



东方电气
DONGFANG ELECTRIC

DONGFANG ELECTRIC CORPORATION LIMITED

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

2019

INTERIM REPORT

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I. DEFINITIONS

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

Definitions of Frequently Used Terms

Dongfang Electric, Company, the Company	Dongfang Electric Corporation Limited
Controlling Shareholder, DEC	Dongfang Electric Corporation
Reporting Period	From 1 January 2019 to 30 June 2019
SSE	Shanghai Stock Exchange
Hong Kong Stock Exchange, Stock Exchange	The Stock Exchange of Hong Kong Limited
RMB, RMB'0000, RMB100 million	Renminbi Yuan, Renminbi 0'000, Renminbi 100 million

II. COMPANY PROFILE AND MAJOR FINANCIAL INDICATORS

I. Company Information

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

II. Contact Persons and Methods

	Secretary to the Board of Directors	Representative of securities affairs
Name	Gong Dan	Huang Yong
Contact address	18 Xixin Road, High-Tech District (Western District), Chengdu City, Sichuan Province	18 Xixin Road, High-Tech District (Western District), Chengdu City, Sichuan Province
Telephone	028-87583666	028-87583666
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II. COMPANY PROFILE AND MAJOR FINANCIAL INDICATORS (CONTINUED)

III. Change of 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	18 Xixin Road, High-Tech District (Western District), Chengdu City, Sichuan Province
Postal code for business address	611731
Company website	http://www.dec-ltd.cn/
E-mail	dsb@dongfang.com
Reference index for changes during the Reporting Period	Not applicable

IV. Change of 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 designated by the Stock Exchange for publication of the Company's interim report	www.hkexnews.hk
Place where the Company's interim report is available for inspection	Office of the Board of the Company
Reference index for changes during the Reporting Period	Not applicable

II. COMPANY PROFILE AND MAJOR FINANCIAL INDICATORS (CONTINUED)

V. Share Information

Class of share	Listing place	Stock		Stock name before the change
		abbreviation	Stock code	
A Shares	SSE	東方電氣	600875	東方電機
H Shares	Stock Exchange	Dongfang Elec	1072	Dongfang Electrical

VI. Major Accounting Data and Financial Indicators

(I) Major accounting data

Unit: Yuan Currency: RMB

Major accounting data	During the Reporting Period (January to June)	As at the corresponding period of the previous year (Restated)	Increase/decrease for the Reporting Period compared to the corresponding period of the previous year (%)
Total operating income	15,841,165,600.17	16,576,811,643.24	-4.44
Operating income	15,309,891,387.85	16,134,045,440.79	-5.11
Net profit attributable to shareholders of the Company	729,692,676.27	534,714,441.13	36.46
Net profit after non-recurring profit and loss attributable to shareholders of the Company	717,476,185.36	465,268,804.22	54.21
Net cash flow from operating activities	-3,249,813,611.86	747,374,732.15	-534.83

II. COMPANY PROFILE AND MAJOR FINANCIAL INDICATORS (CONTINUED)

VI. Major Accounting Data and Financial Indicators (Continued)

(I) Major accounting data (Continued)

	As at the end of the Reporting period	As at the end of the previous year	Increase/decrease for the end of the Reporting Period compared to the end of the previous year (%)
Net assets attributable to shareholders of the Company	28,988,936,285.28	28,584,050,995.80	1.42
Total assets	86,363,335,265.95	91,323,329,417.78	-5.43

(II) Major financial indicators

Major accounting indicators	During the Reporting Period (January to June)	As at the corresponding period of the previous year (Restated)	Increase/decrease for the Reporting Period compared to the corresponding period of the previous year (%)
Basic earnings per share <i>(RMB/share)</i>	0.24	0.17	41.18
Diluted earnings per share <i>(RMB/share)</i>	0.24	0.17	41.18
Basic earnings per share after non- recurring profit and loss <i>(RMB/share)</i>	0.23	0.15	53.33
Weighted average return on net assets (%)	2.52	1.95	Increased by 0.57 percentage point
Weighted average return on net assets after non-recurring profit and loss (%)	2.48	1.70	Increased by 0.78 percentage point

II. COMPANY PROFILE AND MAJOR FINANCIAL INDICATORS (CONTINUED)

VI. Major Accounting Data and Financial Indicators (Continued)

(II) Major financial indicators (Continued)

Total operating revenue by industry and product

Unit: Yuan Currency: RMB

By product	Revenue	Cost	Gross profit margin (%)	Increase/decrease	Increase/decrease	Increase/decrease
				in revenue as compared to the corresponding period of the previous year (%)	in cost as compared to the corresponding period of the previous year (%)	in gross profit margin as compared to the corresponding period of the previous year (Percentage point)
Operations by industry						
Power generation equipment manufacturing industry	15,841,165,600.17	12,035,222,967.39	24.03	-4.44	-11.27	5.86
Operations by product						
High-efficient clean energy equipment	8,710,411,128.52	6,741,743,233.55	22.60	-12.86	-20.47	7.41
Renewable energy equipment	2,581,451,833.10	2,228,120,822.21	13.69	17.66	16.90	0.57
Engineering and trade	1,314,457,623.64	1,070,388,829.60	18.57	-27.27	-36.97	12.52
Modern manufacturing services industry	1,877,141,526.89	937,937,387.03	50.03	36.90	69.18	-9.53
Emerging growth industry	1,357,703,488.02	1,057,032,695.00	22.15	12.36	13.90	-1.05

II. COMPANY PROFILE AND MAJOR FINANCIAL INDICATORS (CONTINUED)

VII. Items and Amount of Non-Recurring Profit or Loss

Unit: Yuan Currency: RMB

Items of Non-recurring Profit or Loss	Amount	Note (if applicable)
Gain or loss on disposal of non-current assets	1,100,028.20	
Government subsidies recognized in current period's profit and loss, except continuous government subsidies closely related to the Company's general business, in accordance with state policy, and with fixed amounts or fixed quantities	38,039,490.55	
Gains and losses of debt restructure	-508,830.46	
Gain/(Loss) on changes in the fair value of financial assets held for trading, derivative financial assets, financial liabilities held for trading, derivative financial liabilities and investment income from disposal of financial assets held for trading, derivative financial assets, financial liabilities held for trading, derivative financial liabilities and other debts investments, other than the effective hedging business related to the Company's general business	-79,406,865.85	
Reversal of provision on receivable and contract assets impairment individually conducted impairment test	39,109,726.70	
Other non-operating income and expenses other than the above mentioned items	19,828,237.19	
Impacted amount in non-controlling shareholders' equity	-6,100,249.89	
Impacted amount in income tax	154,954.47	
Total	<u>12,216,490.91</u>	

III. BUSINESS OVERVIEW

I. The Company's Principal Business, Operating Model and Industry Information during the Reporting Period

The Company is engaged in power equipment manufacturing industry. By adhering to the objective of “to create value and to enjoy fruits together (共創價值、共享成功)”, the Company committed to becoming a world leading manufacturer of major technology and equipment and service provider with international competitiveness, and to providing its customers with large-scale power generation equipment of clean and efficient power such as hydropower, thermal power, nuclear power, wind power and steam power, solar thermal and engineering contracting and services, as well as power electronics and control, finance, logistics, trade, new energy, industrial intelligence equipment. The Company's main products include 50,000–1 million kilowatt-class thermal power generating units, 50,000–1 million kilowatt-class hydroelectric generating units, 1–1.75 million kilowatt-class nuclear power units, heavy-duty gas turbine equipment, 1.5–10 megawatt-class wind power equipment, equipment for the desulphurization and denitrification of flue gas emissions from boilers at large power stations and large chemical containers. The Company has created a product pattern where “hydropower, thermal energy, nuclear energy, wind energy and solar energy” are simultaneously used for electricity generation and developed in a coordinated way.



III. BUSINESS OVERVIEW (CONTINUED)

I. The Company's Principal Business, Operating Model and Industry Information during the Reporting Period (Continued)

The Company is mainly engaged in development, designing, manufacturing and selling large, advanced sets of equipment for the high-efficiency clean generation of hydropower, thermal power, nuclear power, wind power, gas power and solar thermal. The Group is also engaged in such related business as providing global electricity operators with construction contracting and services. As one of the largest R&D and manufacturing bases of power generation equipment and one of the mega enterprises for power-plant project contracting in globe, the Company has ranked top globally for successive years in terms of production volume of power generation equipment. With its power generation equipment and service business covering nearly 70 countries and regions, the Company is highly competitive and influential in the field of power generation equipment.

In the first half of 2019, China's economy maintained its development trend of overall stability and steady progress. The main macroeconomic indicators remained within a reasonable range, but faced new risk challenges. In respects of power demand, the national total electricity consumption was 3,398 billion kWh, representing a year-on-year increase of 5.0%, which dropped by 4.4 percentage points over the same period of last year. The investment in power engineering in the PRC was slightly higher than that in the same period of last year, of which the investment in hydropower and wind power increased by 36.4% and 54.8%, respectively, while the investment in thermal power and nuclear power decreased significantly by 26.0% and 30.2%, respectively.

III. BUSINESS OVERVIEW (CONTINUED)

II Analysis of Core Competitiveness during the Reporting Period

As one of the world's largest R&D and manufacturing bases for power equipment and the largest power plant project contracting enterprise, the Company has excellent technology and innovative capability, a comprehensive product structure and service capabilities, first-rate manufacturing capability, remarkable market expansion capability and strong brand influence. During the Reporting Period, there was no significant change in the core competitiveness of the Company.

IV. DISCUSSION AND ANALYSIS OF OPERATIONS

I. Discussion and Analysis of Operations

During the Reporting Period, the Company put full efforts to advance its high-quality development. New achievements have been made. In the past six months, the economic operation has progressed steadily, the quality of operations has continued to improve, structural adjustment has achieved fresh results, new breakthroughs have been made in technological innovation and the trend of high-quality development has further demonstrated.

Completion of Operation Indicators

During the Reporting Period, under the China Accounting Standards for Business Enterprises, the Company recorded a total operating revenue of RMB15,841 million; net profit attributable to shareholders of the Company of RMB730 million, representing an increase of 36.46% over the same period of the previous year; and earnings per share of RMB0.24. Consolidated gross profit margin was 24.03%, representing an increase of 5.86 percentage points over the same period of the previous year.

IV. DISCUSSION AND ANALYSIS OF OPERATIONS (CONTINUED)

I. Discussion and Analysis of Operations (Continued)

Output of power generation equipment

During the Reporting Period, the Company achieved the output of power generation equipment with a total capacity of 9.3342 million KW, representing a year-on-year decrease of 20.76%, including 10 hydroelectric generating units with a total capacity of 2.1012 million KW, representing a year-on-year increase of 462.42%, 43 steam turbine generators with a total capacity of 6.885 million KW, representing a year-on-year decrease of 38.44%, 158 wind turbine generators with a total capacity of 0.348 million KW, representing a year-on-year increase of 57.11%, 26 power station boilers with a total capacity of 7.499 million KW, representing a year-on-year decrease of 28.38% and 58 power station steam turbines with a total capacity of 9.319 million KW, representing a year-on-year decrease of 24.99%.

Fruitful achievements in the wind power business. The wind power business achieved satisfactory results. In the first half of the year, the new bidding order granted amounted to RMB8 billion. Focusing on market demand, the Company made remarkable progress in research and development of new wind power products. The 4MW onshore direct-drive unit prototype was successfully connected to the grid, and has obtained bulk orders. The 7MW offshore wind power unit prototype is expected to be commissioned before the end of the year; the detailed design of 10MW offshore wind power unit prototype was completed; wind turbine blade with the largest domestic power level and the longest length of 90m successfully went off the assembly line. Wind power orders and wind power product research and development have laid a solid foundation for the recovery of the wind power business.

IV. DISCUSSION AND ANALYSIS OF OPERATIONS (CONTINUED)

I. Discussion and Analysis of Operations (Continued)

Good progress in the expansion of the modern manufacturing service business. In the past six months, we fully took advantage of the role of customer service managers close to the users, strengthened top-level planning and process coordination, and vigorously implemented the Action Plan for Leading Technology in Power Plant Service Industry(《電站服務產業技術領先行動計劃》). In the first half of the year, the new effective orders for power plant services amounted to RMB2.62 billion, representing a year-on-year increase of 60.6%.

Steady development in international business. Facing the rapid changes in the global economic environment and the difficulties in key projects financing, by proactively seizing important market opportunities along the “Belt and Road”, the Company signed key projects such as the Gas Turbine Project and Power Transmission and Transformation Project in Bangladesh, promoted the hydropower project in Papua New Guinea, the Tekeze Hydropower Project in Ethiopia and the EMU project in Sri Lanka to come into effect.

Growth in new orders and orders in hand

In the context of intense market competition, the Company strived to explore the market and realized the growth of new orders and orders in hand in the adverse market environment. As of the end of June, the Company's new orders in the first half of the year amounted to RMB19.261 billion, representing an increase of 13.55% as compared with the same period of last year. The orders in hand amounted to RMB88 billion, which achieved growth over the corresponding period of the previous year.



IV. DISCUSSION AND ANALYSIS OF OPERATIONS (CONTINUED)

I. Discussion and Analysis of Operations (Continued)

Rapid growth in emerging growth business

We deeply promoted the implementation of business development objectives of the “refining the main business operations and developing new business operations”. In the first half of the year, emerging growth business obtained effective orders of RMB4.29 billion, representing an increase of 157.8% over the same period last year. In the first half of the year, the environmental protection business obtained effective orders of RMB1.87 billion, which was 7.5 times that of the same period of last year. New effective orders of new energy materials amounted to RMB390 million, representing an increase of 113%. The first automatic production line for hydrogen fuel cells with an annual output of 1,000 sets of capacity in western China was officially put into operation. The development of industrial equipment, energy storage and energy Internet has accelerated during the industrial incubation period and are about to enter a new stage of industrialization. The business expansion capabilities in intelligent equipment customization, digital production line/workshop design and general contracting, remote diagnosis and service of power plant equipment have been enhanced continuously.

IV. DISCUSSION AND ANALYSIS OF OPERATIONS (CONTINUED)

I. Discussion and Analysis of Operations (Continued)

Constant breakthroughs in technical innovations

The high-speed dynamic balance of the 50MW gas turbine rotor succeeded at one time trial, and the final assembly and boxing-up cylinder was successfully completed, which is about to enter the whole machine test stage; the first independently-developed million-kilowatt hydropower unit runner in Baihetan in the world was successfully completed, and all key components of the hydro turbine passed the inspection acceptance; the development of the first stay ring and volute casing of Changlongshan super-high water head pumped-storage unit was completed; the thermal power million kW 630 °C ultra-supercritical secondary-heat unit project progressed smoothly, and the manufacturing of the first set of upstage 1450mm titanium alloy test blades was completed. Four major heat exchanger technology design work of Xiapu fourth generation nuclear power demonstration fast reactor was almost completed, and steam generator flow induced vibration test achieved a complete success. New product research and development has achieved new results. The first domestic 24MW6,000 r/min pipeline motor passed the model test and obtained the certification by industry accreditation committee, which filled the gap in the domestic industry.

Stable and controllable quality and safety

We achieved the goal of zero major quality accidents and zero major customer complaints. We solidly promoted the construction of quality culture, issued the quality red line, carried out experience feedback, strengthened quality supervision, resolutely eliminate the violations of quality standards; adhered to problem-oriented approach to benchmark and analyze unit reliability and energy efficiency indicators with aims to find out quality gap of products. We carried out the Quality Long March activities to collect quality information through various channels. In the first half of the year, the Company did not have major and more serious production safety accidents, and no environmental pollution incident occurred.

IV. DISCUSSION AND ANALYSIS OF OPERATIONS (CONTINUED)

I. Discussion and Analysis of Operations (Continued)

Further consolidation in the management foundation

The basic management improvement activities of “clarifying responsibilities, shoring up the weaknesses, strengthening foundations, and improving capabilities” were fully rolled out. We further promoted the lean management and sorted out the indicators of management evaluation to establish ten evaluation dimensions such as quality management and human resource management. Risk prevention continued to be strengthened. We identified the major risks of the Company in systematical way in 2019, and formulated control measures to focus on contracts with material risk.

(I) Analysis of Principal Business

1. Analysis of changes in certain items in the financial statements

Unit: Yuan Currency: RMB

Item	Amount for the Period	Amount for the same period of the previous year	Change (%)
Operating revenue	15,309,891,387.85	16,134,045,440.79	-5.11
Operating cost	11,993,909,056.13	13,526,813,274.59	-11.33
Selling expenses	461,061,153.42	452,003,208.19	2.00
Administrative expenses	1,144,703,122.20	1,157,879,268.42	-1.14
R&D costs	785,932,757.27	431,544,259.78	82.12
Finance expenses	-30,297,494.36	-154,763,290.35	/
Net cash flows from operating activities	-3,249,813,611.86	747,374,732.15	-534.83
Net cash flows from investing activities	-1,306,576,124.09	679,165,934.99	-292.38
Net cash flows from financing activities	95,418,061.99	-365,905,284.75	/

IV. DISCUSSION AND ANALYSIS OF OPERATIONS (CONTINUED)

I. Discussion and Analysis of Operations (Continued)

(I) Analysis of Principal Business (Continued)

1. *Analysis of changes in certain items in the financial statements (Continued)*

- (1) Operating revenue for the current period recorded a year-on-year decrease of 5.11%, mainly due to a year-on-year decrease to varying degrees of clean high-efficiency energy equipment and engineering and trade segments.
- (2) The operating costs for the current period decreased by 11.33% from the previous year, mainly due to the year-on-year decrease in operating income for the current period, and the year-on-year increase in the gross profit margin of each segment other than modern manufacturing services and emerging growth business segments for the current period as a result of the obvious effect of strengthened efforts of the Company on the cost management.
- (3) The financial expenses for the current period increased significantly from the previous year, which was due to: first, the exchange loss for the current period increased from the previous year due to the fluctuation of RMB exchange rate; second, DEC Finance of the Company made overall fund management and accounting change to the resulting revenue.

IV. DISCUSSION AND ANALYSIS OF OPERATIONS (CONTINUED)

I. Discussion and Analysis of Operations (Continued)

(I) Analysis of Principal Business (Continued)

1. *Analysis of changes in certain items in the financial statements (Continued)*

- (4) R&D expenditure for the current period increased by 82.12% from the previous year, mainly due to the Company's increased investment in research and development during the current period.
- (5) The net cash flow generated from operating activities for the current period decreased by 534.83% from the previous year, which was due to: first, the receivables for the current period represented the year-on-year decrease; second, the cash outflow from the investment in the financial service by DEC Finance of the Company for the current period represented the year-on-year increase.
- (6) Net cash flows from investing activities for the current period decreased by 292.38% from the previous year, mainly due to the year-on-year increase in the investment outflow of the bank's wealth management products of DEC Finance of the Company during the current period.
- (7) The year-on-year increase in net cash flow from financing activities for the current period was mainly due to the year-on-year increase in cash received from capital injection during the current period.

IV. DISCUSSION AND ANALYSIS OF OPERATIONS (CONTINUED)

I. Discussion and Analysis of Operations (Continued)

(I) Analysis of Principal Business (Continued)

2. Cash flow

Unit: Yuan Currency: RMB

Item	Amount for the Period	Amount for the previous period <i>(Restated)</i>	Change <i>(%)</i>
Cash received from other operating activities	538,322,034.34	1,651,418,797.31	-67.40%
Cash received from disposal of investments	2,512,923,514.38	1,541,257,569.04	63.04%
Cash received from return on investments	305,704,299.91	58,847,793.56	419.48%
Cash received from financing activities	150,000,000.00	-	100%
Net cash from disposal of fixed assets, intangible assets and other long-term assets	4,716,740.85	57,722,172.50	-91.83%

- (1) Other cash received from operating activities decreased by 67.40% year-on-year, mainly due to the year-on-year decrease in the proceeds received by Dongfang Electric Finance Co., Ltd. of the Company from the disposal of financial assets purchased under resale agreements during the Period.

IV. DISCUSSION AND ANALYSIS OF OPERATIONS (CONTINUED)

I. Discussion and Analysis of Operations (Continued)

(I) Analysis of Principal Business (Continued)

2. Cash flow (Continued)

- (2) Cash received from disposal of investments increased by 63.04% year-on-year, mainly due to disposal of investment in equity and debt instruments.
- (3) Cash received from return on investments increased by 419.48% year-on-year, mainly due to the increases in dividends from joint ventures and return on investments from Dongfang Electric Finance Co., Ltd. of the Company during the Period.
- (4) Cash received from financing activities amounted to RMB150 million, which was related to capital contribution from DEC to Sichuan Dongshu New Material Co., Ltd. (四川東樹新材料有限公司) during the Period. Upon the completion of the capital contribution, Sichuan Dongshu New Material Co., Ltd. (四川東樹新材料有限公司) ceases to be an indirect subsidiary of the Company and its assets, liabilities and financial results will no longer be consolidated into the consolidated financial statements of the Company. Please refer to the announcement of the Company on 18 June 2019 for such details.
- (5) Net cash received from disposal of fixed assets, intangible assets and other long-term assets decreased by 91.83% year-on-year, mainly due to the decrease in disposal of assets in the Period.

IV. DISCUSSION AND ANALYSIS OF OPERATIONS (CONTINUED)

I. Discussion and Analysis of Operations (Continued)

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

1. Total operating revenue by industry and product

Unit: Yuan Currency: RMB

By product	Revenue	Cost	Gross profit margin (%)	Increase/decrease	Increase/decrease	Increase/decrease
				in revenue as compared to the corresponding period of the previous year (%)	in cost as compared to the corresponding period of the previous year (%)	in gross profit margin as compared to the corresponding period of the previous year (Percentage point)
Operations by industry						
Power generation equipment manufacturing sector	15,841,165,600.17	12,035,222,967.39	24.03	-4.44	-11.27	5.86
Operations by product						
High-efficient clean energy equipment	8,710,411,128.52	6,741,743,233.55	22.60	-12.86	-20.47	7.41
Renewable energy equipment	2,581,451,833.10	2,228,120,822.21	13.69	17.66	16.90	0.57
Engineering and trade	1,314,457,623.64	1,070,388,829.60	18.57	-27.27	-36.97	12.52
Modern manufacturing services business	1,877,141,526.89	937,937,387.03	50.03	36.90	69.18	-9.53
Emerging growth business	1,357,703,488.02	1,057,032,695.00	22.15	12.36	13.90	-1.05

IV. DISCUSSION AND ANALYSIS OF OPERATIONS (CONTINUED)

I. Discussion and Analysis of Operations (Continued)

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

1. Total operating revenue by industry and product (Continued)

- (1) The Company sought for restructuring and upgrading proactively during the Period. While focusing on the objectives of the “refining the main business operations and developing new business operations”, it optimized the allocation of resources and improved its quality control continuously, realizing varying level of income growth in other main products except for thermal power, nuclear power and engineering, which recorded a decrease in revenue. Total operating revenue decreased year-on-year by 4.44% during the Period.
- (2) The operating revenue from high-efficiency clean energy equipment decreased year-on-year by 12.86%, mainly due to a decrease in the scale of sales of thermal power and nuclear power products during the Period. The gross profit margin of high efficiency clean energy equipment increased year-on-year by 7.41 percentage points, mainly due to the change in project mix during the Period.

IV. DISCUSSION AND ANALYSIS OF OPERATIONS (CONTINUED)

I. Discussion and Analysis of Operations (Continued)

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

1. Total operating revenue by industry and product (Continued)

- (3) The revenue from renewable energy equipment increased year-on-year by 17.66%, mainly due to the year-on-year increase of 58.94% in revenue from hydro power products. The gross profit margin of renewable energy equipment for the Period remained basically flat as compared with the corresponding period of last year.
- (4) The operating revenue from engineering and trade decreased year-on-year by 27.27%, mainly due to the year-on-year decrease in revenue from project contracting. The gross profit margin of engineering and trade increased year-on-year by 12.52 percentage points during the Period, due to the increase in the gross profit margin of engineering project.
- (5) The operating revenue from modern manufacturing services business increased year-on-year by 36.90%, mainly due to the year-on-year growth in power plant services. The gross profit margin of modern manufacturing services decreased year-on-year by 9.53 percentage points, mainly due to the year-on-year decrease in the gross profit margin of power plant services.

IV. DISCUSSION AND ANALYSIS OF OPERATIONS (CONTINUED)

I. Discussion and Analysis of Operations (Continued)

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

1. Total operating revenue by industry and product (Continued)

- (6) The operating revenue from emerging growth business increased year-on-year by 12.36%, mainly due to the year-on-year growth in revenue from electronic power and intelligent control products and environmental protection products. The gross profit margin of emerging growth business for the Period remained basically flat as compared with the corresponding period of last year.

