244 domestic listed shares (representing 68.05% of shares capital of Dongfang Boiler Group Co., Ltd) of Dongfang Boiler Group Co., Ltd held by Dongfang

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(Amount in RMB unless otherwise stated)

Electric Corporation , and 100% share capital of Dongfang Angturbine Co.,Ltd On October 26, 2007, the Company changed its name to Dongfang Electric Corporation in accordance with the Resolution of the 2nd Provisional Shareholders' Meeting 2007.

In November 2008, the Company issued 65,000,000 domestic listed shares to unspecified investors in accordance with the Approval of Certain Issues in the Additional Issuance of Shares of Dongfang Electric Corporation (Zheng Jian Xu Ke [2008] No.1100) by the China Securities Regulatory Commission on September 5, 2008. The shares of the Company increased to 882,000,000.

On November 6, 2009, with the Approval of Certain Issues regarding the Private Placement of the Shares of Dongfang Electric Corporation Limited(Zheng Jian Xu Ke[2009] No. 1151) , the Company issued 119,930,000 domestic listed private placement of the A-shares to eight specified companies including Dongfang Electric Corporation. The Company's shares increased to 1,001,930,000.

According to the resolutions of annual general meeting of the shareholders, the 1st domestic shareholders meeting in 2010 and the 1st foreign shareholders meeting on 18 June 2010, the Company increased its shares by issuing 10 shares to every 10 shares held by shareholders for no consideration and the shares was based on 1,001,930,000 shares as at December 31, 2009.

The Company's RMB 4 billion A-shares convertible notes , which was issued according to About the Approval of Dongfang Electric Corporation to Publicly Issue Convertible Notes issued by China Securities Regulatory Commission on July 10 2014, has entered into convertible period since January 12, 2015. Up to February 17,2015, the accumulated number of A-shares that has been converted into was 333,040,368 shares, the Company's share capital changed to 2,336,900,368 shares.

As of December 31,2015, the Company's share capital is 2,336,900,368 shares, including domestic shares without sale restrictions : A-shares are1,996,900,368, representing 85.45% of the share capital; shares without sale restrictions held by foreign investors listed overseas(H-shares) is 340,000,000, 14.55% of the share capital.

The parent and ultimate controller of the Company is Dongfang Electric Corporation.

The shareholders' general meeting acts as the authority of the Company, deciding the Company's operating, funding, investing and distribution of the profit decisions and operating in accordance with the law. The Board of Directors is responsible for the shareholders' general meeting, making production and operation decisions according to the law. The Management executes resolutions of the

Dongfang Electric Corporation Limited

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(Amount in RMB unless otherwise stated)

shareholders' general meeting and the Board, organizes producing and management. The Company has such eleven functional departments as 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 & technology and quality, the marketing department, the accounting department, the auditing department, the planning and development department, and the center of purchase. Moreover, there are four business units, combustion engine division, nuclear power division, wind power division and international construction branch. The Company controls 22 subsidiaries, including: Dongfang Angturbine Co., Ltd., Dongfang Boiler Group Co., Ltd., Dongfang Electric Machinery Co., Ltd., Dongfang Electric (Guangzhou) Heavy-duty Machine Co., Ltd., **Dong Fang** Electric (India) Private Limited., Dongfang Electric (Wuhan) Nuclear Equipment Co., Ltd.(Wuhan Nuclear Equipment Co.Ltd), Dongfang Wind Power Co., Ltd., PT Dongfang Electric Indonesia(hereinafter referred to Indonesia Company).

The Group specializes 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 equipment, 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 equipment of hydro, thermal, nuclear, wind, and gas turbine generating unit.

2. The Scope of Consolidated Financial Statements

The scope of consolidated financial statements includes 22 companies, including: Dongfang Turbine Co., Ltd, Dongfang Boiler Group Co., Ltd, Dongfang Electric Co., Ltd,Dongfang (Guangzhou) Heavy Machinery Co., Ltd.,Dongfang Electric (India) Private Limited, Wuhan Nuclear Equipment Co.Ltd, PT Dongfang Electric Indonesia,Dongfang Wind Power Co., Ltd.and so on. Compared to the previous year, there are five newly set-up companies added to the scope of consolidation this year. For more detailed information about the consolidation scope, please see Notes "7. Changes in the scope of consolidation" and "8. Equity in other entities".

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Notes to the financial statements

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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, and based on the actual transactions and matters incurred, 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) issued by Ministry of Finance of the People's Republic of China. In addition, the Group has disclosed relevant financial information in accordance with Information Disclosure and Presentation Rules for Companies Offering Securities to the Public No. 15—General Provisions on Financial Reporting (Revised in 2014), Exchange Listing Rules of The Stock Exchange of Hong Kong Limited and Hong Kong Companies Ordinance and followed Note 4 "Critical accounting policies and accounting estimates".

3.2 Going concern

The Group had a history in making profits and getting all necessary financial support. It's reasonable to prepare the financial statements on a going concern basis.

4. Critical Accounting Policies and Accounting Estimates

4.1 Statement of compliance of Accounting Standards for Business Enterprises

The Company's financial statements of 2015 have been prepared in conformity with the Accounting Standards for Business Enterprises and relevant financial and accounting rules and truly and completely present the financial position, operating results, cash flows and other relevant information of the Company and the Group as at December 2015.

4.2 Accounting period

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

4.3 Operating circle

The operating circle of the Group is 12 months.

4.4 Functional currency

The functional currency of the Company and its domestic subsidiaries is RMB, foreign transactions are recorded with local currency.

The functional currency of the Group is RMB in preparing the financial statements.

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Notes to the financial statements

For the year of 2015

(Amount in RMB unless otherwise stated)

4.5 The accounting treatment of business combinations involving enterprises under common control and business combinations not involving enterprises under common control

As the consolidated party, the Group, on the consolidated date, accounts assets and liabilities from business combination under the same control as booked value on the consolidated financial statement. The difference between net assets acquired and the consideration is adjusted as capital reserve. Any addition exceed capital reserve is adjusted in retained earnings.

For a business combination for entities not under common control, acquired assets, liabilities and potential liabilities are accounted using fair value on acquisition date. Consolidated costs are the sum of cash consideration, non-cash asset, issued or guaranteed liabilities, issued equity, and any directly related expenditure for consolidation (for consolidation with multiple transactions by step, the consolidated costs are the sum of costs of all single transactions). When consolidated costs are higher than the acquired net assets, the difference is considered as Goodwill. When consolidated costs are lower than the acquired net assets, fair values of all acquired assets, liabilities and potential liabilities, and fair values of any non-cash assets or issued equity are double checked. After checked, if the consolidated costs are still lower than the acquired net asset, the difference is accounted as non-operating revenue.

4.6 Preparation of consolidated financial statements

The consolidated financial statements including all the Company's subsidiaries and structured entities.

When preparing consolidated financial statement, when the accounting standards for subsidiaries and the Company are different, the Company's accounting standard is used to adjust subsidiaries financial statements.

All important internal transactions, internal balances, and unrealized gain are net off when preparing consolidated financial statements. Equity not belongs to parent company and net gain/loss for current period, minority interest of other comprehensive income and comprehensive income of subsidiaries are shown as minority shareholder's equity, minority interest, and other comprehensive income and comprehensive income belongs to minority owners in consolidated financial statement.

For subsidiaries under common control, the operating results and cash flow is captured in consolidated statements from acquisition date. When preparing consolidated statements comparison, related items in prior year financial statement

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are adjusted as treating the consolidation existed since controlled by the ultimate owner.

When consolidates and obtains subsidiaries not under common control, the Group includes the operating results and cash flow in consolidated statements from the date of obtaining control. All recognizable assets, liabilities or potential liabilities are adjusted to fair values based on subsidiaries' financial statement on the acquisition date when preparing consolidated financial statements.

4.7 Cash and cash equivalents

The term "cash" in the cash flow statement of the Group shall refer to cash on hand and deposits that are available for payment at any time. The term "cash equivalents" in the cash flow statement of the Group shall refer to short-term (no more than 3 months), highly-liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

4.8 Translation of transactions and financial statements denominated in foreign currencies

4.8.1 Foreign currency transactions

Foreign currency transactions of the Group are translated into RMB at the spot exchange rate of the date of transaction.

On balance sheet date, foreign currency monetary items are translated into RMB at the spot exchange rate of that date. Exchange differences arising thereon are directly expensed in the profit and loss for the current period unless they arise from foreign currency borrowings for the purchase or construction of qualifying assets which are eligible for capitalization. Nonmonetary items denominated in foreign currency measured at historical cost shall continue to be translated at the spot exchange rate at the date of transaction. Non-monetary items carried at fair value that are denominated in foreign currencies are translated into RMB at the rates prevailing on the date when the fair value was determined. Translation differences arising thereon are directly expensed as the change in fair value in the profit and loss or other comprehensive income for the current period.

4.8.2 Translation of foreign currency financial statements

Items of assets and liabilities in foreign currency balance sheets are translated at the spot exchange rate of the balance sheet date; items of owners' equity, except for "undistributed profits", are translated at the spot exchange rate of the date of transaction; Items of revenues and expenses in profit statements are translated at the spot exchange rate of the date of transaction. Translation differences of foreign

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currency statements arising from the foregoing translations are separately presented under other comprehensive income in the owners' equity. Foreign currency cash flows are translated at the spot exchange rate of the date of cash flow. Amounts of cash affected by fluctuations in exchange rates are separately presented in the statements of cash flow.

4.9 Financial assets and financial liabilities

The Group recognizes its financial assets or financial liabilities when it becomes one party of a financial instrument contract.

4.9.1 Financial assets

4.9.1.1 Classification, recognition and measurement of financial assets

Financial assets of the Group are classified as financial assets at fair value through profit or loss for the current period, held-to-maturity investments, loans and receivables, and available-for-sale financial assets according to the purposes of investments and the economic substance of the assets.

Financial assets accounted using fair value, whose movement is accounted in profit and loss accounts include trading financial assets and financial assets which determined using fair value from recognized, whose movement is accounted in profit and loss account. Such financial assets of the Group mainly include stock investment and the forward settlement of derivative financial assets. For those financial assets, subsequent accounting method is fair value method. The movement of fair value is recorded in profit and loss from fair value changes. Interest and cash dividend gained during holding recognizes as investment income. Difference between fair value and the original amount is recognized as investment loss, adjust profit and loss from fair value changes at the mean time when the financial assets are at disposal.

Held to maturity investment are non-derivative financial asset with fixed maturity and fixed or determinable recovery amounts that management intends and is able to hold to maturity. Held to maturity investments are accounted using actual interest rates, and accounted based on the remaining amortized costs. The amortization, impairment, and any profit/loss from termination are accounted in profit and loss account in current period.

Receivable means non derivative financial assets with fixed or confirmable receivable amount that have no quoted prices in active market. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. The amortized balance, impairment, and profit/loss from termination are accounted in Profit and loss in current period.

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(Amount in RMB unless otherwise stated)

Financial assets held for sale means non derivative financial assets and financial assets that have not classified as other class that refer as held for sale when first recognized. For these assets, when there is no quoted price in active market and the fair value cannot be reliably measured, historical costs method is used for subsequent account. For other assets with quoted price in active market or have reliable measured fair value, fair value method is used for accounting. The movement of fair value is accounted in other comprehensive income. Other than impairment losses and the gain or loss on exchange arising from foreign currency monetary financial assets, changes in fair value of available-for-sale financial assets are directly recorded in shareholders' equity. When such financial assets are derecognized, the accumulated amounts of changes in fair value originally recorded in equity are recorded in the profit or loss for the current period. Interests calculated on available-for-sale debt instruments using the effective interest method for the period in which the instruments are held and cash dividends which have been declared by the invested entity in relation to available-for-sale equity instruments are recognized in the profit or loss for the current period as investment income.

4.9.1.2 Recognition and measurement of transfer of financial assets

A financial asset meeting any one of the following conditions is derecognized: (1) the contractual right to receive the cash flow of such financial asset terminates; (2) such financial asset has been transferred and the Group has transferred almost all risks and rewards on the ownership of such financial asset to the transferee; (3) such financial asset has been transferred and the Group waived the control over such financial asset though it did not transfer or reserve almost all risks and remunerations on the ownership of such financial asset.

If the entity does not transfer or reserve almost all risks and remunerations on the ownership of a financial asset nor waive the control over such financial asset, relevant financial asset is recognized according to the degree of its continuous involvement in the financial asset transferred and relevant liabilities are recognized accordingly.

If the overall transfer of a financial asset meets the conditions for derecognition, the difference between the carrying value of the financial asset transferred and the sum of consideration received from such transfer and accumulated amount of changes in fair value previously recorded in other comprehensive income is recorded in the profit or loss for the current period.

If the partial transfer of a financial asset meets the conditions for derecognition, the overall carrying value of the financial asset transferred is amortized at respective relative fair value between the part derecognized and the part not derecognized, and the

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difference between the foregoing carrying amount amortized and the sum of consideration received from such transfer and accumulated amount of changes in fair value previously recorded in other comprehensive income which should be amortized to the part derecognized is recorded in the profit or loss for the current period.

4.9.1.3 Impairment of financial assets

Other than financial assets at fair value through profit or loss for the current period, the Group assesses the carrying amount of financial assets at the balance sheet date. Provision for impairment is made when there is objective evidence indicating that a financial asset is impaired.

When an impairment of financial assets carried at amortized 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 recognized, the previously recognized impairment loss is reversed and the amount of reversal is recognized in profit and loss for the period.

When there is a significant or prolonged decline in fair value of available-for-sale financial assets, accumulated loss in fair value that previously recorded in shareholder's equity due to the decline in fair value should be recorded as impairment loss. In respect of available-for-sale debt instruments for which impairment loss has been recognized, if the fair value rises after the end of the period and such rise is objectively related to the matters occurring after the recognition of original impairment loss, impairment loss previously recognized should be written back and recorded in the profit or loss for the current period. Rise in fair value of available-for-sale equity instruments for which impairment loss has been recognized after the end of the period is directly recorded in 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 as financial liabilities at fair value through profit or loss for the current period and other financial liabilities at initial recognition.

Financial liabilities at fair value through profit or loss for the current period include financial liabilities held for trading and those designated at fair value through profit or loss for the current period on initial recognition. They are subsequently measured at fair

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value. The gain or loss on changes in fair value, and dividends and interest expense in relation to such financial liabilities are charged to the profit or loss for the current period as incurred.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method.

4.9.2.2 Derecognizing financial liabilities

A financial liability is derecognized or partially derecognized when the underlying present obligations (or part of it) are discharged. When the company enters into a agreement with the creditor to replacing the existing financial liability with a new one, and the terms of the new financial liability is substantially different from that of the existing one, derecognizing the existing financial liability and recognizing the new one. When the company substantially amends the all or part of the terms of existing financial liability, derecognizing the all or part of the existing financial liability and recognizing the amended financial liability as a new one. The difference between the carrying amount of the financial liability derecognized and the consideration paid is recognized in the profit or loss for the current period.

4.9.2.3 Method of determining the fair value of financial assets and financial liabilities

The Group mainly uses market value to measure stock investment, foreign forward exchange tools and share-based payment.. For those without any primary market, the Group uses the most favorable market value to measure the fair value of financial assets and liabilities, and uses the most appropriate and sufficient available data and other information to support the estimation. There are three levels of estimation of fair value. The first level balance is the unadjusted quoted price for similar assets and liabilities from active market. The second level balance is the direct or indirect observable value for related assets or liabilities besides from level 1. The third level balance is the unobservable value for related assets or liabilities. The Group priority uses the first level and finally uses the third level.

4.10 Provision for bad debts for receivables

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

Provision for bad debts is evaluated simultaneously with Individual and combined measurement basis.

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(Amount in RMB unless otherwise stated)

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

Judgment basis or amount standard for individually significant receivables	Receivables of more than RMB30,000,000 and other receivables of more than RMB 10,000,000 are individually significant receivables.
Method for making provision for bad debts for individually significant receivables for which provision for bad debts is made individually	Provisions for bad debts are made for the excess of the carrying amount over the present value of the future cash flows

4.10.2 Receivables that are provided for bad debts on portfolio based on credit risk characteristics.

Basis for determining portfolio	
Aged portfolio	Determine the credit risk characteristics by age of the receivables
Method for making provision for bad debts by portfolio	
Aged portfolio	Aging analysis

Proportion of provisions for bad debts on receivables by aging analysis basis adopted by the Group is as follows:

Age	Proportion to accounts receivable (%)	Proportion to other receivables (%)
Within one year	5	5
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 are individually insignificant but are provided for bad debts on individual basis

Cause for making provision for bad debts individually	Receivables which of the amount is individually insignificant and the credit risk characteristics of provision made cannot be reflected on portfolio basis.
Method for making provision for bad debts	Provisions for bad debts are made for the excess of the carrying amount over the present value of the future cash flows.

4.11 Inventories

Inventories of the Group mainly include materials in transit, raw materials, work in progress, self-made semi-finished goods, finished goods, merchandise inventory,

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Notes to the financial statements

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goods in process – outsourced and inventories arising from completed not yet settled construction contracts and etc.

The Group maintains a perpetual inventory system. Inventories are recorded at cost of purchase when received. The cost of inventories comprises the purchase price, conversion cost and other costs attributable to the acquisition of inventories.

Actual cost is calculated using weighted average method or specific identification method when the inventories are acquired. Low value consumables and packaging material are amortized by one-time write off.

At the balance sheet date, inventories are stated at the lower of costs or net realizable value. Provisions for inventory impairment are made for the excess of its cost over its net realizable value. Provisions for inventory impairment are made for merchandise inventory and bulk raw materials according to the excess of the cost of single inventory item over its net realizable value; provisions for inventory impairment are made for other raw and auxiliary materials of large quantity and low unit price according to categories.

Net realizable value of such available-for-sale goods inventory as merchandise inventory, products in process and available-for-sale materials is determined by the estimated selling price less estimated selling expenses and related taxes. Net realizable value of material inventory held for production is determined by the estimated selling price of finished products less estimated cost incurred upon completion, estimated selling expenses and related taxes.

4.12 Long-term equity investments

The Group's long-term equity investments mainly include investments in subsidiaries, associates and joint ventures.

The Group's judgment on joint control is the contractually agreed between all parties or party combinations sharing of control of an arrangement, decisions about the relevant activities require the unanimous consent of the parties sharing control.

Significant influence exists when the Group directly or indirectly owned 20%(inclusive) or more but less than 50% shares with voting rights in the invested 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

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fair value at the date of combination (acquisition) of the assets given up, liabilities incurred or committed and equity instruments issued.

Long-term equity investments gain from a business combination for entities not under common control should be recorded at its initial investment cost on acquisition.

Apart from the long-term equity investments acquired through business combination mentioned above, the long-term equity investments acquired by cash payment, the investment cost is based on the actual amount of cash paid for the acquisition. For long-term equity investment acquired by issuing equity securities, the investment cost is the fair value of the equity securities issued. For long-term equity investment invested in the Group by the investor, the investment cost is the agreed consideration as specified in the investment contract or agreement. For long-term equity investment acquired through transactions such as debts restructuring and exchange of nonmonetary assets, the investment cost is determined according to the relevant accounting standards and the actual situation of the Company.

A long-term equity investment in subsidiaries is measured at the cost method. A long-term equity investment in associates or joint ventures should be accounted for using the equity method.

Under the cost method, long-term equity investments are measured at its initial investment cost, and its cost is adjusted by the amount of additional investment or the amount recovered. The allocated profit or cash dividend announced by the invested company should be recognized as investment income in accordance with the attributable share.

Under the equity method, the book value of the investment shall be adjusted in accordance with the movement of the investee's shareholders' equity.. When recognizing the share of net profit or loss of the investee, adjusting the net profit of the investee using the fair value of the realizable net asset of the investee on the acquisition date as basis and according to the account policies and accounting periods of the Group; and offsetting shares of unrealized profit or loss of internal trading between the Group and its associates and joint ventures in order to recognize investment income.

On disposal of long-term equity investments, the difference between the carrying value and the actually received is recognized as investment income for the current period. For long-term investments accounted for using equity method, when disposal, the proportion that originally accounted in other comprehensive income is now adjusted based on the standard of the same as disposal of related assets or liabilities by invested party directly.

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For long-term equity investments which result investor to no longer have joint control over or significant effect on the investee due to disposal of investment and other reasons, the Group shall recognize the difference between the fair value of the investment on that disposal date and its book value in the profit and loss of the current period if residual investment is classified as financial asset available-for-sale. If other comprehensive income was recognized due to use of equity method, the accounting treatment for it is based on the accounting treatment of disposing related assets or liabilities directly by the investee when equity method is no longer adopted.

For long-term equity investments which result investor to loss control over investee due to disposal of investment, equity method shall be adopted if the residual investment enables the investor to have joint control over or significant effect on the investee, and adjustments shall be made as if the equity method for the residual investment was adopted since acquisition; for residual investment which does not enable the investor to have joint control over or significant effect on the investee, and classified as financial asset available-for-sale, the difference between the fair value and the book value on the date when control was lost is recognized in the profit and loss in the current period.

Sometimes the group loses control of a subsidiary through two or more arrangements, if the multiple arrangements should not be accounted for as a single transaction, then the group account every arrangement as a separate transaction. If the multiple arrangements should be accounted for as a single transaction, the group shall recognize the difference between the consideration received and the related book value of the long-term equity investment in other comprehensive income before the group loses control of the subsidiary, the accumulated difference between the considerations received and the book value of the long-term investment will be transferred to current year profit or loss when the group loss control of the subsidiary.

4.13 Investment properties

Investment properties of the Group include land use right leased and buildings leased.

Investment property is measured at cost. The cost for investment properties purchased from outsiders includes purchase price, related taxes and other expenses directly related to the assets. The cost of investment properties constructed by the Group includes the required construction expenses incurred to bring the assets to the condition of intended use. Subsequent expenditures related to the investment properties shall be recognised as cost of the investment properties only when the related economic benefit will probably flow into the group, or shall be recognised as expense when incurred.

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Provision for depreciation or amortization of investment properties of the Group is made according to their estimated useful life and net residual value rate. Estimated useful life, net residual value rate and the annual depreciation rate of investment properties are as follows:

Category	Depreciation period	Estimated net residual value rate	Annual depreciation rate
Land use right	50 years		2%
Buildings			
Including: productive buildings	20 years	5%	4.75%
non-productive buildings	25 years	5%	3.80%

The Group reviews the estimated useful life, the estimated net residual value rate and the depreciation method at the end of each financial year and makes appropriate adjustment.

Where an investment property is changed for owner-occupied purpose, it is transferred to a fixed asset or intangible asset at the date of the change. Where the owner-occupied property is changed for earning rentals or for capital appreciation, the fixed asset or intangible asset is transferred to an investment property at the date of the change. On conversion, the carrying amount immediate before conversion is taken as the cost of the asset.

An investment property is derecognized on disposal or retirement when it is expected that there shall be no economic benefit through disposal. Where the investment properties are sold, transferred, retired or damaged, the proceeds from disposal after deducting the carrying amount and related taxes are recognized in profit or loss for the current period.

4.14 Fixed assets

Fixed assets of the Group are tangible assets that are held for the purpose of producing goods, rendering services, leasing or operation and management and have useful lives of more than one year.

Fixed assets consist of buildings, machinery and equipment, transportation equipment, instruments, electronic computers and others.

A fixed asset is recognized when: economic benefit contained in such fixed asset is likely to flow into the entity; cost of such fixed asset can be measured reliably. The cost for fixed asset is measured at cost at the time when it is acquired. The cost of fixed asset purchased from outsiders includes purchase prices, import tax and other related taxes and other expenses incurred to bring the assets to the condition of

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intended use. The cost of fixed asset constructed by the Group includes the required expenses incurred to bring the assets to the condition of intended use. The fixed asset acquired by an investor is measured at the agreed considerations as specified in the investment contracts or agreements, or the fair value where the agreed consideration as specified in the contracts or agreements is not justified. The fixed asset acquired under a finance lease is measured at the lower of its fair value and the present value of the minimum lease payment at the date of inception of the lease.

Subsequent expenditures incurred for a fixed asset, such as maintenance expenses and renovation and improvement expenses, are included in the cost of fixed asset when they meet the recognition criteria of a fixed asset, and the carrying amount of the replaced parts is derecognized. The subsequent expenditures incurred for a fixed asset are recognized in profit or loss for the current period.

Depreciation is provided for all fixed assets and lands measured individually, except for the fixed assets that are fully depreciated and remain in use and land that is separately valued and recorded. A fixed asset is depreciated over its useful life using the straight-line method or the double declining-balance method. The depreciation is allocated to cost or fee for the current period by use base. The useful life, estimated net residual value and annual depreciation rate of each category of fixed assets are as follows:

Category	Estimated useful lives	Estimated net residual value rate	Annual depreciation rate
Buildings			
Including: productive buildings	20 years	5%	4.75% or double declining-balance method
non-productive buildings	25 years	5%	3.80%
Machinery and equipment	10 years	5%	9.50% or double declining-balance method
Transportation equipment	6 years	5%	15.83%
Instruments	6 years	5%	15.83% or double declining-balance method
Electronic computers	5 years	5%	19.00% or double declining-balance method
Others	6 years	5%	15.83% or double declining-balance method

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The Group re-assesses 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 will be dealt with as changes on accounting estimates.

The Group adopts a depreciation policy for a fixed asset held under a finance lease which is consistent with that for its owned fixed asset. If there is a reasonable certainty that the Group will obtain ownership of the leased asset at the end of the lease term, the leased asset is depreciated over its useful life. If there is no reasonable certainty that the Group will obtain ownership of the leased asset at the end of the lease term, the leased asset is depreciated over the shorter of the lease term and its useful life.

A fixed asset is derecognized on disposal or it is expected that there shall be no economic benefit arising from using or after disposal. Where the fixed assets are sold, transferred, retired or damaged, the income received after disposal after deducting the carrying amount and related taxes are recognized in profit or loss for the current period.

4.15 Construction in progress

Construction in progress is measured at cost actually incurred. The actual cost include various construction expenditures, borrowing costs capitalized and other necessary cost before it is ready for intended use.

From the date when the construction in process is available for expected use, fixed assets are carried forward at estimated value according to construction budget, pricing or actual cost of construction project. Depreciation is provided for from the next month. Difference in original value of fixed assets is adjusted after the completion of formalities of final accounts for completion of construction.

4.16 Borrowing costs

Borrowing costs include interest on borrowings, amortization of discounts or premiums on borrowings, ancillary expenses, and exchange difference arising from foreign currency borrowings.

When expenditures for assets and borrowing costs are being incurred, activities relating to the acquisition, construction or production of those assets that are necessary to prepare the assets for their intended use or sale have commenced, borrowing costs, which are directly attributable to the acquisition, construction or production of a qualifying asset, shall be capitalized. Capitalization of borrowing costs shall cease when the assets under acquisition, construction or product is ready for its intended use or sale. Other borrowing costs shall be recognized as costs for the current period.

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Assets eligible for capitalization represent the fixed assets, investment property and inventories, etc., which shall take a long time (generally over 1 year) for acquisition, construction or production to be ready for its intended uses or sales.

The amount of interest of specific borrowings that eligible for capitalization occurred for the period shall be capitalized after deducting any interest earned from depositing the unused specific borrowings in the bank or any investment income arising on the temporary investment of those borrowings during the capitalization period; The capitalized amount of general borrowings shall be determined at the basis that the weighted average (of the excess amounts of cumulative assets expenditures over the specific borrowings) times capitalization rate (of used general borrowings).

In capitalization period, exchange difference arising from foreign currency specific borrowings shall be capitalized; exchange difference arising from foreign currency general borrowings shall be recognized as costs for the current period.

When an asset eligible for capitalization is interrupted abnormally and the suspending period lasts more than three months during acquisition, construction or production, the capitalization of borrowing costs shall be suspended until the acquisition, construction or production of such assets resume.

4.17 Intangible assets

Intangible assets of the Group include land use rights, patented technology, non-patented technology and others.

Intangible assets are measured at actual cost at the time of acquisition. The actual cost of the purchased intangible assets is measured at the actual payment and other related expenses. The actual cost of intangible asset acquired by an investor is measured at the agreed considerations as specified in the investment contracts or agreements. In case where the agreed consideration of the contracts or agreements is not justified, the assets are measured at 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).

To intangible assets with limited service life, its amortization amount shall be amortized by straight-line method within finite life. Land use rights are amortized evenly over the lease terms as from the date of purchase. Patents technology, non-patents technology and other intangible assets are amortized over the shortest of

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estimated useful life, contractual beneficial period and useful life specified in the law. Amortization amount 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.

Research and development expenses of the Group are classified as research expenses and development expenses according to their nature and the certainty over research and development activities' final formation of intangible assets.

Research expenses are recognized in the profit or loss for the current period when they are incurred.

Development expenses which simultaneously meet the following conditions are recognized as intangible assets:

(1) It is technically feasible to complete such intangible assets so as to enable the use or sale thereof;

(2) There is the intent to complete and use or sell such intangible assets;

(3) Products produced by such intangible assets have market or such intangible assets themselves have market;

(4) There is sufficient technical, financial and other resources to complete the development of such intangible assets and such intangible assets are able to be used or sold;

(5) Expenses attributable to the development of such intangible assets can be reliably measured.

Development expenses which fail to meet the foregoing conditions are recognized in the profit or loss for the current period when they are incurred. Development expenses which have been previously recognized in the profit or loss are not recognized as assets for periods thereafter. Development expenses already capitalized are recognized as development expenses in the balance sheet and translated to intangible assets from the date when such project is available for expected use.

4.18 Impairment of long-term non-financial assets

As of each balance sheet date, the Group assesses whether there is any sign indicating that the long-term equity investments, investment properties measured at cost method, fixed assets, construction in progress and intangible assets with finite useful lives may be impaired. If there is any sign indicating that an asset may be

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impaired, the asset will be tested for impairment. Goodwill arising in a business combination and an intangible asset with indefinite useful lives are tested for impairment annually, irrespective of whether there is any sign to indicating that the asset may be impaired.

After the test of impairment, if the recoverable amount of an asset is less than its carrying amount, the difference is recognized as an impairment loss. Once an impairment loss on the assets is recognized, it will not be reversed in subsequent periods.

4.19 Long-term deferred expenses

Long-term deferred expenses of the Group are expenditures such as decoration cost and road and bridge renovation cost, which have incurred but shall be amortized over the current period and subsequent periods of more than 1 year (excluding 1 year). They are amortized evenly over the estimated beneficial period.

If the long-term deferred expenses are no longer beneficial to the subsequent accounting periods, the unamortized balance is then fully transferred to the profit or loss for the period.

4.20 Employee benefits

(1) Employee benefits of the Group refer to short-term employee benefit, post-employment benefit and resignation benefit.

(2) Short-term employee benefit includes salaries, bonus, allowances and subsidies, staff welfare, medical insurance premiums, labor injury insurance, maternity insurance and other social security insurances, housing fund, union fund and staff education fund, short-term paid absences, short-term profit distribution plans, non-monetary benefits and others.

(3) Post-employment benefit and resignation benefit

Post-employment benefit mainly include basic pension insurance, unemployment insurance and annuity, etc., and it shall be classified as Defined Contribution Plan and Defined benefit plan according to the risks and obligations the company will undertake. During the period in which employees render their services, the amount payable is calculated in accordance with the required pay base and percentage, which is recognized as a liability. 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.

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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.

Resignation benefit is the compensation offered when the Group terminates the employment with an employee before the expiry of the employment contract or provides compensation for acceptance of voluntary redundancy. When the Group made and be about to implement the termination plan or the redundancy offer and not allowed to unilaterally withdraw at the meantime, the provisions for compensation arising from the termination of employment with employees should be charged to the profit or loss for the current period.

4.21 Provisions

The business related to such contingencies as external guarantee, trade acceptance discount, pending action or arbitration and product quality assurance which simultaneously meets the following conditions is recognized by the Group as a liability: such obligation is a current obligation assumed by the Group; the performance of such obligation may result in the flow of economic benefit out of the enterprise; the amount of such obligation can be measured reliably.

Provisions are initially measured based on the best estimate of expenditures necessary for the performance of relevant current obligations and in overall consideration of such factors relating to contingencies as risk, uncertainty and time value of money. If the time value of money has significant influence, the best estimate is determined after relevant future cash outflows are discounted. The increase of

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carrying value due to the discounted is included in interest expense in the income statement.

The carrying amount of accrued liabilities is reviewed on each balance sheet date. In case of any change, the carrying amount is adjusted to present the current best estimate.

4.22 Share-based payment

The equity-settled share-based payments in return for employee services are measured at the fair value of the equity instruments granted to employees on the grant date. If the right cannot be exercised until the vesting period comes to an end or until the prescribed performance conditions are met, then the amount of such fair value should, based on the best estimate of the number of vested equity instruments, be included in the relevant costs or expenses using the straight-line method during the vesting period and the capital reserves should be increased accordingly.

A cash-settled share-based payment is measured in accordance with the fair value of liability confirmed based on the shares or other equity instruments undertaken by the Group. If the right may be exercised immediately after the grant, the fair value of the liability undertaken is, on the grant date, included in the relevant costs or expenses, and the liabilities are increased accordingly; if the right may not be exercised until the vesting period comes to an end or until the specified performance conditions are met, on each balance sheet date within the vesting period, the services obtained in the current period, based on the best estimate of the information about the exercisable right, are included in the relevant costs or expenses at the fair value of the liability undertaken by the Group, and the liabilities shall be increased accordingly.

On each balance sheet date and on each year end date prior to the settlement of the relevant liabilities, the fair value of the liabilities is re-measured and changes are included in the profit or loss for the current period.

