



DONGFANG ELECTRIC CORPORATION LIMITED

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



2015
INTERIM
REPORT

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I. DEFINITIONS

In this report, unless the context otherwise requires, the following expressions shall have the following meanings:

Definitions of Frequently Used Terms

DEC, Company	means	Dongfang Electric Corporation Limited
Controlling Shareholder, Dongfang Electric Corporation	means	Dongfang Electric Corporation
Reporting Period or Period	means	1 January 2015 to 30 June 2015
Articles of Association	means	the Articles of Association of Dongfang Electric Corporation Limited
SSE	means	the Shanghai Stock Exchange
Stock Exchange	means	The Stock Exchange of Hong Kong Limited
RMB, RMB0,000, RMB in 100 million	means	Renminbi, Renminbi in 10 thousand, Renminbi in 100 million
Convertible Bonds	means	Convertible corporate bonds of RMB4,000 million issued by the Company in July 2014

II. COMPANY PROFILE

I. Company Information

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

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

II. COMPANY PROFILE (CONTINUED)

IV. Information Disclosure and Places for Inspection for Relevant Documents

Newspapers designated for disclosure of the Company's information	China Securities Journal and Shanghai Securities News
Website designated by the CSRC for publication of the Company's interim report	www.sse.com.cn
Website of the Hong Kong Stock Exchange for publication of the interim report	www.hkexnews.hk
Place where the Company's interim report is available for inspection	Office of the Board of the Company

V. Share Information

Share Information

Class of shares	Stock exchange on which the shares are listed	Stock abbreviation	Stock code	Stock name before the change
A Shares	SSE	東方電氣	600875	東方電機
H Shares	Stock Exchange	Dongfang Elec	1072	Dongfang Electrical

VI. Changes in Business Registration of the Company during the Reporting Period

As convertible corporate bonds amounting to RMB4,000 million issued by the Company on 10 July 2014 were converted into shares and delisted during the Reporting Period, the Company's share capital increased from 2,003,860,000 shares to 2,336,900,368 shares. The Company has completed the registration for changes in the registered capital during the Reporting Period. Please refer to the announcement of the Company published on www.sse.com.cn and www.hkexnews.hk for details on 29 April 2015.

III. SUMMARY OF ACCOUNTING DATA AND FINANCIAL INDICATORS

I. Major Accounting Data and Financial Indicators of the Company at the End of the Reporting Period

(I) Major Accounting Data

Unit: RMB

Major accounting data	Reporting Period (Jan – Jun)	Corresponding period last year	Change in the Reporting Period as compared with the corresponding period last year (%)
Operating revenue	18,204,942,335.15	18,984,168,298.81	-4.10
Net profit attributable to the shareholders of the Company	168,367,921.40	839,294,368.43	-79.94
Net profit attributable to the shareholders of the Company after extraordinary profit and loss	156,991,634.10	801,148,398.18	-80.40
Net cash flow from operating activities	-996,341,998.43	131,877,492.15	-855.51

	At the end of the Reporting Period	At the end of the last year	Change at the end of the Reporting Period as compared with the end of the corresponding period last year (%)
Net assets attributable to the shareholders of the Company	22,781,708,132.20	19,544,092,526.73	16.57
Total assets	82,873,824,675.19	85,230,169,494.86	-2.76

Net assets attributable to the shareholders of the Company

Company	22,781,708,132.20	19,544,092,526.73	16.57
Total assets	82,873,824,675.19	85,230,169,494.86	-2.76

Note: The column “Change” will not be filled if the number for the same period last year is negative.

III. SUMMARY OF ACCOUNTING DATA AND FINANCIAL INDICATORS (CONTINUED)

I. Major Accounting Data and Financial Indicators of the Company at the End of the Reporting Period (Continued)

(II) Major Financial Indicators

Major financial indicators	Reporting Period (Jan – Jun)	Corresponding period last year	Change in the Reporting Period as compared with the corresponding period last year (%)
Basic earnings per share (RMB/share)	0.08	0.42	-80.95
Diluted earnings per share (RMB/share)	0.08	0.42	-80.95
Basic earnings per share after extraordinary profit and loss (RMB/share)	0.07	0.40	-82.50
Weighted average return on net assets (%)	0.83	4.65	Decreased by 3.82 percentage points
Weighted average return on net assets after extraordinary profit and loss (%)	0.78	4.44	Decreased by 3.66 percentage points

III. SUMMARY OF ACCOUNTING DATA AND FINANCIAL INDICATORS (CONTINUED)

I. Major Accounting Data and Financial Indicators of the Company at the End of the Reporting Period (Continued)

(III) Extraordinary Profit or Loss Items and Amounts

Unit: RMB

Major financial indicators	Reporting Period (Jan – Jun)	Corresponding period last year	Change in the Reporting Period as compared with the corresponding period last year (%)
Gain/loss from disposal of non-current assets	-904,880.66	-513,103.50	-76.35
Government subsidiaries accounted for as current profit or loss (excluding those closely related to the Company's business and enjoyed according to the State's standard quota or quantity)	37,495,952.30	43,310,674.03	-13.43
Net profit or loss for the current period from the beginning of the period to consolidation date of subsidiaries acquired through business combinations under common control			
Gain or loss from the changes in fair value of held-for-trading financial assets and held-for-trading financial liabilities and investment income from disposal of held-for-trading financial assets, held-for-trading financial liabilities and available-for-sale financial assets, other than those from effective hedging activities relating to the Company's ordinary course of business	31,577,204.00	2,181,799.50	1,347.30
Reversal of impairment provision for receivables tested for impairment on individual basis			
Other non-operating income and expenses other than the above items	-37,030,034.85	356,709.50	-10,481.01
Effect of income tax	-18,051,757.70	-6,566,719.55	-174.90
Effect of minority interests (after tax)	-1,710,195.79	-623,389.73	-174.34
Total	11,376,287.30	38,145,970.25	-70.18

IV. REPORT OF THE BOARD

I. Discussion and Analysis of the Board on the Operations of the Company during the Reporting Period

During the Reporting Period, confronted with the severe situation in manufacture and operations, the Company proactively carried out various manufacturing and operating activities and achieved the production target of completing half of the target production volume in the first half of the year. However, due to the continuous slow growth of the domestic electricity market, exacerbation in the excess of power generation equipment capacity and extremely intense market competition, the prices of the products generating sales revenues dropped during the Period, resulting in the sharp decreases in the gross profit margin of the products and the Company's profits as compared with the same period last year.

Completion of Operational Indicators

During the Reporting Period, in accordance with the PRC Accounting Standards for Business Enterprises, the Company recorded a total operating revenue of RMB18,205 million, representing a decrease of 4.10% over the same period last year; net profit attributable to the shareholders of the Company of RMB168 million, representing a decrease of 79.94% over the same period last year; earnings per share of RMB0.08; and the consolidated gross profit margin for principal operations was 11.91%, representing a decrease of 3.77 percentage points over the same period last year.

Capacity of Power Generation Equipments

During the Reporting Period, the Company produced power generation equipment with total capacity of 18,895MW, up 5.7% year-on-year, fulfilling the production target of completing half of the target production volume within half a year. The equipment included 13 hydro-electric turbine generating units (1,439MW), down 38.6% year-on-year; 36 steam turbine generators (16,735MW), up 10.6% year-on-year; and 403 wind turbine generator sets (721MW), up 82.8% year-on-year; 35 power station boilers (16,092MW), up 51.2% year-on-year; and 52 power station steam turbines (16,254MW), up 2.3% year-on-year.

IV. REPORT OF THE BOARD (*CONTINUED*)

I. Discussion and Analysis of the Board on the Operations of the Company during the Reporting Period (*Continued*)

Orders from the Market

In the first half of this year, affected by the overseas and domestic economy and industry development, the demand in the electricity equipment industry was continuously low. Confronted with the severe market situation, all the staff of the Company endeavored to make progress in an proactive manner through its unremitting efforts to secure the market share in hydroelectric, utility boiler, and gas turbine markets. In addition, the Company delivered good performance in power plant services and the overseas markets.

The Company's new orders amounted to RMB21.6 billion, of which the export orders amounted to approximately RMB4,700 million, accounting for 21.9% of the new orders. Among the new orders during the first half of the year, 42.1% of the new orders was attributable to high-efficiency clean energy, 18.5% to new energy, 24.5% to hydropower and environmental protection, and 14.9% to engineering and services.

As of 30 June 2015, the Company had orders in hand of RMB124.1 billion, among which high-efficiency clean energy accounted for 62.9%, new energy accounted for 14.8%, hydropower and environmental protection accounted for 6.7%, and engineering and services accounted for 15.6%. Export orders accounted for 11.7% of all of the orders in hand.

IV. REPORT OF THE BOARD (CONTINUED)

I. Discussion and Analysis of the Board on the Operations of the Company during the Reporting Period (Continued)

Production and Project Construction

In the first half of the year, 1# and 2# Hohhot Pumped Storage Generation Units with the installed capacity of 300MW each successfully completed the double-machine load test. Reformed efficient 1,000MW Thermal-Shenhua Wanzhou 1# Generation Unit, the first one of DEC, and 1# Generation Unit of Huaneng Anyuan Power Plant, the first 660MW ultra-supercritical two-stage reheat power generation unit in the PRC, have passed the 168-hour pilot run. Fangjiashan No. 2, Yangjiang No. 2, Ningde No. 3 Generation Units and Hongyanhe No. 3 Generation Unit have been equipped with the commercial operational conditions. The equipment of Hongyanhe No. 4 Generation Unit has been installed and will be in operation. The Company completed the delivery of equipment of Dongshan and Qishuyan Gas Turbine Projects. In addition, we also achieved the timely output of a series of key wind power projects, including Huaneng Sichuan Butuobuer, CECEP Mazongshan and Bracken, Sweden.

The construction has been carried out as planned. Nos. 2 and 3 gas turbines of the Nandipur Project in Pakistan passed the 14-consecutive-day feasibility operation test and the first combined cycle grid-connected power generation was achieved. For the Bracken Wind Power Project Phase III in Sweden, all of its equipment was delivered, and the pre-installation of 26 units and the main installation of 2 units were completed.

IV. REPORT OF THE BOARD (*CONTINUED*)

I. Discussion and Analysis of the Board on the Operations of the Company during the Reporting Period (*Continued*)

Enhancement of Internal Management for the Improvement of Quality Development

The Company deeply carried out the tasks on “energy saving, potential unearthing and efficiency enhancing (節約、挖潛、增效)”. During the first half of the year, the total amount of five categories of expenses, including travel expenses and administrative expenses, decreased year on year significantly. Due to the strengthened recovery of payment for goods and enhanced inventory management, the balance of receivables decreased year-on-year in the first half of the year. Furthermore, the Company further reinforced the centralized procurement, standardized the procurement management and improved the management efficiency through further optimisation of resource allocation. In the first half of the year, Dongfang Electric Wind Power Co., Ltd. (東方電氣風電有限公司) was incorporated, and through this, the full-scale integration between the market, technologies, manufacture and services of the wind power business of the Company has been achieved. The completion of conversion of RMB4 billion convertible corporate bonds facilitated the stable development of the Company.

IV. REPORT OF THE BOARD (CONTINUED)

I. Discussion and Analysis of the Board on the Operations of the Company during the Reporting Period (Continued)

Outlook for the Second Half of the Year

In the second half of 2015, under the considerable downward pressure of domestic economy and the slow growth of domestic electricity demand, the demand for electricity equipment will remain at a low level. The restart of nuclear power industry will be carried out steadily, and the demand for thermal power will remain stable and so will the demand for wind power. However, the demand for hydroelectricity will begin to drop and the demand for turbines will remain weak. The power plant services and environmental protection business will keep a continuous development momentum. In respect of the international market, new development opportunities will arise as a result of the policy of “One Belt, One Road” which the state government endeavors to promote. Meanwhile, the market competition will intensify continuously.

Facing the severe domestic and overseas market conditions and the downturn of corporate business performance, the Company will spare effort in expanding the domestic and overseas markets. Through accelerating the technological advancement, we will improve the technological level of principal products to enhance their competitiveness. Moreover, the Company will further reinforce internal management and deepen the reform to establish and optimise the corporate mechanisms and systems, for the purpose of improving the quality of its development. In order to minimize our cost and maximize our efficiency, we will strengthen the cost management and control in all respects to steadily promote the centralized procurement. By virtue of enhancing project management and the all-round control over products, the Company will enhance the re-collection of payment of goods and control the operational risks in order to achieve the stable development of the Company.

IV. REPORT OF THE BOARD (CONTINUED)

I. Discussion and Analysis of the Board on the Operations of the Company during the Reporting Period (Continued)

(I) Analysis of Principal Businesses

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

Unit: RMB

Item	Amount for the Period	Amount for the same period last year	Change (%)
Operating revenue	18,204,942,335.15	18,984,168,298.81	-4.10
Operating cost	16,035,352,153.72	15,959,657,175.55	0.47
Selling expenses	344,053,310.62	312,608,613.19	10.06
Administrative expenses	1,445,572,025.99	1,450,255,930.65	-0.32
Finance costs	-92,120,758.21	-105,785,546.50	12.92
Net cash flows from operating activities	-996,341,998.43	131,877,492.15	-855.51
Net cash flows from investing activities	-130,422,026.36	-451,631,145.18	71.12
Net cash flows from financing activities	-380,750,913.92	-891,801,628.25	57.31
Research and development expenses	364,958,228.29	378,657,576.57	-3.62

IV. REPORT OF THE BOARD (CONTINUED)

I. Discussion and Analysis of the Board on the Operations of the Company during the Reporting Period (Continued)

(I) Analysis of Principal Businesses (Continued)

2. Top five sales customers and suppliers

(1) Major customers in sales

During the Reporting Period, the Company's operating revenue derived from its top five customers amounted to RMB3,791 million, accounting for 20.82% of the Group's total operating revenue.

(2) Major suppliers

During the Reporting Period, the Company's procurement from its top five suppliers amounted to RMB1,344 million, accounting for 10.29% of the Group's total procurement.

IV. REPORT OF THE BOARD (CONTINUED)

I. Discussion and Analysis of the Board on the Operations of the Company during the Reporting Period (Continued)

(I) Analysis of Principal Businesses (Continued)

3. Cash flows

Unit: RMB

Item	Amount for the Period	Amount for the same period of last year	Change (%)
Net cash flows from operating activities	-996,341,998.43	131,877,492.15	-855.51
Cash received from disposal of investments	79,781,534.98	39,013,662.90	104.50
Cash paid for acquisition and construction of fixed assets, intangible assets and other long-term assets	189,572,332.34	443,198,750.89	-57.23
Cash paid for investment	23,627,240.00	51,000,000.00	-53.67
Cash paid for distribution of dividends and profits or interest expenses	71,854,115.04	432,298,790.37	-83.38

- (1) Net cash inflows from operating activities decreased by 855.51% year-on-year, mainly due to the decrease in payments received by the Company for the products sold during the Period.

IV. REPORT OF THE BOARD (CONTINUED)

I. Discussion and Analysis of the Board on the Operations of the Company during the Reporting Period (Continued)

(I) Analysis of Principal Businesses (Continued)

3. Cash flows (Continued)

- (2) Cash received from disposal of investments increased by RMB41 million year-on-year, mainly due to the cash received from disposal of investments in stocks during the Period.
- (3) Cash paid for acquisition and construction of fixed assets, intangible assets and other long-term assets decreased by 57.23% year-on-year, 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.
- (4) Cash paid for investment decreased by 53.67% year-on-year, mainly due to the reduction in external equity interest investment projects of the Company during the Period.
- (5) Cash paid for distribution of dividends or profits and for interest expense decreased by 83.38% year-on-year, mainly because the Company has not paid the cash dividend for the previous year during the Period.

IV. REPORT OF THE BOARD (CONTINUED)

I. Discussion and Analysis of the Board on the Operations of the Company during the Reporting Period (Continued)

(II) Analysis of Operations by Industry, Product or Region

1. Principal operations by industry and product

Unit: 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	12,093,664,187.86	10,770,915,153.18	10.94	1.73	9.30	-6.16
New energy	1,877,141,546.71	1,661,913,454.93	11.47	-13.11	-12.00	-1.11
Hydropower and environmental equipments	1,033,841,313.24	931,763,996.02	9.87	-47.69	-44.91	-4.55
Engineering and services	2,828,444,668.71	2,344,249,291.04	17.12	0.52	-4.31	4.18
Total	17,833,091,716.52	15,708,841,895.17	11.91	-5.33	-1.10	-3.77

IV. REPORT OF THE BOARD (CONTINUED)

I. Discussion and Analysis of the Board on the Operations of the Company during the Reporting Period (Continued)

(II) Analysis of Operations by Industry, Product or Region (Continued)

1. Principal operations by industry and product (Continued)

(1) The Company maintained the momentum of steady development in the Period. Affected by the revenue from new energy, hydropower and environmental equipment, sales revenue for the Period from principal operation slightly decreased by 5.33% as compared with the same period of the previous year.

(2) During the Period, the operating revenue from clean high-efficiency power generation equipments increased by 1.73% as compared with the same period last year, mainly due to an increase of 5.56% in revenue from thermal power. The gross profit margin of clean high-efficiency power generation equipments decreased by 6.16 percentage points as compared with the same period last year, and the gross profit margins of thermal power, nuclear power conventional island and turbine decreased to different extent respectively.

IV. REPORT OF THE BOARD (CONTINUED)

I. Discussion and Analysis of the Board on the Operations of the Company during the Reporting Period (Continued)

(II) Analysis of Operations by Industry, Product or Region (Continued)

1. Principal operations by industry and product (Continued)

- (3) The revenue from the new energy decreased by 13.11% as compared with the same period last year, mainly due to the decrease of 23.95% in sales of the wind power projects during the Period.
- (4) The revenue from hydropower and environmental equipments decrease by 47.69% as compared with the same period last year, mainly due to the decrease of 44.53% in sales of hydropower projects. Meanwhile, the gross profit margin of hydropower and environmental equipments declined by 4.55 percentage points, the gross profit margins of hydropower and environmental equipments decreased to different extent respectively.
- (5) The gross profit margin of engineering and services increased by 4.18 percentage points as compared with the same period last year, mainly due to the increase in gross profit margin of engineering during the Period.

IV. REPORT OF THE BOARD (CONTINUED)

I. Discussion and Analysis of the Board on the Operations of the Company during the Reporting Period (Continued)

(II) Analysis of Operations by Industry, Product or Region (Continued)

2. Principal operations by region

Unit: RMB

Region	Operating revenue	Year-on-year increase/ decrease in operating revenue (%)
PRC	14,214,594,386.07	-2.15
Overseas	<u>3,618,497,330.45</u>	-16.05
Total	<u><u>17,833,091,716.52</u></u>	-5.33

IV. REPORT OF THE BOARD (CONTINUED)

I. Discussion and Analysis of the Board on the Operations of the Company during the Reporting Period (Continued)

(III) Analysis on Assets and Liabilities

1. Analysis on assets and liabilities

Unit: RMB

Item	Amount at the end of the Period	Amount at the end of the Period as a percentage of total assets (%)	Amount at the beginning of the year	Amount at the beginning of the year as a percentage of total assets (%)	Change in the Period (%)
Financial assets at fair value through profit or loss	8,320,230.50	0.01	56,547,665.82	0.07	-85.29
Bills receivable	3,414,738,241.41	4.12	2,626,992,774.70	3.08	29.99
Interests receivable	242,228,919.03	0.29	153,964,346.27	0.18	57.33
Available-for-sale financial assets	15,335,232.75	0.02	11,835,232.75	0.01	29.57
Tax payable	-128,214,073.37	-0.15	-172,896,861.70	-0.20	25.84
Long-term staff remuneration payable	129,098,807.75	0.16	63,585,273.19	0.07	103.03

IV. REPORT OF THE BOARD (CONTINUED)

I. Discussion and Analysis of the Board on the Operations of the Company during the Reporting Period (Continued)

(III) Analysis on Assets and Liabilities (Continued)

1. Analysis on assets and liabilities (Continued)

- (1) Financial assets at fair value through profit or loss of the Company decreased by 85.29% at the end of the Period as compared with the beginning of the Period, mainly due to the disposal of shares of China XD by the Company during the Period.
- (2) Bills receivable of the Company increased by 29.99% at the end of the Period as compared with the beginning of the Period, mainly due to the increase in bills from payments of goods received by the Company.
- (3) Interests receivable of the Company increased by 57.33% at the end of the Period as compared with the beginning of the Period, mainly due to the increase in time deposits, resulting an increase in the provision for undue interests of deposits.
- (4) Available-for-sale financial assets of the Company increased by 29.57% at the end of the Period as compared with the beginning of the Period, mainly due to the new investment in CPI Gas Turbine Technology Co., Ltd. (中電投燃機技術有限公司) in the Period.
- (5) Tax payable of the Company increased by 25.84% at the end of the Period as compared with the beginning of the Period, mainly due to the decrease in excess value-added tax in the Period.
- (6) Long-term staff remuneration payable of the Company increased by 103.03% at the end of the Period as compared with the beginning of the Period, mainly due to the increase in early-retired staff in the Period.

IV. REPORT OF THE BOARD (CONTINUED)

I. Discussion and Analysis of the Board on the Operations of the Company during the Reporting Period (Continued)

(IV) Analysis on Core Competitiveness

During the Reporting Period, there are no changes in core competitiveness of the Company.

(V) Analysis on Investment

1. Use of proceeds

(1) Overall use of proceeds from fund raising

Unit: RMB

Year of fund raising	Method of fund raising	Total amount of proceeds	Total amount of proceeds used in the Reporting Period	Accumulated total amount of proceeds used	Total amount of unused proceeds	Use and intended use of unused proceeds
2014	Issuance of Convertible Bonds	3,964,271,200.00	404,332,264.52	2,346,409,740.54	1,617,861,459.46	As of 30 June 2015, unused proceeds are deposited in each of the accounts for proceeds. No fund is used in the project not financed by proceeds.
Total	/	<u>3,964,271,200.00</u>	<u>404,332,264.52</u>	<u>2,346,409,740.54</u>	<u>1,617,861,459.46</u>	/

Explanation on overall use of proceeds from fund raising

It will be used on the projects to be financed by the proceeds according to the plan.

IV. REPORT OF THE BOARD (CONTINUED)

I. Discussion and Analysis of the Board on the Operations of the Company during the Reporting Period (Continued)

(V) Analysis on Investment (Continued)

1. Use of proceeds (Continued)

(2) Projects undertaken funded by raised proceeds

Unit: RMB

Name of projects undertaken	Whether there is any change in the project	Planned amount of raised proceeds to be invested	Amount of proceeds applied during the Period	Actual amount of proceeds applied	Whether the project is on schedule	Project progress (%)	Estimated income	Income generated	Whether in accordance with estimated earnings	Explanation of projects falling behind schedule or failing to achieve income as planned	Explanation of reasons and procedures for changes of use of proceeds raised
Thermal power EPC project in coastal area of Vietnam (越南沿海火電EPC項目)	No	1,300,000,000.00	36,648,700.00	1,287,829,983.00	Yes	99.06		46,791,821.81	Yes		
Thermal power EPC project in Bosnia and Herzegovina (波黑斯捷納瑞火電EPC項目)	No	800,000,000.00	199,408,300.00	660,024,461.99	Yes	82.50		91,421,045.21	Yes		
Thermal power BTG project in Singhtarai, India (印度辛加塔裏火電BTG項目)	No	720,000,000.00	92,758,800.00	171,274,206.57	Yes	23.79		47,533,374.67	Yes		
Independently developed 600MW supercritical looping fluidized bed furnace project (600MW 超臨界循環流化床鍋爐自主研發項目)	No	180,000,000.00	8,028,841.95	50,221,048.53	Yes	27.90		-	-		
Trial project for strengthening research and development by upgrading and modification (phase I) (試驗研發能力提升改進項目(一期))	No	330,000,000.00	12,280,977.28	50,884,914.83	Yes	15.41		-	-		
Project of Dongfang Electric Machinery for optimizing research and development (東方電機試驗研發能力提升項目)	No	160,000,000.00	5,812,723.03	32,657,336.60	Yes	20.41		-	-		
Upgrading of research and development of gas turbine (phase I) (燃氣輪機研發能力提升項目(一期))	No	510,000,000.00	49,393,922.26	93,537,789.02	Yes	18.34		-	-		
Total	/	4,000,000,000.00	404,332,264.52	2,346,409,740.54	/	58.66		185,746,241.69	/	/	/

Explanation on projects undertaken funded by raised proceeds

It will be used on the projects undertaken to be financed by proceeds in strict compliance with the plan.

IV. REPORT OF THE BOARD *(Continued)*

I. Discussion and Analysis of the Board on the Operations of the Company during the Reporting Period *(Continued)*

(V) Analysis on Investment *(Continued)*

1. Use of proceeds *(Continued)*

(2) Projects undertaken funded by raised proceeds *(Continued)*

Note: Trial project for strengthening research and development by upgrading and modification (phase I), independently developed 600MW supercritical looping fluidized bed furnace project, project of Dongfang Electric Machinery for optimizing research and development, upgrading of research and development of gas turbine (phase I) improved the self-innovation of the Company and provided technical support for the development of the Company and maintained the leading technical advantages and core competitiveness of the Company. The economic benefits generated directly cannot be calculated separately, and the benefit generated from the projects therefore cannot be recorded into account separately.

IV. REPORT OF THE BOARD (CONTINUED)

I. Discussion and Analysis of the Board on the Operations of the Company during the Reporting Period (Continued)

(V) Analysis on Investment (Continued)

2. Analysis of major 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	364.17	35.14	70.07	0.32	-0.08
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	143.72	41.12	25.35	0.04	0.10
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	226.25	51.58	64.89	1.35	1.30

IV. REPORT OF THE BOARD (CONTINUED)

I. Discussion and Analysis of the Board on the Operations of the Company during the Reporting Period (Continued)

(V) Analysis on Investment (Continued)

2. Analysis of major subsidiaries and investees (Continued)

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
Dongfang Electric (Guangzhou) Heavy Duty Machinery Co., Ltd	65.1813%	The enterprise cannot deal in the products prohibited by national laws and regulations; operation of projects which are subject to special approval are prohibited without approval; other projects are free to run	11.51	36.25	15.81	6.77	0.50	0.42
Dongfang Electric Wind Power Co., Ltd. (東方電氣風電有限公司)	100%	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	39.74	7.28	3.99	0.08	0.05

IV. REPORT OF THE BOARD (CONTINUED)

I. Discussion and Analysis of the Board on the Operations of the Company during the Reporting Period (Continued)

(VI) Analysis of Financial Position and Operating Results of the Company during the Reporting Period

1. Analysis of operating results

Unit: RMB

Item	Amount for the Period	Amount for the same period of the previous year	Year-on-year increase/decrease (%)
Operating revenue	18,204,942,335.15	18,984,168,298.81	-4.10
Selling expenses	344,053,310.62	312,608,613.19	10.06
Administrative expenses	1,445,572,025.99	1,450,255,930.65	-0.32
Finance costs	-92,120,758.21	-105,785,546.50	12.92
Impairment loss of assets	117,785,885.71	339,002,040.89	-65.26
Total profit	261,378,645.31	1,003,224,238.76	-73.95
Income tax expenses	73,841,548.87	134,457,344.74	-45.08
Net profit	187,537,096.44	868,766,894.02	-78.41
Net profit attributable to shareholders of the parent Company	168,367,921.40	839,294,368.43	-79.94

IV. REPORT OF THE BOARD (CONTINUED)

I. Discussion and Analysis of the Board on the Operations of the Company during the Reporting Period (Continued)

(VI) Analysis of Financial Position and Operating Results of the Company during the Reporting Period (Continued)

1. Analysis of operating results (Continued)

- (1) The revenue from operations of the Company remained at the same level to that for the same period last year, with sales revenue decreased by 4.10% as compared with the same period last year.
- (2) Selling expenses for the Period increased by 10.06% as compared with the same period last year, mainly due to the increase in actual costs in product quality warranty expenses of the Company during the Period.
- (3) Administrative expenses for the Period decreased by 0.32% as compared with the same period last year, mainly due to a year-on-year decrease of 3.62% in the research and development expenses, a year-on-year decrease of 51.51% in the business entertainment expenses and a year-on-year decrease of 11.17% in tax during the Period.

IV. REPORT OF THE BOARD (CONTINUED)

I. Discussion and Analysis of the Board on the Operations of the Company during the Reporting Period (Continued)

(VI) Analysis of Financial Position and Operating Results of the Company during the Reporting Period (Continued)

1. Analysis of operating results (Continued)
 - (4) Finance costs of the Company for the Period increased by 12.92% as compared with the same period last year, mainly due to the impact of changes in exchange rates on profit and loss.
 - (5) Total profit and net profit attributable to shareholders of the Company for the Period decreased by 73.95% and 79.94% as compared with the same period last year, respectively, mainly due to revenue of the Company for the Period recorded a year-on-year decrease, and the sales gross profit margin of principal operations witnessed a year-on-year decrease of 3.77 percentage points at the same time.

IV. REPORT OF THE BOARD (CONTINUED)

I. Discussion and Analysis of the Board on the Operations of the Company during the Reporting Period (Continued)

(VI) Analysis of Financial Position and Operating Results of the Company during the Reporting Period (Continued)

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

As at the end of the Reporting Period, the Company's total assets amounted to RMB82,874 million, decreased by 2.76% as compared with the beginning of the year, mainly attributable to a 8.50% decrease in monetary capital and a 8.08% decrease in account receivables; total liabilities amounted to RMB59,156 million, decreased by 8.66% as compared with the beginning of the year; and shareholders' equity amounted to RMB23,718 million, up by 15.87% as compared with the beginning of the year, mainly attributable to a 49.75% increase in capital reserve after the Convertible Bonds converted into shares of the Company in the Period.

3. Gearing ratio

Gearing ratio = total liabilities/total assets × 100%

Item	As at the end of the Period	As at the beginning of the Period	Year-on-year increase/decrease (percentage point)
Gearing ratio (%)	71.38	75.98	-4.6

The Company's gearing ratio as at the end of the Period was 71.38%, representing a decrease of 4.60 percentage points as compared with the beginning of the year. The financial position of the Company was further optimized and improved.

IV. REPORT OF THE BOARD (CONTINUED)

I. Discussion and Analysis of the Board on the Operations of the Company during the Reporting Period (Continued)

(VI) Analysis of Financial Position and Operating Results of the Company during the Reporting Period (Continued)

4. Bank borrowings

As of 30 June 2015, the Company had financial institution borrowings of RMB2,542 million due within one year and RMB245 million due beyond one year. The Company's borrowings and cash and cash equivalents are dominated in RMB. In particular, fixed-rate borrowings amounted to RMB2,787 million. The Company has maintained favorable credit rating with banks and sound financing capacity.

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

As at the end of the Period, the Company had pledged borrowings of RMB144 million, which were the borrowings from Dongfang Electric Finance Company Limited ("Finance Company") by pledging fixed assets and intangible assets from the Group.

7. Contingent liabilities

Please see Note 12 of the Financial Statements.

IV. REPORT OF THE BOARD (CONTINUED)

II. Plan for Profit Distribution or Capitalization of Capital Reserve

(I) Implementation of profit distribution plan or adjustment thereto during the Reporting Period

The Company's profit distribution plan for 2014 was determined on the basis of 2,336,900,368 shares in the total share capital of the Company. A cash dividend of RMB0.90 per 10 shares (tax inclusive) was declared, totaling RMB210,321,033.12. The Company's profit distribution plan for 2014, which was considered and approved at the 2014 annual general meeting of the Company on 26 June 2015 and in compliance with the Articles of Association and relevant approving procedures, was fully implemented.

(II) Plans for profit distribution and capitalization of capital reserve for the first half year

Nil.

V. SIGNIFICANT EVENTS

I. Material Litigation, Arbitration and Matters Commonly Questioned by the Media

The Company was not involved in any material litigation, arbitration or matters commonly questioned by the media during the Reporting Period.

II. Bankruptcy and Reorganization

The Company was not involved in any bankruptcy or reorganization during the Reporting Period.

III. Asset Transaction and Business Merger

✓ N/A

V. SIGNIFICANT EVENTS (CONTINUED)

IV. Share Option Incentives Adopted by the Company and the Effects Thereof

✓ N/A

In December 2012, the Company adopted the share appreciation rights scheme, under which the backbone of management including senior management and key technical personnel of the Company were granted the H share appreciation rights. The H share appreciation rights representing a total of 16,260,000 shares were granted to 175 qualified recipients for the first time, accounting for 0.8114% of the total share capital of the Company (being 2,003,860,000 shares) as at 31 December 2012.

One third of the H share appreciation rights granted by the Company to incentive recipients took effect and entered vesting period from 14 December 2014. None of incentive recipients exercise such rights during the Reporting Period. The Company convened the 21st meeting of the seventh session of the Board during the Reporting Period, at which, the Resolution in Relation to the Adjustment to Quantity and Exercise Price of H share appreciation rights of the Company and the Exercise Methods in the Exercise Period was considered and approved. As the Company distributed cash dividends for 2012 and 2013 and implemented conversion of the Convertible Bonds to shares (additional issue), resignation of incentive recipients and so forth upon the implementation of H share appreciation rights scheme, the Company was agreed to adjust the quantity of incentive recipients to 171, adjust the quantity of granted H share appreciation rights to 18,589,100 shares, representing 0.7955% of the current total share capital of the Company (2,336,900,368 shares) and adjust the exercise price of share appreciation rights from HK\$15.14 to HK\$14.82 according to the H Share Appreciation Rights Scheme of the Company and the supporting system.

V. SIGNIFICANT EVENTS (CONTINUED)

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 the 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 the 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. 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 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.

V. 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)*
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.

V. 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*)

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.

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.

V. 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)

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 Stock Exchange on 30 October 2014 and 7 November 2014.

V. 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 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 carried out based on the 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 30 June 2015, the specific amounts of those material continuing connected transactions did not exceed the annual caps approved by the Board or shareholders at the general meetings.

V. 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 30 June 2015 and the annual caps for 2015

Unit: RMB'000

Name of agreement	Total actual amount as at 30 June 2015	Proposed annual cap for 2015
Purchase and Production Services Framework Agreement	950,661	3,500,000
Sales and Production Services Framework Agreement	92,572	1,050,000
Combined Ancillary Services Framework Agreement (receipt of services)	1,652	150,000
Combined Ancillary Services Framework Agreement (provision of services)	111	10,000
Properties and Equipment Framework Lessee Agreement	23,419	100,000
Properties and Equipment Framework Lessor Agreement	645	10,000
Financial Services Framework Agreement	12,101,810	12,500,000 (deposit plus interest income)
	1,686,360	12,500,000 (loans plus interest income)

V. SIGNIFICANT EVENTS (CONTINUED)

VI. Material Contracts and Performance thereof

(I) Trusteeship, contracting and leasing

✓ N/A

(II) Guarantee

✓ N/A

(III) Other material contracts or transactions

The Company did not enter into any other material contracts or transactions in the Reporting Period.

VII. Performance of Undertakings

✓ N/A

VIII. Appointment or Dismissal of Auditors

Whether changed
the auditor or not:

No

Domestic auditor

Current auditor
ShineWing Certified Public
Accountants (special general partnership)

V. SIGNIFICANT EVENTS (CONTINUED)

IX. Punishment of and Correction by the Company or its Directors, Supervisors, Senior Management, Shareholders with more than 5% Shareholding, De Facto Controller or Acquirer

During the Reporting Period, none of the Company, its directors, supervisors, senior management, shareholders with more than 5% shareholding, de facto controller and acquirer were subject to any investigation, administrative punishment, or public reprimand from the CSRC or any public censure by SSE.

X. Convertible Corporate Bonds

(I) Issuance of convertible bonds

As approved by the Approval Document Zheng Jian Xu Ke [2014] No. 628 issued by China Securities Regulatory Commission and the Self-regulation Decision [2014] No. 402 issued by SSE, the A share convertible bonds with a total value of RMB4,000 million were publicly issued by the Company on 10 July 2014 and were listed on the SSE on 25 July 2014. The stock abbreviation and stock code were “Dongfang Convertible Bonds” and “110027”, respectively. A total of 40,000,000 A share convertible bonds were issued with a nominal value of RMB100 each and a term of six years from the date of issuance, which commenced from 10 July 2014 and ended on 10 July 2020 and bore a coupon rate of 0.5% in the first year, 0.8% in the second year, 0.8% in the third year, 1.4% in the fourth year, 2.0% in the fifth year and 2.0% in the sixth year. The conversion of bonds into shares commenced from the first trading date following 10 January 2015 and ended on 10 July 2020 at an initial conversion price of RMB12.00 per share.