2. Total operating revenue by region

Unit: Yuan Currency: RMB

Region	Total operating revenue	Year-on-year increase/decrease
		in operating revenue (%)
Mainland China	14,281,922,322.67	-5.00%
Overseas	<u>1,559,243,277.50</u>	<u>1.08%</u>
Total	<u>15,841,165,600.17</u>	<u>-4.44%</u>

IV. DISCUSSION AND ANALYSIS OF OPERATIONS (CONTINUED)

I. Discussion and Analysis of Operations (Continued)

(III) Analysis on Assets and Liabilities

1. Analysis on assets and liabilities

Unit: Yuan Currency: RMB

Item	Balance at the end of the current period	Balance at the end of the current period over total assets (%)	Balance at the end of the prior period	Balance at the end of the prior period over total assets (%)	Change in	Note
					proportion of balance at the end of the current period compared with the end of the prior period (%)	
Held-for-trading financial assets	2,397,732,371.99	2.78	3,122,839,818.04	3.42	-23.22	
Notes receivable	3,523,209,806.01	4.08	5,109,357,725.63	5.59	-31.04	
Accounts receivable	6,271,270,605.23	7.26	6,555,217,018.91	7.18	-4.33	
Inventories	12,545,644,518.53	14.53	13,873,986,465.23	15.19	-9.57	
Contract assets	10,728,811,974.82	12.42	10,187,971,672.86	11.16	5.31	
Short-term Loans	232,417,000.00	0.27	245,566,000.00	0.27	-5.35	
Accounts payable	12,376,600,247.50	14.33	11,540,188,158.94	12.64	7.25	
Contract liabilities	24,996,615,106.96	28.94	29,460,944,098.28	32.26	-15.15	
Taxes payable	155,244,684.68	0.18	461,097,975.94	0.50	-66.33	
Long-term accrued payroll	861,434,826.16	1.00	837,303,270.07	0.92	2.88	
Provisions liabilities	5,983,877,460.17	6.93	6,136,106,066.37	6.72	-2.48	

IV. DISCUSSION AND ANALYSIS OF OPERATIONS (CONTINUED)

I. Discussion and Analysis of Operations (Continued)

(III) Analysis on Assets and Liabilities (Continued)

1. Analysis on assets and liabilities (Continued)

- (1) Held-for-trading financial assets of the Company for the end of the period decreased by 23.22% as compared with the beginning of the year, mainly due to the Company's disposal of certain of shares held and debts during the current period.
- (2) Notes receivable of the Company for the end of the period decreased by 31.04%, mainly due to acceptance as a result of maturity of notes receivable and transfer through endorsement.
- (3) Taxes payable of the Company for the end of the period decreased by 66.33% as compared with the beginning of the year, mainly due to the payment of value-added tax and enterprise income tax for the current period.

2. Major restricted assets at the end of the Reporting Period

Among Cash and cash equivalents of the Company for the end of the period, restricted cash and cash equivalents totaled RMB1,933,991,427.37, which represented security deposit for letter of credit, security deposit for bank acceptance bills, performance guarantee deposits and statutory deposit reserve with central bank from DEC Finance Co., Ltd..

IV. DISCUSSION AND ANALYSIS OF OPERATIONS (CONTINUED)

I. Discussion and Analysis of Operations (Continued)

(IV) Analysis of Investment

1. Overall analysis on external equity investment

(1) Financial assets at fair value

No.	Type	Stock code	Stock short name	Initial investment cost (RMB0'000)	Carrying value at the beginning of the period (RMB0'000)	Carrying value at the end of the period (RMB0'000)	Profit or Loss in the Reporting Period (RMB0'000)
1	Stock	600011	Huaneng Power	53,073.26	58,403.83	49,302.96	-9,110.87
2	Stock	601179	CHINA XD	1,010.77	486.19	535.39	49.20
3	Stock	000883	Hubei Energy	189.79	104.74	123.86	19.12
4	Stock	600030	CITICS	630.98	600.21	892.64	292.43
Total				54,904.80	59,594.97	50,854.85	-8,740.12

IV. DISCUSSION AND ANALYSIS OF OPERATIONS (CONTINUED)

I. Discussion and Analysis of Operations (Continued)

(V) Analysis of major controlling subsidiaries and investees

Name	Interest	Main products or service	Paid-in capital	Total assets	Net assets	Operating income	Operating profit	Net profit
DEC Dongfang Steam Turbine Co., Ltd.	94.39%	Production, processing and sales of steam turbines, water turbines, gas turbines, compressors, fans, pumps and renewable energy; industrial control and automation; the research, design, installation, commissioning, alteration and maintenance services of the power stations and the corresponding equipment; mechanical equipment and its accessories as well as the related import and export business	54.97	234.97	57.46	51.83	1.24	1.59
DEC Dongfang Boiler Group Co., Ltd.	96.79%	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, waste water and solid waste treatment etc.)	18.65	207.57	63.62	40.07	2.22	1.89
DEC Dongfang Electric Machinery Co., Ltd.	91.86%	Design, manufacturing and sales of complete sets of power generation equipment, turbonators, AC and DC motors; the design, manufacturing and sales of control equipment; the transformation of power stations and the installation of power station equipment	34.16	148.14	55.16	29.57	2.19	1.85

IV. DISCUSSION AND ANALYSIS OF OPERATIONS (CONTINUED)

I. Discussion and Analysis of Operations (Continued)

(V) Analysis of major controlling subsidiaries and investees (Continued)

Name	Interest	Main products or service	Paid-in capital	Total assets	Net assets	Operating income	Operating profit	Net profit
Dongfang Electric Finance Co., Ltd.	95%	Provision of financial services, financial consultancy, credit verification and related advisory, and agency services to group entities; assisting group entities to settle payments; provision of guarantees to group entities; provision of entrusted loans and entrusted investment among group entities; provision of bill acceptance and discounting among group entities; provision of internal account settlement and clearing among group entities; accept of deposits from group entities; provision of loans and finance leasing; provision of intercompany borrowings; provision of short-term life and health insurance, provision of motor vehicles insurance and corporate property insurance agency services; provision of underwriting services of corporate bonds for group entities; provision of equity investments in financial institutions; provision of buyer's credit and finance lease for group entities' products; investments in securities (including securities); forward settlement and sale of foreign exchange (basic). (The scope and term of the aforesaid items are subject to permitted or approved licenses)	20.95	352.01	31.64	5.52	2.14	1.57

IV. DISCUSSION AND ANALYSIS OF OPERATIONS (CONTINUED)

I. Discussion and Analysis of Operations (Continued)

(V) Analysis of major controlling subsidiaries and investees (Continued)

Name	Interest	Main products or service	Paid-in capital	Total assets	Net assets	Operating income	Operating profit	Net profit
Dongfang Electric Wind Power Co., Ltd.	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 wind-mill generators and their components and parts; technical services 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, their components and parts and associated technologies	22.33	60.30	13.26	16.04	0.06	0.05

IV. DISCUSSION AND ANALYSIS OF OPERATIONS (CONTINUED)

I. Discussion and Analysis of Operations (Continued)

(V) Analysis of major controlling subsidiaries and investees (Continued)

Name	Interest	Main products or service	Paid-in capital	Total assets	Net assets	Operating income	Operating profit	Net profit
DEC International Cooperation Limited	100%	Contracting overseas engineering projects, dispatch of workers required for the implementation of the aforesaid oversea engineering projects (The scope and term of the aforesaid items are subject to the licenses). General business (the following items exclude pre-licensing projects and the operation of post-licensing projects shall be subject to licenses or approval documents): research and development and sales of general equipment, electric machinery and equipment; provision of professional technical services; technology promotion and application services; and import and export business. The company is principally engaged in contracting overseas power station projects and exporting complete sets of large-scale power station equipment. In addition, the company is also engaged in the export of domestic manufactured automotive vehicles and trucks in large quantities in recent years	7.64	53.10	15.75	6.91	0.85	0.69

IV. DISCUSSION AND ANALYSIS OF OPERATIONS (CONTINUED)

I. Discussion and Analysis of Operations (Continued)

(V) Analysis of major controlling subsidiaries and investees (Continued)

Name	Interest	Main products or service	Paid-in capital	Total assets	Net assets	Operating income	Operating profit	Net profit
Dongfang Electric Automatic Control Engineering Co., Ltd.	99.85%	R&D, manufacturing, integration and sales of regulating, protection, monitoring, hydraulic pressure, instrument, and electric control system for power generation equipment and turbines; R&D of wind power control system, sea water desalination control system, water treatment equipment control system and PV generating equipment, research, system integration and sales of distributed energy stations and smart grid technology, and power station project general contracting; R&D, system integration, installation, and sales of power plants and substation distributed control system, industrial control equipment, power plant simulation system, electric system and charging system of electric vehicles, electric system of locomotive, small and medium-sized wind power generation equipment, energy storage, power generation and thermal energy utilization system, wave control device, magnetic control device, industrial wireless communication and other automatic control equipment; development, production, commissioning, sales and maintenance services of computer software and hardware; technical consultation services;	7.00	21.34	8.79	7.32	0.52	0.36

IV. DISCUSSION AND ANALYSIS OF OPERATIONS (CONTINUED)

I. Discussion and Analysis of Operations (Continued)

(V) Analysis of major controlling subsidiaries and investees (Continued)

Name	Interest	Main products or service	Paid-in capital	Total assets	Net assets	Operating income	Operating profit	Net profit
		relevant import and export business; sales of electric machinery and equipment, electronic components, household appliances, building electric equipment, air conditioning equipment, valves, pumps, semiconductor materials, mineral products (except for items restricted by the state), construction materials, general contracting for power construction project (the operation of the aforesaid items shall be conducted with valid licenses)						
Dongfang Electric (Guangzhou) Heavy Machine Co., Ltd.	65.1813%	Any business prohibited by national laws and regulations shall not be operated; any business which is subject to special approval shall be operated upon approval; and other businesses can be independently organized and operated	11.51	35.53	17.03	5.59	0.11	0.02
Dongfang Electric (Wuhan) Nuclear Equipment Co., Ltd.	67%	Design and production of internal components of civil nuclear pressure equipment, design and production of specific products and machinery manufacturing (business items with special provisions of the state may be operated only after examination and approval or with valid licenses)	3.46	5.07	1.96	0.71	0.07	0.07

IV. DISCUSSION AND ANALYSIS OF OPERATIONS (CONTINUED)

I. Discussion and Analysis of Operations (Continued)

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

1. Analysis of operating results

Unit: Yuan Currency: RMB

Item	Amount for the Period	Amount for the same period of the previous year (Restated)	Year-on-year increase/ decrease
Total operating revenue	15,841,165,600.17	16,576,811,643.24	-4.44%
Selling expenses	461,061,153.42	452,003,208.19	2.00%
Administrative expenses	1,144,703,122.20	1,157,879,268.42	-1.14%
R&D expenses	785,932,757.27	431,544,259.78	82.12%
Finance costs	-30,297,494.36	-154,763,290.35	-
Credit impairment loss (loss indicated by "-")	-176,131,592.81	-367,849,064.34	-
Impairment loss of assets (loss indicated by "-")	-347,801,337.28	-79,460,325.47	-
Operating profit	895,913,145.98	665,371,268.15	34.65%
Total profit	917,978,259.51	632,577,189.08	45.12%
Income tax expenses	131,858,274.81	78,256,801.75	68.49%
Net profit	786,119,984.70	554,320,387.33	41.82%
Net profit attributable to owners of the parent company	729,692,676.27	534,714,441.13	36.46%

IV. DISCUSSION AND ANALYSIS OF OPERATIONS (CONTINUED)

I. Discussion and Analysis of Operations (Continued)

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

1. Analysis of operating results (Continued)

- (1) Affected by the market, the total operating revenue of the Company decreased year-on-year by 4.44% during the Period, which was mainly due to the year-on-year decrease in revenue from high-efficiency clean energy equipment segment and revenue from engineering and trade segment.
- (2) The R&D expenses of the Company increased year-on-year by 82.12% during the Period, which was mainly due to the increased investment in the research and development during the Period.
- (3) The finance expenses significantly increased year-on-year during the Period, which was due to: first, the year-on-year increase in the exchange loss during the current period resulting from fluctuations in RMB exchange rates; second, Dongfang Electric Finance Co., Ltd. of the Company made overall fund management and accounting change to the resulting revenue.

IV. DISCUSSION AND ANALYSIS OF OPERATIONS (CONTINUED)

I. Discussion and Analysis of Operations (Continued)

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

1. Analysis of operating results (Continued)

- (4) The credit impairment loss of the Company decreased year-on-year during the Period, which was mainly due to the decrease in the provision for bad debts of accounts receivable.
- (5) The impairment losses of assets of the Company increased year-on-year during the Period, which was mainly due to the year-on-year increase in estimated contract losses and impairment losses on product assets.
- (6) The operating profit of the Company increased year-on-year by 34.65%, total profit increased year-on-year by 45.12% and net profit increased year-on-year by 41.82% during the Period, which were mainly due to the increase in gross profit margin during the Period.

IV. DISCUSSION AND ANALYSIS OF OPERATIONS (CONTINUED)

I. Discussion and Analysis of Operations (Continued)

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

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

As at the end of the Period, the Company's total assets amounted to RMB86,363 million, decreasing by 5.43% as compared with the beginning of the year, among which sharp decreases were recorded in notes receivable and inventories, with decreases of 31.04% and 9.57% respectively. Total liabilities amounted to RMB55,219 million, down by 8.92% as compared with the beginning of the year, mainly attributable to the decrease of 42.40% in notes payable and the decrease of 15.15% in contract liabilities. Total shareholders' equity amounted to RMB31,144 million, up by 1.47% as compared with the beginning of the year, mainly attributable to the increase in the operating profit for the Period.

IV. DISCUSSION AND ANALYSIS OF OPERATIONS (CONTINUED)

I. Discussion and Analysis of Operations (Continued)

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

3. Gearing ratio

Item	Amount at the end of the Period	Amount at the beginning of the year	Year-on-year increase/ decrease <i>(Percentage point)</i>
Gearing ratio (%)	63.94	66.39	-2.45

Note: Gearing ratio = total liabilities/total assets × 100%

The gearing ratio of the Company was 63.94% at the end of the Period, representing a decrease of 2.45 percentage points as compared with the beginning of the year. The risk relating to the asset structure of the Company is in a controllable state.

4. Bank borrowings

As at 30 June 2019, the Company had financial institution (bank) borrowings of RMB210 million due within one year and financial institution (bank) borrowings of RMB436 million due beyond one year. The Company's borrowings and cash and cash equivalents are mainly denominated in RMB. In particular, RMB646 million were fixed-rate loans. The Company has maintained a favorable credit rating with banks and a sound financing capacity.

IV. DISCUSSION AND ANALYSIS OF OPERATIONS (CONTINUED)

I. Discussion and Analysis of Operations (Continued)

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

5. *Exchange risk management*

With the increasing scale of the international operations of the Company, foreign exchange rate risk has become a more important element that affects the Company's operating results. With a view to effectively reduce the impact of fluctuations in foreign currency exchange rates on the Company's financial position and operating results, the Company prudently 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 30 June 2019, the Company had pledged borrowings of RMB436 million (the beginning of the year: RMB446 million), which were related to borrowings from financial institutions secured by concession. As at 30 June 2019, net concession value amounted to RMB558 million (the beginning of the year: RMB570 million). As at the end of the Period, this part of borrowings was not due and repayable.



IV. DISCUSSION AND ANALYSIS OF OPERATIONS (CONTINUED)

II. Other Disclosure

(I) Possible risks

1. *Risk relating to market orders*

With the gear of Chinese economic growth shifting to medium-to-high speed, there is less demand for electric power and additional power generating equipment. The new power generation equipment market faces sharp downturn. All of these factors bring about great pressure and risks to orders of enterprises. The Company will spare no effort to expand the target market. We will strive for the sustainable increase in orders by tapping into the traditional market, fully developing the renewable energy market, vigorously developing the services market and steadily developing international business, thus laying a solid foundation for leapfrog development.

2. *Risks Involved in Project Implementation*

Certain risks involved in project implementation exist in relation to individual coal-fired power project and wind power project of the Company's projects in hand. Overseas projects are also faced with intensified risks in relation to collection, increased exchange rate volatility in the international market, which pose risks to project implementation.

IV. DISCUSSION AND ANALYSIS OF OPERATIONS (CONTINUED)

II. Other Disclosure (Continued)

(I) Possible risks (Continued)

2. *Risks Involved in Project Implementation (Continued)*

The Company will strengthen project risk management and control, management and control on overseas projects, and projects evaluation, and make arrangement for production and delivery schedule according to customers' financial status, progress in the collection of payments from customers, etc. For risky projects, we shall stop or slow down the input of resources and project implementation, and prepare and plan for legal action to reduce the Company's operating risks.

3. *Risk relating to recovery of receivables*

Since the progress of construction of some power stations project is slowing down, the Company is facing the risk arising from more difficulties in recovery of accounts receivable and loans. As a result, the cash flow generated from operating activities such as the recovery of receivables decreased. In order to ensure the normal operation of the Company's capital chain to satisfy the capital demand for production and operation, the Company will strengthen fund management to prevent fund risk, and make more efforts on recovering the account receivables.

IV. DISCUSSION AND ANALYSIS OF OPERATIONS (CONTINUED)

II. Other Disclosure (Continued)

(II) Other disclosure

1. Prospect for the Second Half of 2019

The Company will secure full victories in the “three critical missions” of rejuvenating wind power business, expanding modern manufacturing service business and bolstering international business and proactively develop emerging growth business. The Company plans to produce power generation equipment with a total capacity of 21,000 MW for the whole year of 2019, turn around the decline in operating revenue and achieve steady growth in operating revenue and continued increase in total profit to drive the Company to achieve high-quality development.

V. SIGNIFICANT EVENTS

I. Overview of General Meetings

Session of Meeting	Date	Designated website for publication of resolutions	Publication date of resolutions
2018 annual general meeting	26 June 2019	http://www.sse.com.cn/ http://www.hkexnews.hk/	26 June 2019

V. SIGNIFICANT EVENTS (CONTINUED)

II. Plan for Profit Distribution or Capitalization of Capital Reserve

(I) Profit distribution during the Reporting Period

Approved by the general meeting for 2018 on 26 June 2019, the Company paid the final dividend for 2018 to its shareholders on 26 August 2019, a cash dividend of RMB1.10 (inclusive of tax) per 10 shares, totaling the dividend of RMB339,988,377.41 (inclusive of tax).

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

Whether making profit distribution or converting surplus reserves into share capital	No
Number of bonus share for every 10 shares	0
Amount of cash dividend for every 10 shares (<i>RMB</i>) (including tax)	0
Number of shares converted for every 10 shares	0

The Board does not recommend the payment of interim dividend for the six months ended 30 June of 2019. (Interim dividend for the same period in 2018: Nil).

V. SIGNIFICANT EVENTS (CONTINUED)

III. Performance of Undertakings

(I) Undertakings of the De Facto Controller, Shareholders, Related Parties, Acquirer of the Company and the Company Made or Subsisting During the Reporting Period

Background of undertakings	Type of undertakings	Party making undertakings	Contents of undertakings	Time and term of undertakings	Any term of performance	Strictly performed in a timely manner or not	Description of specific reasons if not performed timely	Description of plans for next steps if not performed timely
Undertakings made in acquisition reports or equity change reports	Lock-up of shares	Dongfang Electric Corporation	DEC shares subscribed with the Target Assets held by the Company shall not be transferred in any form within 36 months after the listing of such shares. If the closing price of DEC shares is below the issue price in the transaction for 20 consecutive trading days from the listing of new shares from the transaction, or the closing price at the end of the six month period after the completion of the transaction, the lock-up period of DEC shares obtained by the Company from the transaction will be extended by six months automatically on the basis of the original lock-up period. Shares of the listed company directly and indirectly held by the Company prior to the transaction shall not be transferred with 12 months after the listing of new shares from the transaction.	Lock-up period	Yes	Yes		

V. SIGNIFICANT EVENTS (CONTINUED)

III. Performance of Undertakings (Continued)

(I) Undertakings of the De Facto Controller, Shareholders, Related Parties, Acquirer of the Company and the Company Made or Subsisting During the Reporting Period (Continued)

Background of undertakings	Type of undertakings	Party making undertakings	Contents of undertakings	Time and term of undertakings	Any term of performance	Strictly performed in a timely manner or not	Description of specific reasons if not performed timely	Description of plans for next steps if not performed timely
Profit forecast and compensation		Dongfang Electric Corporation	DEC International Cooperation made a three-year (2018-2020) performance commitment due to the adoption of the income approach as the reference basis for pricing. DEC Finance will conduct impairment test during the performance undertaking period (three years) due to the adoption of the market approach as the reference basis for pricing.	2018 to 2020	Yes	Yes		

V. SIGNIFICANT EVENTS (CONTINUED)

III. Performance of Undertakings (Continued)

(I) Undertakings of the De Facto Controller, Shareholders, Related Parties, Acquirer of the Company and the Company Made or Subsisting During the Reporting Period (Continued)

Background of undertakings	Type of undertakings	Party making undertakings	Contents of undertakings	Time and term of undertakings	Any term of performance	Strictly performed in a timely manner or not	Description of specific reasons if not performed timely	Description of plans for next steps if not performed timely
Others		Dongfang Electric Corporation	For the outstanding entrusted loans of DEC Finance to DEC Eban Company (東方峨半公司) and DEC Majji (東方邁吉), the Group undertook that the risks on the issuing of loans by DEC Finance upon the appointment of Dongfang Electric Corporation and Dongqi Investment Development will be assumed by the Group and Dongqi Investment Development, respectively. If DEC Eban Company and DEC Majji fail to make the repayment, all of the relevant losses will be assumed by the Group and Dongqi Investment Development, respectively. DEC Finance will not assume any risks or losses.	Performance period for entrusted loans	Yes	Yes		

V. SIGNIFICANT EVENTS (CONTINUED)

IV. Appointment or Dismissal of the accounting firm

Explanation on appointment or dismissal of the accounting firm

At the 2018 Annual General Meeting of the Company held on 26 June 2019, the reappointment of BDO China Shu Lun Pan Certified Public Accountants LLP as the auditor of the Company for the year 2019 was considered and approved.

V. Bankruptcy Reorganization

Dongfang Electric New Energy Equipment (Hangzhou) Co., Ltd was a wholly owned subsidiary established by DEC Dongfang Electric Machinery Co., Ltd., a wholly-owned subsidiary of the Company. In May 2017, the People's Court of Hangzhou Xiaoshan District accepted the liquidation petition filed by Dongfang Electrical Control Equipment Co., Ltd. (as applicant) against Dongfang Electric New Energy Equipment (Hangzhou) Co., Ltd (as respondent) (relevant information was set out in the announcement of the Company dated 13 June 2017). Up to now, creditors have declared their claims to the official receiver. The official receiver convened and held a creditors' meeting on 14 July 2017, confirmation of claims, disposal of assets and other work are still in legal process.

V. SIGNIFICANT EVENTS (CONTINUED)

VI. Significant Litigation or Arbitration Events

During the Period, the Company was not involved in any material litigation and arbitration.

VII. Material Events

There are no material events that have significant impacts on the Group since the end of the Period.

VIII. Material Related Party Transactions

(I) Related party transactions in ordinary course of business

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

The 2019-2021 continuing related party transactions agreements entered with DEC, including the 2019-2021 Marketing and Production Service Framework Agreement(《2019-2021銷售及生產服務框架協議》),the 2019-2021 Integrated Supporting Service Framework Agreement(2019-2021綜合配套服務框架協議), 2019-2021 Property and Equipment Lessee Framework Agreement(《2019-2021物業及設備承租人框架協議》) and 2019-2021 Financial Services Framework Agreement(《2019-2021財務服務框架協議》), were considered and approved at the meeting of Board held by the Company on 27 December 2018. During the Reporting Period, all continuing related party transactions were carried out within the scope of the framework agreements and the annual caps.

V. SIGNIFICANT EVENTS (CONTINUED)

VIII. Material Related Party Transactions (Continued)

(II) Material related party transactions relating to joint external investments

The Company held the 14th meeting of the ninth session of the Board on 22 May 2019 to consider and approve the non-public agreed capital contribution by the controlling shareholder of the Company, Dongfang Electric Corporation (“DEC”) to increase the capital to and control Sichuan Dongshu New Material Co., Ltd. (“Dongshu New Material”), a wholly-owned subsidiary of the Company’s controlling subsidiary, DEC Dongfang Steam Turbine Co., Ltd (“Dongfang Turbine Company”). Upon completion of the capital contribution of RMB150 million, the registered capital of Dongshu New Material will be increased from RMB40 million to RMB190 million. The value of the total equity interest of Dongshu New Material is adjusted from RMB135.959 million to RMB285.959 million based on the evaluation report on Dongshu New Material. The total equity interest in the company attributable to Dongfang Turbine Company will be reduced from 100% to 47.54%, while DEC will account for 52.46% of the total equity interest in the company.

Details of the increase in capital to the Dongshu New Material and related party transactions are set out in the announcement dated 22 May 2019 on the website of the Shanghai Stock Exchange (www.sse.com.cn) and the announcements dated 22 May 2019 and 18 June 2019 on the website of the Stock Exchange (<http://www.hkexnews.hk>).