Where the Group cancels the granted equity instruments in the vesting period, excluding those canceled as not satisfying the exercisable conditions, it shall be deemed as accelerated exercise, namely, the remaining equity payments in the vesting period all satisfy the exercisable conditions. All expenditures of those remaining equity payments shall be recorded at the period of the canceled granted equity instruments.

4.23 Production safety reserve

The production safety reserve is to improve the production condition. For machinery manufacturing enterprises of the Group, production safety reserve withdrawn monthly based on actual revenue of previous year by excess regressive method. The standards of withdrawing are as follows:

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- (1) For the revenues below 10,000,000, withdraw at 2%
- (2) For the revenues above 10,000,000 and up to 100,000,000, withdraw at 1%
- (3) For revenues above 100,000,000 and up to 1,000,000,000, withdraw at 0.2%
- (4) For revenues above 1,000,000,000 and up to 5,000,000,000, withdraw at 0.1%
- (5) For revenues above 5,000,000,000, withdraw at 0.05%

For machinery manufacturing companies that newly established or have taken into operation less than 1 year, withdraw monthly base on real revenues of current year.

The production safety fee withdrawn should be recognized as current profit and loss, with a corresponding increase in special reserve and be disclosed separately under equity. If the production safety fee belongs to expenses when actually using, they shall directly offset special reserve. If the production safety fee is recognized 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 the special reserve, and accumulated depreciation shall be recognized in an equal amount. If the 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 operating revenue of the Group are generated mainly from sale of goods, rendering services, assignment of assets use rights and c construction contracts. The principles of revenue recognition are as follows:

(1) Revenue from sale of goods

Revenue from sale of goods is recognised when the Group has transferred to the buyer the significant risks and rewards of ownership of the goods; the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold; the amount of revenue can be measured reliably; it is probable that the associated economic benefits will flow to the Group; and the associated costs incurred or to be incurred can be measured reliably. The Group recognises revenue at the time point of delivery, acceptance or installation acceptance.

(2) Revenue from rendering services

When the total revenue and the total cost of services can be reliably measured, the economic benefit relating to provision of services is likely to flow into the Group,

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and the results of services can be reliably determined, the realisation of the service revenue is recognised.

On the balance sheet date, if the results of transaction of rendering services can be reliably estimated, relevant service revenue is recognised using the percentage-of-completion method, and the percentage of completion is determined according to the proportion of cost incurred to the estimated total cost; if the results of transaction of rendering services cannot be reliably estimated and the cost of service incurred is expected to be compensated, revenue from provision of services is recognised in the amount of cost of services which is incurred and can be compensated, and cost of services incurred is carried forward; if the results of transaction of rendering services cannot be reliably estimated and the cost of services incurred is unlikely to be compensated at all, cost of services incurred is recorded in the profit and loss for the current period and the service income is not recognised.

(3) Revenue from assignment of assets use rights

Revenue from assignment of assets use rights is calculated in accordance with such time and method that stipulated by relevant contracts and agreements. Revenue from assignment of assets use rights is recognized if economic benefits relating to a transaction can flow in and the amount of revenue can be reliably measured.

4.25 Construction contracts

The Group recognises contractual revenues and contractual expenses using the percentage-of completion method on the balance sheet date when total contractual revenues can be reliably measured, economic benefits relating to contracts are likely to flow into the Group, contractual costs incurred can be clearly distinguished and reliably measured, and the progress of contract completion and costs necessary for the completion of contracts can be reliably determined. When the percentage-of-completion method is adopted, the progress of contract completion is determined according to the proportion of the contracted working capacity completed to the estimated total working capacity of the contract.

When results of a construction contract cannot be reliably estimated, if contract cost can be recovered, contract revenue is recognised according to the actual contract cost which can be recovered, and contract cost is recognised as an expense for the current period; if contract cost cannot be recovered, contract cost is recognised as an expense immediately after it is incurred and no revenue is recognised.

The hydraulic power unit, nuclear power unit, steam turbine, electric generator (more than 1000MW) and project contracts which match the conditions of construction contracts, the Group confirms cost and income of contract in accordance with CAS 15.

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Due to the nature of power station boiler, the income is confirmed when the rate of completion reaches a certain degree.

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

The Group checks construction contracts at the end of period. If the estimated total cost of construction contracts will exceed the estimated total revenue of construction contracts, provision is made for loss and estimated loss is recognised as an expense for the current period.

4.26 Government grants

Government grants are transfer of monetary assets and non-monetary assets from the government to the Group at no consideration, but exclude the capital invested from government as an investor.

Investment subsidies from the government at specific purposes are designated as capital reserve at documents from the State are also not government grants.

A government grant is recognised only when the Group can comply with the conditions attaching to the grant and the Group will receive the grant.

If a government grant is in the form of a monetary asset, it is measured at the actually amount received. For a fixed quota for the allocation of the grant, it is measured at the amount receivable.

If a government grant is in the form of a non-monetary asset, it is measured at its fair value. If the fair value cannot be reliably obtained, it is measured at the nominal amount (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

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not clearly defined the recipients of support, the Group should judge according to above rules.

Asset-related government grants are recognized as deferred income and are allocated evenly to the profit and loss for the period over the useful life of the relevant asset.

For a government grant related to income, if the grant is a compensation for related expenses or losses to be incurred in subsequent periods, the grant is recognised as deferred income, and recognised in profit or loss over the periods in which the related costs are recognised. If the grant is a compensation for related expenses or losses already incurred, the grant is recognised directly in profit or loss for the current period.

For repayment of a government grant already recognised, if there is related deferred income, the repayment is offset against the carrying amount of the deferred income, and any excess is recognised in profit or loss for the period. If there is no related deferred income, the repayment is recognised immediately in profit or loss for the period.

4.27 Deferred tax assets and deferred tax liabilities

The deferred income tax assets and deferred income tax liabilities of the Group are recognized based on the differences between the tax bases of assets and liabilities and their respective book values (temporary differences). For deductible tax losses or tax credit that can be brought forward in accordance with tax law for deduction of taxable income in subsequent years, it is considered as temporary differences and related deferred income tax assets are recognized. For temporary differences associated with the initial recognition of goodwill, no deferred liability is recognized. For temporary differences associated with the initial recognition of an asset or liability arising from a transaction (not a business combination) that affects neither the accounting profit nor taxable profits (or deductible losses) at the time of transaction, no deferred tax asset or liability is recognized. As of the balance sheet date, deferred income tax assets and liabilities are measured at the applicable tax rates that are expected to apply to the period in which the assets are realized or liability is settled.

The deferred income tax assets arising from the deductible temporary difference are recognised to the extent that it is probable that taxable profit will be available to the Group to offset such deductible temporary difference.

4.28 Leases

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Leases are classified as finance leases and operating leases at the date of inception. Finance lease is a lease that substantially transfers all the risks and rewards of ownership of the assets. Operating leases are leases other than finance leases.

(1) The Group as lessee under finance leases

The Group, as a lessee, recognised the assets under finance lease at the inception of the leases at the lower of their fair value 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 unrecognised finance lease charge and shall be amortized using the effective interest method over the lease term. The balance of the amount of minimum lease payments with deduction of unrecognized finance lease charge is disclosed as long-term liabilities and long-term liabilities due within one year.

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

(2) The Group as lessor under finance leases

At the commencement of the lease term, the aggregate of the minimum lease receivable at the inception of the lease and the initial direct costs is recognized as a finance lease receivable, and the unguaranteed residual value is recorded at the same time. The difference between the aggregate of the minimum lease receivable, the initial direct costs and the unguaranteed residual value, and the aggregate of their present values is recognized as unearned finance income. Unearned finance income is recognized as finance income for the period 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 recognized 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 recognized in the future in accordance with revised leasing net investment and the recalculated interest rate implicit in the lease.

Contingent rents are credited to profit or loss in the period in which they are actually incurred.

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(3) The Group as lessee under operating leases

The Group, as a lessee, recognized lease payments as a cost of an assets or an expense on a straight-line basis over the terms of the relevant lease. The initial direct costs shall be included in profit or loss. Contingent rents are credited to profit or loss in the period in which they are actually incurred.

(4)The Group as lessor under operating leases

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. Those of a relatively large amount shall be capitalized and recognized as an expense over the lease term on the same basis as the lease income. Those of a relatively large amount shall be recognized in profit or loss. Contingent rents are credited to profit or loss in the period in which they are actually incurred.

4.29 Income tax accounting

Income tax is accounted by using the balance sheet liability method. Income tax expenses represent the sum of current income tax and deferred income tax. Current income tax and deferred income tax in connection with the transactions and matters that are directly recorded in shareholders' equity are dealt with in shareholders' equity. Deferred income tax arising from business combination is adjusted to the carrying value of goodwill. Expenses or income of all other current income tax and deferred income tax are recognized in the profit or loss for the period.

The current income tax payable is the amount of tax payable to taxation authority by the enterprises 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 income tax assets and deferred income tax liabilities that should be recognized using the balance sheet liabilities method at the end of the period and their balances originally recognized.

4.30 Segment information

The operations of the Group are classified based on internal organization structure, management requirements and internal reporting system. The reporting segments are determined based on operations.

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, the Group makes decision on resources allocated to the segment and performance judgment; the Group can gain information of financial position, operating

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results and cash flow status of these components. Two or more operating segments can be aggregated into one single operating segment if they share similar economic characteristic and satisfy certain conditions.

4.31 Assets held for sale and discontinued operations

The Group classifies assets held-for-sale when they meet following requirements: the Group has made a resolution on disposal of the non-current assets; the Group has already made an irrevocable transfer agreement with the acquiring party; the transfer agreement is likely to be completed within one year.

The non-current assets meeting the held-for-sale conditions are represented as other current assets at the lower of book value and fair value deducted disposal expense. The amount of fair value deducted disposal expense that lower than book value is recognized as impairment loss of assets.

Discontinued operation refers to a component which has been disposed of or held for sale and can be separately distinguished on operation and preparation of financial statements.

4.32 Hedging accounting

The hedging of the group are classified into fair value hedging, cash flowing hedging, and hedging of net investment in foreign operations.

(1) At the inception of a hedging, the group shall specify the relationship between the hedging instrument and hedged item formally 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. A hedging shall be relevant to the designated an 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) The Group shall continuously evaluate the effectiveness of hedging and ensure this hedging is highly effective in accounting period that specified in the hedging relationship.

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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 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 significant accounting policies and accounting estimates

No significant accounting policies and accounting estimates exist in the Group for the current year.

4.34 Significant accounting estimates and accounting judgments

The preparation of the financial statements requires management to make judgments, estimates and assumptions that will affect the reported amounts of revenue, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that might require a material adjustment to the carrying amounts of the assets or liabilities affected in the future. The Group continually evaluates the critical accounting estimates and key judgments applied based on historical experience and other factors, including expectations of future events that are considered to be reasonable.

The followings are the critical judgements, apart from those involving estimations as described below that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognized in the Financial Information.

(1) Provision for receivables

As the end of each reporting period, the Group reviews whether impairment loss evidence on accounts receivable which are stated at amortized cost exists. If there is impairment loss evidence, the Group assesses the amount of impairment loss to be recognized. Impairment evidence includes information shown the expected future cash flow of individual or a group of accounts receivable decreases significantly, negative credit information of individual or a group of accounts receivable and etc. Impairment loss will be written back if there is evidence shown that the impairment on accounts receivable could be recovered subsequently.

(2) Provision for inventories

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The Group assesses the net realizable value of inventories periodically and makes allowance for inventories which the cost is higher than the net realizable value. Net realizable value is determined by the Group using the selling price of same product less its estimated future completion cost, selling expenses and related taxes. When the estimated actual selling price or cost is different with prior period, the management of the Group will make relevant adjustment on the net realizable value. The carrying amount of inventories on the statement of financial position may be adjusted as there may be a difference between the actual future outcomes and the estimation based on the experience. Therefore, the provision for inventories might be different due to the actual outcomes are not same as estimation. The adjustment on provision for inventories will affect the profit or loss of current period.

(3) Provision for fixed assets

The Group will perform impairment test for the buildings, equipment and machinery and other fixed assets when there are impairment indicators. The recoverable amount of the fixed assets is the discounted estimated future cash flow or the fair value of the assets minus the disposal expenses, the calculation of the recoverable involves accounting estimation.

If the management of the company revised the profit margin used in calculating the future cash flow from the assets or group of assets, and the revised profit margin were lower than the current profit margin, then the Group has to increase the impairment provision for the fixed assets.

If the management of the company revised the pre-tax discount rate used in discounting the future cash flow and the revised pre-tax discount rate were higher than the prevail pre-tax discount rate, then the Group has to increase the impairment provision.

If the actual profit margin or the pre-tax discount rate were higher or lower than management's estimation, the Group should not reverse any impairment provision that have already been accrued.

(4) Recognition of deferred tax assets

The determination of the deferred tax assets need the estimation of the taxable income and applicable income tax rate in the future, the realization of the deferred tax assets depends on whether the Group has the ability to generate enough future taxable income. Change of the future income tax rate and time of the reversal of temporary differences would impact income tax expenses (gain) and balance of the deferred tax

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assets too. The aforementioned change of estimation may result material adjustment of deferred tax assets.

(5) Useful lives of fixed assets and intangible assets

The Group reviewed the estimated useful lives for its fixed assets and intangible assets annually. The estimated useful lives are determined by management by reference to the historical experience of similar assets, the estimation generally used by other companies in the same industry and anticipated renovation in technologies. When there are significant changes in previous estimates, the Group should adjust the depreciation and amortization expense in future periods.

5. Taxation**5.1 Major categories of taxes and taxes rates**

Category of tax	Basis of tax computation	Tax rate
VAT	Sale of goods , rendering of taxable services	6%, 11%, 17%
Business tax	Rendering of taxable services, transfer of intangible assets or the sale of immovable properties	3%, 5%
City construction and maintenance tax	Turnover taxes	5%, 7%
Education surcharge	Turnover taxes	3%
Local education surcharge	Turnover taxes	2%
Housing property tax	The rental income of 70%of building	1.2%/12%
Land use tax	Taxable land	3-15 yuan/m ²
Enterprise income tax		
Including : the Company, Dongfang Steam Turbine Co., Ltd., Dongfang Boiler Group Co., Ltd., Dongfang Electric Machinery Co., Ltd., Dongfang Electric (Guangzhou) Heavy-duty Machine Co., Ltd., Eastern Boiler Control Co., Ltd., DFEM Control Equipment Co., Ltd., Chengdu Dongfang KWH Environmental Protection Catalysts Co.,Ltd.. (hereinafter referred to Chengdu KWH Company),Dongfang Electric (Tianjin) Wind Blade Engineering Co.,Ltd.,	Taxable income	15%
Dong Fang Electric (India) Private Limited.	Taxable income	32.445%
Indonesia Company	Taxable income and interest incomes on deposits	25%/20%
Dongfang Electric Venezuela Co., Ltd.	Net profit	15%/22%/34%

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Category of tax	Basis of tax computation	Tax rate
Other subordinate companies	Taxable income	25%

5.2 Tax incentives

(1) Dongfang Steam Turbine Co., Ltd. had obtained the high and new technology enterprises certificates which was jointly issued by Science & Technology Department of Sichuan Province, Department of Finance of Sichuan province, Sichuan Local Taxation Bureau and Sichuan provincial Office(No.GF201251000089) on November 28,2012. Dongfang Boiler Group Co., Ltd. had obtained the high and new technology enterprises certificates which was jointly issued by Science & Technology Department of Sichuan Province, Department of Finance of Sichuan province, Sichuan Local Taxation Bureau and Sichuan provincial Office,SAT(No. GR201451000399) on October 11,2014. Dongfang Electric Machinery Co., Ltd. had obtained the high and new technology enterprises certificates which was jointly reviewed by Science & Technology Department of Sichuan Province, Department of Finance of Sichuan province, Sichuan Local Taxation Bureau and Sichuan provincial Office(No. GR201551000745) on October 9,2015. Dongfang Heavy-duty Machine had gained new technology enterprises certificate No. GF201344000237 on October 6, 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. Tianjin Dongqi Wind Turbine Blade Engineering Co., Ltd had got high and new technology enterprises certificate No. GF201312000036 on September 9,2013, which is jointly issued by Science & Technology Department of Tianjin, Department of Finance of Tianjin, Tianjin Local Taxation Bureau and Tianjin provincial Office, SAT. Eastern Boiler Control Co., Ltd had got high and new technology enterprises certificate No. GR201544200589 on June 19, 2015, which is jointly issued by Science & Technology Innovation Commission of Shenzhen Municipality, Finance Commission of Shenzhen Municipality, Shenzhen Provincial office.SAT and Shenzhen Local Taxation Bureau.

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%.The managements of the above companies expect those companies would continue enjoying the high-tech enterprises' preferential income tax rate of 15% for the year 2015.

(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

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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 revenue accounting for 70% of total operating revenue. According to Catalogue of Encouraged Industries in Western Regions of China 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, DFEM Control Equipment Co., Ltd. and Chengdu KWH Company, belong to foregoing category of encouraged industries in Western Regions, and obtained the approval by the related tax authorities, the Company, DFEM Control Equipment Co., Ltd. and Chengdu KWH Company entitled to preferential income tax rate of 15% for the year 2014. The management of the Company, DFEM Control Equipment Co., Ltd and Chengdu KWH Company consider they are still in the scope of encouraged industries regulated by Catalogue of Encouraged Industries in Western Regions of China, thus those companies used income tax rate of 15% when calculating income tax expense for the year 2015.

6. Notes to the Consolidated Financial Statements

Among the data of financial statements disclosed below, except specifically indicated, “beginning of the year” refers to January 1, 2015, “end of the year” refers to December 31, 2015, “the year” refers to January 1, 2015 to December 31, 2015, “previous year” refers to January 1, 2014 to December 31, 2014, and the currency unit is RMB.

6.1 Cash and cash equivalents

Item	Amount as of the end of the year	Amount as of the beginning of the year
Cash on hand	2,258,601.50	2,777,744.44
Cash at bank	21,023,958,546.40	17,799,645,196.56
Other cash and cash equivalents	61,321,977.59	20,395,130.65
Total	21,087,539,125.49	17,822,818,071.65
Including: The total amount kept in foreign country	122,416,010.50	108,979,412.73

6.1.1 Other cash and cash equivalents mainly include: the investment security deposits of RMB 40,315,963.91, security deposits of infrastructure of RMB784, 418.01 and security deposits of letter of credit, bank acceptance note and performance bond guarantee of RMB20, 221,595.67.

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6.1.2 On December 31, 2015, total amounts of RMB 21,006,013.68 is under restriction, including the security deposits of infrastructure at RMB 784,418.01, bank notes, guarantee and letter of credit security deposits of RMB 20,221,595.67. At the beginning of 2015, the total amounts restricted are RMB 20,376,942.59, including the security deposits of infrastructure at RMB784,418.01, bank notes, guarantee and letter of credit security deposits of RMB19,592,524.58.

6.2 Financial asset at fair value through profit or loss

6.2.1 Classification

Item	Amount as of the end of the year	Amount as of the beginning of the year
Financial assets held for trading	36,079,098.10	56,547,665.82
Including : Equity instrument investments	36,068,759.00	56,508,607.05
Derivative financial assets	10,339.10	39,058.77
Total	36,079,098.10	56,547,665.82

(1) The reason for the decrease of RMB 20,468,567.72 in Financial assets held for trading (decrease 36.20%) compared to the amount as of the beginning of the year is due to the disposal of investment in unrestricted domestic listed shares (A-shares) of 7,272,665 shares of China XD Electricity Co., Ltd.

(2) The Equity instrument investments as at the year end are the investments in the unrestricted domestic listed shares, including 1,447,000 shares of China XD Electricity Co., Ltd (accounting for 0.028% of share capital of the invested company) , 2,802,000 shares of Huaneng Power Intentional, Inc. (accounting for 0.018% of share capital of the invested company), 285,400 shares of Hubei Energy Group Co.,Ltd (accounting for 0.004% of share capital of the invested company). The fair value of those equity instruments are measured using their closing stock price at the securities exchange market

(3) Derivative financial assets as at the year end is the USD 10 million forward foreign exchange sale agreement signed between Dongfang Electric Machinery Co., Ltd. and the bank, the fair value is calculated based on the price provided by the bank.

6.2.2 Financial assets held for trading analysis:

Item	Fair value As of the end of the year	Fair value As of the beginning of the year
Listed		
Listed in PRC(Hong Kong excluded)	36,068,759.00	56,508,607.05
Subtotal	36,068,759.00	56,508,607.05

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Item	Fair value As of the end of the year	Fair value As of the beginning of the year
Unlisted	10,339.10	39,058.77
Total	36,079,098.10	56,547,665.82

6.3 Notes receivable

6.3.1 Classification of notes receivable

Item	Amount as of the end of the year	Amount as of the beginning of the year
Bank acceptances	4,094,703,393.53	2,404,244,325.42
Commercial acceptances	246,252,038.39	222,748,449.28
Total	4,340,955,431.92	2,626,992,774.70

The Company's notes receivable increased RMB 1,713,962,657.22 compared to the amount as of the beginning of the year (increase 65.24%), which is due to the reason of receiving notes in relating to the sales of goods.

6.3.2 Notes receivable which have been pledged as security at the end of the period

Item	Amount
Bank acceptances	
Commercial acceptances	10,000,000.00
Total	10,000,000.00

The pledged notes receivable of the Group as at the end of the year is the notes with recourse right which were used to pledge for the loan obtained from Dongfang Electric Finance Co., Ltd..

6.3.3 Notes endorsed by the Company to other parties which are not yet due at the balance sheet date:

Item	Stop recognizing amount	Non-stop recognizing amount
Bank acceptances	4,034,879,486.03	
Commercial acceptances		158,666,236.73
Total	4,034,879,486.03	158,666,236.73

6.3.4 No notes receivable had conversed to accounts receivables due to failing to honour the agreements.

6.4 Accounts receivable

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Item	Amount as of the end of the year	Amount as of the beginning of the year
Account receivables	22,651,799,981.91	22,759,621,224.33
Less: Provision for bad debts	5,361,607,265.99	5,061,153,938.62
Balance b/d	17,290,192,715.92	17,698,467,285.71

6.4.1 Aged receivables analysis:

Age of the receivable	Amount as of the end of the year	Amount as of the beginning of the year
Within 1 year	8,618,798,739.75	8,931,240,317.98
1-2 years	4,652,766,404.57	4,370,979,214.25
2-3 years	2,305,625,401.90	2,270,756,892.38
3-4 years	924,611,128.94	1,463,943,053.32
4-5 years	788,391,040.76	661,547,807.78
Total	17,290,192,715.92	17,698,467,285.71

6.4.2 Receivables Classification

Category	Amount as of the end of the year				Book value
	Book Balance		Provision for bad debts		
	Amount	Proportion (%)	Amount	Proportion (%)	
Significant individual receivables with bad debt provision made on individual basis	451,606,684.94	1.99	451,606,684.94	100	
Receivables with bad debts on portfolio basis on credit risk characteristics	22,156,800,156.97	97.82	4,866,607,441.05	21.96	17,290,192,715.92
Insignificant individual receivables but with bad debt provision made on individual basis	43,393,140.00	0.19	43,393,140.00	100	
Total	22,651,799,981.91	100	5,361,607,265.99	23.67	17,290,192,715.92

(Continued)

Category	Amount as of the beginning of the year
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	Book Balance		Provision for bad debts		Book value
	Amount	Proportion (%)	Amount	Proportion (%)	
Significant individual receivables with bad debt provision made on individual basis	121,871,250.00	0.54	121,871,250.00	100	
Receivables with bad debts on portfolio basis on credit risk characteristics	22,589,648,034.33	99.25	4,891,180,748.62	21.65	17,698,467,285.71
Insignificant individual receivables but with bad debt provision made on individual basis	48,101,940.00	0.21	48,101,940.00	100	
Total	22,759,621,224.33	100	5,061,153,938.62	22.24	17,698,467,285.71

6.4.2.1 Significant individual receivables with bad debt provision made on individual basis at the end of year

Name	Book Balance	Provision for bad debts	Proportion (%)	Reason for of basis of provision
First	121,949,000.00	121,949,000.00	100	Difficulty in operating, long term and expectation of unable to recover
Second	100,704,134.94	100,704,134.94	100	Difficulty in operating, long term and expectation of unable to recover
Third	83,450,000.00	83,450,000.00	100	The client has trouble in funding and expectation of unable to recover
Fourth	73,045,550.00	73,045,550.00	100	Has dispute over this guarantee deposits and expectation of unable to recover.
Fifth	39,455,700.00	39,455,700.00	100	Quality dispute and expectation of unable to recover
Sixth	33,002,300.00	33,002,300.00	100	The client has trouble in funding and expectation of unable to recover
Total	451,606,684.94	451,606,684.94	100	

6.4.2.2 Receivables with bad debt provision made on aged combinations basis

Aging	Amount as of the end of the year		
	Amount	Provision for bad debts	Proportion (%)
Within 1 year	9,072,419,726.09	453,620,986.34	5

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Aging	Amount as of the end of the year		
	Amount	Provision for bad debts	Proportion (%)
1-2 years	5,169,740,449.52	516,974,044.95	10
2-3 years	2,882,031,752.35	576,406,350.45	20
3-4 years	1,541,018,548.15	616,407,419.21	40
4-5 years	1,576,782,081.58	788,391,040.82	50
Over 5	1,914,807,599.28	1,914,807,599.28	100
Total	22,156,800,156.97	4,866,607,441.05	21.96

(Continued)

Aging	Amount as of the beginning of the year		
	Amount	Provision for bad debts	Proportion (%)
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
Total	22,589,648,034.33	4,891,180,748.62	21.65

6.4.2.3 Insignificant major individual receivables as of the end of the year but with bad debt provision made on individual basis

Name of entity	Book Balance	Provision for bad debts	Proportion (%)	Reason
First	25,131,940.00	25,131,940.00	100	Quality dispute and expectation of unable to recover
Second	17,430,000.00	17,430,000.00	100	The client has trouble in funding and expectation of unable to recover
Third	831,200.00	831,200.00	100	The client won't accept this receivable and expectation of unable to recover
Total	43,393,140.00	43,393,140.00	100	

6.4.3 Reversals and collections during the current period

The provision for bad debts of the year is RMB 318,234,987.77. The reversals and collections during the current period is RMB 14,910,000.00:

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Name of entity	Amount	Proportion (%)	Provision for bad debts	Amount Recovered	Basis of original provision	Amount of reversals or collections
First	39,455,700.00	100	39,455,700.00	9,370,000.00	Dispute in guarantee deposits	Partly of the dispute were settled by negotiations
Second	25,131,940.00	100	25,131,940.00	4,000,000.00	Dispute in guarantee deposits	Partly of the dispute were settled by negotiations,
Third	17,430,000.00	100	17,430,000.00	1,540,000.00	Funding problem	The funding situation turned better for the client
Total	82,017,640.00	100	82,017,640.00	14,910,000.00	--	--

6.4.4 Accounts receivable written off in the year

Due to the wind-up of 2 non-related debtors, the board of directors of Dongfang Boiler approved Dongfang Boiler to write off receivables of RMB 1,871,383.60 in the form of loans and quality guarantee deposits. After evaluating the benefit and cost of recovering those small amount receivables, the board of directors of Dongfang Electric Machinery Co., Ltd approved Dongfang Electric Machinery Co., Ltd to write off 18 non-related debtors' receivables of RMB 364,692.36. Due to the stop and expect no hope in re-start of the project, the board of directors of the DongFang Electric(India) Private Limited approved the DongFang Electric(India) Private Limited to write off 2 non-related debtors' receivables of RMB 639,515.13.

6.4.5 Top five entities with the largest balances of accounts receivable

Name of entity	Amount as of the end of the year	Aging	Proportion of the amount to the total accounts receivable (%)	Provision for bad debts
First	845,109,478.00	0-2 years	3.73	43,186,298.67
Second	736,490,274.96	0-3 years	3.25	93,078,962.47
Third	666,128,968.15	0-5 years	2.94	418,753,233.49
Forth	495,835,150.65	0-5 years	2.19	270,917,261.63
Fifth	441,382,594.59	Within 1 year	1.95	22,069,129.73
Total	3,184,946,466.35		14.06	848,004,885.99

6.4.6 In terms of the revenue from 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

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can get one-year credit period. For small, new or short-term customers, the Group shall settle the amount within 180 days after rendering service or delivering products.

6.5 Prepayments**6.5.1 Aged prepayments analysis**

Items	Amount as of the end of the year		Amount as of the beginning of the year	
	Balance	Proportion (%)	Balance	Proportion (%)
Within 1 year	2,373,738,994.83	71.93	3,401,031,767.25	80.77
1-2 years	442,040,509.01	13.40	272,638,701.60	6.48
2-3 years	175,929,399.33	5.33	107,922,665.42	2.56
Over 3 years	308,252,635.68	9.34	428,936,218.74	10.19
Total	3,299,961,538.85	100	4,210,529,353.01	100

(1) The prepayments with an age over 1 year are RMB926,222,544.02, 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.

6.5.2 Top five entities with the largest balances of prepayments:

Items	Amount as of the end of the year	Aging	Proportion to book value of prepayments
First	171,412,959.05	0-2 years	5.19
Second	146,712,890.15	Within 1 year	4.45
Third	146,580,815.70	Within 1 year	4.44
Forth	123,283,530.90	Within 1 year	3.74
Fifth	116,895,768.02	Within 1 year	3.54
Total	704,885,963.82		21.36

6.6 Interest receivable

Item	Amount as of the end of the year	Amount as of the beginning of the year
Interest of fixed deposit	297,206,934.58	153,964,346.27
Total	297,206,934.58	153,964,346.27

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6.6.1 Compared with 2014, interest receivable increase by RMB 143,242,588.31 (at rate of 93.04%), 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 receivable

Item	Amount as of the end of the year	Amount as of the beginning of the year
Other receivables	720,525,487.80	540,726,009.12
Less: Provision for bad debts	354,229,208.39	258,311,421.40
Net book value	366,296,279.41	282,414,587.72

6.7.1 Aged other receivables analysis:

Aging	Amount as of the end of the year	Amount as of the beginning of the year
Within 1 year	247,651,666.48	141,497,641.82
1-2 years	25,145,941.90	64,940,875.45
2-3 years	46,261,858.03	55,087,155.31
3-4 years	37,244,610.04	6,849,100.84
4-5 years	5,330,986.96	7,906,648.81
Over 5 years	4,661,216.00	6,133,165.49
Total	366,296,279.41	282,414,587.72

6.7.2 Classification of other receivable

Items	Amount as of the end of the year				Book value
	Book Balance		Provision for bad debts		
	Amount	Proportion (%)	Amount	Proportion (%)	
Other Receivables that are individually significant and provided for bad debts on individual basis.	221,728,744.90	30.76	221,728,744.90	100	
Other Receivables that are provided for bad debts on portfolio basis	490,865,886.90	68.14	129,329,223.49	26.35	361,536,663.41
Other Receivables that are not individually significant but provided for bad debts on individual basis	7,930,856.00	1.10	3,171,240.00	39.99	4,759,616.00

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Items	Amount as of the end of the year				
	Book Balance		Provision for bad debts		Book value
	Amount	Proportion(%)	Amount	Proportion(%)	
Total	720,525,487.80	100	354,229,208.39	49.16	366,296,279.41

(Continued)

Items	Amount as of the beginning of the year				
	Book Balance		Provision for bad debts		Book value
	Amount	Proportion(%)	Amount	Proportion(%)	
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
Total	540,726,009.12	100	258,311,421.40	47.77	282,414,587.72

1) Other Receivables that are individually significant and provided for bad debts on individual basis at the end of the year

Name of entity	Amount as of the end of the year			
	Book Balance	Provision for bad debts	Proportion(%)	Reason
First	157,450,443.40	157,450,443.40	100	Note.
Second	64,278,301.50	64,278,301.50	100	Expectation of unable to recover
Total	221,728,744.90	221,728,744.90	100	—

Note: The interpretation refers to notes to financial statements at Note 16.4

2) Other receivables with bad debt provision made on aged combination

Aging	Amount as of the end of the year		
	Amount	Provision for bad debts	Proportion (%)

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Aging	Amount as of the end of the year		
	Amount	Provision for bad debts	Proportion (%)
Within 1 year	260,685,964.73	13,034,298.25	5
1-2 years	27,939,935.45	2,793,993.55	10
2-3 years	57,827,322.56	11,565,464.53	20
3-4 years	62,074,350.07	24,829,740.03	40
4-5 years	10,465,173.96	5,232,587.00	50
Over 5 years	71,873,140.13	71,873,140.13	100
Total	490,865,886.90	129,329,223.49	26.35

(Continued)

Aging	Amount as of the beginning of the year		
	Amount	Provision for bad debts	Proportion (%)
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
Total	372,260,778.64	97,540,367.20	26.20

3) Other Receivables that are not individually significant but provided for bad debts on individual basis

Name of entity	Amount as of the end of the year			
	Book Balance	Provision for bad debts	Proportion (%)	Reason
First	4,759,616.00			Note
Second	2,750,000.00	2,750,000.00	100	Land occupation fee paid before the year 2008 earthquake, low possibility of recovering
Third	421,240.00	421,240.00	100	Expectation of unable to recover
Total	7,930,856.00	3,171,240.00	39.99	—

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Note: The housing turnover fund temporarily lend to the talent by Dongfang Heavy Machinery Co., Ltd. The fund will be deducted from staff's salary monthly, no provision recognised.

6.7.3 Reversals and collections during the current period

The provision for bad debts prior to the end of the year is RMB 95,928,174.87. No other receivables for which full bad debt provisions or impairment provisions of comparatively large proportion have been made prior to the end of the year, but are fully or substantially recovered or reversed during the current period.