The proceeds raised from A share convertible bonds were mainly used in overseas EPC and BTG projects and improvement of research and development capability.

V. SIGNIFICANT EVENTS (CONTINUED)

X. Convertible Corporate Bonds (Continued)

(II) Change in convertible bonds during the Reporting Period

Unit: RMB

Name of convertible corporate bond	Before change	Increase/decrease from the change			After change
		Conversion	Redemption	Sale	
Dongfang Convertible Bonds	4,000,000,000	3,996,503,000	3,497,000		0

(III) Explanation on other matters related to convertible bonds

The Convertible Bonds of the Company entered conversion period from 12 January 2015 as closing price of the A shares of the Company in 15 consecutive trading days from 12 January 2015 to 30 January 2015 were higher than 130% of the prevailing conversion price of Dongfang Convertible Bonds, which satisfied the redemption conditions of Dongfang Convertible Bonds according to the agreement in Prospectus in relation to Public Issuance of Convertible Corporate Bonds (《公開發行可轉換公司債券募集說明書》). The Resolution in Relation to Conditional Redemption of Dongfang Convertible Bonds was considered and approved at the 20th meeting of the seventh session of the Board of the Company. As approved by the Board, the Company determined to exercise the conditional redemption rights by redeeming all outstanding Dongfang Convertible Bonds which appear on the register of bonds on the “redemption record date” (being 16 February 2015). From the conversion commencement date (being 12 January 2015) to the “redemption record date” (being 16 February 2015), a total of RMB3,996,503,000 A share convertible bonds were converted into 333,040,368 A shares in aggregate, and RMB3,497,000 of the outstanding A share convertible bonds were fully redeemed on 17 February 2015. Dongfang Convertible Bonds suspended trading and conversion on 17 February 2015, and were delisted from the SSE on 27 February 2015. Please refer to the Company’s announcements dated 24 February 2015 for details.

V. SIGNIFICANT EVENTS (CONTINUED)

XI. CORPORATE GOVERNANCE

The Company focuses on continuous optimization and improvement of corporate governance level and ensures compliance operation of the Company as well as sustainable healthy development. During the Reporting Period, the Company complied with requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange and regulatory documents of the CSRC.

XII. EMPLOYEES

As of 30 June 2015, the Company had 24,658 employees. The Company carried out remuneration management in accordance with management rules for total remuneration, employee salary as well as management measures for labour employees and other relevant systems.

XIII. PURCHASE, SALES OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Save as the Dongfang Convertible Bonds disclosed in X. Convertible Corporate Bonds, none of the Company or its subsidiaries purchased, sold or redeemed any listed securities of the Company.

XIV. CORPORATE GOVERNANCE CODE

The Company has fully complied with all code provisions of the Corporate Governance Code contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited during the Reporting Period.

V. SIGNIFICANT EVENTS (CONTINUED)

XV. MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by Directors and supervisors of the Company on the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) contained in Appendix 10 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Having made specific enquiry to all Directors and supervisors of the Company, the Company confirms that during the Reporting Period, the 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.

XVI. AUDIT COMMITTEE

The Board has set up an audit committee comprising three independent non-executive Directors, namely, Mr. Chen Zhangwu, Mr. Gu Dake and Mr. Xu Haihe. Mr. Xu Haihe, the independent non-executive Director, holds the position of the chairman. The audit committee has reviewed the 2015 interim report of the Company for the Reporting Period, and agreed with the accounting treatment method adopted by the Company.

XVII. INFORMATION DISCLOSURE

The interim report of the Company for the six months ended 30 June 2015, which contains all information as proposed in the Disclosure of Financial Information set out in the Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, will be dispatched to shareholders of the Company and published on the websites of the Stock Exchange and the Company (<http://dfem.wsfg.hk>) in due course.

VI. CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS

I. Changes in Share Capital

(I) Table of changes in shares (as of 30 June 2015)

1. Table of changes in shares

Unit: share

	Prior to the change		Changes (+, -)					After the change	
	Number of shares	Percentage (%)	Issue of new shares	Bonus share	Capitalization of surplus reserve	Others	Sub-total	Number of shares	Percentage (%)
Tradable shares not subject to trading moratorium	2,003,860,000	100	0	0	0	+333,040,368	+333,040,368	2,336,900,368	100
1. RMB-denominated ordinary shares	1,663,860,000	83.03	0	0	0	+333,040,368	+333,040,368	1,996,900,368	85.45
2. Domestic listed foreign shares	0	0	0	0	0	0	0	0	0
3. Overseas listed foreign shares	340,000,000	16.97	0	0	0	0	0	340,000,000	14.55
4. Others	0	0	0	0	0	0	0	0	0
Shares in total	2,003,860,000	100	0	0	0	+333,040,368	+333,040,368	2,336,900,368	100

2. Explanation on changes in shares

The Company's shares increased by 333,040,368 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 to 2,336,900,368.

VI. CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS (CONTINUED)

I. Changes in Share Capital (Continued)

(I) Table of changes in shares (as of 30 June 2015) (Continued)

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

Share class	Number (share)	Percentage
I A share		
1. Dongfang Electric Corporation	966,068,063	41.34%
2. Others	1,030,832,305	44.11%
II H share	340,000,000	14.55%
Total	2,336,900,368	100%

II. Particulars of Shareholders (As of 30 June 2015)

(I) Total number of shareholders:

Total number of shareholders as of the end of the Reporting Period (shareholder)	185,466
Total number of shareholders of preference shares with recovered voting rights as of the end of the Reporting Period (shareholder)	0

VI. CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS (CONTINUED)

II. Particulars of Shareholders (As of 30 June 2015) (Continued)

(II) Shareholdings of the top 10 shareholders as of the end of the Reporting Period

Unit: share

Shareholdings of top 10 shareholders

Name of shareholder (full name)	Increase/decrease during the Reporting Period	Number of shares held at the end of the Period	Percentage (%)	Number of shares held subject to trading moratorium	Pledged or frozen		Type of shareholder
					Status of shares	Number of shares	
Dongfang Electric Corporation	-35,900,000	966,068,063	41.34	0	Nil		State-owned legal person
HKSCC Nominees Limited	40,600	338,129,495	14.47	0	Unknown		Overseas legal person
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)	-	38,773,346	1.66	0	Unknown		Other
China Huarong Asset Management Co., Ltd. (中國華融資產管理股份有限公司)	0	7,546,864	0.32	0	Unknown		Other
Gao Xiang	-	5,636,700	0.24	0	Unknown		Other
Agricultural Bank of China Limited – Zhongrong CSI One Belt and One Road Index Classified Fund (中國農業銀行股份有限公司－中融中證一帶一路主題指數分級證券投資基金)	-	5,224,147	0.22	0	Unknown		Other
China Merchants Securities Co., Ltd. – Amxin CSI One Belt and One Road Theme Index Classified Fund (招商證券股份有限公司－安信中證一帶一路主題指數分級證券投資基金)	-	4,868,376	0.21	0	Unknown		Other
Ge Hong	-	4,220,000	0.18	0	Unknown		Other
Hua Xia Bank Co., Limited – Huashang Quantified Large-Cap Selected Dynamic Asset Allocation Mixed Securities Investment Fund (華夏銀行股份有限公司－華商大盤量化精選靈活配置混合型證券投資基金)	-	4,210,292	0.18	0	Unknown		Other
Hou Zhijiang	-424,517	3,900,000	0.17	0	Unknown		Other

Connected relationship or connected party relationship among the above shareholders

The Company did not discover any connected relationship or connected party relationship between top ten shareholders and top ten holders of tradable shares.

VI. CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS (CONTINUED)

II. Particulars of Shareholders (As of 30 June 2015) (Continued)

(III) Change in Controlling Shareholder and De Facto Controller

There was no change in the controlling shareholder or de facto controller of the Company during the Reporting Period.

III. Particulars of Shareholdings of Disclosed According to Regulations on H Shares

Interests of substantial shareholders

On 30 June 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 share	Beneficial owner	976,094,111(L)	41.77(L)	48.88(L)

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

VI. CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS (CONTINUED)

III. Particulars of Shareholdings of Disclosed According to Regulations on H Shares (Continued)

Interests of substantial shareholders (Continued)

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 30 June 2015.

Save as disclosed above, on 30 June 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.

VII. PARTICULARS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

I. Changes in Shareholdings

(I) Changes in the shareholdings of existing directors, supervisors and senior management of and those retired during the Reporting Period

As at 30 June 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 Securities and Futures Ordinance) which were required to be notified to the Company and the 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 required to be 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 Stock Exchange pursuant to the Model Code adopted by the Company, were as follows:

VII. PARTICULARS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT (CONTINUED)

I. Changes in Shareholdings (Continued)

(I) Changes in the shareholdings of existing directors, supervisors and senior management of and those retired during the Reporting Period (Continued)

Unit: share

Name	Position	Number of shares held at the beginning of the Period	Number of shares held at the end of the Period	Increase/decrease in the number of shares during the Reporting Period	Reason for increase/decrease
Si Zefu	Chairman	0	0	0	
Zhang Xiaolun	Director	0	0	0	
Wen Shugang	Director, President	0	0	0	
Huang Wei	Director	0	0	0	
Zhu Yuanchao	Director	0	0	0	
Zhang Jilie	Director	0	0	0	
Chen Zhangwu	Independent Non-executive Director	0	0	0	
Gu Dake	Independent Non-executive Director	0	0	0	
Xu Haihe	Independent Non-executive Director	0	0	0	
Wen Limin	Chairman of Supervisory Committee	0	0	0	
Wang Zaiqiu	Supervisor	0	0	0	
Wang Congyuan	Supervisor	0	0	0	
Zhang Zhiying	Executive Vice President	0	0	0	
Han Zhiqiao	Vice President	2,540	2,540	0	
Gong Dan	Chief Accountant, Secretary to the Board	2,540	2,540	0	
Chen Huan	Vice President	0	0	0	
Gao Feng	Vice President	0	0	0	
Li Yanmeng	Independent Non-executive Director (Resigned)	0	0	0	
Zhao Chunjun	Independent Non-executive Director (Resigned)	0	0	0	
Peng Shaobing	Independent Non-executive Director (Resigned)	0	0	0	

VII. PARTICULARS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT *(CONTINUED)*

I. Changes in Shareholdings *(Continued)*

(I) Changes in the shareholdings of existing directors, supervisors and senior management of and those retired during the Reporting Period *(Continued)*

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 30 June 2015.

Save as disclosed above, as at 30 June 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 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 Stock Exchange pursuant to the Model Code adopted by the Company.

VII. PARTICULARS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT (CONTINUED)

II. Changes in Directors, Supervisors and Senior Management 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.

VIII. FINANCIAL REPORT (PLEASE SEE THE CD-ROM ATTACHED)

IX. DOCUMENTS AVAILABLE FOR INSPECTION

- (I) Copy of the 2015 Interim Report signed by the Chairman of the Company
- (II) Original financial statements of the Company stamped and signed by the Legal Representative, General Accountant and Finance Manager
- (III) Articles of Association of the Company
- (IV) This report has been prepared in both Chinese and English. Should there be any discrepancies between the two versions, the Chinese version shall prevail.

Dongfang Electric Corporation Limited
Si Zefu
Chairman

28 August 2015



Dongfang Electric Corporation Limited

2015 Interim Financial Report
(unaudited)

28 August 2015

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Consolidated Balance Sheet

Prepared by: Dongfang Electric Corporation Limited

30 June 2015

Unit: RMB

Item	Notes	Amount at the end of the period	Amount at the beginning of the year
Current assets:			
Monetary fund	VI.1	16,307,394,924.46	17,822,818,071.65
Balances with clearing companies			
Placements with banks and other financial institutions institutions			
Financial assets at fair value through profit or loss	VI.2	8,320,230.50	56,547,665.82
Derivative Financial assets			
Bills receivable	VI.3	3,414,738,241.41	2,626,992,774.70
Trade receivables	VI.4	16,268,078,743.60	17,698,467,285.71
Prepayments	VI.5	4,009,446,444.58	4,210,529,353.01
Premiums receivable			
Reinsurance accounts receivable			
Deposits receivable from reinsurance treaty			
Interests receivable	VI.6	242,228,919.03	153,964,346.27
Dividends receivable		5,226,852.72	
Other receivables	VI.7	337,460,657.14	282,414,587.72
Financial assets purchased under agreements to resell			
Inventories	VI.8	29,900,149,271.57	29,640,990,594.62
Assets classified as held-for-sale of the Parent Company			
Non-current assets due within one year			
Other current assets		1,063,719.60	
Total current assets		70,494,108,004.61	72,492,724,679.50
Non-current assets:			
Loans and advances granted			
Available-for-sale financial assets	VI.9	15,335,232.75	11,835,232.75
Held-to-maturity investments			
Long-term receivables			
Long-term equity investments	VI.10	1,000,141,026.28	974,911,045.43
Investment properties	VI.11	72,220,354.07	74,061,743.59
Fixed assets	VI.12	8,121,145,632.13	8,537,913,652.38
Construction in progress	VI.13	866,511,498.11	818,328,683.80
Construction materials		113,464.96	113,464.96
Disposal of fixed assets		10,657.36	9,546.86
Productive biological assets			
Oil and gas assets			
Intangible Assets	VI.14	959,477,232.08	988,752,792.34
Development expenses			
Goodwill			
Long-term deferred expenditures	VI.15	400,750.20	475,500.18
Deferred income tax assets	VI.16	1,344,360,822.64	1,331,043,153.07
Other non-current assets			
Total non-current assets		12,379,716,670.58	12,737,444,815.36
Total assets		82,873,824,675.19	85,230,169,494.86

Legal representative: Si Zefu

Chief Accountant: Gong Dan

Head of Finance Department: Chen Dong

Consolidated Balance Sheet (Continued)

Prepared by: Dongfang Electric Corporation Limited

30 June 2015

Unit: RMB

Item	Notes	Amount at the end of the period	Amount at the beginning of the year
Current liabilities:			
Short-term borrowings	VI.17	2,542,000,000.00	2,534,000,000.00
Borrowings from central bank			
Deposit taking and deposit in inter-bank market			
Placements from banks and other financial			
Financial liabilities at fair value through profit or loss			
Derivative financial liabilities			
Bills payable	VI.18	4,663,091,728.55	5,275,895,399.74
Accounts payable	VI.19	18,237,342,672.72	15,893,241,172.06
Receipts in advance	VI.20	29,083,228,147.32	33,384,928,229.93
Disposal of repurchased financial assets			
Handling charges and commissions payable			
Staff remuneration payable	VI.21	359,926,307.39	339,885,075.65
Taxes payable	VI.22	-128,214,073.37	-172,896,861.70
Interests payable	VI.23		13,317,579.91
Dividends payable	VI.24	212,985,155.21	3,143,316.82
Other payables	VI.25	1,756,842,879.57	1,738,314,628.62
Reinsurance accounts payable			
Deposits for insurance contracts			
Customer deposits for trading in securities			
Amounts due to issuer for securities			
Liabilities classified as held-for-sale			
Non-current liabilities due within one year	VI.26	16,320,000.00	3,256,860,290.35
Other current liabilities	VI.27	109,814,293.18	128,543,364.04
Total current liabilities:		56,853,337,110.57	62,395,232,195.42
Non-current liabilities:			
Long-term borrowings	VI.28	245,220,000.00	545,620,000.00
Debentures payable			
Including: Preference shares			
Perpetual liabilities			
Long-term payables	VI.29	685,252.84	685,252.84
Long term accrued payroll	VI.30	129,098,807.75	63,585,273.19
Special payables	VI.31	67,395,463.96	58,042,614.63
Estimated liabilities	VI.32	1,391,011,580.76	1,228,921,362.78
Deferred income	VI.33	466,281,721.17	466,149,584.34
Deferred income tax liabilities	VI.16	2,650,637.58	2,667,580.34
Other non-current liabilities			
Total non-current liabilities		2,302,343,464.06	2,365,671,668.12
Total liabilities		59,155,680,574.63	64,760,903,863.54
Shareholders' equity:			
Share capital	VI.34	2,336,900,368.00	2,003,860,000.00
Other equity instrument			
Including: Preference shares			
Perpetual liabilities			
Capital reserve	VI.35	8,828,539,327.93	5,895,507,792.32
Less: Treasury shares			
Other comprehensive	VI.36	-37,696,839.88	-35,879,992.16
Special reserve	VI.37	37,571,874.15	22,258,212.85
Surplus reserve	VI.38	674,102,684.70	674,102,684.70
General risk provision			
Undistributed profit	VI.39	10,942,290,717.30	10,984,243,829.02
Total equity attributable to shareholders		22,781,708,132.20	19,544,092,526.73
Minority interests	VI.40	936,435,968.36	925,173,104.59
Total shareholders' equity		23,718,144,100.56	20,469,265,631.32
Total liabilities and shareholders' equity		82,873,824,675.19	85,230,169,494.86

Legal representative: Si Zefu

Chief Accountant: Gong Dan

Head of Finance Department: Chen Dong

Balance Sheet of the Parent Company

Prepared by: Dongfang Electric Corporation Limited 30 June 2015

Unit: RMB

Item	Notes	Amount at the end of the period	Amount at the beginning of the year
Current assets:			
Monetary fund		5,452,307,344.83	6,610,853,925.64
Financial assets at fair value through profit or loss			56,508,607.05
Derivative financial assets			
Bills receivable		60,783,600.00	233,757,169.32
Accounts receivables	XVI.1	4,463,575,038.57	4,068,731,758.42
Prepayments		11,102,437,130.36	11,573,196,278.69
Interests receivable		27,198,990.30	19,350,749.82
Dividends receivable		131,436,444.73	131,436,444.73
Other receivables	XVI.2	6,152,110,427.10	6,021,055,148.85
Inventories		2,881,318,827.25	2,160,818,568.14
Assets classified as held-for-sale			
Non-current assets due within one year			
Other current assets		1,804,221,941.21	1,575,000,000.00
Total current assets		32,075,389,744.35	32,450,708,650.66
Non-current assets:			
Available-for-sale financial assets		12,000,000.00	
Held-to-maturity investments			
Long-term receivables			
Long-term equity investments	XVI.3	10,543,908,726.61	10,149,114,668.67
Investment properties		16,215,637.36	16,772,319.67
Fixed assets		10,205,154.89	11,849,697.97
Construction in progress		135,922.33	
Construction materials			
Disposal of fixed assets		9,740.86	9,546.86
Productive biological assets			
Oil and gas assets			
Intangible Assets		13,632,045.50	14,752,982.34
Development expenses			
Goodwill			
Long-term deferred expenditures			
Deferred income tax assets		123,567,252.30	110,508,321.81
Other non-current assets			
Total non-current assets		10,719,674,479.85	10,303,007,537.32
Total assets		42,795,064,224.20	42,753,716,187.98

Legal representative: Si Zefu

Chief Accountant: Gong Dan

Head of Finance Department: Chen Dong

Balance Sheet of the Parent Company (Continued)

Prepared by: Dongfang Electric Corporation Limited 30 June 2015

Unit: RMB

Item	Notes	Amount at the end of the period	Amount at the beginning of the year
Current liabilities:			
Short-term borrowings			
Financial liabilities at fair value through profit or loss			
Derivative financial liabilities			
Bills payable			
Accounts payables		5,883,504,838.87	5,951,383,462.79
Receipts in advance		17,081,792,082.76	17,858,367,625.93
Staff remuneration payable		9,081,482.94	17,188,113.85
Taxes payable		-368,746,858.79	-446,270,320.17
Interests payable			9,534,246.58
Dividends payable		210,321,033.12	
Other payables		1,430,843,919.36	1,391,462,258.85
Liabilities classified as held-for-sale			
Non-current liabilities due within one year			3,240,540,290.35
Other current liabilities		226,473,619.52	23,521.37
Total current liabilities		24,473,270,117.78	28,022,229,199.55
Non-current liabilities:			
Long-term borrowings			
Debentures payable			
Including: Preference shares			
Perpetual liabilities			
Long-term payables			
Long-term remuneration payable			
Special payables			
Estimated liabilities		45,500,000.00	45,500,000.00
Deferred income		70,564.10	70,564.10
Deferred income tax liabilities			1,258,283.15
Other non-current liabilities			
Total non-current liabilities		45,570,564.10	46,828,847.25
Total liabilities		24,518,840,681.88	28,069,058,046.80
Shareholders' equity:			
Share capital		2,336,900,368.00	2,003,860,000.00
Other equity instrument			
Including: Preference shares			
Perpetual liabilities			
Capital reserve		8,891,700,256.53	5,958,668,720.92
Less: Treasury shares			
Other Comprehensive income			
Special reserve			
Surplus reserve		962,465,801.13	962,465,801.13
Undistributed profit		6,085,157,116.66	5,759,663,619.13
Total Shareholder's Equity		18,276,223,542.32	14,684,658,141.18
Total Liabilities and Shareholder's Equity		42,795,064,224.20	42,753,716,187.98

Legal representative: Si Zefu

Chief Accountant: Gong Dan

Head of Finance Department: Chen Dong

Consolidated Income Statement

Prepared by: Dongfang Electric Corporation Limited January – June 2015 Unit: RMB

Item	Notes	Amount for the period	Amount for the last period
I. Total revenue from operations		18,204,942,335.15	18,984,168,298.81
Including: Revenue from operations	VI.44	18,204,942,335.15	18,984,168,298.81
Interest income			
Insurance premiums earned			
Income from fees and commissions			
II. Total cost of operations		17,996,770,209.86	18,069,976,218.98
Including: Cost of operations	VI.44	16,035,352,153.72	15,959,657,175.55
Interest expenses			
Fee and commission expenses			
Surrender payment			
Net expenditure for compensation payments			
Net provision for insurance contracts			
Expenditures for insurance policy dividend			
Reinsurance costs			
Business tax and surcharges	VI.45	146,127,592.03	114,238,005.20
Selling expenses	VI.46	344,053,310.62	312,608,613.19
Administrative expenses	VI.47	1,445,572,025.99	1,450,255,930.65
Finance costs	VI.48	-92,120,758.21	-105,785,546.50
Impairments loss of assets	VI.49	117,785,885.71	339,002,040.89
Add: Gains from change in fair value (loss is represented by “-”)	VI.50	-107,382.61	-581,709.63
Gain from investment (loss is represented by “-”)	VI.51	53,752,865.84	46,468,285.97
Including: Gains from investment in associates and joint ventures		30,456,833.57	44,007,465.77
Exchange gain (loss is represented by “-”)			
III. Operating profit (loss is represented by “-”)		261,817,608.52	960,078,656.17
Add: Non-operating income	VI.52	47,503,584.30	46,048,632.81
Including: Gain from disposal of non-current assets		2,604,584.31	975,473.07
Less: Non-operating expense	VI.53	47,942,547.51	2,903,050.22
Including: Loss from disposal of non-current assets		3,512,621.42	1,488,576.57
IV. Total profit (total loss is represented by “-”)		261,378,645.31	1,003,224,238.76
Less: Income tax expense	VI.54	73,841,548.87	134,457,344.74
V. Net profit (net loss is represented by “-”)		187,537,096.44	868,766,894.02
Net profit attributable to the shareholders of the Company		168,367,921.40	839,294,368.43
Minority interests		19,169,175.04	29,472,525.59
VI. Net amount of other comprehensive income, net of tax	VI.56	-1,816,847.72	24,911,954.31
Other comprehensive income attributable to owners of the company, net of tax		-1,816,847.72	24,911,954.31
(1) Other comprehensive income that will not be reclassified subsequently to profit or loss			
1. Changes of net liabilities or net assets arising from the re-measurement of defined benefit plans			
2. Share of other comprehensive income (that will not be reclassified subsequently to profit or loss) of investees accounted for using equity method			
(2) Other comprehensive income that may be reclassified subsequently to profit or loss		-1,816,847.72	24,911,954.31
1. Share of other comprehensive income of the investees which can be reclassified into profit or loss under equity method subsequently			
2. Fair value gains/(losses) on available-for-sale financial assets			
3. Profit or loss from held-to-maturity investment reclassified as available-for-sale financial assets			20,738,553.30
4. Effective portion of profit or loss from cash flows hedges			
5. Exchange differences from translation of financial statements		-1,816,847.72	4,173,401.01
6. Others			
Other comprehensive income attributable to minority interests, net of tax			
VII. Total comprehensive income		185,720,248.72	893,678,848.33
Total comprehensive income attributable to the shareholders of the Company		166,551,073.68	864,206,322.74
Total comprehensive income attributable to minority interests		19,169,175.04	29,472,525.59
VIII. Earnings per share:			
(I) Basic earnings per share	VI.55	0.08	0.42
(II) Diluted earnings per share	VI.55	0.08	0.42

For the business combination under common control occurred during the year, the net profit of the combined party before the combination was RMB _____, while the net profit of the combined party in the previous year was RMB _____.

Legal representative: Si Zefu

Chief Accountant: Gong Dan Head of Finance Department: Chen Dong

Income Statement of the Parent Company

Prepared by: Dongfang Electric Corporation Limited January – June 2015 Unit: RMB

Item	Notes	Amount for the period	Amount for the last period
I. Operating income	XVI.4	8,322,835,970.93	7,076,320,412.07
Less: Cost of operations	XVI.4	8,078,567,258.58	6,862,087,153.49
Business tax and surcharges		3,237,280.39	1,716,701.17
Selling expenses		19,920,331.95	22,434,689.46
Administrative expenses		62,800,852.69	54,413,460.70
Finance costs		-45,919,009.57	-39,375,907.88
Impairments loss of assets		94,503,136.60	41,593,620.99
Add: Gains from change in fair value (loss is represented by "-")		-8,388,554.34	2,181,799.50
Gain from investment (loss is represented by "-")	XVI.5	431,792,729.15	825,429,477.07
Including: Gains from investment in associates and joint ventures		24,794,057.94	31,633,437.19
II. Operating profit (loss is represented by "-")		533,130,295.10	961,061,970.71
Add: Non-operating income		750,474.68	3,742,650.08
Including: Gain from disposal of non-current assets			
Less: Non-operating expense		336,919.96	22,365.92
Including: Loss from disposal of non-current assets		377.49	15,097.67
III. Total profit (total loss is represented by "-")		533,543,849.82	964,782,254.87
Less: Income tax expense		-2,270,680.83	6,928,995.27
IV. Net profit (net loss is represented by "-")		535,814,530.65	957,853,259.60
V. Other comprehensive income, net of tax :			20,738,553.30
(1) Other comprehensive income that will not be reclassified subsequently to profit or loss			
1. Changes of net liabilities or net assets arising from the re-measurement of defined benefit plans			
2. Share of other comprehensive income (that will not be reclassified subsequently to profit or loss) of investees accounted for using equity method			
(2) Other comprehensive income that may be reclassified subsequently to profit or loss			20,738,553.30
1. Share of other comprehensive income of the investees which can be reclassified into profit or loss under equity method subsequently			
2. Fair value gains/(losses) on available-for-sale financial assets			20,738,553.30
3. Profit or loss from held-to-maturity investment reclassified as available-for-sale financial assets			
4. Effective portion of profit or loss from cash flows hedges			
5. Exchange differences from translation of financial statements			
6. Others			
VI. Total comprehensive income		535,814,530.65	978,591,812.90
VII. Earnings per share:			
(I) Basic earnings per share			
(II) Diluted earnings per share			

Legal representative: Si Zefu

Chief Accountant: Gong Dan Head of Finance Department: Chen Dong

Consolidated Cash Flow Statement

Prepared by: Dongfang Electric Corporation Limited January – June 2015 Unit: RMB

Item	Notes	Amount for the period	Amount for the last period
I. Cash flow generated from operating activities:			
Cash received from sale of goods and of rendering services		15,693,980,912.84	17,263,868,193.84
Net increase in customer and interbank deposits			
Net increase in borrowings from central bank			
Net increase in placements from banks and other financial institutions			
Cash received from premiums under original insurance contract			
Net cash received from reinsurance business			
Net increase in deposits of policy holders and investment			
Net increase from disposal of financial assets at fair value through gains and loss			
Cash from interests, auxiliary expenses and commissions			
Net increase of placements from banks and other financial institutions			
Net increase in repurchase business capital			
Received tax rebates		132,159,028.08	153,055,762.96
Other cash received from operating activities	VI.57	509,008,639.52	372,136,275.50
Sub-total of cash inflows from operating activities		16,335,148,580.44	17,789,060,232.30
Cash paid for goods and services		13,059,525,933.67	13,115,335,350.88
Net increase in customer loans and advances			
Net increase in deposits with PBOC and interbank deposits			
Cash paid for compensation payments under original insurance contract			
Cash paid for interest, fees and commissions			
Cash flow policy dividend			
Cash paid to and on behalf of employees		1,459,308,076.07	1,686,349,674.91
Various taxes paid		1,812,496,973.36	1,727,183,985.65
Other cash payments relating to operating activities	VI.57	1,000,159,595.77	1,128,313,728.71
Sub-total of cash outflows from operating activities		17,331,490,578.87	17,657,182,740.15
Net cash flow from operating activities		-996,341,998.43	131,877,492.15
II. Cash flow generated from investing activities:			
Cash received from disposal of investments		79,781,534.98	39,013,662.90
Cash received from gains in investment			2,461,648.31
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		2,996,011.00	1,092,294.50
Net cash received from disposal of subsidiaries and other operating entities			
Other cash received relating to investing activities			
Sub-total of cash inflows from investing activities		82,777,545.98	42,567,605.71
Cash paid for purchase and construction of fixed assets, intangible assets and other long-term assets		189,572,332.34	443,198,750.89
Cash paid for investment		23,627,240.00	51,000,000.00
Net increase in pledged loans			
Net cash paid for acquiring subsidiaries and other operating entities			
Other cash paid relating to investing activities			
Sub-total of cash outflows from investing activities		213,199,572.34	494,198,750.89
Net cash flow generated from investing activities		-130,422,026.36	-451,631,145.18
III. Net cash flow generated from financing activities:			
Proceeds received from financing activities		201.12	
Including: Proceeds received by subsidiaries from minority shareholders' investment		201.12	
Cash received from borrowings		1,155,000,000.00	1,111,100,000.00
Cash received from issuing bonds			
Other cash received from financing-related activities			
Sub-total of cash inflows from financing activities		1,155,000,201.12	1,111,100,000.00
Cash repayments of borrowings		1,463,897,000.00	1,570,602,837.88
Dividends paid, profit distributed or interest paid		71,854,115.04	432,298,790.37
Including: Dividend and profit paid by subsidiaries to minority shareholders		8,359,261.37	7,421,441.43
Other cash paid for financing-related activities			
Sub-total of cash outflows from financing activities		1,535,751,115.04	2,002,901,628.25
Net cash flow generated from financing activities		-380,750,913.92	-891,801,628.25
IV. Effects of exchange rate fluctuation on cash and cash equivalents		-8,621,759.57	-4,989,804.03
V. Net increase in cash and cash equivalents		-1,516,136,698.28	-1,216,545,085.31
Add: Cash and cash equivalents at the beginning of the period		17,802,441,129.06	12,108,370,760.93
VI. Cash and cash equivalents at the end of the period		16,286,304,430.78	10,891,825,675.62

Legal representative: Si Zefu

Chief Accountant: Gong Dan Head of Finance Department: Chen Dong

Cash Flow Statement of the Parent Company

Prepared by: Dongfang Electric Corporation Limited January – June 2015 Unit: RMB

Item	Notes	Amount for the period	Amount for the last period
I. Cash flow generated from operating activities:			
Cash received from sale of goods and of rendering services		6,639,208,986.07	7,594,343,236.03
Received tax rebates		118,213,956.48	145,491,480.01
Other cash received from operating activities	XVI.6	312,551,546.25	80,153,163.89
Sub-total of cash inflows from operating activities		7,069,974,488.80	7,819,987,879.93
Cash paid for goods and services		7,655,488,895.08	7,529,710,649.43
Cash paid to and on behalf of employees		61,570,018.19	78,021,323.48
Various taxes paid		80,809,305.31	145,402,543.97
Other cash payments relating to operating activities	XVI.6	488,514,132.93	227,689,830.19
Sub-total of cash outflows from operating activities		8,286,382,351.51	7,980,824,347.07
Net cash flow from operating activities		-1,216,407,862.71	-160,836,467.14
II. Cash flow generated from investing activities:			
Cash received from disposal of investments		1,617,375,029.84	500,000,000.00
Cash received from gains in investment		399,189,735.75	793,796,867.99
Net cash received from disposal of fixed assets, intangible assets and other long-term assets			2,378.00
Net cash received from disposal of subsidiaries and other operating entities			
Other cash received relating to investing activities			
Sub-total of cash inflows from investing activities		2,016,564,765.59	1,293,799,245.99
Cash paid for purchase and construction of fixed assets, intangible assets and other long-term assets		2,926,911.00	891,241.68
Cash paid for investment		1,953,627,240.00	1,635,387,600.00
Net cash paid for acquiring subsidiaries and other operating entities			
Other cash paid relating to investing activities			
Sub-total of cash outflows from investing activities		1,956,554,151.00	1,636,278,841.68
Net cash flow generated from investing activities		60,010,614.59	-342,479,595.69
III. Net cash flow generated from financing activities:			
Proceeds received from financing activities			
Cash received from borrowings			
Cash received from issuing bonds			
Other cash received from financing-related activities			
Sub-total of cash inflows from financing activities			
Cash repayments of borrowings		3,497,000.00	
Dividends paid, profit distributed or interest paid		8,498.32	366,887,855.56
Other cash paid for financing-related activities			
Sub-total of cash outflows from financing activities		3,505,498.32	366,887,855.56
Net cash flow generated from investing activities		-3,505,498.32	-366,887,855.56
IV. Effects of exchange rate fluctuation on cash and cash equivalents		380,165.63	-9,568,050.82
V. Net increase in cash and cash equivalents		-1,159,522,580.81	-879,771,969.21
Add: Cash and cash equivalents at the beginning of the period		6,604,338,925.64	3,859,089,929.82
VI. Cash and cash equivalents at the end of the period		5,444,816,344.83	2,979,317,960.61

Legal representative: Si Zefu

Chief Accountant: Gong Dan Head of Finance Department: Chen Dong

Consolidated Statement of Changes in Shareholders' Equity

Prepared by: Dongfang Electric Corporation Limited

January – June 2015

Unit: RMB

Item	This year													Minority interest	Total owners' equity
	Shareholder's Equity Attributed to the Parent Company											Others			
	Share Capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk provision	Undistributed profit				
	Preference shares	Perpetual liabilities	Others												
I. Balance at the end of last 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															
Effects of correction of prior errors															
Acquisition of a subsidiary under common control															
Others															
II. Balance at the beginning of the 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. Increase/decrease in the period (decrease represented by "-")	333,040,368.00				2,933,031,535.61		-1,816,847.72	15,313,661.30			-41,953,111.72		11,262,863.77	3,248,878,469.24	
(I) Other comprehensive income							-1,816,847.72				168,367,921.40		19,169,175.04	185,720,248.72	
(II) Shareholders' contribution and decrease in the period	333,040,368.00				2,933,031,535.61									3,266,071,903.61	
1. Shareholders' capital contribution	333,040,368.00				2,933,031,535.61									3,266,071,903.61	
2. Capital contributed by owners of other equity instruments															
3. Share-based payments credited to shareholders' equity															
4. Others															
(III) Profit distribution											-210,321,033.12		-8,643,729.21	-218,964,762.33	
1. Appropriation to surplus reserve															
2. General risk provision															
3. Distribution to owners (or shareholders)											-210,321,033.12		-8,643,729.21	-218,964,762.33	
4. Others															
(IV) Internal carry-forward of shareholders' equity															
1. Conversion of capital reserve into share capital															
2. Conversion of surplus reserve into share capital															
3. Making good of loss with surplus reserve															
4. Others															
(V) Special reserve								15,313,661.30					737,417.94	16,051,079.24	
1. Amount withdrawn in the period								35,868,508.52					1,617,033.50	37,485,542.02	
2. Amount utilized in the period								-20,554,847.22					-879,615.56	-21,434,462.78	
(VI) Others															
IV. Balance at the end of the period	2,336,900,368.00				8,828,539,327.93		-37,696,839.88	37,571,874.15	674,102,684.70		10,942,290,717.30		936,435,968.36	23,718,144,100.56	