V. SIGNIFICANT EVENTS (CONTINUED)

IX. Material Contracts and Performance thereof

(I) Guarantee

Unit: Yuan Currency: RMB

Guarantor	Relationship between guarantor and listed company	Guaranteed parties	Guaranteed amount	Date of guarantee (execution date of agreement)	Commencement date of guarantee	Expiry date of guarantee	Type of guarantee	Is the	Is the	Any	Amount overdue	Related party	
								fully fulfilled	guarantee overdue	counter guarantee			provided to related party
Dongfang Electric Co., Ltd.	Headquarters of the Company	Inner Mongolia Energy	16,000,000	19 January 2016	19 January 2016	19 January 2026	General	No	No	No	0	No	Other
		Power Hongjijing Wind Power Co., Ltd.						pledge					
Dongfang Electric Co., Ltd.	Headquarters of the Company	Inner Mongolia Mergeng	16,000,000	29 June 2016	29 June 2016	29 June 2026	General	No	No	No	0	No	Other
		Sanshengqai Wind Power Co., Ltd.						pledge					
Dongfang Electric Co., Ltd.	Headquarters of the Company	Inner Mongolia Mergeng Wudan New Energy Co., Ltd.	36,000,000	27 October 2016	27 October 2016	27 October 2026	General	No	No	No	0	No	Other
		Mingren						pledge					
DEC Dongfang Steam Turbine Co., Ltd.	Wholly-owned subsidiary	Mitsubishi Heavy Industries Dongfang Gas Turbine (Guangzhou) Co., Ltd.	24,500,000	22 September 2016	22 September 2016	30 April 2025	General	No	No	Yes	0	No	Other
							pledge						

External guarantees provided by the Company (excluding guarantees provided for subsidiaries)

V. SIGNIFICANT EVENTS (CONTINUED)

IX. Material Contracts and Performance thereof (Continued)

(I) Guarantee (Continued)

Total guarantee incurred during the Reporting Period (excluding those provided to subsidiaries)	92,500,000
Total balance of guarantee as at the end of the Reporting Period (A) (excluding those provided to subsidiaries)	92,500,000
Guarantee provided by the Company to its subsidiaries	
Total guarantee to subsidiaries incurred during the Reporting Period	0
Total balance of guarantee to subsidiaries as at the end of the Reporting Period (B)	0
Aggregate guarantee of the Company (including those to subsidiaries)	
Aggregate guarantee (A+B)	92,500,000
Percentage of aggregate guarantee to net assets of the Company (%)	0.30
Representing:	
Amount of guarantee provided for shareholders, controlling shareholders and their related parties (C)	0
Balance of debts guarantee directly or indirectly provided to guaranteed parties with gearing ratio over 70% (D)	0
Excess amount of aggregate guarantee over 50% of net assets (E)	0
Aggregate amount of the above three items (C+D+E)	0

Statement on the contingent joint and several liability in connection with unexpired guarantee

The Company provided financing guarantees for Inner Mongolia Energy Power Hongnijing Wind Power Co., Ltd., Inner Mongolia Mengneng Sanshengtai Wind Power Co., Ltd. and Inner Mongolia Mengneng Wulan New Energy Co., Ltd. with its 20% equity interests and derivative interests in the above three companies. The guarantees shall be valid from the effective date of the equity pledge agreement until all debts under the financial leasing contract are being repaid.

The guarantee provided by DEC Dongfang Steam Turbine Co., Ltd. for Mitsubishi Heavy Industries Dongfang Gas Turbine (Guangzhou) Co., Ltd. constitutes a continuous security of payment and performance of obligations. The Guarantor's obligations under the guarantee should not exceed and should be limited to the scope of obligations and liabilities to be assumed by the vendor pursuant to the contract.

Statement on guarantee

For details on the above guarantees, please refer to the announcements on financial leasing guarantee issued by the Company on the website of the Shanghai Stock Exchange on 9 January 2016, 28 June 2016 and 26 August 2016, respectively.

V. SIGNIFICANT EVENTS (CONTINUED)

X. Explanation on Other Important Matters

(I) Details, reasons and impact from the changes to the accounting policies, accounting estimates and audit methods compared with the last accounting period

On 7 December 2018, the Ministry of Finance promulgated the Accounting Standards for Business Enterprises No. 21 – Leases (hereinafter referred to as the “New Leases Standards”), which requires that enterprises listed in both domestic and overseas markets shall apply the New Leases Standards from 1 January 2019. The Company applied the New Leases Standards from 1 January 2019. For details, please refer to the Announcement on Changes in the Accounting Policies (《關於會計政策變更的公告》) disclosed by the Company on 29 April 2019.

According to the Accounting Standards for Business Enterprises No. 7 – Exchange of Non-monetary Assets (“New Accounting Standards for Exchange of Non-monetary Assets”) promulgated by the Ministry of Finance on 9 May 2019, all enterprises that have adopted the Accounting Standards for Business Enterprises are required to be implemented from 10 June 2019. The Company has implemented the New Accounting Standards for Exchange of Non-monetary Assets since 10 June 2019. The implementation of the Accounting Standards for Exchange of Non-monetary Assets has no significant impact on the statements of the Company for the current period.

According to the Accounting Standards for Business Enterprises No. 12 – Debt Restructuring (“New Standards for Debt Restructuring”) promulgated by the Ministry of Finance on 16 May 2019, all enterprises that have adopted the Accounting Standards for Business Enterprises are required to be implemented from 17 June 2019. The Company has implemented the New Accounting Standards for Debt R Restructuring since 17 June 2019. The implementation of the New Standards for Debt Restructuring has no significant impact on the statements of the Company for the current period.

V. SIGNIFICANT EVENTS (CONTINUED)

X. Explanation on Other Important Matters (Continued)

(II) The Use of Proceeds for Investment Projects (“Investment Projects”)

Unit: Yuan Currency: RMB

Investment projects	Total amount of committed investments from proceeds	Actual amount invested as of 31 December 2018	Actual amount invested during the six months period ended 30 June 2019	Unutilized amount invested as of 30 June 2019	Deposit with bank and bank account number	Progress of fund injection as of 30 June 2019 (%)
Thermal power EPC project in coastal area of Vietnam (越南沿海火電EPC項目)	1,300,000,000.00	1,283,500,000.00	-	16,500,000.00	Kaifaxiqu branch, Chengdu of Bank of China Limited 122680414144	100.00
Thermal power EPC project in Bosnia and Herzegovina (波黑斯坦納瑞火電EPC項目)	800,000,000.00	789,921,600.00	-	10,078,400.00	Qinglong branch, Chengdu of Industrial and Commercial Bank of China Limited 4402238029100079491	100.00
Thermal power BTG project in Singhtarai, India (印度辛伽塔裏火電BTG項目)	720,000,000.00	300,730,222.46	10,410,230.00	408,859,547.54	Qinglong branch, Chengdu of Industrial and Commercial Bank of China Limited 4402238029100079518	43.21
Independently developed 600MW supercritical looping fluidized bed furnace project (600MW 超臨界循環流化床鍋爐自主研製項目)	180,000,000.00	185,640,972.91	-	-5,640,972.91	Zigong branch of Industrial and Commercial Bank of China Limited 2303620329020117272	100.00

V. SIGNIFICANT EVENTS (CONTINUED)

X. Explanation on Other Important Matters (Continued)

(II) The Use of Proceeds for Investment Projects (“Investment Projects”) (Continued)

Investment projects	Total amount of committed investments from proceeds	Actual amount invested as of 31 December 2018	Actual amount	Unutilized amount invested as of 30 June 2019	Deposit with bank and bank account number	Progress
			invested during the six months period ended 30 June 2019			of fund injection as of 30 June 2019 (%)
Trial project for strengthening research and development by upgrading and modification (phase I) (試驗研發能力提升改造項目(一期))	330,000,000.00	115,150,404.19	119,434,730.34	95,414,865.47	Deyang branch of Industrial and Commercial Bank of China Limited 2305362729020125122 Deyang branch of Bank of China Limited 121230397746	71.09
Project of Dongfang Electric Machinery for optimizing research and development (東方電機試驗研發能力完善化項目)	160,000,000.00	73,342,867.69	11,419,540.23	75,237,592.08	Deyang branch of Industrial and Commercial Bank of China Limited 2305362729020125122	52.98
Upgrading of research and development of gas turbine (phase I) (燃氣輪機研發能力提升項目(一期))	510,000,000.00	543,894,019.13	-	-33,894,019.13	Deyang branch of Bank of China Limited 121230397746	106.65
Total	4,000,000,000.00	3,292,180,086.38	141,264,500.57	566,555,413.05		

V. SIGNIFICANT EVENTS (CONTINUED)

X. Explanation on Other Important Matters (Continued)

(II) The Use of Proceeds for Investment Projects (“Investment Projects”) (Continued)

Initial investment in investment projects and its replacement

The total self-owned funds used by the Company for its investment projects during the period from 30 October 2013 to 31 July 2014 was RMB127,852,936.02, including the self-owned funds of RMB22,830,555.91 used by DEC Dongfang Boiler Group Co., Ltd. for the self-developed project of 600MW supercritical circulating fluidized bed boilers; RMB36,538,513.55 for the testing & research capacity upgrade and promotion projects (Phase I) (where RMB22,382,617.73 was used by DEC Dongfang Electric Machinery Co., Ltd. and RMB14,155,895.82 was used by DEC Dongfang Turbine Co., Ltd.); RMB24,339,999.80 used for the testing & research capacity improvement projects of DEC Dongfang Electric Machinery Co., Ltd.; RMB44,143,866.76 used for the gas turbines research and development capacity promotion projects (Phase I) of DEC Dongfang Turbine Co., Ltd. The aforesaid use of self-owned funds has been verified in the XYZH/2014CDA6014 Special Review Report on the Use of Self-owned Funds for Investment Projects issued by ShineWing Certified Public Accountants on 27 August 2014.

V. SIGNIFICANT EVENTS (CONTINUED)

X. Explanation on Other Important Matters (Continued)

(II) The Use of Proceeds for Investment Projects (“Investment Projects”) (Continued)

*Initial investment in investment projects and its replacement
(Continued)*

Based on the resolution passed at the 16th meeting of the seventh session of the Board of the Company on 29 August 2014, the Company swapped its self-raised funds of RMB127,852,936.02 used in advance for the investment projects with the proceeds, including the invested self-owned funds of RMB22,830,555.91 for the self-developed project of 600MW supercritical circulating fluidized bed boilers of DEC Dongfang Boiler Group Co., Ltd.; RMB36,538,513.55 for the testing & research capacity promotion and upgrade projects (Phase I) (where RMB22,382,617.73 was swapped for DEC Dongfang Electric Machinery Co., Ltd. and RMB14,155,895.82 was swapped for DEC Dongfang Turbine Co., Ltd.); RMB24,339,999.80 for the testing & research capacity improvement projects of DEC Dongfang Electric Machinery Co., Ltd.; RMB44,143,866.76 for the gas turbines research and development capacity promotion projects (Phase I) of DEC Dongfang Turbine Co., Ltd.

V. SIGNIFICANT EVENTS (CONTINUED)

X. Explanation on Other Important Matters (Continued)

(II) The Use of Proceeds for Investment Projects (“Investment Projects”) (Continued)

Temporary replenishment of liquidity with idle proceeds

In the principle of maximizing the interests of shareholders, and to improve the efficiency of the proceeds and reduce finance costs, without affecting the construction of investment projects and the plan for the use of proceeds, the Company convened the fourth meeting of the eighth session of the Board on 29 October 2015, at which the Resolution on Temporary Use of Certain Idle Proceeds from Convertible Bonds by the Company to Replenish Liquidity was considered and passed. It was agreed to temporarily replenish liquidity with part of the idle proceeds, with a total amount of RMB500 million (including RMB180 million for the testing & research capacity promotion and upgrade projects (Phase I) and RMB320 million for the gas turbines research and development capacity promotion projects (Phase I)), within a period not exceeding 12 months from the date of consideration and approval by the Board meeting. Prior to the expiration of the period, the Company will return the proceeds temporarily replenished liquidity to special account for the proceeds in a timely manner.

V. SIGNIFICANT EVENTS (CONTINUED)

X. Explanation on Other Important Matters (Continued)

(II) The Use of Proceeds for Investment Projects (“Investment Projects”) (Continued)

Temporary replenishment of liquidity with idle proceeds (Continued)

According to the capital arrangement, from the date of consideration and approval by the fourth meeting of the eighth session of the Board of the Company to 26 October 2016, the Company has actually used RMB160 million of the idle proceeds to temporarily replenish the liquidity. As at 26 October 2016, the Company has returned all sums of the idle proceeds temporarily replenished the liquidity to the special account for the proceeds. The use of part of the idle proceeds for temporary replenishment of the Company's liquidity will not change or disguise the use of proceeds, nor will affect the normal progress of investment plans with the proceeds.

In the principle of maximizing the interests of shareholders, and to improve the efficiency of the proceeds and reduce finance costs, without affecting the construction of investment projects and the plan for the use of proceeds, the Company convened the fourth meeting of the eighth session of the Board on 29 October 2015, at which the Resolution on Temporary Use of Certain Idle Proceeds from Convertible Bonds by the Company to Replenish Liquidity was considered and passed. It was agreed to temporarily replenish liquidity with part of the idle proceeds, with a total amount of RMB500 million (including RMB180 million for the testing & research capacity promotion and upgrade projects (Phase I) and RMB320 million for the gas turbines research and development capacity promotion projects (Phase I)), within a period not exceeding 12 months from the date of consideration and approval by the Board meeting. Prior to the expiration of the period, the Company will return the proceeds temporarily replenished liquidity to special account for the proceeds in a timely manner.

V. SIGNIFICANT EVENTS (CONTINUED)

X. Explanation on Other Important Matters (Continued)

(II) The Use of Proceeds for Investment Projects (“Investment Projects”) (Continued)

Temporary replenishment of liquidity with idle proceeds (Continued)

According to the capital arrangement, from the date of consideration and approval by the fourth meeting of the eighth session of the Board of the Company to 26 October 2016, the Company has actually used RMB160 million of the idle proceeds to temporarily replenish the liquidity. As at 26 October 2016, the Company has returned all sums of the idle proceeds temporarily replenished the liquidity to the special account for the proceeds. The use of part of the idle proceeds for temporary replenishment of the Company's liquidity will not change or disguise the use of proceeds, nor will affect the normal progress of investment plans with the proceeds.

Plan for expected use of unutilized proceeds

For the unutilized proceeds as at 30 June 2019, the Company will apply to the investment projects based on the progress and the contractual provisions. If there is any update information, the Company will disclose in a due course.

(III) Others

1. Employees and remuneration policies

As of 30 June 2019, the Company had 20,857 employees. The Company carried out remuneration management in accordance with management rules for total remuneration, employee salary as well as management measures for dispatched workers and other relevant systems.

V. SIGNIFICANT EVENTS (CONTINUED)

X. Explanation on Other Important Matters (Continued)

(III) Others (Continued)

1. *Employees and remuneration policies (Continued)*

During the Reporting Period, the Company continued to optimize and adjust the rules for the regulation of the total wages of enterprises, managed total wages on an enterprise-by-enterprise basis strictly in accordance with the principle of “determining remuneration based on performance”, implemented regulation around “two dimensions (total wages and average wage per person) and three categories (increase/reduce profits, go from losses to profits/profits to losses, and reduce/increase losses)”, and explored linking total wages to performance scores and profit per employee. Guided by the principle of “performance determining allocation”, the Company’s subsidiaries continued to optimize their internal assessment mechanisms that linked pay to performance in the light of the actual situation of their own reform and development, effectively motivating business units to create profits. Starting with the reform of remuneration allocation for employees at the functional departments of the headquarters, the Company carried out a new round of income allocation reform. The Company met the reform goals of further rationalizing the remuneration scheme, sorting out the salary structure, making the salary management process more transparent and exercising overall control over reform costs. Some of the Company’s affiliated enterprises actively optimized or restructured their salary management systems, and solved the problem of mismatch between pay and performance for some positions by comparing with benchmark counterparts, applying compulsory grading in performance management and setting salary grades based on positions, preliminarily realizing market-oriented compensation management.

V. SIGNIFICANT EVENTS (CONTINUED)

X. Explanation on Other Important Matters (Continued)

(III) Others (Continued)

1. *Employees and remuneration policies (Continued)*

The Company's affiliated enterprises continuously diversified the forms of training with demand for talent cultivation top of mind, with some enterprises achieving remarkable results in creating quality training projects. By doing so, the Company's affiliated enterprises have improved the competence and quality of their workforce as a whole to secure the talents needed to sustain their development.

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

During the Reporting Period, none of the Company or its subsidiaries purchased, sold or redeemed any listed securities of the Company.

3. *Major Acquisition and Disposal of Subsidiaries and Associates*

During the Reporting Period, none of the Company or its subsidiaries purchased, sold or redeemed any listed securities of the Company.

4. *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)

X. Explanation on Other Important Matters (Continued)

(III) Others (Continued)

5. *Implementation of Share Incentive Plan during the Reporting Period*

The Company did not implement any share incentive plan during the Reporting Period.

6. *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.

7. *Audit Committee*

The Board has set up an audit committee comprising three independent non-executive directors, Mr. Xu Haihe, Mr. Gu Dake and Mr. Liu Dengqing. Mr. Xu Haihe, the independent non-executive director, holds the position of the Chairman. The audit committee has reviewed the 2019 interim report of the Company for the Reporting Period, and agreed with the accounting treatment method adopted by the Company.

V. SIGNIFICANT EVENTS (CONTINUED)

X. Explanation on Other Important Matters (Continued)

(III) Others (Continued)

8. Information Disclosure

The interim report of the Company for the period ended 30 June 2019, which contains all information as proposed in the Disclosure of Financial Information set out in 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 Hong Kong Stock Exchange and the Company's website (<http://dfem.wsfg.hk>) in due course.

VI. CHANGES IN ORDINARY SHARES AND PARTICULARS OF SHAREHOLDERS

I. Changes in Share Capital

(I) Table of changes in shares

During the Reporting Period, the total number of shares and share capital of the Company remained unchanged.

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

I. Changes in Share Capital (Continued)

(II) Changes in shares subject to trading moratorium

Unit: Share

Name of shareholder	Number of shares subject to selling restrictions at the beginning of the period	Number of shares released from selling restrictions during the Reporting Period	Increased number of shares subject to selling restrictions during the Reporting Period	Number of shares subject to selling restrictions at the end of the Reporting Period	Reason for selling restrictions	Date of release from selling restrictions
Dongfang Electric Corporation	753,903,063	0	0	753,903,063	The shares increased are tradable shares subject to trading moratorium for a term of 36 months.	12 June 2021
Total	753,903,063	0	0	753,903,063		

II. Particulars of Shareholders

(I) Total number of shareholders:

Total number of shareholders of ordinary shares as of the end of the Reporting Period (<i>shareholder</i>)	136,279
Total number of shareholders of preference shares with restoration of voting rights as at the end of Reporting Period (<i>shareholder</i>)	0

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

II. Particulars of Shareholders (Continued)

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

Unit: share

Name of shareholder	Shareholdings of top 10 shareholders			Number of shares			
	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 Status of shares	Number of shares	Type of shareholder
Dongfang Electric Corporation	0	1,727,919,826	55.91	753,903,063	Nil	0	State-owned legal person
HKSCC Nominees Limited	-1,512,408	338,334,619	10.95	0	Unknown	0	Overseas legal person
China Securities Finance Corporation Limited (中國證券金融 股份有限公司)	0	49,648,500	1.61	0	Unknown	0	State-owned legal person
Central Huijin Asset Management Ltd. (中央匯金資產管理有 限責任公司)	0	22,645,600	0.73	0	Unknown	0	State-owned legal person
China Merchants Bank Co., Ltd. – Bosera China Securities Central SOE Restructuring ETF Securities Investment Fund(招商銀行股份有限公司–博時中證央企結構調整交易 型開放式指數證券投資基金)	13,526,575	13,526,575	0.44	0	Unknown	0	Other
Agricultural Bank of China Limited–China securities 500 exchange – oriented index securities investment fund	1,979,905	13,199,459	0.43	0	Unknown	0	Other

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

II. Particulars of Shareholders (Continued)

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

Name of shareholder	Shareholdings of top 10 shareholders				Percentage (%)	Number held subject to trading moratorium	Pledged or frozen Status	Number of shares	Type of shareholder
	Increase/decrease during the Reporting Period	Number of shares held at the end of the Period	Number of shares held subject to trading moratorium	Number of shares Pledged or frozen					
China Construction Bank Corporation – Huaxia CSI Sichuan State-owned Enterprise Reform Trading Open-ended Index Securities Investment Fund(中國建設銀行股份有限公司－華夏中證四川國企改革交易型開放式指數證券投資基金)	12,858,900	12,858,900	0.42	0	Unknown	0	Other		
Bosera Funds-Agricultural Bank –Bosera China Securities and Financial Assets Management Program (博時基金－農業銀行－博時中證金融資資產管理計劃)	0	8,480,400	0.27	0	Unknown	0	Other		
E Fund – Agricultural Bank – E Fund China Securities and Financial Assets Management Program (易方達基金－農業銀行－易方達中證金融資資產管理計劃)	0	8,480,400	0.27	0	Unknown	0	Other		
Dacheng Fund – Agricultural Bank –Dacheng China Securities and Financial Assets Management Program (大成基金－農業銀行－大成中證金融資資產管理計劃)	0	8,480,400	0.27	0	Unknown	0	Other		

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

II. Particulars of Shareholders (Continued)

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

Name of shareholder	Shareholdings of top 10 shareholders			Number of shares held subject to trading moratorium	Pledged or frozen Status of shares	Number of shares	Type of shareholder
	Increase/decrease during the Reporting Period	Number of shares held at the end of the Period	Percentage				
			(%)				
GF Fund – Agricultural Bank – GF China Securities and Financial Assets Management Program (廣發基金－農業銀行－廣發中證金融資產管理計劃)	0	8,480,400	0.27	0	Unknown	0	Other
Zhong Ou Fund – Agricultural Bank– Zhong Ou China Securities and Financial Assets Management Program (中歐基金－農業銀行－中歐中證金融資產管理計劃)	0	8,480,400	0.27	0	Unknown	0	Other
China Southern Fund –Agricultural Bank– China Southern China Securities and Financial Assets Management Program (南方基金－農業銀行－南方中證金融資產管理計劃)	0	8,480,400	0.27	0	Unknown	0	Other

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

II. Particulars of Shareholders (Continued)

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

Shareholdings of top 10 shareholders that were not subject to trading moratorium

Name of shareholder	Tradable shares which are not subject to trading moratorium		Type and number of shares
			Type of shares Number of shares
Dongfang Electric Corporation	974,016,763	RMB ordinary shares	974,016,763
HKSCC Nominees Limited	338,334,619	Overseas-listed foreign shares	338,334,619
China Securities Finance Corporation Limited (中國證券金融股份有限公司)	49,648,500	RMB ordinary shares	49,648,500
Central Huijin Asset Management Ltd. (中央匯 金資產管理有限責任公司)	22,645,600	RMB ordinary shares	22,645,600
China Merchants Bank Co., Ltd. – Boser CSI Central SOE Restructuring ETF Securities Investment Fund(招商銀行股份有限公司— 博時中證央企結構調整交易型開放式指數證 券投資基金)	13,526,575	RMB ordinary shares	13,526,575
Agricultural Bank of China Limited–China securities 500 exchange – oriented index securities investment fund	13,199,459	RMB ordinary shares	13,199,459

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

II. Particulars of Shareholders (Continued)

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

Shareholdings of top 10 shareholders that were not subject to trading moratorium

Name of shareholder	Tradable shares which are not subject to trading moratorium		Type and number of shares	
			Type of shares	Number of shares
China Construction Bank Corporation – Huaxia CSI Sichuan State-owned Enterprise Reform Trading Open-ended Index Securities Investment Fund(中國建設銀行股 份有限公司－華夏中證四川國企改革交易型 開放式指數證券投資基金)	12,858,900	RMB ordinary shares		12,858,900
Bosera Funds-Agricultural Bank–Bosera China Securities and Financial Assets Management Program (博時基金－農業銀 行－博時中證金融資產管理計劃)	8,480,400	RMB ordinary shares		8,480,400
E Fund – Agricultural Bank –E Fund China Securities and Financial Assets Management Program (易方達基金－農業銀 行－易方達中證金融資產管理計劃)	8,480,400	RMB ordinary shares		8,480,400
Dacheng Fund – Agricultural Bank–Dacheng China Securities and Financial Assets Management Program (大成基金－農業銀 行－大成中證金融資產管理計劃)	8,480,400	RMB ordinary shares		8,480,400

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

II. Particulars of Shareholders (Continued)

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

Shareholdings of top 10 shareholders that were not subject to trading moratorium

Name of shareholder	Tradable shares which are not subject to trading moratorium		Type and number of shares	
			Type of shares	Number of shares
GF Fund – Agricultural Bank– GF China Securities and Financial Assets Management Program (廣發基金－農業銀行－廣發中證金融資產管理計劃)	8,480,400		RMB ordinary shares	8,480,400
Zhong Ou Fund – Agricultural Bank– Zhong Ou China Securities and Financial Assets Management Program (中歐基金－農業銀行－中歐中證金融資產管理計劃)	8,480,400		RMB ordinary shares	8,480,400
China Southern Fund – Agricultural Bank– China Southern China Securities and Financial Assets Management Program (南方基金－農業銀行－南方中證金融資產管理計劃)	8,480,400		RMB ordinary shares	8,480,400
Connected relationship or concert party relationship among the above shareholders	The Company did not discover any connected relationship or concert party relationship between top 10 shareholders and top 10 holders of tradable shares.			
Description of shareholders of preference shares with restoration of voting rights and their shareholdings	N/A			

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

II. Particulars of Shareholders (Continued)

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

The number of shares held by top 10 holders of shares subject to trading moratorium and the conditions of trading moratorium

Unit: share

No.	Name of holders of shares subject to trading moratorium	Number of shares held subject to trading moratorium	Listing status of shares which are subject to trading moratorium		Conditions of trading moratorium
			Eligible listing time	Number of new listed shares	
1	Dongfang Electric Corporation	753,903,063	12 June 2021	753,903,063	36 months

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

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

Interests of substantial shareholders

As at 30 June 2019, to the best of the directors' knowledge, having made all reasonable enquiries, the following person(s) (other than Directors, Supervisors and chief executive), had or deemed to have interests (including derivative instruments) or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance or as recorded in the register required to be kept pursuant to Section 336 of the Securities and Futures Ordinance:

Name	Share class	Capacity	Number of shares held	Percentage	
				Percentage of total share capital (%)	in the respective class of share capital (%)
DEC	A share	Beneficial owner	1,727,919,826(L)	55.91(L)	62.82%(L)
	H share	Interest held by controlled corporation	858,800(L)	0.028(L)	0.25(L)

(L)—Long position

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

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

Interests of substantial shareholders (Continued)

Notes:

1. Dongfang Electric Corporation held 100% of interests in Dongfang Electric International Investment Co., Limited, and, therefore, Dongfang Electric Corporation was deemed to own the interests in such H shares held by Dongfang Electric International Investment Co., Limited pursuant to the Hong Kong Securities and Futures Ordinance.
2. The above interests held by Dongfang Electric Corporation reflected its latest disclosure of interests of substantial shareholder under the Securities and Futures Ordinance of Hong Kong.
3. 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 2019.