6.7.4 Other receivable written off in the year

Other receivables of Dongfang Electric Machinery Co., Ltd. from two related parties (RMB 11,330.13) were written off for cancellation of registration of the debtors.

6.7.5 Other receivable classification according to the nature

Nature of other receivables	Amount as of the end of the year	Amount as of the beginning of the year
Investments	165,550,443.40	165,550,443.40
Advance payment for another	367,882,713.06	165,464,065.11
Reserve	48,717,708.17	84,602,408.03
Cash deposit and guarantee deposit	74,980,475.96	74,340,034.01
Other business receivables	46,220,288.60	32,896,548.00
Others	17,173,858.61	17,872,510.57
Total	720,525,487.80	540,726,009.12

6.7.6 Top five entities with the largest balances of other receivables

Name of entity	Nature	Amount as of the end of the year	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	21.85	157,450,443.40
Second	Payment on behalf of others	64,278,301.50	1-3 years	8.92	64,278,301.50
Third	Payment on behalf of others	49,800,000.00	0-3 years	6.91	15,040,000.00
Forth	Receivables related to other operations and others	34,895,158.82	Within one year	4.84	8,036,113.93

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Name of entity	Nature	Amount as of the end of the year	Aging	Proportion to total balance of other receivables at the end of year (%)	Balance of bad-debt reserve at the end of year
Fifth	Payment on behalf of others	22,116,258.54	Over 5 years	3.07	11,387,078.17
Total		328,540,162.26		45.60	256,191,937.01

6.8 Inventories

6.8.1 Classification of inventories

Item	Amount as of the end of the year		
	Book Balance	Provision for decline in value	Carrying amount
Raw material	3,562,915,973.58	334,665,468.00	3,228,250,505.58
Self-made semi-finished products and products in process	19,339,246,044.28	765,884,732.40	18,573,361,311.88
Finished goods	1,346,982,909.68	93,673,380.68	1,253,309,529.00
Reusable materials (packing materials, low value consumables)	52,708,123.79	2,804,577.18	49,903,546.61
Construction contracts (completed but not yet settled)	5,099,385,763.29	1,304,620,268.54	3,794,765,494.75
Total	29,401,238,814.62	2,501,648,426.80	26,899,590,387.82

(Continued)

Item	Amount as of the beginning of the year		
	Book Balance	Provision for decline in value	Carrying amount
Raw material	4,635,180,367.34	101,939,416.83	4,533,240,950.51
Self-made semi-finished products and products in process	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

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Item	Amount as of the beginning of the year		
	Book Balance	Provision for decline in value	Carrying amount
Total	31,208,159,508.05	1,567,168,913.43	29,640,990,594.62

6.8.2 Provision for decline in value of inventories

Item	Amount as of the beginning of the year	Increase in the current period		Decrease in the current period		Amount as of the end of the year
		Current year additions	Others	Reversals	Others transferred out	
Raw material	101,939,416.83	243,265,563.12		10,539,511.95		334,665,468.00
Self-made semi-finished products and products in process	484,232,059.73	515,932,712.25		234,280,039.58		765,884,732.40
Finished goods	66,755,843.67	27,582,405.55		664,868.54		93,673,380.68
Reusable materials (packing materials, low value consumables)	79,494.73	2,726,620.91		1,538.46		2,804,577.18
Construction contracts (completed but not yet settled)	914,162,098.47	714,128,345.29		78,307,777.82	245,362,397.40	1,304,620,268.54
Total	1,567,168,913.43	1,503,635,647.12		323,793,736.35	245,362,397.40	2,501,648,426.80

6.8.2.1 Provision for decline in value of raw materials withdrawn in the current year are due to the change of product process, the formerly purchased materials are warehoused for a long time and during which the fair value in the market reduces. The Group has withdrawn the provision for decline in value between the net realizable value and the cost.

6.8.2.2 Provision for decline in value of self-made semi-finished products, products in process and finished goods in the current year, are due to the fierce market competition, the sales prices went lower than the cost. The provisions are drawn in accordance with net realisable value lower than cost.

6.8.2.3 Provision for decline in value of construction contracts that completed but not settled are made by the amount of the estimated cost that exceeding contract income.

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6.8.2.4 Others transferred out from provision for decline in value are the written off of the estimated contract loss based on the method of percentage of completion method.

6.8.3 Provision for inventories

Items	Principle	Reasons for reversal
Raw material	Net realisable value lower than book value	The adjustment of product manufacture process makes some of aged raw materials available for use.
Self-made semi-finished products and products in process	Net realisable value lower than book value	Complete the production and realize sales
Finished goods	Net realisable value lower than book value	Net realisable value increased
Reusable materials (packing materials, low value consumables)	Net realisable value lower than book value	Reusable materials being used again in the production
Construction contracts (completed but not yet settled)	Total contract income lower than expected total cost	

6.8.4 Completed but not yet settled assets at the end of year as per the construction contract

Item	Amount
Accumulated cost	33,112,567,859.72
Accumulated confirmed gross profits	2,000,220,502.82
Less: anticipated loss	1,304,620,268.54
Settled amount	30,013,402,599.25
Completed but not yet settled assets at the end of year as per the construction contract	3,794,765,494.75

6.9 Other current assets

Item	Closing balance	Opening balance
Pending deduct VAT	302,668,916.77	594,189,470.73
Advanced payment of income tax	31,887,777.92	17,828,015.59
Advanced payment of housing property tax	480,222.45	368,998.37
Advanced payment of business taxes	300,076.56	
Others	36,690.22	67,406.95
Total	335,373,683.92	612,453,891.64

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6.10 Available-for-sale financial assets

6.10.1 Available-for-sale financial assets

Items	Amount as of the end of the year		
	Book Balance	Allowance for decrease	Book value
Available-for-sale equity instruments	33,476,314.66	30,376,314.66	3,100,000.00
Including: Cost method	33,476,314.66	30,376,314.66	3,100,000.00
Total	33,476,314.66	30,376,314.66	3,100,000.00

(Continued)

Items	Amount as of the beginning of the year		
	Book Balance	Impairment reserves	Book value
Available-for-sale equity instruments	56,976,314.66	45,141,081.91	11,835,232.75
Including: Cost method	56,976,314.66	45,141,081.91	11,835,232.75
Total	56,976,314.66	45,141,081.91	11,835,232.75

Balance of available-for-sale financial assets of the Group decreased of RMB 23,500,000.00 compare with previous year, at a rate of 41%. It is due to Guangdong Yudean Oil Shale Power Generation Co., Ltd. had finished liquidation.

6.10.2 Available-for-sale financial assets analysis:

Item	Amount as of the end of the year	Amount as of the beginning of the year
Listed		
Unlisted	33,476,314.66	56,976,314.66
Total	33,476,314.66	56,976,314.66

6.10.3 Available-for-sale financial assets measured based on cost method

Invested enterprise	Book Balance			
	Beginning of the year	Increase in current year	Decrease in current year	End of the year
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

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Invested enterprise	Book Balance			
	Beginning of the year	Increase in current year	Decrease in current year	End of the year
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
Guangdong Dongfang Power Station Complete Equipment Co., Ltd.(Guangdong Company)	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
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
Beijing Huatsing Gas Turbine & IGCC Technology Co., Ltd.	5,500,000.00			5,500,000.00
Total	56,976,314.66		23,500,000.00	33,476,314.66

(Continued)

Invested enterprise	Impairment reserves				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		
Southwest Production Means Center	60,000.00			60,000.00	Not in detail	
Deyang Mechanical and Electrical Equipment Co., Ltd.	100,941.25			100,941.25	Not in detail	
Wuxi Electronic Guesthouse	150,000.00			150,000.00	Not in detail	

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Invested enterprise	Impairment reserves				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		
Chengdu Sandian Stock Co., Ltd.	455,373.41			455,373.41	Not in detail	
Sichuan Dongdian Real Estate Development Co., Ltd.					12.50	
Guangdong Company					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			
Chengdu Southwest Spherical Tank Engineering Co. Ltd.	50,000.00			50,000.00	16.13	
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	
Beijing Huatsing Gas Turbine & IGCC Technology Co., Ltd.	5,264,767.25	235,232.75		5,500,000.00	15.49	
Total	45,141,081.91	235,232.75	15,000,000.00	30,376,314.66		

Beijing Huatsing Gas Turbine & IGCC Technology Co., Ltd. has withdrawn impairment reserves in the current year for the company continuously suffering financial

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losses, it is expected that the discounted future cash flow will be far lower than the book value.

6.10.4 Impairment reserve of available-for-sale financial assets

Classification of financial assets available for sale	Equity instruments available for sale	Total
Impairment reserve withdrawn at the beginning of the year	45,141,081.91	45,141,081.91
Withdrawal of current year	235,232.75	235,232.75
Including: transferred from other comprehensive income		
Decrease in current year	15,000,000.00	15,000,000.00
Impairment reserve withdrawn at the end of the year	30,376,314.66	30,376,314.66

6.11 Long-term equity investments**6.11.1 Classification of Long-term equity investments**

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Name of investee	Beginning balance	Increase and decrease in current year								Ending Balance	Balance of Impairment reserve at the end of year
		Additional investment	Negative investment	Profit and loss on investment recognized in the equity method	Adjustment of other comprehensive income	Other equity changes	Cash dividends or profit announced to distribute	Withdrawn depreciation reserve	Others		
I. Joint ventures											
1. MHPS Dongfang Boiler Co., Ltd. (Note 1)	166,771,543.84			14,963,693.59		-22,419.16	5,226,852.72			176,485,965.55	
2. AREVA Dongfang Reactor Coolant Pumps Co., Ltd. (Note 2)	246,171,180.71			61,516,646.03			76,925,274.15			230,762,552.59	
II. Associates											
1. Mitsubishi Heavy Industries Dongfang Gas Turbine (Guangzhou) Co., Ltd. (Note 3)	418,128,267.03			70,946,870.55			34,347,289.00		15,237,996.85	469,965,845.43	
2. Leshan Dongyue Heavy Piece Hoisting Co. Ltd. (Note 4)	24,820,088.02			1,668,513.36			1,225,000.00			25,263,601.38	
3. Sichuan Energy Investment Wind Power Co., Ltd. (Note 5)	99,019,965.83			11,984,502.27						111,004,468.10	
4. Huadian Longkou Wind Power Co., Ltd.	20,000,000.00			4,514,859.54						24,514,859.54	
5. Inner Mongolia Energy Power Hongnijing Wind Power Co., Ltd. (Note 6)		16,000,000.00								16,000,000.00	
6. Zhongdian Unite Heavy Gas Turbine Technology Co., Ltd (Note 7)		12,000,000.00		16,431.25						12,016,431.25	
Total	974,911,045.43	28,000,000.00		165,611,516.59		-22,419.16	117,724,415.87		15,237,996.85	1,066,013,723.84	

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Note 1: Babcock-Hitachi Dongfang Boiler Co.,Ltd has been changed as MHPS Dongfang Boiler Co., Ltd in March 2015,and hereinafter referred to as MHPS Dongfang Boiler Company; Note 2: hereinafter referred to as Dongfang AREVA Company; Note 3: hereinafter referred to as Dongfang Mitsubishi Gas Turbine Company; Note 4: hereinafter referred to as Dongle Heavy Piece Company; Note 5: hereinafter referred to as Sichuan Energy Investment Wind Power Company; Note 6: hereinafter referred to as Hongnijing Wind Power Company; Note 7: hereinafter referred to as Zhongdian Gas Technology Company.

1) Hongnijing Wind Power Company was founded on September 22, 2014, is a limited liability company established under joint investment with Inner Mongolia Energy Investment Group New Energy Co.,Ltd. The registered capital of Hongnijing Wind Power Company is RMB 80 million (the paid-in capital at end of the year is RMB 80 million) among which the Company injected RMB 16 million (the actually paid-in capital is RMB 16 million), accounting for 20% of the registered capital. Hongnijing Wind Power Company mainly undertakes development, construction, operation and maintenance of wind power plant.

2) On September 22, 2014, Zhongdian Gas Technology Company was established by the Company, China Power Investment Corporation, Harbin Electric Company Limited and Shanghai Electric (Group) Corporation. The registered share capital of Zhongdian Gas Technology Company is RMB 100 million, the Company injected RMB 12 million (the actually paid-in capital is RMB 12 million) which is accounting for 12% of Zhongdian Gas Technology Company's share capital. Zhongdian Gas Technology Company mainly engages in the design , research and development , technology consultation and experiment and check of gas turbine; technology development, technology transfer , technology consultation and technology service of gas turbine related technology.

3) The movements of others for the current year refer to the unrealized internal transactional profits and losses incurred during upstream transactions between Dongfang Turbine Co., Ltd. and Dongfang Mitsubishi Gas Turbine Company, its joint venture that attributable to Dongfang Turbine Co., Ltd. calculated as per the proportion of shareholding.

6.11.2 Analysis of long-term equity investment

Items	Amount as of the end of the year	Amount as of the beginning of the year
Listed		
Unlisted	1,066,013,723.84	974,911,045.43

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Items	Amount as of the end of the year	Amount as of the beginning of the year
Total	1,066,013,723.84	974,911,045.43

6.12 Investment properties

6.12.1 Investment properties measured by using cost model

Items	Buildings	Land use rights	Total
I.Original carrying amount			
1.Amount as of the beginning of the year	83,123,008.19	10,400,425.00	93,523,433.19
2.Increase of the year		1,080.00	1,080.00
Including:purchase		1,080.00	1,080.00
3.Decrease of the year			
4.Amount as of the end of the year	83,123,008.19	10,401,505.00	93,524,513.19
II.Depreciation and amortization			
1.Amount as of the beginning of the year	17,940,840.97	1,520,848.63	19,461,689.60
2.Increase of the year	3,266,504.63	235,370.97	3,501,875.60
Including: Depreciation and amortization amount	3,266,504.63	235,370.97	3,501,875.60
3.Decrease of the year			
4.Amount as of the end of the year	21,207,345.60	1,756,219.60	22,963,565.20
III.Impairment reserves			
VI.Book value			
1.Amount as of the end of the year	61,915,662.59	8,645,285.40	70,560,947.99
2.Amount as of the beginning of the year	65,182,167.22	8,879,576.37	74,061,743.59

6.12.1.1 Depreciation and amortization of investment properties recognized in profit or loss during this year is RMB 3,501,875.60. (last year:RMB3,548,706.01)

6.12.2 Analysis of investment properties based on the ages and regions

Item	Amount as of the end of the year	Amount as of the beginning of the year
China	70,560,947.99	74,061,743.59
Mid-term(10-50 years)	70,560,947.99	74,061,743.59
Total	70,560,947.99	74,061,743.59

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6.13 Fixed assets

6.13.1 Fixed Assets

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Item	Land	Building	Machines and equipments	Vehicles	Instruments, electronic equipment and others	Total
I.Original carrying amount						
1.Amount as of the beginning of the year	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
2.Increase of the year	287,813.10	279,707,817.37	312,961,936.18	20,966,505.05	91,004,881.11	704,928,952.81
(1) Procurement		2,212,712.25	10,130,477.44	851,163.70	2,695,468.17	15,889,821.56
(2) Transferred from construction in process		277,283,890.71	300,395,652.02	20,109,594.66	88,300,142.21	686,089,279.60
(3) Others	287,813.10	211,214.41	2,435,806.72	5,746.69	9,270.73	2,949,851.65
3.Decrease of the year		33,974,110.38	71,974,796.90	17,904,777.09	9,317,462.21	133,171,146.58
Including:Disposal or scrapping		33,974,110.38	71,974,796.90	17,904,777.09	9,317,462.21	133,171,146.58
4.Amount as of the end of the year	22,474,549.10	7,169,865,014.45	8,202,776,448.17	352,947,091.47	1,025,927,451.41	16,773,990,554.60
II.Depreciation						
1.Amount as of the beginning of the year		1,878,656,558.12	4,800,103,711.90	263,066,869.86	696,827,322.10	7,638,654,461.98
2.Increase of the year		326,634,305.13	617,567,308.64	30,084,591.64	107,142,501.36	1,081,428,706.77
(1) Withdrawal		326,634,305.13	617,567,308.64	30,080,013.10	107,139,875.64	1,081,421,502.51
(2) Other increases				4,578.54	2,625.72	7,204.26
3.Decrease of the year		5,190,228.17	40,910,914.15	16,860,798.42	8,765,138.20	71,727,078.94
Including:Disposal or scrapping		5,190,228.17	40,910,914.15	16,860,798.42	8,765,138.20	71,727,078.94

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Item	Land	Building	Machines and equipments	Vehicles	Instruments, electronic equipment and others	Total
4.Amount as of the end of the year		2,200,100,635.08	5,376,760,106.39	276,290,663.08	795,204,685.26	8,648,356,089.81
III.Impairment reserve						
1.Amount as of the beginning of the year			25,510,531.54	90,000.00	64,102.47	25,664,634.01
2.Increase of the year		121,776.23	601,817.34			723,593.57
(1) Withdrawal		121,776.23	601,817.34			723,593.57
3.Decrease of the year						
4.Amount as of the end of the year		121,776.23	26,112,348.88	90,000.00	64,102.47	26,388,227.58
IV.Book value						
1.Amount as of the end of the year	22,474,549.10	4,969,642,603.14	2,799,903,992.90	76,566,428.39	230,658,663.68	8,099,246,237.21
2.Amount as of the beginning of the year	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

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6.12.1.1 The land is the land acquired by Dong Fang Electric (India) Private Limited

6.12.1.2 By the end of 2015, accumulated depreciation drawn is RMB 1,081,421,502.51 compared with RMB 1,065,194,754.33 of last year.

6.12.1.3 Net loss from the fixed assets disposal are RMB 13,406,137.95.

6.12.1.4 The net book value of fixed assets pledged or guaranteed is RMB 211,626,177.38.

6.13.2 Analysis of fixed assets based on ages and regions

Item	Amount as of the end of the year	Amount as of the beginning of the year
China	4,969,642,603.14	5,045,474,749.34
Mid-term(10-50 years)	4,871,898,262.28	4,973,559,651.37
Short-term(0-10years)	97,744,340.86	71,915,097.97
Total	4,969,642,603.14	5,045,474,749.34

6.13.3 Temporary idle fixed assets

Item	Book balance	Accumulated depreciation	Depreciation reserve	Book value	Note
Building	19,694,298.81	3,385,842.67		16,308,456.14	
Machines and equipments	2,640,506.32	1,752,896.24		887,610.08	
Total	22,334,805.13	5,138,738.91		17,196,066.22	

6.13.4 Fixed assets leased out under operating leases

At the end of the year, the book value at RMB3,193,571.57 (Original book value is RMB20,257,843.34)(At the beginning of the year: the book value is RMB 10,243,253.87, original book value is RMB 23,106,620.68):

Item	book value
Building	note
Machines and equipments	3,103,864.09
Vehicles	10,000.00
Instruments, electronic equipment and others	79,707.48
Total	3,193,571.57

Note: Buildings leased under operating lease mainly include roofs and single

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rooms, which the book value of the leased portion cannot be reasonably measured.

6.13.5 Fixed assets of which certificates of title have not been obtained

Item	Book value	Reason
Newly built technical building, staff dining room, laboratories, staff training center, control building of 110KV substation, etc. (23 in total) of Dongfang Electric Machinery Co., Ltd.	211,909,489.92	Being processed
Combined factory building V&VI and flaw detection room, Chengdu building II (4 in total) of Dongfang Boiler Group Co., Ltd.	224,256,221.27	Being processed
Experimental building and booster station of Dongfang Turbine Co., Ltd Station auxiliary building in Deyang, Precision steel structure A-II in Mianzhu(13 in total)	204,329,348.57	Being processed
Plants, warehouses, office building, canteen and dormitories (5 in total) of Jiuquan New Energy Co., Ltd.	104,651,917.72	Being processed
Plant, warehouse, canteen, etc. (5 in total) of Wuhan Nuclear Equipment Co.Ltd	97,487,543.71	Being processed
Production base of Hulun Buir New Energy Co., Ltd.	31,197,429.53	Being processed
Cold-state plants, cold-state auxiliary rooms, hot-state plants (3 in total) of Dongfang Boiler Group Co., Ltd.	10,144,531.34	As the land is not property of Dongfang Boiler Group Co., Ltd., certificate of title cannot be obtained

6.14 Construction in progress

6.14.1 Details of construction in progress

Item	Amount as of the end of the year			Amount as of the beginning of the year		
	Book balance	Impairment	Book Value	Book balance	Impairment	Book Value
Construction in progress	449,232,439.31	1,430,697.20	447,801,742.11	819,759,381.00	1,430,697.20	818,328,683.80
Total	449,232,439.31	1,430,697.20	447,801,742.11	819,759,381.00	1,430,697.20	818,328,683.80

6.14.2 Changes in significant construction in progress

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Item	Amount as of the beginning of the year	Increase of the year	Decrease of the year		Amount as of the end of the year
			Transfer to long term assets	Others	
Compressor rig construction of Dongfang Turbine Co., Ltd.	88,394,675.46	17,174,517.97	21,015,541.15	2,393.16	84,551,259.12
Dong Fang Electric (India) Private Limited(Office building projects)	62,846,708.38	17,923,044.29			80,769,752.67
Construction project of 350T high speed dynamic balance of Dongfang Turbine Co., Ltd.	117,181,050.05	27,026,782.60	66,372,477.79		77,835,354.86
Construction of 6MW full power fan blower and LVRT base construction of Dongfang Turbine Co., Ltd.	33,743,211.50		305,128.21	352,431.00	33,085,652.29
EPC project of phase-II of test station of Dongfang Electric Machinery Co., Ltd.	8,041,467.01	17,118,651.92	8,529,914.50		16,630,204.43
Special project for improvement of capability in manufacturing 32t13002q container products and gasifier of Dongfang Boiler Group Co., Ltd.	104,936,410.19	56,191,032.81	146,400,865.46		14,726,577.54
CNC single-column moving vertical composite milling machine of Wuhan Nuclear Equipment Co.Ltd	13,692,347.81	5,555.56			13,697,903.37
Research and test base (phrase I) of Dongfang Electric Machinery Co., Ltd.	9,222,699.52	1,936,252.49			11,158,952.01
CNC moving-beam gantry type milling machine of Dongfang Turbine Co., Ltd.	10,044,538.34	836,591.11	45,200.85		10,835,928.60
Heavy-duty type half-precision horizontal lathe for machining rotors with 4.2m diameter of Dongfang Turbine Co., Ltd.	17,590,175.32	682,753.02	9,059,662.81		9,213,265.53
Other projects	354,066,097.42	181,813,455.59	434,360,488.83	4,791,475.29	96,727,588.89

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Item	Amount as of the beginning of the year	Increase of the year	Decrease of the year		Amount as of the end of the year
			Transfer to long term assets	Others	
Total	819,759,381.00	320,708,637.36	686,089,279.60	5,146,299.45	449,232,439.31

(continued)

Items	Budget amount (0,000.00)	Amount injected as a proportion of budget amount (%)	Construction progress (%)	Accumulated amount of capitalized interest	Including: capitalized interest for the year	Interest capitalization rate for the year (%)	Source of funds
Compressor rig construction of Dongfang Turbine Co., Ltd.	31,260.00	36.94	60.00				Other sources
Dong Fang Electric (India) Private Limited (Office building projects)	13,000.00	62.13	80.00				Other sources
Construction project of 350T high speed dynamic balance of Dongfang Turbine Co., Ltd.	18,500.00	81.29	90.00				Other sources
Construction of 6MW full power fan blower and LVRT base construction of Dongfang Turbine Co., Ltd.	8,000.00	36.40	70.00				Other sources
EPC project of phase-II of test station of Dongfang Electric Machinery Co., Ltd.	3,920.00	42.00	98.00				Other sources
Special project for improvement of capability in manufacturing 32t13002q container products and gasifier of Dongfang Boiler Group Co., Ltd.	19,220.00	82.00	95.00				Other sources
CNC single-column moving vertical composite milling machine of Wuhan Nuclear Equipment Co.Ltd	2,240.00	61.13	61.13				Other sources
Research and test base (phrase I) of Dongfang Electric Machinery Co., Ltd.	7,200.00	39.00	90.00				Other sources
CNC moving-beam gantry type milling machine of Dongfang Turbine Co., Ltd.	11,500.00	16.85	20.00				Other sources
Heavy-duty type half-precision horizontal	2,600.00	62.68	85.00				Other sources

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Items	Budget amount (0,000.00)	Amount injected as a proportion of budget amount(%)	Construction progress (%)	Accumulated amount of capitalized interest	Including: capitalized Interest for the year	Interest capitalisation rate for the year(%)	Source of funds
lathe for machining rotors with 4.2m diameter of Dongfang Turbine Co., Ltd.							
Other projects							Loan from financial institutions and other sources
Total							

6.15 Intangible assets

6.15.1 Intangible assets

Item	Land use right	Patents	Non-patent technology	Software	Total
I.Original book value					
1.Amount as of the beginning of the year	1,079,797,329.80	11,792,161.08	330,464,329.09	119,359,594.08	1,541,413,414.05
2.Increase of the year	298,369.00		9,202,471.84	11,737,568.79	21,238,409.63
(1) Procurement	298,369.00		9,202,471.84	11,737,568.79	21,238,409.63
3.Decrease of the year		100,000.00		116,410.28	216,410.28
(1) Disposals		100,000.00		116,410.28	216,410.28
4.Amount as of the end of the year	1,080,095,698.80	11,692,161.08	339,666,800.93	130,980,752.59	1,562,435,413.40
II.Amortization					
1.Amount as of the beginning of the year	154,754,765.55	6,208,866.41	243,682,348.87	57,586,131.38	462,232,112.21
2.Increase of the year	19,811,091.27	2,006,204.23	16,870,041.74	17,316,470.31	56,003,807.55
(1) Withdrawal	19,811,091.27	2,006,204.23	16,870,041.74	17,316,470.31	56,003,807.55
3.Decrease of the year		100,000.00		116,410.28	216,410.28
(1) Disposal		100,000.00		116,410.28	216,410.28

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Item	Land use right	Patents	Non-patent technology	Software	Total
4.Amount as of the end of the year	174,565,856.82	8,115,070.64	260,552,390.61	74,786,191.41	518,019,509.48
III.Depreciation reserve					
1.Amount as of the beginning of the year	90,428,509.50				90,428,509.50
2.Increase of the year			7,758,115.57		7,758,115.57
(1) Withdrawal			7,758,115.57		7,758,115.57
3.Decrease of the year					
4.Amount as of the end of the year	90,428,509.50		7,758,115.57		98,186,625.07
IV.Book Value					
Amount as of the end of the year	815,101,332.48	3,577,090.44	71,356,294.75	56,194,561.18	946,229,278.85
Amount as of the beginning of the year	834,614,054.75	5,583,294.67	86,781,980.22	61,773,462.70	988,752,792.34

6.15.1.1 Analysis of land use right based on the ages and regions

Items	Amount as of the end of the year	Amount as of the beginning of the year
China	815,101,332.48	834,614,054.75
Mid-term(10-50 years)	815,101,332.48	834,614,054.75
Long-term(over 50years)		
Total	815,101,332.48	834,614,054.75

6.15.1.2 The accumulated amortization of intangible assets for the year is RMB 56,003,807.55 compared with RMB 64,704,569.67 of last year.

6.15.2 Land use right of which certificates of title have not been obtained

Land use right of which certificates of title have not been obtained is RMB 47,752,326.40 (Original book value RMB 52,936,676.42), compared with RMB 29,097,081.52 (Original book value RMB31,396,736.96) last year.

Items	Book value	Reason
Land of new building of Dongfang Electric	19,263,853.90	In application
Centralized industrial development zone in Jingyang District of Dongfang Turbine	18,835,993.88	Transfer of ownership has not been settled with the transferor yet.

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Items	Book value	Reason
Combined Land VI at west side of Huashan Road of Dongfang Boiler	9,652,478.62	The government has not completed the occupation of part of the land yet, thus subsequent procedures cannot be processed.
Total	47,752,326.40	

As the above land use rights are all acquired in accordance with related laws, the management of the Company expect no substantial obstacles in obtaining the certificates of title of those land use rights, and there is no material impact on the group's operation, thus no impairment reserve being accrued and no material additional cost will occur.

6.15.3 Impairment reserve of intangible assets

1) The impairment reserve of land as at the year-end is due to the impairment reserve of the land of Han-wang production base, which was destroyed in the earthquake on May 12, 2008. Dongfang Turbine Co., Ltd has rebuilt the production base on another location rather than the original destroyed production base, so the company withdrawn full impairment provision regarding the deserted and destroyed land of Han-wang production base of RMB 90,428,509.50.

2) The impairment reserve of RMB 7,758,115.57 of non-patent technology as at the year-end is due to the 3MW blower fan non-patent technology Dongfang Electric New Energy Equipment (Hangzhou) Co., Ltd.(Hereinafter referred to Hangzhou New Energy Co., Ltd.) holds, the technology is no longer can meet the need from the market.

6.16 Long-term deferred expenses

Item	Amount as of the beginning of the year	Increase of the year	Amortization in current year	Other decrease of the year	Amount as of the end of the year
Management cost for power cable	18,000.00		18,000.00		
Maintenance cost for power distribution equipment	385,000.18		69,999.96		315,000.22
Fees for test modification	72,500.00		43,500.00		29,000.00
Total	475,500.18		131,499.96		344,000.22

6.17 Deferred tax assets and deferred tax liabilities**6.17.1 Non-offset deferred income tax assets**

Item	Amount as of the end of the year	Amount as of the beginning of the year
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	deductible temporary differences	Deferred tax assets	deductible temporary differences	Deferred tax assets
Provision for asset impairment	7,995,100,534.47	1,204,275,105.04	6,760,808,441.74	1,016,484,913.77
Provisions	1,313,830,846.59	197,566,459.95	1,207,870,040.76	181,643,023.28
Payroll payables	459,330,347.51	69,212,297.88	297,746,976.80	44,662,046.53
Government grant	162,273,036.53	26,527,230.25	196,282,410.25	31,722,051.87
Unrealized profit of internal transactions	184,645,857.64	33,111,098.74	230,489,458.71	40,677,314.48
Account payables	64,098,604.06	9,614,790.61	72,016,274.00	10,802,441.08
Fixed assets depreciation	26,224,406.43	3,933,660.96	33,675,747.16	5,051,362.06
Fair value change	12,522,616.14	1,878,392.42		
Enterprise income tax deducted from overseas for tax credit	3,310,404.66	827,601.17		
Deductible loss carried forward to the next year	1,289,969.97	322,492.49		
Total	10,222,626,624.00	1,547,269,129.51	8,798,889,349.42	1,331,043,153.07

6.17.2 Non-offset deferred income tax liabilities

Item	Amount as of the end of the year		Amount as of the beginning of the year	
	taxable temporary differences	deferred tax liabilities	taxable temporary differences	deferred tax liabilities
Value added after evaluation	36,570,915.55	8,515,044.11	9,002,707.07	1,350,406.07
Fair value changes	10,339.13	1,550.87	8,427,613.11	1,264,141.97
Fixed assets depreciation	41,982,779.62	6,296,681.18	163,452.92	53,032.30
Total	78,564,034.30	14,813,276.16	17,593,773.10	2,667,580.34

6.17.3 Details of unrecognised deferred tax assets and deferred tax liabilities

Item	Amount as of the end of the year	Amount as of the beginning of the year
Deductible loss carried forward to the next year	680,393,315.65	371,290,149.53
Provision for inventories	313,786,375.02	247,862,436.31
Provision for bad debts	54,542,861.48	40,628,318.02
Impairment reserve of intangible assets	10,436,994.84	

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Item	Amount as of the end of the year	Amount as of the beginning of the year
Unrealized profit of internal transactions	22,479,717.12	
Provisions	16,362,165.67	21,051,322.02
Government grant	9,134,849.33	9,553,833.33
Payroll payables	15,333,311.26	143,685.00
Value added after evaluation	47,700,295.75	
Total	1,170,169,886.12	690,529,744.21

The Group didn't recognize the deductible temporary differences of deferred tax assets. This is mainly because there is seriously uncertainty that some companies could gain enough taxable income. Moreover, neither deductible loss nor deductible temporary differences is recognized as deferred tax asset.

6.17.4 Deductible losses, for which no deferred tax assets are recognised, will expire in the following years

Year	Amount as of the end of the year	Amount as of the beginning of the year	Note
2015		72,393,387.46	
2016	16,570,892.12	16,570,892.12	
2017	47,419,122.33	47,419,122.33	
2018	106,902,110.36	111,558,255.81	
2019	118,367,330.21	123,348,491.81	
2020	391,133,860.63		
Total	680,393,315.65	371,290,149.53	

6.18 Short term borrowings

6.18.1 Classification of short term borrowings

Categories	Amount as of the end of the year	Amount as of the beginning of the year
Pledged loan	10,000,000.00	
Mortgage loan	142,000,000.00	209,000,000.00
Credit loan	1,490,000,000.00	2,325,000,000.00
Total	1,642,000,000.00	2,534,000,000.00

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1) The short term loan decreased RMB 892 million at a rate of 35.2% compared with last year, for the repayment of matured loans

2) Mortgage loan of the Group as at the end of the year is RMB 142 million. It is the borrowing Wuhan Nuclear Equipment Co.Ltd obtained from Dongfang Electric Finance Co., Ltd. with machinery and equipment, land and building as the pledges (Maximum borrowing amount of 200 million) .

3) Pledged loan of the group is the loan Eastern Boiler Control Co.,Ltd. obtained from Dongfang Electric Finance Co., Ltd, the loan is secured by the Commercial acceptance notes with recourse right.