Legal representative: Si Zefu

Chief Accountant: Gong Dan

Head of Finance Department: Chen Dong

Consolidated Statement of Changes in Shareholders' Equity (Continued)

Prepared by: Dongfang Electric Corporation Limited

January – June 2015

Unit: RMB

Item	Last year													Minority interest	Total owners' equity
	Shareholder's Equity Attributed to the Parent Company											Others			
	Share capital	Other equity instrument			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk provision	Undistributed profit				
Prefer ence shares	Perpetual liabilities	Others	Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk provision	Undistributed profit	Others					
I. Balance at the end of last year	2,003,860,000.00				5,092,026,632.65	-158,584,963.14	15,684,408.62	578,473,906.12		10,162,309,001.98		899,621,634.50	18,593,390,620.73		
Add: Changes in accounting policies															
Effects of correction of prior errors															
Acquisition of a subsidiary under common control															
Others															
II. Balance at the beginning of the 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. Increase/decrease in the period (decrease represented by "-")						24,911,954.31	14,398,734.57			478,599,568.43		21,147,511.50	539,057,768.81		
(I) Other comprehensive income						24,911,954.31				839,294,368.43		29,472,525.59	893,678,848.33		
(II) Shareholders' contribution and decrease in the period															
1. Shareholders' capital contribution															
2. Capital contributed by owners of other equity instruments															
3. Share-based payments credited to shareholders' equity															
4. Others															
(III) Profit distribution										-360,694,800.00		-8,496,857.43	-369,191,657.43		
1. Appropriation to surplus reserve															
2. General risk provision															
3. Distribution to owners (or shareholders)										-360,694,800.00		-8,496,857.43	-369,191,657.43		
4. Others															
(IV) Internal carry-forward of shareholders' equity															
1. Conversion of capital reserve into share capital															
2. Conversion of surplus reserve into share capital															
3. Making good of loss with surplus reserve															
4. Others															
(V) Special reserve							14,398,734.57					171,843.34	14,570,577.91		
1. Amount withdrawn in the period							26,359,882.30					2,212,139.37	28,572,021.67		
2. Amount utilized in the period							-11,961,147.73					-2,040,296.03	-14,001,443.76		
(VI) Others															
IV. Balance at the end of the period	2,003,860,000.00				5,092,026,632.65	-133,673,008.83	30,083,143.19	578,473,906.12		10,640,908,570.41		920,769,146.00	19,132,448,389.54		

Legal representative: Si Zefu

Chief Accountant: Gong Dan

Head of Finance Department: Chen Dong

Statement of Changes in Shareholders' Equity of the Parent Company

Prepared by: Dongfang Electric Corporation Limited

January – June 2015

Unit: RMB

Item	This period											
	Share capital	Other equity instrument			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Others	Total owners' equity
		Preference shares	Perpetual liabilities	Others								
I. Balance at the end of last 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
Add: Changes in accounting policies												
Effects of correction of prior errors												
Others												
II. Balance at the beginning of the 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
III. Increase/decrease in the period (decrease represented by “-”)	333,040,368.00				2,933,031,535.61					325,493,497.53		3,591,565,401.14
(I) Other comprehensive income										535,814,530.65		535,814,530.65
(II) Shareholders' contribution and decrease in	333,040,368.00				2,933,031,535.61							3,266,071,903.61
1. Shareholders' capital contribution	333,040,368.00				2,933,031,535.61							3,266,071,903.61
2. Capital contributed by owners of other equity instruments												
3. Share-based payments credited to shareholders' equity												
4. Others												
(III) Profit distribution										-210,321,033.12		-210,321,033.12
1. Appropriation to surplus reserve												
2. Distribution to shareholders provision										-210,321,033.12		-210,321,033.12
3. Others												
(IV) Internal carry-forward of shareholders' equity												
1. Conversion of capital reserve into share capital												
2. Conversion of surplus reserve into share capital												
3. Making good of loss with surplus reserve												
4. Others												
(V) Special reserve												
1. Amount withdrawn in the period												
2. Amount utilized in the period												
(VI) Others												
IV. Balance at the end of the period	2,336,900,368.00				8,891,700,256.53				962,465,801.13	6,085,157,116.66		18,276,223,542.32

Legal representative: Si Zefu

Chief Accountant: Gong Dan

Head of Finance Department: Chen Dong

Statement of Changes in Shareholders' Equity of the Parent Company (Continued)

Prepared by: Dongfang Electric Corporation Limited

January – June 2015

Unit: RMB

Item	Last year											
	Share capital	Other equity Preference shares	Perpetual liabilities	Others	Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Others	Total owners' equity
I. Balance at the end of last year	2,003,860,000.00				5,155,881,904.30		-122,732,584.60		866,837,022.55	5,259,699,411.89		13,163,545,754.14
Add: Changes in accounting policies												
Effects of correction of prior errors												
Others												
II. Balance at the beginning of the 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. Increase/decrease in the period (decrease represented by "-")							20,738,553.30			597,158,459.60		617,897,012.90
(I) Other comprehensive income							20,738,553.30			957,853,259.60		978,591,812.90
(II) Shareholders' contribution and decrease in												
1. Shareholders' capital contribution												
2. Capital contributed by owners of other equity instruments												
3. Share-based payments credited to shareholders' equity												
4. Others												
(III) Profit distribution										-360,694,800.00		-360,694,800.00
1. Appropriation to surplus reserve												-
2. Distribution to shareholders provision										-360,694,800.00		-360,694,800.00
3. Others												
(IV) Internal carry-forward of shareholders' equity												
1. Conversion of capital reserve into share capital												
2. Conversion of surplus reserve into share capital												
3. Making good of loss with surplus reserve												
4. Others												
(V) Special reserve												
1. Amount withdrawn in the period												
2. Amount utilized in the period												
(VI) Others												
IV. Balance at the end of the period	2,003,860,000.00				5,155,881,904.30		-101,994,031.30		866,837,022.55	5,856,857,871.49		13,781,442,767.04

Legal representative: Si Zefu

Chief Accountant: Gong Dan

Head of Finance Department: Chen Dong

Dongfang Electric Corporation Limited

Notes to the Financial Statements

From 1 January 2015 to 30 June 2015

(Unless otherwise stated, amounts are expressed in RMB in the notes to the financial statements)

I. Background

Dongfang Electric Corporation Limited (the “Company” or “Group” when including subsidiaries), formerly known as Dongfang Electric Machinery Co., Ltd, was founded on 28 December 1993. Approved by the documents of Ti Gai Sheng (1992) No.67, Ti Gai Sheng (1993) No. 214 issued by National Economic System Reform Commission and the document of Guo Zi Qi Han Fa (1993) No.100 issued by the former State-owned Assets Management Bureau, Dongfang Electric Machinery Co., Ltd acted as the exclusive initiator and established the joint stock company with limited liability through converting the principal operational assets (and relevant liabilities) authorized by the state into shares of the Company.

With the approval by the document of Ti Gai Sheng (1994) No.42 issued by the State Commission for Restructuring the Economic Systems on 12 April 1994, the Company issued 170,000,000 overseas listed foreign shares (H Shares) to the public in Hong Kong on 31 May 1994, and the H Shares have been listed on The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”) since 6 June 1994; on 4 July 1995, the Company issued 60,000,000 domestically listed domestic shares (A Shares) to the Public in the PRC and the A Shares have been listed on the Shanghai Stock Exchange since 10 October 1995. Upon the issuance of the abovementioned shares, the share capital of the Company increased to 450,000,000 shares.

On 30 December 2005, the State-owned Assets Supervision and Administration Commission (the “SASAC”) issued the Approval of Certain Issues in the Transfer of State-owned Shares of Dongfang Electrical Machinery Company Limited” (Guo Zi Chan Quan [2005] No. 1604) (關於東方電機股份有限公司國有股權劃轉有關問題的批覆) (國資產權[2005]1604號) to approve the transfer of 220,000,000 State-owned legal person shares, representing 48.89% of the then share capital of the Company, by Dongfang Electrical Machinery Factory to China Dongfang Electric Corporation (currently known as China Dongfang Electric Corporation Ltd, hereinafter referred to as “Dongfang Electric Corporation”).

In November 2007, with the approval by the Notice on Approving Dongfang Electrical Machinery Company Limited to Directly Issue New Shares to China Dongfang Electric Corporation Limited for Purchase of Assets (Zheng Jian Gong Si Zi [2007] No.172) (《關於核准東方電機股份有限公司向中國東方電氣集團公司定向發行新股購買資產的通知》(證監公司字[2007] 172號)) issued by China Securities Regulatory Commission (hereinafter referred to as “CSRC”) on 17 October 2007, the Company non-publicly issued 367 million domestically listed domestic shares (A Shares) to Dongfang Electric Corporation, therefore, the Company obtained the 273,165,244 domestically listed domestic shares (A Shares) of Dongfang Boiler Group Co., Ltd. (currently renamed as DEC Dongfang Boiler Group Co., Ltd., hereinafter referred to as “Dongfang Boiler Company”) previously held by Dongfang Electric Corporation, representing 68.05% of the original share capital of Dongfang Boiler Company, and the 100% equity interests in DEC Dongfang Steam Turbine Co., Ltd. (“Dongfang Turbine Company”). On 26 October 2007, the Company was renamed as Dongfang Electric Corporation Limited in accordance with the resolution of the 2007 second extraordinary general meeting of the Company.

In November 2008, the Company issued 65,000,000 domestically listed domestic shares (A Shares) to non-specific subscribers with the approval by the Approval of the Issuance of Additional Shares of Dongfang Electric Corporation Limited (Zheng Jian Xu Ke [2008] No.1100) (《關於核准東方電氣股份有限公司增發股票的批覆》(證監許可[2008]1100號)) from the CSRC on 5 September 2008. The share capital of the Company increased to 882,000,000 shares upon the public issuance of additional shares.

On 6 November 2009, with the approval by the Approval of Non-public Issuance of the Shares of Dongfang Electric Corporation Limited (Zheng Jian Xu Ke [2009] No. 1151) (關於核准東方電氣股份有限公司非公開發行股票的批覆) (證監許可[2009]1151號), the Company non-publicly issued 119,930,000 domestically listed shares (A Shares) to eight specified subscribers including Dongfang Electric Corporation in November 2009. Upon completion of the non-public issuance, the share capital of the Company increased to 1,001,930,000 shares.

According to the resolutions of 2009 annual general meeting, the 2010 first domestic shareholders class meeting and the 2010 first H shareholders class meeting of the Company convened on 18 June 2010, the Company increased 10 shares for every 10 existing shares to all shareholders based on the Company’s share capital of 1,001,930,000 shares on 31 December 2009. Upon the increment, the share capital of the Company increased to 2,003,860,000 shares.

Dongfang Electric Corporation Limited

Notes to the Financial Statements

From 1 January 2015 to 30 June 2015

(Unless otherwise stated, amounts are expressed in RMB in the notes to the financial statements)

According to the Resolution in relation to Conditional Redemption of Dongfang Convertible Bonds considered and approved at the 20th meeting of the seventh session of the board of directors of the Company (the “Board”) on 30 January 2015, RMB3,996,503,000 out of RMB4 billion of Dongfang Convertible Bonds issued on 10 July 2014 were converted to 333,040,368 shares of the Company in aggregate. Upon the conversion, the Company’s share capital was 2,336,900,368 shares.

As of 30 June 2015, the share capital of the Company was 2,336,900,000 shares including 1,996,900,000 domestically listed domestic shares (A shares) not subject to trading moratorium, representing 85.45% of the share capital, and 340,000,000 overseas listed foreign shares, representing 14.55% of the share capital. The Company has obtained the business entity license with registration number of 510109000059366 which was approved and issued by Chengdu Administration Bureau for Industry and Commence. The registered address is No.18 Xixin Avenue Western High-tech District, Chengdu City, Sichuan Province. The address of the headquarters is No.333 Shuhan Avenue, Jinniu District, Chengdu City, Sichuan Province.

The parent and ultimate controller of the Company is Dongfang Electric Corporation. Dongfang Electric Corporation is a state-owned company incorporated in China. The shareholders’ general meeting is the authority of the Company, deciding significant issues such as operating policies, fund raising, investment and profit distribution in accordance with the laws. The Board is responsible for the shareholders’ general meeting and exercise the authority of decision-making in operation according to the laws. The management executes resolutions of the shareholders’ general meeting and the Board, organizes production and operation management of the Company. The Company has established nine functional departments including the Office of Board, the Office of the President, the Human Resources Department, the Department of the Economic Operation, the Legal Affairs Department, the Department of Science and Technology Quality, Marketing Department, Accounting Department and Auditing Department. Moreover, there are three business divisions, namely Combustion Engine Division, Nuclear Power Division and Power Station Services Division as well as international engineering branch office. The Company is composed of 19 subsidiaries, including Dongfang Turbine Company, Dongfang Boiler Company, Dongfang Electric Machinery Co., Ltd. (“Dongfang Electric Company”), Dongfang Electric Wind Power Co., Ltd. (“Dongfang Wind Power Company”), Dongfang Electric (Guangzhou) Heavy Duty Machinery Co., Ltd. (“Dongfang Heavy Machinery Company”), Dong Fang Electric (India) Private Limited (“India Company”) and DEC (Wuhan) Nuclear Equipment Company Limited (“Wuhan Nuclear Equipment Company”).

The Group is specialized in the power equipment manufacturing industry. The business ranges are as follows: 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.

II. The Scope of Consolidated Financial Statements

The scope of consolidated financial statements of the Group contains 19 companies including Dongfang Turbine Company, Dongfang Boiler Company, Dongfang Electric Company, Dongfang Wind Power Company, Dongfang Heavy Machinery Company, India Company and Wuhan Nuclear Equipment Company. As compared with that of the last year, Dongfang Wind Power Company and Dongfang Electric Machinery Venezuela Co., Ltd. (東方電機委內瑞拉有限責任公司) were newly included in the scope of consolidated financial statements of the Group for the period. For details of the scope of consolidated financial statements for the Period, please refer to “VII. Interests in other entities” in the notes to the financial statements.

Dongfang Electric Corporation Limited

Notes to the Financial Statements

From 1 January 2015 to 30 June 2015

(Unless otherwise stated, amounts are expressed in RMB in the notes to the financial statements)

III. Basis of Preparation of Financial Statements**1. Basis of preparation**

The financial statements have been prepared on a going concern basis, in accordance with Accounting Standards for Business Enterprises and the relevant requirements (collectively, the “Accounting Standards for Business Enterprises”) issued by the Ministry of Finance and the disclosure requirements under Rules No.15 for Information Disclosure by Companies Offering Securities to the Public – General Provisions on Financial Statements (Revised 2014) of the CSRC, the Rules Governing the Listing of Securities on Hong Kong Stock Exchange and the Hong Kong Companies Ordinance based on the accounting policies and accounting estimates set out in “IV. Significant Accounting Policies and Accounting Estimates” in the Notes to the financial statements.

2. Going concern

The Group considers that it is reasonable to prepare the financial statements on a going concern basis given the recent profit-making history and sourced financial support of the Group.

IV. Significant Accounting Policies and Accounting Estimates

The Group’s accounting policies and accounting estimates are established according to the actual operational characteristics, which include operating cycle, recognition and measurement of provision for bad debts of accounts receivable, measurement of inventory delivered, classification and depreciation methodology of fixed assets, amortization of intangible asset, conditions for capitalization of research and development cost, recognition and measurement of revenue (including construction contract business) etc.

1. Statement of compliance of Accounting Standards for Business Enterprises

The interim financial statements of 2015 have been prepared in accordance with the requirements of Accounting Standards for Business Enterprises. These financial statements present truly and completely the financial position, the results of operations and the cash flows as at 30 June 2015 and other relevant information of the Company and the Group.

2. Accounting year

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

3. Operating cycle

The operating cycle of the Group is 12 months.

4. Reporting currency

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

The preparation of the financial statements of the Group adopted RMB as the reporting currency.

5. Accounting treatment of business combination involving entities under common control and entities not under common control

For a business combination involving enterprises under common control, the initial investment cost of the long-term equity investment cost of the long-term equity investment shall be the absorbing party’s share of the carrying amount of the owners’ equity of the party being absorbed in the consolidated financial

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statements of the ultimate controlling party at combination date. The difference between the initial investment cost and the carrying amount of cash paid, non-cash assets transferred and liabilities assumed shall be adjusted to capital reserve. If the balance of capital reserve is not sufficient, any excess shall be adjusted to retained earnings.

Identifiable assets and liabilities and contingencies acquired through business combination under un-common control are recognized at their fair values at the acquisition date. The cost of business combination is the sum of cash paid, fair value of non-cash assets, issued or responsible liabilities, issued equity securities on the date of acquisition, and other direct expenses incurred in order to obtain the control over acquiree. When the purchase price exceeds the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference shall be recognized as goodwill. When the purchase price is less than the acquirer's interest in the fair value of the acquiree's identifiable net assets, after reassessment, if the cost of combination is still less than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the acquirer shall recognize the remaining difference as non-operating income in the current profit or loss.

6. Method for preparation of consolidated financial statements

The Group includes all subsidiaries and structured entities under its control in the scope of consolidated financial statements.

In preparing the consolidated financial statements, whenever the accounting policies or accounting period adopted by any subsidiary adopt are not identical to those applied by the Company, necessary adjustments are required to be made to the financial statements of such subsidiary based on the Company's accounting policies and accounting period.

All significant intragroup transactions, balances and unrealized profits within the scope of combination will be eliminated when preparing the consolidated statements. The share of owner's equity of subsidiaries that are not attributable to the parent company, the net profit or loss for the period, and other comprehensive income and total comprehensive income attributable to the minority shareholders shall be presented as "minority shareholders' equity", "minority shareholders' profit or loss", "other comprehensive income attributable to minority shareholders" and "total comprehensive income attributable to minority shareholders" in the consolidation financial statements.

For subsidiaries acquired through business combination under common control, its operating results and cash flow shall be consolidated from the beginning of the period that the combination occurs. Adjustments to the relevant items in the financial statements for the prior year shall be made when preparing comparatives, as if the reporting entity formed upon the combination has been existed since the commencement of ultimate control.

For subsidiaries acquired through business combination not under common control, its operating results and cash flows shall be consolidated from the date that the Group acquires its control. Adjustments to the financial statements of the subsidiaries shall be made based on the fair value of identifiable assets, liabilities and contingent liabilities determined on the acquisition date when preparing the consolidated financial statements.

7. Cash and cash equivalents

Cash in the statement of cash flows of the Group represents both cash on hand and the deposit held in bank which are available for payment at any time. Cash equivalents in the statement of cash flows represent investments held not more than 3 months that are highly liquid, readily convertible to known amount of cash and subject to insignificant risk of value change.

8. Foreign exchange translation for financial statements

(1) Transactions involving foreign currencies

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

The monetary items in foreign currency are translated into RMB at the spot exchange rate of the balance date. However, the exchange difference caused by specific foreign currency loans made to purchase or manufacture assets which will be capitalized, the exchange difference is accounted into current profit and loss. For non-monetary accounts measured in foreign currency under historical cost method, the exchange rate on the date when the cost is recognized is applied and the amount in RMB is consistent. For non-monetary items in foreign currency measured at fair value, the exchange rate on the date when the fair value is recognized is applied and the exchange difference is accounted into current profit and loss as a result of fair value change, or recognized as other comprehensive income.

(2) Foreign currency translation of financial statements

The asset and liability items in the balance sheets are translated at a spot exchange rate as at the balance sheet date. The owner's equity items, except for retained earnings, are translated at the spot exchange rate at the time when they are incurred. The income and expense items in the profit or loss statements are translated at the average exchange rate during the accounting period. The difference arisen from the above translation's are presented separately under other comprehensive income. Foreign currency cash flow is translated using the average exchange rate during the accounting period. The impact of exchange rate fluctuations on cash and cash equivalents is separately presented in the statement of cash flow.

9. Financial assets and liabilities

The Group recognizes a financial asset or liability when it enters a financial instrument contract.

(1) Financial assets**1) The classification, recognition and measurement of financial assets**

Financial assets are classified into financial assets at fair value through profit or loss, held-to-maturity investments, loan and receivables and available-for-sale financial assets, according to the purposes of investments and their economic substance.

Financial assets at fair value through profit or loss include trading financial assets and other financial assets measured at fair value and its movement recorded through profit and loss. Equity investment and forward foreign exchange derivatives are designated to this kind of financial assets by the Group. The company shall make subsequent measurement on this kind of financial assets according to their fair values. The profits and losses on the changes in fair value; gain on interests and cash dividends during the holding period shall be recognized as equity earnings; at the moment of disposal, the differences between fair value and book value shall be recognized as profits and losses on investments, simultaneously, adjust the profits and losses arising from fair value changes.

Held-to-maturity investments are non-derivative financial assets with fixed maturity and fixed or determinable payments for which management has both positive intention and ability to hold to maturity. Held-to-maturity investments shall be subsequently measured on the basis of the post-amortization costs by adopting the actual interest rate method, the profits and losses on amortization, impairment and derecognition shall be recorded into the profits and losses of the current period.

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

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

2) Recognition and measurement of transfer of financial assets

A financial asset is derecognized when any one of the following conditions is satisfied: i) the rights to receive cash flows from the asset expire, ii) the financial asset has been transferred and the Group transfers substantially all risks and rewards relating to the financial assets to the transferee, iii) the financial asset has been transferred to the transferee, the Group has given up its control of the financial asset although the Group neither transfers nor retains all risks and rewards of the financial asset.

Where an entity neither transfers nor retains substantially all risks and rewards of financial asset and does not give up the control over such financial asset, then the entity recognizes such financial asset to the extent of its continuous involvement and recognizes the corresponding liabilities. The extent of the continuous involvement represents the extent to which the entity exposes risks to changes in the value of such financial asset.

In the case where the financial asset as a whole qualifies for the de-recognition conditions, the difference between the carrying value of transferred financial asset and the sum of the amount received for transfer and the accumulated amount of changes in fair value that was previously recorded under other comprehensive income is charged into profit or loss for the period.

In the case where only part of the financial asset meets the criteria for de-recognition, the carrying amount of financial asset being transferred is allocated between the portions that to be derecognized and the portion that continued to be recognized according to their relative fair value. The difference between the amount of consideration received for the transfer and the accumulated amount of changes in fair value that was previously recorded in other comprehensive income of the part qualifies for de-recognition and the above-mentioned allocated carrying amount is charged to profit or loss for the period.

3) Measurement and accounting treatment of impairment of financial assets

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

When an impairment of financial assets carried at 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.

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

(2) Financial liabilities

1) The classification, recognition and measurement of financial liability

Financial liabilities of the Group are classified as financial liabilities at fair value through profit or loss and other financial liabilities on initial recognition.

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and those designated as fair value through profit or loss on initial recognition. They are subsequently measured at fair value. The net gain or loss arising from changes in fair value, dividends and interest paid related to such financial liabilities are recorded in profit or loss for the period in which they are incurred.

Other liabilities are subsequently measured at residual cost using the effective interest rate method

2) De-recognition of financial liability

A financial liability is derecognized when the underlying present obligations (or part of those obligations) are discharged. Existing financial liability is derecognized and new financial liability is recognized when the Company enters an agreement with its debtor to replace existing liability with a new financial liability and the contractual terms on new financial liability are different with the existing one. An existing financial liability is fully or partially de-recognized and a new financial liability is recognized when the Company significantly amends all or part of contractual terms on existing financial liability. The difference between consideration paid and the carrying amount of de-recognized financial liability is recorded as current profit or loss.

(3) Determine the fair value of financial assets and financial liabilities

Fair values on equity investment, forward settlement of exchange and share-based payment are determined by prices existed in major markets. Where there is no major market the most beneficial market prices together with then available and sufficient data and other evaluation technology supporting information are used to determine fair values of financial assets and liabilities. Input data for determining fair values has three layers, the first layer is the available unadjusted price for a same asset or liability on the date of evaluation in an active market; the second layer is the direct or indirect visible input data related to the same asset or liability apart from data in the first layer; the third layer is the invisible input data related to the same asset or liability. Input data in the first layer has the first priority and the third layer is the last to consider by the Group.

10. Bad debts of account receivables

Receivables include accounts receivable and other receivables. The Group's accounts receivable arise from selling goods and rendering services. The Group initially recognizes account receivables in accordance to the selling price stated in the contract signed or the amount negotiated with buyers.

The Group recognizes bad debts when the following conditions are met: the debtors are dissolved, bankrupt, insolvent, in significant difficulty in cash flows or suspended its business due to natural disaster and unable to settle the debts in the foreseeable period; or debtors are defaulted for repayment; or there are conclusive evidences indicating the debts are not recovered or not likely to be recoverable.

Individual and portfolio methods are applied to estimate impairment loss on accounts receivable.

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(1) Accounts receivable that are individually insignificant but are individually provided for bad debts

The basis or standard for determining the significant level of individual receivable	Consider individual receivables above RMB30 million and other receivables above RMB10 million as significant amount
Provision-making Method on individual receivables above significant level	The provision of bad debts is made according to the difference between the present value of future cash flows and the book value of receivables.

(2) Receivables that are provided for bad debts on credit risk characteristics group basis

Basis of determining group	
Aging group	The group of credit risk characteristics is determined by the aging of the receivables
Method for provision of bad debts on group basis	
Aging group	The bad debts is provided on the basis of aging analysis

The proportion of bad debts provided according to aging analysis is as follows:

Age	Proportion of receivables (%)	Proportion of other receivable (%)
Within 1 year (inclusive, the same below)	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

(3) Accounts receivable that are individually insignificant but are provided for bad debts on individual basis

Reason for making provision of bad debts individually	Individual receivables below significant level whereby the combined method does not reflect its risk characteristics
Method for provision of bad debts	Provision for bad debts is made using the difference between the present value of future cash flows and the book value of receivables

11. Inventories

The inventories of the Group include materials in transit, raw materials, unfinished products, self-made semi-finished products, finished products, commodities in stock, materials for consigned processing, assets from construction contract completed without settlement, etc.

The Group maintains a perpetual inventory system. Inventories are recorded at actual cost of purchase. Inventory is measured at historical cost which includes purchase cost, processing cost and other expenditures for the purpose of bringing the inventory to its required location and condition so it is readily available for sale. Cost is calculated using weighted average method or specific unit method when the inventories are issued or consumed. Low value consumables and packaging material are amortized by one-time write off.

At the end of period, inventory is measured as the lower of historical cost and net realizable value. When net realizable value of inventory is lower than cost, impairment provision is made. The provision for impairment for finished goods and raw materials in a large amount is made on the basis of the difference of the cost of the individual inventory item over its net realizable value. The provision of impairment for the auxiliary materials with a large quantity and low cost is withdrawn in terms of classification.

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

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12. Long-term equity investment

Long-term equity investments mainly include investment to subsidiaries, joint ventures and associates.

The Group judges a joint control exists when all parties or groups of parties control that arrangement unilaterally and decisions relating to the basis operating activity of the entity require the unanimous consent of the parties sharing the control.

The Group holds, directly or through subsidiaries, more than 20 per cent but less than 50% of the voting power of the investee, it is presumed that the Group has significant influence. When the Group holds less than 20% of the voting power of the investee, significant influence shall be considered under actual fact and circumstances such as there is a delegate of the investor in the investee's the Board and other similar power bodies, the investor gets involved in investee's financial and operating policies decision-making process, there are significant transactions occurred between the investor and the investee, the investor assigns management personnel in the investee and the investor provides key technical support to the investee.

When control exists the investee becomes a subsidiary of the Group. 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 is recorded as zero when the carrying amount of the share of equity at the combination date in the acquired company is in deficit.

The investment cost for long-term equity investment acquired through business combination not under common control is the cost of business combination.

Apart from the long-term equity investments acquired through business combination mentioned above, the cost of investment for the long-term equity investments acquired by cash payment is the amount of cash paid. For long-term equity investment acquired by issuing equity instruments, the cost of investment is the fair value of the equity instrument issued. For long-term equity investment injected to the Group by the investor, the investment cost is the consideration as specified in the relevant contract or agreement. The initial cost of a long-term equity investments obtained by recombination of liabilities or the exchange of nonmonetary assets is measured in accordance with relevant Accounting Standards for Business Enterprises, taking the Company's actual condition into consideration.

Investments in subsidiaries are accounted for by the Group using cost method and equity method is used for investment in joint ventures and associates.

Additional investments to long-term equity investments subsequently accounted on the cost method are measured to increase its carrying amount on the fair value of the additional cost and other transaction related expenses occurred. Dividends declared or profit distributed by the investee shall be recognized as investment income in the current period.

The carrying amount of long-term investment subsequently accounted on the equity method shall be adjusted to increase or decrease according to the movement of owner's equity of the investee. In determining the share of net profit from the investee, according to the Group's accounting policies and accounting period, adjustments shall be made towards the net profit based on fair values of all identifiable assets at the time of acquisition after eliminating proportioned profit or loss attributable to the investor resulted from intragroup transactions between joint venture and associates, before recognizing net profit from the investee.

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

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In the situation where the Company does not joint control or does not has significant influence over the investee company due to the reasons such as disposing a portion of the equity investment, the rest share equity after the disposal is classified as the available-for-sale financial asset. The difference between the fair value at the date when the Company lost the joint control or the impact of significant influence and the book value is recognized into the current profit or loss. The other comprehensive income of the previous equity investment recognized under the equity method is treated according to the accounting treatment same to the basis adopted by the investee company to directly dispose the relative assets or liabilities when terminating the adoption of equity method.

For loss of control in the invested company due to partly disposed long-term equity investment, for remaining shareholding which can apply common control or imposes significant influence to the invested company after disposal, shall be accounted for under equity method. Difference between the carrying value of equity disposal and the disposal consideration shall be included as investment income. Such remaining shareholding shall be treated as accounting for under equity method since the shareholding is obtained and make adjustment. For remaining shareholding which cannot apply common control or impose significant influence after disposal, it can be accounted as under available-for sale financial assets, and difference between carrying value of equity disposal and the disposal consideration shall be included as investment income, difference between fair value and the carrying value of remaining shareholding on the date loss of control shall be included in the investment profit or loss for such period.

For each transaction not belonged to a deal of package by steps through multiple disposals of equity investment to lose the right of control, the Group makes accounting treatment separately to each transaction. If belonged to a deal of package, the Group treats each transaction as one transaction to dispose a subsidiary and lose the right of control to make accounting treatment. Nonetheless, the difference between the consideration of disposal and the book value of the respective long term equity investment disposed for each transaction before losing the right of control is recognized into other comprehensive income. When reaching the loss of the right of control, the amount is transferred into the current period of profit or loss of the period losing the right of control.

13. Investment properties

The Group's investment properties include land use right and building rent out, which were measured at cost.

The investment property is recognized at initial cost. The cost of an investment property by acquisition consists of the acquisition price, relevant taxes, and other expenses directly attributed to the asset. The cost of a self-built investment property is composed of the necessary expenses required for building the asset to the necessary condition for use. If the subsequent expense is related to investment property that can bring economic benefit into the Group and expense can be measured reliably, it shall be include into the cost of the investment property; otherwise, it is accounted through current profit or loss.

The Group makes a follow-up measurement to the investment property through the cost pattern on the date of the balance sheet. The investment property is depreciated and amortized basing on its useful life and the residual value. The life time, the rate of residual value and yearly depreciation or amortization rate applied by the Group are as follows:

Classification	Useful life	Rate of residual value	Yearly depreciation rate
Land use right	50 years	—	2%
Buildings			
In which: Buildings for production purpose	20 years	5%	4.75%
Buildings for non-production purpose	25 years	5%	3.80%

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The Group will review the useful life, the estimated residual value and the depreciation (amortization) method of investment property on each balance sheet date, and make an appropriate adjustment if necessary.

When the investment property is changed for owner occupied, it is recognized as a fixed asset or intangible asset as at the date when the change occurred. When the property for owner occupied is changed for generating rents or capital appreciation, it is recognized as the investment property as at the date when change occurred. The book value of the property prior to the conversion is the entry value after the conversion.

If an investment property is disposed of, or if it withdraws permanently from use and if no economic benefit will be obtained from the disposal, the investment property shall be derecognized. When an enterprise sells, transfers or disposes of any investment property, or when any investment property is damaged or destroyed, the enterprise shall deduct the book value of the investment property as well as the relevant taxes from the disposal income, and include the amount in the current profits and losses.

14. Fixed assets

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

Fixed assets consist of buildings, machinery, transportation equipment, instrument and meter, electronic computer and other equipment.

When it is probable that the economic benefits in relation to fixed assets will flow to the Group and the corresponding cost can be measured reliably, the fixed assets shall be recognized. The cost of purchased fixed assets includes the purchasing price, import duty and other relevant taxes and other expenditures directly attributable to bringing the assets into the conditions ready for use. The cost of self-made fixed assets includes the necessary expenditures for bringing the assets into the conditions ready for use. The cost of fixed assets invested by investors is recognized under contracts or agreements but if the value from contracts or agreements is not fair, the fair value will be applied. The fixed assets from finance leasing are measured at the lower of the fair value and the minimum lease payment on leasing date.

The subsequent measurement of fixed assets comprises maintenance expenses, renewal and renovation expenses etc. Expenses which meet the criteria for fixed assets are accounted into the cost of fixed assets. Otherwise if they do not meet the recognition criteria they are accounted through the current profit or loss. The replacement part is derecognized from the account.

Apart from those fixed assets fully depreciated but still in use, as well as land separately recognized, the Group depreciates fixed assets on a straight-line basis or double declining balance method and the depreciation expenses are accounted through the current profit or loss or cost of assets in accordance with the purposes of fixed assets. Useful life, estimated residual value, depreciation rate of incoming in assets and fixed assets are as the following:

Classification of fixed assets	Useful life	The rate of estimated residual value	Depreciation rate
I. Buildings			
In which: Buildings for production purpose	20 years	5%	4.75% or double declining balance method
Buildings for non-production purpose	25 years	5%	3.80%
II. Machinery	10 years	5%	9.50% or double declining balance method
III. Transportation equipment	6 years	5%	15.83%
IV. Instrument and meter	6 years	5%	15.83% or double declining balance method
V. Electronic computer	5 years	5%	19.00% or double declining balance method
VI. Other equipment	6 years	5%	15.83% or double declining balance method

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The Group assesses the useful life, the depreciation rate and the method of depreciation for fixed assets at the end of each year. If any changes occur, they will be regarded as changes on accounting estimates.

For fixed assets obtained through financial leases, if the ownership can be determined reasonably at the end of the lease, then the same depreciation method as other fixed assets will be adopted during the leased assets' useful life. If the ownership can't be determined reasonably at the end of the lease, the same depreciation method as other fixed assets will be adopted for either useful life of the leased assets or lease term, whichever is shorter.

The Group derecognizes fixed assets from the account that has been disposed or cannot generate economic benefits by application or disposal. The income from selling, transferring, disposal or impairment of fixed assets, after their book value and relevant taxes and expenses is accounted into current profit and loss.

Where recoverable amount of fixed assets is lower than its booking value, the book value shall be written down as recoverable amount (see Note IV.18 to the financial statements). Fix asset impairment loss is not allowed to be reversed at subsequent accounting period once it has been recognized.

15. Construction in progress

Construction in progress is recognized at actual cost, which includes all types of expense for the project during the period, capitalized interests expense from borrowings, and other necessary expenditure incurred for bringing the construction in progress to the expected conditions for use.

Constructions in progress are carried down into fixed assets at an estimated cost on the basis of the project budgeting, pricing and actual cost when completing and achieving estimated usage status. The corresponding depreciation on these fixed assets is applies since the month after carrying down the construction in progress into fixed assets. After clearing for completion of the project, the originally estimated cost of fixed assets will be adjusted on the basis of the actual cost; it is not necessary to adjust the amount of depreciation and amortization that have already been accrued.

Where recoverable amount of construction in progress is lower than its booking value, the book value shall be written down as recoverable amount (see Note IV.18 to the financial statements). Impairment loss of construction in progress is not allowed to be reversed at subsequent accounting period once it has been recognized.

16. Borrowing cost

Borrowing cost includes interests from borrowing, amortization of discount or price premium, other attribute expenses and foreign exchange difference from borrowing in foreign currency.

Borrowing costs that directly attribute to purchasing or constructing assets is to be capitalized when expenditures for the assets and borrowing cost occur and the activities of purchasing or constructing made the assets available for use or commencement of sale. When assets approach the available for use or sale status, the capitalization of borrowing cost ceases. Subsequent borrowing costs are accounted through current profit or loss.