Save as disclosed above, as at 30 June 2019, the Company was not aware of any other persons who had interests (including derivative instruments) or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance or as recorded in the register required to be kept pursuant to Section 336 of the Securities and Futures Ordinance of Hong Kong.



VII. PARTICULARS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

I. Changes in Shareholdings

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

As at 30 June 2019, the interests and short positions of the directors, supervisors and 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 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
Zou Lei	Director	0	0	0	No change
Yu Peigen	Director	0	0	0	No change
Huang Wei	Director	0	0	0	No change
Xu Peng	Director	0	0	0	No change
Bai Yong	Director	0	0	0	No change
Gu Dake	Independent director	0	0	0	No change
Xu Haihe	Independent director	0	0	0	No change
Liu Dengqing	Independent director	0	0	0	No change
Zhang Jilie	Supervisor	0	0	0	No change

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 and those retired during the Reporting Period (Continued)

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	Reason for increase/ decrease
				the number of shares during the Reporting Period	
Fu Haibo	Supervisor	0	0	0	No change
Zeng Yi	Supervisor	0	0	0	No change
Gong Dan	Senior Management	2,540	2,540	0	No change
Zhang Zhiying	Senior Management	0	0	0	No change
Han Zhiqiao	Senior Management	2,540	2,540	0	No change
Chen Huan	Senior Management	0	0	0	No change
Gao Feng	Senior Management	0	0	0	No change

Other Explanations

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

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 and those retired during the Reporting Period (Continued)

Other Explanations (Continued)

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 2019.

Save as disclosed above, as at 30 June 2019, 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 the Directors, Supervisors and Senior Management Members of the Company

Name	Position	Change situation
Yu Peigen	Director	Elected
Yu Peigen	President	Appointed
Huang Wei	Senior vice president	Dismissed

Mr. Yu Peigen was appointed as the president of the Company at the thirteenth meeting of the 9th session of the Board held by the Company on 8 May 2019, and Mr. Huang Wei was dismissed as the senior vice president; Mr. Yu Peigen was selected as a director of the 9th session of the Board at the 2018 annual general meeting held by the Company on 26 June 2019.

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



IX. DOCUMENTS AVAILABLE FOR INSPECTION

Copy of the 2019 Interim Report signed by the Chairman of the Company.

Original accountant report of the Company stamped and signed by the Legal Representative, the person-in-charge of accounting and the head of the accounting department.

Articles of Association of the Company.

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

Zou Lei

Chairman

30 August 2019

Dongfang Electric Corporation Limited

Financial Statements and Notes

(From January 1, 2019 to June 30, 2019)

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Dongfang Electric Corporation Limited
Consolidated Balance Sheet
As at June 30, 2019
(Monetary units are expressed in RMB unless otherwise stated)

Assets	Note 5	Balance as at June 30, 2019	Balance as at December 31, 2018
Current Assets:			
Cash and cash equivalents	5.1	24,372,317,166.49	29,346,448,438.05
Clearing provision			
Funds for lending	5.2		300,000,000.00
Held-for-trading financial assets	5.3	2,397,732,371.99	3,122,839,818.04
Derivative financial assets			
Notes receivable	5.4	3,523,209,806.01	5,109,357,725.63
Accounts receivable	5.5	6,271,270,605.23	6,555,217,018.91
Receivables financing			
Prepayments	5.6	2,140,079,314.08	1,913,342,742.55
Premiums receivable			
Amounts receivable under reinsurance contracts			
Reinsurer's share of insurance contract reserves			
Other receivables	5.7	765,031,374.85	535,465,160.58
Financial assets purchased under resale agreements	5.8	3,175,118,000.00	1,744,127,000.00
Inventories	5.9	12,545,644,518.53	13,873,986,465.23
Contract assets	5.10	10,728,811,974.82	10,187,971,672.86
Assets held for sale			
Non-current assets due within one year	5.11	8,500,000.00	396,500,000.00
Other current assets	5.12	441,751,481.47	470,439,698.83
Total Current Assets		66,369,466,613.47	73,555,695,740.68
Non-current Assets:			
Loans and advances	5.13	944,687,237.71	430,663,941.00
Debt investments	5.14	6,845,902,735.75	4,922,529,793.75
Other investments in debt instruments			
Long-term receivables	5.15		13,775,453.41
Long-term equity investments	5.16	1,567,549,009.40	1,516,634,253.84
Other investments in equity instruments	5.17	5,989,859.48	4,989,859.48
Other non-current financial assets			
Investment properties	5.18	150,299,296.38	153,816,742.24
Fixed assets	5.19	5,544,637,249.08	5,902,438,578.09
Constructions in process	5.20	287,095,704.88	188,792,238.53
Productive biological assets			
Oil and gas assets			
Right-of-use assets	5.21	36,192,597.79	
Intangible assets	5.22	1,642,028,115.83	1,681,044,339.19
Development expenditure			
Goodwill			
Long-term deferred expenses	5.23	38,401,937.92	51,778,532.60
Deferred tax assets	5.24	2,931,084,908.26	2,897,188,154.97
Other non-current assets	5.25		3,981,790.00
Total non-current assets		19,993,868,652.48	17,767,633,677.10
Total assets		86,363,335,265.95	91,323,329,417.78

The accompanying notes to the financial statements are constituent parts of the financial statements.

Legal Representative: Zou Lei Accounting Principal: Bai Yong Person in charge of the Accounting Department: Wang Chengmi

Dongfang Electric Corporation Limited
Consolidated Balance Sheet (Continued)
As at June 30, 2019
(Monetary units are expressed in RMB unless otherwise stated)

Liabilities and owners' equity	Note 5	Balance as at June 30, 2019	Balance as at December 31, 2018
Current liabilities:			
Short-term loans	5.26	232,417,000.00	245,566,000.00
Loans from the central bank			
Taking from banks and other financial institutions			
Held-for-trading financial liabilities			
Derivative financial liabilities			
Notes payable	5.27	2,046,294,554.01	3,552,762,831.53
Accounts payable	5.28	12,376,600,247.50	11,540,188,158.94
Receipts in advance			
Financial assets sold under repurchase agreements			
Customer deposits and deposits from banks and other financial institutions	5.29	4,654,853,318.52	4,793,625,912.49
Funds from securities trading agency			
Funds from underwriting securities agency			
Employee benefits payable	5.30	643,552,916.30	772,584,805.65
Taxes payable	5.31	155,244,684.68	461,097,975.94
Other payables	5.32	2,165,736,027.02	1,749,869,606.78
Fees and commissions payable			
Amounts payable under insurance contracts			
Contract liabilities	5.10	24,996,615,106.96	29,460,944,098.28
Liabilities held for sale			
Non-current liabilities due within one year	5.33	16,320,000.00	16,320,000.00
Other current liabilities	5.34	78,111,195.95	103,588,912.65
Total current liabilities		47,365,745,050.94	52,696,548,302.26
Non-current liabilities:			
Insurance contract reserves			
Long-term borrowing	5.35	453,222,718.36	462,864,840.00
Bonds payable			
Including: Preferred stock			
Perpetual capital securities			
Lease liabilities	5.36	35,731,374.49	
Long-term payables	5.37	26,445,460.52	26,340,460.52
Long-term accrued payroll	5.38	861,434,826.16	837,303,270.07
Provisions liabilities	5.39	5,983,877,460.17	6,136,106,066.37
Deferred income	5.40	471,290,713.83	444,014,801.58
Deferred tax liabilities	5.24	21,337,057.58	26,243,061.77
Other non-current liabilities			
Total non-current liabilities		7,853,339,611.11	7,932,872,500.31
Total liabilities		55,219,084,662.05	60,629,420,802.57
Owner's equity:			
Share capital	5.41	3,090,803,431.00	3,090,803,431.00
Other equity instruments			
Including: Preferred stock			
Perpetual capital securities			
Capital reserve	5.42	11,251,874,281.59	11,251,874,281.59
Less: Treasury shares			
Other comprehensive income	5.43	-30,790,567.75	-33,400,468.00
Special reserve	5.44	91,966,269.55	79,395,179.18
Surplus reserve	5.45	871,273,166.80	871,273,166.80
General risk reserve			
Retained profits	5.46	13,713,809,704.09	13,324,105,405.23
Total owner's equity attributable to owners of parent Company		28,988,936,285.28	28,584,050,995.80
non-controlling shareholders' equity	5.47	2,155,314,318.62	2,109,857,619.41
Total owner's equity		31,144,250,603.90	30,693,908,615.21
Total liabilities and owners' equity		86,363,335,265.95	91,323,329,417.78

The accompanying notes to the financial statements are constituent parts of the financial statements.

Legal Representative: Zou Lei Accounting Principal: Bai Yong Person in charge of the Accounting Department: Wang Chengmi

Dongfang Electric Corporation Limited
Balance Sheet As at June 30, 2019
(Monetary units are expressed in RMB unless otherwise stated)

Assets	Note 16	Balance as at June 30, 2019	Balance as at December 31, 2018
Current Assets:			
Cash and cash equivalents		6,546,931,646.84	8,040,524,852.09
Held-for-trading financial assets		508,548,501.71	595,949,757.26
Derivative financial assets			
Notes receivable	16.1	449,441,117.79	865,318,082.63
Accounts receivable	16.2	1,792,081,028.54	1,355,903,343.63
Receivables financing			
Prepayments		6,998,678,860.15	9,382,067,906.12
Other receivables	16.3	625,962,654.10	370,612,187.12
Inventories		165,233,967.34	69,239,529.73
Contract assets		3,456,273,889.43	3,252,589,182.48
Assets held for sale			
Non-current assets due within one year			
Other current assets		79,174,223.52	56,394,516.30
Total Current Assets		20,622,325,889.42	23,988,599,357.36
Non-current Assets:			
Debt investments			
Other investments in debt instruments			
Long-term receivables			
Long-term equity investments	16.4	22,073,679,252.97	21,576,904,119.31
Other investments in equity instruments			
Other non-current financial assets			
Investment properties		11,762,137.13	12,318,817.26
Fixed assets		45,266,721.92	50,409,533.23
Constructions in process		2,808,523.95	1,443,058.47
Productive biological assets			
Oil and gas assets			
Right-of-use assets			
Intangible assets		184,577,811.27	197,668,622.62
Development expenditure			
Goodwill			
Long-term deferred expenses			
Deferred tax assets		270,570,954.77	275,356,901.19
Other non-current assets			
Total non-current assets		22,588,665,402.01	22,114,101,052.08
Total assets		43,210,991,291.43	46,102,700,409.44

The accompanying notes to the financial statements are constituent parts of the financial statements.

Legal Representative: Zou Lei Accounting Principal: Bai Yong Person in charge of the Accounting Department: Wang Chengmi

Dongfang Electric Corporation Limited
Balance Sheet (Continued)
As at June 30, 2019

(Monetary units are expressed in RMB unless otherwise stated)

Liabilities and owners' equity	Note 16	Balance as at June 30, 2019	Balance as at December 31, 2018
Current liabilities:			
Short-term loans			
Held-for-trading financial liabilities			
Derivative financial liabilities			
Notes payable			
Accounts payable		5,759,917,224.21	5,833,469,234.78
Receipts in advance			
Employee benefits payable		19,805,895.10	34,924,721.82
Taxes payable		1,420,425.00	12,758,992.30
Other payables		1,066,815,705.43	709,679,160.03
Contract liabilities		11,127,469,081.17	14,261,970,077.65
Liabilities held for sale			
Non-current liabilities due within one year			
Other current liabilities			
Total current liabilities		17,975,428,330.91	20,852,802,186.58
Non-current liabilities:			
Long-term borrowing			
Bonds payable			
Including: Preferred stock			
Perpetual capital securities			
Long-term payables			
Long-term accrued payroll		15,975,685.55	16,062,947.55
Provisions liabilities		709,797,770.13	768,595,143.58
Deferred income		3,469,971.03	2,884,954.54
Deferred tax liabilities			7,035,254.75
Other non-current liabilities			
Total non-current liabilities		729,243,426.71	794,578,300.42
Total liabilities		18,704,671,757.62	21,647,380,487.00
Owner's equity:			
Share capital		3,090,803,431.00	3,090,803,431.00
Other equity instruments			
Including: Preferred stock			
Perpetual capital securities			
Capital reserve		13,021,217,305.33	13,021,217,305.33
Less: Treasury shares			
Other comprehensive income			
Special reserve			
Surplus reserve		1,159,636,283.23	1,159,636,283.23
Retained profits		7,234,662,514.25	7,183,662,902.88
Total owner's equity		24,506,319,533.81	24,455,319,922.44
Total liabilities and owners' equity		43,210,991,291.43	46,102,700,409.44

The accompanying notes to the financial statements are constituent parts of the financial statements.

Legal Representative: Zou Lei Accounting Principal: Bai Yong Person in charge of the Accounting Department: Wang Chengmi

Dongfang Electric Corporation Limited
Consolidated Income Statement
January- June 2019
(Monetary units are expressed in RMB unless otherwise stated)

Item	Note 5	For the six months ended June 30, 2019	For the six months ended June 30, 2018
I. Total operating revenue	5.51	15,841,165,600.17	16,576,811,643.24
Including: Operating income	5.51	15,309,891,387.85	16,134,045,440.79
Interest income	5.51	531,274,212.32	435,851,468.51
Premium earned			
Fee and commission income	5.51		6,914,733.94
II. Total operating costs		14,529,860,250.66	15,627,623,148.82
Including: Operating costs	5.51	11,993,909,056.13	13,526,813,274.59
Interest expenses	5.51	40,719,217.85	36,685,455.96
Fee and commission expenses	5.51	594,693.41	599,613.51
Surrenders			
Claims and policy holder benefits (net of amounts recoverable from reinsurers)			
Changes in insurance contract reserves (net of reinsurers' share)			
Insurance policyholder dividends			
Expenses for reinsurance accepted			
Tax and levies	5.52	133,237,744.74	176,861,358.72
Sales expenses	5.53	461,061,153.42	452,003,208.19
Administrative expenses	5.54	1,144,703,122.20	1,157,879,268.42
R&D expenses	5.55	785,932,757.27	431,544,259.78
Financial expenses	5.56	-30,297,494.36	-154,763,290.35
Including: Interest expenses	5.56	16,965,368.96	18,118,044.88
Interest income	5.56	41,526,780.39	80,353,611.52
Add: Other gains	5.57	35,193,001.67	25,489,408.15
Investment income (Loss is indicated by "-")	5.58	150,623,380.79	145,030,452.00
Including: Income from investments in associates and joint ventures	5.58	101,336,724.54	78,004,294.85
Derecognition gains on financial assets measured at amortized cost (Loss is indicated by "-")			
Foreign exchange gains (Loss is indicated by "-")	5.59	407,997.15	468,880.04
Gains from net exposure hedges (Loss is indicated by "-")			
Gains from changes in fair values (Loss is indicated by "-")	5.60	-78,884,253.33	-8,276,082.08
Credit impairment loss (Loss is indicated by "-")	5.61	-176,131,592.81	-367,849,064.34
Impairment loss of assets (Loss is indicated by "-")	5.62	-347,801,337.28	-79,460,325.47
Gains from disposal of assets (Loss is indicated by "-")	5.63	1,200,600.28	779,505.43
III. Operating profit (Loss is indicated by "-")		895,913,145.98	665,371,268.15
Add: Non-operating income	5.64	36,121,605.45	44,597,948.64
Less: Non-operating expenses	5.65	14,056,491.92	77,392,027.71
IV. Total profit (Total loss is indicated by "-")		917,978,259.51	632,577,189.08
Less: Income tax expenses	5.66	131,858,274.81	78,256,801.75
V. Net profit (Net loss is indicated by "-")		786,119,984.70	554,320,387.33
(I) Classified by continuing operations			
1. Net profit from continuing operations (Net loss is indicated by "-")		786,119,984.70	554,320,387.33
2. Net profit of discontinued operations (Net loss is indicated by "-")			
(II) Classified by ownership			
1. Net profit attributable to shareholders of parent Company (Net loss is indicated by "-")		729,692,676.27	534,714,441.13
2. Profit or loss attributable to minority interests (Net loss is indicated by "-")		56,427,308.43	19,605,946.20
VI. Other comprehensive income (OCI), (net of tax)	5.43	2,630,247.87	-7,637,161.58
OCI attributable to owners of the Company, net of tax	5.43	2,609,900.25	-7,459,578.67
(I) OCI that will not be reclassified to profit or loss	5.43		-5,727,418.69
1. Changes arising from defined benefit plans remeasured			
2. Shares of OCI by equity method that will not be reclassified to profit and loss			
3. Change in fair value of other investments in equity instruments	5.43		-5,727,418.69
4. Changes in fair value of the Company's own credit risks			
(II) OCI that will be reclassified to profit or loss	5.43	2,609,900.25	-1,732,159.98
1. Shares of OCI by equity method that will be reclassified to profit and loss			
2. Changes in fair value of other debt investment			
3. The amount of financial assets reclassified into OCI			
4. Credit impairment provisions for other debt investment			
5. Reserve on cash flow hedges derivatives			
6. Foreign currency translation differences-foreign operation	5.43	2,609,900.25	-1,732,159.98
7. Others			
OCI attributable to Non-controlling shareholders, net of tax	5.43	20,347.62	-177,582.91
VII. Total consolidated income		788,750,232.57	546,683,225.75
Total consolidated income attributable to owners of parent Company		732,302,576.52	527,254,862.46
Total consolidated income attributable to Non-controlling interests		56,447,656.05	19,428,363.29
VIII. Earnings per share:			
(I) Basic earnings per share (RMB/share)		0.24	0.17
(II) Diluted earnings per share (RMB/share)		0.24	0.17

In case of business combination under common control, net profit realized by the combinee before the combination in the period was RMB[]; net profit realized by the combinee in the previous period was RMB[]. The accompanying notes to the financial statements are constituent parts of the financial statements.

Legal Representative: Zou Lei Accounting Principal: Bai Yong Person in charge of the Accounting Department: Wang Chengmi

Dongfang Electric Corporation Limited
Income Statement
January- June 2019
(Monetary units are expressed in RMB unless otherwise stated)

Item	Note 16	For the six months ended June 30, 2019	For the six months ended June 30, 2018
I. Operating income	16.5	6,215,753,439.51	6,088,546,248.41
Less: Operating costs	16.5	6,031,536,009.13	5,897,720,037.89
Tax and levies		3,793,460.75	521,085.91
Sales expenses		11,877,710.62	10,905,858.75
Administrative expenses		97,426,386.42	88,828,408.81
R&D expenses		54,465,907.15	24,200,638.43
Financial expenses		-51,342,470.28	-107,843,261.49
Including: Interest expenses			
Interest income		48,603,695.23	84,203,676.10
Add: Other gains		149,917.95	11,760.68
Investment income (Loss is indicated by "-")	16.6	399,724,511.44	66,436,112.77
Including: Income from investments in associates and joint ventures		78,947,102.64	56,363,041.22
Derecognition gains on financial assets measured at amortized cost (Loss is indicated by "-")			
Gains from net exposure hedges (Loss is indicated by "-")			
Gains from changes in fair values (Loss is indicated by "-")		-87,401,255.55	-1,564,256.00
Credit impairment loss (Loss is indicated by "-")		-622,632.83	
Impairment loss of assets (Loss is indicated by "-")			-63,881,406.65
Gains from disposal of assets (Loss is indicated by "-")			134,358.08
II. Operating profits (Loss is indicated by "-")		379,846,976.73	175,350,048.99
Add: Non-operating income		8,891,762.04	3,612,916.11
Less: Non-operating expenses		58.32	282,298.79
III. Total profits (Total loss is indicated by "-")		388,738,680.45	178,680,666.31
Less: Income tax expenses		-2,249,308.33	-11,052,635.14
IV. Net profits (Net loss is indicated by "-")		390,987,988.78	189,733,301.45
(I) Net profit from continuing operations (Net loss is indicated by "-")		390,987,988.78	189,733,301.45
(II) Net profit of discontinued operations (Net loss is indicated by "-")			
V. Other comprehensive income (OCI), (net of tax)			
(I) OCI that will not be reclassified to profit or loss			
1. Changes arising from defined benefit plans remeasured			
2. Shares of OCI by equity method that will not be reclassified to profit and loss			
3. Change in fair value of other investments in equity instruments			
4. Changes in fair value of the Company's own credit risks			
(II) OCI that will be reclassified to profit or loss			
1. Shares of OCI by equity method that will be reclassified to profit and loss			
2. Changes in fair value of other debt investment			
3. The amount of financial assets reclassified into OCI			
4. Credit impairment provisions for other debt investment			
5. Reserve on cash flow hedges derivatives			
6. Foreign currency translation differences-foreign operation			
7. Others			
VI. Consolidated income		390,987,988.78	189,733,301.45
VII. Earnings per share:			
(I) Basic earnings per share (RMB/share)			
(II) Diluted earnings per share (RMB/share)			

The accompanying notes to the financial statements are constituent parts of the financial statements.

Legal Representative: Zou Lei Accounting Principal: Bai Yong Person in charge of the Accounting Department: Wang Chengmi

Dongfang Electric Corporation Limited

Consolidated Statement of Cash Flows

January- June 2019

(Monetary units are expressed in RMB unless otherwise stated)

Item	Note 5	For the six months ended June 30, 2019	For the six months ended June 30, 2018
I. Cash flows from operating activities			
Cash received from sale of goods and rendering of services		10,992,383,162.25	13,124,564,404.97
Net increase in deposits from customers and due from banks and other financial institutions		-164,425,817.14	1,362,088,000.38
Net increase in borrowings from central bank			1,143,746.87
Net increase in loans from other financial institutions		622,732,538.90	
Cash received from receiving insurance premiums of original insurance contracts			
Net cash received from reinsurance business			
Net increase in deposits and investments from policyholders			
Cash received from interests, handling charges and commissions		270,241,320.97	255,660,249.83
Net increase in loans from banks and other financial institutions			
Net capital increase in repurchase business			
Net cash received from securities trading agency			
Refunds of taxes and surcharges		50,529,675.43	63,640,482.18
Cash received from other operating activities	5.67	538,322,034.34	1,651,418,797.31
Sub-total of cash inflows from operating activities		12,309,782,914.75	16,458,515,681.54
Cash paid for goods purchased and services received		10,215,512,444.53	10,357,781,278.01
Net increase in loans and advances to customers		310,486,706.93	828,161,973.78
Net increase in deposits with central bank and with banks and other financial institutions		-346,835,641.83	442,821,190.32
Cash paid for original insurance contract claims			
Net increase in financial assets held for trading			
Net increase in funds for lending			
Cash paid for interests, handling charges and commissions		717,709.97	599,724.83
Cash paid for policy dividends			
Cash paid to and on behalf of employees		1,751,248,117.45	1,524,706,195.89
Cash paid for taxes and surcharges		1,161,954,355.99	1,406,406,310.91
Cash paid for other operating activities	5.67	2,466,512,833.57	1,150,664,275.65
Sub-total of cash outflows from operating activities		15,559,596,526.61	15,711,140,949.39
Net cash flows from operating activities		-3,249,813,611.86	747,374,732.15
II. Cash flows from investing activities			
Cash received from disposal of investments		2,512,923,514.38	1,541,257,569.04
Cash received from returns on investments		305,704,299.91	58,847,793.56
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		4,716,740.85	57,722,172.50
Net cash received from disposal of subsidiaries and other business units			
Cash received from other investing activities			
Sub-total of cash inflows from investment activities		2,823,344,555.14	1,657,827,535.10
Cash paid to acquire and construct fixed assets, intangible assets and other long-term assets		108,492,508.79	73,636,750.31
Cash paid for investments		4,021,428,170.44	905,024,849.80
Net increase in pledge loans			
Net cash paid to acquire subsidiaries and other business units			
Cash paid for other investing activities			
Sub-total of cash outflows from investing activities		4,129,920,679.23	978,661,600.11
Net cash flows from investing activities		-1,306,576,124.09	679,165,934.99
III. Cash flows from financing activities			
Cash from absorption of investments		150,000,000.00	
Including: cash received by subsidiaries from investments by non-controlling shareholders		150,000,000.00	
Cash received from borrowings		2,650,000.00	199,644,900.00
Cash received from bonds issue			
Cash received from other financing activities			
Subtotal of cash inflow from financing activities		152,650,000.00	199,644,900.00
Cash paid for debt repayments		26,031,939.68	536,030,555.56
Cash paid for distribution of dividends and profit or payment of interest		31,199,998.33	29,519,629.19
Including: Dividends and profits paid to Non-controlling shareholders by subsidiaries		11,758,932.73	6,301,001.61
Cash paid for other financing activities			
Sub-total of cash outflows from financing activities		57,231,938.01	565,550,184.75
Net cash flows from financing activities		95,418,061.99	-365,905,284.75
IV. Effect of fluctuation in exchange rate on cash and cash equivalents		-329,781.07	60,312,068.43
V. Net increase in cash and cash equivalents		-4,461,301,455.03	1,120,947,450.82
Add: Opening balance of cash and cash equivalents		26,899,627,194.15	28,847,748,952.33
VI. Closing balance of cash and cash equivalents		22,438,325,739.12	29,968,696,403.15

The accompanying notes to the financial statements are constituent parts of the financial statements.