4) On December 31,2015, the weighted average annual interest rate of short term loan is 3.5%(4.44% on December 31,2014)

6.18.2 No short-term borrowings had overdue but not yet repaid.

6.19 Financial liability at fair value through profit or loss

Item	Amount as of the end of the year	Amount as of the beginning of the year
Derivative financial liabilities	5,853,124.58	
合计	5,853,124.58	

The derivative financial liabilities as at the end of the year is the 60 million USD forward exchange sale contract between Dongfang Electric Company and the bank. The fair value is calculated based on the price provided by the bank.

6.20 Notes Payable

Category	Amount as of the end of the year	Amount as of the beginning of the year
Bank acceptance	316,539,408.51	596,597,175.27
Commercial acceptance	4,341,232,920.30	4,679,298,224.47
Total	4,657,772,328.81	5,275,895,399.74

An amount of RMB 365,000.00 in Other cash and cash equivalents is used as the security deposit for Bank acceptance notes as at the end of the year.

6.21 Accounts payables

6.21.1 Accounts payables ageing analysis

Item	Amount as of the end of the year	Amount as of the beginning of the year
Within one year	11,461,962,902.40	12,977,628,977.72
1-2 years	2,080,214,592.88	1,264,207,705.15

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Item	Amount as of the end of the year	Amount as of the beginning of the year
2-3 years	644,858,826.54	506,798,306.37
Over 3 years	992,497,060.90	1,144,606,182.82
Total	15,179,533,382.72	15,893,241,172.06

6.21.2 Significant accounts payable aged more than one year

Name	Amount as of the end of the year	Reason
First	90,802,056.90	In warranty period
Second	77,309,365.76	In warranty period
Third	72,645,369.50	In warranty period
Forth	71,171,432.84	In warranty period
Fifth	50,692,193.55	In warranty period
Total	362,620,418.55	

6.22 Receipts in advance

6.22.1 Receipts in advance

Item	Amount as of the end of the year	Amount as of the beginning of the year
Within 1 year (inclusive)	22,479,988,495.16	23,575,777,953.74
over 1 year	12,366,479,197.22	9,809,150,276.19
Total	34,846,467,692.38	33,384,928,229.93

6.22.2 Significant receipts in advance aged more than one year

Name of entity	Amount as of the end of the year	Reason
First	914,100,175.04	unsettled power generators
Second	576,260,754.58	unsettled power generators
Third	452,992,741.74	unsettled power generators
Forth	418,047,932.40	unsettled power generators
Fifth	379,853,500.48	unsettled power generators
Total	2,741,255,104.24	

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6.22.3 Completed but not yet settled assets at the end of year as per the construction contract

Item	Amount
Settled amount	77,245,141,524.81
Less: Accumulated cost	58,491,546,448.80
Accumulated confirmed gross profits	4,238,249,016.62
Completed but unsettled assets at the end of year as per the construction contract	14,515,346,059.39

6.23 Employee benefits payable

6.23.1 Classification of employee benefits payable

Item	Amount as of the end of the year	Increase of the year	Decrease of the year	Amount as of the beginning of the year
Short-term remuneration	225,272,962.58	3,193,792,080.23	3,179,501,381.10	239,563,661.71
Post-employment benefit -DCP	62,359,925.13	495,609,887.06	487,423,451.10	70,546,361.09
Termination benefits	52,252,187.94	124,129,652.18	90,417,658.46	85,964,181.66
Total	339,885,075.65	3,813,531,619.47	3,757,342,490.66	396,074,204.46

6.23.2 Short-term employee benefits payable

Item	Amount as of the end of the year	Increase of the year	Decrease of the year	Amount as of the beginning of the year
Salaries, bonuses, allowances and subsidies	162,632,645.13	2,273,270,922.93	2,275,635,725.53	160,267,842.53
Staff welfare		301,187,593.47	301,187,593.47	
Social security contributions	858,255.62	225,741,346.58	224,837,449.54	1,762,152.66
Including: medical insurance premiums	690,639.60	144,165,938.01	143,294,118.52	1,562,459.09
Labour injury insurance	113,216.96	19,166,000.43	19,148,536.67	130,680.72
Maternity insurance	54,399.06	10,647,062.71	10,632,448.92	69,012.85
Supplementary medical insurance		51,762,345.43	51,762,345.43	
Housing fund	6,955,416.30	225,443,283.59	226,193,916.59	6,204,783.30
Union fund and staff education	52,305,518.15	85,825,294.45	67,981,293.89	70,149,518.71

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Item	Amount as of the end of the year	Increase of the year	Decrease of the year	Amount as of the beginning of the year
fund				
Labour protection expenses	1,098,690.00	55,555,488.96	56,654,178.96	
Others	1,422,437.38	26,768,150.25	27,011,223.12	1,179,364.51
Total	225,272,962.58	3,193,792,080.23	3,179,501,381.10	239,563,661.71

6.23.3 DCP

Item	Amount as of the end of the year	Increase of the year	Decrease of the year	Amount as of the beginning of the year
primary endowment insurance	1,645,963.41	386,283,774.57	385,663,063.85	2,266,674.13
unemployment insurance	182,149.90	33,336,090.43	33,338,159.36	180,080.97
supplementary pension	60,531,811.82	74,083,715.34	66,515,921.17	68,099,605.99
Others		1,906,306.72	1,906,306.72	
Total	62,359,925.13	495,609,887.06	487,423,451.10	70,546,361.09

6.24 Taxes payable

Item	Amount as of the end of the year	Amount as of the beginning of the year
Value-added tax(VAT)	250,932,243.52	265,975,947.80
Business tax	1,397,969.50	1,970,935.70
Enterprise income tax(EIT)	193,730,783.85	97,879,548.73
City construction and maintenance tax	17,010,646.83	22,008,592.88
Individual income tax	22,639,238.08	20,248,139.84
Education surcharge	7,318,783.01	9,909,438.94
Local education surcharge	4,776,325.10	6,594,915.97
Housing property tax	4,650,036.43	3,334,458.63
Land use tax	220,025.58	590,297.58
Stamp duty	2,705,414.21	2,174,450.46
Embankment protection charges	170,849.57	

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Item	Amount as of the end of the year	Amount as of the beginning of the year
Price regulation fund	7,936,286.93	8,456,113.73
Water conservancy and construction special funds	162,516.28	374,579.22
Others	4,571,752.30	39,610.46
Total	518,222,871.19	439,557,029.94

6.24.1 Others is mainly of the real estate deed tax of RMB 4,526,079.45 of Sichuan Dongshu Company and Dongfang Wind Power Company.

6.24.2 There is no enterprise income tax payable balance in Hongkong

6.25 Interest payable

6.25.1 Interest payable

Items	Amount as of the end of the year	Amount as of the beginning of the year
Interest payable on short-term borrowings	1,437,499.99	3,783,333.33
Interest of long-term borrowings with interest payable by installments and principal payable on maturity	338,611.11	
The convertible bond interest		9,534,246.58
Total	1,776,111.10	13,317,579.91

Balance of interest payable of the Group at the end of the year decreased RMB 11,541,468.81 at a rate of 86.66%, which is due to the convert or redeem of the A-shares convertible notes.

6.25.2 No interest payable had overdue but not yet repaid.

6.26 Dividends payable

Item	Amount as of the end of the year	Amount as of the beginning of the year
Other shareholders of Dongfang Boiler Group Co., Ltd	2,664,122.09	2,379,654.25
China Western Power Industrial Co., Ltd.	480,000.00	763,662.57
Total	3,144,122.09	3,143,316.82

6.26.1 The dividends payable aged more than one year is cash dividends unpaid when Dongfang Boiler de-listed from the securities exchange market, the unpayment

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is due to the reason that some shareholders have not come to Dongfang Boiler to perform the cash dividends claim procedures.

6.26.2 Dividends payable to Western Power Industrial Co., Ltd. is the annual cash dividends of 2015 that Eastern Boiler Control Co., Ltd. distributed but has not paid yet .

6.27 Other payables

6.27.1 Classification of other payables base on nature

Nature	Amount as of the end of the year	Amount as of the beginning of the year
payables of stock purchase	942,336,415.78	942,336,415.78
State allocations in budge	413,710,000.00	413,710,000.00
Security deposit and earnest money	168,559,847.21	160,410,297.43
Lease, labour and sporadic procurement	69,460,355.73	94,719,596.73
Collection on behalf of others	64,157,239.77	38,797,791.97
Payables on behalf of others	42,834,856.24	33,096,864.05
Fundamental medical insurance and housing fund by individual	39,410,631.80	20,980,940.00
Others	34,296,400.51	34,262,722.66
Total	1,774,765,747.04	1,738,314,628.62

6.27.2 Significant other payables aged more than one year:

Name entity	Amount as of the end of the year	Reason
First	1,356,046,415.78	Note
Second	17,916,693.87	Rental fee, service charge
Third	5,000,000.00	Qualification guarantee deposit to be repaid when purchase-and-sale relationship ends
Total	1,378,963,109.65	

Note: The balance amount is the state allocations on infrastructure within budget and the net profit that belongs to Dongfang Electric Corporation between evaluation date and the acquisition completed date, which was based on the agreement when the Company acquired Dongfang Turbine Co., Ltd and Dongfang Boiler Group., Ltd with the private equity placement of A shares in 2007.

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6.28 Non-current liabilities due within one year

Item	Amount as of the end of the year	Amount as of the beginning of the year
Long-term borrowings due within one year	354,320,000.00	16,320,000.00
Convertible bond due within one year		3,240,540,290.35
Total	354,320,000.00	3,256,860,290.35

Overdue borrowings

Name of creditor	Amount	Overdue period	Interest rate(%)	Use of borrowing	Reason for overdue	Expected repayment date
Deyang City Finance Bureau	16,320,000.00	61-109 months	2.55	Implementation of technical transformation and construction of gas-steam combined cycle.	Not been collected	
Total	16,320,000.00					

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 for the reconstruction project of gas and steam technology and due from Nov, 2006 to Nov, 2010 gradually. For the creditor has not asked the debtor to repay the loans, thus Dongfang Turbine Co., Ltd has not repaid the loan yet. Up to the financial reporting date, these overdue borrowings have not been repaid yet.

6.29 Other current liabilities

6.29.1 Other current liabilities

Items	Amount as of the end of the year	Amount as of the beginning of the year
Deferred income- Government grants	103,512,042.66	128,543,364.04
Total	103,512,042.66	128,543,364.04

6.29.2 Government grants

Item	Amount as of the beginning of the year	Increase of the year	Other changes	Amount recognised in non-operating revenue	Amount as of the end of the year	Assets or income related
VAT refund for the third line enterprises	42,181,950.35		42,714,719.83	42,147,141.02	42,749,529.16	Assets related

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Item	Amount as of the beginning of the year	Increase of the year	Other changes	Amount recognised in non-operating revenue	Amount as of the end of the year	Assets or income related
Government funding for infrastructure	1,303,741.99		4,303,741.99	1,303,741.99	4,303,741.99	Assets related
Government funding for scientific research	2,629,818.81	70,000.00	1,965,595.40	2,629,818.80	2,035,595.41	Assets related
Government funding for scientific research	76,910,636.60	17,694,800.00	11,372,336.26	59,428,880.73	46,548,892.13	Income related
Government funding for technology	1,200,000.00	1,200,000.00		1,200,000.00	1,200,000.00	Assets related
Government subsidies	308,550.00	640,000.00	308,550.00	308,550.00	948,550.00	Assets related
Others	4,008,666.29	4,796,500.00	855,383.96	3,934,816.28	5,725,733.97	Income related
Total	128,543,364.04	24,401,300.00	61,520,327.44	110,952,948.82	103,512,042.66	

Other changes of RMB 61,520,327.44 in the other current liabilities is the government grants in deferred income which will be recognised as non- operating revenue in 2016, please refer to notes of financial statements, Note 6.35.2 for detail.

6.30 Long-term borrowings

Item	Amount as of the end of the year	Amount as of the beginning of the year
Credit borrowings	1,073,140,000.00	561,940,000.00
Less: long-term borrowings due within one year	354,320,000.00	16,320,000.00
Total	718,820,000.00	545,620,000.00

6.30.1 Long-term loan of the Group as at the end of the year increases RMB 173,200,000.00, at a rate of 31.74% , compared to the beginning of the year. Such increase mainly due to the Seller's Credit Loan on Exports of High-tech Product obtained from Export-Import Bank of China by Dongfang Turbine Co., Ltd.

6.30.2 On December 31, 2015, the weighted average annual interest rate for long-term borrowings is 3.48% (that on December 31, 2014 was 3.7%).

6.30.3 Due date analysis of long-term borrowings

Item	Amount as of the end of the year	Amount as of the beginning of the year
Within 1-2 years	706,820,000.00	338,800,000.00
Within 2-5 years	12,000,000.00	206,820,000.00

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Item	Amount as of the end of the year	Amount as of the beginning of the year
Total	718,820,000.00	545,620,000.00

6.31 Long-term accounts payables

Nature	Amount as of the end of the year	Amount as of the beginning of the year
National special reserve fund		685,252.84
Total		685,252.84

6.32 Long-term employee benefits payable

Items	Amount as of the end of the year	Amount as of the beginning of the year
Resignation benefit	142,868,920.51	63,585,273.19
Total	142,868,920.51	63,585,273.19

6.32.1 Resignation benefit is the 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.

6.32.2 Long-term payroll payable increased RMB79,283,647.32, at a rate of 124.69%. It is mainly caused by increase of the number of personnel who have early retirement.

6.33 Specified payables

Items	Amount as of the end of the year	Increase of the year	Decrease of the year	Amount as of the beginning of the year	Reason
Refund of Tariffs and VAT on imported goods	58,042,614.63	20,000.00		58,062,614.63	Note
Total	58,042,614.63	20,000.00		58,062,614.63	

Note: Refund of Tariffs and VAT on imported goods are the money refunded in accordance with 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. All amounts shall be recognized as state capital. At the date of this financial report, Dongfang Turbine Co., Ltd hasn't transferred tax refunds to state capital.

6.34 Provisions

Items	Amount as of the end of the year	Amount as of the beginning of the year	Reason
Products quality	1,306,058,546.48	1,216,586,973.04	(1)

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Items	Amount as of the end of the year	Amount as of the beginning of the year	Reason
warranty			
Pending litigation	2,620,800.00	6,190,800.00	(2)
Onerous contracts to be performed	21,513,665.82	6,143,589.74	Estimated total contract cost is higher than total contract revenue
Total	1,330,193,012.30	1,228,921,362.78	

(1) According to the sales agreements between the Group and its clients, during the warranty period stipulated in the agreements, the Group has to undertake the fix, change and other costs which are caused by the quality defect. The estimate has been made on the basis of historical warranty trends and production nature with a specific rate of the revenue.

(2) The estimated pending litigation liability of the Group at the end of the year is mainly the estimated supplier compensation loss for Hangzhou New Energy Co., Ltd. has shutdown Indian project. See Note 13.1 in the financial statement for details.

6.35 Deferred income

6.35.1 Category of deferred income

Items	Amount as of the end of the year	Increase of the year	Decrease of the year	Amount as of the beginning of the year	Reason
Government grants	466,149,584.34	60,943,438.00	118,458,358.24	408,634,664.10	
Total	466,149,584.34	60,943,438.00	118,458,358.24	408,634,664.10	—

6.35.2 Government grants

Item	Amount as of the beginning of the year	Increase of the year	Other changes	Amount recognised in non-operating revenue	Amount as of the end of the year	Assets or income related
VAT refund for the third line enterprises	343,327,054.45		6,615,543.02	42,714,719.83	293,996,791.60	Assets related
Government funding for infrastructure	60,871,099.94			4,303,741.99	56,567,357.95	Assets related
Government funding for scientific research	19,574,732.16		88,500.00	3,675,595.40	15,810,636.76	Assets related
Government funding for scientific research	24,658,625.80	36,280,700.00	12,552,683.14	24,179,079.42	24,207,563.24	Income related
Government funding for technology	4,120,000.00			1,270,000.00	2,850,000.00	Assets related

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Item	Amount as of the beginning of the year	Increase of the year	Other changes	Amount recognised in non-operating revenue	Amount as of the end of the year	Assets or income related
Government subsidies	1,542,750.00	6,400,000.00	213,333.33	948,550.00	6,780,866.67	Assets related
Government subsidies	1,000,000.00				1,000,000.00	Income related
Others	9,055,321.99	16,249,421.00	14,170,878.16	5,725,733.95	5,408,130.88	Income related
Others	2,000,000.00	2,013,317.00	2,000,000.00		2,013,317.00	Assets related
Total	466,149,584.34	60,943,438.00	35,640,937.65	82,817,420.59	408,634,664.10	

6.35.2.1 According to Notice of Tax Policies in Third-tier Enterprises during the “Tenth Five Year Plan” (the fiscal and taxation No.[2001]133) issued by Treasury Department and State Administration of Taxation and Notice of Value-added Tax Related to Taxation before Refund in Third-tier Enterprises (the fiscal and taxation No. [2006]166), Dongfang Turbine Co., Dongfang Boiler Company and Dongfang Electronic Company classifies third-tier companies’ VAT refund received during Jan 1st 2006 and Dec 31st 2008 into 2 categories according to the actual use of the VAT refund received, government subsidies either related to assets or revenue, and make accounting treatments respectively.

The group receives infrastructure subsidies from government for its ongoing projects, such as production base of Dongfang Electric New Energy Co., Ltd. (Hulun Buir New Energy Co., Ltd.), infrastructure of Dongfang Electric (Tongliao) Wind Power Engineering Technology Co., Ltd.(Tongliao Wind Power Co., Ltd.), soft foundation of Dongfang Electric (Tianjin) Wind Power Technology Co., Ltd.(Tianjin Wind Power Technology Co., Ltd.). The group classified those subsidies as government grants related to assets, and amortize the government grants into non-operating revenue during the useful life of related assets.

Other research & financial appropriation includes 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.

6.35.2.2 Other changes mainly involve two parts: one is the government grants RMB 61,520,327.44 which will be carried over as non-operating revenue in 2016; the other is the fund RMB 21,297,093.15 for co-operation fee transferred to co-operate entities.

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6.36 Share capital

The changes in share capital are as follows. All shares of the Company are the common stocks with book value of RMB 1 per share.

6.36.1 Share capital of 2015

Type s	Amount as of the beginning of the year		Changes for the period					Amount as of the end of the year	
	Amount	Proportion (%)	New issue of shares	Bonus issue	Capitalization of surplus reserve	Others	Subtotal	Amount	Proportion (%)
Tradable shares									
A-shares	1,663,860,000	83.03%				333,040,368	333,040,368	1,996,900,368	85.45%
H-shares	340,000,000	16.97%						340,000,000	14.55%
Total tradable shares	2,003,860,000	100%				333,040,368	333,040,368	2,336,900,368	100%
Total shares	2,003,860,000	100%				333,040,368	333,040,368	2,336,900,368	100%

The increase of share capital is due to the convert of convertible A-shares notes during the year, please refer to Note 1: General information of the Company for detail.

6.36.2 Share capital of 2014

Types	Amount as of the beginning of the year		Changes for the period					Amount as of the end of the year	
	Amount	Proportion (%)	New issue of shares	Bonus issue	Capitalization of surplus reserve	Others	Subtotal	Amount	Proportion (%)
Tradable shares									
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%
Total tradable shares	2,003,860,000	100%						2,003,860,000	100%
Total shares	2,003,860,000	100%						2,003,860,000	100%

6.37 Capital reserve**6.37.1 Capital reserve of 2015**

Item	Amount as of the end of the year	Increase of the year	Decrease of the year	Amount as of the beginning of the year

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Item	Amount as of the end of the year	Increase of the year	Decrease of the year	Amount as of the beginning of the year
Share premium	5,083,399,637.75	3,735,818,352.23		8,819,217,989.98
Including: Capital contributed by investors	5,091,111,837.75	3,735,818,352.23		8,826,930,189.98
Differences arising from business combination involving enterprises under common control	-7,712,200.00			-7,712,200.00
Others capital reserve	812,108,154.57		802,809,160.70	9,298,993.87
Including: equity movements of investee company	9,321,337.95		22,344.08	9,298,993.87
Equity component split from convertible corporate bonds	802,786,816.62		802,786,816.62	
Total	5,895,507,792.32	3,735,818,352.23	802,809,160.70	8,828,516,983.85

6.37.1.1 The increase of capital reserve is due to the convert of convertible A-shares notes during the year, please refer to Note 1.General information of the Company for detail.

6.37.1.2 The decrease of RMB 22,344.08 in Equity movements of investee company is due to the Specified Reserve movement of MHPS Dongfang Boiler Company during the year multiplied by the shareholding percentage by Dongfang Boiler Group Co., Ltd.

6.37.1.3The decrease in Equity component split from convertible corporate bonds during the year is due to the conversion of A-shares notes, the Company reversed the equity portion of the A-shares notes recognised at the time of issuance.

6.37.2 Capital reserve of 2014

Item	Amount as of the end of the year	Increase of the year	Decrease of the year	Amount as of the beginning of the year
Share premium	5,083,399,637.75			5,083,399,637.75
Including: Capital contributed by investors	5,091,111,837.75			5,091,111,837.75
Differences arising from business combination involving	-7,712,200.00			-7,712,200.00

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Item	Amount as of the end of the year	Increase of the year	Decrease of the year	Amount as of the beginning of the year
enterprises under common control				
Others capital reserve	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
Equity component split from convertible corporate bonds		802,786,816.62		802,786,816.62
Total	5,092,026,632.65	803,481,159.67		5,895,507,792.32

6.38 Other Comprehensive Income

Item	Beginning balance	Changes for the period					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 to profits and losses in the future	-35,879,992.16	1,786,259.12					34,093,733.04
Including: Translation differences of foreign currency financial statements	-35,879,992.16	1,786,259.12					-34,093,733.04

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Item	Beginning balance	Changes for the period					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	Incur red amount in current year before income tax	
Total of other comprehensive income	35,879,992.16	1,786,259.12					34,093,733.04

6.39 Special reserve

6.39.1 Special reserve of 2015

Item	Amount as of the end of the year	Increase of the year	Decrease of the year	Amount as of the beginning of the year
Production safety fee	22,258,212.85	48,530,244.57	37,621,055.82	33,167,401.60
Total	22,258,212.85	48,530,244.57	37,621,055.82	33,167,401.60

The Group has drawn special reserve for production safety, according to The Notice on the Management and Drawing of Special Reserve for Production Safety (Caiqi [2012]No.16) issued by Ministry of Finance of the People's Republic of China and State Administration of Work Safety.

6.39.2 Special reserve of 2014

Item	Amount as of the end of the year	Increase of the year	Decrease of the year	Amount as of the beginning of the year
Production safety fee	15,684,408.62	58,225,080.33	51,651,276.10	22,258,212.85
Total	15,684,408.62	58,225,080.33	51,651,276.10	22,258,212.85

6.40 Surplus reserve

6.40.1 Surplus reserve of 2015

Item	Amount as of the end of the year	Increase of the year	Decrease of the year	Amount as of the beginning of the year
Statutory surplus reserve	674,102,684.70	56,648,738.81		730,751,423.51
Total	674,102,684.70	56,648,738.81		730,751,423.51

In accordance with the articles of associates, statutory surplus reserve is reserved

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as 10% of net profit

6.40.2 Surplus reserve of 2014

Item	Amount as of the end of the year	Increase of the year	Decrease of the year	Amount as of the beginning of the year
Statutory surplus reserve	578,473,906.12	95,628,778.58		674,102,684.70
Total	578,473,906.12	95,628,778.58		674,102,684.70

6.41 Undistributed profits

6.41.1 Undistributed profits for 2014

Item	Amount	The proportion of allocation
Amount As of the end of the previous year	10,984,243,829.02	
Amount as of the beginning of the year	10,984,243,829.02	
Add: net profits belonging to parent company owner during the year	439,072,644.82	
Less: Surplus reserves provided for the year	56,648,738.81	10%
Declaration of dividends on ordinary shares	210,321,033.12	
Amount as of the end of the year	11,156,346,701.91	

According to the Plan of Net Profit Distribution for the Year 2014 which was approved at the annual shareholders' meeting held on June 26 2015, the Company used the total number of 2,336,900,368 shares as at the year end of 2014 as the distribution basis, the Company distributed RMB 0.9(including tax) to every 10 shares and the total cash dividends distributed was up to RMB 210,321,033.12(including tax).

6.41.2 Undistributed profits of 2014

Item	Amount	The proportion of allocation
Amount as of the end of the previous year	10,162,309,001.98	
Amount as of the beginning of the year	10,162,309,001.98	
Add: net profits belonging to parent company owner during the year	1,278,258,405.62	
Less: Surplus reserves provided for the year	95,628,778.58	10%
Declaration of dividends on ordinary shares	360,694,800.00	
Amount as of the end of the year	10,984,243,829.02	

6.42 Minority shareholder's equity

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Name of subsidiaries	Minority share(%)	Amount as of the end of the year	Amount as of the beginning of the year
Dongfang (Guangzhou) Heavy Machinery Co., Ltd	34.8187	566,326,878.70	543,328,262.30
Chengdu KWH Company	38.58	133,861,845.76	142,951,385.02
Tianjin Dongqi Wind Turbine Blade Engineering Co., Ltd	49.64	83,008,376.53	84,940,837.41
Eastern Boiler Control Co., Ltd.	49	77,921,515.08	76,624,846.43
Wuhan Nuclear Equipment Co.Ltd	33	46,238,627.07	58,802,624.30
Dongfang Boiler Group Co., Ltd	0.335	16,974,442.80	16,959,804.77
Dongfang Electric Auto control Engineering Co., Ltd,	0.50	932,779.32	841,656.49
Dongfang Electric Power Equipment Co., Ltd(note 1)	1.17	573,980.36	563,373.35
Dongfang Electrical Machinery Mould Co., Ltd(note 2)	0.685	161,290.53	160,314.52
Dongfang Electric Venezuela Co., Ltd.	1	267.96	
Total		926,000,004.11	925,173,104.59

Note 1: refer as Dongfang Electric Electric Power Equipment Company; note 2: refer as Dongfang Electrical Machinery Mould Company.

6.43 Net current assets

Item	Amount as of the end of the year	Amount as of the beginning of the year
Current assets	73,953,195,196.01	73,105,178,571.14
Less: current liabilities	59,483,441,627.03	63,007,686,087.06
Net current assets	14,469,753,568.98	10,097,492,484.08

6.44 Differences between total assets and current liabilities

Item	Amount as of the end of the year	Amount as of the beginning of the year
Total assets	86,134,423,264.67	85,842,623,386.50
Less: current liabilities	59,483,441,627.03	63,007,686,087.06
Differences	26,650,981,637.64	22,834,937,299.44

6.45 Borrowings

Item	Amount as of the end of the year	Amount as of the beginning of the year
Short term borrowings	1,642,000,000.00	2,534,000,000.00

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Item	Amount as of the end of the year	Amount as of the beginning of the year
Long term borrowings	718,820,000.00	545,620,000.00
Long-term payables		685,252.84
Non-current liabilities due within one year	354,320,000.00	3,497,000.00
Total	2,715,140,000.00	3,083,802,252.84

6.45.1 The analysis of the borrowings

Item	Amount as of the end of the year	Amount as of the beginning of the year
Borrowings from bank		
-Within 5 years	2,715,140,000.00	3,079,620,000.00
Subtotal	2,715,140,000.00	3,079,620,000.00
Others		4,182,252.84
Total	2,715,140,000.00	3,083,802,252.84

6.45.2 Maturity date analysis of borrowings

Item	Amount as of the end of the year	Amount as of the beginning of the year
Within 1 year	1,996,320,000.00	2,537,497,000.00
1-2 years	706,820,000.00	338,800,000.00
2-5 years	12,000,000.00	206,820,000.00
Over 5 years		685,252.84
Total	2,715,140,000.00	3,083,802,252.84

6.46 Operating income and operating cost

Item	Amount for the year		Amount for previous year	
	Income	Cost	Income	Cost
Principal operating revenue	35,769,640,560.14	29,793,106,793.86	38,673,692,007.13	32,259,290,882.02
Others	248,303,140.18	166,654,598.04	362,472,750.98	236,514,768.89
Total	36,017,943,700.32	29,959,761,391.90	39,036,164,758.11	32,495,805,650.91

The total revenue of the Group's top five clients is RMB 7,245,526,013.46, account for 20.12% of its annual revenue, while it was RMB 6,344,552,999.17, accounting for

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16.25% for the last year.

Operating income from the Group's top five clients

Name of client	Operating income	Proportion to total operating income of the Company(%)
First	2,077,523,982.75	5.77
Second	1,766,947,102.31	4.91
Third	1,472,591,105.36	4.09
Fourth	1,010,013,062.32	2.80
Fifth	918,450,760.72	2.55
Total	7,245,526,013.46	20.12

6.47 Business taxes and levies

Item	Amount for the year	Amount for previous year
Business tax	6,648,245.63	6,943,188.44
City construction and maintenance tax	180,593,134.26	126,398,086.96
Education surcharge	77,581,005.87	54,458,024.34
Local education surcharge	51,702,719.89	36,252,936.91
Embankment protection charges	195,752.66	525,213.51
Fund of deputy price	12,641,136.56	12,363,080.19
Other	714,843.40	922,061.15
Total	330,076,838.27	237,862,591.50

6.48 Sales expenses

Items	Amount for the year	Amount for previous year
Quality warranty	625,024,692.54	533,807,904.01
Employee benefit	235,750,935.62	227,952,769.85
Travel expense	50,545,739.53	48,751,479.19
Others	53,562,164.64	81,417,162.19
Total	964,883,532.33	891,929,315.24

6.49 Administrative expense

Items	Amount for the year	Amount for previous year
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Items	Amount for the year	Amount for previous year
Research and development expenditures	1,241,449,697.26	1,242,475,321.94
Employee benefit	1,105,538,580.14	1,163,907,757.89
Maintenance	215,538,003.19	279,447,150.25
Depreciation	170,868,271.70	178,086,268.70
Tax	131,857,078.77	121,713,691.66
Travel expense	55,652,762.42	64,617,601.35
Production safety fee	56,441,845.24	63,768,748.80
Lease	54,924,905.65	54,141,836.47
Property management fee	50,170,126.28	52,409,854.72
Amortization of intangible assets	29,163,385.79	51,546,774.88
Business entertainment	23,058,518.18	42,271,443.75
Water and electrical charges	27,676,845.98	30,975,033.44
Tele-communication charges	11,029,512.78	16,347,060.65
Others	188,393,197.08	247,951,752.45
Total	3,361,762,730.46	3,609,660,296.95

6.50 Financial expenses

6.50.1 Financial expenses

Items	Amount for the year	Amount for previous year
Interest expenses	130,008,292.11	231,901,218.01
Less: Interest income	424,855,947.30	309,105,183.06
Add: Exchange losses	-179,096,003.87	-9,933,721.33
Add: Other expenses	-3,057,756.14	-94,139,274.55
Total	-477,001,415.20	-181,276,960.93

6.50.2 Details of interest expenses

Items	Amount for the year	Amount for previous year
Interest on borrowings:	109,092,541.02	135,324,193.17
Other interest of loans mature within 5 years		3,160,603.63

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Items	Amount for the year	Amount for previous year
Bond interest withdrawn as per effective interest rate (Note)	19,523,581.56	88,471,189.77
Discount interest on bills	1,392,169.53	4,945,231.44
Subtotal	130,008,292.11	231,901,218.01
Less: Capitalized interest		
Total	130,008,292.11	231,901,218.01

Note: 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 to the public market on July 10, 2014. Referring to market interest rate of similar bond without warrant and other factors on the issue date, the Company determined that the effective annual interest rate of convertible corporate bond was 5.87%.

6.50.3 Details of interest income

Items	Amount for the year	Amount for previous year
Interests on deposits	424,855,947.30	309,105,183.06
Total	424,855,947.30	309,105,183.06

6.51 Impairment losses on assets

Item	Amount for the year	Amount for previous year
Bad debt losses	399,253,162.64	144,707,587.34
Impairment loss of inventories	1,257,404,803.51	744,354,683.24
Impairment on available-for-sale financial assets	235,232.75	5,264,767.25
Impairment on fixed assets	723,593.57	6,896,625.26
Impairment on intangible assets	7,758,115.57	
Total	1,665,374,908.04	901,223,663.09

6.52 Gains from changes in fair values

Item	Amount for the year	Amount for previous year
Financial asset at fair value through profit or loss	-20,939,890.13	32,613,219.56

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Item	Amount for the year	Amount for previous year
Including: Gains from changes in fair values arising from derivatives	-5,881,844.25	-113,772.94
Financial liabilities at fair value through profit or loss		
Including: Gains from changes in fair values arising from derivatives		
Total	-20,939,890.13	32,613,219.56

6.53 Investment income

Items	Amount for the year	Amount for previous year
Income from long-term equity investments under equity method	165,611,516.59	224,899,720.65
Investment income of financial asset at fair value through profit or loss during holding period	130,433.24	581,813.20
Investment income from holding available-for-sale financial assets		24,379,007.00
Investment income from disposal of available-for-sale financial assets	13,906,505.14	-37,226,832.06
Investment income from disposal of financial asset at fair value through profit or loss	12,188,065.25	-607,736.88
Total	191,836,520.22	212,025,971.91

The investment income from investment in listed and unlisted entities are RMB 12,183,948.49 and RMB 179,652,571.73 respectively.

6.54 Non-operating revenue

6.54.1 Non-operating revenue

Item	Amount for the year	Amount for previous year	Amount included in non-recurring profit or loss for the period
Gain on disposal of non-current assets	17,450,857.66	1,795,668.59	17,450,857.66
Including : Gains on disposal of fixed assets	17,450,857.66	1,795,668.59	17,450,857.66
Government grants	186,406,476.94	193,061,573.51	186,406,476.94
Compensation income	4,641,199.80	1,879,966.24	4,641,199.80
Penalty income	1,562,813.50	193,259.20	1,562,813.50
Others	17,851,301.33	7,985,853.83	16,933,251.84
Total	227,912,649.23	204,916,321.37	226,994,599.74

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The amount included in non-recurring profit or loss for the period is RMB 226,994,599.74, compared with RMB 204,916,321.37 for previous year.