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

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

During capitalization period, exchange differences of specific foreign currency borrowing will be capitalized; exchange differences for general foreign currency borrowing are accounted for the current period profit and loss.

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

17. Intangible assets

The intangible assets of the Group include the land use right, patent technology and non-patent technology.

Intangible assets are recognized at their actual cost when acquired. The cost of purchased intangible assets includes the actual purchase price and other necessary expenditures for purchase. The cost of intangible assets invested by investors is measured under contracts or agreements but if the value from contracts or agreements is not fair, the fair value will be applied.

As for the intangible assets that are obtained by an acquiree in a business combination under common control but is not recognized in its financial statements, the Group initially recognizes the acquiree's assets as intangibles assets at fair value when it satisfies one of the following conditions: (1) from contractual rights or other legitimate rights; (2) can be separated or divided from the acquiree and be sold, transfer, granted authorization, leased or swap together with relevant contracts, assets and liabilities.

The Group amortizes intangible assets with limited life using the straight-line method since the date it is acquired. Land use rights are amortized on the basis of their useful life by straight-line method since is the date they are acquired. Patent technology, non-patent technology and other intangible assets are amortized on the basis of shorter of estimated useful life, stipulated beneficial year by contract, and legal available year. The amortization amount is recognized in current year profit or loss.

The Group makes the assessment on the estimated useful life and amortization method of intangible assets with limited useful life at the end of each year and makes adjustments if needed.

There is no amortization for intangible assets with uncertain useful life. Rather an impairment test is carried out at the end of each accounting period. The Group assesses the estimate of useful life of intangible assets with uncertain useful life at the end of each accounting period. If there is evidence to prove the useful life of intangible assets is limited, the Group will estimate their useful life and amortize the intangible assets within the estimated life time.

When there is evidence to indicate impairment loss of intangible assets, the Group performs an impairment test at end of each year where the evidence is identified. For intangible assets with uncertain useful lives, the Group performs impairment tests regardless of whether there is evidence to indicate impairment loss.

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Where recoverable amount of intangible assets is lower than its booking value, the book value shall be written down as recoverable amount (see Note IV.18 to the financial statements). Impairment loss of intangible assets is not allowed to be reversed at subsequent accounting period once it has been recognized.

Research and development expenditures of the Group is classified into expenditure on the research phase and expenditure on the development phase depends on its nature and whether there is material uncertainty that the research and development activities can form an intangible asset at the end of the project.

The expenditures in research phase are accounted into current profit and loss.

The expenditures in development phase are recognized as intangible assets if they meet the following conditions:

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

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

18. Impairment of long-term assets

The Group assesses at each balance sheet date whether there is any indication that long-term equity investments, investment property measured at cost, fixed assets, construction in progress and intangible assets with definite useful life may be impaired. If there is any indication that an asset may be impaired, the Group carries out impairment test. Whether the intangible assets without definite goodwill and useful life are impaired or not, impairment test shall be made at the end of each year.

Upon impairment test, if the assets' book value exceeds its recoverable amount, the difference of which is recognized as impairment loss. Impairment loss of above assets is not allowed to be reversed at subsequent accounting period once it has been recognized.

19. Long-term prepayments

Long-term prepayments are expenditures that have been incurred but shall be amortized over the current period and subsequent periods of more than one year. Long-term prepayments shall be amortized using straight-line method during the beneficial period.

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

20. Employee benefits

- (1) Employee's benefits include short-term remuneration, post-employment benefits and layoff benefits.

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(2) Short-term remuneration includes staff's salaries, bonus, allowances and subsidies, staff benefits, social insurance such as medical insurance, work-related injury insurance and maternity insurance, housing funds, union funds and staff education funds, short-term compensated absences, short-term profit sharing plan, non-monetary benefits and other short-term compensation.

(3) Post-employment benefits and layoff benefits

Post-employment benefit includes basic pension, unemployment insurance and enterprise annuity and classified as defined contribution plan and defined benefit plan depending on the risk and obligation the Company bears. The contribution payable to a defined contribution plan in exchange for an employee's service to the Company during accounting period shall be recognized as a liability and an expense or capital item towards the beneficiary at the balance sheet date.

The domestic companies of the Group participates in the employee social security systems, including the basic pensions, medical insurance, housing funds and other social securities established by the Chinese government in accordance with relevant requirements. The related expenditures are either included in cost of related assets or profit or loss in the period as incurred.

The employees of the Group's overseas subsidiaries only participate in the defined pension contribution plan established by the local organization. Benefits under the plan are limited to the amounts of contributions made. The employees are entitled to their accumulation account balance vested on them upon vacation of office. The accumulated account balance consists of employee and employer contributions, voluntary employee contributions, any other contributions or interest and investment returns on the account balance. Related contribution related to this plan are included in the relevant assets cost or profit or loss for the period when paid.

The liability for long service leave of the Group's overseas subsidiaries is recognized on the basis of entitlements and measured as the present value of future payables in respect of services provided by employees up to the reporting date. Consideration is given to estimated future wage and salary levels, experience of departing employee and periods of service. Expected future payments are discounting using market yields at the reporting date.

When the Group terminates the employment relationship with employees before the expiry of the employment contracts or provides compensation as an offer to encourage employees to accept voluntary redundancy, if the Group has a formal plan for termination of employment relationship or has made an offer for voluntary redundancy which will be implemented shortly, and the Group cannot unilaterally withdraw from the termination plan or the redundancy offer, a provision for the compensation payable arising from the termination of employment relationship with employees is recognized with a corresponding charge to the profit or loss for the period.

21. Contingent liabilities

When an external warranty, commercial acceptance discount, pending legal proceedings or arbitration, warranty on quality of goods or other contingent matters meet the following requirements, the Group shall recognize contingent liabilities: the assumed responsibilities are current liability; the fulfillment of obligations will cause the outflow of economic benefit from the Group; and the amount of liabilities can be measured reliably.

Estimated liabilities are recognized at the most appropriate estimation of obligations by considering related risks, uncertainties and time value of money etc. If the effect from time value of money is significant, the most appropriate estimation will be discounted into present value. As time goes on, the book value of estimated liabilities is increased by the discount reduction; the increased amount is recognized as interest expense.

The Group assesses the carrying amount of estimated liabilities on each balance sheet date and adjustments will be made if there are changes, in order to indicate the most appropriate estimation of obligations.

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22. Share-based payments

An equity-settled share-based payment in exchange for the employee's services is measured at the fair value at the date when the equity instruments are granted to the employee. Such fair value during the vesting period of service or before the prescribed exercisable conditions are achieved is recognized as relevant cost or expense on a straight-line during the vesting period based on the best estimated quantity of exercisable equity instruments.

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

The fair value of the liabilities is re-measured at each balance sheet date. Any changes are recognized in the profit or loss for the year.

If the Group cancels the equity instrument vested (excluding exercisable option cancelled due to unqualified) with vesting period, cancellation is treated as acceleration on exercisable option, which is deemed as all the equity payment plan in the remaining vesting period satisfy the exercisable conditions. All the expenses for the remaining vested period are recognized in the period of cancelling the equity instrument vested.

23. Production safety expenses

The provision of safety fee for the Group's machinery manufacturing enterprises is based on the actual operating revenue of the previous year. The safety expenses, specially used for optimization and improvement of safety production conditions of enterprises or projects, will be withdrawn month by month based on the following standards with excessive and accumulative withdrawal method:

- (I) Withdraw 2% if the operating revenue does not exceed RMB10 million;
- (II) Withdraw 1% if the operating revenue is RMB10 million to RMB0.1 billion;
- (III) Withdraw 0.2% if the operating revenue is RMB0.1 billion to RMB1 billion;
- (IV) Withdraw 0.1% if the operating revenue is RMB1 billion to RMB5 billion;
- (V) Withdraw 0.05% if the operating revenue exceeds RMB5 billion.

Newly-established enterprises and machinery manufacturing enterprises put into production less than one year shall withdraw production safety expenses monthly based on actual operating revenue of the enterprise for the year.

The safety production expenditure withdrawn should be recognized as current profit or loss, with a corresponding increase in special reserve and be disclosed separately under equity. If the safety production expenditures belong to expenses, they shall directly offset special reserve. If the safety production expenditures are 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 special reserve, and accumulated depreciation shall be recognized in an equal amount. If the drawn special reserve is not enough for be offset, it should be recorded in current profit or loss.

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24. Revenue recognition and measurement

The Group's operating revenue mainly includes revenue from selling products, rendering services and transferring use rights of assets as well as revenue from construction contracts. The principles of recognizing revenue is as follows:

(1) Revenue from selling products

Sales of goods are recognized when the major risks and rewards relating to the ownership of commodities are transferred to the customer; when the Group no longer exercises continuing management generally related to the ownership and no longer has actual control over the commodities sold; when the amount of revenue can be reliably measured; when it is very likely that the economic benefits will be flowed to the Group; and when the related costs has incurred or will be incurred can be reliably measured. For the products sold by the Group, revenue is recognized at the time when goods are delivered or installed, checked and accepted.

(2) Revenue from rendering services

Revenue from rendering of services is recognized when total revenue and total costs of the services can be measured reliably, the associated economic benefits are probably flow to the Group and the completion progress of the services can be measured reliably.

When the outcome of a transaction involving the rendering of services can be estimated reliably at the balance sheet date, revenue is recognized using the percentage of completion method as determined by the proportion of the costs incurred to date over the estimated total costs. Where the results of the service rendering transaction cannot be reliably estimated and the costs incurred are expected to be recoverable, revenue will be recognized to the extent of the costs incurred and recoverable and the costs incurred will be carried forward. Where the results of the service rendering transaction cannot be reliably estimated and the costs incurred are not expected to be recoverable, the costs incurred will be included in current profit or loss and no revenue will be recognized.

(3) Revenue from transferring assets use rights

Royalty revenue from transferring asset use rights is determined according to the payment dates and calculations of the charges as prescribed in relevant contract or agreement, and is recognized when the economic benefits in connection with the transaction are probably flow to the Group and the amount of revenue can be reliably estimated.

25. Construction contracts

If the total contract revenue can be measured in a reliable way, the economic benefits pertinent to the contract flowing into the enterprise, and actual contract costs incurred clearly distinguished and measured in a reliable way and both the schedule of the contracted project and the contract costs to complete the contract measured in a reliable way, the contract revenue and contract costs shall be recognized in light of the percentage-of- completion method on the date of the balance sheet.

If the outcome of a construction contract cannot be estimated in a reliable way, it shall be treated in accordance with the circumstances as follows, respectively: Where the outcome of a construction contract cannot be reliably estimated and the contract costs incurred are expected to be recoverable, revenue from the construction contract is recognized to the extent of the actual contract costs incurred and such costs are recognized are expensed in the period as incurred. Where the contract costs are not expected to be recoverable, such costs will be expensed in the period as incurred and no revenue will be recognized.

In accordance with the conditions of construction contract including hydraulic power unit, nuclear power unit, steam turbine and electric generator which are more than 1000MW, the Group confirms cost and income of contract based on criterion of construction contract. Due to the nature of power station boiler, the income starts to be confirmed when the rate of completion reaches a certain degree.

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Items	Percentage of completion	Notes
1000MW power station boiler, Environment protection product	≥10%	
600MW power station boiler, Environment protection product	≥20%	
300MW-600MW power station boiler, Environment protection product	≥30%	Excluding 600MW
200MW-300MW power station boiler, Environment protection product	≥40%	Excluding 300MW
100MW-200MW power station boiler, Environment protection product		Excluding 200MW
Including: CFB power station boiler	≥40%	
Others	≥50%	

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

26. Government grants

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

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

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

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

The government grant of the Group is classified into assets-related government grants and income-related government grants. Assets-related government grants are government grants obtained by an enterprise related to the acquisition or construction or any other method of long-term assets. Income-related government grants are those other than assets-related government grants. If the government documents do not clearly defined the recipients of support, the Group should judge according to above rules.

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

For income-related government grants that is a compensation for related expenses or losses to be incurred in subsequent periods, the grant is recognized as deferred income and carried in profit or loss over the periods in which the related costs are recognized. For income related government grants that is a compensation for related expenses or losses already incurred, the grant is recognized immediately in profit or loss for the current period.

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

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27. Deferred income tax assets and deferred income tax liabilities

The Group's deferred income tax assets and liabilities are recognized based on the differences between tax bases of assets and liabilities and respective book value (temporary differences). For deductible tax losses or tax credit that can be carried forward in accordance with tax law requirements for deduction of taxable income in subsequent years, it is deemed as temporary differences and the related deferred income tax assets are recognized. No deferred tax liability is recognized for a temporary difference arising from the initial recognition of goodwill. No deferred tax asset or deferred tax liability is recognized for the temporary differences resulting from the initial recognition of assets or liabilities due to a transaction other than a business combination, which affects neither accounting profit nor taxable profit (or deductible loss). At the balance sheet date, deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled.

The Group shall recognize the deferred income tax asset arising from a deductible temporary difference to the extent of the amount of the taxable income which it is most likely to obtain and which can be deducted from the deductible temporary difference.

28. Leases

The Group classifies the leases into finance lease and operating lease on the lease beginning date. Finance lease is a lease that substantially transfers all the risks and rewards incident to ownership of an assets. An operating lease is a lease other than a financial lease.

(1) Finance leases (lessee)

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

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

(2) Finance leases (Lessor)

At the commencement of the lease term, a lessor shall recognize the minimum lease payments at the inception of the lease as a finance lease receivable, and record the unguaranteed residual value at the same time. The difference between the aggregate of the finance lease receivable and the unguaranteed residual value and the aggregate of the fair value of the leased asset and the initial direct costs shall be recognized as unearned finance income which shall be amortized 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 and no adjustment is made without any increase of unguaranteed residual values. If there has been a reduction in it, the income allocation over the lease term is revised and any reduction in leasing net investment caused should be included into the current profit or loss. The revenue should be recognized in the future in accordance with revised leasing net investment and the recalculated interest rate implicit in the lease. The different between unearned finance income and minimum lease payment combining unguaranteed residual values is recognized as the leasing net investment.

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

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interest rate implicit in the lease.

Contingent rental is charged to current profit or loss.

(3) Operating leases (Lessee)

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

(4) Operating leases (Lessor)

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

29. Accounting calculation of the income tax

The accounting calculation of the income tax adopts the balance sheet liabilities approach. The income taxes include the current and deferred income tax. The current income tax and deferred income tax expenses and earnings are recorded into the current profit and loss, except those related to the transactions and events are recorded directly into the shareholder's equity and the deferred income tax is adjusted into the carrying amount of goodwill arising from the business combination.

The current income tax is the income tax payable, that is, the amount of the current transactions and events calculated according to the taxation regulations paid to the taxation authorities by the enterprises. The deferred income tax is the difference between the due amounts of the deferred income tax assets and liabilities to be recognized according to the balance sheet liabilities approach in the period end and the amount recognized originally.

30. Segment reporting

The Group identifies operating segments based on the internal organization structure, management requirements and internal reporting system, and determines reportable segments on the basis of operating segments for disclosure purposes.

An operating segment is a component of the Group that satisfies all of the following conditions: the component is able to earn revenues and incur expenses from its ordinary activities; whose operating results are regularly reviewed by the Group's management to make decisions about resources to be allocated to the segment and to assess its performance, and for which the information on financial position, operating results and cash flows is available to the Group. If two or more operating segments have similar economic characteristics and satisfy certain conditions, they are aggregated into one single operating segment.

31. Held-for sale assets and discontinued operations

A component is classified as held-for-sale when all the following conditions are satisfied: the Group has made resolutions for the disposal of the component; the Group has entered into an irrevocable transfer agreement with the transferee and the transfer will be completed within a year.

Unless non-current assets are classified into assets held for sale, it shall listed based on the lower of the book value and the fair value deducting cost in the balance sheet. The difference between the book value and the fair value deducting cost is recognized assets impairment losses.

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Discontinued operations refer to the components of the Group which have been disposed or classified as held-for-sale, and distinguished separately during the operation or preparation of the financial statements.

32. Handling of hedging

Hedging of the Group comprises of fair value hedging, cash flow hedging and net overseas investment hedging. When hedging meets the following conditions, the offsetting effects on profit or loss of changes in the fair values of the hedging instrument and the hedged item will be recognized in the same accounting period.

- (1) At the inception of a hedge relationship, the Company formally designates the hedge relationship (i.e. the relationship between the hedging instrument and the hedged item) and documents the hedge relationship, the risk management objective and its strategy for undertaking the hedge. The document shall at least include the hedging instrument, the hedged item, the nature of the risk being hedged and the effective method for assessing the effectiveness of hedging. Hedging must be related to the identifiable and designated risks and ultimately affect the gain or loss of enterprise;
- (2) Such hedges are expected to be highly effective and comply with the risk management strategy set by the Company for the hedge relationship at the inception;
- (3) For cash flow hedges for expected transactions, such expected transactions will probably take place and must expose the Company to risks of movement in cash flows that will eventually affect the profit or loss;
- (4) The hedge effectiveness can be reliably measured;
- (5) The hedge effectiveness is evaluated on an ongoing basis, ensuring the hedge is highly effective in the period in which the hedge relationship is designated.

The hedged item of the Group is the part of foreign exchange to be collected from the export items to be executed in the future and the corresponding hedging instrument is forward exchange settlement contract.

The Group uses the comparative method of the principle terms of the contract (agreement) to do the expected evaluation on the effectiveness of hedging, and uses ratio analysis method to do the retrospective evaluation on the effectiveness of hedging at the end of the reporting period.

33. Significant changes in accounting policies and accounting estimates

The Group has no significant changes in accounting policies and accounting estimates.

V. TAXATION**1. Categories of Taxes and Tax Rete**

Type of tax	Tax basis	Tax rate
VAT	Sales of goods and provision of taxable service	6%, 11% and 17%
Business tax	Provision of taxable services, transfer of intangible assets or the sale of immovable properties	3%、5%
Urban maintenance and construction tax	Turnover taxes	5%、7%
Additional education fees	Turnover taxes	3%

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Type of tax	Tax basis	Tax rate
Local additional education fees	Turnover taxes	2%
Urban real estate tax	70% of original value of self-owned house / rental income from such house	1.2%/12%
Land use tax	Area of taxable land	RMB3-15/m ²
Enterprise income tax		
Including: the Company, Dongfang Steam Company, Dongfang Boiler Company, Dongfang Electric Machinery Company, Shenzhen Dongfang Boiler Control Co., Ltd. (hereafter referred to as "Shenzhen Dongfang Boiler Control Company"), Chengdu Dongfang KWH Environmental Protection Catalysts Co., Ltd., DFEM Control Equipment Co., Ltd. (hereafter referred to as "DFEM Control Equipment Company") and Tianjin Dongqi Wind Turbine Blade Engineering Co., Ltd. (hereafter referred to as "Tianjin Blade Company")	Taxable income	15%
India Company	Taxable income	32.445%
Other enterprises incorporated into accounts of the Group	Taxable income	25%

2. Tax preference

(1) Dongfang Steam Company and Dongfang Electric Machinery Company obtained the high and new technology enterprises certificates No.GF201251000089 and No.GF201251000140 jointly issued by Science & Technology Department of Sichuan Province, Department of Finance of Sichuan province, Sichuan Provincial Office, SAT and Sichuan Local Taxation Bureau on 28 November 2012 respectively. Dongfang Boiler Company obtained the high and new technology enterprise certificate No. GF201451000399 jointly issued by Science & Technology Department of Sichuan Province, Department of Finance of Sichuan province, Sichuan Provincial Office, SAT and Sichuan Local Taxation Bureau on 11 October 2014. Shenzhen Dongfang Boiler Control Company got high and new technology enterprise certificate No.GF201244200361 jointly issued by Science & Technology Department of Shenzhen, Department of Finance of Shenzhen, Shenzhen Municipal Office, SAT and Shenzhen Local Taxation Bureau on 12 September 2012. DFEM Control Company obtained the high and new technology enterprise certificate No.GF201351000168 jointly issued by Science & Technology Department of Sichuan Province, Department of Finance of Sichuan province, Sichuan Provincial Office, SAT and Sichuan Local Taxation Bureau on 25 October 2013. Tianjin Wind Power Blade Company obtained the high and new technology enterprise certificate No.GF201312000036 jointly issued by Science & Technology Department of Tianjin, Department of Finance of Tianjin, Sichuan Municipal Office, SAT and Sichuan Local Taxation Bureau on 9 September 2013. Dongfang Heavy-duty Machinery obtained the high and new technology enterprise certificate No.GF201344000237 jointly issued by Science & Technology Department of Guangdong Province, Department of Finance of Guangdong province, Guangdong Provincial Office, SAT and Guangdong Local Taxation Bureau on 16 October 2013. According to the provision of Article 28 of the Enterprise Income Tax Law of the People's Republic of China, as confirmed and filed with the respective competent tax authority, above enterprises shall pay their enterprise income taxes at the preferential rate of 15% in 2014. The management of the above enterprises believes that the enterprises will probably pass the review and filing with their respective competent tax authority to

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continuously enjoy the preferential tax rate of 15% for 2015, therefore, the enterprise income tax will be calculated and paid at the preferential tax rate of 15% for high and new technology enterprises in 2015.

(2) According to the provision of Article 2 of Circular of the Ministry of Finance, the General Administration of Customs and the State Administration of Taxation on Preferential Tax Policies for In-depth Development of China's Western Regions (Cai Shui [2011] NO.58), the encouraged industries and enterprises in Western China could enjoy the enterprise income taxes at the preferential rate of 15% from 1 January 2011 to 31 December 2020. And the encouraged industries and enterprises mentioned above indicates those companies with main business and projects included in the "Catalogue of Encouraged Industries in Western Countries" and operating income accounting for 70% of total operating income. According to the "Catalogue of Encouraged Industries in Western Countries" issued by the National Development and Reform Commission of the people's Republic of China on 20 August 2014, the Company and Chengdu Dongfang KWH Environmental Protection Catalysts Co., Ltd. are in the aforesaid encouraged industry and have filed and confirmed with their respective competent tax authorities. The management of the Company and Chengdu Dongfang KWH Environmental Protection Catalysts Co., Ltd. believes that the enterprises are still included the encouraged industries defined in the "Catalogue of Encouraged Industries in Western Countries", therefore, enterprise income tax will be temporarily calculated and paid at the preferential tax rate of 15% for enterprises in China's Western Regions in 2015.

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Unless otherwise indicated, for the data in the financial statement as disclosed below, "beginning of the year" and "beginning of the Period" refer to 1 January 2015; "end of the Period" refers to 30 June 2015; the "Period" refers to the period from 1 January 2015 to 30 June 2015; "last Period" refers to the period from 1 January 2014 to 30 June 2014. The monetary unit is RMB.

1. Monetary fund

Item	Closing balance	Opening balance
Cash	2,571,981.60	2,777,744.44
Bank balance	16,283,233,033.29	17,799,645,196.56
Other monetary fund	21,589,909.57	20,395,130.65
Total	16,307,394,924.46	17,822,818,071.65
Including: total amounts deposited abroad	123,283,920.50	108,979,412.73

2. Financial assets at fair value through profit and loss

(1) Classification of held-for-trading financial assets

Item	Closing balance	Opening balance
Held-for-trading financial assets		56,508,607.05
Including: Equity instrument investment		56,508,607.05
Derivative financial assets	8,320,230.50	39,058.77
Total	8,320,230.50	56,547,665.82

Derivative financial assets as at the end of the Period represent the forward sales and settlement contract of US\$70 million entered into between Dongfang Electric Machinery Co., Ltd. and banks, the fair value of which as at the end of the Period was determined with reference to relevant quotations from banks and the changes in fair value of which was included into gains or losses from changes in fair value.

(2) Analysis of held-for-trading financial assets was as follows:

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Item	Closing fair value	Opening fair value
Listed		
In PRC (Hong Kong excluded)		56,508,607.05
Item	Closing fair value	Opening fair value
Subtotal		56,508,607.05
Unlisted		
Total		56,508,607.05

3. Notes receivable

(1) Classification of notes receivable

Classification	Closing balance	Opening balance
Bank acceptance	3,120,105,571.35	2,404,244,325.42
Commercial acceptance	294,632,670.06	222,748,449.28
Total	3,414,738,241.41	2,626,992,774.70

(2) The Group had no pledged notes receivable as at the end of the Period.

(3) Notes receivable endorsed or discounted at the end of the Period and is not yet due as at balance sheet date

Item	Amount derecognized at the end of the Period	Amount not derecognized at the end of the Period
Bank acceptance	1,537,167,698.60	
Commercial acceptance		
Total	1,537,167,698.60	

(4) The Group had no notes transferred into accounts receivable due to the drawer's inability to perform obligation as at the end of the Period.

4. Accounts receivable

Item	Closing balance	Opening balance
Accounts receivable	21,088,360,275.72	22,759,621,224.33
Less: provision for bad debts	4,820,281,532.12	5,061,153,938.62
Net amount	16,268,078,743.60	17,698,467,285.71

(1) Ageing analysis of accounts receivable

Age	Closing balance	Opening balance
Within 1 year	7,720,510,166.04	8,931,240,317.98
1- 2 years	3,992,166,434.27	4,370,979,214.25
2-3 years	2,549,623,458.90	2,270,756,892.38
3 - 4 years	1,058,724,300.23	1,463,943,053.32
4 -5 years	947,054,384.16	661,547,807.78

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Age	Closing balance	Opening balance
Net amount	16,268,078,743.60	17,698,467,285.71

(2) Classification of accounts receivable by risks

Category	Closing balance				Book value
	Book balance		Provision for bad debts		
	Amount	Percentage %	Amount	Percentage %	
Accounts receivable that are individually significant and provided for bad debts on individual basis	121,871,250.00	0.58	121,871,250.00	100	
Accounts receivable provided for bad debts based on portfolio of credit risks characteristics	20,923,927,085.72	99.22	4,655,848,342.12	22.25	16,268,078,743.60
Accounts receivables that are individually insignificant but provided for bad debts on individual basis	42,561,940.00	0.20	42,561,940.00	100	
Total	21,088,360,275.72	100	4,820,281,532.12	22.86	16,268,078,743.60

(Continued)

Category	Opening balance				Book value
	Book balance		Provision for bad debts		
	Amount	Percentage %	Amount	Percentage %	
Accounts receivable that are individually significant and provided for bad debts on individual basis	121,871,250.00	0.54	121,871,250.00	100	
Accounts receivable provided for bad debts based on portfolio of credit risks characteristics	22,589,648,034.33	99.25	4,891,180,748.62	21.65	17,698,467,285.71
Accounts receivables that are individually insignificant but provided for bad debts 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

1) Accounts receivable that are individually significant and provided for bad debts on individual basis at the end of the Period

Company Name	Book balance	Provision for bad debts	Percentage of provisions (%)	Reasons for provisions
No. 1	73,045,550.00	73,045,550.00	100	Dispute on retentions
No. 2	48,825,700.00	48,825,700.00	100	Dispute on retentions
Total	121,871,250.00	121,871,250.00	100	

2) In the groups, details of accounts receivables that are provided for bad debts based on ageing analysis are as follows:

Age	Closing balance		
	Accounts receivable	Provision for bad debts	Percentage of provisions (%)
Within 1 year	8,126,852,806.63	406,342,640.59	5

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Age	Closing balance		
	Accounts receivable	Provision for bad debts	Percentage of provisions (%)
1- 2 years	4,435,740,482.56	443,574,048.29	10
2- 3 years	3,187,029,323.60	637,405,864.70	20
3- 4 years	1,764,540,500.49	705,816,200.26	40
4- 5 years	1,894,108,768.41	947,054,384.25	50
Over 5 years	1,515,655,204.03	1,515,655,204.03	100
Total	20,923,927,085.72	4,655,848,342.12	22.25

(Continued)

Age	Opening balance		
	Book balance	Provision for bad debts	Percentage of provisions (%)
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 years	1,730,252,044.95	1,730,252,044.95	100
Total	22,589,648,034.33	4,891,180,748.62	21.65

3) Accounts receivable that are individually insignificant but provided for bad debts on individual basis at the end of the Period

Company Name	Book balance	Provision for bad debts	Percentage of provisions (%)	Reasons for provisions
No. 1	25,131,940.00	25,131,940.00	100	Dispute on retentions
No. 2	17,430,000.00	17,430,000.00	100	Tight capital resources
Total	42,561,940.00	42,561,940.00	100	

(3) Top five accounts receivable outstanding as at the end of the Period categorized by debtors are as follows:

Company Name	Closing balance	Age	As a percentage of total accounts receivable at the end of the Period (%)	Balance of bad debt provisions at the end of the Period
No. 1	682,577,425.00	0-2 years	3.24	52,420,561.49
No. 2	658,245,869.09	0-over 5 years	3.12	424,339,622.93
No. 3	437,141,233.11	0-5 years	2.07	205,391,183.39
No. 4	405,907,343.36	Within 1 year	1.92	20,295,367.17

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Company Name	Closing balance	Age	As a percentage of total accounts receivable at the end of the Period (%)	Balance of bad debt provisions at the end of the Period
No. 5	390,336,859.45	Within 1 year	1.85	19,516,842.97
Total	2,574,208,730.01		12.20	721,963,577.95

(4) The Group's revenue from construction contract is settled in accordance with terms of relevant contracts, and the Group offers credit terms of two to three years to large or long-established customers with good repayment history. For sales of products, settlement is made in accordance with terms of relevant contracts. A credit period of one year is generally granted to large or long-established customers with good repayment history. Revenue from small, newly established or short-term customers is normally expected to be settled 180 days after provision of services or delivery of goods.

5. Prepayments

(1) Aging of prepayments

Item	Closing balance		Opening balance	
	Amount	Percentage (%)	Amount	Percentage (%)
Within 1 year	2,858,889,182.54	71.3	3,401,031,767.25	80.77
1-2 years	601,253,736.43	15.00	272,638,701.60	6.48
2-3 years	211,219,400.87	5.27	107,922,665.42	2.56
Over 3 years	338,084,124.74	8.43	428,936,218.74	10.19
Total	4,009,446,444.58	100	4,210,529,353.01	100

1) The prepayments aged over 1 year of the Group as at the end of the Period mainly represent procurement costs and consigned processing charges prepaid for large forging materials. The Group has not proceeded with settlement since the goods were not delivered yet due to the long manufacturing cycle of materials and components.

2) Top five prepayments at the end of the Period categorized by prepayment receivers are as follows:

Company Name	Closing balance	Age	Proportion to the total prepayment at the end of the Period (%)
No. 1	280,481,885.88	0-4 years	7.00
No. 2	223,735,679.35	0-3 years	5.58
No. 3	134,537,899.15	0-2 years	3.36
No. 4	106,333,214.02	0-3 years	2.65
No. 5	102,542,525.62	1-3 years	2.56
Total	847,631,204.02		21.15

6. Interest receivable

Item	Closing balance	Opening balance
Time deposits	242,228,919.03	153,964,346.27
Total	242,228,919.03	153,964,346.27

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(1) The interest receivable of the Group as at the end of the Period increased by RMB88,264,572.76, or 57.33%, as compared with the beginning of the year, mainly attributable to the increase in interest receivable due to the increase in the balance of time deposits as at the end of the Period.

(2) There is no overdue interest in the interest receivable of the Group as at the end of the Period.

7. Other receivables

Item	Closing balance	Opening balance
Other receivables	599,552,679.13	540,726,009.12
Less: Provision for bad debts	262,092,021.99	258,311,421.40
Net amount	337,460,657.14	282,414,587.72

(1) Aging analysis of other receivables

Age	Closing balance	Opening balance
Within 1 year	188,497,302.08	141,497,641.82
1- 2 years	66,161,124.27	64,940,875.45
2- 3 years	58,444,102.68	55,087,155.31
3- 4 years	12,179,945.44	6,849,100.84
4- 5 years	6,422,688.67	7,906,648.81
Over 5 years	5,755,494.00	6,133,165.49
Net amount	337,460,657.14	282,414,587.72

(2) Other receivables by categories

Category	Closing balance				Book value
	Book balance		Provision for bad debts		
	Amount	Percent age (%)	Amount	Percentage (%)	
Other receivables that are individually significant and provided for bad debts on individual basis	157,450,443.40	26.01	157,450,443.40	100	
Other receivables provided for bad debts based on portfolio of credit risks characteristics	436,149,541.73	73.01	104,641,578.59	25.01	331,507,963.14
Other receivables that are individually insignificant but provided for bad debts on individual basis	5,952,694.00	0.98			5,952,694.00
Total	599,552,679.13	100	262,092,021.99	44.26	337,460,657.14

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(Continued)

Category	Opening balance				
	Book balance		Provision for bad debts		Book value
	Amount	Percentage (%)	Amount	Percentage (%)	
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 provided for bad debts based on portfolio of credit risks characteristics	372,260,778.64	68.84	97,540,367.20	26.20	274,720,411.44
Other receivables that are individually insignificant 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 Period

Company Name	Closing balance			
	Book balance	Provision for bad debts	Percentage of provisions (%)	Reasons for provisions
No. 1	157,450,443.40	157,450,443.40	100	Note
Total	157,450,443.40	157,450,443.40	100	—

Note: For details, please refer to Note XIV. 3 to the financial statements.

2) In the groups, details of other receivables that are provided for bad debts based on ageing analysis are as follows:

Age	Closing balance		
	Other receivables	Provision for bad debts	Percentage of provisions (%)
Within 1 year	198,418,882.21	9,921,580.13	5.00
1- 2 years	73,512,360.31	7,351,236.04	10.00
2- 3 years	73,055,128.37	14,611,025.69	20.00
3- 4 years	20,299,909.06	8,119,963.62	40.00
4- 5 years	12,450,976.73	6,225,488.06	50.00
Over 5 years	58,412,285.05	58,412,285.05	100.00
Total	436,149,541.73	104,641,578.59	23.99

(Continued)

Age	Opening balance		
	Book balance	Provision for bad debts	Percentage of provisions (%)
Within 1 year	148,944,886.15	7,447,244.33	5

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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 individually insignificant but provided for bad debts on individual basis at the end of the Period

Company Name	Closing balance			Reasons for provisions
	Book balance	Provision for bad debts	Percentage of provisions (%)	
No. 1	5,952,694.00			Note
Total	5,952,694.00			—

Note: It represents turnover fund lent to staff by DFHM for purchasing house. No provision was made for bad debts because there is no recovery risk since such amounts will be deducted from the wages of the staff subsequently on a monthly basis.

(3) Top five other receivables as at the end of the Period categorized by debtors are as follows:

Company Name	Nature	Closing balance	Age	Proportion to total other receivables at the end of the Period (%)	Bad debt provision at the end of the Period
No. 1	Investment in treasury bonds	157,450,443.40	Over 5 years	26.26	157,450,443.40
No. 2	Advance payment	49,800,000.00	0-3 years	8.31	9,040,000.00
No. 3	Advance payment	32,961,727.27	0-3 years	5.50	1,692,943.04
No. 4	Deposit	21,065,448.85	0-2 years	3.51	1,055,526.65
No. 5	Advance payment	20,118,907.60	0-2 years	3.36	6,021,657.77
Total		281,396,527.12		46.94	175,260,570.86

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8. Inventories

(1) Classification of inventories

Item	Closing balance		
	Book balance	Provision for impairment	Book value
Raw materials (including purchase of materials)	3,934,295,889.51	108,112,564.52	3,826,183,324.99
Semi-finished products and unfinished products	20,074,085,965.01	366,053,311.04	19,708,032,653.97
Finished products	1,405,437,677.65	83,686,057.46	1,321,751,620.19
Revolving materials (packing materials, low value consumables, etc.)	53,498,019.74	77,956.27	53,420,063.47
Assets arising from construction contracts	6,126,339,637.16	1,135,578,028.21	4,990,761,608.95
Total	31,593,657,189.07	1,693,507,917.50	29,900,149,271.57

(Continued)

Item	Opening balance		
	Book balance	Provision for impairment	Book value
Raw materials (including purchase of materials)	4,635,180,367.34	101,939,416.83	4,533,240,950.51
Semi-finished products and unfinished products	20,504,399,497.99	484,232,059.73	20,020,167,438.26
Finished products	799,240,592.26	66,755,843.67	732,484,748.59
Revolving materials (packing materials, low value consumables, etc.)	52,271,103.87	79,494.73	52,191,609.14
Assets arising from construction contracts	5,217,067,946.59	914,162,098.47	4,302,905,848.12
Total	31,208,159,508.05	1,567,168,913.43	29,640,990,594.62

(2) Provision for inventory impairment

Item	Opening balance	Increase in the Period		Decrease in the Period		Closing balance
		Provisions	Others	Reversal or write-off	Other transferred-out	
Raw materials (including purchase of materials)	101,939,416.83	6,226,312.93			53,165.24	108,112,564.52
Semi-finished products and unfinished products	484,232,059.73	68,147,623.48			186,326,372.17	366,053,311.04
Finished products	66,755,843.67	17,250,670.20			320,456.41	83,686,057.46
Revolving materials (packing materials, low value consumables, etc.)	79,494.73				1,538.46	77,956.27
Assets arising from construction contracts	914,162,098.47	397,885,630.62			176,469,700.88	1,135,578,028.21
Total	1,567,168,913.43	489,510,237.23			363,171,233.16	1,693,507,917.50

1) Provision for inventory impairment made by the Group during the Period mainly represents the Group's provisions for impairment in respect of raw materials based on the difference between the net realizable value (which is lower) and the costs due to the decrease in the market fair value as a result of long-term overstock of materials purchased during the previous periods due to changes in product process.