Legal Representative: Zou Lei Accounting Principal: Bai Yong Person in charge of the Accounting Department: Wang Chengmi

Dongfang Electric Corporation Limited
Statement of Cash Flows
January- June 2019
(Monetary units are expressed in RMB unless otherwise stated)

Item	Note 16	For the six months ended June 30, 2019	For the six months ended June 30, 2018
I. Cash flows from operating activities			
Cash received from sale of goods and rendering of services		2,582,297,225.28	4,710,841,508.38
Refunds of taxes and surcharges		3,972,084.04	32,627,717.30
Cash received from other operating activities		57,126,800.33	484,570,569.73
Sub-total of cash inflows from operating activities		2,643,396,109.65	5,228,039,795.41
Cash paid for goods purchased and services received		3,602,745,464.35	7,876,506,908.81
Cash paid to and on behalf of employees		83,000,042.20	78,005,474.37
Cash paid for taxes and surcharges		59,577,317.86	34,966,068.75
Cash paid for other operating activities		164,178,378.29	393,083,567.36
Sub-total of cash outflows from operating activities		3,909,501,202.70	8,382,562,019.29
Net cash flows from operating activities		-1,266,105,093.05	-3,154,522,223.88
II. Cash flows from investing activities			
Cash received from disposal of investments		40,000,000.00	
Cash received from returns on investments		229,937,377.99	47,479,754.73
Net cash received from disposal of fixed assets, intangible assets and other long-term assets			68,094.76
Net cash received from disposal of subsidiaries and other business units			
Cash received from other investing activities			
Sub-total of cash inflows from investment activities		269,937,377.99	47,547,849.49
Cash paid to acquire and construct fixed assets, intangible assets and other long-term assets		2,462,315.85	792,767.40
Cash paid for investments		491,200,000.00	102,000,000.00
Net cash paid to acquire subsidiaries and other business units			
Cash paid for other investing activities			
Sub-total of cash outflows from investing activities		493,662,315.85	102,792,767.40
Net cash flows from investing activities		-223,724,937.86	-55,244,917.91
III. Cash flows from financing activities			
Cash from absorption of investments			
Cash received from borrowings			
Cash received from bonds issue			
Cash received from other financing activities			
Subtotal of cash inflow from financing activities			
Cash paid for debt repayments			
Cash paid for distribution of dividends and profit or payment of interest			
Cash paid for other financing activities			
Sub-total of cash outflows from financing activities			
Net cash flows from financing activities			
IV. Effect of fluctuation in exchange rate on cash and cash equivalents		-3,763,174.34	18,544,776.49
V. Net increase in cash and cash equivalents		-1,493,593,205.25	-3,191,222,365.30
Add: Opening balance of cash and cash equivalents		8,033,458,852.09	11,513,755,417.41
VI. Closing balance of cash and cash equivalents		6,539,865,646.84	8,322,533,052.11

The accompanying notes to the financial statements are constituent parts of the financial statements.

Legal Representative: Zou Lei Accounting Principal: Bai Yong Person in charge of the Accounting Department: Wang Chengmi

Dongfang Electric Corporation Limited
Consolidated Statement of Changes in Shareholders' Equity
For January - June 2019
(Monetary units are expressed in RMB unless otherwise stated)

Item	For the six months ended June 30, 2019														
	Equity attributable to owners of the parent company													Non-controlling equity	Total owners' equity
	Share capital	Other equity instruments			Capital reserves	Less: Treasury stock	Other comprehensive income	Special reserves	Surplus reserves	General risk reserve	Undistributed profits	Others	Subtotal		
	Preferred stock	Perpetual capital securities	Others												
I. Balance as at December 31, 2018	3,090,803,431.00				11,251,874,281.59		-33,400,468.00	79,395,179.18	871,273,166.80		13,324,105,405.23		28,584,050,995.80	2,109,857,619.41	30,693,908,615.21
Add: Adjustments for changes in accounting policies															
Correction of accounting errors in prior periods															
Business combinations under common control															
Others															
II. Balance as at January 1, 2019	3,090,803,431.00				11,251,874,281.59		-33,400,468.00	79,395,179.18	871,273,166.80		13,324,105,405.23		28,584,050,995.80	2,109,857,619.41	30,693,908,615.21
III. Increases/decreases in the period ("-" for decreases)							2,609,900.25	12,571,090.37			389,704,298.86		404,885,289.48	45,456,699.21	450,341,988.69
(I) Total comprehensive income							2,609,900.25				729,692,676.27		732,302,576.52	56,447,656.05	788,750,232.57
(II) Capital contributed or reduced by owners															
1. Common shares contributed by shareholders															
2. Capital contributed by the holder of other equity instruments															
3. Amounts of share-based payments recognized in owners' equity															
4. Others															
(III) Profit distribution											-339,988,377.41		-339,988,377.41	-11,809,219.89	-351,797,597.30
1. Withdrawal of surplus reserves															
2. Withdrawal of general risk reserves															
3. Profit distributed to owners (or shareholders)											-339,988,377.41		-339,988,377.41	-11,809,219.89	-351,797,597.30
4. Others															
(IV) Internal carry-forward of owners' equities															
1. Conversion of capital reserves into in capital (or share capital)															
2. Conversion of surplus reserves into in capital (or share capital)															
3. Surplus reserves offsetting losses															
4. Changes arising from defined benefit plans carried forward to retained earnings															
5. OCI carried forward to retained earnings															
6. Others															
(V) Special reserves								12,571,090.37					12,571,090.37	818,263.05	13,389,353.42
1. Amount withdrawn in the period								32,792,427.47					32,792,427.47	3,162,998.26	35,955,425.73
2. Amount used in the period								-20,221,337.10					-20,221,337.10	-2,344,735.21	-22,566,072.31
(VI) Others															
IV. Balance as at June 30, 2019	3,090,803,431.00				11,251,874,281.59		-30,790,567.75	91,966,269.55	871,273,166.80		13,713,809,704.09		28,988,936,285.28	2,155,314,318.62	31,144,250,603.90

The accompanying notes to the financial statements are constituent parts of the financial statements.

Legal Representative: Zou Lei Accounting Principal: Bai Yong Person in charge of the Accounting Department: Wang Chengmi

Dongfang Electric Corporation Limited
Consolidated Statement of Changes in Shareholders' Equity (Continued)
For January - June 2019
(Monetary units are expressed in RMB unless otherwise stated)

Item	For the six months ended June 30, 2018													Non-controlling equity	Total owners' equity
	Equity attributable to owners of the parent company											Subtotal			
	Share capital	Other equity instruments			Capital reserves	Less: Treasury stock	Other comprehensive income	Special reserves	Surplus reserves	General risk reserve	Undistributed profits		Others		
	Preferred stock	Perpetual capital securities	Others												
I. Balance as at December 31, 2017	2,336,900,368.00				11,884,507,974.98		41,972,904.52	75,418,562.02	774,913,922.16		12,096,965,958.72		27,210,679,690.40	1,116,293,424.85	28,326,973,115.25
Add: Adjustments for changes in accounting policies							-87,693,598.06				194,664,454.64		106,970,856.58	-3,389,580.92	103,581,275.66
Correction of accounting errors in prior periods															
Business combinations under common control															
Others															
II. Balance as at January 1, 2018	2,336,900,368.00				11,884,507,974.98		-45,720,693.54	75,418,562.02	774,913,922.16		12,291,630,413.36		27,317,650,546.98	1,112,903,843.93	28,430,554,390.91
III. Increases/decreases in the period ("-" for decreases)	753,903,063.00				-632,633,693.39		-7,459,578.67	13,644,628.69			534,714,441.13		662,168,860.76	12,535,171.80	674,704,032.56
(I) Total comprehensive income							-7,459,578.67				534,714,441.13		527,254,862.46	19,428,363.29	546,683,225.75
(II) Capital contributed or reduced by owners	753,903,063.00				4,071,781,192.49								4,825,684,255.49		4,825,684,255.49
1. Common shares contributed by shareholders	753,903,063.00				4,129,517,048.80								4,883,420,111.80		4,883,420,111.80
2. Capital contributed by the holder of other equity instruments															
3. Amounts of share-based payments recognized in owners' equity															
4. Others					-57,735,856.31								-57,735,856.31		-57,735,856.31
(III) Profit distribution														-7,733,888.89	-7,733,888.89
1. Withdrawal of surplus reserves															
2. Withdrawal of general risk reserves															
3. Profit distributed to owners (or shareholders)														-7,733,888.89	-7,733,888.89
4. Others															
(IV) Internal carry-forward of owners' equity															
1. Conversion of capital reserves into paid-in capital (or share capital)															
2. Conversion of surplus reserves into paid-in capital (or share capital)															
3. Surplus reserves offsetting losses															
4. Changes arising from defined benefit plans carried forward to retained earnings															
5. OCI carried forward to retained earnings															
6. Others															
(V) Special reserves								13,644,628.69					13,644,628.69	840,697.40	14,485,326.09
1. Amount withdrawn in the period								29,119,220.41					29,119,220.41	1,556,862.83	30,676,083.24
2. Amount used in the period								-					-15,474,591.72	-716,165.43	-16,190,757.15
(VI) Others					-4,704,414,885.88								-4,704,414,885.88		-4,704,414,885.88
IV. Balance as at June 30, 2018	3,090,803,431.00				11,251,874,281.59		-53,180,272.21	89,063,190.71	774,913,922.16		12,826,344,854.49		27,979,819,407.74	1,125,439,015.73	29,105,258,423.47

The accompanying notes to the financial statements are constituent parts of the financial statements.

Legal Representative: Zou Lei Accounting Principal: Bai Yong Person in charge of the Accounting Department: Wang Chengmi

Dongfang Electric Corporation Limited
Statement of Changes in Shareholders' Equity
January – June 2019
(Monetary units are expressed in RMB unless otherwise stated)

Item	For the six months ended June 30, 2019										
	Share capital	Other equity instruments			Capital reserves	Less: Treasury stock	Other comprehensive income	Special reserves	Surplus reserves	Undistributed profits	Total owners' equity
		Preferred stock	Perpetual capital securities	Others							
I. Balance as at December 31, 2018	3,090,803,431.00				13,021,217,305.33				1,159,636,283.23	7,183,662,902.88	24,455,319,922.44
Plus: Adjustments for changes in accounting policies											
Correction of accounting errors in prior periods											
Others											
II. Balance as at January 1, 2019	3,090,803,431.00				13,021,217,305.33				1,159,636,283.23	7,183,662,902.88	24,455,319,922.44
III. Increases/decreases in the period ("-" for decreases)										50,999,611.37	50,999,611.37
(I) Total comprehensive income										390,987,988.78	390,987,988.78
(II) Capital contributed or reduced by owners											
1. Common shares contributed by shareholders											
2. Capital contributed by the holder of other equity instruments											
3. Amounts of share-based payments recognized in owners' equity											
4. Others											
(III) Profit distribution										-339,988,377.41	-339,988,377.41
1. Withdrawal of surplus reserves											
2. Profit distributed to owners (or shareholders)										-339,988,377.41	-339,988,377.41
3. Others											
(IV) Internal carry-forward of owners' equity											
1. Conversion of capital reserves into paid-in capital (or share capital)											
2. Conversion of surplus reserves into paid-in capital (or share capital)											
3. Surplus reserves offsetting losses											
4. Changes arising from defined benefit plans carried forward to retained earnings											
5. OCI carried forward to retained earnings											
6. Others											
(V) Special reserves											
1. Amount withdrawn in the period											
2. Amount used in the period											
(VI) Others											
IV. Balance as at June 30, 2019	3,090,803,431.00				13,021,217,305.33				1,159,636,283.23	7,234,662,514.25	24,506,319,533.81

The accompanying notes to the financial statements are constituent parts of the financial statements.

Legal Representative: Zou Lei

Accounting Principal: Bai Yong

Person in charge of the Accounting Department: Wang Chengmi

Dongfang Electric Corporation Limited
Statement of Changes in Shareholders' Equity (Continued)
January – June 2019
(Monetary units are expressed in RMB unless otherwise stated)

Item	For the six months ended June 30, 2018										
	Share capital	Other equity instruments			Capital reserves	Less: Treasury stock	Other comprehensive income	Special reserves	Surplus reserves	Undistributed profits	Total owners' equity
		Preferred stock	Perpetual capital securities	Others							
I. Balance as at December 31, 2017	2,336,900,368.00				8,891,700,256.53				1,063,277,038.59	6,316,429,701.07	18,608,307,364.19
Plus: Adjustments for changes in accounting policies											
Correction of accounting errors in prior periods											
Others											
II. Balance as at January 1, 2018	2,336,900,368.00				8,891,700,256.53				1,063,277,038.59	6,316,429,701.07	18,608,307,364.19
III. Increases/decreases in the period ("-" for decreases)	753,903,063.00				4,129,517,048.80					189,733,301.45	5,073,153,413.25
(I) Total comprehensive income										189,733,301.45	189,733,301.45
(II) Capital contributed or reduced by owners	753,903,063.00				4,129,517,048.80						4,883,420,111.80
1. Common shares contributed by shareholders	753,903,063.00				4,129,517,048.80						4,883,420,111.80
2. Capital contributed by the holder of other equity instruments											
3. Amounts of share-based payments recognized in owners' equity											
4. Others											
(III) Profit distribution											
1. Withdrawal of surplus reserves											
2. Profit distributed to owners (or shareholders)											
3. Others											
(IV) Internal carry-forward of owners' equity											
1. Conversion of capital reserves into paid-in capital (or share capital)											
2. Conversion of surplus reserves into paid-in capital (or share capital)											
3. Surplus reserves offsetting losses											
4. Changes arising from defined benefit plans carried forward to retained earnings											
5. OCI carried forward to retained earnings											
6. Others											
(V) Special reserves											
1. Amount withdrawn in the period											
2. Amount used in the period											
(VI) Others											
IV. Balance as at June 30, 2018	3,090,803,431.00				13,021,217,305.33				1,063,277,038.59	6,506,163,002.52	23,681,460,777.44

The accompanying notes to the financial statements are constituent parts of the financial statements.

Legal Representative: Zou Lei

Accounting Principal: Bai Yong

Person in charge of the Accounting Department: Wang Chengmi

Dongfang Electric Corporation Limited
Notes to the Financial Statements for the First Half of
2019 (Monetary units are expressed in RMB unless
otherwise stated)

1. Company profile

1.1 Company overview

Dongfang Electric Corporation Limited (hereinafter referred to as the "Company") which was formerly known as Dongfang Electric Machinery Co., Ltd. was established on December 28, 1993, upon the approval with the document TGS [1992] No. 67 and the document TGS [1993] No. 214 issued by the State Commission for Restructuring the Economic System and the document GZQHF [1993] No. 100 issued by the former State Administration of State-owned Assets, and it is a joint stock limited company established and invested by Dongfang Electrical Machinery Works as the sole sponsor through discounting its held major production operating assets authorized by the State. The Company obtained the business license issued by Chengdu Administration for Industry and Commerce with the unified social credit code of 915101002051154851, and its registered address was No. 18, Xixin Avenue, Western High-tech Zone, Chengdu, Sichuan Province.

Upon the approval with the document TGS [1994] No. 42 issued by the State Commission for Restructuring the Economic System on April 12, 1994, the Company publicly issued 170 million overseas listed foreign shares (H share) in Hong Kong on 31 May 1994 which were listed for trading in the Stock Exchange of Hong Kong Limited on June 6, 1994. On July 4, 1995, it publicly issued 60 million domestic shares (A share) within China which were listed for trading in the Shanghai Stock Exchange on October 10, 1995. Upon the issue of the above shares, the share capital of the Company changed to 450 million shares.

Upon the approval with the Official Reply to the Issues Concerning the State-owned Equity Transfer of Dongfang Electric Machinery Co., Ltd. (GZCQ [2005] No. 1604) issued by the State-owned Assets Supervision and Administration Commission under the State Council on December 30, 2005, Dongfang Electrical Machinery Works transferred its 220 million state-owned legal person shares of the Company (accounting for 48.89% of the original share capital of the Company) to Dongfang Electric Corporation (now renamed as Dongfang Electric Corporation, hereinafter referred to as the "DEC").

Upon the approval with the Circular on Approving the Assets Purchase of Dongfang Electric Machinery Co., Ltd. by Directional Issue of New Shares to Dongfang Electric Corporation (ZJGSZ [2007] No. 172) issued by the China Securities Regulatory Commission on October 17, 2007, the Company conducted the private placement of 367 million domestic shares (A share) to

Dongfang Electric Corporation in November 2007, therefore, the Company obtained 273,165,244 domestic shares (A share) of Dongfang Boiler (Group) Co., Ltd. (now renamed as Dongfang Boiler Group Co., Ltd. of Dongfang Electric Corporation, hereinafter referred to as the "DBC") originally held by Dongfang Electric Corporation (accounting for 68.05% of the original share capital of Dongfang Boiler Group Co., Ltd.) and 100% equity of Dongfang Turbine Co., Ltd. of Dongfang Electric Corporation (hereinafter referred to as the DTC). According to the resolutions made in the second extraordinary general meeting in 2007, the Company was renamed as Dongfang Electric Corporation Limited on October 26, 2007.

Upon the approval with the Official Reply to the Additional Issue of Shares by Dongfang Electric Corporation Limited (ZJXK [2008] No. 1100) issued by the China Securities Regulatory Commission on September 5, 2008, the Company publicly issued 65 million domestic shares (A share) to non-specific objects in November 2008, and the share capital of the Company after the public offering changed to 882 million shares.

Upon the approval with the Official Reply to the Approval of the Private Offering by Dongfang Electric Corporation Limited (ZJXK [2009] No. 1151) issued by the China Securities Regulatory Commission on November 6, 2009, the Company privately issued 119.93 million domestic shares (A share) to eight specific objects including Dongfang Electric Corporation in November 2009, and the share capital of the Company changed to 1.00193 billion shares upon this private offering.

According to the resolutions made in the 2009 Annual General Meeting of the Company, the first shareholders' meeting of domestic shares in 2010 and the first shareholders' meeting of shares listed overseas in 2010 held on June 18, 2010, the Company additionally increased 10 shares for each 10 shares of all the shareholders based on the capital share base of 1.00193 billion shares on December 31, 2009, and the capital share of the Company changed to 2.00386 billion shares after such increase.

On January 12, 2015, the A-share convertible bonds amounting to RMB4 billion issued in public on July 10, 2014 upon the approval of the Official Reply on Approving the Issue of Convertible Bonds in Public of Dongfang Electric Corporation (ZJXK [2014] No. 628) issued by the China Securities Regulatory Commission entered in the period for share-transfer. As at February 17, 2015, the accumulated share transferred from A-share convertible bonds of the Company amounted to 333,040,368 shares, and after the transfer, the share capital of the Company became 2,336,900,368 shares.

Upon the approval with the Official Reply to the Assets Purchase of Dongfang Electric Corporation Limited by Issue of Shares to Dongfang Electric Corporation (ZJXK [2018] No. 354) issued by the China Securities Regulatory Commission on March 1, 2018, the Company purchased relevant assets from Dongfang Electric Corporation by issuing 753,903,063 shares on March 31, 2018. After the issue of shares, the Company's share capital changed to 3,090,803,431 shares.

As at June 30, 2019, the share capital of the Company amounted to

3,090,803,431 shares, including domestic shares (A-share) with sale-restricted conditions of 753,903,063 shares, accounting for 24.39% of the share capital; domestic shares (A-share) without sale-restricted conditions of 1,996,900,368 shares, accounting for 64.61% of the share capital, and foreign shares (H-share) without sale-restricted conditions of 340 million shares, accounting for 11.00% of the share capital.

Dongfang Electric Corporation is the controlling shareholder and ultimate controller of the Company. The general meeting of shareholders is the Company's organ of power, executing the decision-making power over the Company's material matters, such as guideline for management, financing, investment and profit distribution according to law. The board of directors is responsible for the general meeting of shareholders, executing the operational decision-making power of the Company according to law; executives are responsible for the organization and implementation of resolutions passed at the general meeting of shareholders and by the board of directors, and presiding over the production and operation management of the Company. The Company sets up 14 functional management departments, which were the board office, CEO office, human resource department, operation management department, safety and environmental protection department, enterprise management department and legal affair department, technology and quality department, marketing department, financial department, enterprise culture department, audit department, planning and development department and information technology center and, four business divisions, which were the gas turbine division, nuclear power division, power station services division, renewable energy division and new materials division and international engineering branch companies, Management School and Academia Sinica .

The Company is engaged in the industry of power generation equipment manufacturing with a business scope covering general equipment manufacturing, electrical machinery and equipment manufacturing, nuclear power generation equipment, wind power generation equipment, renewable energy source power energy equipment and its spare parts manufacturing, sales and R&D; R&D, manufacturing and sales of industrial control and automation equipment; R&D, manufacturing and sales of environmental protection equipment (desulfurization, denitration, waste water, and solid waste), energy saving equipment, and petrochemical container; R&D, manufacturing and sales of instrument and apparatus, standard machinery and other equipment; manufacturing and sale of industrial gas; power station design, packaged technology development of power station equipment, sales of and service for complete equipment; general contracting and sub-contracting of overseas power generation equipment, machine electricity, complete engineering and domestic international bidding engineering, export of equipment and materials needed by the aforesaid overseas engineering, and outward dispatch of contract workers needed by the same; import and export trade; commercial service; professional technique service; science and technology exchange and promotion (projects subject to approval according to law shall not be carried out before such approval is granted by the competent authorities). Major products of the Company are thermal power generation equipment, hydroelectric generation equipment, wind power generation equipment, nuclear power generation

equipment and gas power generation equipment.

1.2 The scope of consolidated financial statements

As at June 30, 2019, secondary subsidiaries within the scope of the consolidated financial statements of the Company are as follows:

Subsidiary
Dongfang Boiler Group Co., Ltd. of Dongfang Electric Corporation
Dongfang Turbine Co, Ltd. of Dongfang Electric Corporation
Dongfang Electric Machinery Co., Ltd. of Dongfang Electric Corporation
Dongfang Electric (Guangzhou) Heavy Machinery Co., Ltd.
Dongfang Electric Wind Power Co., Ltd.
Dongfang Electric (Wuhan) Nuclear Equipment Co., Ltd.
Dongfang Electric (India) Corporation
Dongfang Electric (Indonesia) Co., Ltd.
DEC International Cooperation Limited
Dongfang Electric Finance Co., Ltd.
Dongfang Electric Automatic Control Engineering Co., Ltd. (Remark 1)
Dongfang Electric (Sichuan) Trading Co., Ltd. (Remark 2)
DEC Bulk Logistic Co., Ltd.
Dongfang Electric (Chengdu) Hydrogen Fuel Cell Technology Co., Ltd (Remark 3)
DEC Chengdu Smart Energy Co., Ltd. (東方電氣集團成都智能科技有限公司)

Remark1: The former name of Dongfang Electric Automatic Control Engineering Co., Ltd. was Sichuan Dongfang Electric Automatic Control Engineering Co., Ltd.

Remark2: The former name of DEC (Sichuan) Trading Co., Ltd. was Dongfang Electric (Sichuan) Material Co., Ltd.

Remark3: The former name of Dongfang Electric (Chengdu) Hydrogen Fuel Cell Technology Co., Ltd. was Dongfang Electric Chengdu Qingneng Technology Co., Ltd.

See "Note 6 Changes in the scope of consolidation" and "Note 7 Equity in other entities" for details of the scope of consolidated financial statements in the period and changes thereof.