6.54.2 Details of government grants

Item	Amount for the year	Amount for previous year	Source and basis	Assets related/ income related
Subsidy for the maintenance of staff	9,483,233.22		DRS (2015) Doc #74	Income related
Tax refund on software	8,339,019.81		CS (2011)Doc #100,SGSNTDS(2015) Doc #7180	Income related
Special fund of Nansha District	5,501,500.00		Department of Finance of Nansha District, Chengdu	Assets related
Reward of the first research and application of 2015	4,000,000.00		Department of Finance of Deyang	Income related
Refund of housing tax, land use tax and income tax	2,621,928.70	717,067.40	YPDS(2015) Doc #178 of Local Taxation Bureau of Dajiangdu, Hangzhou	Income related
Fund of cooperation and development in foreign Trade Zone	2,448,500.00	4,563,700.00	DSCJW(2015) Doc #5,CCJ(2015)Doc #67	Income related
Subsidy on skilled training	1,674,400.00		Deyang Employment Bureau,DSCS(2014) Doc #59,DW(2015) Doc #36	Income related
Special fund of nuclear project	1,524,680.55		Department of Finance of Wuahan (2015) Doc #734	Income related
Subsidy on applicable technology and R&D	550,000.00		CCJ(2014) Doc #132,CWJK(2015) Doc #30, CKXF(2014) Doc #30	Income related
Supporting fund of service outsourcing development project of Chengdu	500,000.00		GF(2014) Doc #67,CFF(2013) Doc #25	Income related
Special fund for demonstration enterprise on energy-saving and emission-reduction in city-level	500,000.00		DSCJ(2015) Doc #71	Income related
Special appropriation allocated by ministry of finance for AP1000 evaporator manufacturing		9,850,000.00	AP1000 evaporator manufacturing technology research task contract	Income related

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technology research				
Financial subsidies		6,905,812.43	ZFGHJ [2013] Doc #1299, DSCJ (2014) Doc #70	Income related
Special fund for enlarging scale of export-oriented large corporates		4,000,000.00	CCW (2014) Doc #20	Income related
Export credit insurance subsidies		1,800,000.00	CSF [2013] Doc #137, CJF (2014) Doc #78	Income related
Fiscal support subsidy for tax		348,504.78	XDSYYP [2014] Doc #160	Income related
Imported product interest discount fund		107,280.00	CQ (2014) Doc #97	Income related
Others	2,669,328.19	2,324,400.00	DSZJH(2015) Doc #6, DSCJ(2015) Doc #14	Income related
Subtotal	39,812,590.47	30,616,764.61		
Transferred from deferred income	56,506,628.16	63,461,158.79		Assets related
Transferred from deferred income	90,087,258.31	98,983,650.11		Income related
Total	186,406,476.94	193,061,573.51		

6.55 Non-operating expenses

Item	Amount for the year	Amount for previous year	Amount included in non-recurring profit or loss for the period
Total losses on disposal of non-current assets	4,044,719.71	3,705,605.38	4,044,719.71
Including: Losses on disposal of fixed assets	4,044,719.71	3,705,605.38	4,044,719.71
Compensation, liquidated damages and fine expenses	49,900,565.04	3,368,689.63	49,900,565.04
Estimated contract losses	21,513,665.82		21,513,665.82
Abnormal loss		528,320.17	
Inventory shortage	89,134.71	46,229.86	89,134.71
Donation	1,500,000.00	3,191,197.72	1,500,000.00
Pending litigation loss		9,460,800.00	
Others	1,947,471.74	7,872,535.03	1,947,471.74
Total	78,995,557.02	28,173,377.79	78,995,557.02

6.55.1 Comparing with the previous year, the amount of non-operating expenses increased RMB 50,822,179.23 at a rate of 180.39%, which is the expense arisen from

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contract disputes.

6.55.2 The amount recognized as non-recurring profit or loss for the period is RMB 78,995,557.02, compared with RMB28,173,377.79 last year .

6.56 Income Tax Expense**6.56.1 Income Tax Expense**

Item	Amount for the year	Amount for previous year
Income tax for the year	277,481,212.67	252,605,607.41
Including: China	265,683,870.51	246,363,574.39
India	1,982,297.75	1,399,368.76
Others	9,815,044.41	4,842,664.26
Deferred tax	-204,079,387.35	-70,879,991.79
Total	73,401,825.32	181,725,615.62

6.56.2 Reconciliation of income tax expenses to the total profit

Reconcile the income tax calculated at the applicable income tax rate based on the total consolidated income to income tax expense.

Item	Amount for the year	Amount for previous year
Total profit	532,899,436.82	1,502,342,336.40
Income tax by the statutory rate	133,224,859.21	375,585,584.08
Effect of tax-free income	-100,372,890.88	-67,797,870.89
Non-deductible items	12,988,066.58	64,975,790.77
Tax preferences	-149,657,373.13	-223,917,522.52
Including: R&D expense additional deduction	-61,016,108.38	-81,475,478.11
Tax exemption	-86,277,278.89	-142,442,044.41
Unrecognized deductible losses and deductible temporary differences	122,189,935.90	32,617,697.18
Effect of different tax rates	49,098,387.60	417,045.83
Deductible losses and deductible temporary differences not previously recognised	-6,597,517.16	-3,705,133.78
Under/over provided in prior periods	12,528,357.20	3,550,024.94
Total	73,401,825.32	181,725,615.62

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6.57 Auditor's remuneration

Auditor's remuneration for this year is RMB 2,300,000, compared with RMB 2,400,000 last year.

6.58 Depreciation and Amortization

Depreciation and amortization recognized for the current year is RMB 1,141,058,685.62 (that of the previous year was RMB 1,133,593,904.97).

6.59 Operating Rental Expense

The operating rental expense of the current year is RMB 54,938,204.36 (that of the previous year was RMB 53,332,099.66), including the rental expense of industrial equipment and machinery at RMB 1,641,507.42 (that of the previous year was RMB 1,847,149.61).

6.60. Rental income

The rental income from land and buildings renting is RMB 15,346,515.14.(Last year was RMB 3,456,935.67).

6.61 Earnings per share**6.61.1 Basic earnings per share**

Item	Amount for the year	Amount for previous year
Net consolidated profit attributable to shareholders of the Company	439,072,644.82	1,278,258,405.62
Net consolidated profit attributable to shareholders of the Company(deducting non-recurring profit or loss)	316,317,054.25	1,162,491,531.20
Weighted average number of ordinary share issued by the Company	2,281,393,640.00	2,003,860,000.00
Basic earnings per share (Yuan /share)	0.19	0.64
Basic earnings per share (Yuan /share) (deducting non-recurring profit or loss	0.14	0.58

Calculation process of the weighted average number of ordinary shares:

Item	Num	Current year	Previous year
Number of ordinary shares outstanding at the beginning of year	1	2,003,860,000.00	2,003,860,000.00
Issuance of new shares or conversion of convertible notes(II)	2	333,040,368.00	

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Number of months in respect of new shares	3	10	
Number of months in respect of reporting period	4	12	12
Number of ordinary shares outstanding at the end of year	$5=1+2*3/12$	2,281,393,640.00	2,003,860,000.00

6.61.2 Diluted earnings per share

Item	Amount for the year	Amount for previous year
Consolidated net profit attributable to ordinary shareholders of the parent company after adjustment	439,072,644.82	1,347,227,350.64
Consolidated net profit attributable to ordinary shareholders of the parent company after adjustment (after deducting non-recurring profits or losses)	316,317,054.25	1,231,460,476.22
Number of ordinary shares outstanding at the end of year after adjustment	2,281,393,640.00	2,283,086,222.00
Diluted earnings per share (Yuan/share)	0.19	0.59
Diluted earnings per share (Yuan/share) (after deducting non-recurring profits or losses)	0.14	0.54

6.62 Other comprehensive income

Items	Amount for the year	Amount for previous year
1 . Available-for-sale financial instrument gains and losses		107,164,443.94
Less: Tax effect of available-for-sale financial instrument		16,074,666.59
Other comprehensive income from income of the previous year transferred		-31,642,807.25
Subtotal		122,732,584.60
2. Foreign currency translation adjustments	1,786,267.55	-27,613.62
Less: net amount currently transferred into profit and loss from disposal of overseas business		
Subtotal	1,786,267.55	-27,613.62
Total	1,786,267.55	122,704,970.98

6.63 Notes to items in the cash flow statement

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6.63.1 Cash received/paid relating to others of operating /financing activities

6.63.1.1 Other cash receipts relating to operating activities

Items	Amount for the year	Amount for previous year
Interest income	281,613,358.99	256,760,648.30
Government grants	98,072,118.11	282,472,084.96
Collect payment on behalf of others	18,969,413.81	46,469,539.44
Security deposit	21,743,721.53	56,179,295.60
Receive on behalf of others	17,063,629.51	31,382,987.82
Others	27,265,997.11	17,479,153.48
Total	464,728,239.06	690,743,709.60

6.63.1.2 Other cash payments relating to operating activities

Items	Amount for the year	Amount for previous year
Operating expenses	1,217,093,423.15	1,711,226,884.40
Payment on behalf of others	57,992,393.67	56,600,428.74
Security deposit	53,777,000.80	119,431,043.43
Employee advances	8,374,324.00	9,673,566.65
Others	2,916,276.59	982,000.00
Total	1,340,153,418.21	1,897,913,923.22

6.63.1.3 Other cash receipts relating to investing activities

Items	Amount for the year	Amount for previous year
Cash from finance lease	30,000,000.00	
Total	30,000,000.00	

6.63.1.4 Other cash payments relating to investing activities

Items	Amount for the year	Amount for previous year
Convertible notes disclosure fees		6,930,000.00
Total		6,930,000.00

6.63.2 Supplementary information to consolidated cash flow statement

Items	Amount for the year	Amount for previous year
1.Reconciliation of net profit to cash flow		

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Items	Amount for the year	Amount for previous year
from operating activities		
Net profit	459,497,611.50	1,320,616,720.78
Add: Provision for impairment losses of assets	1,324,567,569.62	632,540,836.28
Depreciation of fixed assets, depreciation of investment properties	1,084,688,007.14	1,144,252,857.22
Amortization of intangible assets, amortization of investment properties	56,239,178.52	64,841,722.32
Amortization of long-term prepaid expense	131,499.96	145,874.96
Losses on disposal of fixed assets, intangible assets and other long-term assets (gains are indicated by "-")	-13,851,303.76	1,824,428.33
Losses on write-off of fixed assets (gains are indicated by "-")	445,165.81	85,508.46
Losses on changes in fair values (gains are indicated by "-")	20,939,890.13	-32,613,219.56
Financial expenses (income is indicated by "-")	57,758,459.71	253,547,530.60
Losses arising from investments (gains are indicated by "-")	-191,836,520.22	-212,025,971.91
Decrease in deferred tax assets (increase is indicated by "-")	-216,225,976.44	-71,703,136.26
Increase in deferred tax liabilities (decrease is indicated by "-")	12,145,695.82	829,543.82
Decrease in inventories (increase is indicated by "-")	1,806,920,693.43	-2,803,057,239.87
Decrease in receivables from operating activities (increase is indicated by "-")	-741,535,459.91	-2,819,245,195.37
Increase in payables from operating activities (decrease is indicated by "-")	495,983,068.17	5,352,590,063.29
Others		
Net cash flows from operating activities	4,155,867,579.48	2,832,630,323.09
2.Significant investing and financing activities that do not involve cash receipts and payments		
Conversion of debt into capital	3,266,071,903.61	
Convertible bonds due within one year		3,240,540,290.35
3.Net changes in cash and cash equivalents		
Closing balance of cash	21,066,533,111.81	17,802,441,129.06
Less: Opening balance of cash	17,802,441,129.06	12,108,370,760.93
Net increase in cash and cash equivalents	3,264,091,982.75	5,694,070,368.13

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6.63.3 Cash and cash equivalents

Item	Amount as of the end of the year	Amount as of the beginning of the year
Cash	21,066,533,111.81	17,802,441,129.06
Include: Cash on hand	2,258,601.50	2,777,744.44
Bank deposits	21,023,958,546.40	17,799,645,196.56
Other monetary funds	40,315,963.91	18,188.06
Cash equivalents		
Closing balance of cash and cash equivalents	21,066,533,111.81	17,802,441,129.06
Including: restricted cash and cash equivalents used by parent company or subsidiaries within the Group		

6.63.4 Significant investment and financial activities not related to cash payments

No significant investment activities that are not related to cash payments.

6.64 Statement of Changes in Owners' Equity

Please refer to Note 6.37 in this report for details.

6.65 Assets with restricted ownership

Item	Book value	Reason
Cash and Cash equivalents	21,006,013.68	Performance security, bank acceptance and other securities
Notes receivable	10,000,000.00	For pledged loan
Fixed assets	211,626,177.38	For mortgage loan
Intangible assets	21,378,633.33	For mortgage loan
Total	264,010,824.39	

6.66 Foreign currency monetary items**6.66.1 Foreign currency monetary items**

Item	Amount as of the end of the year in local currency	Exchange rate	Amount as of the end of the year in RMB
Cash and Cash equivalents			1,940,689,611.82
Including: US Dollar	240,457,139.14	6.4936	1,561,432,478.70
Euro	6,292,394.97	7.0952	44,645,800.80

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Item	Amount as of the end of the year in local currency	Exchange rate	Amount as of the end of the year in RMB
Hong Kong Dollar	59,209.46	0.8378	49,610.07
Japanese Yen	4,873,435,007.00	0.053875	262,556,311.00
Indian Rupee	239,673,923.09	0.09839	23,581,517.30
Britain Pound	1.41	9.6159	13.56
Pakistani Rupee	79,367,639.23	0.06184	4,907,910.15
Vietnamese Dong	130,383,350,943.00	0.0002886	37,628,635.08
Convertible Mark	1,124,738.39	3.6481	4,103,146.87
Indonesia Rupiahs	1,578,938,840.59	0.00047572	751,132.79
Poland Zloty	7,283,154.52	0.032541	237,004.70
Swedish Krona	1,031,421.09	0.7718	796,050.80
Accounts receivable			2,198,668,644.42
Including: US Dollar	331,988,431.17	6.4936	2,155,800,076.62
Euro	5,419,692.08	7.0952	38,453,799.25
Japanese Yen	3,978,000.00	0.053875	214,314.75
Indian Rupee	42,691,877.00	0.09839	4,200,453.80
Other receivables			145,522,087.16
Including: US Dollar	14,343,040.50	6.4936	93,137,967.80
Euro	402,000.98	7.0952	2,852,277.36
Indian Rupee	1,763,418.30	0.09839	173,502.74
Pakistani Rupee	388,588,379.53	0.06184	24,030,305.39
Vietnamese Dong	78,927,187,545.67	0.0002886	22,778,386.33
Convertible mark	214,487.91	3.64809	782,471.19
Swedish Krona	2,289,681.72	0.7718	1,767,176.35
Accounts payable			216,355,190.05
Including: US Dollar	19,848,364.38	6.4936	128,887,338.93
Euro	5,127,630.47	7.0952	36,381,563.70
HongKongDollar	7,491,262.25	0.8378	6,276,179.51

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Item	Amount as of the end of the year in local currency	Exchange rate	Amount as of the end of the year in RMB
Japanese Yen	629,633,300.00	0.053875	33,921,494.04
Britain Pound	128,920.00	9.6159	1,239,681.83
Pakistani Rupee	59,628,113.00	0.06184	3,687,402.50
Vietnamese dong	4,100,255,266.81	0.0002886	1,183,333.67
Swiss Franc	39,292.16	6.4018	251,540.55
Canadian Dollar	914,006.00	4.6814	4,278,827.69
Convertible mark	67,933.53	3.6481	247,827.63
Other payables			39,630,279.05
Including: US Dollar	611,959.20	6.49360	3,973,818.26
Euro	461,673.40	7.09520	3,275,665.11
Hong Kong Dollar	17,867.20	0.83780	14,969.14
Indian Rupee	58,004,860.72	0.09839	5,707,098.04
Pakistani Rupee	260,485,372.04	0.06184	16,108,415.41
Vietnamese dong	36,455,963,513.52	0.0002886	10,521,191.07
Indonesia Rupiahs	61,216,724.12	0.0004757	29,122.02

7. Changes in the scope of consolidation

Name of enterprise	Reason	Percentage of Shareholding(%)	Net assets at the end of the year(Monetary unit: RMB 10,000)	Net profit of the year(Monetary unit: RMB 10,000)
Dongfeng Wind Power Co., Ltd.	New set up	100	42,799.63	-22,615.87
Indonesia Company	New set up	95	1,113.95	-89.55
Dongfang Electric Venezuela Co., Ltd.	New set up	99	2.68	-0.57
Sichuan Dongshu New Material Co.,Ltd. (Sichuan Dongshu Company)	New set up	100	4,889.53	889.53
Dongfeng Wind Power Co., Ltd. (Liangshan Wind Power Company)	New set up	100	399.20	-100.80

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8. Interest in other entities

8.1 Interest in Subsidiaries

8.1.1 Composition of the Group

Name of subsidiary	Main business location	Registration place	Natures of businesses	Percentage of Shareholding(%)		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
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	Calcutta, India	Calcutta, India	Service	100.00		Note 3
Chengdu KWH Company.	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
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
Tianjin Wind Power Technology Co., Ltd.	Tianjin	Tianjin	Manufacturing		100.00	Note 3
Dongfang Electric (Tongliao) Wind Power Engineering Technology Co., Ltd.	Tongliao, Inner Mongolia	Tongliao, Inner Mongolia	Service		100.00	Note 3
Dongfang Electric (Jiuquan) New Energy Co., Ltd. (Note 4)	Jiuquan, Gansu	Jiuquan, Gansu	Manufacturing		100.00	Note 3
Hulun Buir New Energy Co., Ltd.	Hulun Buir, Inner Mongolia	Hulun Buir, Inner Mongolia	Manufacturing		100.00	Note 3
Dongfeng Wind Power Co., Ltd.	Deyang, Sichuan	Deyang, Sichuan	Manufacturing	45.12	54.88	Note 3
Indonesia Company	Jakarta Indonesia	Jakarta Indonesia	Service	95		Note 3
Dongfang Electric Venezuela Co., Ltd.	Venezuela	Venezuela	Project service		99	Note 3
Sichuan Dongshu Company	Deyang, Sichuan	Deyang, Sichuan	Manufacturing		100	Note 3

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Liangshan Wind Power Company	Liangshan Sichuan	Liangshan Sichuan	Manufacturing		100	Note 3
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Note 1: Subsidiaries acquired under common control; Note 2: Subsidiaries acquired not under common control; Note 3: Subsidiaries acquired by establishment or investment; Note 4: Jiuquan New Energy Company

(Continued)

Name of subsidiary	Type of enterprise	Legal representative	Organization code
Dongfang Turbine Co., Ltd.	Limited company	Zhuang Wenfeng	91510600205250521B
Dongfang Boiler Group Co., Ltd.	Limited liability company	Xu Peng	510300000004606
Dongfang Heavy Machinery Co., Ltd.	Limited company	Zeng Xianmao	440101000002527
Tianjin Dongqi Wind Turbine Blade Engineering Co., Ltd.	Limited company	Huang Yingshu	91120116797265363K
Wuhan Nuclear Equipment Co.Ltd	Limited company	Wang Weidong	420100000117551
Dongfang Electric Machinery Co., Ltd.	Limited company	He Jianhua	510600000006542
Indian Company	Limited company	Han Zhiqiao (President)	N/A
Chengdu KWH Company.	Limited company	Liao Xin	91510100765385029Y
Eastern Boiler Control Co., Ltd.	Limited company	Hu Dingkun	440301501119109
DFEM Control Equipment Co., Ltd.	Limited company	Duo Lin	91510600717544056M
DFEM Power Equipment Co., Ltd.	Limited company	Cao Jianjin	510600000021766
Dongfang Electric Machinery Tools & Moulds Co., Ltd.	Limited company	Guo Yubo	91510600725512871M
Hangzhou New Energy Co., Ltd.	Limited company	Zhan Ming	913301006739869782
Tianjin Wind Power Technology Co., Ltd.	Limited company	Yang Xuehui	911201166737307885
Tongliao Wind Power Co., Ltd.	Limited company	Liu Zuming	91150591692866373M
Jiuquan New Energy Co., Ltd.	Limited company	Pang Dong	620900000003896
Hulun Buir New Energy Co., Ltd.	Limited company	Xiao Tongjian	911507005669152426
Dongfeng Wind Power Co., Ltd.	Limited company	Chen Jun	510600000117848
Indonesia Company	Limited company	Chen Weiming	N/A
Dongfang Electric Venezuela Co., Ltd.	Limited company	Yu Kun	N/A
Sichuan Dongshu Company	Limited company	Xiao Yi	91510600345800054P
Liangshan Wind Power Company	Limited company	Zhou Rulin	513424000009500

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The authorized share capital of Indonesia Company is USD 2 million, including capital contribution from the Company USD 1.9 million and USD 0.1 million from PT Dally Energy, accounting for 95% and 5% of the authorized share capital of Indonesia Company respectively. As at December 2015, the Indonesia Company has only received the capital injection of USD 1.9 million from the Company. According to the Constitutions of the Indonesia Company, shareholders can only enjoy their shareholders' right after they have paid their share of the authorized share capital, thus the Company enjoys 100% of the shareholders' right at this stage.

8.1.2 Significant Non-wholly-owned Subsidiaries

Name of subsidiary	Percentage of shareholding of minority stockholders	Profits and losses attributable to minority stockholders in the current year	Dividend allotted to minority stockholders in the current year	Balance of minority stockholder equity at the end of the year
Dongfang Heavy Machinery Co., Ltd.	34.8187%	30,782,012.82	7,783,396.41	566,326,878.70
Chengdu KWH Company.	38.58%	1,712,860.74	10,802,400.00	133,861,845.76
Tianjin Dongqi Wind Turbine Blade Engineering Co., Ltd.	49.64%	-1,932,460.88		83,008,376.53
Eastern Boiler Control Co., Ltd.	49%	2,472,668.65	1,176,000.00	77,921,515.08
Wuhan Nuclear Equipment Co.Ltd	33%	-12,563,997.23		46,238,627.07
Dongfang Boiler Group Co., Ltd.	0.335%	874,970.83	860,332.80	16,974,442.80
Indonesia Company	5%			

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8.1.3 Main Financial Information of Significant Non-wholly-owned Subsidiaries (Monetary unit: RMB 10,000)

Name of subsidiary	Amount as of the end of the year						Amount as of the beginning of the year					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Dongfang Heavy Machinery Co., Ltd.	214,598.48	145,254.65	359,853.13	173,607.45	23,595.48	197,202.93	208,732.59	157,972.71	366,705.30	188,359.32	22,301.02	210,660.34
Chengdu KWH Company.	54,899.66	15,055.54	69,955.20	33,244.28	1,376.80	34,621.08	57,551.83	17,827.65	75,379.48	36,065.48	1,720.20	37,785.68
Tianjin Dongqi Wind Turbine Blade Engineering Co., Ltd.	74,196.59	15,911.43	90,108.02	64,993.68	2,940.86	67,934.54	76,642.02	16,816.89	93,458.91	70,678.38	2,481.76	73,160.14
Eastern Boiler Control Co., Ltd.	34,941.93	3,668.56	38,610.49	22,523.12	100.00	22,623.12	31,557.60	3,861.65	35,419.25	19,569.66	100.00	19,669.66
Wuhan Nuclear Equipment Co. Ltd	15,896.65	26,506.65	42,403.30	23,170.51	5,221.08	28,391.59	23,436.60	28,081.03	51,517.63	24,691.37	9,007.29	33,698.65
Dongfang Boiler Group Co., Ltd.	2,018,642.05	261,152.77	2,279,794.82	1,661,102.32	90,636.81	1,751,739.13	2,142,576.79	258,647.65	2,401,224.44	1,776,721.77	96,104.81	1,872,826.58
Indonesia Company	1,116.59	1.30	1,117.89	3.94		3.94						

(Continued)Name of subsidiary	Amount for the year				Amount for previous year			
	Operating income	Net profit	Total comprehensive income	Cash flow generated in operating activities	Operating income	Net profit	Total comprehensive income	Cash flow generated in operating activities
Dongfang Heavy Machinery Co., Ltd.	140,246.44	8,840.66	8,840.66	46,981.93	131,714.96	8,279.29	8,279.29	2,359.46
Chengdu KWH Company.	39,592.45	464.70	464.70	6,824.46	76,736.95	7,116.00	7,116.00	4,441.47
Tianjin Dongqi Wind Turbine Blade Engineering Co., Ltd.	80,925.93	1,775.15	1,775.15	-676.55	71,744.24	1,053.18	1,053.18	2,028.68

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Eastern Boiler Control Co., Ltd.	25,663.70	477.78	477.78	-2,413.77	23,955.53	473.75	473.75	1,771.46
Wuhan Nuclear Equipment Co.Ltd	5,761.64	-3,886.27	-3,886.27	1,108.38	12,233.22	-1,532.27	-1,532.27	1,223.41
Dongfang Boiler Group Co., Ltd.	1,260,151.26	26,468.78	26,468.78	115,176.41	1,224,114.09	58,155.49	58,155.49	76,745.48
Indonesia Company	5.90	-89.55	-48.22	-115.92				

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8.2 Changes of shareholding percentage but still within control

None

8.3 Equity in joint ventures or associates

8.3.1 Significant joint ventures or associates

Name	Main business location	Registration place	Natures of business	Percentage of shareholding (%)		Accounting methods for investment to joint venture or associates
				Direct	Indirect	
MHPS Dongfang Boiler Company	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
Hongnijing Wind Power Company	Baotou, Nei Monggol	Baotou, Nei Monggol	Project management	20.00		Equity method
Zhongdian Technology Company	Shanbao, Shanghai	Shanbao, Shanghai	Design and R&D	12.00		Equity method

8.3.2 Main financial information of significant joint venture

Item	Amount as of the end of the year / Amount for the year		Amount as of the beginning of the year / Amount for previous year	
	MHPS Dongfang Boiler Company	Dongfang AREVA Company	MHPS Dongfang Boiler Company	Dongfang AREVA Company
Current assets:	809,449,308.87	910,196,118.87	814,824,780.90	1,181,641,239.00
Including: cash and cash equivalents	171,233,603.61	445,138,533.24	128,312,145.68	640,874,808.44
Non-current assets	202,110,315.40	175,871,359.48	184,302,237.22	191,807,196.98
Total assets	1,011,559,624.27	1,086,067,478.35	999,127,018.12	1,373,448,435.98
Current liabilities:	585,992,130.61	494,603,995.40	602,606,385.06	743,472,731.02
Non-current liabilities	72,665,562.93	129,938,377.78	62,977,545.75	137,633,343.54

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Item	Amount as of the end of the year / Amount for the year		Amount as of the beginning of the year / Amount for previous year	
	MHPS Dongfang Boiler Company	Dongfang AREVA Company	MHPS Dongfang Boiler Company	Dongfang AREVA Company
Total liabilities	658,657,693.54	624,542,373.18	665,583,930.81	881,106,074.56
Minority shareholder's equity				
Equity attributable to shareholders of parent company	352,971,930.73	461,525,105.17	333,543,087.31	492,342,361.42
Net asset calculated by shareholding ratio	176,485,965.55	230,762,552.59	166,771,543.84	246,171,180.71
Book value of equity invested to joint venture	176,485,965.55	230,762,552.59	166,771,543.84	246,171,180.71
Operating revenues	653,261,027.81	341,613,777.27	835,261,598.33	522,441,618.81
Financial expenses	8,779,792.20	-8,255,276.38	3,373,319.03	-10,388,837.58
Income tax expense	3,270,660.93	26,107,726.32	4,402,748.49	58,293,155.29
Net profit	31,502,512.83	125,437,245.37	37,334,662.29	165,308,629.76
Other comprehensive income				
Total comprehensive income	31,502,512.83	125,437,245.37	37,334,662.29	165,308,629.76
Dividend from joint venture in current year	5,226,852.72	76,925,274.15	2,830,239.02	70,753,710.00

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8.3.3 Main financial information of significant associates

Item	Amount as of the end of the year / Amount for the year					
	Dongfang Mitsubishi Gas Turbine Company	Dongyue Heavy Piece Company	Sichuan Energy Investment Wind Power	Huadian Longkou Wind Power Co.,	Hongnijing Wind Power Company	Zhongdian Gas Technology Company
Current assets:	1,067,337,152.52	61,162,004.13	316,439,240.83	33,118,446.10	20,229,530.06	99,209,657.26
Including: cash and cash equivalents	496,150,556.33	45,395,917.03	195,613,549.83	10,135,181.48	9,229,530.06	99,051,691.07
Non-current assets	275,370,800.38	3,202,174.03	1,373,675,781.53	377,808,876.80	89,385,849.11	929,212.91
Total assets	1,342,707,952.90	64,364,178.16	1,690,115,022.36	410,927,322.90	109,615,379.17	100,138,870.17
Current liabilities:	383,593,983.47	8,812,094.33	210,320,954.50	91,164,509.76	29,615,379.17	1,943.11
Non-current liabilities			886,234,453.38	221,703,375.00		
Total liabilities	383,593,983.47	8,812,094.33	1,096,555,407.88	312,867,884.76	29,615,379.17	1,943.11
Minority shareholder's			38,537,273.98			
Equity attributable to shareholders of parent	959,113,969.43	55,552,083.83	555,022,340.50	98,059,438.14	80,000,000.00	100,136,927.06
Net asset calculated by shareholding ratio	469,965,845.02	27,220,521.07	111,004,468.10	24,514,859.54	16,000,000.00	12,016,431.25
Adjustments						
--Unrealized profit of internal transactions	36,727,689.26					
Book value of equity invested to associates	433,238,155.76	25,263,601.38	111,004,468.10	24,514,859.54	16,000,000.00	12,016,431.25
Operating revenues	909,023,909.04	11,481,419.19	161,182,702.53	53,581,130.79		
Financial expenses	6,848,306.22	-794,771.15	34,754,038.93	13,884,223.22		-351,696.21
Income tax expense	62,865,498.73	619,506.59				45,642.35
Net profit	175,887,484.50	3,369,363.31	63,583,597.51	18,059,438.14		136,927.06
Other comprehensive						
Total comprehensive	175,887,484.50	3,369,363.31	63,583,597.51	18,059,438.14		136,927.06
Dividend received from associates	34,347,289.00	1,225,000.00				

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Item	Amount as of the beginning of the year / Amount for previous year					
	Dongfang Mitsubishi Gas Turbine Company	Dongyue Heavy Piece Company	Sichuan Energy Investment Wind Power	Huadian Longkou Wind Power Co.,	Hongnijing Wind Power Company	Zhongdian Gas Technology Company
Current assets:	1,140,756,740.61	66,532,082.20	297,659,015.86	21,837,662.98		76,000,000.00
Including: cash and cash equivalents	265,503,698.33	44,694,110.88	263,052,449.64	21,766,302.98		76,000,000.00
Non-current assets	259,165,277.85	1,470,917.13	1,017,888,623.03	402,604,985.99		
Total assets	1,399,922,018.46	68,002,999.33	1,315,547,638.89	424,442,648.97		76,000,000.00
Current liabilities:	546,599,024.53	13,356,044.81	180,711,226.92	134,429,648.97		
Non-current liabilities			608,884,966.67	210,013,000.00		
Total liabilities	546,599,024.53	13,356,044.81	789,596,193.59	344,442,648.97		
Minority shareholder's			30,793,842.20			
Equity attributable to shareholders of parent company	853,322,993.93	54,646,954.52	495,157,603.10	80,000,000.00		76,000,000.00
Net asset calculated by shareholding ratio	418,128,267.03	26,777,007.71	99,031,520.62	20,000,000.00		
Adjustments						
-Unrealized profit of internal transactions	-21,489,692.82					
Book value of equity invested to associates	396,638,574.21	24,820,088.02	99,019,965.83	20,000,000.00		
Operating revenues	1,052,900,554.29	23,038,055.18	35,964,639.57			
Financial expenses	-70,826,482.19	-441,336.82	3,849,742.54			
Income tax expense	103,939,964.07	1,655,572.04				
Net profit	311,542,800.93	9,381,574.92	14,700,118.32			
Other comprehensive						
Total comprehensive	311,542,800.93	9,381,574.92	14,700,118.32			
Dividend received from associates	13,189,086.00	2,450,000.00				

9. The risks associated with financial instruments

The Group's major financial instruments include borrowings, accounts receivables, accounts payables, financial assets held for trading and financial liabilities held for trading, details of these financial instruments are disclosed in Note 6. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure the risks are monitored at a certain level.

9.1 Risk management objectives and policies

The Group's risk management objectives are to achieve a proper balance between risks and yield, minimise the adverse impacts of risks on the Group's operation performance, and maximise the benefits of the shareholders and other stakeholders. Based on these risk management objectives, the Group's basic risk management strategy is to identify and analyse the Group's exposure to various risks, establish an appropriate maximum tolerance to risk, implement risk management, and monitors regularly and effectively these exposures to ensure the risks are monitored at a certain level.