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2) Provision for inventory impairment mainly represents the Group's provisions for impairment in respect of semi-products and unfinished products of small thermal power units and unfinished and finished wind power products based on the difference between the net realizable value (which is lower) and the costs due to the decrease in sales prices of both small thermal power units and wind power products as affected by fierce competition.

3) Provisions for impairment in respect of construction contracts of the Group during the Period represent the estimated contract losses based on the difference between the total estimated costs (which is higher) and contract revenue arising from certain projects implementing such contracts.

4) Other transferred-out under provision for inventory depreciation of the Group during the Period mainly represents the estimated contract losses written off made by the Group during the Period pursuant to the completion percentage of the construction contracts as well as the appropriation or sales carrying-forward of inventories with provisions for impairment, etc..

(3) Provisions for inventory impairment

Item	Specific basis to determine net realizable value	Reasons for reversal or write-off during the Period
Raw materials (including purchase of materials)	Net realizable value is expected to be lower than book value	
Semi-finished products and unfinished products	Net realizable value is expected to be lower than book value	
Finished products	Net realizable value is expected to be lower than book value	
Revolving materials (packing materials, low value consumables, etc.)		
Construction contracts	Total costs are expected to be higher than total contract revenue	

9. Available-for-sale financial assets

(1) Available-for-sale financial assets

Items	Closing balance		
	Book balance	Provision for impairment	Book value
Available-for-sale equity instruments	45,476,314.66	30,141,081.91	15,335,232.75
Including : Measured at cost	45,476,314.66	30,141,081.91	15,335,232.75
Measured at fair value			
Total	45,476,314.66	30,141,081.91	15,335,232.75

(Continued)

Items	Opening balance		
	Book balance	Provision for impairment	Book value
Available-for-sale equity instruments	56,976,314.66	45,141,081.91	11,835,232.75
including : Measured at cost	56,976,314.66	45,141,081.91	11,835,232.75
Measured at fair value			
Total	56,976,314.66	45,141,081.91	11,835,232.75

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(2) Analysis of available-for-sale financial assets:

Item	Closing balance	Opening balance
Listed		
In the PRC (excluding Hong Kong)		
Sub-total		
Unlisted	15,335,232.75	11,835,232.75
Total	15,335,232.75	11,835,232.75

(3) Available-for-sale assets measured by cost at the end of the Period

Invested enterprise	Book Balance			Closing balance
	Opening balance	Increase in the Period	Decrease in the Period	
Guangdong Dongfang Power Station Complete Equipment Co., Ltd.	1,100,000.00			1,100,000.00
Sichuan Huadian Yibin Power Generation Co., Ltd.	23,800,000.00			23,800,000.00
Guangdong Yudean Oil Shale Power Generation Co., Ltd.	23,500,000.00		23,500,000.00	0.00
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
Southwest Production Means Center	60,000.00			60,000.00
Deyang Mechanical and Electrical Equipment Co., Ltd.	100,941.25			100,941.25
Wuxi Electronic Guesthouse	150,000.00			150,000.00
Chengdu Sandian Stock Co., Ltd.	455,373.41			455,373.41
Sichuan Dongdian Real Estate Development Co., Ltd.	1,000,000.00			1,000,000.00
Beijing Huatsing Gas Turbine & IGCC Technology Co., Ltd.	5,500,000.00			5,500,000.00
CEC Heavy Combustion Gas Turbine Technical Co., Ltd.	0.00	12,000,000.00		12,000,000.00
Total	56,976,314.66	12,000,000.00	23,500,000.00	45,476,314.66

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Invested enterprise	Provision for impairment			Closing balance	Shareholding percentage in the invested enterprise (%)	Cash dividends received in the Period
	Opening balance	Increase in the Period	Decrease in the Period			
Guangdong Dongfang Power Station Complete Equipment Co., Ltd.					11.11	
Sichuan Huadian Yibin Power Generation Co., Ltd.	23,800,000.00			23,800,000.00	10.00	
Guangdong Yudean Oil Shale Power Generation Co., Ltd.	15,000,000.00		15,000,000.00		10.00	
Chengdu Southwest Spherical Tank Engineering Co. 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	
Southwest Production Means Center	60,000.00			60,000.00	Unclear	
Deyang Mechanical and Electrical Equipment Co., Ltd.	100,941.25			100,941.25	Unclear	
Wuxi Electronic Guesthouse	150,000.00			150,000.00	Unclear	
Chengdu Sandian Stock Co., Ltd.	455,373.41			455,373.41	Unclear	
Sichuan Dongdian Real Estate Development Co., Ltd.					12.50	
Beijing Huatsing Gas Turbine & IGCC Technology Co., Ltd.	5,264,767.25			5,264,767.25	15.49	
CEC Heavy Combustion Gas Turbine Technical Co., Ltd.					12.00	
Total	45,141,081.91		15,000,000.00	30,141,081.91		

Decrease in the amount for Guangdong Yudean Oil Shale Power Generation Co., Ltd. in the Period was attributable to recovery of investment by Dongfang Boiler.

(4) Provision for impairment of available-for-sale financial assets

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Classification of financial assets available for sale	Equity instruments available for sale	Total
Provision for impairment at the beginning of the year	45,141,081.91	45,141,081.91
Provided in the Period		
Including: transfer from other comprehensive income		
Decrease in the Period	15,000,000.00	15,000,000.00
Provision for impairment at the end of the Period	30,141,081.91	30,141,081.91

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10. Long-term equity investment

(1) The category of long-term equity investments is as follows:

Invested enterprise	Opening balance	Changes in the Period								Closing balance	Provision for impairment at the end of the Period
		Additional investment	Decrease in investment	Losses/gains from investment based on the equity method	Adjustment of other comprehensive income	Changes in other equity	Cash dividends or profit announced	Provision for impairment	Others		
I. Joint Ventures											
1. MHPS Dongfang Boiler Company	166,771,543.84			4,650,363.64			5,226,852.72			166,195,054.76	
2. Eastern Areva Nuclear Pump Co., Ltd. (Note 1)	246,171,180.71			20,097,507.36						266,268,688.07	
II. Associates											
1. Mitsubishi Heavy Industries Gas Turbine (Guangzhou) Co., Ltd. (Note 2)	418,128,267.03			305,862.68						418,434,129.71	
2. Leshan Swing Co., Ltd. (Note 3)	24,820,088.02			706,549.31						25,526,637.33	
3. Sichuan Nengtou Wind Power Company	99,019,965.83			4,503,968.99						103,523,934.82	
4. Huadian Longkou Wind Power Co., Ltd.	20,000,000.00			192,581.59						20,192,581.59	
Total	974,911,045.43			30,456,833.57			5,226,852.72			1,000,141,026.28	

Note 1 : Hereinafter referred as Eastern Areva Company ;

Note 2 : Hereinafter referred as Mitsubishi Gas Turbine ;

Note 3 : Hereinafter referred as Leshan Swing Company.

(2) Analysis of long-term equity investment

Item	Closing balance	Opening balance
Listed		
Unlisted	1,000,141,026.28	974,911,045.43
Total	1,000,141,026.28	974,911,045.43

11. Investment properties

(1) Investment properties measured at cost

Item	Buildings	Land use rights	Total
I. Original book Value			
1. Opening balance	83,123,008.19	10,400,425.00	93,523,433.19
2. Increase in the Period		1,080.00	1,080.00
(1) Other changes		1,080.00	1,080.00
3. Decrease in the Period			
4. Closing balance	83,123,008.19	10,401,505.00	93,524,513.19
II. Accumulated depreciation and amortization			
1. Opening balance	17,940,840.97	1,520,848.63	19,461,689.60
2. Increase in the Period	1,721,013.65	121,455.87	1,842,469.52
(1) Provision or amortization	1,721,013.65	121,455.87	1,842,469.52
3. Decrease in the Period			
4. Closing balance	19,661,854.62	1,642,304.50	21,304,159.12
III. Provision for impairment			
IV. Book value			
1. Book value at the end of the Period	63,461,153.57	8,759,200.50	72,220,354.07
2. Book value at the beginning of the Period	65,182,167.22	8,879,576.37	74,061,743.59

(2) Analysis of investment properties by region and age :

Item	Closing balance	Opening balance
In the PRC	72,220,354.07	74,061,743.59
mid-term (10-50 years)	72,220,354.07	74,061,743.59
Total	72,220,354.07	74,061,743.59

(3) Investment properties with ownership certificates yet to be obtained

Item	Book value	Reasons for not yet obtaining ownership certificates
Outlets in affordable houses in Deyang	23,663,801.39	Procedures for ownership certificates is in progress
Underground parking lots of affordable houses in Deyang	23,970,000.00	Procedures for ownership certificates is in progress
Total	47,633,801.39	

12. Fixed assets

(1) Breakdown of fixed assets

Item	Land	Buildings	Machinery and equipment	Transportation vehicles	Instrument and apparatus, electronic equipment and others	Total
I. Original book value						
1. Opening balance	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 in the Period	-349,487.35	49,814,918.90	57,451,522.97	1,561,529.96	21,918,683.11	130,397,167.59
(1) Addition			6,212,995.08	64,102.56	1,280,039.92	7,557,137.56
(2) Transfer from construction in progress		49,798,716.90	48,989,908.17	1,505,182.97	18,700,993.56	118,994,801.60
(3) Increase due to exchange rate change	-349,487.35			-7,755.57	-4,800.53	-362,043.45
(4) Other increases		16,202.00	2,248,619.72		1,942,450.16	4,207,271.88
3. Decrease in the Period		3,315,556.80	15,985,104.79	2,149,374.88	9,035,897.49	30,485,933.96
(1) Disposal or scrapping		3,315,556.80	13,750,960.29	2,110,872.00	7,264,172.96	26,441,562.05
(2) Other decreases			2,234,144.50	38,502.88	1,771,724.53	4,044,371.91
4. Closing balance	21,837,248.65	6,970,630,669.56	8,003,255,727.07	349,297,518.59	957,122,818.13	16,302,143,982.00
II. Accumulated depreciation						
1. Opening balance		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 in the Period		167,234,704.73	289,057,544.66	14,366,439.70	69,482,924.87	540,141,613.96
(1) Provision		167,234,704.73	288,699,603.25	14,366,439.70	69,457,347.95	539,758,095.63

Item	Land properties	Buildings	Machinery and equipment	Transportation vehicles	Instrument and apparatus, electronic equipment and others	Total
(2) Other increases			357,941.41		25,576.92	383,518.33
3. Decrease in the Period		1,184,214.07	13,055,526.11	2,010,888.07	7,211,731.83	23,462,360.08
(1) Disposal or scrapping		1,184,214.07	12,529,546.29	2,005,328.43	6,847,868.73	22,566,957.52
(2) Other decreases		-	525,979.82	5,559.64	363,863.10	895,402.56
4. Closing balance		2,044,707,048.78	5,076,105,730.45	275,422,421.49	759,098,515.14	8,155,333,715.86
III. Provision for impairment						
1. Opening balance			25,510,531.54	90,000.00	64,102.47	25,664,634.01
2. Increase in the Period						
(1) Provision						
3. Decrease in the Period						
(1) Disposal or scrapping						
4. Closing balance			25,510,531.54	90,000.00	64,102.47	25,664,634.01
IV. Book value						
1. Book value at the end of the Period	21,837,248.65	4,925,923,620.78	2,901,639,465.08	73,785,097.10	197,960,200.52	8,121,145,632.13
2. Book value at 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

The lands in the fixed assets of the Group represent the land ownership acquired by its Indian subsidiary in India.

(2) None of the fixed assets of the Group at the end of the Period was laid idle.

(3) Fixed assets for operating lease

Items	Book value
Buildings	7,821,910.13
Machinery and equipment	3,282,088.10
Transportation vehicles	10,000.00
Instrument and apparatus, electronic equipment and others	277.78
Total	11,114,276.01

(4) Fixed assets with ownership certificates yet to be obtained

Items	Book value	Reasons for which ownership certificates are yet to be obtained.
The manufacturing base of Hulunbuir New Energy Co., Ltd.	31,813,594.98	Final accounts not completed
5 properties of Dongfang (Jiuquan) New Energy Co., Ltd. comprising factory, warehouse, office building, canteen and dormitory	102,490,594.56	Final accounts not completed
Properties of Dongfang Electric Machinery Co., Ltd including newly-built technology building, staff canteen, laboratory, staff training center, 100KV transformer station , properties of the controlled companies etc.	241,799,212.51	Relevant procedure underway
3 properties of Dongfang Boiler Group Co., Ltd. comprising cold workshop, cold auxiliary workshop and hot workshop	10,433,878.66	Ownership certificates are not allowed as the lands thereof are not properties of Dongfang Boiler
2 properties of Dongfang Boiler Group Co., Ltd. comprising united five plant and examination room	20,277,038.67	Not qualified for ownership certificate
2 properties of Dongfang Boiler Group Co., Ltd. comprising chatting room for cadre and single apartment and auxiliary room	13,392,516.93	Relevant procedure underway
5 properties of Wuhan Nuclear Equipment Company including plant, warehouse, canteen etc.	29,323,088.49	The original construction application information is lost, a unresolved problem dating from when the company is set up with parts of operating assets of the nuclear power division in Alstom Power
Phase two plant of Wuhan Nuclear Equipment Company	78,727,225.95	Final accounts processing
Properties of DEC Deyang including manufacturing plant, single apartment, nuclear power plant, compressor plant, boosting station etc.	287,385,154.90	Relevant procedure underway
Expansion of staff canteen of Dongfang (Guangzhou) Heavy Machinery Co., Ltd.	6,282,278.10	Relevant procedure underway

13. Construction in progress

(1) Details of construction in progress

Item	Closing balance			Opening balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Construction in progress	867,942,195.31	1,430,697.20	866,511,498.11	819,759,381.00	1,430,697.20	818,328,683.80
Total	867,942,195.31	1,430,697.20	866,511,498.11	819,759,381.00	1,430,697.20	818,328,683.80

(2) Changes in major construction in progress

Name of project	Opening balance	Increase in the Period	Decrease for the Period		Closing balance
			Transfer to fixed assets	Other decreases	
Construction project of 350T high speed dynamic balance of Dongfang Turbine Co., Ltd.	117,181,050.05	499,981.55	26,501,788.78		91,179,242.82
Capacity improvement project for 2t13002q container products and gassifiers of Dongfang Boiler	104,936,410.19	63,077,812.93	1,650,758.98		166,363,464.14
No.2 building of the R&D service base construction project of Dongfang Boiler	88,794,689.49	14,223,525.69			103,018,215.18
Compressor experiment rig construction project of Dongfang Turbine Co., Ltd.	88,394,675.46	682,598.30	20,472,207.82		68,605,065.94
Digital control Lianglongmen boring machine of DFHM	76,455,226.83	5,583,547.58			82,038,774.41
Office building project of Dongfang Electric(India) Private Limited	62,846,708.38	7,417,832.77			70,264,541.15
Construction of 6MW full power fan blower and LVRT base by Dongfang Turbine Co., Ltd.	33,743,211.50		29,059.83	264,900.00	33,449,251.67
Phase 2 general contracting project of laboratory of Dongfang Electric Machinery Co., Ltd	18,635,897.16				18,635,897.16
A rotor sleeper of Dongfang Turbine Co., Ltd. with its weight at 2.5 and accuracy of 4.2 metres	17,590,175.32	43,904.57			17,634,079.89
Digital-control single-column mobile vertical milling of Wuhan Nuclear Equipment Company	13,692,347.81				13,692,347.81
Other engineering projects	197,488,988.81	76,286,839.15	70,340,986.19	373,526.63	203,061,315.14
Total	819,759,381.00	167,816,042.54	118,994,801.60	638,426.63	867,942,195.31

(Continued)

Name of project	Budget amount (RMB0'000)	Proportion of injection to budget (%)	Progress (%)	Accumulated amount of interest capitalization	Including: Interest capitalized for the Period	Capitalization(%)	Source of funds
Construction project of 350T high speed dynamic balance of Dongfang Electric Machinery Co., Ltd.	18,500.00	67.48	Note 2				Others
Capacity improvement project for 2t13002q container products and gassifiers of Dongfang Boiler	19,220.00	86.00	86.00				Others
No.2 building of the R&D service base construction project of Dongfang Boiler	16,882.00	56.00	56.00				Others
Compressor rig construction project of Dongfang Turbine Co., Ltd.	31,260.00	28.50	Note 1				Others
Digital control Lianglongmen boring machine of DFHM	9,200.00	99.00	99.00				Others

Name of project	Budget amount (RMB0'000)	Proportion of injection to budget (%)	Progress (%)	Accumulated amount of interest capitalization	Including: Interest capitalized for the period	Capitalisation (%) for the Period	Source of funds
Office building project of Dongfang Electric(India) Private Limited	13,000.00	54.05	54.05				Others
Construction of 6MW full power fan blower and LVRT base by Dongfang Turbine Co., Ltd.	8,000.00	43.92	Note 3				Others
Phase 2 general contracting project of laboratory of Dongfang Electric Machinery Co., Ltd	2,600.00	95.46	Waiting for acceptance				Others
A rotor sleeper of Dongfang Turbine Co., Ltd. with its weight at 2.5 and accuracy of 4.2 metres	1,600.00	110.21	Note 3				Others
Digital-control single-column mobile vertical milling of Wuhan Nuclear Equipment Company	2,240.00	61.13	61.13				Others
Other engineering projects							Loans from financial institution and others
Total							

Note 1: Empty load test for drive system is underway; Note 2: With civil work completed, high powered equipment installation is underway; Note 3: Installation and debugging are underway.

14. Intangible assets

(1) Details of intangible assets

Items	Land use rights	Patent	Non-patented technology	Software	Total
1. Original value					
1. Opening balance	1,079,797,329.80	11,792,161.08	330,464,329.09	119,359,594.08	1,541,413,414.05
2. Increase in the Period				1,105,665.95	1,105,665.95
(1) Addition				1,105,665.95	1,105,665.95
(2) Transfer from construction in progress					
3. Decrease in the Period					
(1) Disposal as mature					
(2) Changes caused by exchange rate fluctuation					
(3) Other changes					
4. Closing balance	1,079,797,329.80	11,792,161.08	330,464,329.09	120,465,260.03	1,542,519,080.00
1. Accumulated amortization					
1. Opening balance	154,754,765.55	6,208,866.41	243,682,348.87	57,586,131.38	462,232,112.21
2. Increase in the Period	9,897,008.71	7,965.14	11,166,783.60	9,309,468.76	30,381,226.21
(1) Provision	9,897,008.71	7,965.14	11,166,783.60	9,309,468.76	30,381,226.21

Items	Land use rights	Patent	Non-patented technology	Software	Total
3. Decrease in the Period					
(1) Disposal					
(2) Changes caused by exchange rate fluctuation					
4. Closing balance	164,651,774.26	6,216,831.55	254,849,132.47	66,895,600.14	492,613,338.42
2. Provision for impairment					
1. Opening balance	90,428,509.50				90,428,509.50
2. Increase in the Period					
3. Decrease in the Period					
4. Closing balance	90,428,509.50				90,428,509.50
3. Book value					
1. Book value at the end of the Period	824,717,046.04	5,575,329.53	75,615,196.62	53,569,659.89	959,477,232.08
2. Book value at 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

1) Analysis of land use rights by locations and use life is as follows:

Item	Closing balance	Opening balance
In the PRC	824,717,046.04	834,614,054.75
Mid-term (10 to 50 years)	824,717,046.04	834,614,054.75
Total	824,717,046.04	834,614,054.75

(2) The land use rights with certificates of title yet to be obtained

Items	Book value	Reasons for certificates of title yet to be obtained.
Jingyang industrial development zone	21,558,993.00	Transfer of land use rights is not completed with the transferer.
United six land in the west of Huashan Road	9,883,083.96	Land use certificate is processing.
Total	31,442,076.96	

As the aforesaid purchase of assets is based on legitimate agreements, directors of the Company believe that there are no substantial legal obstacles for such transfer of ownership or use rights, thus the regular operation of the Group will not be materially affected and no provision for intangible assets impairment as well as material additional costs shall be incurred.

(3) Provision for intangible assets impairment

Provision for intangible assets impairment of the Group at the end of the Period represents the full impairment

provision made for the land use right of the Hanwang manufacturing base of Dongfang Turbine Co., Ltd. which was ruined during the catastrophic 5.12 Wenchuan earthquake in 2008 and is about to be abandoned by Dongfang Turbine Co., Ltd. as it planned to rebuild the manufacturing base elsewhere as approved under the "Letter of Review opinions on planning and feasibility study report on post-disaster reconstruction project of Hanwang manufacturing base of Dongfang Turbine Co., Ltd."(Guziting Guhua [2008] No.417) issued by Office of State-owned Assets Supervision and Administration Commission of State Council.

15. Long-term deferred expense

Items	Opening balance	Increase in the Period	Amortization in the Period	Other decreases in the Period	Closing balance
Power cable management fee	18,000.00		18,000.00		0.00
Maintenance fee for power distribution equipment	385,000.18		34,999.98		350,000.20
Testing and transformation expense	72,500.00		21,750.00		50,750.00
Total	475,500.18		74,749.98		400,750.20

16. Deferred income tax assets and deferred income tax liabilities

(1) Unsettled deferred income tax assets

Items	Closing balance		Opening balance	
	Deductible temporary difference	Deferred income tax asset	Deductible temporary difference	Deferred income tax asset
Provision for impairment of assets	6,689,472,712.55	1,005,027,812.92	6,760,808,441.74	1,016,484,913.77
Accrued liabilities	1,312,237,861.00	197,315,711.41	1,207,870,040.76	181,643,023.28
Staff salary payable	325,445,377.13	48,816,806.58	297,746,976.80	44,662,046.53
Government subsidies	233,273,698.52	37,253,155.65	196,282,410.25	31,722,051.87
Unrealized profit from internal transactions	223,775,846.97	40,826,503.79	230,489,458.71	40,677,314.48
Accounts Payable	59,596,561.74	8,939,484.26	72,016,274.00	10,802,441.08
Fixed assets depreciation	40,442,672.29	6,066,400.83	33,675,747.16	5,051,362.06
Changes in fair value of available-for-sale financial assets	766,314.66	114,947.20		
Financial assets at fair value through profit or loss				
Deductible overseas enterprise income tax for tax credit				
Loss to be carried forward to the next year				
Total	8,885,011,044.86	1,344,360,822.64	8,798,889,349.42	1,331,043,153.07

(2) Unsettled deferred income tax liabilities

Items	Closing balance		Opening balance	
	Taxable temporary difference	Deferred income tax liabilities	Taxable temporary difference	Deferred income tax liabilities
Evaluation increment	9,002,707.07	1,350,406.07	9,002,707.07	1,350,406.07

Items	Closing balance		Opening balance	
	Taxable temporary difference	Deferred income tax liabilities	Taxable temporary difference	Deferred income tax liabilities
Financial assets at fair value through profit or loss	8,320,230.50	1,248,034.58	8,427,613.11	1,264,141.97
Fixed assets depreciation	160,878.19	52,196.93	163,452.92	53,032.30
Total	17,483,815.76	2,650,637.58	17,593,773.10	2,667,580.34

(3) Details of unrecognized deferred income tax assets

Items	Closing balance	Opening balance
Loss to be carried forward to the next year	441,357,646.98	371,290,149.53
Provision for inventory impairment	339,500,286.52	247,862,436.31
Provision for bad debts	37,136,904.06	40,628,318.02
Accrued liabilities	15,783,341.92	21,051,322.02
Government grants	9,553,833.33	9,553,833.33
Staff salary payable	143,685.00	143,685.00
Total	843,475,697.81	690,529,744.21

(4) Due date of deductible loss of unrecognized deferred income tax assets

Items	Closing balance	Opening balance	Notes
2015	73,248,697.60	72,393,387.46	
2016	16,834,295.24	16,570,892.12	
2017	47,419,122.33	47,419,122.33	
2018	103,254,131.64	111,558,255.81	
2019	200,601,400.17	123,348,491.81	
Total	441,357,646.98	371,290,149.53	

17. Short-term loans

(1) Classification of short-term loans

Category	Closing balance	Opening balance
Pledged loans	13,000,000.00	
Mortgage loans	144,000,000.00	209,000,000.00
Credit loans	2,385,000,000.00	2,325,000,000.00
Total	2,542,000,000.00	2,534,000,000.00

Mortgage loan of the Group at the end of the Period is RMB144 million. It represents the loan borrowed by Wuhan Nuclear Equipment Co., Ltd. from Dongfang Electric Finance Co., Ltd. secured with machinery and equipment with a total book value of RMB111,472,580.22, housing and building with a total book value of RMB107,547,610.39 and land use right of RMB21,796,799.89.

(2) No overdue loans are included in the short-term loans of the Group at the end of the Period.

18. Notes payable

Category	Closing balance	Opening balance
Bank acceptance	367,512,677.34	596,597,175.27
Commercial acceptance	4,295,579,051.21	4,679,298,224.47
Total	4,663,091,728.55	5,275,895,399.74

19. Accounts payable

(1) Aging analysis of accounts payable

Age	Closing balance	Opening balance
Within 1 year	14,619,671,807.49	12,977,628,977.72
1-2 years	1,814,042,912.19	1,264,207,705.15
2-3 years	547,439,310.98	506,798,306.37
Over 3 years	1,256,188,642.06	1,144,606,182.82
Total	18,237,342,672.72	15,893,241,172.06

(2) Material accounts payable aged over one year

Company name	Closing balance	Reason for not being paid or settled
No. 1	153,905,837.32	In the warranty period
No. 2	140,650,011.75	In the warranty period
No. 3	106,577,548.34	In the warranty period
No. 4	88,015,491.96	In the warranty period
No. 5	87,146,677.11	In the warranty period
Total	576,295,566.48	

20. Receipts in advance

(1) Receipts in advance

Item	Closing balance	Opening balance
Within 1 year	18,000,970,232.29	23,575,777,953.74

Item	Closing balance	Opening balance
Over one year	11,082,257,915.03	9,809,150,276.19
Total	29,083,228,147.32	33,384,928,229.93

(2) Material receipts in advance aged over one year

Company name	Closing balance	Reason for not being paid or settled
No. 1	973,102,576.78	Power generators not completed due to long production cycle
No. 2	705,403,322.22	Power generators not completed due to long production cycle
No. 3	645,978,618.37	Power generators not completed due to long production cycle
No. 4	640,863,967.39	Power generators not completed due to long production cycle
No. 5	532,133,738.68	Power generators not completed due to long production cycle
Total	3,497,482,223.44	

21. Staff remuneration payable

(1) Classification of staff remuneration payable

Item	Opening balance	Increase in the Period	Decrease in the Period	Closing balance
Short-term remuneration	225,272,962.58	1,210,567,511.32	1,202,451,519.75	233,388,954.15
Post-employment benefits - DCP	62,359,925.13	223,905,243.83	216,649,663.65	69,615,505.31
Dismissal benefits	52,252,187.94	53,259,865.59	48,590,205.60	56,921,847.93
Total	339,885,075.65	1,487,732,620.74	1,467,691,389.00	359,926,307.39

(2) Short-term remuneration

Item	Opening balance	Increase during the period	Decrease during the period	Closing balance
Salaries, bonuses, allowances and subsidies	162,632,645.13	846,146,293.47	857,142,985.69	151,635,952.91
Welfare expenses		100,906,037.70	92,561,685.22	8,344,352.48
Social insurance	858,255.62	107,800,307.60	108,740,359.38	-81,796.16
Including:	690,639.60	68,474,042.55	69,159,699.57	4,982.58
Medical insurance				
Employment injury insurance	113,216.96	9,288,235.01	9,394,536.02	6,915.95
Maternity insurance	54,399.06	5,143,002.22	5,291,095.97	-93,694.69
Supplementary medical insurance		24,895,027.82	24,895,027.82	
Housing provident fund	6,955,416.30	110,795,578.14	110,196,931.98	7,554,062.46

Item	Opening balance	Increase in the Period	Decrease in the Period	Closing balance
Labor union expenses and employee education expenses	52,305,518.15	31,120,112.73	17,550,477.57	65,875,153.31
Labor protection expenses	1,098,690.00	13,737,952.53	14,836,642.53	-
Others	1,422,437.38	61,229.15	1,422,437.38	61,229.15
Total	225,272,962.58	1,210,567,511.32	1,202,451,519.75	233,388,954.15

(3) DCP

Item	Opening balance	Increase in the Period	Decrease in the Period	Closing balance
Fundamental endowment insurance	1,645,963.41	188,407,722.26	189,142,167.33	911,518.34
Unemployment insurance	182,149.90	16,977,602.62	18,428,893.56	-1,269,141.04
Corporate annuity payment	60,531,811.82	16,854,624.75	7,413,308.56	69,973,128.01
Others		1,665,294.20	1,665,294.20	
Total	62,359,925.13	223,905,243.83	216,649,663.65	69,615,505.31

22. Taxes payable

Item	Closing balance	Opening balance
Value-added tax	-167,927,153.44	-328,213,522.93
Business tax	1,934,757.79	1,970,935.70
Enterprise income tax	9,642,472.77	80,051,533.14
Urban maintenance and construction tax	9,608,397.73	22,008,592.88
Withhold and remit individual income tax	3,233,775.92	20,248,139.84
Educational surtax	5,289,527.42	9,909,438.94
Local educational surtax	3,496,851.67	6,594,915.97
House property tax	-2,990,065.92	2,965,460.26
Land use tax	-6,488,813.26	590,297.58
Stamp duty	2,881,089.33	2,174,450.46
Embankment protection fees	178,851.16	
Price regulation fund	13,006,537.29	8,456,113.73
Water conservancy and construction special fund	28,427.58	374,579.22
Others	-108,729.41	-27,796.49
Total	-128,214,073.37	-172,896,861.70

(2) No overdue Hong Kong enterprise income tax is included in the taxes payable of the Group at the end of the Period.

23. Interest payable

(1) Classification of interest payable

Item	Closing balance	Opening balance
Convertible bonds interest		9,534,246.58
Short-term loans interest		3,783,333.33
Total		13,317,579.91

24. Dividends payable

Name	Closing balance	Opening balance
Dongfang Electric Corporation	86,946,125.67	
Other holders of A shares	92,774,907.45	
Holder of H shares	30,600,000.00	
China Western Power Industrial Co., Ltd.		763,662.57
Other shareholders of Dongfang Boiler	2,664,122.09	2,379,654.25
Total	212,985,155.21	3,143,316.82

(1) The Company paid a cash dividend of RMB0.9 (tax inclusive) per every 10 shares, totaling RMB210,321,033.12, for the year 2014 based on the total share capital of 2,336,900,368 shares.

(2) Dividend payable overdue for over one year of the Group at the end of the Period mainly represents the unpaid cash dividend to shareholders of remaining shares of Dongfang Boiler as they did not come to Dongfang Boiler to draw dividends upon its delisting.

25. Other payables

(1) Classification of other payables by nature

Nature	Closing balance	Opening balance
Payables for acquisition of equity interest	942,336,415.78	942,336,415.78
Allocations within budget of the central government	413,710,000.00	413,710,000.00
Deposit and earnest money	164,840,639.42	160,410,297.43
Lease, labor and sporadic procurement payables	151,513,710.27	94,719,596.73
Collections for others	13,326,787.20	38,797,791.97
Advances payable	23,550,674.10	33,096,864.05
Social security and housing provident fund payable by individuals	40,882,430.32	20,980,940.00

Nature	Closing balance	Opening balance
Others	6,682,222.48	34,262,722.66
Total	1,756,842,879.57	1,738,314,628.62

(2) Material other payables aged over one year

Company name	Closing balance	Reason for not being repaid or carried forward
No. 1	1,356,046,415.78	Note
No. 2	11,698,387.89	No payment request from the other party yet
Total	1,367,744,803.67	

Note: It represents the net profit of the acquiree from evaluation base date to the completion of the acquisition attributable to DEC according to the acquisition agreement when the Company acquired equity interest in Dongfang Turbine Co., Ltd. and Dongfang Boiler through issuance of additional A shares to target investors in 2007, as well as infrastructure allocations within the budget of the central government.

26. Non-current liabilities due within one year

Item	Closing balance	Opening balance
Long-term loans due within one year	16,320,000.00	16,320,000.00
Convertible bonds due within one year		3,240,540,290.35
Total	16,320,000.00	3,256,860,290.35

Overdue loan at the end of the Period

Lender	Amount	Overdue time	Interest (%)	Use of loan	Overdue reason	Expected repayment time
Deyang City Finance Bureau	16,320,000.00	55-103 months	2.55	Technology renovation and construction project of gas-steam combined cycle	No payment request yet	
Total	16,320,000.00					

Overdue loan of the Group at the end of the Period refers to the onlending national debt fund of RMB16.32 million borrowed by Dongfang Turbine Co., Ltd. in installments since 2001 from Deyang City Finance Bureau according to the Onlending National Debt Fund Agreement entered into between Deyang City Finance Bureau and Dongfang Turbine Factory (predecessor of Dongfang Turbine Co., Ltd.) for the technology renovation and construction project of gas-steam combined cycle. The loan had become overdue from November 2006 to November 2010 and has not been repaid as there has been no payment request from the creditor. As of the date of this financial report, the overdue loan of the Group remains outstanding.

27. Other current liabilities

Item	Closing balance	Opening balance
Deferred income – government subsidies	109,814,293.18	128,543,364.04
Total	109,814,293.18	128,543,364.04

28 Long-term borrowings

Types of loans	Amount at the end of the period	Amount at the beginning of the period
Mortgage borrowings		
Credit borrowings	261,540,000.00	561,940,000.00
Less: long-term borrowings due within 1 year	16,320,000.00	16,320,000.00
Total	245,220,000.00	545,620,000.00

Due date analysis of long-term borrowings

Item	Amount at the end of the period	Amount at the beginning of the period
1 to 2 years	55,500,000.00	338,800,000.00
2 to 5 years	189,720,000.00	206,820,000.00
Total	245,220,000.00	545,620,000.00

29. Long-term accounts payables

Nature	Amount at the end of the period	Amount at the beginning of the period
National special reserve fund	685,252.84	685,252.84
Total	685,252.84	685,252.84

30. Long-term employee benefits payable

Item	Balance the end of the period	Balance at the beginning of the period
Termination benefits	129,098,807.75	63,585,273.19
Total	129,098,807.75	63,585,273.19

(1) The termination benefits of the Group represented the expected expenses payable to early retired employees. The Group discounted the expenses for early retirement at banker's call rate prevailing in the corresponding period.

(2) The balance of the long-term employee benefits payable of the Group at the end of the period increased comparing to the beginning of the period was mainly due to the increase in early retired employees in the period.

31. Specified accounts payable

Item	Balance at the beginning of the period	Increase in the period	Decrease in the period	Balance at the end of the period	Reason
Import tariffs and VAT refunds and land premium compensations	58,042,614.63	9,352,849.33		67,395,463.96	Note
Total	58,042,614.63	9,352,849.33		67,395,463.96	

Note: The import tariffs and VAT refunds represented the import tariffs and VAT refunds received by Dongfang Turbine Co., Ltd. for the imported equipment pursuant to the Notice of Import Tax Policy Regarding the Implementation of the Opinions of the State Council on Accelerating the Revitalization of Equipment Manufacturing Industry" (Cai Guan Shui [2007] No. 11) (《關於落實國務院加快振興裝備製造業的若干意見

有關進口稅收政策的通知》(財關稅[2007]11號)) jointly issued by the Ministry of Finance, the National Development and Reform Commission, the General Administration of Customs and the State Administration of Taxation. According to the Notice numbered Cai Guan Shui [2007] No. 11, the aforementioned tax refunds will be transferred to the state capital. The land premium compensations represented the land compensations made by the government to Dongfang Wind Power Hulun Buir Company and Dongfang Wind Power Tongliao Company.