2. Basis of preparation for financial statements

2.1 Basis of preparation

Based on going concern and according to actually occurred transactions and events, the Company prepares financial statements in accordance with the Accounting Standards for Business Enterprises - Basic Standards and all the specific accounting standards, Application Guidance to the Accounting Standards for Business Enterprises, the interpretation of the Accounting Standards for Business Enterprises and other relevant provisions (hereinafter referred to as the "Accounting Standards for Business Enterprises") published by the Ministry of Finance, as well as the disclosure provisions of the Rules for

the Compilation and Submission of Information Disclosure by Companies Offering Securities to the Public No. 15 - General Requirements for Financial Reports, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Hong Kong Companies Ordinance issued by the China Securities Regulatory Commission.

2.2 Going concern

The Company has a history of recent profitable operations and the support of financial resources. The Company believes that the preparation of the financial statements on a going concern is reasonable.

3. Significant accounting policies and accounting estimates

The following disclosures have covered the specific accounting policies and estimates formulated by the Company according to its actual production and operation features. For details, see Notes "3.11 Provision for bad debts of accounts receivable", "3.19 Fixed assets" and "3.27 Revenue".

3.1 Statement on the compliance with Accounting Standards for Business Enterprises

The financial statements prepared by the Company meet the requirements of the Accounting Standards for Business Enterprises, and truly and completely reflect the Company's financial position, operation results and cash flows and other relevant information in the reporting period.

3.2 Accounting period

The accounting year is from January 1 to December 31 in calendar year.

3.3 Operating cycle

The Company's operating cycle is 12 months.

3.4 Functional currency

The Company and its domestic subsidiaries adopt RMB as the functional currency, and for overseas business, the functional currency should be the local currency. The Company adopts RMB while preparing the financial statements.

3.5 Accounting treatment methods for business combinations under common control and not under common control

Business combination under common control: For assets and liabilities obtained through business combination by the Company, they are measured at the book value of the assets and liabilities (including the goodwill formed by the acquisition of the combined party by the ultimate controller) in the consolidated financial statements of the ultimate controller on the combination date. The stock premium in the capital reserve is adjusted according to the difference between the book value of net assets acquired through combination and the book value of consideration paid for the combination (or total par value of shares issued). If the stock premium in the capital reserves is insufficient to cover the differences, the remaining amount shall be charged against retained

earnings.

Business combination not under common control: The Company shall, on the acquisition date, measure the assets surrendered and liabilities incurred or assumed by the Company for a business combination at their fair values. The difference between the fair value and their book value will be included into the current profit or loss. The Company shall recognize the difference of the combination costs in excess of the fair value of the identifiable net assets acquired from the acquiree as goodwill. The Company shall recognize the difference of the combination costs in short of the fair value of the identifiable net assets acquired from the acquiree in the current profit or loss after review.

The auditing, legal services, consulting and other intermediary service fees as well as other relevant direct expenses for business combination will be included into the current profit or loss when occurs; the transaction costs for the issuance of equity securities shall be used to offset equities.

3.6 Preparation method of consolidated financial statements

3.6.1 Scope of consolidation

The scope of consolidated financial statements of the Company is determined on the basis of control, and all its subsidiaries (including the investee's partible part that is under control of the Company) are included in the consolidated financial statements.

3.6.2 Procedures for consolidation

The Company prepares the consolidated financial statements based on financial statements of itself and its subsidiaries and according to other relevant information. Upon preparation of consolidated financial statements, the Company shall deem the whole group as a whole accounting entity, and reflects the overall financial position, operating results and cash flows of the group in accordance with relevant requirements for recognition, measurement and presentation as stated in the Accounting Standards for Business Enterprises as well as uniform accounting policies.

All the subsidiaries within the consolidation scope of consolidated financial statements shall adopt the same accounting policies and accounting periods as those of the Company. If the accounting policies or accounting periods of a subsidiary are different from those of the Company, the consolidated financial statements of the subsidiary, upon preparation of consolidated financial statements, shall be adjusted according to the accounting policies and accounting periods of the Company. For the subsidiaries acquired through business combination not under the same control, adjustments to their financial statements shall be made based on the fair values of net identifiable assets on the acquisition date. For a subsidiary acquired through business combination under common control, adjustment to its financial statements shall be made based on the book values of its assets and liabilities (including goodwill formed in the acquisition of the subsidiary by its ultimate controller) as presented in the financial statements of the ultimate controller.

The share of owners' equity, current net profits and losses, and current

comprehensive income of subsidiaries attributable to minority owners shall be respectively and separately listed under the owner's equity item of a consolidated balance sheet, the net profit item of a consolidated income statement, and the total comprehensive income in a consolidated income statement. Where the current losses shared by a minority shareholder of a subsidiary exceeds the balances arising from the shares enjoyed by the minority shareholder in the owners' equity of the subsidiary at the beginning of the period, minority equity shall be written down accordingly.

(1) Increase of subsidiaries or business

During the reporting period, if the Company acquired subsidiaries or business from the business combination under common control, the beginning balance in the consolidated statement of financial position shall be adjusted; the income, expenses and profits of the newly acquired subsidiaries or business from the beginning to the end of the reporting period shall be included into the consolidated income statement; the cash flows of the newly acquired subsidiaries or business from the beginning to the end of the reporting period shall be included in the consolidated statement of cash flows. Relevant items in the comparative financial statements of the subsidiaries shall be adjusted accordingly, as if the reporting entity after the business combination exists at the time when the ultimate controller has the control power.

Where control can be exercised on the investee under the common control for additional investment or other reasons, adjustment will be made as if all parties involved in the combination exist at the beginning of the control by the ultimate controller. Equity investments held before the control over the combined party is obtained, the related gains and losses, other comprehensive income as well as other changes in net assets recognized from the later of the date when the original equity is obtained or the date when the acquirer and the acquiree are under the same control, to the combination date will respectively write down the retained earnings or current profit or loss in the comparative statements.

During the reporting period, if the Group acquired subsidiaries or business from the business combination not under common control, the beginning balance in the consolidated statement of financial position will not be adjusted. The income, expenses and profits of the newly acquired subsidiaries or business from the acquisition date to the end of the reporting period shall be included in the consolidated income statement. The cash flows of the newly acquired subsidiaries or business from the acquisition date to the end of the reporting period shall be included in the consolidated statement of cash flows.

Where the Company can control the investee not under common control from additional investments or other reasons, it shall re-measure equity of the acquiree held before the acquisition date at the fair value of such equity on the acquisition date and include the difference of the fair value and book value in the investment income in the year. Where equity of the acquiree held before the acquisition date involves in other comprehensive

income accounted for under equity method and other changes in owners' equity other than net profits or losses, other comprehensive income and profit distribution, the relevant other comprehensive income and other changes in owners' equity shall be transferred to investment income in the year which the acquisition date falls in, except for other comprehensive income from changes arising from re-measurement of net liabilities or net assets of defined benefit plan by the investee.

(2) Disposal of subsidiaries or business

① General method of disposal

During the reporting period, where the Company disposes a subsidiary or business, the revenues, expenses and profits of the subsidiary or business from the beginning period to the disposal date shall be included in the consolidated statement of cash flows; cash flows of the subsidiary or the business from the beginning period to the disposal date shall be included in the consolidated statement of cash flows.

When the Company loses the control over the investee due to disposal of partial equity investment or other reasons, the remaining equity investment after the disposal will be re-measured by the Company at its fair value on the date of loss of the control. The difference of the sum of the consideration acquired from disposal of equities and the fair value of the remaining equities less the sum of the share calculated at the original shareholding ratio in net assets of the original subsidiary which are continuously calculated as of the acquisition date or the combination date and goodwill shall be included in the investment income of the period in which the control is lost. Other comprehensive incomes associated with the equity investments of the original subsidiary, or the changes in owners' equity other than net profit or loss, other comprehensive income and profit distribution, are transferred into investment income of the period when control is lost, except for other comprehensive income from the change in net liability or net asset due to the investor's re-measurement of designated benefit plan.

Where the Company loses the right of control due to the decline in its proportion of shareholding caused by the increase of investment in subsidiaries by other investors, accounting treatment should be conducted according to the above principles.

② Disposal of subsidiary by stages

If the control is lost due to disposal of the equities in subsidiaries through multiple transactions by stages, and the terms, conditions and economic impact of the transactions related to the enterprise's disposal of its investment in the subsidiaries meet one or more of the following circumstances, it usually indicates that multiple transactions should be included into a package of transactions and subject to accounting processing as such:

- i. These transactions are concluded at the same time or under the

consideration of mutual effect;

- ii. Only all these transactions as a whole can reach a complete business results;
- iii. The occurrence of a transaction depends on the occurrence of at least one other transaction;
- iv. A single transaction is uneconomical but it is economical when considered together with other transactions.

Where various transactions of disposal of equity investments in subsidiaries until loss of the control belong to a package deal, accounting treatment shall be made by the Company on the transactions as a transaction to dispose subsidiaries and lose the control; however, the difference between each disposal cost and net asset share in the subsidiaries corresponding to each disposal of investments before loss of the control should be recognized as other comprehensive income in the consolidated financial statements and should be transferred into the current profit or loss at the loss of the control.

Where various transactions of disposal of equity investments in subsidiaries until loss of the control do not belong to a package deal, before the loss of the control, accounting treatment shall be made according to the relevant policies for partial disposal of equity investments in the subsidiary without losing control; at the loss of the control, accounting treatment shall be made according to general treatment methods for disposal of subsidiaries.

(3) Purchase of minority interest of subsidiaries

The share premium in the capital reserves under the consolidated balance sheet will be adjusted at the difference between the long-term equity investment acquired by the Company for the purchase of minority equities and the share of net assets calculated constantly from the acquisition date (or combination date) according to the newly increased shareholding ratio. Where the share premium is insufficient to offset, retained earnings will be adjusted.

(4) Partial disposal of long-term equity investments in subsidiaries without losing control

The difference between the proceeds from partial disposal of equity investments in the subsidiary and the share of identifiable net assets of the subsidiary attributable to the Company which are calculated continuously from the acquisition date (or the combination date) and which are corresponding to the disposal of long-term equity investments without losing control shall be charged against stock premium within capital reserves in the consolidated balance sheet; when stock premium within capital reserves is insufficient to offset, the retained earnings shall be adjusted.

3.7 Classification and accounting treatment of joint venture arrangements

Joint venture arrangements are classified into joint operation and joint venture.

Joint operation means that the Company is the joint venture under the joint venture arrangement and enjoys the relevant assets and assumes the relevant liabilities.

The Company recognizes the following items related to interest shares in the joint operation, and carries out the accounting treatment according to relevant Accounting Standards for Business Enterprises:

- (1) Assets peculiar to the Company and assets jointly owned by the Company based on shares held;
- (2) Liabilities undertaken by the Company solely and liabilities jointly undertaken by the Company based on shares held;
- (3) Income from selling production shares of the joint operation enjoyed by the Company;
- (4) Income from selling the production of the joint operation recognized based on the shares held by the Company; and
- (5) Separate costs and costs for the joint operation based on the shares held by the Company.

See Note "3.17 Long-term equity investment" for accounting policies of the Company for investment in joint ventures.

3.8 Recognition criteria of cash and cash equivalents

For the purpose of preparing the statement of cash flows, the term "cash" refers to the cash on hand and the unrestricted deposit of the Company. The term "cash equivalents" refers to short-term (maturing within three months from acquisition date) and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

3.9 Foreign currency transactions and translation of foreign currency financial statements

3.9.1 Foreign currency transactions

Foreign currency amount will be translated into RMB amount at the spot exchange rate on the transaction date for tally.

The balance of foreign currency monetary items on the balance sheet date is measured at the spot exchange rate on the balance sheet date. The exchange difference arising therefrom shall be included in the current profit or loss, while other exchange difference arising from the special borrowings of foreign currency related to the acquired and constructed assets qualified to capitalization shall be dealt with according to the principle of borrowing capitalization.

3.9.2 Translation of foreign currency financial statements

Assets and liabilities in the balance sheet are translated at the spot exchange rates on the balance sheet date. Owners' equity items, except for the item of "undistributed profits", are translated at the spot exchange rates on the dates when the transactions occur. Revenue and expense items in the income statement are translated at the spot exchange rates on the dates when the transactions occur.

When the Company disposes of an overseas business, the translation differences in foreign currency financial statements related to such overseas business shall be transferred into the current profit or loss from the item of owner's equity.

3.10 Financial instruments

Financial instruments include financial assets, financial liabilities and equity instruments.

3.10.1 Classification of financial instruments

According to the company's business model of managing financial assets and the characteristics of contract cash flow of financial assets, financial assets are classified at the initial confirmation into: Financial assets measured at amortized cost, financial assets (debt instruments) measured at fair value through the other comprehensive income and financial assets measured at fair value through the current profit or loss. For non-tradable equity instruments investment, the company determines at the initial confirmation whether to designate them as financial assets (equity instruments). In the period of initial confirmation, in order to eliminate or significantly reduce accounting mismatches, financial assets can be designated as financial assets which are measured at fair value through the current profit or loss.

Financial liabilities at the time of initial recognition are classified as: financial asset designated to be measured by fair value through the current profit or loss and financial liabilities measured at amortized cost.

A financial liability meeting one of the following conditions may be initially classified as financial liability measured by fair value through the current profit or loss:

- (1) This designation eliminates or significantly reduces accounting mismatches.
- (2) According to the enterprise risk management or investment strategy stated in the formal written document, the financial liability portfolio or financial assets and financial liability portfolio shall be managed and evaluated on the basis of fair value, and the report shall be made to the key management personnel within the enterprise on this basis.
- (3) The financial liability includes embedded derivatives that need to be separately split.

3.10.2 Recognition basis and measurement method of financial instruments

(1) Financial assets measured at amortized cost

Financial assets measured at amortized cost include notes and accounts receivable, other receivables, long-term receivables, debt investments, which are measured initially at fair value and related transaction expenses are recorded as initial recognition amount; accounts receivables that do not contain significant financing component and that contain financing component not exceeding one year but are not considered by the Company are measured initially at the contract transaction prices.

During the holding period, interest calculated using the effective interest rate method is included in the current profit or loss.

At recovery or disposal, the difference between the purchase price obtained and the book value of such financial assets is included in current profit or loss.

(2) Financial assets (debt instruments) at fair value through other comprehensive income

Financial assets (debt instruments) at fair value through other comprehensive income include other investments in debt instruments, which are measured initially at fair value and related transaction expenses are recorded as initial recognition amount. The subsequent measurement of such financial assets is made based on fair value, and the change in fair value are included in other comprehensive income, except for interest calculated using the effective interest rate method, impairment losses or gains and exchange gains or losses.

On derecognition, accumulated gains or losses which were originally included in other comprehensive income are transferred out and included in the current profit or loss.

(3) Financial assets (equity instruments) at fair value through other comprehensive income

Financial assets (equity instruments) at fair value through other comprehensive income include other investments in equity instruments, which are measured initially at fair value and related transaction expenses are recorded as initial recognition amount. The subsequent measurement of such financial assets is made based on fair value, and the changes in fair value are included in other comprehensive income. Dividends obtained are included in the current profit or loss.

On derecognition, accumulated gains or losses which were originally included in other comprehensive income are transferred out and included in the current profit or loss.

(4) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include held-for-trading financial assets, derivative financial assets and other non-current financial assets, which are measured initially at fair value and related

transaction expenses are included in the current profit or loss. The subsequent measurement of such financial assets is made based on fair value, and the change in fair value is included in the current profit or loss.

On derecognition, the difference between the fair value and initial book-entry value is recognized as investment income; meanwhile, the profit or loss from the change in fair value is adjusted.

(5) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include held-for-trading financial liabilities and derivative financial liabilities, which are measured initially at fair value and related transaction expenses are included in the current profit or loss. The subsequent measurement of such financial liabilities is made based on fair value, and the change in fair value is included in the current profit or loss.

On derecognition, the difference between the fair value and initial book-entry value is recognized as investment income; meanwhile, the profit or loss from the change in fair value is adjusted.

(6) Financial liabilities measured at amortized cost

Financial liabilities measured at amortized cost include short-term borrowings, notes and accounts payable, other payables, long-term borrowings, bonds payable, long-term payables, which are measured initially at fair value and related transaction expenses are recorded as initial recognition amount.

During the holding period, interest calculated using the effective interest rate method is included in the current profit or loss.

On derecognition, the difference between the consideration to be paid and the book value of such financial liabilities is included in the current profit or loss.

3.10.3 Recognition basis and measurement method of the transfer of financial assets

When transfer of financial assets occurs, if nearly all of the risks and rewards related to the ownership of the financial assets have been transferred to the transferee, the Company derecognizes the financial assets; if nearly all of the risks and rewards related to the ownership of the financial assets are retained, the Company shall not derecognize the financial assets.

The principle of substance over form is adopted to determine whether the transfer of a financial asset meets the above de-recognition conditions for the financial asset. The Company classifies the transfer of a financial asset into the entire transfer and the partial transfer of financial asset. Where the entire transfer of a financial asset meets the derecognition criteria, the difference between the following two amounts shall be included in the current profit or loss:

- (1) The book value of the transferred financial asset;
- (2) The sum of consideration received from the transfer and the accumulated changes amount of fair value originally recorded in owners' equity (the financial assets involved in the transfer are available-for-sale financial assets).

Where partial transfer of financial assets meets the derecognition criteria, the entire book value of the financial assets transferred will be allocated between the derecognized part and the recognized part based on the relative fair value, and the difference between the following two amounts will be included into current profit or loss:

- (1) The book value of the derecognized part;
- (2) The sum of the consideration for the derecognized part and the portion of de-recognition corresponding to the accumulated amount of the changes in fair value originally and directly included in owners' equity (the situation where the financial asset transferred is an available-for-sale financial asset is involved in).

If the transfer of a financial asset does not meet the derecognition criteria, the financial asset shall continue to be recognized, and the consideration received shall be recognized as a financial liability.

3.10.4 Derecognition criteria of financial liabilities

Where the present obligations of financial liabilities have been discharged in whole or in part, the financial liability is derecognized or any part thereof will be derecognized; if the Company signs an agreement with creditors to replace the existing financial liabilities by undertaking new financial liabilities, and the new financial liabilities are substantially different from the existing ones in terms of contract terms, the existing financial liabilities will be derecognized, and at the same time, the new financial liability will be recognized.

Where substantive changes are made to the contract terms of an existing financial liability in whole or in part, the existing financial liability shall be derecognized in whole or in part, and the financial liability of which terms have been modified shall be recognized as a new financial liability.

Where financial liabilities are de-recognized in whole or in part, the difference between the book value of the financial liabilities derecognized and the consideration paid (including non-cash assets transferred out or new financial liabilities borne) shall be included in the current profit or loss.

Where the Company redeems part of its financial liabilities, it shall, on the redemption date, allocate the entire book value of whole financial liabilities according to the comparative fair value of the part that continues to be recognized and the de-recognized part. The difference between the book value allocated to the derecognized part and the considerations paid (including non-cash assets surrendered and the new financial liabilities assumed) shall be included in the current profit or loss.

3.10.5 Determination method for the fair value of financial assets and financial liabilities

The fair value of a financial instrument having an active market is determined on the basis of quoted prices in the active market. Fair value of a financial instrument having no active market shall be determined by using valuation techniques. For valuating, the Company chooses input values which characteristics are consistent with those of assets or liabilities considered by market participants in the course of transactions of relevant assets or liabilities by using the valuation technique that is applicable in the present situation and has sufficient available data and other information supporting, and applies relevant observable input values in priority. Unobservable input values are used only when relevant observable input values cannot be available or such values obtained are impracticable.

3.10.6 Test method and accounting treatment for the impairment of financial assets (excluding receivables)

The Company estimates expected credit losses (“ECLs”) of financial assets at amortized costs and financial assets (debt instruments) at fair value through other comprehensive income on an individual or collective basis after taking into account all reasonable and relevant information (including forward-looking information). The measurement of ECLs of a financial asset depends on whether there is a significant increase in the credit risk of such financial asset since initial recognition.

The Company measures the loss allowance for a financial instrument at an amount equal to lifetime ECLs if there is a significant increase in the credit risk of such financial instrument since initial recognition. The Company measures the loss allowance for a financial instrument at an amount equal to 12-month ECLs if there is not a significant increase in the credit risk of such financial instrument since initial recognition. Any change in the ECL amount is recognized as an impairment gain or loss through profit or loss.

Generally, if the delay exceeds 30 days, the company considers that the credit risk of the financial instrument has increased significantly, unless there is conclusive evidence that the credit risk of the financial instrument has not increased significantly since the initial confirmation.

If the credit risk of a financial instrument is low at the balance sheet date, the company considers that the credit risk of the financial instrument has not increased significantly since the initial recognition.

3.11 Provision for bad debts of receivables

3.11.1 Receivables

For accounts receivable, the Company measures the loss allowance of a receivable (irrespective of containing significant financing component) at an amount equal to lifetime ECLs. Any change in the ECL amount is recognized as an impairment gain or loss through profit or loss.

The Company combines the accounts receivable according to similar credit

risk characteristics (aging) and, based on all reasonable and valid information, including forward-looking information, estimates the proportion of bad debt provision of the accounts receivable is estimated as follows:

Aging	Proportion of provision for receivables (%)
Within 1 year (including 1 year)	5.00
1 - 2 years	10.00
2 - 3 years	20.00
3 - 4 years	40.00
4 - 5 years	50.00
Over 5 years	100.00

If there is objective evidence that the credit impairment has occurred on an account receivable, the company shall itemized the provision for bad debt and confirm the expected credit loss.

3.11.2 Other receivables

For the measurement of impairment of other receivables, it shall be dealt with in accordance with the above-mentioned measurement method of receivables.

3.12 Loans and advances

The Company directly grants loans and advances to customers, and discounted assets are accounted for by loans and advances.

The Company adopts the allowance method to account for credit losses. Credit impairment includes placements with banks and other financial institutions, discounted assets, loss reserve of loans and advances and similar credit financial instruments.

According to the notice of the China Banking Regulatory Commission on the Issue of Guidelines for the Classification of Loan Risks (CBRC [2007] 54), the company began to draw reserve for loss of assets in accordance with the five-level classification from 2007.

The Company's loans are classified into five categories: normal, concerned, subordinate, suspicious and loss. Normal loan means that the borrower can fulfill the contract and there is not enough reason to suspect that the principal and interest of the loan cannot be repaid fully; Concerned loans means even though a borrower can repay the principal and interest of the loan now, there are some factors which may negatively affect the repayment thereof; Subordinate loan means obvious problems arise in the borrower's repayment ability and it is impossible to repay the principal and interest of the loan fully depends on its normal operating income. Even if the guarantee is enforced, it may cause some losses; Suspicious loan means the borrower is unable to repay the principal and interest of loans fully. Even if the guarantee is enforced, the considerable losses is unavoidable; Loss loan means the principal and interest still cannot be recovered, or only a very small part can be recovered after all possible measures or all necessary legal procedures have been taken.

The Company inspected various assets, analysed and judged whether impairment occurred on assets, and calculated credit impairment according to

the above-mentioned methods. The proportion is as follows:

Grade	Proportion of provision (%)
Normal assets (Including category of normal and concerned)	Normal 0.00 - 15.00 (Not including 15.00)
	Concerned 15.00 - 25.00 (Not including 25.00)
Subordinate assets	25.00 - 50.00 (Not including 50.00)
Suspicious assets	50.00 - 70.00 (Not including 70.00)
Loss assets	70.00-100.00

3.13 Funds from buying back the sale and sales for repurchase

Assets that are resold at a certain date in the future according to the purchase agreement will not be recognized in the balance sheet. Costs paid for the purchase of such assets, including accrued interest, are shown in the balance sheet as buy-back payments. The difference between the purchase price and the resale price shall be confirmed by the real interest rate method during the period of the agreement and shall be included in the interest income.

Sold assets repurchased at a certain date in the future according to the agreement shall not be terminated in the balance sheet. The proceeds from the sale of such assets, including accrued interest, are shown in the balance sheet as funds of selling for repurchase to reflect the economic essence of the loan to the company. The difference between the selling price and the repurchase price shall be confirmed by the actual interest rate method during the period of the agreement and shall be included in the interest expenditure.

Securities borrowing and lending transactions are usually accompanied by collateral, with securities or cash as collateral. The transfer of securities between counterparties is reflected in the balance sheet only when the risks and benefits related to the ownership of securities are transferred simultaneously. Cash paid or cash collateral collected is recognized as assets or liabilities respectively.

Borrowed securities are not recognized in the balance sheet. If such securities are sold to a third party, the responsibility for repaying the securities is recognized as held for trading financial liabilities and measured at fair value.

3.14 Inventories

(1) Classification of inventories

Inventories mainly include raw materials, self-manufactured semi-finished products and unfinished products, stock commodities (finished goods), consigned processing materials, turnover materials and cost of contract performance, etc.

(2) Measurement method of inventories dispatched

At the time of dispatching inventories, the measurement method is the weighted average method.