9.1.1 Market risk**1) Currency risk**

The Group's exposure to the currency risk is primarily associated with U.S. Dollar, Euro, Pakistan Rupee, and Indian Rupee etc. Several of the Group's subsidiaries have purchases and sales denominated in U.S. Dollar, Euro, Pakistan Rupee, and Indian Rupee etc while the Group's other principal activities are denominated and settled in RMB. As at 31 December 201X, the balance of the Group's assets and liabilities are both denominated in RMB except that the assets and liabilities set out below are denominated in U.S. Dollar, Euro, Pakistan Rupee, Indian Rupee, Japanese Yen, and Hong Kong Dollar. Currency risk arising from the assets and liabilities denominated in foreign currencies may have impact on the Group's performance.

Item	Amount as of the end of the year	Amount as of the beginning of the year
Cash-U.S. Dollar	1,561,432,478.70	871,145,749.67
Cash-Euro	44,645,800.80	41,681,448.32
Cash-Pakistan Rupee	4,907,910.15	5,728,159.14
Cash-Indian Rupee	23,581,517.30	35,856,017.31
Cash-Other currency	306,121,904.87	14,343,786.13
Derivative financial assets	10,339.10	39,058.77

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Item	Amount as of the end of the year	Amount as of the beginning of the year
Accounts Receivable-Dollar	2,155,800,076.62	2,049,693,493.61
Accounts Receivable-Euro	38,453,799.25	28,481,986.38
Receivables-Indian Rupee	4,200,453.80	4,444,289.70
Accounts Receivable- Other currency	214,314.75	492,632.48
Other Receivable- U.S. Dollar	93,137,967.80	385,821.31
Other Receivable-Euro	2,852,277.36	1,435.20
Other Receivable-Pakistan Rupee	24,030,305.39	22,729,132.40
Other Receivable-Indian Rupee	173,502.74	265,283.34
Other Receivable-Other currency	25,328,033.87	12,825,447.20
Derivative financial liabilities	5,853,124.58	
Accounts payable-U.S. Dollar	128,887,338.93	6,987,482.50
Accounts payable-Euro	36,381,563.70	11,453,272.96
Accounts payable-Pakistan Rupee	3,687,402.50	52,634.96
Accounts payable-Other currency	47,398,884.92	37,936,218.56
Other Payable- U.S. Dollar	3,973,818.26	6,609,438.27
Other Payable- Euro	3,275,665.11	3,442,052.22
Other Payable- Pakistan Rupee	16,108,415.41	237,958.73
Other Payable- Indian Rupee	5,707,098.04	6,518,467.18
Other Payable- Other currency	10,565,282.23	2,011,197.39

The Group closely monitors the effects of changes in the foreign exchange rates on the Group's currency risk exposures. The Group currently takes forward foreign exchange contract to hedge currency risk exposures.

2) Interest rate risk

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 for the financial liabilities with floating interest rate, fair value interest rate risk for the financial liabilities with fixed interest rate. The Group changes the relative proportion between the fixed interest rate and floating interest rates contract according to the market environment. On December 31, 2015, the Group's interest bearing debts are mainly fixed rate contract at RMB1,915,140,000.00.

The risks of changes in cash flows of financial instruments caused by the changes of interest rate mainly associate with floating rate bank borrowings. The Group maintain the loan floating interest rate to eliminate the risks of changes in fair value.

3) Price Risk

The Group sales the power generation equipment at market price, therefore, affected by the price fluctuation.

9.1.2 Credit Risk

As at 31st December 2015, 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 counterparties and financial guarantees issued by the Group is arising from:

The carrying amount of the respective recognised financial assets as stated in the consolidated balance sheet. For financial instruments measured at fair value, the carrying amount reflects the exposure to risks but not the maximum exposure to risks. The maximum exposure to risks would vary according to the future changes in fair value.

In order to minimize the credit risk, the Group has delegated a department 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 debt at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the management of the Group considers that the Group's credit risk is significantly reduced.

The credit risk on liquid funds is limited because they are deposited with banks with high credit ratings.

The Group has adopted a policy to ensure that all sales customers have good credit records. The Group has no other significant concentration of credit risk except for the top five accounts receivables

The total amount of top five accounts receivable is 3,184,946,466.35 Yuan.

9.1.3 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 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.

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Meanwhile, the management negotiate the financing with financial institutions to maintain a certain level of credit line and reduce the liquidity risk.

Up to December 31,2015, bank loan facilities are enough to satisfy the financing need for the Group has high credit ratings.

The analysis of maturity term of financial assets and financial liabilities according to undiscounted contractual obligations are listed below:

Figures on December 31, 2015:

Item	Within 1 year	1-2 years	2-5 years	Over 5 years	Total
Financial assets					
Cash and cash equivalence	21,087,539,125.49				21,087,539,125.49
Financial assets held for sale	36,079,098.10				36,079,098.10
Notes receivable	4,340,955,431.92				4,340,955,431.92
Accounts receivable	17,290,192,715.92				17,290,192,715.92
Interest receivable	297,206,934.58				297,206,934.58
Other receivable	366,296,279.41				366,296,279.41
Sum of financial asset	43,418,269,585.42				43,418,269,585.42
Financial Liabilities					
Short-term loan	1,642,000,000.00				1,642,000,000.00
Financial liabilities held for sale	5,853,124.58				5,853,124.58
Notes payable	4,657,772,328.81				4,657,772,328.81
Accounts payable	15,179,533,382.72				15,179,533,382.72
Other payable	1,774,765,747.04				1,774,765,747.04
Dividends payable	3,144,122.09				3,144,122.09
Interest payable	1,776,111.10				1,776,111.10
Employee benefits payable	396,074,204.46				396,074,204.46
Non-current liabilities within one year	354,320,000.00				354,320,000.00

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Item	Within 1 year	1-2 years	2-5 years	Over 5 years	Total
Long-term loan		706,820,000.00	12,000,000.00		718,820,000.00
Long-term employee benefits payable		58,662,837.06	59,218,320.36	24,987,763.09	142,868,920.51
Sum of financial liabilities	24,015,239,020.80	765,482,837.06	71,218,320.36	24,987,763.09	24,876,927,941.31

9.2 Sensibility analysis

The Group adopts sensitivity analysis technique to analyse how the profit and loss for the period and shareholders'/owners' equity would have been affected by reasonably possible changes in the relevant risk variables. As it is unlikely that risk variables will change in an isolated manner, and the interdependence among risk variables will have significant effect on the amount ultimately influenced by the changes in a single risk variable, the following are based on the assumption that the change in each risk variable is on a stand-alone basis.

(1) Sensitivity analysis of Currency risk

The assumption for the sensitivity analysis on currency risk is that all hedges of net investments in foreign operations and the cash flow hedges are highly effective.

On the basis of the above assumption, where all other variables are held constant, the reasonably possible changes in the foreign exchange rate may have the following pre-tax effect on the profit or loss for the period and owners equity:

Item	Change in exchange rate	2015		2014	
		Effect on the net profit	Effect on owners' equity	Effect on the net profit	Effect on owners' equity
All foreign currencies	5% increase against RMB	8,954,800.19	8,954,800.19	496,686.07	496,686.07
All foreign currencies	5% decrease against RMB	-8,954,800.19	-8,954,800.19	-496,686.07	-496,686.07

(2) Sensitivity analysis of interest rate risk

The sensitivity analysis on interest rate risk is based on the following assumptions:

Changes in the market interest rate may influence the interest income or expense of the variable rate financial instruments;

For fixed rate financial instruments measured at fair value, changes in the market interest rate only influence their interest income or expense;

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Changes in the fair value of derivative financial instruments and other financial assets and liabilities are calculated at the market interest rate as at the balance sheet date, using the method of discounted cash flow analysis.

On the basis of the above assumptions, where all other variables are held constant, the reasonably possible changes in the interest rate may have the following pre-tax effect on the profit or loss for the period and owners' equity:

Item	Change s in interest rate	2015		2014	
		Effect on the net profit	Effect on owners' equity	Effect on the net profit	Effect on owners' equity
Floating rate loans	1% increase	834,701.36	834,701.36	879,825.95	879,825.95
Floating rate loans	1% decrease	-834,701.36	-834,701.36	-879,825.95	-879,825.95

10. Disclosure of fair value

1. The amount and fair value of assets and liabilities measured subsequent to initial recognition at fair value 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
1. Continuous measurement of fair value				
(1) Financial asset at fair value through profit or loss				
1.1 Financial assets held for sale				
1) Equity instruments	36,068,759.00			36,068,759.00
2) Derivative financial assets		10,339.10		10,339.10
Total assets measured at fair value on a continuous basis	36,068,759.00	10,339.10		36,079,098.10
1. Financial liabilities at fair value through profit or loss				
1.1 Financial liabilities held for sale				
Including: Derivative financial liabilities		5,853,124.58		5,853,124.58
Total liabilities measured at fair value on a continuous basis		5,853,124.58		5,853,124.58
2. Non continuous measurement of fair value				

2. The basis of measuring fair value at first level

Please refer to 6.2 in this Notes for the basis of measuring fair value at first level.

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3. The projects of measuring fair value at second level, recognised by valuation technique and information on qualitative and quantitative parameters.

Please refer to 6.2 in this Notes for the items which measured by valuation technique and information on qualitative and quantitative parameters.

11. Related party relationships and transactions

11.1 Related Parties

11.1.1 Controlling shareholder and ultimate control party

1) Controlling shareholder and ultimate control party (Unit:10000.00 Yuan)

Name	Registered address	Nature of business	Registered capital	Proportion of ownership(%)	Proportion of voting (%)
Dongfang Electric Corporation	China Chengdu	Hydro power, nuclear power project, sale and manufacture of equipments	479,167.50	41.68	41.68

2) Changes in registered capital of controlling shareholder(Unit:10000.00 Yuan)

Name	Amount as of the beginning of the year	Increased	Decreased	Amount as of the end of the year
Dongfang Electric Corporation	479,167.50			479,167.50

3) Changes in shares held by controlling shareholder (Unit:10000.00 Yuan)

Name	Amount		Proportion of ownership (%)	
	Amount as of the end of the year	Amount as of the beginning of the year	The end of the year	The beginning of the year
Dongfang Electric Corporation	97,401.68	100,196.81	41.68	50.00

11.1.2 Subsidiaries

See Note 8.1.1

11.1.3 Associates

See Note 8.3

11.1.4 Other related parties

Name of related parties	Type of relationship
Dongfang Electric Machinery Works	Enterprises under the

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Name of related parties	Type of relationship
Dongfang Boiler Works	control of same parent company and ultimate shareholder
Dongfang Electric Finance Co., Ltd	
DEC Dongfeng Electric Machinery Co., Ltd	
Guangdong Company	
DEC International Corporation Co., Ltd	
DEC Project Cargo Logistics Co., Ltd	
Deyang Dongfang Aberle System Co., Ltd	Enterprises under the control of same parent company and ultimate shareholder
Dongqi Investment and Development Co., Ltd	
Dongfang (Sichuan) Electric Corporation Materials Company(Dongfang Materials Company)	
DEC Henan Station Auxiliary Equipment Co., Ltd (Henan Auxiliary Company)	
DEM Real Estate Development Co., Ltd	
DEC (Yixing) Magi solar Co., Ltd	
DEC Emei Semiconductor Materials Co., Ltd	
Sichuan Dongfang Electric Automatic Control Engineering Co., Ltd(Dongfang Autocontrol Company)	
The Sixth People's Hospital of Deyang City(Dongqi Hospital)(remanufacture in 2014)	
DEC(Sichuan) Property Management Co., Ltd(Dongfang Property Company)	
Dongfang Hitachi (CD) Electrical Control Equipment Co., Ltd(Chengdu Dongfang Hitachi Company)	
Dongfang Electric(Leshan) New Energy Equipment Co., Ltd(Leshan New Energy Company)	
Deyang Dongqi Science & Technology Industrial Company	
Zhonghe Seawater Desalination Engineering Co., Ltd(Zhonghe Seawater Desalination Company)	
Shizishan Photovoltaic Power Peneration Co. Ltd	
Dongfang (Jiuquan) Solar Energy Engineering Technology Co., Ltd(Jiuquan Solar Energy Company)	
China Western Power Industrial Co., Ltd	Investors with significant influence
Envirotherm GmbH Essen, Germany	
Wuhan Boiler Group Co.,Ltd	
Guangdong Yudean Group Co., Ltd	Others
Directors and the management	

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11.1.5 Other notes to related parties

China Western Power Industrial Co., Ltd, Envirotherm GmbH Essen, Germany, Wuhan Boiler Group Co.,Ltd, Guangdong Yudean Group Co., Ltd and the joint ventures and associates in Note 8. 3 are not considered as related parties in the Listing Rules of the Stock Exchange of Hong Kong Limited and Shanghai Stock Exchange.

11.2 Related Party Transactions

11.2.1 Purchase and sales of goods/receipt and provision of services

1) Purchase of goods and receipt of services

Name of related parties	Content	Amount for the year	Amount for previous year
Controlling shareholder and ultimate control party		19,917,485.62	23,328,301.92
Including: Dongfang Electric Corporation	Receipt of services	12,861,320.75	22,460,377.39
Dongfang Electric Corporation	Purchase of goods	7,056,164.87	867,924.53
Joint venture and associates		608,793,048.59	1,219,065,198.51
Including: MHPS Dongfang Boiler Company	Purchase of goods	583,618,424.76	667,599,880.23
Dongfang Mitsubishi Gas Turbine Company	Purchase of goods	25,174,623.83	546,816,859.88
Dongle Heavy Piece Company	Receipt of services		4,648,458.40
Other enterprises under the control of same parent company and ultimate shareholder		2,084,867,899.73	2,187,842,380.60
Including: Dongfang Materials Company	Purchase of goods	430,286,250.01	492,801,931.46
	Receipt of services	115,576.21	370,451.42
Dongfang Autocontrol Company	Purchase of goods	803,359,706.82	821,685,804.19
Henan Auxiliary Company	Purchase of goods	75,972,955.32	120,346,541.27
DEC (Yixing) Magi solar Co., Ltd	Purchase of goods	172,971,704.87	173,479,058.72
Deyang Dongfang Aberle System Co., Ltd	Purchase of goods	114,176,729.67	92,589,520.00
Chengdu Dongfang Hitachi Company	Purchase of goods	23,420,538.45	12,258,577.83

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Name of related parties	Content	Amount for the year	Amount for previous year
Leshan New Energy Company	Purchase of goods	149,620,282.05	170,961,593.00
DEC Dongfeng Electric Machinery Co., Ltd	Purchase of goods	27,347,026.32	60,137,618.97
DEC Dongfeng Electric Machinery Co., Ltd	Receipt of services		186,324.80
DEC Project Cargo Logistics Co., Ltd	Receipt of services	254,052,291.46	208,914,621.08
Dongqi Hospital	Receipt of services		15,291,885.49
Dongfang Property Company	Receipt of services	12,896,884.93	11,501,558.68
Dongfang Boiler Works	Receipt of services	7,445,700.00	4,656,200.00
DEC International Corporation Co., Ltd	Receipt of services	13,202,253.62	2,660,693.69
Investors with significant influence		10,071,668.89	48,899,786.91
Including: China Western Power Industrial Co., Ltd	Purchase of goods	6,305,606.85	45,222,222.16
Guangdong Yudean Group Co., Ltd	Purchase of goods	3,766,062.04	3,677,564.75
Total		2,723,650,102.83	3,479,135,667.94

2) Sales of goods and provision of services

Name of related parties	Content	Amount for the year	Amount for previous year
Controlling shareholder and ultimate control party			1,457,880.33
Including: Dongfang Electric Corporation	Sales of goods		1,457,880.33
Joint venture and associates		35,365,148.24	133,647,223.35
Including: MHPS Dongfang Boiler Company	Provision of services	1,103,297.13	57,735.85
Dongfang Mitsubishi Gas Turbine Company	Sales of goods	12,340,785.97	8,810,116.35
Dongfang Mitsubishi Gas Turbine Company	Provision of services	98,290.60	
Dongfang AREVA Company	Sales of goods	21,822,774.54	124,616,868.34
Dongfang AREVA Company	Provision of services		162,502.81

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Name of related parties	Content	Amount for the year	Amount for previous year
Other enterprises under the control of same parent company and ultimate shareholder		133,253,561.63	267,492,837.90
DEC International Corporation Co., Ltd	Sales of goods	76,758,001.00	222,009,060.14
DEC International Corporation Co., Ltd	Provision of services	422,200.85	
DEC Dongfeng Electric Machinery Co., Ltd	Sales of goods	2,197,310.72	9,521,344.46
DEC Dongfeng Electric Machinery Co., Ltd	Provision of services	1,858,412.95	304,332.08
Deyang Dongfang Aberle System Co., Ltd	Sales of goods	6,992,114.09	488,210.57
Guangdong Company	Provision of services	1,769,982.90	
Guangdong Company	Sales of goods	15,448,980.54	9,785,725.63
Dongfang Autocontrol Company	Sales of goods	985,609.60	805,258.42
DEC (Yixing) Magi solar Co., Ltd	Sales of goods	1,195,350.42	1,413,059.83
Dongfang Materials Company	Sales of goods	9,746,842.21	8,307,955.93
Dongfang Materials Company	Provision of services		
DEC Project Cargo Logistics Co., Ltd	Sales of goods	863,247.86	30,769.23
DEC Project Cargo Logistics Co., Ltd	Provision of services	35,849.06	7,907,472.36
Dongqi Investment and Development Co., Ltd	Provision of services	4,987,768.54	5,000,000.00
Henan Auxiliary Company	Sales of goods	9,935,287.12	
Chengdu Dongfang Hitachi Company	Provision of services		11,372.32
Chengdu Dongfang Hitachi Company	Sales of goods	56,603.77	
Zhonghe Seawater Desalination Company	Provision of services		1,708,276.93
Dongfang Electric Machinery Works	Provision of services		200,000.00
Investors with significant influence		7,539,039.48	4,966,431.51
China Western Power Industrial Co., Ltd	Sales of goods	7,532,851.48	3,489,571.80

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Name of related parties	Content	Amount for the year	Amount for previous year
China Western Power Industrial Co., Ltd	Provision of services	6,188.00	5,350.00
Envirotherm GmbH Essen, Germany	Sales of goods		1,471,509.71
Total		176,157,749.35	407,564,373.09

11.2.2 Leases with related parties

1) Lease

Lessor	Lessee	Type of leased assets	Lease income recognised in the current year	Lease income recognised in previous year
Dongfang Turbine Co., Ltd	Dongfang Autocontrol Company	buildings	37,375.00	35,500.00
Dongfang Boiler Group Co., Ltd	MHPS Dongfang Boiler Company	Land use right, buildings and equipments	1,824,721.00	1,943,317.17
Dongfang (Guangzhou) Heavy Machinery Co., Ltd	Guangdong Yudean Group Co., Ltd	land	74,800.00	74,800.00
Tianjin Wind Power Technology Co., Ltd.	Zhonghe Seawater Desalination Company	buildings	111,000.00	111,000.00
Dongfang Turbine Co., Ltd	Dongfang Mitsubishi Gas Turbine Company	buildings		324,775.90
Jiuquan New Energy Co., Ltd.	Jiuquan Solar Energy Company	factory		518,400.00
Total			2,047,896.00	3,007,793.07

2) Rental

Lessor	Lessee	Type of leased assets	Lease income recognised in the current year	Lease income recognised in previous year
Dongfang Electric Corporation	The Company	Buildings	26,580,000.00	24,540,000.00
Dongfang Electric works	Dongfang Electric Machinery Co., Ltd	Plants, land and equipments	18,877,215.68	19,007,505.16

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Lessor	Lessee	Type of leased assets	Lease income recognised in the current year	Lease income recognised in previous year
Dongfang Electric Corporation	Dongfang Boiler Group Co., Ltd	Buildings	2,478,392.23	3,308,193.20
Dongfang Electric Corporation	Wuhan Nuclear Equipment Co.Ltd	Machines and equipments	410,256.41	410,256.41
Total			48,345,864.32	47,265,954.77

11.2.3 Borrowings with related parties

Related Party	Borrowing/loan	Amount of borrowing/loan	Repaid	Note
Dongfang Electric Corporation	Borrowing	150,120,000.00	No	Entrusted loans Dongfang Boiler Group Co., Ltd.
Dongfang Electric Finance Co.	Borrowing	45,000,000.00	Yes	Short term loan Eastern Boiler Control Co., Ltd.
Dongfang Electric Finance Co.	Borrowing	45,000,000.00	No	Short term loan of Eastern Boiler Control Co., Ltd.
Dongfang Electric Finance Co.	Borrowing	10,000,000.00	No	Commercial acceptance of Eastern Boiler Control Co., Ltd.
Dongfang Electric Finance Co.	Borrowing	50,500,000.00	Yes	Commercial acceptance of Eastern Boiler Control Co., Ltd.
Dongfang Electric Finance Co.	Borrowing	30,000,000.00	Yes	Short term loan of Chengdu KWH Company.
Dongfang Electric Finance Co.	Borrowing	30,000,000.00	No	Short term loan of Chengdu KWH Company.
Dongfang Electric Finance Co.	Borrowing	500,000,000.00	Yes	Short term loan of Dongfang Heavy Machinery Co., Ltd.
Dongfang Electric Finance Co.	Borrowing	17,100,000.00	No	Entrusted loans Of Dongfang Heavy Machinery Co., Ltd
Dongfang Electric Finance Co.	Borrowing	60,000,000.00	Yes	Credit loan of Dongfang Electric Machinery Co., Ltd.
Dongfang Electric Finance Co.	Borrowing	51,600,000.00	No	Credit loan of Dongfang Electric Machinery Co., Ltd.

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Related Party	Borrowing/loan	Amount of borrowing/loan	Repaid	Note
Dongfang Electric Finance Co.	Borrowing	2,150,000,000.00	Yes	Credit loan of Dongfang Turbine Co., Ltd.
Dongfang Electric Finance Co.	Borrowing	1,100,000,000.00	No	Credit loan of Dongfang Turbine Co., Ltd.
Dongfang Electric Finance Co.	Borrowing	159,000,000.00	Yes	Short term loan of Wuhan Nuclear Equipment Co.Ltd
Dongfang Electric Finance Co.	Borrowing	142,000,000.00	No	Short term loan of Wuhan Nuclear Equipment Co.Ltd
Dongfang Electric Finance Co.	Borrowing	115,000,000.00	No	Credit loan of Tianjin Dongqi Wind Turbine Blade Engineering Co., Ltd.
Dongfang Electric Finance Co.	Borrowing	90,000,000.00	Yes	Credit loan of Tianjin Dongqi Wind Turbine Blade Engineering Co., Ltd.
Total		4,745,320,000.00		

11.3 Compensation for key management personnel

11.3.1 Director and supervisor compensation

Compensation for director and supervisor for the year:

Name	Director and Supervisor fees	Salaries, allowance and benefits	Bonus	Pension benefit	Total
Directors					
Li Yanmeng	80,000				80,000
Zhao Chunjun	80,000				80,000
Peng Shaobing	80,000				80,000
Supervisors					
Wang Zaiqiu		417,591	20,625	33,047	471,263
Wang Congyuan		323,484	5,679	25,823	354,986
Total	240,000	741,075	26,304	58,870	1,066,249

Compensation for director and supervisor for previous year

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Name	Director and Supervisor fees	Salaries, allowance and benefits	Bonus	Pension benefit	Total
Directors					
Si Zefu		292,034	530,374	47,592	870,000
Zhang Xiaolun		266,034	473,476	43,490	783,000
Wen Shugang		266,034	473,465	43,501	783,000
Huang Wei		260,834	462,122	42,644	765,600
Zhu Yuanchao		260,834	466,301	44,565	771,700
Zhang jilie		253,034	439,050	41,316	733,400
Li Yanmeng	80,000				80,000
Zhao Chunjun	80,000				80,000
Peng Shaobing	80,000				80,000
Supervisors					
Wen Bingyou		184,566	455,067	43,599	683,232
Wen Limin		260,834	450,128	42,438	753,400
Wang Zaiqiu		275,125			275,125
Wang Congyuan		365,764		20,307	386,071
Total	240,000	2,685,093	3,749,983	369,452	7,044,528

In accordance with Dongsì Renzìhan(2015) #61, from January 1, 2015, the compensation for director and supervisor of Si Zefu and other 6 directors or supervisors shall be paid from Dongfang Electric Corporation.

The group has decided the compensation for directors and supervisors based on market trend and personal performance

11.3.2 Top five employees' compensation

Top five of employees' compensation include none (2014: five) Directors, the other five(2014:zero) are as follows:

Item	Amount for the year	Amount for previous year
Salaries, allowance and benefits	3,431,936	3,200,083
Pension benefit	179,655	137,139
Total	3,611,591	3,337,222

No compensation for key management has over HKD one million in 2015 and 2014.

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In accordance with Dongsì Renzìhan(2015) #61, from January 1, 2015, the compensation for director and supervisor of Si Zefu and other 6 directors or supervisors shall be paid from Dongfang Electric Corporation.

Number of people with highest compensation categorized by number is as follows;

Item	2015	2014
0~HKD 1 million	5	5
Total	5	5

11.4 Related-party balance

11.4.1 Cash deposited in related parties

Name of related parties	Currency	Amount as of the end of the year (RMB)	Amount as of the beginning of the year (RMB)
Enterprises under the control of same parent company and ultimate shareholder		11,777,069,031.60	13,739,532,943.45
including: Dongfang Electric Finance Co., Ltd	CNY	11,201,824,765.25	13,093,898,255.07
Dongfang Electric Finance Co., Ltd	USD	538,089,365.83	609,689,540.08
Dongfang Electric Finance Co., Ltd	EUR	37,154,900.52	35,945,148.30
Total		11,777,069,031.60	13,739,532,943.45

11.4.2 Account receivable

Name of related parties	Amount as of the end of the year		Amount as of the beginning of the year	
	Amount	Provision for bad debts	Amount	Provision for bad debts
Parent company and ultimate shareholder	17,940,824.00	11,157,694.58	6,487,941.00	6,257,426.40
Including: Dongfang Electric Corporation	17,940,824.00	11,157,694.58	6,487,941.00	6,257,426.40
Joint venture and associates	22,542,015.08	1,396,380.41	21,704,204.73	2,155,653.57
Including: MHPS Dongfang Boiler Company			4,096,000.00	1,253,200.00
Dongfang Areva Nuclear Pump Co., Ltd	2,262,815.00	126,512.25	12,039,684.61	624,027.56
Dongfang Mitsubishi Gas Turbine Company	20,279,200.08	1,269,868.16	5,568,520.12	278,426.01
Other enterprises under the control of the same parent company and ultimate shareholder	779,614,094.97	461,995,285.88	925,574,215.62	518,313,551.63
Including: DEC International Corporation Co., Ltd	666,128,968.15	418,753,233.49	783,900,945.69	467,092,216.46
Zhonghe Seawater Desalination Company	22,284,100.00	22,284,100.00	22,284,100.00	22,284,100.00
Guangdong Company	24,008,733.62	13,833,361.72	19,326,262.12	14,089,584.12

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Name of related parties	Amount as of the end of the year		Amount as of the beginning of the year	
	Amount	Provision for bad debts	Amount	Provision for bad debts
DEC Emei Semiconductor Materials Co., Ltd	1,134,137.77	456,747.55	17,784,137.77	8,697,073.78
Sichuan Dongfang Electric Auto control Engineering Co., Ltd	11,780,329.91	631,820.67	27,677,238.91	1,406,409.94
Leshan New Energy Company	23,557,493.49	2,355,749.35	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	1,827,554.20	91,377.71	2,249,504.20	142,286.42
DEC Project Cargo Logistics Co., Ltd	1,303,324.79	67,832.48	2,024,828.26	101,241.41
Dongqi Investment and Development Co., Ltd	1,758,429.18	352,926.19	1,766,698.18	176,669.82
Jiuquan Solar Energy Company	649,673.64	64,967.36	649,673.64	32,483.68
Dongfang Electric Corporation Materials Co., Ltd	4,485,689.50	233,910.38	401,318.00	20,065.90
Dongfang Electric works			13,346.33	13,346.33
DEC Dongfeng Electric Machinery Co., Ltd	20,695,660.72	2,869,258.98	14,166,599.52	1,306,052.96
Investors with significant influence	11,303,123.07	1,636,790.28	17,368,462.90	5,714,335.12
Including: Wuhan Boiler Group Co.,Ltd	1,898,873.25	94,943.66	12,342,953.25	4,937,181.30
Envirotherm GmbH Essen, Germany	3,913,291.36	1,267,298.70	4,112,066.62	731,481.67
China Western Power Industrial Co., Ltd	5,490,958.46	274,547.92	913,443.03	45,672.15
Total	831,400,057.12	476,186,151.15	971,134,824.25	532,440,966.72

11.4.3 Others payable

Name of related parties	Amount as of the end of the year		Amount as of the beginning of the year	
	Amount	Provision for bad debts	Amount	Provision for bad debts
Immediate parent and ultimate parent	21,572,500.35	10,650,274.02	31,198,286.51	11,133,022.45
Including: Dongfang Electric Corporation	21,572,500.35	10,650,274.02	31,198,286.51	11,133,022.45
Other enterprises under the control of the same parent company and ultimate parent	46,541,652.58	9,299,453.65	36,578,888.59	5,803,042.41
Dongqi Investment and Development Co., Ltd	34,988,119.78	8,054,706.12	33,016,808.96	5,100,360.90
Jiuquan Solar Energy Company	2,805,863.46	795,374.79	2,738,925.04	396,013.93
DEM Real Estate Development Co., Ltd			558,777.00	279,388.50
Dongfang Autocontrol Company	12,155.20	4,193.02	12,135.70	2,249.29
Deyang Dongfang Aberle System Corporation Limited			241,261.89	24,120.79

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Dongqi Hospital			7,200.00	720.00
Dongfang Property Company	3,537.00	176.85	3,780.00	189.00
DEC Project Cargo Logistics Co., Ltd	6,000.00	300.00		
Chengdu Dongfang Hitachi Company	60,000.00	3,000.00		
Dongfang Electric Machinery Works	8,665,977.14	441,702.87		
Joint venture and associates	2,949,019.82	224,645.42	1,614,252.37	80,712.62
Including: MHPS Dongfang Boiler Company	2,949,019.82	224,645.42	1,543,888.67	77,194.43
Dongfang Mitsubishi Gas Turbine Company			70,363.70	3,518.19
Total	71,063,172.75	20,174,373.09	69,391,427.47	17,016,777.48

11.4.4 Prepayments

Name of related parties	Amount as of the end of the year		Amount as of the beginning of the year	
	Amount	Provision for bad debts	Amount	Provision for bad debts
Parent company and ultimate shareholder	1,680,000.00		1,696,000.00	
including: Dongfang Electric Corporation	1,680,000.00		1,696,000.00	
Joint venture and associates	146,580,815.70			
Including Dongfang Mitsubishi Gas Turbine Company	146,580,815.70			
Other enterprises under the control of the same parent company and ultimate shareholder	89,918,659.56		97,486,965.63	
Including: DEC Project Cargo Logistics Co., Ltd	29,447,561.70		36,807,061.70	
DEC International Corporation Co., Ltd	12,514,474.09		28,551,072.33	
Dongfang Materials Company	18,000,840.43		8,240,064.60	
Dongfang Autocontrol Company	9,327,000.00		6,067,000.00	
Chengdu Dongfang Hitachi Company	3,419,848.34		1,473,120.00	
DEC Dongfang Electric Machinery Co., Ltd	17,208,935.00			
Dongfang Electric Machinery Works			16,348,647.00	
Investors with significant influence			74,800.00	
Including: Guangdong Yudean Group Co., Ltd			74,800.00	
Total	238,179,475.26		99,257,765.63	

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11.4.5 Interests receivable

Name of related parties	Amount as of the end of the year	Amount as of the beginning of the year
Other enterprises under the control of the same parent company and ultimate shareholder	283,871,973.47	153,964,346.27
Including: Dongfang Electric Finance Co., Ltd	283,871,973.47	153,964,346.27
Total	283,871,973.47	153,964,346.27

11.4.6 Short borrowings

Name of related parties	Amount as of the end of the year	Amount as of the beginning of the year
Other enterprises under the control of the same parent company and ultimate shareholder	1,442,000,000.00	2,134,000,000.00
Including: Dongfang Electric Finance Co., Ltd	1,442,000,000.00	2,134,000,000.00
Total	1,442,000,000.00	2,134,000,000.00

11.4.7 Notes payable

Name of related parties	Amount as of the end of the year	Amount as of the beginning of the year
Parent company and ultimate shareholder	2,700,000.00	2,264,000.00
Including: Dongfang Electric Corporation	2,700,000.00	2,264,000.00
Joint venture and associates	121,100,000.00	65,265,300.00
Including: MHPS Dongfang Boiler Company	44,200,000.00	29,160,000.00
Leshan Dongyue Heavy Piece Hoisting and Transport Co., Ltd.	1,900,000.00	
Dongfang Mitsubishi Gas Turbine Company	75,000,000.00	36,000,000.00
Dongfang Areva Nuclear Pump Co., Ltd		105,300.00
Other enterprises under the control of the same parent company and ultimate shareholder	346,693,964.47	280,211,656.22
Including: Dongfang Autocontrol Company	131,651,293.54	70,897,009.00
Dongfang Materials Company	96,724,652.74	89,334,347.90
DEC Project Cargo Logistics Co., Ltd	35,022,281.20	23,248,715.66
Leshan New Energy Company	50,650,000.00	67,072,122.50
Henan Auxiliary Company	19,500,000.00	20,091,980.00
Dongfang Electric works	1,038,001.16	1,620,241.16
DEC Dongfeng Electric Machinery Co., Ltd	8,440,000.00	5,831,813.00

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Deyang Dongfang Aberle System Corporation Limited	3,367,735.83	1,380,427.00
Chengdu Dongfang Hitachi Company	300,000.00	735,000.00
Investors with significant influence	7,300,000.00	4,700,000.00
Including: China Western Power Industrial Co., Ltd	4,500,000.00	4,700,000.00
Wuhan Boiler Group Co.,Ltd	2,800,000.00	
Total	477,793,964.47	352,440,956.22