32. Estimated Liabilities

Item	Balance at the end of the period	Balance at the beginning of the period	Reason
Product warranties	1,388,390,780.76	1,216,586,973.04	Note
Outstanding litigation	2,620,800.00	6,190,800.00	
Onerous contracts pending for execution		6,143,589.74	The total contract cost is estimated to be higher than the total contract revenue
Others			
Total	1,391,011,580.76	1,228,921,362.78	

Note: It is provided in the contracts between the Group and the customers that the Group is obligated to assure the quality of the product sold and bears the responsibility of quality compensation for the repairs and replacements due to the quality defects of products within the warranty period. The Group provides retention money for its products at certain proportion of the sales revenue with reference to its past experience and historical data as well as the characteristics of production and operation.

33. Deferred income

(1) Types of deferred income

Item	Balance at the beginning of the period	Increase in the period	Decrease in the period	Balance at the end of the period	Reason
Government grants	466,149,584.34	25,185,001.50	25,052,864.67	466,281,721.17	
Total	466,149,584.34	25,185,001.50	25,052,864.67	466,281,721.17	—

(2) Items of government grants

Items of government grants	Balance at the beginning of the period	Additional grants in the period	Amounts included in the non-operating revenue in the period	Other changes	Balance at the end of the period	Related to assets / income
VAT refunds of third-tier enterprises	343,327,054.45		9,035,880.96		334,291,173.49	Related to assets
Government funding for infrastructure	60,871,099.94			-9,134,849.33	51,736,250.61	Related to assets
Government funding for scientific research	19,574,732.16				19,574,732.16	Related to assets
Government funding for scientific research	24,658,625.80	22,438,500.00	3,506,500.00	-1,800,000.00	41,790,625.80	Related to income
Government funding for technology transformation	4,120,000.00				4,120,000.00	Related to assets
Fiscal subsidy	1,542,750.00				1,542,750.00	Related

						to assets
Fiscal subsidy	1,000,000.00				1,000,000.00	Related to income
Others	9,055,321.99	2,746,501.50	1,575,634.38		10,226,189.11	Related to income

Government grants items	Balance at the beginning of the period	Additional grants in the period	Amounts included in non-operating revenue in the period	Other changes	Balance at the end of the period	Related to assets / income
Others	2,000,000.00				2,000,000.00	Related to assets
Total	466,149,584.34	25,185,001.50	14,118,015.34	-10,934,849.33	466,281,721.17	

The VAT refunds of third-tier enterprises represented the VAT refunds of third-tier enterprises received by Dongfang Turbine Co., Ltd., Dongfang Boiler Company and Dongfang Electric Co., Ltd. during the period from 1 January 2006 to 31 December 2008 according to the Notice of the Tax Policies for the Third-tier Enterprises in the Tenth Five-Year Plan Period” (Cai Shui [2001] No. 133) (《關於「十五」期間三線企業稅收政策問題的通知》(財稅[2001]133號)) and the Notice on the Policy of Withholding VAT Return for the Third-tier Enterprises (Cai Shui [2006] No. 166) (《關於三線企業增值稅先徵後退政策的通知》(財稅[2006]166號)) issued by the Ministry of Finance and the State Administration of Taxation. Based on their specific usages, the Group classified the VAT refunds of the third-tier enterprises as government grants related to assets and government grants related to income for accounting purpose.

Government funding for infrastructure mainly represented the funds received by the Group from finance and government departments at all levels for the construction of infrastructures including the production base of Hulun Buir New Energy Company, infrastructures of Tongliao Wind Power Company and the soft soil foundation of Tianjin Wind Power Technology Company. The Group treated it as government grants related to assets and will amortize the funds in the non-operating revenue for the period over the useful life of such assets.

Other funding for scientific research and fiscal subsidy represented the special funds received by the Group from finance, technology and government departments at all levels for the research and development projects of wind power generation, the research and development of nuclear equipment, and technology innovation as well as various other fiscal subsidies. The Group categorized such government grants into funds related to assets and funds related to income for accounting purpose; the unclassifiable funding for scientific research will be deemed as government funds related to income and amortized non-operating revenue for the period over the implementation period of such scientific research projects.

34. Share capital

Set out below is the statement of change in authorized, issued and paid-up share capital of the Company. All shares of the Company are ordinary shares of RMB1 each.

Types	Amount at the beginning of the period		Change in the period					Amount at the end of the period	
	Amount	Percentage (%)	Issuance of new shares	Bonus shares	Conversion from reserves	Others	Subtotal	Amount	Percentage (%)
Restricted circulating shares									
Unrestricted circulating shares									
A Share	1,663,860,000	83.03				333,040,368	333,040,368	1,996,900,368	85.45
H Share	340,000,000	16.97						340,000,000	14.55
Total unrestricted circulating 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

35. Capital Reserve

Item	Amount at the beginning of the period	Increase in the period	Decrease in the period	Amount at the end of the period
Share premium	5,083,399,637.75	3,735,818,352.23		8,819,217,989.98
Including: amount from investors	5,091,111,837.75	3,735,818,352.23		8,826,930,189.98
Differences arising from business combination under common control	-7,712,200.00			-7,712,200.00
Other capital reserve	812,108,154.57		802,786,816.62	9,321,337.95
Including: changes in other interests of investees	9,321,337.95			9,321,337.95
Share of convertible corporate bonds in the equity	802,786,816.62		802,786,816.62	
Total	5,895,507,792.32	3,735,818,352.23	802,786,816.62	8,828,539,327.93

36. Other comprehensive income

Item	Balance at the beginning of the period	Incurred in the period					Balance at the end of the period
		Amount before income tax for the period	Less: Amount included in other comprehensive income in the previous periods transferred to profit or loss	Less: income tax expenses	Attributable to parent company after tax	Attributable to the shareholders after tax	
I. Other comprehensive income not to be reclassified to profit and loss							
II. Other comprehensive income to be reclassified to profit and loss	-35,879,992.16	-1,816,847.72					-37,696,839.88
Including : profit or loss on changes in the fair value of available-for-sale financial assets							
Conversion differences from financial statements presented in foreign currency	-35,879,992.16	-1,816,847.72					-37,696,839.88
Total other comprehensive income	-35,879,992.16	-1,816,847.72					-37,696,839.88

37. Special Reserve

Item	Amount at the beginning of the period	Increase in the period	Decrease in the period	Amount at the end of the period
Special reserve for safety production	22,258,212.85	35,868,508.52	20,554,847.22	37,571,874.15
Total	22,258,212.85	35,868,508.52	20,554,847.22	37,571,874.15

The increase in the special reserve of the Group for the period represented the special reserve for safety production

provided pursuant to the Notice of Issuing the Administrative Measures on the Appropriation and Use of Special Reserve for Safety Production of Enterprises (Cai Qi [2012] No.16) (《關於印發<企業安全生產費用提取和使用管理辦法>的通知》(財企[2012]16號)) issued by the Ministry of Finance and the State Administration of Work Safety.

38. Surplus reserve

Item	Amount at the beginning of the period	Increase in the period	Decrease in the period	Amount at the end of the period
Statutory surplus reserve	674,102,684.70			674,102,684.70
Total	674,102,684.70			674,102,684.70

39. Undistributed profits

Item	Amount	The proportion of appropriation or allocation
Amount at the end of last year	10,984,243,829.02	
Amount at the beginning of the period	10,984,243,829.02	
Add: Net profits attributable to shareholders of parent company	168,367,921.40	
Less: Appropriation to statutory surplus reserve		10%
Dividends payable on ordinary shares	210,321,033.12	
Amount at the end of the period	10,942,290,717.30	

The dividends on ordinary shares distributed by the Company to shareholders in the period represented the dividends distributed under the 2014 After-tax Profit Distribution Plan as considered passed at the 2014 annual general meeting of the Company held on 26 June 2015. The cash dividends of RMB0.09 (tax inclusive) per share for the year 2014 were distributed to all shareholders based on the 2,336,900,368 shares in the total share capital of the Company, totaling RMB210,321,033.12 (tax inclusive).

40. Minority interests

Minority interest attributable to the minority shareholders of subsidiaries

Name of subsidiaries	Proportion of minority interests (%)	Amount at the end of the period	Amount at the beginning of the period
Dongfang Heavy Machinery Company	34.8187	550,504,092.59	543,328,262.30
Chengdu Dongfang KWH Environmental Protection Catalysts Co., Ltd	38.58	151,537,005.41	142,951,385.02
Tianjin Blade Company	49.64	85,784,325.15	84,940,837.41
Shenzhen Dongfang Boiler Control Company	49	77,017,711.01	76,624,846.43
Wuhan Nuclear Equipment Company	33	53,441,954.56	58,802,624.30
Dongfang Boiler Company	0.335	16,514,825.80	16,959,804.77
DEC Autocontrol Equipment Company	0.50	928,597.32	841,656.49
Dongfang Electric Power Equipment Co., Ltd. (Note 1)	1.17	563,701.74	563,373.35
Dongfang Electrical Machinery Mould Co., Ltd. (Note 2)	0.685	143,437.76	160,314.52
Dongfang Electrical Venezuela Co., Ltd. (Note 3)	1	317.02	

Name of subsidiaries	Proportion of minority interests (%)	Amount at the end of the period	Amount at the beginning of the period
Total		936,435,968.36	925,173,104.59

Note 1: hereinafter referred to as Dongfang Electric Power Company; Note 2: hereinafter referred to as Dongfang Electrical Mould Company; Note 3: Hereinafter refer to as Dongfang Venezuela Company.

41. Net current Assets

Item	Amount at the end of the period	Amount at the beginning of the period
Current assets	70,494,108,004.61	72,492,724,679.50
Less: current liabilities	56,853,337,110.57	62,395,232,195.42
Net current assets	13,640,770,894.04	10,097,492,484.08

42. Differences between total assets and current liabilities

Item	Amount at the end of the period	Amount at the beginning of the period
Total assets	82,873,824,675.19	85,230,169,494.86
Less: current liabilities	56,853,337,110.57	62,395,232,195.42
Differences	26,020,487,564.62	22,834,937,299.44

43. Loans

Loans of the Group are summarized as follows:

Item	Amount at the end of the period	Amount at the beginning of the period
Short-term loans	2,542,000,000.00	2,534,000,000.00
Long-term loans	245,220,000.00	545,620,000.00
Long-term accounts payable	685,252.84	685,252.84
Non-current liabilities due within one year (the portion of convertible bonds that are redeemable after the period at the beginning of the period)	16,320,000.00	3,497,000.00
Total	2,804,225,252.84	3,083,802,252.84

(1) The analysis of the loans

Item	Amount at the end of the period	Amount at the beginning of the period
Bank borrowings		
- repayable within 5 years	2,803,540,000.00	3,079,620,000.00
- repayable after 5 years		
Subtotal	2,803,540,000.00	3,079,620,000.00

Item	Amount at the end of the period	Amount at the beginning of the period
Other borrowings and payables	685,252.84	4,182,252.84
Total	2,804,225,252.84	3,083,802,252.84

(2) Due date analysis of loans

Item	Amount at the end of the period	Amount at the beginning of the period
Payable on demand or within 1 year	2,558,320,000.00	2,537,497,000.00
1 to 2 years	55,500,000.00	338,800,000.00
2 to 5 years	189,720,000.00	206,820,000.00
5 years or above	685,252.84	685,252.84
Total	2,804,225,252.84	3,083,802,252.84

44. Operating revenue and operating cost

Item	Incurred in the period		Incurred in last period	
	Revenue	Cost	Revenue	Cost
Principal operations	17,833,091,716.52	15,708,841,895.17	18,837,757,392.66	15,883,965,022.38
Other operations	371,850,618.63	326,510,258.55	146,410,906.15	75,692,153.17
Total	18,204,942,335.15	16,035,352,153.72	18,984,168,298.81	15,959,657,175.55

The total operating revenue from top five customers of the Group in the period amounted to RMB3,791,060,733.18, accounting for 20.82% of the total operating revenue in the period, while the total operating revenue from top five customers of the Group in the last period amounted to RMB3,253,472,548.08, accounting for 17.14% of the total operating revenue in last period. Details of the operating revenue from the top five customers are as follows:

Name of the unit	Operating revenue	Proportion to the total operating revenue (%)
First	1,264,334,024.33	6.94
Second	839,510,478.63	4.61
Third	567,997,222.22	3.12
Fourth	562,333,572.10	3.09
Fifth	556,885,435.90	3.06
Total	3,791,060,733.18	20.82

45. Business tax and surcharges

Item	Amount for the period	Amount for the last period
Business tax	3,456,925.05	3,088,809.05

Item	Amount for the period	Amount for the last period
Urban construction and maintenance tax	79,017,314.25	64,185,005.45
Education surcharges (including local education surcharge)	56,721,660.40	40,139,015.53
Others	6,931,692.33	6,825,175.17
Total	146,127,592.03	114,238,005.20

46. Sales expenses

Item	Amount for the period	Amount for the last period
Quality deposit and customer service charges	209,342,504.06	173,382,288.39
Salaries and wages	87,690,672.46	84,896,892.65
Business trip	24,402,073.24	22,618,211.47
Others	22,618,060.86	31,711,220.68
Total	344,053,310.62	312,608,613.19

47. Management expenses

Item	Amount for the period	Amount for the last period
Research and development	364,958,228.29	378,657,576.57
Salaries and wages	588,648,444.26	523,912,178.60
Repairs	89,291,315.86	112,578,702.91
Depreciation	104,688,000.41	98,297,595.23
Others	297,986,037.17	336,809,877.34
Total	1,445,572,025.99	1,450,255,930.65

48. Financial expenses

Item	Amount for the period	Amount for the last period
Interest expenses	83,489,050.43	67,085,808.78
Less: interest income	209,962,592.57	131,336,820.64
Add: Net foreign exchange profit or loss	24,381,117.59	-26,093,514.49
Add: other expenses	9,971,666.34	-15,441,020.15
Total	-92,120,758.21	-105,785,546.50

49. Impairment losses on assets

Item	Amount for the period	Amount for the period
Bad debts	-237,085,705.43	249,230,964.19
Impairment loss on inventories	354,871,591.14	89,771,076.70
Total	117,785,885.71	339,002,040.89

50. Gains on changes in fair value

Item	Amount for the period	Amount for the last period
Financial assets at fair value through profit and loss during the period	-107,382.61	-581,709.63
Including: gains on changes in fair value from derivative financial instruments	8,281,171.73	-2,763,509.13
Financial Liabilities at fair value through profit or loss		
Including: gains on changes in fair value from derivative financial instruments		
Total	-107,382.61	-581,709.63

51. Investment income

Item	Incurred in the period	Incurred in last period
Investment income from long-term equity under equity method	30,456,833.57	44,007,465.77
Investment income from financial assets at fair value through profit or loss during the holding period		581,813.20
Investment income from available-for-sale financial assets while holding		1,879,007.00
Investment income from disposal of available-for-sale financial assets	13,906,505.14	
Investment income from disposal of financial assets at fair value through profit or loss	9,389,527.13	
Total	53,752,865.84	46,468,285.97

52. Non-operating revenue

(1) Breakdown of non-operating revenue

Item	Amount for the period	Amount for the last period	Amount included in the non-recurring profit or loss in the period
Profit from disposal of non-current assets	2,604,584.31	975,473.07	2,604,584.31
Including: profit from disposal of fixed assets	2,604,584.31	975,473.07	2,604,584.31
Donations	70,748.98	69,060.71	70,748.98
Government grants	37,425,952.30	43,310,674.03	37,425,952.30
Compensation for breach of contracts	3,103,714.12	455,127.56	3,103,714.12
Others	4,298,584.59	1,238,297.44	4,298,584.59

Item	Amount for the period	Amount for the last period	Amount included in the non-recurring profit or loss in the period
Total	47,503,584.30	46,048,632.81	47,503,584.30

(2) Breakdown of government grants

Item	Amount for the period	Amount for the last period	Explanation
VAT refunds of third-tier enterprises	15,217,632.46	27,057,051.80	
Government funding for scientific research	10,737,672.47	2,427,109.05	
Other funding	11,470,647.37	13,672,238.18	
Financial interest discount		154,275.00	
Total	37,425,952.30	43,310,674.03	

53. Non-operating expenses

Item	Amount for the period	Amount for the last period	Amount included in the non-recurring profit or loss in this period
Total loss on disposal of non-current assets	3,512,621.42	1,488,576.57	3,512,621.42
Including: loss on disposal of fixed assets	3,512,621.42	1,488,576.57	3,512,621.42
loss on disposal of intangible assets			
Compensation, default penalty and fines	41,061,086.01	1,047,357.96	41,061,086.01
Inventory shortages	15,596.89		15,596.89
Donation	1,500,000.00	29,550.00	1,500,000.00
Others	1,853,243.19	337,565.69	1,853,243.19
Total	47,942,547.51	2,903,050.22	47,942,547.51

54. Income tax expense

(1) Income tax expense

Item	Amount for the period	Amount for last period
Income tax expense for current year	58,531,250.00	110,043,846.58
Of which: China	58,531,250.00	110,043,846.58
India		
Hong Kong		
Other regions		
Deferred income tax	15,310,298.87	24,413,498.16

Item	Amount for the period	Amount for last period
Total	73,841,548.87	134,457,344.74

(2) Table of adjustment made to the total amount of income tax expense

Income tax which is calculated based on the total profit of the consolidated profit statement and adopts the applicable tax rate shall be adjusted to be income tax expense:

Item	Amount for the period
Total profit	261,378,645.31
Income tax calculated pursuant to the statutory tax rate	135,757,634.55
Influence on tax payment by tax exempt income	-68,325,646.79
Influence on tax payment by non-deductible expense	1,620,393.51
Tax preferential treatment	-28,724,204.33
Of which: R&D expense plus deduct income tax credit	-7,026,983.58
	-21,136,904.50
Influence on tax payment by non-recognized deductible loss and deductible tentative difference	24,366,979.90
Influence of special tax exempt	
Influence of inconsistent tax rate of the Company	-2,232,440.58
Utilizing the influence on tax payment by non-recognized deductible loss and deductible tentative difference for the previous years	7,621,969.76
Settlement and payment of overdue tax	3,756,862.85
Change in the balance of deferred tax assets/liabilities at the beginning of the year due to tax rate	
Total	73,841,548.87

55. Earnings per share

(1) Basic earnings per share Basic earnings per share are computed by dividing the combined net profit attributable to parent company's shareholders of ordinary shares by the weighted average number of parent company's ordinary shares outstanding

Item	Current period	Last period
Combined net profit attributable to parent company's shareholders of ordinary shares	168,367,921.40	839,294,368.43
Combined net profit attributable to parent company's shareholders of ordinary shares(after deducting non-recurring profit and loss)	156,991,634.10	801,148,398.18
Weighted average number of parent company's ordinary shares outstanding	2,229,272,076.00	2,003,860,000.00

Basic earnings per share (Yuan/share)	0.08	0.42
Basic earnings per share (Yuan/share) (after deducting non-recurring profit and loss)	0.07	0.40

Process of calculating the weighted average number of ordinary shares:

Item	Current period	Last period
Number of ordinary shares outstanding at the beginning of the year	2,003,860,000.00	2,003,860,000.00
Number of ordinary shares outstanding at the end of the year	2,336,900,368.00	2,003,860,000.00

(2) Diluted earnings per share

There were no factors for diluting the equity (and there were no factors for dilution for the same period of previous year). As a result, earnings per share are the same as basic earnings per share.

56. Other comprehensive income

Item	Amount for the period	Amount for the last period
1. Gains (loss) generated from available-for-sale financial assets		24,398,298.00
Less: influence of income tax generated from available-for-sale financial assets		3,659,744.70
Net amount recognised in other comprehensive income in previous period transferred into profit or loss for the period		
Sub-total		20,738,553.30
2. Currency translation differences in foreign-currency financial statement	-1,816,847.72	4,173,401.01
Less: Net amount of disposal of foreign operations into profit and loss		
Sub-total	-1,816,847.72	4,173,401.01
Total	-1,816,847.72	24,911,954.31

57. Notes to items of cash flow statement

(1) Other cash related to operating/investment/financing activities received/paid

1) Other cash related to operating activities received

Item	Amount for the period	Amount for the last period
Governmental subsidy	17,306,702.93	25,752,193.11
Interest income	122,327,461.35	112,022,376.50
Security deposit	10,351,732.11	54,384,002.51
Open credit	21,989,015.94	66,443,538.34
Others	337,033,727.19	113,534,165.04

Item	Amount for the period	Amount for the last period
Total	509,008,639.52	372,136,275.50

2) Other cash related to operating activities paid

Item	Amount for the period	Amount for the last period
Operating expenses and expenditure	885,400,200.76	964,666,961.14
Security deposit paid	29,904,794.43	106,423,766.80
Advances paid	33,777,750.62	35,732,827.86
Contingent fund paid	46,259,907.80	21,082,226.91
Others	4,816,942.16	407,946.00
Total	1,000,159,595.77	1,128,313,728.71

(2) Supplementary information for combined cash flow statement

Item	Amount for the period	Amount for the last period
1. Net profit is adjusted to be cash flow from operating activities:		
Net profit	187,537,096.44	868,766,894.02
Add: provision for asset impairment	117,008,291.50	339,002,040.89
Depreciated fixed assets and depreciated property for investment	541,600,565.15	560,707,137.66
Amortized intangible assets and amortized investment property	30,381,226.21	39,128,577.08
Amortized long-term –for –amortization expenses	74,749.98	71,124.98
Loss (profits are represented by “-”) for disposal of fixed assets, intangible assets and other long-term assets	908,037.11	513,103.50
Loss (profits are represented by “-”) for retirement of fixed assets		
Profit and Loss from Fair Value Changes (profits are represented by “-”)	107,382.61	581,709.63
Financial charges (profits are represented by “-”)	-92,120,758.21	-105,785,546.50
Investment loss (profits are represented by “-”)	-53,752,865.84	-46,468,285.97
Decrease in deferred income tax assets (increase is represented by “-”)	-13,317,669.57	-5,335,788.92
Increase in deferred income tax liabilities (decrease is represented by “-”)	-16,942.76	-411,899.87
Decrease in inventory (increase is represented by “-”)	-259,158,676.95	-1,637,427,469.33
Decrease in receivables under operating activities (increase is represented by “-”)	788,679,914.41	-727,349,700.71
Increase in receivables under operating activities (decrease is represented by “-”)	-2,244,272,348.51	845,885,595.69

Item	Amount for the period	Amount for the last period
Others		
Net cash flow generated from operating activities	-996,341,998.43	131,877,492.15
2. Substantial investment and financing activities not involving cash receipts and payments		
Conversion of debt into capital	3,266,071,903.61	
3. Net change in cash and cash equivalents :		
Balance of cash at the end of the period	16,286,304,430.78	10,891,825,675.62
Less: balance of cash at the beginning of the period	17,802,441,129.06	12,108,370,760.93
Net increase of cash and cash equivalents	-1,516,136,698.28	-1,216,545,085.31

(3) Cash and cash equivalents

Item	Balance at the end of the period	Balance at the beginning of the period
Cash	16,286,304,430.78	17,802,441,129.06
Including: cash on hand	2,571,981.60	2,777,744.44
Bank deposits available at any time	16,283,233,033.29	17,799,645,196.56
Other monetary funds available at any time	499,415.89	18,188.06
Cash equivalents		
Balance of cash and cash equivalents at the end of the period	16,286,304,430.78	17,802,441,129.06
Including: such restricted cash and cash equivalents used by parent company or within the subsidiaries		

58. An asset that is restricted by ownership or use rights

Item	Book value at the end of the period	Reasons for restriction
Monetary funds	20,395,130.65	Performance Bond Guarantee, bank acceptance bill and other security deposits
Fixed assets	219,020,190.61	Used for mortgaged loan
Intangible assets	21,796,799.89	Used for mortgaged loan
Total	261,212,121.15	

VII. INTERESTS IN OTHER ENTITIES

1. Interests in subsidiaries

(1) Composition of the Company Group

Name of the subsidiary	Place of principal operation	Place of registration	Business	Shareholding ratio (%)	The way to obtain

			nature	direct	indirect	
Dongfang Turbine Company	Deyang, Sichuan	Deyang, Sichuan	production	100.00		Note 1
Dongfang Boiler Company	Zigong, Sichuan	Zigong, Sichuan	production	99.665		Note 1
Dongfang Heavy Machinery Company	Guangzhou, Guangdong	Guangzhou, Guangdong	production	51.0452	14.1361	Note 1
Tianjin Blade Company	Tianjin Municipality	Tianjin Municipality	production		50.36	Note 1
Wuhan Nuclear Equipment Company	Wuhan, Hubei	Wuhan, Hubei	production	67.00		Note 2
Dongdian Electric Company	Deyang, Sichuan	Deyang, Sichuan	production	100.00		Note 3
India Company (Note 4)	Calcutta	Calcutta	Service	100.00		Note 3
Dongfang Wind Power Company	Deyang, Sichuan	Deyang, Sichuan	production	45.12	54.88	Note 3
Chengdu Dongfang KWH Environmental Protection Catalysts Co., Ltd.	Chengdu, Sichuan	Chengdu, Sichuan	production		61.42	Note 3
Shenzhen Dongfang Boiler Control Company	Shenzhen, Guangdong	Shenzhen, Guangdong	production		51.00	Note 3
DEC Autocontrol Equipment Company	Deyang, Sichuan	Deyang, Sichuan	production		99.50	Note 3
DEC Power Equipment Company	Deyang, Sichuan	Deyang, Sichuan	production		98.83	Note 3
DEC Machinery Mould Company	Deyang, Sichuan	Deyang, Sichuan	production		99.315	Note 3
Hangzhou New Energy Company	Hangzhou, Zhejiang	Hangzhou, Zhejiang	production		100.00	Note 3
DEC Venezuela Company	Venezuela	Venezuela	production		99.00	Note 3
Dongfang Electric (Tianjin) Wind Power Technological Co., Ltd. (Note 5)	Tianjin Municipality	Tianjin Municipality	production		100.00	Note 3
Dongfang Electric (Tongliao) Wind Power Technological Co., Ltd. (Note 6)	Tongliao Inner Mongolia	Tongliao Inner Mongolia	Service		100.00	Note 3
Dongfang Electric (Tianjin) Wind Power Technological Co., Ltd. (Note7)	Jiuquan, Gansu	Jiuquan, Gansu	production		100.00	Note 3
Dongfang Electric(Hulun Buir) New Energy Co., Ltd. (Note 8)	Hulun Buir, Inner Mongolia	Hulun Buir, Inner Mongolia	production		100.00	Note 3

(Continued)

Name of the subsidiary	Types of enterprises	Legal Representative	Code for organization
Dongfang Turbine Company	Limited liability company	Zhang Wenfeng	20525052-1
Dongfang Boiler Group Co., Ltd.	Joint stock company with limited liability	Xu Peng	62072918-5
Dongfang Heavy Machinery Company	Limited liability company	Zeng Xianmao	75347385-7
Tianjin Blade Company	Limited liability company	Huang Yingshu	797265363

Name of the subsidiary	Types of enterprises	Legal Representative	Code for organization
Wuhan Nuclear Equipment Company	Limited liability company	Wang Weidong	68230631-3
有			
Dongfang Electric Company	Limited liability company	He Jianhua	67141584-8
India Company	Limited liability company	Han Zhiqiao (Chairman of Board)	Not applicable
Dongfang Wind Power Company	Limited liability company	Chen Jun	337702040
Chengdu Dongfang KWH Environmental Protection Catalysts Co., Ltd.	Limited liability company	Liao Xin	76538502-9
Shenzhen Dongfang Boiler Control Company	Limited liability company	Hu Dingkun	76198432-3
DEC Autocontrol Equipment Company	Limited liability company	Du Lin	71754405-6
DEC Power Equipment Company	Limited liability company	Zeng Xiaoping	71758558-7
DEC Mechinary Mould Company	Limited liability company	Guo Yubo	72551287-1
有			
Hangzhou New Energy Company	Limited liability company	Hou Wei	67398697-8
DEC Venezuela Company	Limited liability company	Yu Kun	Not applicable
Tianjin Wind Power Technology Company	Limited liability company	Yang Xuehui	673730788
Tongliao Wind Power Company	Limited liability company	Liu Zuming	692866373
Jiuquan New Power Company	Limited liability company	Pang Dong	695633778
Hulun Buir New Energy Company	Limited liability company	Liu Zuming	566915242

Note 1: for subsidiaries acquired under common control; Note 2: for subsidiaries acquired not under common control; Note 3: Subsidiaries acquired through set-up or investment; Note 4: in order to satisfy the requirement of the India law regarding the number of shareholders and constitution of an Indian private company limited, the Company entrusted two natural persons, namely, Chen Weimin and Liang Jian to hold respectively 0.005% equity shares of the India Company; Note 5: hereinafter referred to as Tianjin Wind Power Technology Company; Note 6: hereinafter referred to as Tongliao Wind Power Company; Note 7: hereinafter referred to as Jiuquan New Energy Company; Note 8: hereinafter referred to as Hulun Buir New Energy Company.

(2) Substantial non-wholly-owned subsidiaries

Name of subsidiaries	Minority shareholders' shareholding ratio	profit and loss attributable to minority interests for current period	Dividend declared to be distributed to minority shareholders for current period	Balance of minority interests at the end of the period
Dongfang Heavy Machinery Co., Ltd.	34.8187%	14,506,131.38	7,783,396.41	550,504,092.59
Chengdu dongfang KWH Environmental Protection Catalysts Co., Ltd.	38.58%	8,258,429.54		151,537,005.41
Tianjin Blade Company	49.64%	-239,551.81		85,784,325.15
Shenzhen Dongfang Boiler Control Company	49%	392,864.58		77,017,711.01
Wuhan Nuclear Equipment Company	33%	-5,305,826.74		53,441,954.56
Dongfang Boiler Group Co., Ltd.	0.335%	370,827.68	860,332.80	16,514,825.80

Dongfang Electric Corporation Limited

Notes to the Financial Statements

From 1 January 2015 to 30 June 2015

(Unless otherwise stated, amounts are expressed in RMB in the notes to the financial statements)

(3) Major financial information of substantial non-wholly-owned subsidiaries (Amount unit: RMB0'000)

Names of subsidiaries	Balance at the end of the period						Balance at the beginning of the period					
	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.	211,196.86	151,275.00	362,471.86	181,457.20	22,908.52	204,365.72	208,732.59	157,972.71	366,705.30	188,359.32	22,301.02	210,660.34
Chengdu Dongfang KWH Environmental Protection Catalysts Co., Ltd.	47,928.37	16,503.72	64,432.09	22,897.98	1,694.36	24,592.34	57,551.83	17,827.65	75,379.48	36,065.48	1,720.20	37,785.68
Tianjin Blade Company	75,152.24	16,326.50	91,478.74	68,695.44	2,481.15	71,176.59	76,642.02	16,816.89	93,458.91	70,678.38	2,481.76	73,160.14
Shenzhen Dongfang Boiler Control Company	35,238.44	3,801.54	39,039.98	23,079.58	100.00	23,179.58	31,557.60	3,861.65	35,419.25	19,569.66	100.00	19,669.66
Dongfang Electric (Wuhan)Nuclear Equipment Col, Ltd.	20,472.65	26,964.13	47,436.78	22,257.44	8,984.80	31,242.24	22,874.89	28,081.03	50,955.92	24,129.66	9,007.29	33,136.95
Dongfang Boiler Group Co., Ltd.	2,004,174.92	258,333.70	2,262,508.62	1,644,869.29	101,803.98	1,746,673.27	2,142,576.79	258,647.65	2,401,224.44	1,776,721.77	96,104.81	1,872,826.58

Names of subsidiaries	Amount for the current period				Amount for the last period			
	Operating income	Net profit	Total comprehensive revenue	Cash flow from operating activities	Operating income	Net profit	Total comprehensive revenue	Cash flow from operating activities
Dongfang Heavy Machinery Co., Ltd.	67,732.71	4,166.19	4,166.19	6,802.94	52,669.22	3,189.43	3,189.43	-12,151.57
Chengdu Dongfang KWH Environmental Protection Catalysts Co., Ltd.	24,989.45	2,161.15	2,161.15	872.41	40,303.46	5,140.42	5,140.42	3.89
Tianjin Blade Company	44,402.49	3.37	3.37	5,823.21	16,578.43	-75.95	-75.95	19,555.69
Shenzhen Dongfang Boiler Control Company	11,233.31	110.81	110.81	-3,084.60	9,491.38	273.75	273.75	-698.88
Dongfang Electric (Wuhan)Nuclear Equipment Col, Ltd.	3,125.14	-1,607.83	-1,607.83	-703.51	4,717.76	-1,026.63	-1,026.63	-730.22
Dongfang Boiler Group Co., Ltd.	648,898.03	12,962.38	12,962.38	-7,610.02	610,127.44	29,755.00	29,755.00	20,757.11

2. There were some changes in the share of owner's equity in the subsidiary and the subsidiary was still under control

There were no changes in the share of owner's equity in the subsidiary for the current period and the subsidiary was still under control.