(3) Recognition basis for net realizable values of inventories in different

categories

For merchandise inventories for direct sale, including finished goods, storage goods and materials for sale, their net realizable values are recognized at the estimated selling prices minus the estimated selling expenses and the relevant taxes and surcharges in the normal production and operation process; for material inventories required to be processed, their net realizable values are recognized at the estimated selling prices of finished goods minus estimated costs until completion, estimated selling expenses and relevant taxes and surcharges in the normal production and operation process. For inventories held to execute sales contract or service contract, their net realizable values are calculated on the basis of contract price. If the quantities held by the Company are more than the quantities ordered in sales contracts, the net realizable value of the excess portion of inventories shall be calculated based on general selling prices.

The provisions for inventory depreciation reserve are made on an individual basis at the end of the period; for inventories with large quantities and relatively low unit prices, the provisions for inventory depreciation reserve are made on a category basis. For inventories related to the product portfolios manufactured and sold in the same area, and of which the final usage or purpose is identical or similar thereto, and which is difficult to separate from other items for measurement purposes, the provisions for inventory depreciation reserve are made on a portfolio basis.

Except that there is clear evidence that the market price is abnormal on the balance sheet date, the net realizable value of inventory items is determined based on the market price on the balance sheet date.

Net realizable value of inventory items at the end of the period is determined on the basis of the market price on the balance sheet date.

3.14.4. Inventory system

Perpetual inventory system is adopted.

3.14.5 Amortization methods for low-cost consumables and packaging materials

- (1) One-off amortization method is adopted for low-cost consumables;
- (2) One-off amortization method is adopted for packaging materials.

3.15 Contract assets and contract liabilities

According to the relationship between performance obligations and the payment of customer, the Company lists contract assets or contract liabilities in the balance sheet. The consideration (excluding receivables) that the Company has been entitled to collect for the transfer of goods or services to its customers is shown as contract assets; The obligation of transferring goods or providing services to its customers, which the Company have received or should receive consideration from customers, is shown as contract liabilities.

For contract assets, whether or not contain significant financing elements, the Company always measures its provisions for losses according to the amount equivalent to the expected credit loss in the duration, and the increase or return amount of the provisions for losses is recorded as impairment loss or gain in the current profit and loss.

3.16 Assets held for sale

The Company recognizes non-current assets or disposed asset portfolios meeting the following conditions at the same time as assets held for sale:

- (1) According to the general practice for selling such kind of asset or disposed asset portfolio in the similar transaction, the asset or portfolio can be immediately sold in the prevailing circumstance;
- (2) The sale of the asset or portfolio is very likely to happen, which means that the Company has made a resolution for one selling plan and had acquired decided purchase commitment, and it is estimated that the sale will be completed within one year. Where the sale can be done only upon the approval of relevant authorities or regulatory authorities of the Company as required by relevant provisions, the approval has been obtained.

3.17 Long-term equity investments

3.17.1 Judgment criteria for common control and significant influence

Common control refers to the control shared over an arrangement in accordance with the relevant stipulations, and the decision-making of related activities of the arrangement should not be made before the party sharing the control right agrees the same. Where the Company exercises common control over the investee together with other parties to the joint venture and enjoys the right on the investee's net assets, the investee is a joint venture of the Company.

Significant influence refers to the power to participate in making decisions on the financial and operating policies of an enterprise, but not the power to control, or jointly control with other parties, the formulation of such policies. Where the Company is able to have significant influences on an investee, the investee is its associate.

3.17.2 Determination of initial investment cost

- (1) Long-term equity investment acquired from business combination

Business combination under common control: if the Company pays a consideration to the combined party in cash, by transferring non-cash assets or by assuming debts and issuing equity securities, the share of book value of its owners' equity in the combined party in the consolidated financial statements of the ultimate controller shall be regarded, on the combination date, as the initial cost of the long-term equity investment. If the Company can exercise control over the investee under common control as a result of additional investment or

other reasons, the share of book value of its net asset of the combined party in the consolidated financial statements of the ultimate controller shall be regarded, on the combination date, as the initial cost of the long-term equity investment. The stock premium should be adjusted at the difference between the initial investment cost of long-term equity investments on the combination date and the sum of the book value of long-term equity investments before the combination and the book value of consideration newly paid for additional shares; if there is no sufficient stock premium to be written down, the retained earnings are adjusted.

For business combination not under common control, the Company recognizes the combination cost determined on the combination date as the initial cost of long-term equity investment. Where control can be executed on the investee not under common control for reasons such as additional investment, the initial cost of the long-term equity investment shall be accounted by the cost method based on the sum of the book value of the equity investment originally held and the newly-added investment cost.

(2) Long-term equity investments acquired by other methods

For long-term equity investments acquired from making payments in cash, the initial investment cost is the actually paid purchase cost.

For long-term equity investments acquired from issuance of equity securities, the initial investment cost is the fair value of the issued equity securities.

On the premise that non-monetary asset trade is of commercial nature and the fair value of the asset traded in or out can be measured reliably, the initial cost of a long-term equity investment traded in with non-monetary asset should be determined according to the fair value of the asset traded out and relevant taxes and surcharges payable, unless any unambiguous evidence indicates that the fair value of the asset traded in is more reliable; as to the non-monetary asset trade not meeting the aforesaid premise, the book value of the asset traded out and relevant taxes and surcharges payable should be recognized as the initial cost of the long-term equity investment.

For long-term equity investment acquired from debt restructuring, its carrying amount should be determined at the fair value of the creditor' rights waived thereunder and other costs including the taxes directly attributable to the asset, and the difference between the fair value and the carrying amount of creditor' rights waived thereunder should be included in current profit or loss.

3.17.3 Subsequent measurement and recognition of profits or losses

(1) Long-term equity investment accounted for by the cost method

Long-term equity investments of the Company in its subsidiaries are accounted for by the cost method. Except for the actual price paid for

acquisition of investment or the cash dividends or profits contained in the consideration which have been declared but not yet distributed, the Company recognizes the current investment income based on the cash dividends or profits enjoyed by the Company and declared to be distributed by the investee.

(2) Long-term equity investment accounted for by the equity method

Long-term equity investments of the Company in associates and joint ventures are accounted for by the equity method. If the cost of initial investment is in excess of the share of the fair value of the net identifiable assets in the investee when the investment is made, the difference will not be adjusted to the initial cost of long-term equity investment; if the cost of initial investment is in short of the share of the fair value of the net identifiable assets in the investee when the investment is made, the difference will be included in the current profit or loss.

The Company should, in accordance with its share of the net profit or loss and other comprehensive income realized by the investee, respectively recognize the investment income and other comprehensive income and simultaneously adjust the book value of the long-term equity investment. The Company should, in the light of the profits or cash dividends that the investee declares to distribute, reduce the book value of the long-term equity investment correspondingly. As to any change in owners' equity of the investee other than net profit or loss, other comprehensive income and profit distribution, the Company should adjust the book value of the long-term equity investment and include such change into the owners' equity.

The Company shall, based on the fair value of identifiable net assets of the investee when it obtains the investment, recognize its share of the net profits or losses of the investee after it adjusts the net profit of the investee according to the accounting policies and accounting period of the Company. When holding the investment, if the investee prepares the consolidated financial statements, the said profits or losses shall be measured based on the amount of the net profit, other comprehensive income and other changes in owners' equity attributed to the investee presented in the consolidated financial statements.

The Company calculates its attributable profit or loss of internal transactions that are not realized arising among itself, associates and joint ventures based on its attributable percentage and offset it, and determines the investment income on that basis. Where losses from internal transactions that are not realized between the Company and the investee fall into the scope of the loss of asset impairment, the full amount of such losses shall be recognized. For the asset investment or sale transactions between the Company and associates or between joint ventures, where such assets constitute business, the accounting treatment shall be carried out in accordance with relevant policies as disclosed in Note "3.5 Accounting treatment methods for business

combinations under common control and not under common control" and "3.6 Preparation methods of consolidated financial statements".

When the Company confirms that it should share losses of the investee, treatment shall be done in following sequence: firstly, the book value of the long-term equity investment shall be reduced. Secondly, where the book value is insufficient to cover the share of losses, investment losses are recognized to the extent of book value of other long-term equity which form net investment in the investee in substance and the book value of long term receivables shall be reduced. Finally, after all the above treatments, if the Company is still responsible for any additional liabilities in accordance with the provisions stipulated in the investment contracts or agreements, estimated liabilities are recognized and included into current investment loss according to the obligations estimated to undertake.

(3) Disposal of long-term equity investments

For disposal of long-term equity investments, the difference between the book value and the actual price shall be included in the current profit or loss.

When the Company disposes of the long-term equity investment measured by employing the equity method, accounting treatment of the portion previously included in other comprehensive income shall be made on the same basis as would be required if the investee had directly disposed of the assets or liabilities related thereto according to the corresponding proportion. The owners' equity recognized due to changes in owners' equity of the investee other than net profits or losses, other comprehensive income and profit distribution shall be transferred to current profit or loss at the corresponding proportion upon disposal, except for other comprehensive income from re-measurement of changes in net profit or net liability of the defined benefit plan.

If the Company loses its common control over or significant influence on an investee due to its disposal of partial equity investment or to other reasons, it shall change to measure the remaining equities after disposal in accordance with the recognition and measurement criteria of financial instruments, and the balance, on the date of losing the common control or significant influence, between the fair value and book value of its remaining equities are included in current profit or loss. As to other comprehensive income recognized based on measurement of the original equity investment under the equity method, accounting treatment shall be made on the same basis as would be required if the investee had directly disposed of the assets or liabilities related thereto when measurement under the equity method is terminated. For owners' equity recognized as a result of changes in other owners' equity other than net profit or loss, other comprehensive income and profit distribution of the investee, it is carried forward to the current profit or loss when the equity method is abandoned.

In the event of the loss of control over the investee due to the decrease

of the Company's shareholding ratio for the partial disposal of equity investment, capital increase by other investors in the subsidiaries or for other reasons, in the preparation of the individual financial statements, the equity method will be applied for accounting purpose if the remaining shares are under the common control or significant influence of the investee and shall be adjusted as if such remaining equities have been accounted for under the equity method since they are obtained; otherwise, the related provisions on financial instruments recognition and measurement standards will be applied for the accounting treatments and, the difference between the fair value and book value on the control loss date will be included in current profit or loss.

Where the disposed equities are acquired via the business combination due to the reasons such as additional investment, the remaining equities after the disposal are calculated based on the cost method or equity method in preparing the individual financial statements, and other comprehensive income and other owners' equity recognized because of the equity method adopted for the calculation of the equity investment held prior to the acquisition date are carried forward in proportion; the remaining equities after the disposal are changed to be made in accordance with the relevant provisions in the recognition and measurement criteria of financial instruments while other comprehensive income and other owners' equity are carried forward in full.

3.18 Investment property

The investment property refers to the real estate held for earning rentals or/and capital appreciation, including leased land use right, land use right held for transfer upon appreciation, and leased building (including self-built buildings or buildings developed for renting or buildings under construction or development for future renting).

The Company measures the existing investment properties by using the cost model. For investment property measured by using the cost model, the buildings for lease shall be depreciated by using policies the same as used for fixed assets of the Company, and the land use rights for lease shall be amortized by using the same policies as applicable to intangible assets.

The Company makes provisions for depreciation or amortization at straight-line method based on its estimated useful life and net residual rate. Estimated useful life, net residual rate and annual depreciation (amortization) rate of the investment property are as follows:

Category	Depreciation life (years)	Net residual value rate (%)	Annual depreciation rate (%)
Land use right	50	—	2.00
Houses and buildings			
Including: Houses and buildings used for production	20	5.00	4.75
Houses and buildings used for non-production	25	5.00	3.80

The estimated useful lives, estimated net residual value and depreciation (amortization) method of the investment property are reviewed at the end of each year with proper adjustments made.

When an investment property is changed for self-use, upon change, the investment property shall be converted into fixed assets or intangible assets. When the self-use property is changed to earn rentals or for capital appreciation, upon change, fixed assets or intangible assets shall be converted into investment property. When there is a conversion, the book value before the conversion shall be regarded as the entry value after the conversion.

When an investment property is being disposed or permanently withdrawn from use and no future economic benefits are expected from the disposal, the investment property shall be derecognized. When an investment property is sold, transferred, retired or damaged, the Group shall recognize the amount of any proceeds on disposal, net of its book value and related taxes and surcharges, in the current profit and loss.

3.19 Fixed assets

3.19.1 Recognition criteria of fixed assets

Fixed assets refer to the tangible assets held for the purpose of producing commodities, rendering services, renting or business management with useful lives exceeding one accounting year. Fixed assets will only be recognized when all the following criteria are satisfied:

- (1) It is probable that the economic benefits relating to the fixed assets will flow into the Company;
- (2) The costs of the fixed asset can be measured reliably.

3.19.2 Depreciation method

The depreciation of fixed assets is classified by the method of average years or double-declining-balance and determines the depreciation rate according to the category of Fixed Assets, estimated useful life and estimated net residual rate. If the service life of each component of fixed assets is different or provide economic benefits to enterprises in different ways, then choose different depreciation rate or depreciation method to calculate the depreciation.

For fixed assets acquired under financing leases, if there is reasonable assurance that the Company will obtain the ownership of the leased assets when the lease term expires, the leased assets should be depreciated over its useful life; If there is no reasonable assurance that the Company will obtain the ownership of the leased assets when the lease term expires, the leased assets should be depreciated over the shorter of the lease term and useful life of the leased assets.

The depreciation methods, depreciation life, residual rate and annual depreciation rate of all kinds of fixed assets are as follows:

Category of fixed assets	Depreciation method	Depreciation life (Year)	Residual rate (%)	Annual depreciation rate (%)
I. Houses and buildings				
Including: houses and buildings used for production	Straight-line method or double declining balance method	20.00	5.00	4.75 or double declining balance method
Houses and buildings used for non-production	Straight-line method	25.00	5.00	3.80
II. Machinery equipment	Straight-line method or double declining balance method	10.00	5.00	9.50 or double declining balance method
III. Transportation equipment	Straight-line method	6.00	5.00	15.83
IV. Instrument and apparatus	Straight-line method or double declining balance method	6.00	5.00	15.83 or double declining balance method
V. Electronic computer	Straight-line method or double declining balance method	5.00	5.00	19.00 or double declining balance method
VI. Other equipment	Straight-line method or double declining balance method	6.00	5.00	15.83 or double declining balance method

3.19.3 Cognizance basis and valuation method of fixed assets acquired under financing leases

If one of the following conditions is stipulated in the terms of the lease agreement signed between the Company and the lessor, it shall be recognized as a fixed assets acquired under financing leases:

- (1) When the lease term expires, the ownership of the leased assets belongs to the Company;
- (2) The Company has the option to purchase assets, and the purchase price is much lower than the fair value of the assets when exercising the right of choice;
- (3) The lease term accounts for the majority of the life of the leased assets;
- (4) There is no significant difference between the present value of the minimum lease payment on the beginning of the lease term and the fair value of the asset.

At the beginning of the lease, the Company regards the lower of the fair value of the leased assets and the present value of the minimum lease payment as the entry value of the leased assets, and regards the lowest lease payment as the entry value of the long-term accounts payable, and the difference as the unrecognized financing fee.

3.20 Construction in progress

The book-entry values of the fixed assets are stated at necessary expenses incurred before reaching working condition for their intended use. For construction in progress that has reached working condition for intended use but for which the completion of settlement has not been handled, it shall be

transferred into fixed assets at the estimated value according to the project budget, construction price or actual cost, etc. as of the date when it reaches the working condition for intended use, and the fixed assets shall be depreciated in accordance with the Company's policy for fixed assets depreciation; adjustment shall be made to the estimated value based on the actual cost after the completion of settlement is handled, but depreciation already provided for will not be adjusted.

3.21 Borrowing costs

3.21.1 Recognition criteria of capitalization of borrowing costs

Borrowing costs include the interest of borrowings, the amortization of discount or premium, auxiliary expenses, exchange differences incurred by foreign currency borrowings, etc.

The borrowing costs incurred to the Company and directly attributable to the acquisition and construction or production of assets eligible for capitalization should be capitalized and recorded into relevant asset costs; other borrowing costs should be recognized as costs according to the amount incurred and be included into the current profit and loss.

Assets eligible for capitalization refer to fixed assets, investment property, inventories and other assets which may reach their intended use or sale status only after long-time acquisition and construction or production activities.

The borrowing costs shall not be capitalized unless they simultaneously meet the following requirements:

- (1) The asset expenditures have already incurred, which shall include the cash, transferred non-cash assets or interest-bearing debts paid for the acquisition and construction or production activities for preparing assets eligible for capitalization;
- (2) The borrowing costs has already incurred; and
- (3) The acquisition and construction or production activities which are necessary to prepare the asset for its intended use or sale have already started.

3.21.2 Capitalization period for borrowing costs

Capitalization period refers to the period from the beginning of capitalization to the cease of capitalization, excluding the period of capitalization suspension of borrowing costs.

When the qualified asset under acquisition and construction or production is ready for the intended use or sale, the capitalization of the borrowing costs shall be ceased.

Where part of a qualified asset under acquisition and construction or production is completed separately and is ready for use, the capitalization for the borrowing costs of such asset shall be ceased.

Where each part of an asset under acquisition and construction or production is completed separately and is ready for use or sale during the continuing construction of other parts, but it cannot be used or sold until the asset is entirely completed, the capitalization of the borrowing costs shall be ceased when the asset is completed entirely.

3.21.3 Period of suspension for capitalization

If the acquisition and construction or production activities of the assets eligible for capitalization are interrupted abnormally and this condition lasts for more than three months, the Company shall suspend the capitalization of borrowing costs. If such suspension is the necessary procedure for the constructed and produced assets eligible for capitalization reaching the intended conditions for use or sale, the Company can continue the capitalization of borrowing costs. Borrowing costs incurred during the suspension period are recognized as current profit and loss till the acquisition, construction or production of the asset restarts.

3.21.4 Measurement method of capitalization rate and capitalized amounts of borrowing costs

As for specifically borrowed loans for the acquisition and construction or production of assets eligible for capitalization, the to-be-capitalized amount of borrowing costs shall be determined in light of the actual cost incurred of the specially borrowed loan at the present period minus the income of interests earned on the unused borrowing loans as a deposit in the bank or as a temporary investment.

As for general borrowings used for acquiring and constructing or producing assets eligible for capitalization, the amount of general borrowings to be capitalized should be calculated by multiplying the weighted average of asset disbursements of the part of accumulated asset disbursements exceeding special borrowings by the capitalization rate of used general borrowings. The capitalization rate shall be calculated and determined in light of the weighted average interest rate of the general borrowing.

3.22 Intangible assets

3.22.1 Measurement method of intangible assets

(1) The Company initially measures intangible assets at cost on acquisition;

The costs of externally acquired intangible assets comprise their purchase prices, related taxes and surcharges and any other directly attributable expenditure incurred to prepare the asset for its intended use. If the purchase price of intangible assets exceeds the normal credit conditions resulting deferred payment, essentially with the nature of financing, the cost of intangible assets is determined on the basis of the present value of the purchase price.

The entry value of the intangible assets, which acquired through debt restructuring from the debtor to pay debts, is determined on the basis of

the fair value of the creditor' rights waived thereunder and other costs including the taxes which directly attributable to bringing the asset to its intended use, and the difference between the fair value and the carrying amount of creditor' rights waived thereunder should be included in current profit or loss.

On the premise that the exchange of non-monetary assets has commercial substance and the fair value of assets received or transferred can be reliably measured, the entry value of the intangible assets received by the exchange of non-monetary assets is determined on the basis of the fair value of the transferred assets, unless there is conclusive evidence that the fair value of the received assets is more reliable; If the exchange of non-monetary assets do not satisfy the preconditions mentioned above, the cost of received intangible assets is determined on the basis of the book value of the transferred assets and relevant taxes and fees payable and do not confirm the profit and loss.

(2) Subsequent measurement

The useful lives of the intangible assets are analyzed and determined on their acquisition.

Intangible assets with limited useful lives shall be amortized at the straight-line method over the period when such assets can bring economic benefits for an enterprise. In case of the period when the intangible assets generate economic benefit for enterprise cannot be forecasted, the intangible assets shall be deemed as the intangible assets with indefinite useful lives and not be amortized.

The useful lives and amortization methods of intangible assets with limited useful lives shall be reviewed at the end of each year.

3.22.2 Specific criteria for classifying research and development stages

The Company's expenditures for its internal research and development projects are classified into research expenditures and development expenditures.

Research stage is the stage when creative and planned investigation and research activities are conducted to acquire and understand new scientific or technological knowledge.

Development stage is the stage when the research achievements and other knowledge are applied to a plan or design, prior to the commercial production or use, so as to produce any new or substantially improved material, device or product.

3.22.3 Criteria for capitalization of qualifying expenditures during the development stage

Expenditures arising from development stage are determined as intangible assets if the Company can satisfy all of the following criteria simultaneously:

- (1) In respect of the technology, it is feasible to finish the intangible asset for use or sale;
- (2) The management has the intention to finish and use or sell the intangible assets;
- (3) The ways whereby the intangible asset is to generate economic benefits, including those whereby it is able prove that there is a potential market for the products manufactured by applying this intangible asset or that there is a potential market for the intangible asset itself; if the intangible asset will be used internally, its usefulness shall be proved;
- (4) With the support of sufficient technologies, financial resources and other resources, it is able to finish the development of the intangible asset, and it is able to use or sell the intangible asset; and
- (5) The expenditure attributable to the intangible asset during its development stage can be measured reliably.

Expenses at the development stage that do not meet the above conditions are included in the current profit and loss on occurrence. Development expenditures that have been included in profit or loss in prior periods will not be recognized as an asset in future periods. The capitalized expenditures in the development stage shall be listed as development expenditures in the balance sheet' and shall be transferred to be intangible assets when the project reaches the working condition for its intended use.

3.23 Impairment of long-term assets

Where there are indications of impairment on long-term equity investments, investment property measured with cost model, fixed assets, construction in progress, right-of us assets, intangible assets with limit useful life and other long-term assets on the balance sheet date, impairment test should be made. If the results of the impairment test indicate that the recoverable amount of the assets is lower than the book value thereof, the difference between the recoverable amount and the book value is as a basis for a provision for impairment and included in the impairment loss. The recoverable amount is the higher of the net amount of the fair value of the asset less disposal expenses or the present value of its estimated future cash flows. The provision for asset impairment is calculated based on the individual assets and recognized. If it is difficult to estimate the recoverable amount of the individual asset, the Company estimates the recoverable amount of the asset group that the asset belongs to. The asset group refers to a minimum asset group which can generate cash inflows independently.

Goodwill and intangible assets with uncertain useful lives shall be subject to impairment test at least once at the end of each period.

The Company conducts an impairment test for the goodwill. The book value of goodwill arising from business combinations is amortized to relevant asset groups with a reasonable method since the date of acquisition; or amortized to relevant combination of asset groups if it is difficult to be amortized to relevant asset groups. The book value of goodwill is amortized to relevant asset groups

or combinations of asset groups according to the proportion of the fair value of such asset groups or combinations of asset groups in the total fair value of relevant asset groups or combinations of asset groups. Where the fair value cannot be reliably measured, it should be amortized according to proportion of the book value of each asset group or combination of asset group in the total book value of relevant asset groups or combinations of asset groups.

When making an impairment test on the relevant asset groups or combination of asset groups containing goodwill, if any indication shows that the asset groups or combinations of asset groups related to the goodwill may be impaired, the Company shall first conduct an impairment test on the asset groups or combinations of asset groups not containing goodwill, calculate the recoverable amount and compare it with the relevant book value to recognize the corresponding impairment loss. Then the Company shall conduct an impairment test on the asset groups or combinations of asset groups containing goodwill, and compare the book value of these asset groups or combinations of asset groups (including the book value of the goodwill apportioned thereto) with the recoverable amount. Where the recoverable amount of the relevant asset groups or combinations of asset groups is lower than the book value thereof, the Company shall recognize the impairment loss of the goodwill. The abovementioned impairment loss will not be reversed in the subsequent accounting periods once being recognized.

3.24 Long-term deferred expenses

Long-term deferred expenses are various expenses already incurred, which shall be amortized over current and subsequent accounting periods with the amortization period more than one year.

Long-term deferred expenses are amortized evenly over the beneficial period.

Where long-term deferred expenses are not beneficial to the subsequent accounting periods, the amortized value of the projects that are not amortized yet shall all be included in the current profit and loss.

3.25 Employee compensation

3.25.1 Accounting treatment of short-term compensation

During the accounting period of an employee's providing services, the Company should recognize the actual short-term compensation as liabilities and shall include it into the current gains and losses or relevant asset costs.

The cost of social insurance and housing fund paid by Company for employees and the labor union cost and employee education costs provided by the Company in accordance with provisions shall, in the accounting period, during which the service is provided by employees for enterprises, be used to calculate corresponding amount of employee compensation according to the stipulated provision basis and proportion.

Where the employee benefits in form of non-monetary benefits may be measured reliably, it shall be measured at its fair value.

3.25.2 Accounting treatment of post-employment benefits

(1) Defined contribution plans

The Company pays the basic endowment insurance premiums and unemployment insurance for employees according to the relevant provisions of the local governments. During the accounting period when employees serve the Company, the paid amount which is calculated based on the payment base and proportion as stipulated in the provisions of the local place is recognized as liabilities and included in current profit and loss or costs associated with assets.