11.4.8 Accounts payable

Name of related parties	Amount as of the end of the year	Amount as of the beginning of the year
Parent company and ultimate shareholder	2,580,881.13	7,984,211.31
including: Dongfang Electric Corporation	2,580,881.13	7,984,211.31
Joint venture and associates	238,816,154.89	390,261,495.08
Including: MHPS Dongfang Boiler Company	238,816,154.89	226,965,334.46
Dongfang Mitsubishi Gas Turbine Company		163,280,530.12
Dongfang Areva Nuclear Pump Co., Ltd		15,630.50
Other enterprises under the control of the same parent company and ultimate parent	1,202,886,571.65	1,103,279,865.48
Including: Dongfang Autocontrol Company	614,663,930.66	461,684,907.18
Dongfang Materials Company	182,783,669.63	230,012,903.26
Leshan New Energy Company	152,813,511.20	123,979,897.10
Dongqi Investment and Development Co., Ltd		25,815,844.33
DEC Project Cargo Logistics Co., Ltd	76,044,298.25	28,854,175.90
DEC International Corporation Co., Ltd	1,422,661.08	1,422,661.08
Deyang Dongfang Aberle System Corporation Limited	36,843,299.81	55,849,970.60
DEC Dongfeng Electric Machinery Co., Ltd	35,653,071.91	28,728,881.05
Henan Auxiliary Company	20,825,870.86	52,311,170.68
Chengdu Dongfang Hitachi Company	13,282,934.00	9,893,514.00
DEC (Yixing) Magi solar Co., Ltd	41,409,928.57	77,684,760.30
Jiuquan Solar Energy Company	7,041,180.00	7,041,180.00
Zhonghe Seawater Desalination Company	1,225,000.00	

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Name of related parties	Amount as of the end of the year	Amount as of the beginning of the year
Dongfang Electric works	18,877,215.68	
Investors with significant influence	26,539,008.23	40,220,918.56
Including: China Western Power Industrial Co., Ltd	25,857,138.23	39,896,830.56
Guangdong Yudean Group Co., Ltd	681,870.00	324,088.00
Total	1,470,822,615.90	1,541,746,490.43

11.4.9 Receipts in advance

Name of related parties	Amount as of the end of the year	Amount as of the beginning of the year
Joint venture and associates	130,450,392.18	51,676,992.50
Including: Dongfang Areva Nuclear Pump Co., Ltd	54,200,913.66	51,676,992.50
MHPS Dongfang Boiler Company	7,937,478.52	
Hongnijing Wind Power Company	68,312,000.0	
Other enterprises under the control of the same parent company and ultimate parent	191,597,041.66	118,057,950.78
Including: DEC International Corporation Co., Ltd	183,692,232.35	110,745,619.85
Dongfang Materials Company	5,494,824.00	3,602,410.00
DEC Project Cargo Logistics Co., Ltd		1,842,303.47
Guangdong Company	1,567,398.20	824,230.20
DEC Dongfeng Electric Machinery Co., Ltd	502,500.00	462,500.00
Deyang Dongfang Aberle System Corporation Limited	54,013.71	316,818.00
Sichuan Dongfang Electric Automatic Control Engineering Co., Ltd.	137,055.00	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
Zhonghe Seawater Desalination Company	72,000.00	
Investors with significant influence		200,000.00
Including: China Western Power Industrial Co., Ltd		200,000.00
Total	322,047,433.84	169,934,943.28

11.4.10 Other payable

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Name of related parties	Amount as of the end of the year	Amount as of the beginning of the year
Parent company and ultimate shareholder	1,374,112,350.26	1,387,983,582.70
Including: Dongfang Electric Corporation	1,374,112,350.26	1,387,983,582.70
Joint venture and associates	200,000.00	200,000.00
Including: MHPS Dongfang Boiler Company	200,000.00	200,000.00
Other enterprises under the control of the same parent company and ultimate parent	33,920,057.68	33,325,062.76
Including: Dongfang Boiler Works	30,925,954.89	30,001,497.37
Dongqi Investment and Development Co., Ltd		
DEC Project Cargo Logistics Co., Ltd	1,500,000.00	1,820,000.00
Dongfang Autocontrol Company	844,102.79	853,565.39
Guangdong Company	200,000.00	200,000.00
Dongfang Electric Corporation Materials Co., Ltd	250,000.00	250,000.00
Henan Auxiliary Company	200,000.00	200,000.00
Investors with significant influence	4,207,114.33	4,781,238.32
Including: Wuhan Boiler Group Co.,Ltd	860,551.97	105,323.57
Envirotherm GmbH Essen, Germany	2,546,562.36	2,675,914.75
China Western Power Industrial Co., Ltd	800,000.00	2,000,000.00
Total	1,412,439,522.27	1,426,289,883.78

11.4.11 Dividends payable

Name of related parties	Amount as of the end of the year	Amount as of the beginning of the year
Investors with significant influence	480,000.00	763,662.57
Including: China Western Power Industrial Co., Ltd	480,000.00	763,662.57
Total	480,000.00	763,662.57

11.4.12 Long-term borrowings

Name of related parties	Amount as of the end of the year	Amount as of the beginning of the year
Parent company and ultimate shareholder	218,820,000.00	206,820,000.00
Including: Dongfang Electric Corporation	218,820,000.00	206,820,000.00

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Name of related parties	Amount as of the end of the year	Amount as of the beginning of the
Total	218,820,000.00	206,820,000.00

12. Share-based payments

12.1 Summary of share-based payments

On December 14, 2012, the Company approved its H-shares appreciation right plan at its First Extraordinary Shareholders' Meeting, the plan mainly concerns the following aspects:

12.1.1 The stock appreciation right incentive plan will valid for 5 years after being granted. The waiting period of stock appreciation right is two years, the stock appreciation rights holder could exercise his right in 3 times at a constant speed when the conditions of exercise are fulfilled.

12.1.2 The following performance targets for the previous financial year must be achieved so that stock appreciation right can be granted: 1) EVA should not lower than 2.2 billion; 2) the growth rate of revenue no less than 9.00%; 3) ROE no less than 13%; 4) revenue and ROE growth rate shall not less than 50% that of the benchmarking company's growth rate.

12.1.3 The following performance targets for the previous financial year must be achieved to exercise stock appreciating right: 1) EVA should no less than 2.4 billion, 2.6 billion, and 2.8 billion respectively; 2) the growth rate of revenue shall no less than 9.00%, 11% and 13% respectively, at the mean time no less than 75% that of benchmarking company 3) ROE growth rate should be no less than 13%, 15%, and 17% respectively and no less than 75% that of benchmarking company.

Authorized by the shareholders' meeting and resolution, the Board confirmed the grant date of stock appreciation right was December 14, 2012, the granted price was HKD 15.14 per shares in basis of the closing price of H shares. The H-share appreciation right has granted 16.54 million H shares(accounting for 0.8254% of the Company's total shares) to 175 person who meet the criteria and granted at the first time, including 11 directors and senior managers with 2.14 million shares, 164 key managers and staffs with 14.4 million shares.

According to the resolution made at the first meeting of the Remuneration and Assessment Committee of 2014, the Company removed 3 person from the H-share appreciation right plan; after the adjustment, The H-share appreciation right has granted 16.32 million H shares(accounting for 0.8144% of the Company's total shares) to 172 person who meet the criteria and granted at the first time, including 11 directors and

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senior managers with 2.14 million shares, 161 key managers and staffs with 14.18 million shares.

According to the resolution made at the 16th meeting of the 7th Board Meeting of the Company in 2014, the Company approved 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 stock appreciation rights, 5.44 million H-shares meets the exercise conditions; after the waiting period for the H-share stock appreciation right, the incentive plan holder can choose to exercise the right during the exercise period between Dec. 14, 2014 and Dec. 14, 2017.

Up to Dec. 31, 2015, the above-mentioned 5.44 million H-shares stock appreciation rights have 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 per fair value at zero and has it classified under the payroll payable in the financial statements.

Among the 10.88 million shares of equity instruments invalidated in 2014: 5.44 million shares were invalidated because the financial performance of 2014 cannot meet the exercise conditions of H-share stock appreciation right; the other 5.44 million shares were invalidated because the management of the Company expect that the performance of the 2015 financial statements will not meet the exercise conditions of H-share stock appreciation rights.

12.2 Cash-settled share-based payments

Item	Condition
The method of determining fair value of liabilities assumed by the Company and calculated based on shares or other equity instruments	Black-scholes-model
Accumulated amounts of the liabilities arising from cash-settled share-based payments	
Total expenses recognised arising from cash-settled share-based payments	0

13. Contingencies

13.1 Contingent liabilities arising from pending litigations or pending arbitrations

(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 November 17, 2013, Jiali Wind Power Co., Ltd. submitted

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such matter for arbitration; through 1 year's 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. was RMB 2,895,000, while the predicted amount of damages calculated by Hangzhou New Energy Co., Ltd. was RMB 2,346,600. The final amount of damages shall be determined upon appraisal results of a third party. Thus, Hangzhou New Energy Co., Ltd. recognised the expected liabilities by taking the medium value of RMB 2,620,800.

13.2 Contingent liabilities arising from letter of credits

Up to December 31, 2015, the irrevocable letter of credit is RMB 2,416,438,826.18, details are as follow:

Currency	Local currency	Equivalent to RMB
USD	137,401,545.09	892,230,673.20
EURO	129,433,982.89	918,359,995.40
Japanese Yen	11,245,441,440.00	605,848,157.58
Total		2,416,438,826.18

13.3 Letter of Guarantee

The letter of guarantee by December 31, 2015 is of RMB 26,213,401,869.75:

Currency	Local currency	Equivalent to RMB
RMB	19,546,630,983.29	19,546,630,983.29
USD	947,820,375.47	6,154,766,390.15
EURO	65,969,372.53	468,065,891.98
Pakistan Rupee	710,520,768.60	43,938,604.33
Total		26,213,401,869.75

13.4 Apart from the mentioned above, there are no other significant contingency liabilities as at December 31, 2015.

14. Commitments**14.1 Significant commitments****14.1.1 Capital expenditure commitments**

Capital expenditure commitments that have been entered into but have not been recognised in the financial statements :(Unit: RMB 10,000)

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Item	Amount as of the end of the year	Amount as of the beginning of the year
Construction projects	23,414.44	30,032.34
Equipments	10,168.68	22,003.38
Total	33,583.12	52,035.72

Significant investment commitments that have been entered into but have not been paid yet: (Unit: RMB 10,000)

Item	Contract sum	Amount paid	Amount to be paid	Tentative investment period	Note
Construction projects	110,679.71	87,265.27	23,414.44	2015-2017 年	
Equipments	42,142.30	31,973.63	10,168.68	2015-2017 年	
Total	152,822.01	119,238.90	33,583.12		

14.1.2 Lease contracts signed or about to perform and the financial impact

The details of irrevocable operating lease and finance lease at the year-end are as below: The minimum irrevocable operating lease and finance lease expenditures as at December 31, 2015:

Period	Amount for the year	Amount for previous year
Within 1 year	37,660,893.35	42,677,375.08
1-2 year	21,144,725.96	21,288,092.36
2-3 year	18,877,215.68	20,181,989.78
Over 3 years	18,877,215.68	38,041,164.16
Total	96,560,050.67	122,188,621.38

14.2 Apart from the mentioned above, there are no other significant commitments as at December 31, 2015.

15. Events after the balance sheet date

1. Pledge of stock right

On January 8, 2016, the 5th meeting of the 8th Board approved that the Company use its 20% equity investment in Hongnijing Wind Power Company as pledge guarantee to the equipment under finance lease which Hongnijing Wind Power Company obtained from Daosheng International Financial Leasing Co.,Ltd. The estimated rent is RMB 342,337,300.

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The scope of guarantee the Company provided include all the following expenses under the finance lease agreement: interest expense before lease, rent (include prepaid rent), overdue interest expense, compensation for early repayment (if applicable), breach fee, compensation for damage, agreed loss compensation, other payables, expenses paid by the lessor for the finance lease agreement (include but not limited to litigation fees, arbitration fees, execution fees, notary fees and etc.). If the principal agreement is invalid, ineffective, cancelled, or discharged, then the guarantee scope shall include the liabilities arisen from the lessee return the finance lease assets to lessor.

The guarantee period shall last till all the liabilities being released under the finance lease agreement.

2. Profit appropriation

Item	Content
Proposed distributions of profits or dividends	140,214,022.08
Distributions of profits or dividends authorised and declared	140,214,022.08

Apart from the mentioned above, there are no other events after balance sheet date.

16. Other significant events**16.1 Adjustments to the beginning balance**

In accordance with Corporate Accounting Standards No. 30- Presentation of Financial Statements and Accounting Treatment Guidance regarding the Trial Value-added Tax replaces Business Surcharges (Caikuai [2012]#13), the group reclassified the deductible VAT and prepaid VAT under the Tax payable account to Other current assets account. This adjustment has been approved by the board of directors on March 29 2016, as of the adjustment, both the Other current assets and Tax payable of the Company increased by RMB 612,453,891.64.

16.2 Lease**16.2.1 Operating lease**

At the end of the year, operating lease of the group are shown below:

Category	Amount as of the end of the year	Amount as of the beginning of the year
Building	61,915,662.59	65,182,167.22
Land use right	8,645,285.40	8,879,576.37

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Category	Amount as of the end of the year	Amount as of the beginning of the year
Machines and equipments	3,103,864.09	4,077,342.24
Vehicles	10,000.00	10,000.00
Instruments and electronic computers	79,707.48	344.32
Total	73,754,519.56	78,149,430.15

Note: Among the housing buildings leased under operating leasing mainly include roofs and single rooms, which the book value of the leased portion cannot be measured.

16.3 Annuity plan

Pursuant to Notice1201[2007]"Reply to annuity system of Dongfang Electric Corporation" issued by State-owned Assets Supervision and Administration Commission , annuity is listed out as employee benefit and expenses, and the specialized account is entrusted to China Life Pension Company Limited for operation.

16.4 Other important transactions and events impact on investors decision-making

In 2004, treasury bonds with face value of RMB 201,404,000.00 which is the property of Dongfang Boiler Corporation was illegally pledged by China Technology Securities Co., Ltd Chongqing branch. Bank accounts of China Technology Securities Co., Ltd were frozen after report. Approved by the board of directors, Dongfang Boiler Corporation accrued impairment provision RMB 150 million regarding the portion that has the risk of recovering in 2006.

On September 7, 2007, Beijing's Second Intermediate People's Court has accepted the case regarding the insolvency of China Technology Securities. Dongfang Boiler Group Co., Ltd received RMB 10,709,456.86 distributed by China Technology Securities bankruptcy liquidation commission on 4 August 2008. In 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 Group has already withdrawn impairment provision of RMB 157,450,443.40 in respect of the balance aged more than 5 years. By the end of the reporting date of this Financial Statement, bankruptcy liquidation of Zhongke Securities is still ongoing.

16.5 Segment Information

Based on the Group's internal organization structure, management requirements and internal reporting system, the operations of the Group are classified into five

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reporting segments. The reporting segments are determined based on internal organization structure, management requirements and internal reporting system. The Group's management periodically evaluates the operating results of these reporting segments to make decisions about resources to be allocated to the segments and assess their performance. Major products and services delivered or provided by each of the reporting segments are high-efficient cleaning power generation unit, new energy, hydro-energy and environmental protection equipment, engineering and service and others.

Segments information is disclosed in accordance with the accounting policies and measurement criteria adopted by each segment when reporting to management. The measurement criteria are consistent with the accounting and measurement criteria in the preparation of the financial statements.

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Segment information of 2015

Item	High-efficient cleaning power generation unit	New energy	Hydro-energy and environmental protection equipment	Engineering and service	Others	Inter-segment eliminations	Total
Operating income	36,747,792,392.77	8,343,765,495.20	2,637,076,415.89	5,456,573,022.52	633,486,210.09	17,800,749,836.15	36,017,943,700.32
Including: External income	23,032,374,907.06	4,585,390,915.67	2,629,283,402.23	5,522,591,335.18	248,303,140.18		36,017,943,700.32
Inter-segment income	13,715,417,485.71	3,758,374,579.53	7,793,013.66	-66,018,312.66	385,183,069.91	17,800,749,836.15	
Operating costs	32,642,695,966.15	7,953,587,813.05	2,045,667,926.36	4,598,600,586.07	487,079,307.09	17,767,870,206.82	29,959,761,391.90
Costs eliminations	13,323,799,146.68	3,945,551,856.28	9,729,685.75	168,364,809.06	320,424,709.05	17,767,870,206.82	
Period expenses					3,835,091,795.58	-14,553,052.01	3,849,644,847.59
Operating profit (loss)	4,105,096,426.62	390,177,682.15	591,408,489.53	857,972,436.45	-3,688,684,892.58	1,871,987,797.56	383,982,344.61
Total assets					125,221,798,242.11	39,087,374,977.44	86,134,423,264.67
Including: Amount of a single asset that has a significant impairment loss							
Total liabilities					91,577,901,360.94	29,421,067,246.21	62,156,834,114.73
Supplementary information							
Capital expenditure							

Dongfang Electric Corporation Limited

Notes to the financial statement

For the year of 2015

Item	High-efficient cleaning power generation unit	New energy	Hydro-energy and environmental protection equipment	Engineering and service	Others	Inter-segment eliminations	Total
Impairment losses recognised in the current period					1,713,583,836.80	48,208,928.76	1,665,374,908.04
Including: Amortisation of Depreciation and amortisation					1,141,058,685.62		1,141,058,685.62
Non-cash expense other than depreciation and amortisation							

Dongfang Electric Corporation Limited

Notes to the financial statement

For the year of 2015

Segment information of 2014

Item	High-efficient cleaning power generation unit	New energy	Hydro-energy and environmental protection equipment	Engineering and service	Others	Inter-segment eliminations	Total
Operating income	36,222,720,350.67	7,256,982,450.59	4,327,289,677.15	5,378,856,689.08	378,484,441.37	14,528,168,850.75	39,036,164,758.11
Including: External income	24,186,867,168.78	4,899,767,519.03	4,292,532,022.51	5,294,525,296.81	362,472,750.98		39,036,164,758.11
Inter-segment income	12,035,853,181.89	2,357,214,931.56	34,757,654.64	84,331,392.27	16,011,690.39	14,528,168,850.75	
Operating costs	32,047,541,462.70	6,656,840,006.13	3,601,732,654.03	4,621,612,098.13	636,246,271.05	14,173,719,778.01	33,390,252,714.03
Costs eliminations	11,550,211,947.41	2,367,847,973.81	30,573,058.29	719,802,359.46	15,555.56	14,668,450,894.53	
Period expenses					4,374,789,505.05	54,476,853.79	4,320,312,651.26
Operating profit (loss)	4,175,178,887.97	600,142,444.46	725,557,023.12	757,244,590.95	-4,632,551,334.73	-5,958,150,727.55	1,325,599,392.82
Total assets					123,773,801,137.60	37,967,551,873.65	85,842,623,386.50
Including: Amount of a single asset that has a significant impairment loss							
Total liabilities					94,135,793,183.61	28,798,809,550.98	65,373,357,755.18
Supplementary information							
Capital expenditure							

Dongfang Electric Corporation Limited

Notes to the financial statement

For the year of 2015

Impairment losses recognised in the current period					1,235,585,510.90	334,361,847.81	901,223,663.09
Including: Amortisation of good will							
Depreciation and amortisation					1,209,240,454.50		1,209,240,454.50
Non-cash expense other than depreciation and amortisation							

Dongfang Electric Corporation Limited

Notes to the financial statement

For the year of 2015

External income arising from external transactions by domestic or other countries or regions:

External income	Amount recognized in the current period	Amount recognized in the prior period
Domestic(excluding Hongkong)	31,126,464,821.26	32,951,584,221.10
Other countries or regions	4,891,478,879.06	6,084,580,537.01
Total	36,017,943,700.32	39,036,164,758.11

Amount of non-current assets excluding financial assets and deferred income tax assets by domestic or other countries or regions:

Amount of non-current assets	Amount as of the end of the year	Amount as of the beginning of the year
Domestic(excluding Hongkong)	9,460,822,237.93	10,333,955,012.25
Other countries or regions	103,678,977.16	85,224,871.68
Total	9,564,501,215.09	10,419,179,883.93

17 Notes to key items in the Company's financial statements

17.1 Cash and cash equivalents

Item	Amount as of the end of the year	Amount as of the beginning of the year
	Amount (RMB)	Amount (RMB)
Cash on hand	1,577,135.49	1,880,003.36
Bank deposit	7,465,226,739.22	6,602,440,734.22
Other cash and cash equivalents	47,806,963.90	6,533,188.06
Total	7,514,610,838.61	6,610,853,925.64
Including: Total amount deposited abroad	87,710,611.57	70,438,743.32

On December 31, 2015, the performance guarantee RMB 7,491,000.00 is under restriction.

17.2 Financial asset at fair value through profit or loss

17.2.1 Classification

Item	Amount as of the end of the year	Amount as of the beginning of the year
Financial assets held for trading	36,068,759.00	56,508,607.05
Including: Equity instruments investments	36,068,759.00	56,508,607.05

Dongfang Electric Corporation Limited

Notes to the financial statement

For the year of 2015

Item	Amount as of the end of the year	Amount as of the beginning of the year
Total	36,068,759.00	56,508,607.05

Financial asset at fair value through profit or loss at the end of the year decreased RMB20,439,848.05, at a rate of 36.71%, because the Company disposed the 7,272,665 unrestricted domestic listed shares (A-shares) of China XD Electricity Co., Ltd. this year.

Held for trading equity instruments investments is the 1,447,000 unrestricted domestic listed shares (A-shares) of China XD Electricity Co., Ltd., which accounting for 0.028% of the investee ; 2,802,100 unrestricted domestic listed shares (A-shares) of Huaneng Power Intentional, Inc., which accounting for 0.018% of the investee; 285,400 unrestricted domestic listed shares (A-shares) of Hubei Energy Group Co., Ltd., which accounting for 0.004% of the investee. The fair value of held for trading equity instruments investments mentioned above is measured using their closing stock price at the securities exchange market

17.2.2 Analysis:

Item	Fair value at the end of the year	Fair value at the beginning of the year
Listed		
Listed in PRC(Hong Kong excluded)	36,068,759.00	56,508,607.05
Subtotal	36,068,759.00	56,508,607.05
Unlisted		
Total	36,068,759.00	56,508,607.05

17.3 Notes receivable

17.3.1 Classification of notes receivable

Item	Amount as of the end of the year	Amount as of the beginning of the year
Bank acceptances	386,376,590.50	233,757,169.32
Total	386,376,590.50	233,757,169.32

The notes receivable increased RMB152,619,421.18, at a rate of 65.29%, mainly due to the increase of sales and the increase of settlement with bank acceptance notes.

Dongfang Electric Corporation Limited

Notes to the financial statement

For the year of 2015

17.3.2 No pledge of notes receivable exist at the end of the year

17.3.3 Notes endorsed by the Company to other parties which are not yet due at the balance sheet date

Item	Stop recognizing amount	Non-stop recognizing amount
Bank acceptances	1,564,547,312.39	
Total	1,564,547,312.39	

17.3.4 No notes receivable had converted to accounts receivables due to failing to honour the agreements.

17.4 Accounts receivable

Item	Amount as of the end of the year	Amount as of the beginning of the year
Account receivables	6,666,920,004.82	4,697,093,268.42
Less: Provision for bad debts	1,095,567,782.11	628,361,510.00
Net book value	5,571,352,222.71	4,068,731,758.42

The balance of accounts receivable increased RMB1,969,826,736.40, at a rate of 41.94%, compared with last year. Mainly due to the increase of sales.

17.4.1 Aged receivables analysis:

Age of the receivable	Amount as of the end of the year	Amount as of the beginning of the year
Within 1 year	3,086,123,650.94	2,729,083,142.06
1-2 years	1,837,913,255.18	606,119,537.74
2-3 years	377,370,475.82	403,720,739.92
3-4 years	98,619,758.28	259,215,401.51
4-5 years	171,325,082.49	70,592,937.19
Net book value	5,571,352,222.71	4,068,731,758.42

17.4.2 Receivables Classification

Dongfang Electric Corporation Limited

Notes to the financial statement

For the year of 2015

Category	Amount as of the end of the year			
	Book Balance		Provision for bad debts	
	Amount	Proportion (%)	Amount	Proportion (%)
Significant individual receivables with bad debt provision made on individual basis	295,698,684.94	4.44	295,698,684.94	100
Receivables with bad debts on portfolio basis on credit risk characteristics	6,371,221,319.88	95.56	799,869,097.17	12.55
Total	6,666,920,004.82	100	1,095,567,782.11	16.43

(Continued)

Category	Amount as of the beginning of the year			
	Book Balance		Provision for bad debts	
	Amount	Proportion (%)	Amount	Proportion (%)
Significant individual receivables with bad debt provision made on individual basis	73,045,550.00	1.56	73,045,550.00	100
Receivables with bad debts on portfolio basis on credit risk characteristics	4,624,047,718.42	98.44	555,315,960.00	12.01
Total	4,697,093,268.42	100	628,361,510.00	13.38

1) Significant individual receivables with bad debt provision made on individual basis at the end of year

Name	Amount as of the end of the year			Reasons
	Book Balance	Provision for bad debts	Proportion (%)	
First	121,949,000.00	121,949,000.00	100	Difficulty in operating and expectation of unable to recover
Second	100,704,134.94	100,704,134.94	100	Difficulty in operating and expectation of unable to recover
Third	73,045,550.00	73,045,550.00	100	Has dispute over this guarantee deposits and expectation of unable to recover.
Total	295,698,684.94	295,698,684.94	—	—

2) Receivables with bad debt provision made on aged combinations basis

Dongfang Electric Corporation Limited

Notes to the financial statement

For the year of 2015

Item	Amount as of the end of the year			Amount as of the beginning of the year		
	Amount	Provision for bad debts	Proportion (%)	Amount	Provision for bad debts	Proportion (%)
Within 1 year	3,248,551,211.51	162,427,560.57	5	2,872,719,096.91	143,635,954.85	5
1-2 years	2,042,125,839.09	204,212,583.91	10	673,466,153.04	67,346,615.30	10
2-3 years	471,713,094.78	94,342,618.96	20	504,650,924.90	100,930,184.98	20
3-4 years	164,366,263.80	65,746,505.52	40	432,025,669.19	172,810,267.68	40
4-5 year	342,650,164.99	171,325,082.50	50	141,185,874.38	70,592,937.19	50
More than 5 years	101,814,745.71	101,814,745.71	100			
Total	6,371,221,319.88	799,869,097.17	12.55	4,624,047,718.42	555,315,960.00	12.01

17.4.3 Reversals and collections during the current period

The provision for bad debts of the year is RMB 467,206,272.11. No reversals and collections during the current period.

17.4.4 No accounts receivable written off in the year

17.4.5 Top five entities with the largest balances of accounts receivable

Name	Amount as of the end of the year	Aging	Proportion to book value of account receivable(%)	Provision for bad debts
First	736,490,274.96	0-3 years	11.05	93,078,962.47
Second	495,835,150.65	0-5 years	7.44	270,917,261.64
Third	413,261,446.14	Within 1 year	6.20	20,663,072.31
Forth	271,680,270.75	0-2 years	4.08	27,084,643.88
Fifth	261,446,240.36	Within 1 year	3.92	13,072,312.02
Total	2,178,713,382.86		32.68	424,816,252.32

17.5 Prepayments

17.5.1 Aged prepayments analysis

Items	Amount as of the end of the year		Amount as of the beginning of the year	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	4,533,383,910.23	37.34	4,635,979,479.09	40.06
1-2 years	1,950,540,987.16	16.07	3,764,653,722.47	32.53

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For the year of 2015

Items	Amount as of the end of the year		Amount as of the beginning of the year	
	Amount	Proportion (%)	Amount	Proportion (%)
2-3 years	2,897,641,655.75	23.87	485,463,492.23	4.19
Over 3 years	2,758,624,785.55	22.72	2,687,099,584.90	23.22
Total	12,140,191,338.69	100	11,573,196,278.69	100

17.5.2 Top five entities with the largest balances of prepayments:

Items	Amount as of the end of the year	Aging	Proportion to book value of prepayments(%)
First	5,633,792,537.59	0-5 years	46.41
Second	2,444,884,579.61	0-3 years	20.14
Third	933,411,024.84	0-5 years	7.69
Forth	732,433,353.41	0-2 years	6.03
Fifth	413,116,945.35	Within 1 year	3.40
Total	10,157,638,440.80		83.67

17.6 Interests receivable

17.6.1 Classification

Item	Amount as of the end of the year	Amount as of the beginning of the year
Interest of time deposit	18,120,377.78	15,641,694.45
Entrusted loans.		1,446,041.67
Convertible bond used by subsidiaries		2,263,013.70
Total	18,120,377.78	19,350,749.82

17.6.2 There are no overdue interests this year in interest receivables.

17.7 Dividends receivable

Item	Amount as of the end of the year	Amount as of the beginning of the year
Dongfang Electric Co., Ltd	131,436,444.73	131,436,444.73
Total	131,436,444.73	131,436,444.73

17.8 Other receivables

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Notes to the financial statement

For the year of 2015

Item	Amount as of the end of the year	Amount as of the beginning of the year
Other receivable	6,347,958,357.40	6,075,726,598.78
Less: Provision for bad debts	132,645,404.01	54,671,449.93
Net book value	6,215,312,953.39	6,021,055,148.85

17.8.1 Aged other receivables analysis:

Aging	Amount as of the end of the year	Amount as of the beginning of the year
Within 1 year	262,507,053.51	1,247,306,631.58
1-2 years	1,191,922,544.89	16,727,762.34
2-3 years	9,873,746.27	129,397,893.35
3-4 years	128,414,175.76	183,093,067.21
4-5 years	182,595,432.96	821,029,794.37
Over 5 years	4,440,000,000.00	3,623,500,000.00
Net book value	6,215,312,953.39	6,021,055,148.85

17.8.2 Classification of other receivable:

Items	Amount as of the end of the year				
	Book Balance		Provision for bad debts		Book value
	Amount	Proportion (%)	Amount	Proportion (%)	
Other Receivables that are individually significant and provided for bad debts on individual basis.	5,992,988,301.50	94.41	64,278,301.50	1.07	5,928,710,000.00
Other Receivables that are provided for bad debts on portfolio basis	354,970,055.90	5.59	68,367,102.51	19.26	286,602,953.39
Total	6,347,958,357.40	100	132,645,404.01	2.09	6,215,312,953.39

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Notes to the financial statement

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(Continued)

Items	Amount as of the beginning of the year				
	Book Balance		Provision for bad debts		Book value
	Amount	Proportion (%)	Amount	Proportion (%)	
Other Receivables that are individually significant and provided for bad debts on individual basis	5,928,710,000.00	97.58			5,928,710,000.00
Other Receivables that are provided for bad debts on portfolio basis	147,016,598.78	2.42	54,671,449.93	37.19	92,345,148.85
Total	6,075,726,598.78	100	54,671,449.93	0.90	6,021,055,148.85

1) Other receivables that are individually significant and provided for bad debts on individual basis at the end of the year

Name	Amount as of the end of the year			
	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	64,278,301.50	64,278,301.50	100	Expectation of unable to recover
Total	5,948,688,301.50	64,278,301.50		

2) Other receivables that are provided for bad debts on portfolio basis

Aging	Amount as of the end of the year		
	Amount	Provision for bad debts	Proportion (%)
Within 1 year	276,323,214.23	13,816,160.72	5.00
1-2 years	13,247,272.10	1,324,727.21	10.00

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Notes to the financial statement

For the year of 2015

Aging	Amount as of the end of the year		
	Amount	Provision for bad debts	Proportion (%)
2-3 years	12,342,182.84	2,468,436.57	20.00
3-4 years	790,292.93	316,117.17	40.00
4-5 years	3,650,865.94	1,825,432.98	50.00
Over 5 years	48,616,227.86	48,616,227.86	100.00
Total	354,970,055.90	68,367,102.51	19.26

(Continued)

Aging	Amount as of the beginning of the year		
	Amount	Provision for bad debts	Proportion (%)
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
Total	147,016,598.78	54,671,449.93	37.19

17.8.3 The provision for bad debts prior to is RMB77,973,954.08. No reversals and collections during the current period.

17.8.4 No other receivable written off in the year.

17.8.5 Other receivables classification by nature

Nature of other receivables	Amount as of the end of the year	Amount as of the beginning of the year
Budget fund of central government, fund from additional issuance of A-share, specified fund, fund from issuance of convertible notes	5,928,710,000.00	5,928,710,000.00
Advance payment for another	378,062,502.45	89,512,897.54
Reserve	22,296,690.02	37,345,957.21
Cash deposit and guarantee deposit	18,889,164.93	20,157,744.03
Total	6,347,958,357.40	6,075,726,598.78

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For the year of 2015

17.8.6 The top 5 of other receivable

Name	Nature	Amount as of the end of the year	Aging	Proportion to book value of other receivables (%)	Provision for bad debts
First	Budget fund of central government, fund from additional issuance of A-share, industrialised wind powerspecified fund and etc.	3,740,822,469.87	0 to more than 5years	58.93	151,393.75
Second	Budget fund of central government, fund from additional issuance of A-share	1,222,131,414.64	0 to more than 5years	19.25	29,486,229.93
Third	Fund for infrastructure construction expenditure, fund from additional issuance of A-share	1,059,643,353.24	0 to more than 5years	16.69	10,859,310.25
Forth	Fund for self-reliant nuclear power equipment and energy independent innovation	114,295,533.26	Between 0 to 5years	1.80	16,276.66
Fifth	The project funds of self-reliant nuclear power equipment and energy independent innovation	44,300,000.00	4-5years	0.70	
Total		6,181,192,771.01		97.37	40,513,210.59

17.9 Inventories

17.9.1 Classification of inventories

Item	Amount as of the end of the year		
	Book Balance	Provision for inventories	Carrying amount
Self-made semi-finished products and products in process	642,356,906.44		642,356,906.44
Construction contracts (completed but not yet settled)	783,002,006.36	1,205,602.51	781,796,403.85
Total	1,425,358,912.80	1,205,602.51	1,424,153,310.29

(Continued)

Item	Amount as of the beginning of the year		
	Book Balance	Provision for inventories	Carrying amount
Self-made semi-finished products and products in process	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
Total	2,160,818,568.14		2,160,818,568.14

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Notes to the financial statement

For the year of 2015

Inventories decreased RMB735,459,655.34, at a rate of 34.04% compared with last year. Mainly due to the realisation of sales during the year.