3. Equity interests in the joint ventures or associated companies

(1) Major joint ventures or associated companies

Major joint ventures or associated companies	Place of principal operation	Place of registration	Nature of business	Shareholding ratio (%)		Accounting treatment method for investment in joint ventures or associated companies
				direct	indirect	
MHPS Dongfang Boiler Co., Ltd.	Jiaxing, Zhejiang	Jiaxing, Zhejiang	production		50.00	Equity method
AREVA-DONGFANG Company	Deyang, Sichuan	Deyang, Sichuan	production	50.00		Equity method
Mitsubishi Dongfang Gas Turbine Company	Nansha, Guangzhou	Nansha, Guangzhou	production		49.00	Equity method
Dongle Project Cargo Logistics Company	Leshan, Sichuan	Leshan City	Cargo transportation		49.00	Equity method
Sichuan Nengtou Wind Power Company	Chengdu, Sichuan	Chengdu, Sichuan	Development of power station	20.00		Equity method
Huadian. Longkou Wind Power Co., Ltd.	Longkou, Shandong	Longkou, Shandong	Development of power station	25.00		Equity method

(2) Major financial information of substantial joint ventures

Item	Balance at the end of the period/amount for the current period		Balance at the beginning of the /period/amount for the last period	
	MHPS Dongfang Boiler Co., Ltd.	AREVA-DONGFANG Company	MHPS Dongfang Boiler Co., Ltd.	AREVA-DONGFANG Company
Current assets:	835,821,623.66	1,016,127,871.47	814,824,780.90	1,181,641,239.00
Including: cash and cash equivalents	112,080,887.98	523,825,789.89	128,312,145.68	640,874,808.44
Non-current assets	204,222,330.52	185,068,300.89	184,302,237.22	191,807,196.98
Total assets	1,040,043,954.18	1,201,196,172.36	999,127,018.12	1,373,448,435.98
Current liabilities:	609,735,727.33	524,391,192.47	602,606,385.06	743,472,731.02
Non-current liabilities	97,798,741.82	145,267,603.75	62,977,545.75	137,633,343.54
Total liabilities	707,534,469.15	669,658,796.22	665,583,930.81	881,106,074.56
Minority interests				
equity attributable to shareholders of the parent company	332,509,485.04	532,537,376.14	333,543,087.31	492,342,361.42
Net asset share calculated per shareholding ratio	166,254,742.52	266,268,688.07	166,771,543.84	246,171,180.71
Book value of equity investment in joint ventures	166,254,742.52	266,268,688.07	166,771,543.66	246,171,180.71
Operating income	237,775,028.25	111,148,548.98	394,468,055.67	211,360,152.62
Financial charges	3,254,013.09	-17,070,266.07	2,197,043.90	-1,279,998.76

Item	Balance at the end of the period/amount for the current period		Balance at the beginning of the /period/amount for the previous period	
	MHPS Dongfang Boiler Co., Ltd.	AREVA-DONGFANG Company	MHPS Dongfang Boiler Co., Ltd.	AREVA-DONGFANG Company
Income tax expense	84,158.58	14,199,656.02	5,496,901.21	14,426,146.83
Net profit	9,300,727.28	42,598,968.04	20,745,994.68	65,796,772.00
Other comprehensive revenue				
Total comprehensive income	9,300,727.28	42,598,968.04	20,745,994.68	65,796,772.00
Dividends from joint ventures for the current period				

(3) Main financial information of major associated companies

Item	Balance at the end of the period/amount for the current period				Balance at the beginning of the period/amount for the last period			
	Mitsubishi Dongfang Gas Turbine Company	Project Cargo Logistics Company	Sichuan Nengtou Wind Power Company	Huadian Longkou Wind Power Co., Ltd.	Mitsubishi Dongfang Gas Turbine Company	Project Cargo Logistics Company	Sichuan Energy Wind Power Company	Huadian Longkou Wind Power Co., Ltd.
Current assets:	1,124,258,986.61	67,850,990.03	361,905,594.33	30,945,737.85	1,140,756,740.61	66,532,082.20	297,659,015.86	21,837,662.98
Including: cash and cash equivalents	399,170,059.56	49,681,700.64	321,389,062.02	25,894,065.83	265,503,698.33	44,694,110.88	263,052,449.64	21,766,302.98
Non-current assets	265,145,310.59	1,834,727.50	1,126,108,632.91	391,389,071.14	259,165,277.85	1,470,917.13	1,017,847,236.10	402,604,985.99
Total assets	1,389,404,297.20	69,685,717.53	1,488,014,227.24	422,334,808.99	1,399,922,018.46	68,002,999.33	1,315,506,251.96	424,442,648.97
Current liabilities:	420,865,218.29	13,596,825.64	90,642,318.76	116,333,601.08	546,599,024.53	13,356,044.81	180,727,613.92	134,429,648.97
Non-current liabilities			848,641,684.68	221,703,375.00			608,884,966.67	210,013,000.00
Total liabilities	420,865,218.29	13,596,825.64	939,284,003.44	338,036,976.08	546,599,024.53	13,356,044.81	789,612,580.59	344,442,648.97
Minority interests			32,085,978.04				30,793,842.20	
equity attributable to shareholders of the parent company	968,539,078.91	56,088,891.89	516,644,245.76	84,297,832.91	853,322,993.93	54,646,954.52	495,099,829.17	80,000,000.00
Net asset share calculated per shareholding ratio	474,584,148.67	27,483,557.03	103,328,849.15	21,074,458.23	418,128,267.03	26,777,007.71	99,019,965.83	20,000,000.00
Items of adjustment								
--Unrealized profit for internal transactions	-56,150,018.96				-21,489,692.82			
Book value of equity investment in joint ventures	418,434,129.71	25,526,637.33	103,523,934.82	20,192,581.59	396,638,574.21	24,820,088.02	99,019,965.83	20,000,000.00

Item	Balance at the end of the period/amount for the current period				Balance at the beginning of the /period/amount for the last period			
	Mitsubishi Dongfang Gas Turbine Company	Project Cargo Logistics Company	Sichuan Nengtou Wind Power Company	Huadian Longkou Wind Power Co., Ltd.	Mitsubishi Dongfang Gas Turbine Company	Project Cargo Logistics Company	Sichuan Energy Wind Power Company	Huadian Longkou Wind Power Co., Ltd.
Operating income	439,160,008.24	4,596,418.76	62,469,421.45	20,701,651.46	171,641,941.05	8,285,804.12	3,159.27	
Financial charges	-5,384,871.69	-63,017.08	18,076,050.27	7,107,637.54	25,725,373.87	-85,276.67	-757,471.08	
Income tax expense	12,607,162.40	226,241.39			-	30,999.75		
Net profit	115,216,084.98	1,406,171.37	23,754,206.83	4,297,832.91	-11,894,762.21	3,745,412.85	-2,690,869.40	
Other comprehensive revenue								
Total comprehensive income	115,216,084.98	1,406,171.37	23,754,206.83	4,297,832.91	-11,894,762.21	3,745,412.85	-2,690,869.40	
Dividends from joint ventures for the current period								

VIII RISK RELATED TO FINANCIAL INSTRUMENTS

The Group's major financial instruments include borrowings, accounts receivable, accounts payable, held-for-trading financial assets, held-for-trading financial liabilities. Please refer to note 6 to the financial statement for the detailed explanations of various financial instruments. Such risk related to said financial instruments and the risk management policy adopted by the Group for purposes of reducing such risks are stated as follows. The Group's management level manages, monitors and controls such risk exposure so as to control said risks to lie within the defined scope.

1. Objective and policy for management of various risks

The Group's objective for engaging in risk management is to achieve an appropriate balance between the risk and revenue and to reduce the adverse impact on the Group's operating performance produced by risks to the minimum level, aiming at the maximization of the interests of shareholders and other equity investors. Based on such objective for risk management, the Group's basic strategy for risk management is to confirm and analyze such various risks exposed to the Group, to establish appropriate risk-bearing bottom-line and to implement risk management. Besides, the Group may timely and reliably monitor various risks and control such risks to lie within the defined scope.

(1) Market Risk

1) Foreign exchange risk

The foreign exchange risk that the Company is exposed to is mainly related to the US dollars, EURO, Pakistan Rupee and Indian Rupee. Except for the Company and the major subsidiaries purchasing and making sales denominated in the US dollars, EURO, Pakistan Rupee and Indian Rupee, other major business activities of the Group are settled in Renminbi. As at 30 June 2015, except for the balance of such assets and liabilities denominated in the US dollars, EURO, Pakistan Rupee and Indian Rupee, and the balance of odds denominated in Japanese Yen and HK dollars, the balance of the assets and liabilities of the Group are denominated in Renminbi. The foreign exchange risk generated from such balance of assets and liabilities in foreign currencies may produce impact on the operating performance of the Group.

Item	Amount at the end of the period	Amount at the beginning of the period
Monetary funds – US dollars	1,014,143,686.38	871,145,749.67
Monetary funds - EURO	87,385,882.21	41,681,448.32
Monetary funds - Pakistan Rupee	9,951,835.19	5,728,159.14
Monetary funds - Indian Rupee	33,645,943.00	35,856,017.31
Monetary funds – other currencies	21,074,664.62	14,343,786.13
Derivative financial assets	8,320,230.50	39,058.77
Accounts receivable – US dollars	2,117,325,144.11	2,049,693,493.61
Accounts receivable - EURO	32,754,375.53	28,481,986.38
Accounts receivable - Pakistan Rupee		
Accounts receivable - Indian Rupee	2,132,723.89	4,444,289.70
Accounts receivable – other currencies		492,632.48
Other receivables- US dollars	12,016,800.45	385,821.31

Item	Amount at the end of the period	Amount at the beginning of the period
Other receivables - EURO	198,700.18	1,435.20
Other receivables - Pakistan Rupee	22,710,559.78	22,729,132.40
Other receivables - Indian Rupee	226,183.47	265,283.34
Other receivables - other currencies	40,736,364.37	12,825,447.20
Short-term borrowings- US dollars		
Short-term borrowings - EURO		
Short-term borrowings - other currencies		
Derivative financial liabilities		
Accounts payable- US dollars	229,233,968.90	6,987,482.50
Accounts payable - EURO	30,552,825.88	11,453,272.96
Accounts payable - Pakistan Rupee	52,591.96	52,634.96
Accounts payable - Indian Rupee		
Accounts payable - other currencies	186,181,685.03	37,936,218.56
Other payables- US dollars	2,891,098.21	6,609,438.27
Other payables - EURO	5,266,888.04	3,442,052.22
Other payables - Pakistan Rupee	25,459,886.00	237,958.73
Other payables - Indian Rupee		6,518,467.18
Other payables - other currencies	22,492,275.33	2,011,197.39

The Group has paid close attention to the impact on the foreign exchange risk of the Company produced by the change in the exchange rate. The Group is currently entering into forward foreign exchange contracts in order to achieve the hedging effect regarding foreign exchange risk.

2) Interest rate risk

The Group's interest rate risk is generated from borrowings and interest-bearing debts of financial institutions. Financial liabilities with floating interest rate makes our Group expose to the risk of interest rate for cash flow while financial liabilities with fixed interest rate makes our Group expose to the risk of interest rate for fair value. The Group shall determine the corresponding ratio of contracts with fixed interest rate and with floating interest rate based on the prevailing marketing environment. As at 30 June 2015, the Group's interest bearing debts mainly are contracts with fixed interest rate denominated in Renminbi with the contract amount of RMB2,787,220,000.00.

The Group's risk of the change in cash flow of financial instruments caused by the change in interest rate is mainly related to borrowings of financial institutions with floating interest rate. The Group's policy is to maintain the floating interest rate of said borrowings in order to eliminate the risk of fair value due to the change in interest rate.

3) Price risk

The Group sells power generating equipment at market price and thus is subject to the impact due to the fluctuation of such price(s).

(2) Credit risk

As at 30 June 2015, the maximum risk exposure that may cause financial loss to the Group mainly comes from the loss generated from the Group's financial assets resulting from the failure of either party to perform its obligations and from the financial guarantee undertaken by the Group. The particulars include:

Book value of financial assets recognized in the consolidated balance sheet; as for financial instruments measured at fair value, book value reflects its risk exposure but not the maximum risk exposure. Its maximum risk exposure will change following the change in the future fair value.

In order to reduce the credit risk, the Group has established some special department to confirm the credit line, to carry out the examination and approval of credit and implement other monitoring and controlling procedures so as to ensure the adoption of such necessary measures for recovering overdue debts. In addition, the Group shall audit the recovery of each single receivable on each date of balance sheet so as to ensure to make sufficient provision for bad debts regarding such unrecoverable amount. As a result, the Group's management level believes that such credit risk undertaken by the Group has been reduced to a very large extent.

The working capital of the Group is placed with the bank with higher credit rating and thus the credit risk of working capital is rather low. The Group has adopted necessary policies to ensure that all sales customers can keep a good credit record. Except for the top five accounts receivable, the Group had no other substantial risk of credit concentration.

(3) Liquidity risk

Liquidity risk is the risk for which the Group fails to perform its financial obligations on the maturity day. The method that the Group used for managing liquidity risk is to ensure that sufficient liquidity of capital for performing mature debt obligations and that unacceptable loss or damage to the credit of the company may not be resulted therefrom. The Group makes an analysis on the liability structure and term on a regular basis for ensuring sufficient capital. The Group's management level monitors and controls the use of bank borrowings and ensures the observance of the loan agreement. Meanwhile, the Group consults with the financial institutions regarding financing matters so as to maintain a certain credit limit and to reduce liquidity risk.

Analysis on the financial assets and financial liabilities held by the Group pursuant to the maturity term regarding the non-discounted residual contractual obligation:

Amount as of 30 June 2015:

Item	Within 1 year	1 to 2 years	2 to 5 years	Above 5 years	Total
Financial assets					
Monetary funds	16,307,394,924.46				16,307,394,924.46
Held-for-trading financial assets	8,320,230.50				8,320,230.50
Bills receivable	3,414,738,241.41				3,414,738,241.41
Accounts receivable	16,268,078,743.60				16,268,078,743.60
Interest receivable	242,228,919.03				242,228,919.03
Other receivables	337,460,657.14				337,460,657.14
Total amount of financial assets	36,578,221,716.14				36,578,221,716.14

Item	Within 1 year	1 to 2 years	2 to 5 years	Above 5 years	Total
Financial liabilities					
Short-term borrowings	2,542,000,000.00				2,542,000,000.00
Financial liabilities held for trading					
Bills payable	4,663,091,728.55				4,663,091,728.55
Accounts payable	18,237,342,672.72				18,237,342,672.72
Other payables	1,756,842,879.57				1,756,842,879.57
Dividend payable	212,985,155.21				212,985,155.21
Interest payable					
Staff remuneration payable	359,926,307.39				359,926,307.39
Non-current liabilities due within one year	16,320,000.00				16,320,000.00
Long-term borrowings		55,500,000.00	189,720,000.00		245,220,000.00
Bonds payable					
Long-term payables				685,252.84	685,252.84
Long-term staff remuneration payable		48,171,262.45	50,377,389.10	30,550,156.20	129,098,807.75
Total amount of financial liabilities	27,788,508,743.44	103,671,262.45	240,097,389.10	31,235,409.04	28,163,512,804.03

2. Sensitivity Analysis

The Group adopts sensitivity analysis to conduct technical analysis on the impact probably produced on the current loss and gains or owner's equity by the reasonableness and probable change in risk variable. Since all risk variables seldom undergo a change in isolated manner and the correlation between variables produces significant effect of the ultimate amount influenced of a certain change in risk variables, the content below was implemented assuming that the change in each variable is independent.

(1) Sensitivity analysis on foreign exchange

Sensitivity analysis on foreign exchange assumes: the hedging of all overseas operating net investment and the hedging of cash flow are highly effective.

(2) Sensitivity analysis on interest rate

Sensitivity analysis on interest rate is made based on the following assumptions:

Change in the market interest rate may influence the interest income or expense of financial instruments with variable interest rate;

As for the financial instruments with fixed interest rate measured at fair value, change in the market interest rate may only influence its interest income or expense;

Change in the fair value of the derivative financial instruments and other financial assets and liabilities is calculated by using the cash flow discounting method based on the market interest rate as on the date of balance sheet.

IX DISCLOSURE OF FAIR VALUE

1. Amount of assets and liabilities measured at fair value at the end of the period and level of measurement of fair value

Item	Fair value at the end of the period			
	Measurement of fair value of the first level	Measurement of fair value of the second level	Measurement of fair value of the third level	Total
I. Measurement of fair value on an ongoing basis				
(I) Financial assets measured at fair value and the change recorded in the current profit and loss		8,320,230.50		8,320,230.50
1. Held-for-trading financial assets		8,320,230.50		8,320,230.50
(1) equity instrument investment				
(2) derivative financial assets		8,320,230.50		8,320,230.50
Total assets measured at fair value on an ongoing basis		8,320,230.50		8,320,230.50
Total liabilities measured at fair value on an ongoing basis				
II.Measurement of fair value on a non-ongoing basis				

2. Basis for determination of project market price for measurement of fair value of the first level on an ongoing basis

For the Group's basis for determination of market price for measurement of fair value of the first level on an ongoing basis, please refer to note 6.2 of this financial statement.

3. As for the project for measurement of fair value of the second level on an ongoing basis, such qualitative and quantitative information of the estimation technique and important parameters adopted

As for the Group's project for measurement of fair value of the second level on an ongoing basis, please refer to note 6.2 of this financial statement for details regarding such qualitative and quantitative information of the estimation technique and important parameters adopted.

X. RELATED PARTIES AND CONNECTED TRANSACTIONS

1. Relationship of related parties

(1) Controlling shareholder and ultimate controlling party

1) Controlling shareholder and ultimate controlling party (Unit of amount: RMB0'000)

Names of Controlling shareholder and ultimate controlling party	Place of registration	Nature of business	Registered capital	Ratio of shareholding in the Company (%)	Ratio of voting rights with respect to the Company (%)
Dongfang Electric Corporation	No. 333, Shuhan Road, Chengdu Municipality	EPC and subcontracting of hydroelectric power, coal-fired power and nuclear power, manufacturing and sale of power stations and equipment	479,167.50	41.34	41.34

2) Registered capital of controlling shareholder and its change (Unit of amount: RMB0'000)

Controlling shareholder	Amount at the	Increase for the	Decrease for the	Amount at the
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	beginning of the period	current period	current period	end of the period
Dongfang Electric Corporation	479,167.50			479,167.50

3) Shares or equity interests held by controlling shareholder and the change thereof (Unit of amount: RMB0'000)

Controlling shareholder	Amount of shareholding		Shareholding ratio (%)	
	Amount at the end of the period	Amount at the beginning of the period	Ratio at the end of the period	Ratio at the beginning of the year
Dongfang Electric Corporation	96,606.81	100,245.73	41.34	50.00

(2) Subsidiaries

For the situation of subsidiaries, please refer to the relevant content of Note 7.1.(1) of this financial statement.

(3) Joint Ventures and Associated Companies

For the information of substantial joint ventures and associated companies of the Company, please refer to the relevant content of Note 7.3.(1) of this financial statement.

(4) Other related parties

Names of other related parties	Relationship with the Company
Dongfang Electric Corporation	Such other enterprises under the control of the same parent company and the ultimate controlling party
Dongfang Boiler Plant	Such other enterprises under the control of the same parent company and the ultimate controlling party
Dongfang Electric Finance Company	Such other enterprises under the control of the same parent company and the ultimate controlling party
DEC Dongfeng Electric Machinery Co., Ltd. (hereinafter referred to as Dongfeng Machinery Company)	Such other enterprises under the control of the same parent company and the ultimate controlling party
Guangdong Dongfang Electric Power Equipment Manufacturing Complex Company (hereinafter referred to as Guangdong Company)	Such other enterprises under the control of the same parent company and the ultimate controlling party
Dongfang Electric Group International Cooperation Co., Ltd. (hereinafter referred to as International Cooperation Company)	Such other enterprises under the control of the same parent company and the ultimate controlling party
Dongfang Group Project Cargo Logistics Co., Ltd. (hereinafter referred to as Project Cargo Logistics Company)	Such other enterprises under the control of the same parent company and the ultimate controlling party
Deyang Dongfang A Beile Pipeline System Co., Ltd. Company (hereinafter referred to as A Beile Company)	Such other enterprises under the control of the same parent company and the ultimate controlling party
DEC Group Dongqi Investment Development Co., Ltd. (hereinafter referred to as Dongqi Investment Development Company)	Such other enterprises under the control of the same parent company and the ultimate controlling party
Dongfang Electric Corporation Materials Co., Ltd. (hereinafter referred to as Dongfang Materials Company)	Such other enterprises under the control of the same parent company and the ultimate controlling party
Dongfang Electric Henan Power Station Auxiliary Equipment Manufacturing Co., Ltd. (hereinafter referred to as Henan Auxiliary Equipment Company)	Such other enterprises under the control of the same parent company and the ultimate controlling party
DEC E'mei Semiconductor Materials Company (hereinafter referred to as Emei Semiconductor Company)	Such other enterprises under the control of the same parent company and the ultimate controlling party
Sichuan Dongfang Electric Property Development Co., Ltd. (hereinafter referred to as DEC Property Company)	Such other enterprises under the control of the same parent company and the ultimate controlling party
DEC (Yixing) Maiji Solar Technological Co., Ltd. (hereinafter referred to as Yixing Maiji Solar Energy Company)	Such other enterprises under the control of the same parent company and the ultimate controlling party
Sichuan Dongfang Electric Automation Control Engineering Co., Ltd. (hereinafter referred to as Dongfang Automation Control Company)	Such other enterprises under the control of the same parent company and the ultimate controlling party

Names of other related parties	Relationship with the Company
Dongqi Hospital (restructured in 2014)	Such other enterprises under the control of the same parent company and the ultimate controlling party
Sichuan Dongfang Property Management Co., Ltd. (hereinafter referred to as Dongfang Property Company) (hereinafter referred to as Dongfang Property Company)	Such other enterprises under the control of the same parent company and the ultimate controlling party
Dongfang Hitachi (Chengdu) Electric Control Equipment's Co., Ltd. (hereinafter referred to as Chengdu Dongfang Hitachi Company)	Such other enterprises under the control of the same parent company and the ultimate controlling party
Dongfang Electric (Leshan) Renewable Energy Equipment Co., Ltd. (hereinafter referred to as Leshan New Energy Company)	Such other enterprises under the control of the same parent company and the ultimate controlling party
Deyang Dongqi Kexie Technology Industrial Company (hereinafter referred to as Deyang Kexie Industrial Company)	Such other enterprises under the control of the same parent company and the ultimate controlling party
Zhonghe Seawater Desalination Engineering Co. Ltd. (hereinafter referred to as Zhonghe Seawater Desalination Company)	Such other enterprises under the control of the same parent company and the ultimate controlling party
Shizhuishan Tiande Photovoltaic Power Co., Ltd. (hereinafter referred to as Shizhuishan Photovoltaic Power Company)	Such other enterprises under the control of the same parent company and the ultimate controlling party
Dongfang Electric (Jiuquan) Solar Energy Engineering Technology Co., Ltd. (hereinafter referred to as Jiuquan Solar Energy Company)	Such other enterprises under the control of the same parent company and the ultimate controlling party
China Western Power Industrial Co., Ltd. (hereinafter referred to as China Western Power Company)	Investor which can produce significant impact
German ENV Catalysts Co., Ltd. (hereinafter referred to as German ENV Company)	Investor which can produce significant impact
Wuhan Boiler Group Co., Ltd. (hereinafter referred to as Wuhan Boiler Company)	Investor which can produce significant impact
Guangdong Yudean Group Co., Ltd. (hereinafter referred to as Guangdong Yudean Company)	Investor which can produce significant impact
The Company's Directors, Presidents and other senior management officers	Other related parties

2. Connected Transactions

(1) Connected transactions of commodity purchase and sale, and provision and acceptance of services

1) Commodity purchase and sale, and acceptance of services

Related parties	Content of connected	Amount for the current period	Amount for the last period
Dongfang Electric Corporation	Service accepted	1,130,188.68	913,207.55
Dongfang Electric Corporation	Purchase of commodities	754,716.98	
MHPS Dongfang Boiler Co., Ltd.	Purchase of commodities	212,526,699.74	329,756,586.29
Mitsubishi Dongfang Gas Turbine Company	Purchase of commodities	163,046,921.00	68,880,207.12
Dongle Project Cargo Logistics Company	Service accepted		2,957,603.72
Dongfang Materials Company	Purchase of commodities	246,272,090.92	222,731,107.63
Dongfang Materials Company	Service accepted		195,818.67
Dongfang Automation Control Company	Purchase of commodities	315,324,635.96	399,548,862.32
Henan Auxiliary Equipment Company	Purchase of commodities	56,479,769.82	58,492,673.10

Related parties	Content of connected	Amount for the current period	Amount for the last period
Yixing Maiji Solar Energy Company)	Purchase of commodities	46,500.00	172,950,766.41
A Beile Company)	Purchase of commodities	55,768,871.00	48,987,976.56
Chengdu Dongfang Hitachi Company)	Purchase of commodities	16,898,126.51	33,911.11
Leshan New Energy Company	Purchase of commodities	70,079,195.77	52,027,300.00
DEC Dongfeng Electric Machinery Co., Ltd.	Purchase of commodities	15,430,683.76	52,009,927.12
Project Cargo Logistics Company	Service accepted	87,532,900.27	99,431,396.87
Dong fang Property Company	Service accepted	4,776,804.00	216,071.20
China Western Power Company	Purchase of commodities	6,305,606.85	10,470,085.46
Guangdong Yudean Company	Purchase of commodities	715,170.24	1,563,303.99
Total		1,253,088,881.50	1,521,166,805.12

2) Purchase and sale of commodities and provision of services

Related parties	Content of connected	Amount for the current period	Amount for the last period
Dongfang Electric Corporation	Purchase and sale of commodities		1,457,880.33
MHPS Dongfang Boiler Co., Ltd.	Provision of services	1,103,297.13	20,000.00
AREVA-DONGFANG Company	Purchase and sale of commodities	19,984,360.00	116,538,971.47
AREVA-DONGFANG Company	Provision of services	6,410.26	470,027.58
International Cooperation Company	Purchase and sale of commodities	53,891,487.58	80,047,109.90
Dongfeng Electric Machinery Company	Purchase and sale of commodities	2,665,838.35	2,448,157.41
Dongfeng Electric Machinery Company	Provision of services	106,173.58	2,000.00
Jiuquan Solar Energy Company	Purchase and sale of commodities		555,276.62
Guangdong Company	Purchase and sale of commodities	5,605,900.87	5,221,021.34
Dongfang Automation Control Company	Purchase and sale of commodities		10,615.38
Yixing Maiji Solar Energy Company)	Purchase and sale of commodities	987,658.11	300,000.00
Dongfang Materials Company	Purchase and sale of commodities	7,703,539.93	6,262,487.20
Project Cargo Logistics Company	Provision of services		33,018.87
Chengdu Dongfang Hitachi Company)	Provision of services	56,603.77	
China Western Power Company	Purchase and sale of commodities	991,792.30	642,600.00
China Western Power Company	Provision of services		2,439.00

Related parties	Content of connected	Amount for the current period	Amount for the last period
Total		93,103,061.88	214,011,605.10

(2) Related lease

1) Lease-out

Name of Lessor	Name of Lessee	Types of leased assets	Lease gains recognized for the current period
Dongfang Boiler Company	MHPS Dongfang Boiler Co., Ltd.	Land use right, housing and equipment	1,824,721.00
Tianjin Wind Power Technology Company	Zhonghe Seawater Desalination Company	housing	111,000.00
Dongfang Turbine Company	Dongfang Automation Control Company (Dongfang Automation Control Company)	housing	15,750.00
Jiuquan New Power Company	Jiuquan Solar Energy Company	plant	518,400.00
Dongfang Heavy Machinery Company	Guangdong Yudean Company	premises	1,032,598.67
Total			3,502,469.67

2) Under lease

Name of Lessor	Name of Lessee	Types of leased assets	Lease cost recognized for the current period
Dongfang Electric Machinery Factory	Dongfang Electric Company	Office building and production plant, land, equipment and others	9,503,752.58
Dongfang Electric Corporation	The Company	Housing construction	12,270,000.00
Dongfang Electric Corporation	Dongfang Boiler Company	Housing construction	1,645,110.54
Total			23,418,863.12

(3) Fund lending of related parties

Name of related parties	Borrowings /Lending	Amount of lending	Is it due for repayment	Note
Financial company	Borrowings	5,000,000.00	yes	Commercial acceptance bill discount of Shenzhen Dongfang Boiler Control Company
Financial company	Borrowings	30,000,000.00	yes	Short-term borrowings of Chengdu Dongfang KWH Environmental Protection Catalysts Co., Ltd.
Financial company	Borrowings	60,000,000.00	yes	Short-term borrowings of Dongfang Electric Company
Financial company	Borrowings	500,000,000.00	yes	Short-term borrowings of Dongfang Turbine Company
Financial company	Borrowings	60,000,000.00	yes	Short-term borrowings of Tianjin Blade Company
Financial company	Borrowings	90,000,000.00	yes	Short-term borrowings of Wuhan Nuclear Equipment Company
Financial company	Borrowings	300,000,000.00	yes	Dongfang Heavy Machinery Company

Name of related parties	Borrowings/Lending	Amount of borrowings/lending	Is it due for repayment	Note
Financial company	Borrowings	50,000,000.00	No	Short-term borrowings of Shenzhen Dongfang Boiler Control Company
Financial company	Borrowings	13,000,000.00	No	Commercial acceptance bill discount of Shenzhen Dongfang Boiler Control Company
Financial company	Borrowings	1,150,000,000.00	No	Short-term borrowings of Dongfang Turbine Company
Financial company	Borrowings	85,000,000.00	No	Short-term loan of Tianjin Blade Company
Financial company	Borrowings	200,000,000.00	No	Short-term borrowings of Dongfang Heavy Machinery Company
Financial company	Borrowings	144,000,000.00	No	Corporate short-term borrowings of Wuhan Nuclear Equipment Company
Dongfang Electric Corporation	Borrowings	150,120,000.00	No	Entrusted loan of Dongfang Boiler Company
Dongfang Electric Corporation	Borrowings	39,600,000.00	No	Long-term entrusted loan of Dongfang Electric Company
Dongfang Electric Corporation	Borrowings	17,100,000.00	No	Long-term borrowings of Dongfang Heavy Machinery Company
Total		2,893,820,000.00		

3. Balance of current accounts of related parties

(1) Accounts receivable of related parties

Names of related parties	Amount at the end of the period		Amount at the beginning of the period	
	Amount	Provision for bad debts	Amount	Provision for bad debts
Dongfang Electric Corporation	2,692,941.00	2,583,794.10	6,487,941.00	6,257,426.40
MHPS Dongfang Boiler Co., Ltd.	10,053,668.88	502,683.45	4,096,000.00	1,253,200.00
AREVA-DONGFANG Company	6,415,174.50	622,181.95	12,039,684.61	624,027.56
Mitsubishi Dongfang Gas Turbine Company	10,386,460.93	524,266.26	5,568,520.12	278,426.01
International Cooperation Company	658,245,869.09	424,339,622.93	783,900,945.69	467,092,216.46
Zhonghe Seawater Desalination Company	111,000.00	5,550.00	22,284,100.00	22,284,100.00
Guangdong Company	20,847,943.12	14,316,260.92	19,326,262.12	14,089,584.12
Emei Semiconductor Company	16,650,000.00	16,650,000.00	17,784,137.77	8,697,073.78
Dongfang Automation Control Company	21,447,983.57	1,088,373.29	27,677,238.91	1,406,409.94
Leshan New Energy Company	23,797,493.49	2,379,749.35	23,797,493.49	2,379,749.35
A Beile Company			9,532,069.51	572,271.46
Yixing Maiji Solar Energy Company	3,631,576.65	181,578.83	2,249,504.20	142,286.42

Names of related parties	Amount at the end of the period		Amount at the beginning of the period	
	Amount	Provision for bad debts	Amount	Provision for bad debts
Project Cargo Logistics Company			2,024,828.26	101,241.41
Dongqi Investment Development Company	1,766,698.18	336,273.57	1,766,698.18	176,669.82
Jiuquan Solar Energy Company			649,673.64	32,483.68
Dongfang Materials Company	4,762,031.00	238,101.55	401,318.00	20,065.90
Dongfang Electric Machinery Factory	4,500.00	4,500.00	13,346.33	13,346.33
Dongfeng Electric Machinery Company	16,199,500.72	2,028,911.02	14,166,599.52	1,306,052.96
Wuhan Boiler Company			12,342,953.25	4,937,181.30
German ENV Company	3,789,029.23	1,218,524.24	4,112,066.62	731,481.67
China Western Power Company			913,443.03	45,672.15
Total	800,801,870.36	467,020,371.46	971,134,824.25	532,440,966.72

(2) Other accounts receivable of related parties

Names of related parties	Amount at the end of the period		Amount at the beginning of the period	
	Amount	Provision for bad debts	Amount	Provision for bad debts
Dongfang Electric Corporation	10,075,420.00	10,075,420.00	31,198,286.51	11,133,022.45
Dongqi Investment Development Company	38,189,508.96	5,523,530.90	33,016,808.96	5,100,360.90
Jiuquan Solar Energy Company	2,798,481.09	232,253.09	2,738,925.04	396,013.93
DEC Property Company	558,777.00	279,388.50	558,777.00	279,388.50
Dongfang Automation Control Company	21,994.70	3,709.74	12,135.70	2,249.29
A Beile Company			241,261.89	24,120.79
Dongqi Hospital			7,200.00	720.00
Dongfang Property Company	1,522.00	76.10	3,780.00	189.00
MHPS Dongfang Boiler Co., Ltd.	2,949,019.82	147,450.99	1,543,888.67	77,194.43
Mitsubishi Dongfang Gas Turbine Company			70,363.70	3,518.19
Total	54,594,723.57	16,261,829.32	69,391,427.47	17,016,777.48

(3) Advances made by related parties

Names of related parties	Amount at the end of the period	Amount at the beginning of the period

	Amount	Provision for bad debts	Amount	Provision for bad debts
Dongfang Electric Corporation	1,680,000.00		1,696,000.00	
Mitsubishi Dongfang Gas Turbine Company	295,402,545.17			
Project Cargo Logistics Company	22,606,061.70		36,807,061.70	
International Cooperation Company	6,543,697.24		28,551,072.33	
Dongfang Materials Company	20,363,357.90		8,240,064.60	
Dongfang Automation Control Company	6,067,000.00		6,067,000.00	
Chengdu Dongfang Hitachi Comopany	1,473,120.00		1,473,120.00	
Yixing Maiji Solar Energy Company	9,200,000.00			
Dongfeng Electric Machinery Company	15,669,647.00		16,348,647.00	
Henan Auxiliary Equipment Company	3,000,000.00			
Guangdong Yudean Company			74,800.00	
Total	382,005,429.01		99,257,765.63	

(4) Interest receivable of related parties

Names of related parties	Amount at the end of the period	Amount at the beginning of the period
Dongfang Electric Finance Company	219,868,331.71	153,964,346.27
Total	219,868,331.71	153,964,346.27

(5) Short-term borrowings of related parties

Names of related parties	Amount at the end of the period	Amount at the beginning of the period
Dongfang Electric Finance Company	1,642,000,000.00	2,134,000,000.00
Total	1,642,000,000.00	2,134,000,000.00

(6) Bills payable of related parties

Names of related parties	Amount at the end of the period	Amount at the beginning of the period
Dongfang Electric Corporation	1,584,000.00	2,264,000.00
MHPS Dongfang Boiler Co., Ltd.	49,145,000.00	29,160,000.00
Mitsubishi Dongfang Gas Turbine Company	60,446,000.00	36,000,000.00
AREVA-DONGFANG Company		105,300.00
Dongfang Automation Control Company	115,451,500.00	70,897,009.00
Dongfang Materials Company	144,878,299.42	89,334,347.90

Project Cargo Logistics Company	18,098,435.85	23,248,715.66
Leshan New Energy Company	67,190,000.00	67,072,122.50
Henan Auxiliary Equipment Company	16,784,400.00	20,091,980.00
Dongfang Electric Plant		1,620,241.16
Dongfeng Plant	7,610,000.00	5,831,813.00
A Beile Company	115,227.00	1,380,427.00
Chengdu Dongfang Hitachi Comopany	660,074.00	735,000.00
China Western Power Company	2,500,000.00	4,700,000.00
Total	484,462,936.27	352,440,956.22

(7) Accounts payable of related parties

Names of related parties	Amount at the end of the period	Amount at the beginning of the period
Dongfang Electric Corporation	6,618,079.24	7,984,211.31
MHPS Dongfang Boiler Co., Ltd.	203,224,621.67	226,965,334.46
Mitsubishi Dongfang Gas Turbine Company	38,760.00	163,280,530.12
AREVA-DONGFANG Company	1,416,548.59	15,630.50
Dongfang Automation Control Company	389,830,068.51	461,684,907.18
Dongfang Materials Company	222,687,097.21	230,012,903.26
Leshan New Energy Company	119,297,747.87	123,979,897.10
Dongqi Investment Development Company		25,815,844.33
Project Cargo Logistics Company	71,727,725.84	28,854,175.90
International Cooperation Company	3,423,234.74	1,422,661.08
A Beile Company	4,112,768.50	55,849,970.60
Dongfeng Electric Machinery Company	28,254,769.38	28,728,881.05
Henan Auxiliary Equipment Company	51,492,737.29	52,311,170.68
Chengdu Dongfang Hitachi Comopany	17,844,768.00	9,893,514.00
Yixing Maiji Solar Energy Company	60,691,858.59	77,684,760.30
Jiuquan Solar Energy Company	7,041,180.00	7,041,180.00
Zhonghe Seawater Desalination Company	1,225,000.00	
China Western Power Company	32,223,804.92	39,896,830.56

Names of related parties	Amount at the end of the period	Amount at the beginning of the period
Guangdong Yudean Company		324,088.00
Total	1,221,150,770.35	1,541,746,490.43

(8) Receivables received in advance of related parties

Names of related parties	Amount at the end of the period	Amount at the beginning of the period
AREVA-DONGFANG Company	54,200,913.66	51,676,992.50
International Cooperation Company	66,998,625.34	110,745,619.85
Dongfang Materials Company	2,237,539.00	3,602,410.00
Project Cargo Logistics Company		1,842,303.47
Guangdong Company	513,570.20	824,230.20
Dongfeng Electric Machinery Company	352,500.00	462,500.00
A Beile Company		316,818.00
Dongfang Automation Control Company		172,983.86
Emei Semiconductor Company		76,500.00
Emei Semiconductor Material Institute		14,067.00
Dongfang Electric Machinery Factory	518.40	518.40
China Western Power Company	200,000.00	200,000.00
Total	124,503,666.60	169,934,943.28

(9) Other payables of related parties

Names of related parties	Amount at the end of the period	Amount at the beginning of the period
Dongfang Electric Corporation	1,369,936,495.78	1,387,983,582.70
MHPS Dongfang Boiler Co., Ltd.	200,000.00	200,000.00
Dongfang Boiler Plant	25,404,697.37	30,001,497.37
Project Cargo Logistics Company	1,500,000.00	1,820,000.00
Dongfang Automation Control Company		853,565.39
Guangdong Company	200,000.00	200,000.00
Dongfang Materials Company	250,000.00	250,000.00
Henan Auxiliary Equipment Company	200,000.00	200,000.00
Wuhan Boiler Company		105,323.57

Names of related parties	Amount at the end of the period	Amount at the beginning of the period
German ENV Company	2,465,699.17	2,675,914.75
China Western Power Company	843,376.25	2,000,000.00
Total	1,401,000,268.57	1,426,289,883.78

(10) Dividend payable of related parties

Names of related parties	Amount at the end of the period	Amount at the beginning of the period
China Western Power Company		763,662.57
Total		763,662.57

(11) Long-term borrowings of related parties

Names of related parties	Amount at the end of the period	Amount at the beginning of the period
Dongfang Electric Corporation	206,820,000.00	206,820,000.00
Total	206,820,000.00	206,820,000.00

XI. Stock payable

1. Overall situation of stock payable

Items	Situation
The aggregate of all equity instruments granted by the Company for the current period	
The aggregate of all vesting rights of the Company for the current period	
The aggregate of all void and invalid equity instruments of the Company for the current period	
The range of the execution price and the remained contract term of the outstanding stock option issued by the Company at the end of period	
The range of the execution price and the remained contract term of the other equity instruments of the Company at the end of period	

On 14 December 2012, the Company convened the First Extraordinary General Meeting to consider and pass the H Share Appreciation Rights Scheme. The main contents include:

(1) The effective term for the incentive stock appreciation rights scheme shall be 5 years, commencing from the first date of grant regarding the stock appreciation rights. The vesting period for such stock appreciation rights shall be 2 years. Subject to the satisfaction of the vesting conditions, incentive target may vest such stock appreciation rights granted in three times, in uniform manner.

(2) As for the conditions for granting the stock appreciation rights, the following conditions are to be satisfied by the Company's performance for the financial year preceding such vesting: 1) the Economic Value Added (EVA) is not less than 2.2 billion Yuan; 2) the growth rate for the operating income is not less than 9.00%; 3) Return on equity (ROE) is not less than 13.00%; 4) the index in the foregoing 2) and 3) is not below the level of 50th percentile of the benchmarking for the same industry.

(3) As for the vesting conditions for the stock appreciation rights, the following conditions are to be satisfied

by the Company's performance for the financial year preceding such vesting: 1) the Economic Value Added (EVA) is not less than 2.4 billion, 2.6 billion and 2.8 billion respectively; 2) the growth rate for the operating income is not less than 9.00%, 11.00% and 13.00% respectively, and is not below the level of 75th percentile of the benchmarking for the same industry; 3) Return on equity (ROE) is not less than 13.00%, 15.00% and 17.00% respectively, and is not below the level of 75th percentile of the benchmarking for the same industry.

In accordance with the resolution(s) of the shareholders' general meeting and the mandate of the shareholders' general meeting, the Board of Directors of the Company passed the resolution(s) on 14 December 2012 and confirmed that the date of grant regarding H share appreciation rights was 14 December 2012 and agreed that the granting price for such H share appreciation rights was HKD15.14, the closing price of H shares of the Company on 14 December 2012. The first granting of the H share appreciation rights of the Company was made to a total of 175 qualified targets for the grant, in an aggregate of 16,260,000 H share appreciation rights (accounting for 0.8114% of the Company's existing total capital stock of 2,003,860,000 shares).

Pursuant to the resolution of the first meeting of Remuneration and Assessment Committee of the Company for 2014, the Company adjusted and reduced the incentive targets by 3 person-times for the first granting of H share appreciation rights. Upon such adjustment and reduction, the first granting of the H share appreciation rights of the Company was made to a total of 172 qualified targets for the grant, in an aggregate of 16,040,000 H share appreciation rights.

Pursuant to the resolution of the 16th Board Meeting of the seventh session of the Company for 2014, the Company passed the assessment results for the first assessment period (for 2013) regarding H Share Appreciation Rights Scheme. One third of such 16,040,000 H share appreciation rights granted by the Company fulfilled the vesting conditions regarding such H share appreciation rights. Upon completion of the vesting period regarding said H share appreciation rights, incentive targets might immediately opt for vesting and the vesting period ran from 14 December 2012 to 14 December 2017.

As of 31 December 2014, as for such foregoing 5,440,000 H share appreciation rights fulfilling the vesting conditions, no vesting had been made since the price of the Company's H shares from the ending date of vesting (14 December 2014) to 31 December 2014 had been lower than HKD15.14, the granting price of said H share appreciation rights.

Since the results of the financial statement of the Company for 2014 could not fulfill the vesting conditions for H share appreciation rights and the Company's management level expected that the results of the financial statement of the Company for 2015 might not fulfill the vesting conditions for H share appreciation rights, two thirds of the total of said H share appreciation rights became void and invalid for this time.

At the 21st Board Meeting of the seventh session convened by the Company during the Reporting Period, the Company considered and passed the Resolution Regarding the Adjustment to Quantity and Execution Price of H Share Appreciation Rights of the Company and the Manner of Vesting During the Vesting Period (《公司H股股票增值權數量和行權價格調整及行權期行權方式的議案》). It was agreed that the incentive targets for the H Share Appreciation Rights Scheme were adjusted from 172 to 171 by the Company pursuant to the H Share Appreciation Rights Scheme of the Company (《公司H股股票增值權激勵計劃》) and the supporting system due to the distribution of cash dividends for 2012 and 2013, implementation of the conversion of convertible bonds (issuance of additional ones), resignation of incentive targets and others upon the Company's implementation of H Share Appreciation Rights Scheme. The quantity of granting was adjusted from 16,040,000 to 18,589,100 H share appreciation rights, accounting for 0.7955% of the Company's existing total capital stock of 2,336,900,368 shares. The execution price of the stock appreciation rights was adjusted from HKD15.14 to HKD14.82.

2. Payment for shares settled in cash

Item	Situation
The method of recognizing the fair value of liabilities which are borne by the Company and are confirmed by calculating based on shares or other equity instruments	BS Model
Amount of accumulated liabilities generated from shares settled in cash among liabilities	
Total cost for recognizing the payment for shares settled in cash for this period	

XII. CONTINGENCY

1. Pending action or contingent liabilities formed due to arbitration

(1) Hangzhou New Energy Company and Zhejiang Jiali Wind Power Technology Co., Ltd. (hereinafter referred to as Jiali Wind Power Company) entered into the 1.5MW Hub Chassis Purchase Contract (1.5MW 轮毂機架採購合同) in 2010. Owing to the impact produced by the suspensions of the Indian project, such materials upon commenced production had become long-term backlog of Jiali Wind Power Company. On 17 November 2013, Jiali Wind Power Company referred such case to arbitration. After one year's coordination, the arbitration commission agreed that Dongfang Electric Hangzhou New Energy Company would compensate Jiali Wind Power Company for the loss suffered. Jiali Wind Power Company demanded a compensation of RMB2,895,000 while the expected compensation calculated by Dongfang Electric Hangzhou New Energy Company was RMB2,346,600. The final compensation shall be confirmed subject to the appraisal results produced by a third party and Dongfang Electric Hangzhou New Energy Company shall take the median, $(2,895,000+2,346,600) / 2 = \text{RMB}2,620,800$, making provision for expected liabilities.

2. Contingent liabilities generated from a letter of credit and others

As of 30 June 2015, the balance of the irrevocable letter of credit issued by the Company was converted into an amount of RMB799,080,067.38. The particulars thereof were as follows:

Currencies	Amount in original currency	Amount converted into RMB
RMB	729,900.08	729,900.08
USD	35,907,382.81	219,523,375.55
EURO	68,017,658.60	467,274,512.82
Japanese Yen	2,077,422,900.00	103,979,170.99
Swiss Franc	23,000.00	154,070.10
Pound	9,407,740.00	7,419,037.84
Total		799,080,067.38

3. Letter of guarantee issued

As of 30 June 2015, the balance of the letter of guarantee issued by the Group was converted into an amount of RMB22,692,701,197.03. The particulars thereof were as follows:

Currencies	Amount in original currency	Amount converted into RMB
RMB	17,869,286,138.99	17,869,286,138.99
USD	777,172,050.00	4,751,319,044.88
EURO	5,065,554.33	34,799,851.69
Pakistan Rupee	610,012,454.60	37,296,161.47
Total		22,692,701,197.03

4. Except for the foregoing contingencies, there had been no other substantial contingencies of the Group as of 30 June 2015.

XIII. COMMITMENT

1. Significant commitment

(1) The Group's commitment regarding the capex at the end of the period

Such commitment regarding the capex for which the contract was signed and executed but had not been recognized in the financial statement yet (Amount unit: RMB0'000):

Item	Amount at the end of the period	Amount at the beginning of the period
Infrastructure	23,719.57	30,032.34
Equipment	13,232.69	22,003.38
External investment		
Introduction of technology		
Total	36,952.26	52,035.72

(2) Lease contract which had been signed and executed or were ready to be implemented and the financial impact

On 30 June 2015, such aggregate of the future minimum rent payable as required for the irrevocable operating lease during the following period being borne by the Group being the Lessee shall be as follows: (Amount unit: RMB0'000):

Duration	Amount for the period	Amount for the last period
Within 1 year	3,959.84	2,032.20
Within 2 to 5 years	7,627.13	453.50

2. Except for the foregoing commitment, there had been no other substantial commitment of the Group as of 30 June 2015.

XIV. EVENTS AFTER BALANCE SHEET DATE

1. Profit distribution

The Company paid profit dividend for 2014 of RMB210 million in cash on 25 August 2015.

2. Except for the events disclosed after the foregoing balance sheet date, there had been no other substantial events of the Group after the balance sheet date .

XV. OTHER SUBSTANTIAL MATTERS

1. Conditional redemption of "Dongfang Convertible Bonds"

Upon verified and approved by the CSRC pursuant to the Approval and Reply Regarding the Verification and Approval of the Convertible Corporate Bonds Issued by Dongfang Electric Corporation Limited (Zheng Jian Xu Ke [2014] No. 628) (《關於核准東方電氣股份有限公司公開發行可轉換公司債券的批覆》(證監許可[2014]628 號), the Company issued convertible corporate bonds in an aggregate of RMB4,000,000,000 on 10 July 2014. Such bonds were referred to as "Dongfang Convertible Bonds" with

the bond code of 110027. The conversion period of such convertible bonds shall commence from the first trading day upon the expiry of the six months after the ending day for the issuance of said convertible bonds to and until the maturity day (that is, from the first trading day after 10 January 2015 to and until 10 July 2020). The initial conversion price shall be RMB12 per share.

Such convertible corporate bonds shall enter into the conversion period since 12 January 2015. In the event that the closing price were higher than 130% of the current conversion price of Dongfang Convertible Bonds for a consecutive period of 15 trading days from 12 January to 30 January 2015, the redemption conditions for Dongfang Convertible Bonds have been fulfilled pursuant to the agreed terms of the Prospectus for the Public Issue of Convertible Corporate Bonds (《公開發行可轉換公司債券募集說明書》). At the 20th meeting of the seventh session of the Board, the Company considered and passed the Resolution Regarding the Conditional Redemption of “Dongfang Convertible Bonds” (《關於有條件贖回東方轉債的議案》) and decided to exercise such right of conditional redemption regarding the Company’s convertible bonds, by making full redemption of Dongfang Convertible Bonds registered on the register as on the “Redemption Registration Date” (i.e. 16 February 2015). Commencing from the initial conversion date to (12 January 2015) to the “Redemption Registration Date” (16 February 2015), A-share convertible bonds were converted into an accumulated aggregate of 333,040,368 shares in a total of RMB3,996,503,000, and such remaining A-share convertible bonds of RMB 3,497,000 had been fully redeemed on 17 February 2015. On 17 February 2015, the transactions and conversion of Dongfang Convertible Bonds were suspended. On 27 February 2015, Dongfang Convertible Bonds were delisted from the Shanghai Stock Exchange.

2. Annuity Plan

The Group shall record the annuity fees and charges under the balance of the total salaries per annum and the current cost of expenses pursuant to the Letter of Reply Regarding the Pilot Enterprise Annuity Scheme of Dongfang Electric Corporation (Guo Zi Fen Pei [2007] No. 1201) (《關於中國東方電氣集團公司試行企業年金制度的復函》(國資分配[2007]1201 號)) issued by the State-owned Assets Supervision and Administration Commission of the State Council and according to the method of joint payment by the enterprise and the employees. Such annuity accrued per annum shall be paid to the special account of the Social Security of Dongfang Electric Corporation and shall be entrusted by Dongfang Electric Corporation to China Life Pension Company Limited (中國人壽養老保險股份有限公司) for operating management.

3. Other substantial transactions and events that produced impact on decision-making of investors

(1) Investment in treasury bonds by Dongfang Boiler Company

In 2004, Chongqing Business Department of Zhongke Securities Co., Ltd. (中科證券有限責任公司重慶營業部) (hereinafter referred to as “Zhongke Securities”) unilaterally established illegal pledge on such treasury bonds of face value of RMB201,404,000.00 of Dongfang Boiler Company (with the investment cost of RMB 197,173,563.16). Dongfang Boiler Company reported the case to the judicial authorities. The judicial authorities frozen Zhongke Securities’ bank deposits of RMB71,000,000 due to such case and detained the funds involved of RMB8,300,000 from individuals involved.

In 2006, Zhongke Securities was under lawful administrative custody of China Securities Investor Protection Fund Corporation Limited (中國證券投資者保護基金有限責任公司). The No.2 Intermediate People’s Court accepted the case of Zhongke Securities’ bankruptcy in September 2007. On 4 August 2008, Dongfang Boiler Company received the first amount of property allocation of RMB10,709,456.86 from the Bankruptcy Liquidation Committee of Zhongke Securities.

On 2 June 2010, the 4th Creditors’ Meeting of Zhongke Securities considered and passed the second proposal for bankrupt property allocation whereby Dong Boiler Co., Ltd. was allocated with the amount of debt of RMB10,795,855.96. Meanwhile, the 4th Creditors’ Meeting of Zhongke Securities requested that before the Public Security Bureau of Zigong City had issued the official opinions on processing regarding the frozen funds of Zhongke Securities, the provision was made for but tentatively no allocation would be made for the amounts of allocated debts confirmed by Dongfang Boiler Company in such debts allocation and subsequent debts allocation. As for such amounts which had been previously allocated, preservative measures shall be adopted.

On 16 July 2011, the 5th Creditors' Meeting of Zhongke Securities considered and passed the third proposal for bankrupt property allocation whereby Dongfang Boiler Company was allocated with the amount of debt of RMB10,986,829.34. Meanwhile, since the Public Security Bureau of Zigong City had not issued the official opinions on processing regarding the frozen funds of Zhongke Securities, the provision was made for but tentatively no allocation would be made for the amounts of allocated debts for Dongfang Boiler Company.

On 8 July 2011, the Public Security Bureau of Zigong City lawfully de-froze Zhongke Securities' clients' accounts for transaction settlement funds which shall not belong to the bankrupt property of Zhongke Securities Company). Yet, the two accounts of Zhongke Securities, namely, Administrative Disposal Team of China Technological Securities Co., Ltd. (中國科技證券有限責任公司行政清理組) and China Technological Securities Co., Ltd. (中國科技證券有限責任公司) with an aggregate of more than RMB40 million were still being frozen by the Public Security Bureau of Zigong City.

On 10 February 2012, the bankruptcy administrator of Zhongke Securities informed Dongfang Boiler Company by the Letter of Reply Regarding the Application for the Return of the Report on the Bankrupt Property Allocated Amount of Zhongke Securities (《關於申請返還中科證券破產財產分配金額報告的回函》). Since the Public Security Bureau of Zigong City had defroze Zhongke's clients' accounts for transaction settlement funds whereas such funds did not belong to the bankrupt property of Zhongke Securities and the two accounts of Zhongke Securities, namely, Administrative Disposal Team of China Technological Securities Co., Ltd. and China Technological Securities Co., Ltd. with an aggregate of more than 40 million were still being frozen by the Public Security Bureau of Zigong City. As a result, no bankrupt property allocation could be made.

On 2 August 2012, the 6th Creditors' Meeting of Zhongke Securities considered and passed, by on-site votes, the fourth proposal for bankrupt property allocation whereby Dongfang Boiler Company was allocated with the amount of debt of RMB7,245,718.67.

In July 2013, the 7th Creditors' Meeting of Zhongke Securities was convened by communications. Such meeting did not involve any bankrupt property allocation. At the early session, the creditors' meeting had confirmed that the provision was still made for but tentatively no allocation would be made for the accumulated amounts of allocated debts for Dongfang Boiler Company being RMB29,013,662.90.

In March 2014, all creditors voted that they agreed to resume the property allocation for the confirmed debts of Dongfang Boiler Company. Dongfang Boiler Company received an aggregate of RMB29,013,662.90 allocated for confirmed debts previously. The age of the remaining but not recoverable debts was over 5 years. The Group had made provision of RMB 157,450,443.40 for full amount of the foregoing treasury bonds. As of this financial report date, the bankruptcy liquidation of Zhongke Securities is still in progress.

4. Segment information

In accordance with the internal organizational structure, management requirements and internal reporting system of the Group, the Group's operating business is divided into 5 reported segments. Such reported segments are confirmed based on the internal organizational structure, management requirements and internal reporting system.

The Group's management level regularly evaluates the operating results of such reported segments so as to determine the resources allocation of such segments and to evaluate such segments' performance. The major products and services provided by all reported segments of the Group are respectively clean and highly effective power generating equipment, new energy, hydroenergy and environmental protection equipment, engineering and services and others.

Information of segment reports shall be disclosed according to such accounting policies and measuring standards adopted when segments report to the management level. Such measuring bases shall be in consistency with the accounting and measuring basis used when financial statements are being prepared.

2015 Interim Report Segment

Item	Clean and highly effective power generating equipment	New energy	Hydroenergy and environmental equipment	Engineering and service	Others	Write-off	Total
Operating income	17,919,606,714.16	3,365,931,864.67	1,033,841,313.24	2,787,929,630.55	371,850,618.63	7,274,217,806.10	18,204,942,335.15
Include: External transaction income	12,093,664,187.86	1,877,141,546.71	1,033,841,313.24	2,828,444,668.71	371,850,618.63		18,204,942,335.15
Inter-segment transaction income	5,825,942,526.30	1,488,790,317.96		-40,515,038.16		7,274,217,806.10	
Operating cost	16,235,996,186.05	3,163,294,548.59	931,763,996.02	2,440,398,004.10	326,510,258.55	7,062,610,839.59	16,035,352,153.72
Cost written off	5,465,081,032.87	1,501,381,093.66		96,148,713.06		7,062,610,839.59	
Period expenses					1,929,569,170.12	21,796,597.21	1,907,772,572.91
Operating profit (loss)	1,683,610,528.11	202,637,316.08	102,077,317.22	347,531,626.45	-1,884,228,810.04	189,810,369.30	261,817,608.52
Total asset					124,417,696,745.36	41,543,872,070.17	82,873,824,675.19
Include: amount of substantial impairment loss on a single asset							
Total liabilities					90,770,681,599.51	31,615,001,024.88	59,155,680,574.63
Supplemental information							
Capital expenditure							
Recognized impairment loss of the current period					284,948,345.68	167,162,459.97	117,785,885.71
Including: amortisation of impairment of goodwill							
Depreciation and amortization expenses					572,056,541.34		572,056,541.34
Non-cash expenses other than impairment loss, depreciation and amortisation							

2014 Interim Report Segment

Item	Clean and highly effective power generating equipment	New energy	Hydroenergy and environmental equipment	Engineering and service	Others	Write-off	Total
Operating income	16,696,619,809.19	2,637,774,035.41	2,132,210,284.63	2,729,331,109.11	146,410,906.15	5,358,177,845.68	18,984,168,298.81
Include: External transaction income	11,887,442,477.01	2,160,256,146.00	1,976,227,988.71	2,813,830,780.94	146,410,906.15		18,984,168,298.81
Inter-segment transaction income	4,809,177,332.18	477,517,889.41	155,982,295.92	-84,499,671.83		5,358,177,845.68	
Operating cost	14,577,216,285.97	2,366,044,765.55	1,832,223,066.30	2,466,356,503.30	75,692,153.17	5,357,875,598.74	15,959,657,175.55
Cost written off	4,722,795,167.93	477,573,444.97	140,878,462.78	16,628,523.06		5,357,875,598.74	
Period expenses					2,089,614,411.54	25,181,944.45	2,064,432,467.09
Operating profit (loss)	2,119,403,523.22	271,729,269.86	299,987,218.33	262,974,605.81	-2,018,895,658.56	-24,879,697.51	960,078,656.17
Total asset					115,824,547,089.29	36,992,245,784.96	78,832,301,304.33
Include: amount of substantial impairment loss on a single asset							
Total liabilities					87,218,066,120.60	27,518,213,205.81	59,699,852,914.79
Supplemental information							
Capital expenditure							
Recognized impairment loss of the period					459,380,690.64	120,378,649.75	339,002,040.89
Including: amortization of impairment of goodwill							
Depreciation and amortization expenses					599,906,839.72		599,906,839.72
Non-cash expenses other than impairment loss, depreciation and amortisation							

Revenue from major business of external transactions of the Group in the PRC and other countries and regions, and total amount of non-current assets (apart from financial assets and deferred income tax assets) of the Group in the PRC and other countries and regions are listed as follows:

External trade income	Amount for the period	Amount for the last period
China (except Hong Kong)	14,214,594,386.07	14,527,657,179.83
Other overseas area	3,618,497,330.45	4,310,100,212.83
Total	17,833,091,716.52	18,837,757,392.66

XVI. NOTES TO PRINCIPAL ITEMS OF THE FINANCIAL STATEMENTS OF THE PARENT COMPANY

1. Receivables

Item name	Amount at the end of the period	Amount at the beginning of the period
Receivables	5,180,802,405.97	4,697,093,268.42
Less: provision for bad debts	717,227,367.40	628,361,510.00
Net amount	4,463,575,038.57	4,068,731,758.42

(1) Aging analysis of receivables

Aging	Amount at the beginning of the period	Amount at the end of the period
Within 1 year	3,188,551,557.00	2,729,083,142.06
1 - 2 years	589,873,097.49	606,119,537.74
2 - 3 years	281,853,632.99	403,720,739.92
3 - 4 years	197,562,330.60	259,215,401.51
4 - 5 years	205,734,420.49	70,592,937.19
Net amount	4,463,575,038.57	4,068,731,758.42

(2) Types of accounts receivable

Type	Amount at the end of the period			
	Book balance		Provision for bad debts	
	Amount	Ratio (%)	Amount	Ratio (%)
Accounts receivables with significant single amount and individual provision for bad debts	73,045,550.00	1.41	73,045,550.00	100
Accounts receivable provided for bad debts in groups categorized by credit risks	5,107,756,855.97	98.59	644,181,817.40	12.61
Total	5,180,802,405.97	100	717,227,367.40	13.84

(Continued)

Type	Amount at the beginning of the period			
	Book balance		Provision for bad debts	
	Amount	Ratio (%)	Amount	Ratio (%)
Accounts receivables with significant single amount and individual provision for bad debts	73,045,550.00	1.56	73,045,550.00	100
Accounts receivable provided for bad debts in groups categorized by credit risks	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) Accounts receivables with significant single amount and individual provision for bad debts at the end of the period at the end of the period

Name of companies	Balance at the end of the period			
	Accounts receivables	Provision for bad debts	Percentage (%)	Reasons for provision
Top 1	73,045,550.00	73,045,550.00	100	Dispute on deposit for upgrade projects
Total	73,045,550.00	73,045,550.00	—	—

2) Account receivables provided for bad debts by method of aging analysis in the group

Item	Amount at the end of the period			Amount at the beginning of the period		
	Amount	Provision for bad debts	Ratio (%)	Amount	Provision for bad debts	Ratio (%)
Within 1 year	3,356,370,060.02	167,818,503.02	5	2,872,719,096.91	143,635,954.85	5
1-2 years	655,414,552.75	65,541,455.26	10	673,466,153.04	67,346,615.30	10
2-3 years	352,317,041.23	70,463,408.24	20	504,650,924.90	100,930,184.98	20
3-4 years	329,270,551.02	131,708,220.42	40	432,025,669.19	172,810,267.68	40
4-5 years	411,468,841.00	205,734,420.51	50	141,185,874.38	70,592,937.19	50
More than 5 years	2,915,809.95	2,915,809.95	100			
Total	5,107,756,855.97	644,181,817.40	12.61	4,624,047,718.42	555,315,960.00	12.01

(3) No accounts receivable written off amount for the period

(4) Account receivables in the balance at the end of the period from top five borrowers

Name of companies	Balance at the end of the period	Aging	Percentage of total balance of account receivables at the end of the period (%)
No. 1	682,577,425.00	0-2 years	13.18
No. 2	469,167,465.89	0-5 years	9.06
No. 3	405,907,343.36	Within 1 year	7.83
No. 4	390,336,859.45	Within 1 year	7.53

Name of companies	Balance at the end of the period	Aging	Percentage of total balance of receivables at the end of the period (%)
No. 5	295,981,900.63	0-5 years	5.71
Total	2,243,970,994.33		43.31

2. Other accounts receivable

Name of companies	Amount at the end of the period	Amount at the beginning of the period
Other accounts receivable	6,212,419,156.23	6,075,726,598.78
Less: provision for bad debts	60,308,729.13	54,671,449.93
Net amount	6,152,110,427.10	6,021,055,148.85

(1) Aging analysis of other receivables

Aging	Amount at the end of the period	Amount at the beginning of the period
Within 1 year	1,376,289,546.45	1,247,306,631.58
1 – 2 years	19,424,492.51	16,727,762.34
2 – 3 years	949,861.94	129,397,893.35
3 – 4 years	152,655,329.21	183,093,067.21
4 – 5 years	162,791,196.99	821,029,794.37
More than 5 years	4,440,000,000.00	3,623,500,000.00
Net amount	6,152,110,427.10	6,021,055,148.85

(2) Types of other receivables

Type	Balance at the beginning of the period				Carrying amount
	Book balance		Provision for bad debts		
	Amount	Ratio(%)	Amount	Ratio(%)	
Other receivables with significant single amount and individual provision for bad debts	5,928,710,000.00	95.43			5,928,710,000.00
Other receivables provided for bad debts in groups categorized by credit risks	283,709,156.23	4.57	60,308,729.13	21.26	223,400,427.10
Total	6,212,419,156.23	100	60,308,729.13	0.97	6,152,110,427.10

(Continued)

Type	Balance at the beginning of the period				Carrying amount
	Book balance		Provision for bad debts		
	Amount	Ratio(%)	Amount	Ratio(%)	
Other receivables with significant single amount and individual provision for bad debts	5,928,710,000.00	97.58			5,928,710,000.00
Other receivables provided for bad debts in groups categorized by credit risks	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 with significant single amount and individual provision for bad debts at the end of the period

Name of companies	Balance at the end of the period			
	Other receivables	Provision for bad debts	Percentage (%)	Reasons for provision
No. 1	3,738,090,000.00			Budget of the central government, proceeds raised from the increases issuance of A shares, specific fund for industrialization of wind power industry, proceeds convertible to bonds, etc., not provided
No. 2	1,189,350,000.00			Budget of the central government, proceeds raised from the increases issuance of A shares, proceeds convertible to bonds, etc. , not provided
No. 3	843,000,000.00			Appropriation of infrastructure construction, proceeds raised from the increases issuance of A shares, proceeds convertible to bonds, etc. , not provided
No. 4	113,970,000.00			Project fund for independent nuclear power equipment and independent innovation of energy, etc. , not provided
No. 5	44,300,000.00			Project fund for independent nuclear power equipment and independent innovation of energy, etc. , not provided
Total	5,928,710,000.00		—	—

2) Other receivables provided for bad debts by method of aging analysis in the group

Aging	Amount at the end of the period		
	Other receivables	Provision for bad debts	Provision percentage (%)
Within 1 year	206,640,257.94	10,350,711.49	5
1 – 2 years	21,582,769.45	2,158,276.94	10
2 – 3 years	1,187,327.43	237,465.49	20
3 – 4 years	3,692,215.33	1,476,886.12	40
4 – 5 years	9,042,393.36	4,521,196.37	50
More than 5 years	41,564,192.72	41,564,192.72	100

Total	283,709,156.23	60,308,729.13	21.26
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(Continued)	
Aging	Amount at the beginning of the period

	Other receivables	Provision for bad debts	Provision percentage (%)
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
More than 5 years	42,827,376.18	42,827,376.18	100
Total	147,016,598.78	54,671,449.93	37.19

(3) No other receivables written off amount for the period

(4) Other receivables in the balance at the end of the period from top five borrowers

Name of companies	Characteristics of the amount	Balance at the end of the period	Aging	Percentage of total balance of other receivables at the end of the period (%)	Balance provided for bad debts at the end of the period
No. 1	Budget of the central government, proceeds raised from the increases issuance of A shares, specific fund for industrialization of wind power industry, proceeds convertible to bonds, etc.	3,742,352,157.13	More than 5 years	60.24	
No. 2	Budget of the central government, proceeds raised from the increases issuance of A shares, proceeds convertible to bonds, etc.	1,220,804,811.73	More than 5 years	19.65	
No. 3	Appropriation of infrastructure construction, proceeds raised from the increases issuance of A shares, proceeds convertible to bonds, etc.	843,014,207.20	More than 5 years	13.57	
No. 4	Project fund for independent nuclear power equipment and independent innovation of energy, etc.	114,124,591.49	4-5 years	1.84	
No. 5	Project fund for independent nuclear power equipment and independent innovation of energy, etc.	44,300,000.00	4-5 years	0.71	
Total		5,964,595,767.55		96.01	

3. Long-term equity investment

(1) Types of long-term equity investment

Item	Balance at the end of the period			Balance at the beginning of the period		
	Book balance	Provision for impairment	Carrying amount	Provision for impairment	Provision for impairment	Carrying amount
Investment to subsidiaries	10,153,923,522.13		10,153,923,522.13	9,783,923,522.13		9,783,923,522.13
Investment to associated and joint ventures	389,985,204.48		389,985,204.48	365,191,146.54		365,191,146.54
Total	10,543,908,726.61		10,543,908,726.61	10,149,114,668.67		10,149,114,668.67

(2) Investment to subsidiaries

Invested companies	Balance at the beginning of the period	Increase in the period	Decrease in the period	Balance at the end of the period	Provision for impairment in the period	Balance provided for impairment at the end of the period
1.Dongfang Boiler Company	4,391,395,417.83			4,391,395,417.83		
2.Dongfang Turbine Company	2,542,003,999.71			2,542,003,999.71		
3.Dongfang Electric Company	2,000,000,000.00			2,000,000,000.00		
4.India Company	129,504,712.22			129,504,712.22		
5.Wuhan Nuclear Equipment Company	131,560,000.00			131,560,000.00		
6.Dongfang Heavy Machinery Company	589,459,392.37			589,459,392.37		
7.Dongfang Wind Power Company		370,000,000.00		370,000,000.00		
Total	9,783,923,522.13	370,000,000.00		10,153,923,522.13		

(3) Investment in associated companies and joint ventures

Invested companies	Balance at the beginning of the period	Increase / decrease in the period								Balance at the end of the period	Balance provided for impairment at the end of the period
		Follow-on investment	Deducted investment	Recognised investment loss / gain by equity method	Adjustment to other comprehensive income	Changes in other equity	Announcement of delivery of cash dividends or profit	Provision for impairment	Others		
I. Joint ventures											
1.AREVA-DONGFANG Company	246,171,180.71			20,097,507.36						266,268,688.07	
II. Associated companies											
1.Sichuan Nengtou Wind Power Company	99,019,965.83			4,503,968.99						103,523,934.82	
2.Huadian Longkou Wind Power Co., Ltd.	20,000,000.00			192,581.59						20,192,581.59	
Total	365,191,146.54			24,794,057.94						389,985,204.48	

(4) Analysis of long-term equity investment is as follows:

Item	Amount at the end of the period	Amount at the beginning of the period
Listed		
Non-listed	10,543,908,726.61	10,149,114,668.67
Total	10,543,908,726.61	10,149,114,668.67

4. Operating cost, operating income

Item	Incurred amount in the period		Incurred amount in the last period	
	Income	Cost	Income	Cost
Major business	8,318,122,701.43	8,077,536,588.85	7,072,571,262.19	6,861,219,575.53
Other business	4,713,269.50	1,030,669.73	3,749,149.88	867,577.96
Total	8,322,835,970.93	8,078,567,258.58	7,076,320,412.07	6,862,087,153.49

5. Investment income

Item	Incurred amount in the period	Incurred amount in the last period
Long-term equity investment income calculated by using cost method	375,947,096.87	772,346,330.79
Long-term equity investment income calculated by using equity method	24,794,057.94	31,633,437.19
Investment income on holding financial assets at fair value through gain and loss for the period		581,813.20
Investment income from disposal of financial assets at fair value through gain and loss	9,254,977.13	
Investment income on holding available-for-sale financial assets		1,879,007.00
Investment income from disposal of available-for-sale financial assets		
Others	21,796,597.21	18,988,888.89
Total	431,792,729.15	825,429,477.07

6. Notes to the statement of cash flow

Supplementary information on the statement of cash flow

Item	Amount for the period	Amount for the last period
1.Reconciliation of net profit to cash flow from operating activities:		
Net profit	535,814,530.65	957,853,259.60
Add: Provision for impairment of assets	94,503,136.60	51,593,620.99
Depreciation of fixed assets	2,075,046.16	2,681,906.46
Amortization of intangible assets	1,132,491.43	222,818.37

Item	Amount for the period	Amount for the last period
Loss (profits are represented by “-”) for disposal of fixed assets, intangible assets and other long-term assets	377.49	15,097.67
Profit and Loss from Fair Value Changes (profits are represented by “-”)	8,388,554.34	2,181,799.50
Financial charges (profits are represented by “-”)	19,143,415.93	6,193,055.56
Investment loss (profits are represented by “-”)	-431,792,729.15	-825,429,477.07
Decrease in deferred income tax assets (increase is represented by “-”)	-13,058,930.49	-2,306,998.52
Increase in deferred income tax assets (decrease is represented by “-”)	-1,258,283.15	
Decrease in inventory (increase is represented by “-”)	-720,500,259.11	-458,265,792.85
Decrease in receivables under operating activities (increase is represented by “-”)	23,331,022.65	-1,118,025,204.56
Increase in payables under operating activities (decrease is represented by “-”)	-734,186,236.06	1,222,449,447.71
Net cash flow generated from operating activities	-1,216,407,862.71	-160,836,467.14
2. Substantial investment and financing activities not involving cash receipts and payments		
Conversion of debt into capital	3,266,071,903.61	
3. Net change in cash and cash equivalents :		
Balance of cash at the end of the period	5,444,816,344.83	2,979,317,960.61
Less: balance of cash at the beginning of the period	6,604,338,925.64	3,859,089,929.82
Net increase of cash and cash equivalents	-1,159,522,580.81	-879,771,969.21

XVII. SUPPLEMENTAL INFORMATION OF NOTES TO FINANCIAL STATEMENTS

1. Non-recurring balance sheet of the period

Item	Amount for current period	Explanation
Profit or loss from disposal of non-current assets	-904,880.66	
Government subsidy to be recorded in the profit and loss for the current period	37,495,952.30	
Profit or loss from change in fair value of held-for-trading financial assets and held-for-trading financial liabilities, and investment gain from disposal of held-for-trading financial assets, held-for-trading financial liabilities and available-for-sale financial assets, other than effective hedging business relating to the normal operations of the Company	31,577,204.00	
Write back of the provision for impairment of receivables that are individually tested for impairment		
Income and expenses from other operation other than the foregoing items	-37,030,034.85	
Other profit or loss items in compliance with the definition of non-recurring profit or loss		
Sub-total	31,138,240.79	
Amount of effects on income tax	-18,051,757.70	
Amount of effects on minority interests (after tax)	-1,710,195.79	
Total	11,376,287.30	

Dongfang Electric Corporation Limited

Notes to the Financial Statements

From 1 January 2015 to 30 June 2015

(Unless otherwise stated, amounts are expressed in RMB in the notes to the financial statements)

2. Return of net assets and earnings per share

Profit for the reporting period	Weighted average return on net assets (%)	Earnings per share	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to the shareholders of the parent company	0.83	0.08	0.08
Net profit attributable to the shareholders of the parent company after deduction of non-recurring profit or loss	0.78	0.07	0.07

XVIII. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved by the board of directors of the Company on 28 August 2015.

Dongfang Electric Corporation Limited

Legal representative:

Person in charge of accounting function:

Person in charge of accounting department:

28 August 2015