17.9.2 Provision for decline in value of inventories

Item	Amount as of the beginning of the year	Increase in the current period		Decrease in the current period		Amount as of the end of the year
		Current year additions	Others	Reversals	Others transferred out	
Construction contracts (completed but not yet settled)		1,205,602.51				1,205,602.51
Total		1,205,602.51				1,205,602.51

17.9.3 Drawn methods of provision for inventories

Items	Principle	Reasons for reversal
Construction contracts (completed but not yet settled)	Total contract income lower than expected total cost	

17.9.4 Completed but not yet settled assets at the end of year as per the construction contract

Item	Amount
Accumulated cost	10,712,152,755.50
Accumulated confirmed gross profits	318,762,731.34
Less: anticipated loss	1,205,602.51
Settled amount	10,247,913,480.48
Completed but not yet settled assets at the end of year as per the construction contract	781,796,403.85

17.10 Other current assets

Item	Amount as of the end of the year	Amount as of the beginning of the year
Entrusted loans	475,000,000.00	1,575,000,000.00
Pending deduct VAT	172,969,236.34	495,927,185.09
Total	647,969,236.34	2,070,927,185.09

The other current assets is the entrusted loan that Dongfang Electric Finance Co., made for Dongfang Angturbine Co., Ltd and Wuhan Nuclear Equipment Co.Ltd at 460 million and 15 million respectively.

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17.11 Long-term equity investments

17.11.1 Classification of Long-term equity investments

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Item	Amount as of the end of the year			Amount as of the beginning of the year		
	Book Balance	Impairment reserves	Book Value	Book Balance	Impairment reserves	Book Value
Investments in subsidiaries	10,165,545,252.13		10,165,545,252.13	9,783,923,522.13		9,783,923,522.13
Investments in joint ventures and associates.	394,298,311.48		394,298,311.48	365,191,146.54		365,191,146.54
Total	10,559,843,563.61		10,559,843,563.61	10,149,114,668.67		10,149,114,668.67

17.11.2 Investments in subsidiaries

Invested Entity	Amount as of the beginning of the year	Increase in current year	Decrease in current year	Amount as of the end of the year	Set Aside Impairment reserves In this year	Year End Balance Of Impairment 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 Electric Co., Ltd	2,000,000,000.00			2,000,000,000.00		
4.Dongfang Electric (India) Private Limited	129,504,712.22			129,504,712.22		
5. 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		
7. Indonesia Company		11,621,730.00		11,621,730.00		
8.Dongfeng Wind Power Company		370,000,000.00		370,000,000.00		
Total	9,783,923,522.13	381,621,730.00		10,165,545,252.13		

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For the year of 2015

17.11.3 Investments in joint ventures and associates

Invested Entity	Amount as of the beginning of the year	Increase Or Decrease In This year								Ending Balance	Balance of Impairment reserve at the end of year
		Additional investment	Negative investment	Profit and loss on investment recognized in the equity method	Adjustment of other comprehensive income	Other equity changes	Cash dividends or profit announced to distribute	Withdrawn depreciation reserve	Others		
I. Joint ventures											
1. Dongfang Areva Nuclear Pump Co., Ltd	246,171,180.71			61,516,646.03			76,925,274.15			230,762,552.59	246,171,180.71
II. Associates											
1. Sichuan Energy Industry Investment wind power Co., Ltd	99,019,965.83			11,984,502.27						111,004,468.10	99,019,965.83
2. Huadian Longkou Wind Power Co., Ltd.	20,000,000.00			4,514,859.54						24,514,859.54	20,000,000.00
3. Inner Mongolia Energy Investment Group New Energy Co., Ltd		16,000,000.00								16,000,000.00	

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Invested Entity	Amount as of the beginning of the year	Increase Or Decrease In This year								Ending Balance	Balance of Impairment reserve at the end of year
		Additional investment	Negative investment	Profit and loss on investment recognized in the equity method	Adjustment of other comprehensive income	Other equity changes	Cash dividends or profit announced to distribute	Withdrawn depreciation reserve	Others		
4. Zhongdian Unite Heavy Gas Turbine Technology Co.,Ltd		12,000,000.00		16,431.25						12,016,431.25	
Total	365,191,146.54	28,000,000.00		78,032,439.09			76,925,274.15			394,298,311.48	365,191,146.54

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17.11.4 Analysis of long-term equity investment

Item	Amount as of the end of the year	Amount as of the beginning of the year
Listed		
Unlisted	10,559,843,563.61	10,149,114,668.67
Total	10,559,843,563.61	10,149,114,668.67

17.12 Investment properties

17.12.1 Investment properties measured by using cost model

Items	Buildings	Total
I. Original carrying amount		
1. Amount as of the beginning of the year	28,028,663.35	28,028,663.35
2. Increase of the year		
3. Decrease of the year		
4. Amount as of the end of the year	28,028,663.35	28,028,663.35
II. Depreciation and amortization		
1. Amount as of the beginning of the year	11,256,343.68	11,256,343.68
2. Increase of the year	1,113,421.63	1,113,421.63
Including: Depreciation and amortization amount	1,113,421.63	1,113,421.63
3. Decrease of the year		
4. Amount as of the end of the year	12,369,765.31	12,369,765.31
III. Impairment reserves		
IV. Book value		
1. Amount as of the end of the year	15,658,898.04	15,658,898.04
2. Amount as of the beginning of the year	16,772,319.67	16,772,319.67

Depreciation and amortization of investment properties is recognized in profit or loss in this year is RMB 1,113,421.63. (last year: RMB1,046,118.25).

17.12.2 Analysis of investment properties based on the ages and regions

Item	Amount as of the end of the year	Amount as of the beginning of the year
China	15,658,898.04	16,772,319.67

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Item	Amount as of the end of the year	Amount as of the beginning of the year
Mid-term(10-50 years)	15,658,898.04	16,772,319.67
Total	15,658,898.04	16,772,319.67

17.13 Fixed assets

17.13.1 Details of Fixed Assets

Item	Building	Vehicles	Instruments, electronic equipment and others	Total
I.Original carrying amount				
1.Amount as of the beginning of the year	3,342,707.40	18,742,623.27	8,769,394.98	30,854,725.65
2.Increase of the year		10,106.69	808,280.25	818,386.94
(1) Procurement		10,106.69	808,280.25	818,386.94
3.Decrease of the year			231,753.90	231,753.90
(1)Disposal or scrapping			231,753.90	231,753.90
4.Amount as of the end of the year	3,342,707.40	18,752,729.96	9,345,921.33	31,441,358.69
II.Depreciation				
1.Amount as of the beginning of the year	2,716,489.67	11,229,939.82	5,058,598.19	19,005,027.68
2.Increase of the year	196,749.58	2,641,409.54	1,251,582.86	4,089,741.98
(1) Withdrawal	196,749.58	2,641,409.54	1,251,582.86	4,089,741.98
3.Decrease of the year			215,943.94	215,943.94
(1)Disposal or scrapping			215,943.94	215,943.94
4.Amount as of the end of the year	2,913,239.25	13,871,349.36	6,094,237.11	22,878,825.72
III.Depreciation reserve				
IV.Book value				
1.Amount as of the end of the year	429,468.15	4,881,380.60	3,251,684.22	8,562,532.97
2.Amount as of the beginning of the year	626,217.73	7,512,683.45	3,710,796.79	11,849,697.97

(1) Analysis of fixed assets based on the ages and regions:

Item	Amount as of the end of the year	Amount as of the beginning of the year
China	429,468.15	626,217.73

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Item	Amount as of the end of the year	Amount as of the beginning of the year
Mid-term(10-50 years)	429,468.15	626,217.73
Total	429,468.15	626,217.73

(2) By the end of 2015, accumulated depreciation drawn is RMB4,089,741.98, compared with RMB 4,256,351.46 of last year.

(3) Net loss from the fixed assets disposal is RMB377.49.

17.13.2 There are no fixed assets laid idle.

17.14 Intangible assets

Item	Non-patent technology	Software	Total
I.Original book value			
1.Amount as of the beginning of the year	10,945,806.80	4,556,184.54	15,501,991.34
2.Increase of the year		79,759.72	79,759.72
(1) Procurement		79,759.72	79,759.72
3.Decrease of the year			
4.Amount as of the end of the year	10,945,806.80	4,635,944.26	15,581,751.06
II.Amortization			
1.Amount as of the beginning of the year	114,018.82	634,990.18	749,009.00
2.Increase of the year	1,368,225.85	897,523.29	2,265,749.14
(1) Withdrawal	1,368,225.85	897,523.29	2,265,749.14
3.Decrease of the year			
4.Amount as of the end of the year	1,482,244.67	1,532,513.47	3,014,758.14
III.Depreciation reserve			
IV.Book Value			
1.Amount as of the end of the year	9,463,562.13	3,103,430.79	12,566,992.92
2.Amount as of the beginning of the year	10,831,787.98	3,921,194.36	14,752,982.34

The accumulated amortization of intangible assets is RMB 2,265,749.14, compared with RMB600,645.90 of last year.

17.15 Deferred tax asset and deferred tax liabilities

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17.15.1 Non-offset deferred income tax assets

Item	Amount as of the end of the year		Amount as of the beginning of the year	
	deductible temporary differences	Deferred tax assets		deductible temporary differences
Provision for asset impairment	1,229,418,788.63	184,412,818.30	683,032,959.93	102,454,943.99
Provisions	108,130,000.00	16,219,500.00	45,500,000.00	6,825,000.00
Payroll payables			8,095,100.00	1,214,265.00
Government grant	3,886,578.28	582,986.74	94,085.47	14,112.82
Financial asset at fair value through profit or loss	6,669,491.54	1,000,423.73		
Not deducted overseas taxes	3,310,404.66	827,601.17		
Total	1,351,415,263.11	203,043,329.94	736,722,145.40	110,508,321.81

17.15.2 Non-offset deferred income tax liabilities

Item	Amount as of the end of the year		Amount as of the beginning of the year	
	taxable temporary differences	deferred tax liabilities		taxable temporary differences
Financial asset at fair value through profit or loss			8,388,554.34	1,258,283.15
Total			8,388,554.34	1,258,283.15

17.16 Account payables

17.16.1 Account payables aging analysis

Aging	Amount as of the end of the year	Amount as of the beginning of the year
Within one year	3,053,747,791.00	3,068,699,888.07
1-2 years	1,892,138,175.72	1,464,360,445.69
2-3 years	546,651,488.81	776,273,211.25
Over 3 years	1,044,291,572.74	642,049,917.78
Total	6,536,829,028.27	5,951,383,462.79

17.16.2 Significant accounts payable aged more than one year

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Name	Amount as of the end of the year	Reason
First	1,271,985,807.54	In credit period
Second	1,224,308,156.31	In credit period
Third	266,659,411.08	In credit period
Forth	41,925,713.63	In credit period
Fifth	36,648,020.00	In credit period
Total	2,841,527,108.56	

17.17 Receipts in advance

17.17.1 Receipts in advance

Item	Amount as of the end of the year	Amount as of the beginning of the year
Within 1 year	13,100,353,145.51	14,437,878,218.94
over 1 year	5,311,595,961.43	3,420,489,406.99
Total	18,411,949,106.94	17,858,367,625.93

17.17.2 Significant receipts in advance aged more than one year

Name	Amount as of the end of the year	Reason
First	914,100,175.04	Uncompleted of execution of contract
Second	452,992,741.74	Uncompleted of execution of contract
Third	418,047,932.40	Uncompleted of execution of contract
Forth	379,853,500.48	Uncompleted of execution of contract
Fifth	358,994,474.36	Uncompleted of execution of contract
Total	2,523,988,824.02	

17.17.3 Completed but not yet settled assets at the end of year as per the construction contract

Items	Amount
Settled amount	58,863,273,651.74
Less: Accumulated cost	45,691,721,142.88
Accumulated confirmed gross profits	3,253,916,168.98
Estimated loss	

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Completed but unsettled assets at the end of year as per the construction contract	9,917,636,339.88
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17.18 Employee benefits payable

17.18.1 Classification of employee benefits payable

Item	Amount as of the end of the year	Increase of the year	Decrease of the year	Amount as of the beginning of the year
Short-term remuneration	9,803,373.85	177,769,182.30	177,848,265.98	9,724,290.17
Post-employment benefit -DCP	7,384,740.00	24,758,970.34	32,143,710.34	
Termination benefits		178,066.89	178,066.89	
Total	17,188,113.85	202,706,219.53	210,170,043.21	9,724,290.17

17.18.2 Short-term employee benefits payable

Item	Amount as of the end of the year	Increase of the year	Decrease of the year	Amount as of the beginning of the year
Salaries, bonuses, allowances and subsidies	710,360.00	137,015,350.05	137,725,710.05	
Staff welfare		10,248,008.28	10,248,008.28	
Social security contributions		13,189,208.69	13,189,208.69	
Including: Fundamental medical insurance		6,329,143.23	6,329,143.23	
Supplementary medical insurance		5,904,800.00	5,904,800.00	
Labour injury insurance		469,503.42	469,503.42	
Maternity insurance		485,762.04	485,762.04	
Housing fund		11,709,070.44	11,709,070.44	
Union fund and staff education fund	9,093,013.85	4,224,822.41	3,593,546.09	9,724,290.17
Labour protection expenses		1,382,722.43	1,382,722.43	
Total	9,803,373.85	177,769,182.30	177,848,265.98	9,724,290.17

17.18.3 DCP

Item	Amount as of the end of the year	Increase of the year	Decrease of the year	Amount as of the beginning of the year
primary endowment insurance		17,517,840.76	17,517,840.76	
unemployment insurance		1,336,329.58	1,336,329.58	

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Item	Amount as of the end of the year	Increase of the year	Decrease of the year	Amount as of the beginning of the year
supplementary pension	7,384,740.00	5,904,800.00	13,289,540.00	
Total	7,384,740.00	24,758,970.34	32,143,710.34	

17.19 Taxes Payable

Item	Amount as of the end of the year	Amount as of the beginning of the year
Business tax	571,970.79	594,805.57
Enterprise income tax(EIT)	98,456,984.05	42,880,157.49
City construction and maintenance tax	28,598.56	29,740.30
Individual income tax	8,134,464.52	6,091,136.47
Education surcharge	17,159.14	17,844.19
Local education surcharge	11,439.42	11,896.11
Others	45,672.84	31,284.79
Total	107,266,289.32	49,656,864.92

17.20 Other payables

17.20.1 Other payables

Nature	Amount as of the end of the year	Amount as of the beginning of the year
Payables of stock purchase	942,336,415.78	942,336,415.78
State allocations in budget	413,710,000.00	413,710,000.00
Collection on behalf of others	17,961,238.16	6,206,691.33
Security deposit and earnest money	10,000,000.00	10,017,104.58
Payables on behalf of others	8,409,908.81	4,804,465.72
Lease, labour and sporadic procurement	4,593,827.17	10,510,074.58
Fundamental medical insurance and housing fund by individual	3,668,208.48	3,799,387.87
Others	67,000.00	78,118.99
Total	1,400,746,598.40	1,391,462,258.85

17.20.2 Significant other payables aged more than one year

Item	Amount as of the end of the year	Reason
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Item	Amount as of the end of the year	Reason
First	1,356,046,415.78	net profits belonged to the Group from valuation date to the completion date of the acquisition and infrastructure construction expenditure fund from the budget of central government
Total	1,356,046,415.78	

17.21 Non-current liabilities due within one year

Item	Amount as of the end of the year	Amount as of the beginning of the year
Bonds payable mature within one year		3,240,540,290.35
Total		3,240,540,290.35

17.22 Provisions

Items	Amount as of the end of the year	Amount as of the beginning of the year	Reason
Products quality warranty	108,130,000.00	45,500,000.00	Note
Total	108,130,000.00	45,500,000.00	

Note: The balance of provision at the year-end is due to some of the integrated supply projects have different level of defects during the operation, the Company accrued the warranty liability based on the estimated costs to eliminate those defects.

17.23 Share capital

In accordance with consolidated notes. See Note 6.36.

17.24 Capital reserve

(1) Capital reserve for 2015

Item	Amount as of the end of the year	Increase of the year	Decrease of the year	Amount as of the beginning of the year
Share premium	5,075,377,469.19	3,735,818,352.23		8,811,195,821.42
Including: Capital contributed by investors	5,632,951,469.06	3,735,818,352.23		9,368,769,821.29
Differences arising from business combination involving enterprises under common control	-557,573,999.87			-557,573,999.87

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Item	Amount as of the end of the year	Increase of the year	Decrease of the year	Amount as of the beginning of the year
Others capital reserve	883,291,251.73		802,786,816.62	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
Equity component split from convertible corporate bonds	802,786,816.62		802,786,816.62	
Total	5,958,668,720.92	3,735,818,352.23	802,786,816.62	8,891,700,256.53

1) The surplus of the capital from investors increase RMB3,735,818,352.23, which resulted from convertible A-share bonds. Please refer to Note 1. General information of the Company

2) The decrease in Equity component split from convertible corporate bonds during the year is due to the conversion of A-shares notes, the Company reversed the equity portion of the A-shares notes recognized at the time of issuance.

(2) Capital reserve for 2014

Item	Amount as of the end of the year	Increase of the year	Decrease of the year	Amount as of the beginning of the year
Share premium	5,075,377,469.19			5,075,377,469.19
Including: Capital contributed by investors	5,632,951,469.06			5,632,951,469.06
Differences arising from business combination involving enterprises under common control	-557,573,999.87			-557,573,999.87
Others capital reserve	80,504,435.11	802,786,816.62		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
Equity component split from convertible corporate bonds		802,786,816.62		802,786,816.62

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Item	Amount as of the end of the year	Increase of the year	Decrease of the year	Amount as of the beginning of the year
Total	5,155,881,904.30	802,786,816.62		5,958,668,720.92

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17.25 Surplus reserve

(1) Surplus reserve for 2015

Item	Amount as of the end of the year	Increase of the year	Decrease of the year	Amount as of the beginning of the year
Statutory surplus reserve	962,465,801.13	56,648,738.81		1,019,114,539.94
Total	962,465,801.13	56,648,738.81		1,019,114,539.94

In accordance with the articles of associates, statutory surplus reserve is reserved as 10% of net profit.

(2) Surplus reserve for 2014

Item	Amount as of the end of the year	Increase of the year	Decrease of the year	Amount as of the beginning of the year
Statutory surplus reserve	866,837,022.55	95,628,778.58		962,465,801.13
Total	866,837,022.55	95,628,778.58		962,465,801.13

17.26 Undistributed profits

17.26.1 Undistributed profits for 2015

Item	Amount	The proportion of allocation
Amount As of the end of the previous year	5,759,663,619.13	
Amount as of the beginning of the year	5,759,663,619.13	
Add: net profits belonging to parent company owner during the year	566,487,388.13	
Less: Surplus reserves provided for the year	56,648,738.81	10%
Declaration of dividends on ordinary shares	210,321,033.12	
Amount As of the end of the year	6,059,181,235.33	

According to the Plan of Net Profit Distribution for the Year 2014 which was approved at the annual shareholders' meeting held on June 26 2015, the Company used the total number of 2,336,900,368 shares as at the year end of 2014 as the distribution basis, the Company distributed RMB 0.90(including tax) to every 10 shares and the total cash dividends distributed was up to RMB 210,321,033.12(including tax).

17.26.2 Undistributed profits for 2014

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Item	Amount	The proportion of allocation
Amount As of the end of the previous year	5,259,699,411.89	
Amount as of the beginning of the year	5,259,699,411.89	
Add: net profits belonging to parent company owner during the year	956,287,785.82	
Less: Surplus reserves provided for the year	95,628,778.58	10%
Declaration of dividends on ordinary shares	360,694,800.00	
Amount As of the end of the year	5,759,663,619.13	

17.27 Net current assets

Item	Amount as of the end of the year	Amount as of the beginning of the year
Current assets	34,085,592,072.04	32,946,635,835.75
Less: current liabilities	26,466,663,834.47	28,518,156,384.64
Net current assets	7,618,928,237.57	4,428,479,451.11

17.28 Differences between total assets and current liabilities

Item	Amount as of the end of the year	Amount as of the beginning of the year
Total assets	44,885,428,291.18	43,249,643,373.07
Less: current liabilities	26,466,663,834.47	28,518,156,384.64
Differences	18,418,764,456.71	14,731,486,988.43

17.29 Borrowings

Item	Amount as of the end of the year	Amount as of the beginning of the year
Non-current liabilities due within one year		3,497,000.00
Total		3,497,000.00

17.29.1 The analysis of the borrowings

Item	Amount as of the end of the year	Amount as of the beginning of the year
Non-current liabilities due within one year		3,497,000.00
Total		3,497,000.00

17.29.2 Due date analysis of borrowings

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Item	Amount as of the end of the year	Amount as of the beginning of the year
Within 1 year		3,497,000.00
Total		3,497,000.00

17.30 Operating income and operating Cost

Item	Amount for the year		Amount for previous year	
	Income	Cost	Income	Cost
Principal operating income	19,274,331,969.39	18,597,142,282.45	18,149,249,387.87	17,584,216,746.04
Others	9,939,623.56	2,659,847.08	8,815,477.54	2,008,872.46
Total	19,284,271,592.95	18,599,802,129.53	18,158,064,865.41	17,586,225,618.50

17.31 Sales expenses

Items	Amount for the year	Amount for previous year
Quality warranty	64,439,121.36	46,548,184.04
Employee benefit	30,445,614.35	33,449,709.88
Travel expense	4,728,390.63	6,684,625.04
Others	12,116,735.96	17,519,784.13
Total	111,729,862.30	104,202,303.09

17.32 Administrative expense

Items	Amount for the year	Amount for previous year
Employee benefit	101,165,163.25	100,141,577.45
Lease	26,580,000.00	24,540,000.00
Research and development expenditures	20,776,030.41	20,338,929.49
Travel expense	6,985,107.24	9,230,744.19
Tax	13,327,538.40	8,699,638.80
Business entertainment	2,490,740.28	6,745,101.69
Intermediary organs expense	6,286,313.10	4,879,730.46
Property management fee	2,924,014.88	4,454,647.49
Depreciation	2,664,003.60	3,070,262.12

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Items	Amount for the year	Amount for previous year
Water and electrical charges	958,995.53	1,298,774.87
Meeting expense	522,852.97	1,208,838.51
Maintenance	945,701.70	1,140,422.44
Others	10,684,152.02	11,865,157.28
Total	196,310,613.38	197,613,824.79

17.33 Financial expenses

17.33.1 Details of financial expenses

Items	Amount for the year	Amount for previous year
Interest expenses	19,523,581.56	97,964,939.78
Less: Interest income	108,136,514.23	75,542,277.18
Add: Exchange losses	-191,825,188.86	-38,506,900.43
Add: Other expenses	14,569,323.67	12,151,380.42
Total	-265,868,797.86	-3,932,857.41

17.33.2 Details of interest expenses

Items	Amount for the year	Amount for previous year
Interest on borrowings:		
Other interest of loans mature within 5 years		9,493,750.01
Bond interest withdrawn as per effective interest rate (Note)	19,523,581.56	88,471,189.77
Subtotal	19,523,581.56	97,964,939.78
Less: Capitalized interest		
Total	19,523,581.56	97,964,939.78

17.33.3 Details of interest income

Items	Amount for the year	Amount for previous year
Interests on deposits	108,136,514.23	75,542,277.18
Total	108,136,514.23	75,542,277.18

17.34 Impairment losses on assets

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Item	Amount for the year	Amount for previous year
Bad debt losses	545,180,226.19	188,325,939.76
Impairment loss of inventories	1,205,602.51	
Total	546,385,828.70	188,325,939.76

17.35 Gains/loss from changes in fair values

Item	Amount for the year	Amount for previous year
Financial asset at fair value through profit or loss	-15,058,045.88	32,726,992.50
Total	-15,058,045.88	32,726,992.50

17.36 Investment income

Items	Amount for the year	Amount for previous year
Income from long-term equity investments under cost method	375,947,096.87	772,346,330.79
Income from long-term equity investments under equity method	78,032,439.09	63,400,310.46
Investment income from disposal of financial asset at fair value through profit or loss	12,053,515.25	
Investment income of financial asset at fair value through profit or loss during holding period	130,433.24	581,813.20
Investment income from holding available-for-sale financial assets		24,379,007.00
Investment income from disposal of available-for-sale financial assets		-37,226,832.06
Others	45,535,069.43	44,380,486.10
Total	511,698,553.88	867,861,115.49

(1)The investment income from public and private investments is RMB 12,183,948.49 and RMB 499,514,605.39 respectively.

(2)Other investment income is RMB 45,535,069.43, arising from the interest income of entrusted loan that the Company obtained from Dongfang Electric Finance Co., Ltd.

(3)There is no significant restrict on the return of investment income.

17.37 Income Tax Expense

17.37.1 Income Tax Expense

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Item	Amount for the year	Amount for previous year
Income tax for the year	123,116,358.67	58,188,074.02
Including: China	113,274,561.72	53,332,693.55
India	28,698.88	12,716.21
Others	9,813,098.07	4,842,664.26
Deferred tax	-93,793,291.28	-26,586,253.73
Total	29,323,067.39	31,601,820.29

17.37.2 Reconciliation of income tax expenses to the total profit

Item	Amount for the year	Amount for previous year
Total profit	595,810,455.52	987,889,606.11
Income tax by the statutory rate	148,952,613.88	246,972,401.53
Effect of tax-free income	-113,494,883.99	-215,242,865.36
Non-deductible items	10,498,505.84	20,940,164.32
Tax preferences	-13,446,509.51	-21,067,880.19
Including: Tax exemption	-13,446,509.51	-21,067,880.19
Under/over provided in prior periods	-3,186,658.83	
Total	29,323,067.39	31,601,820.29

17.38 Depreciation and Amortization

Depreciation and amortization recognized for the current year is RMB 7,468,912.75 (that of the previous year was RMB 5,903,115.61).

17.39 Operating Rental Expense

The operating rental expense of the current year is RMB 26,580,000 (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).

17.40 Rental income

The rental income from buildings renting is RMB 1,100,000. (Last year was RMB1,100,000).

17.41 Other comprehensive income

Dongfang Electric Corporation Limited

Notes to the financial statement

For the year of 2015

Items	Amount for the year	Amount for previous year
1 . Available-for-sale financial instrument gains and losses		107,164,443.94
Less: Tax effect of available-for-sale financial instrument		16,074,666.59
Other comprehensive income from income of the previous year transferred		-31,642,807.25
Subtotal		122,732,584.60
Items		122,732,584.60

17.42 Notes to items in the cash flow statement

17.42.1 Cash received/paid relating to others of operating /financing activities

17.42.1.1 Other cash receipts relating to operating activities

Items	Amount for the year	Amount for previous year
Net liability arisen from agent service	249,570,862.75	1,517,984.71
Interest income	105,657,830.90	57,637,569.03
Temporary receipts	45,711,527.06	40,450,900.36
Employee advances	15,552,665.52	
Security deposit	6,683,591.24	
Government grants	5,560,300.00	7,150,000.00
Refund of risk guarantee deposit from the customs		15,350,000.00
Others	382,915.91	612,442.87
Total	429,119,693.38	122,718,896.97

17.42.1.2 Other cash payments relating to operating activities

Items	Amount for the year	Amount for previous year
Operating expenses	150,688,569.15	135,537,626.48
Security deposit		78,368,553.42
Payment on behalf of others	214,862,359.75	45,345,370.37
Employee advances		339,234.62
Total	365,550,928.90	259,590,784.89

Dongfang Electric Corporation Limited

Notes to the financial statement

For the year of 2015

17.44.1.3 Other cash receipts relating to investing activities

Items	Amount for the year	Amount for previous year
Convertible bond disclosure cost		6,930,000.00
Total		6,930,000.00

17.42.2 Supplementary information to cash flow statement

Items	Amount for the year	Amount for previous year
1.Reconciliation of net profit to cash flow from operating activities		
Net profit	566,487,388.13	956,287,785.82
Add: Provision for impairment losses of assets	546,385,828.70	188,325,939.76
Depreciation of fixed assets, depreciation of investment properties	5,203,163.61	5,355,083.89
Amortization of intangible assets	2,265,749.14	600,645.90
Losses on disposal of fixed assets, intangible assets and other long-term assets (gains are indicated by "-")	377.49	23,190.96
Losses on changes in fair values (gains are indicated by "-")	15,058,045.88	-32,726,992.50
Financial expenses (income is indicated by "-")	-28,994,424.70	121,092,549.67
Losses arising from investments (gains are indicated by "-")	-511,698,553.88	-867,861,115.49
Decrease in deferred tax assets (increase is indicated by "-")	-92,535,008.13	-27,844,536.88
Increase in deferred tax liabilities (decrease is indicated by "-")	-1,258,283.15	1,258,283.15
Decrease in inventories (increase is indicated by "-")	735,459,655.34	-883,343,051.02
Decrease in receivables from operating activities (increase is indicated by "-")	-2,966,974,588.53	-5,181,025,289.20
Increase in payables from operating activities (decrease is indicated by "-")	1,594,611,095.77	6,266,251,889.09
Net cash flows from operating activities	-135,989,554.33	546,394,383.15
2.Significant investing and financing activities that do not involve cash receipts and payments		
Conversion of debt into capital	3,266,071,903.61	
Convertible bonds due within one year		3,240,540,290.35
3.Net changes in cash and cash equivalents		
Closing balance of cash	7,507,119,838.61	6,604,338,925.64

Dongfang Electric Corporation Limited

Notes to the financial statement

For the year of 2015

Items	Amount for the year	Amount for previous year
Less: Opening balance of cash	6,604,338,925.64	3,859,089,929.82
Net increase in cash and cash equivalents	902,780,912.97	2,745,248,995.82

17.44.3 Cash and cash equivalents

Item	Amount as of the end of the year	Amount as of the beginning of the year
Cash	7,507,119,838.61	6,604,338,925.64
Include: cash on hand	1,577,135.49	1,880,003.36
Bank deposits	7,465,226,739.22	6,602,440,734.22
Other monetary funds	40,315,963.90	18,188.06
Cash and cash equivalents at the year ended	7,507,119,838.61	6,604,338,925.64

18. Approval of the Financial Statements

The Company's financial statements were approved by the board of directors and authorized for issue on March 29, 2016.

Dongfang Electric Corporation Limited

Legal representative: Si Zefu

Person in charge of accounting function: Gong Dan

Person in charge of accounting department: Cheng Dong

March 29, 2016

Dongfang Electric Corporation Limited

Notesto the financial statement

For the year of 2015

Supplementary Information of Financial Statement

1. Non-recurring profit and loss

Item	Amount of Current Year	Notes
Profit and loss from disposal of non-current assets	13,406,137.95	
Government grants recorded as profit or loss	186,406,476.94	
Profit or loss on changes in the fair value of held-for-trading financial assets and held-for-trading financial liabilities and investment income on disposal of held-for-trading financial assets, held-for-trading financial liabilities and available-for-sale financial assets, other than those used in the effective hedging activities relating to normal operating business	5,154,680.26	
Reversal of provision for accounts receivable that are tested for impairment losses individually	14,910,000.00	
Other non-operating revenue or expenses other than the above	-51,813,572.17	
Other profit or loss that meets the definition of non-recurring profit or loss	-19,523,581.56	
Subtotal	148,540,141.42	
Tax effects	18,407,643.11	
Effects attributable to minority interests (after tax)	7,376,907.74	
Total	122,755,590.57	

Other profit and loss items which meet the definition of non-recurring profit and loss of the Group in current year is the bond interest at RMB19,523,581.56 from convertible corporate bonds, which calculated using actual interest rates.

Dongfang Electric Corporation Limited

Notes to the financial statement

For the year of 2014

2. Return on net assets and earnings per share

Profit of the report period	Weighted average return on net assets (%)		Earnings per Share			
			Basic earnings per Share		Diluted earnings per Share	
	2015	2014	2015	2014	2015	2014
Net profit attributable to ordinary shareholders of the Company	1.94	6.92	0.19	0.64	0.19	0.59
Net profit after deduction of non-recurring profits or losses attributable to ordinary shareholders of the Company	1.39	6.29	0.14	0.58	0.14	0.54

Dongfang Electric Corporation Limited**March 29, 2016**

DOCUMENTS AVAILABLE FOR INSPECTION

Content of documents	Copy of the 2015 Annual Report signed by the Chairman of the Company
Content of documents	Original financial statements of the Company stamped and signed by the Legal Representative, General Accountant and Finance Manager
Content of documents	Articles of Association

Chairman: **Si Zefu**

Date of approval and submission by Board of Directors: 29 March 2016

* If there is any inconsistency between English and Chinese texts of this report, the Chinese text of this report shall prevail over the English text.