In addition to the basic pension insurance, the Company also sets up enterprise annuity system (supplementary pension insurance)/enterprise annuity plans in accordance with relevant national policies on enterprise annuity system. The Company makes payments to the local social insurance institutions/annuity plan in a certain proportion to the total employee wage, with corresponding expense included in the current profit or loss or related asset cost.

(2) Defined benefit plans

The Company, according to the formula determined based on estimated total welfare unit method, recognizes the welfare obligations arising from defined benefit plan to the period of receiving services from employees and includes them into the current profit and loss or relevant asset costs.

The deficit or surplus arising from the difference between the present value under defined benefit plan and the fair value of assets under defined benefit plan is recognized as the net liability or net asset of the defined benefit plan. For a surplus of defined benefit plans, the Company should measure the net asset of such defined benefit plans at the lower of the surplus of such defined benefit plans and asset thereof.

All obligations under the defined benefit plan, including the estimated payment obligation within 12 months following the annual report period during which the employees provide service, are discounted to the present value at the market return of the national debt corresponding to the period and currencies of the obligations under the defined benefit plan or high-quality corporate bonds active on the market on the balance sheet date.

The service costs of the defined benefit plan and net interest on the net liabilities or net assets in respect of the defined benefit plan are included in the current profit or loss or related assets cost; changes in the re-measurement of net liabilities or net assets under the defined benefit plans should be included in other comprehensive income and should not be reversed in subsequent accounting periods. When the original defined benefit plan terminates, the portion originally included in other comprehensive income will all be transferred to the undistributed profits.

For the settlement of the defined benefit plan, the balance between the present value and the settlement price in regard to the defined benefit plan confirmed on the settlement date shall be recognized and settled as gains or losses.

3.25.3 Accounting treatment of dismissal benefits

When the Company fails to unilaterally withdraw the dismissal benefits offered due to the termination of the labor relation plan or layoff proposal, or confirms the costs or fees associated with the reorganization involving the payment of the dismissal benefits (whatever is earlier), the employee compensation liabilities arising from the confirmation of dismissal benefits are included in the current profit or loss.

3.26 Estimated liabilities

3.26.1 Recognition criteria of estimated liabilities

The Company recognizes estimated liabilities when business related to contingencies (including foreign guarantee, commercial acceptance bill discount, pending litigation or arbitration, product quality assurance, onerous contract and reorganization) satisfies all the following conditions:

- (1) This obligation is a present obligation of the Company;
- (2) The performance of this obligation may very probably lead to the flow of economic interests out of the Company;
- (3) The amount of the obligation can be measured reliably.

3.26.2 Measurement methods for various estimated liabilities

The estimated liabilities of the Company are initially measured as the best estimate of expenses required for the performance of relevant present obligations.

The Company shall take the risks, uncertainties, time value of money and other factors relating to the contingencies into consideration in determining the best estimate. If the time value of money is significant, the best estimates shall be determined after discount of relevant future cash outflows.

The best estimates are dealt with respectively in the following cases:

The best estimate is based on an average of the middle of the range, the upper and lower limits, when there is a continuous range (or range) of required expenditures and the probability of the occurrence of various results within that range is same.

The best estimate is determined in terms of the most likely amount to occur, when there is not a continuous range (or range) of required expenditures, or where there is a continuous range but the likelihood of various outcomes occurring within that range is different.

If the contingencies involve more than one item, the best estimate is calculated and determined according to various possible results and relevant probabilities. Where all or part of the expenditure required for the liquidation of the estimated liabilities of the company is expected to be compensated by a third party, the amount of compensation shall be recognized as an asset when it is basically confirmed that it can be received, and the confirmed amount of compensation shall not exceed the book value of the estimated liabilities.

3.27 Revenue

When the company has performed contractual obligation, revenue is recognized when the customer takes control of the relevant assets (goods or services). Whether the performance obligation is performed within a certain period of time or at a certain point depends on the contractual terms and relevant legal provisions. If the company meets any of the following conditions, it shall fulfill its performance obligations within a certain period of time:

1. The customer obtains and consumes the economic benefits brought by the company's performance of the contract at the same time;
2. The customers can control the assets under construction during the company's performance;
3. The assets produced during the performance of the contract of the company have irreplaceable uses. In addition, the company has the right to charge payment which has been accumulated so far during the whole contract period.

If the performance obligation is performed within a certain period of time, the company shall recognize the revenue according to the performance progress. Otherwise, the company shall recognize the revenue at a certain point when the customer obtains control over the relevant assets. The performance progress is measured by the company's expenditure or input for the performance of the performance obligations. The progress is determined based on the proportion of the accumulated costs incurred as of the balance sheet date of each contract to the estimated total costs.

When determining the contract transaction price, if there is a variable consideration, the company shall determine the best estimate of the variable consideration according to the expected value or the most likely amount, and record it in the transaction price with the amount not exceeding the amount that will most likely not be significantly reversed in the accumulated confirmed income when the relevant uncertainty is eliminated. If there is a significant financing component in the contract, the company will adjust the transaction price according to the financing component in the contract. If the gap between the transfer of control and the payment of price by the customer is less than one year, the company will not consider the financing.

For sales with a sales return clause, when customer received the ownership from the goods transportation, the Company recognizes revenue based on the amount of consideration entitled to be received due to the goods transportation

with the customer, and recognizes the estimated liability based on the amount expected to be refunded due to the sales return. Meanwhile, the cost of the sales equals to the book value at the time of transfer of the transferred good after deducting the net cost of the asset (being cost of sales return receivable), which equals to the expected recognized book value of the returned goods at the time of transfer after deducting estimated cost of recovering the goods (including the impairment of the returned goods' value). On each balance sheet date, the Company re-estimates the future sales return and re-measures the assets described above and the liabilities.

If the contract includes significant financing component, the Company determines the transaction price based on the amount payable under the assumption that the customer pays that amount payable in cash when "control" of the goods is obtained by the customer. By discounting the nominal amount of the contract consideration to the current selling price of the goods, the difference between the transaction price determined and the contract consideration of the contract committed shall be amortised within the contract period using effective interest rate method. If the Company expects that the period between when the Company transfers a promised good to a customer and when the customer pays for that good will be one year or less, the Company needs not to consider the significant financing component.

The Company has the right to determine the price of the goods traded at its own discretion, that is, the Company is a principal if it controls the specified goods and other products before that goods and other products are transferred to a customer, and the revenue shall be recognised based on the total consideration received or receivable; otherwise, the Company is an agent, and the revenue shall be recognised based on the amount of commission or handling fee that is expected to be charged, and such amount shall be determined based on the net amount of the total consideration received or receivable after deducting the prices payable to other related parties or according to the established commission amount or proportion.

3.28 Contract cost

Contract cost includes contract performance cost and contract acquisition cost.

The costs incurred by the company for the performance of the contract shall be recognized as an asset when the following conditions are met:

1. The cost is directly related to a current or anticipated contract;
2. This cost increases the company's resources for future performance;
3. The cost is expected to recover.

If the incremental cost incurred by the company in order to obtain the contract can be expected to be recovered, the contract acquisition cost shall be recognized as an asset.

Assets related to contract costs are amortized on the same basis as revenue recognition of goods or services related to the asset. However, if the amortization period of the contract acquisition cost does not exceed one year,

the company shall record it into the current profit and loss when it occurs.

If the book value of the assets related to the contract cost is higher than the difference between the following two items, the company will make provision for the excess and recognize it as the impairment loss:

1. Residual consideration expected to be obtained by the transfer of goods or services related to the asset;
2. The cost to be incurred for the transfer of the relevant good or service.

If the impairment provision of the aforesaid assets is subsequently reversed, the book value of the reversed asset shall not exceed the book value of the asset on the date of the reverse assuming no provision for impairment is made.

3.29 Government grants

3.29.1 Type

Government grants refer to the monetary assets and non-monetary assets obtained by the company free of charge from the government. It is divided into government subsidy related to assets and government subsidy related to earnings.

Government grants related to assets refers to the government subsidy obtained by the company for the purchase and construction or the formation of long-term assets. Government grants related to income refer to government grants other than those related to assets. If the government document does not specify the target of the subsidy, the Company makes the judgment according to the principles above mentioned.

3.29.2 Timing of recognition

Disclosure requirement: Disclose the beginning of government grants.

3.29.3 Accounting treatment

Government subsidies related to assets shall be used to offset the book value of relevant assets or recognized as deferred income. Where such grants are recognized as the deferred income, they will be included in the current profit or loss in accordance with the reasonable and systematic methods within useful lives of related assets (Where such grants are related to the daily activities of the Company, they will be included in other income; where such grants are not related to the daily activities of the Company, they will be included in non-operating income);

The government grants associated with income that are used to recover relevant costs or losses of the Company in subsequent period are recognized as deferred income and included in the current profit or loss when relevant costs or losses are recognized (Where such grants are related to the daily activities of the Company, they will be included in other income; where such grants are not related to the daily activities of the Company, they will be included in non-operating income or the expenses for offsetting relevant costs or losses); The grants used to compensate for the relevant costs or losses incurred by the

Company will be included in the current profits or losses (Where such grants are related to the daily activities of the Company, they will be included in other income; where such grants are not related to the daily activities of the Company, they will be included in non-operating income or the expenses for offsetting relevant costs or losses).

3.30 Deferred income tax assets and deferred income tax liabilities

Deferred income tax assets shall be recognized for deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. For the ones capable of carrying forward the deductible losses and tax deductions in the subsequent years, deferred income tax assets are recognized accordingly to the extent of taxable income that is likely to offset the deductible losses and tax deductions.

Taxable temporary differences are recognized as deferred income tax liabilities except in special circumstances.

Special circumstances in which deferred income tax assets or deferred income tax liabilities shall not be recognized include: the initial recognition of goodwill; other transactions or events excluding business combinations, which affect neither accounting profits nor the taxable income (or deductible losses) when occurred.

If the Company has the legal right of netting and intends to settle in net amount or to obtain assets and discharge liabilities simultaneously, the income tax assets and income tax liabilities of the Company for the current period shall be presented based on the net amount after offset.

When the Company has the legal rights to balance income tax assets and income tax liabilities for the current period with net settlement, and deferred income tax assets and deferred income tax liabilities are related to the income tax which are imposed on the same taxpaying subject by the same tax collection authority or on different tax paying subjects, but, in each important future period in connection with the reverse of deferred income tax assets and liabilities, the involved tax paying subject intends to balance income tax assets and liabilities for the current period with net settlement at the time of obtaining assets and discharging liabilities, deferred income tax assets and deferred income tax liabilities shall be presented based on the net amount after offset.

3.31 Lease

Accounting policies applicable since January 1, 2019

1. Accounting treatment of assets leased in

At the commencement date of lease term, the Company recognizes right-of-use assets and lease liabilities for leases (excluding short-term leases and leases of low-value assets), and recognizes depreciation and interest expenses separately.

Short-term leases and leases of low-value assets are included in the current expenses by the Company on a straight-line basis over the respective lease

terms.

(1) Right-of-use assets

Right-of-use assets represent the lessee's right to use the leased asset for the lease term. At the commencement date of lease term, right-of-use assets are measured initially at cost. Such cost comprises:

The amount of the initial measurement of lease liability;

Lease payments made at or before the inception of the lease less any lease incentives already received (if there is a lease incentive);

Initial direct costs incurred by the lessee;

An estimate of costs to be incurred by the lessee in dismantling and removing the leased assets, restoring the site on which it is located or restoring the leased assets to the condition required by the terms and conditions of the lease. The Company recognizes and measures the costs by using recognition criteria and measurement methods of estimated liabilities (see note "III. (XXVI) Estimated liabilities" for details). Such costs are incurred to produce inventories and included in the costs of inventory.

Right-of-use assets are depreciated by categories using the straight-line method. If there is reasonable certainty that the Group will obtain ownership of a leased asset at the end of the lease term, depreciation rates are determined by reference to categories of right-of-use assets and estimated residual value rates over the estimated remaining useful life of leased asset; if there is no reasonable certainty that the Group will obtain ownership of a leased asset at the end of the lease term, depreciation rates are determined by reference to categories of right-of-use assets over the shorter of the lease term and the estimated remaining useful life.

The depreciation methods, depreciation life, residual rate and annual depreciation rate of all kinds of fixed assets are as follows:

Category of fixed assets	Depreciation method	Depreciation life (Year)	Residual rate (%)	Annual depreciation rate (%)
I. Houses and buildings				
Including: houses and building used for production	Straight-line method or double declining balance method	20.00	5.00	4.75 or double declining balance method
Houses and buildings used for non-production	Straight-line method	25.00	5.00	3.80
II. Machinery equipment	Straight-line method or double declining balance method	10.00	5.00	9.50 or double declining balance method
III. Transportation equipment	Straight-line method	6.00	5.00	15.83
IV. Instrument and apparatus	Straight-line method or double declining balance method	6.00	5.00	15.83 or double declining balance method
V. Electronic computer	Straight-line method or double declining balance method	5.00	5.00	19.00 or double declining balance method
VI. Other equipment	Straight-line method or double declining			15.83 or double declining balance

Category of fixed assets	Depreciation method	Depreciation life (Year)	Residual rate (%)	Annual depreciation rate (%)
	balance method	6.00	5.00	method

(2) Lease liabilities

Lease liabilities are initially measured based on the present value of outstanding lease payment at the inception of the lease. Lease payment includes:

Fixed payments (including in-substance fixed payments), less any lease incentives (if there is a lease incentive);

Variable lease payment that are based on an index or a rate;

Amounts expected to be payable under the guaranteed residual value provided by the lessee;

The exercise price of a purchase option if the lessee is reasonably certain to exercise that option;

Payments of penalties for terminating the lease option, if the lease term reflects that the lessee will exercise that option.

The Company adopts the interest rate implicit in the lease as the discount rate. If that rate cannot be determined, the Company's incremental borrowing rate is used.

The Company shall calculate the interest expenses of lease liabilities over the lease term at the fixed periodic interest rate, and include it into financial expenses. The periodic interest rate refers to the discount rate adopted by the Company or the revised discount rate.

Variable lease payments not included in the measurement of lease liabilities are charged to profit or loss in the period in which they actually arise.

When the Company's evaluation results on extension, termination or purchase options change, the lease liabilities are remeasured by the present value calculated from the changed lease payments and revised discount rate and the carrying amount of the right-of-use assets will be adjusted accordingly. When the in-substance leased payments, amounts expected to be payable under the guaranteed residual value and the variable lease payments that depend on an index or a rate change, the lease liabilities are remeasured by the present value calculated from the changed lease payments and original discount rate and the carrying amount of the right-of-use assets will be adjusted accordingly.

2. Accounting treatment of assets leased out

(1) Accounting treatment of operating leases

The Company recognizes the lease payments derived from operating leases as rental income on a straight-line basis over the respective lease

terms. Initial direct costs relating to operating leases incurred by the Company shall be capitalized and then included in the current income by stages at the same base as the recognition of rental income over the whole lease term.

(2) Accounting treatment of financing leases

At the commencement date of lease term, the Company recognizes the difference between the sum of financing lease receivable and the unguaranteed residual value, and the present value thereof as unrealized financing income, and recognizes the same as rental income over the periods when rent is received in the future. The Company's initial direct costs associated with rental transactions shall be included in the initial measurement of the finance lease receivables, and the amount of the income recognized during the lease term shall be reduced.

Accounting policies applicable before January 1, 2019

3. Accounting treatment of operating lease

- (1) Lease fees paid by the Company for leased asset shall be amortized at straight-line method over the whole lease period, including rent-free period, and will be included in the current expenses. Initial direct costs relating to lease transactions incurred by the Company shall be recognized as the current expenses.

If the expense related to the lease which shall be paid by the Company is assumed by the lessor of the asset, then such expenses shall be deducted from total lease fees, and the balances shall be amortized over the lease term s and charged to the current expenses.

- (2) The Company's rental expenses collected for leased assets shall, within the whole lease term excluding the rent-free period, be amortized with the straight-line method and recognized as relevant rental income. Initial direct costs related to lease transactions and paid by the Company are included in current expenses; in case of a large amount, such costs shall be capitalized and then included in the current revenue by stages at the same base as the recognition of rental income over the whole lease term.

When the Company bears costs related to the lease borne by the leasee, the Company shall deduct the part of expenses from the total rents and amortize the rents after deduction over the lease term.

4. Accounting treatment of financing lease

- (1) Finance lease assets: The Company takes the lower of the fair value of the leased assets and the present value of the minimum lease payments as the book value of the leased assets on the lease commencement date, takes the minimum lease payments as the book value of long-term payables, and takes the difference as the unrecognized financing expenses. The Company adopts the effective interest rate method to amortize the unrecognized financing expenses during the asset lease period and record them into financial expenses. The initial direct expenses incurred by the

company shall be recorded into the value of the leased assets.

- (2) Finance lease assets: At the beginning date of leasing, the company shall recognize the difference between the sum of finance lease receivables, unguaranteed residual value and its present value as unrealized financing income, and shall recognize it as leasing income within each period when it receives rent in the future. The initial direct expenses incurred by the company in connection with the lease transaction shall be included in the initial measurement of the receivable finance lease payment and shall reduce the amount of income recognized during the lease term.

3.32 Termination of business

Termination of operations is a separately distinguishable component which satisfies one of the following conditions and which has been disposed of by the company or is classified by the company as being held for sale:

- (1) This component represents an independent major business or a separate major operating area;
- (2) This component is part of an associated plan for the disposal of an independent major business or a separate major area of operation;
- (3) This component is a subsidiary acquired specifically for resale.

3.33 Other important accounting policies and accounting estimates

The actual operating income of the machinery manufacturing enterprise in the company in last years shall be the basis of calculation and withdrawal. The method of excess regression was adopted and extracted monthly on average according to the following standard. Safety production fee for perfecting and improving safety production conditions of enterprises or projects is as follows:

- (1) The portion of the operating revenue not exceeding 10 million yuan shall be withdrawn according to 2%;
- (2) The portion of the operating revenue exceeding 10 million yuan to 100 million yuan shall be withdrawn according to 1%;
- (3) The portion of the operating revenue exceeding 100 million to 1 billion yuan shall be withdrawn according to 0.2%;
- (4) The portion of the operating revenue exceeding 1 billion to 5 billion shall be withdrawn according to 0.1%;
- (5) The portion of the operating revenue exceeding 5 billion shall be withdrawn according to 0.05%.

For newly established enterprises and machinery manufacturing enterprises which have been put into operation for less than one year, the actual operating income of that year shall be taken as the basis for withdrawal, and the safety expenses shall be calculated and withdrawn on a monthly basis.

The safety production expenses extracted shall be recorded into the current

profits and losses, and shall be recorded into the special reserves, which shall be separately listed and shown under the liabilities and owners' equity. Where the safety production be taken into actual use, the special reserve shall be directly written off. If the extracted safety production cost is used to form fixed assets, the expenditure generated by the collection of "Construction in progress" shall be recognized as fixed assets when the safety project is completed and reaches the predetermined usable state; At the same time, according to the formation of fixed assets cost write-down special reserve, and confirm the same amount of accumulated depreciation. Where the special reserve balance withdrawn is insufficient to be written off, it shall be directly recorded into the current profits and losses.

3.34 Significant changes in accounting policies and estimates

3.34.1 Significant changes in accounting policies

There were no significant changes in accounting policies during the period.

3.34.2 Significant changes in accounting estimates

There were no significant changes in accounting estimates during the period.

4. Taxation

4.1 Main tax types and tax rates

Tax type	Tax basis	Tax rate (%)
Value-added tax (Remark 4)	Value-added tax payable shall be the difference obtained by the output taxes calculated on the basis of the revenue from the sale of goods and taxable services calculated by tax laws less the input taxes allowed to be deducted for the current period	2.00, 6.00, 10.00, 11.00, 14.50, 16.00, 17.00
Urban maintenance and construction tax	Paid based on the actual business tax, VAT and consumption tax paid	5.00, 7.00
Enterprise income tax (Remark 5)	Levied based on the taxable income	5.00, 15.00, 20.00, 22.00, 27.553, 25.00, 34.00
Property tax	70% of the original value of owned properties/ The rental income of building	1.20, 12.00

Remark 4: Sales of goods of Dongfang Electric (India) Corporation applies the VAT in West Bengal, India. Among them, the internal sales VAT rate is 14.50%, the external sales tax rate is 2.00%, and Dongfang Electric (Indonesia) Co., Ltd.'s VAT rate for sales of goods is 10.00%.

Remark 5: Taxpayers with different enterprise income tax rates listed in the table as below:

Taxpayer name	Income tax rate (%)
Dongfang Electric Corporation Limited	15.00
Dongfang Electric (Guangzhou) Heavy Machinery Co., Ltd.	15.00
Dongfang Boiler Group Co., Ltd. of Dongfang Electric Corporation	15.00
Chengdu Dongfang KWH Environmental Protection Catalysts Co., Ltd.	15.00
Dongfang Turbine Co., Ltd. of Dongfang Electric Corporation	15.00
Deyang Dongfang Abele Pipe System Co., Ltd.	15.00
DEC Dongfang Electric Machinery Co., Ltd.	15.00

Dongfang Electric (Tianjin) Wind Blade Engineering Co., Ltd.	15.00
Sichuan Dongshu New Material Co., Ltd.	15.00
Sichuan Dongfang Electric Automatic Control Co., Ltd	15.00
DFEM Control Equipment Co., Ltd.	15.00
Eastern Boiler Control Co., Ltd.	15.00
Dongfang Hitachi Electronic Control Equipment Co., Ltd.	15.00
DEC Chengdu Smart Energy Co., Ltd.	5.00
Dongfang Electric (India) Corporation	27.553
Dongfang Electric (Indonesia) Co., Ltd. (Remark 6)	25.00, 20.00
Dongfang Electric Venezuela Co., Ltd.	34.00
Laos Nam Mang Power Company Limited (Remark 7)	0.00
Other enterprise within the scope of the Company's consolidation	25.00

Remark 6: Dongfang Electric (Indonesia) Co., Ltd. collects the enterprise income tax respectively according to 25% and 20% of taxable income and income from deposit interest.

Remark 7: According to the Franchise Agreement entered into between Laos Nam Mang Power Company Limited and the Laotian government on January 9, 2013, the income tax rate for Laos Nam Mang Power Company Limited is 0.00%.

4.2 Tax preference

1. Dongfang Electric Corporation Limited

According to the Circular of the Ministry of Finance, the General Administration of Customs and the State Administration of Taxation on Issues concerning Tax Policies for In-depth Implementation of Western Development Strategies (CS [2011] No. 58), from January 1, 2011 to December 31, 2020, the enterprise income tax on enterprises established in western areas and engaging in industries encouraged by the State is levied at a reduced tax rate of 15%, if its income from primary business accounts for more than 70% of the total income of the enterprise. Dongfang Electric Corporation Limited belongs to the foresaid encouraged industries and the income tax is subject to 15% of preferential tax rate.

2. Dongfang Electric (Guangzhou) Heavy Machinery Co., Ltd

The Company obtained the high-tech enterprise certification on November 30, 2016. The certificate number is GR201644000010 and the period of validity is 3 years. The Company considered that after the expiration of this year, it has re-applied for the recognition of high-tech enterprises, and has been proposed to be publicized as a high-tech enterprise. The applicable enterprise income tax rate for this year is 15.00%.

3. Dongfang Boiler Group Co., Ltd. of Dongfang Electric Corporation

(1) Dongfang Boiler Group Co., Ltd. of Dongfang Electric Corporation

Obtained the high-tech enterprise certification on December 4, 2017, with the certificate no. GR 201751000961 and valid for three years. In accordance with the preferential tax policies for high-tech enterprises in the enterprise income

tax law of the People's Republic of China, the enterprise income tax rate applicable this year is 15.00%.

(2) Chengdu Dongfang KWH Environmental Protection Catalysts Co., Ltd

Obtained the high-tech enterprise certification on December 3, 2018, the certificate number is GR201851001669, valid for three years. In accordance with the preferential tax policies for high-tech enterprises in the enterprise income tax law of the People's Republic of China, the enterprise income tax rate applicable this year is 15.00%.

4. Dongfang Turbine Co., Ltd. of Dongfang Electric Corporation

(1) Dongfang Turbine Co., Ltd. of Dongfang Electric Corporation

Obtained the high-tech enterprise certification on September 14, 2018, the certificate number is GR201851000343, valid for three years. In accordance with the preferential tax policies for high-tech enterprises in the enterprise income tax law of the People's Republic of China, the enterprise income tax rate applicable this year is 15.00%.

(2) Deyang Dongfang Abele Pipe System Co., Ltd.

According to the Circular of the Ministry of Finance, the General Administration of Customs and the State Administration of Taxation on Issues concerning Tax Policies for In-depth Implementation of Western Development Strategies (CS [2011] No. 58), from January 1, 2011 to December 31, 2020, the enterprise income tax on enterprises established in western areas and engaging in industries encouraged by the State is levied at a reduced tax rate of 15.00%. Deyang Dongfang Abele Pipe System Co., Ltd. belongs to the foresaid encouraged industries and the income tax is subject to 15.00% of preferential tax rate.

(3) Sichuan Dongshu New Material Co., Ltd.

Obtained the high-tech enterprise certification on August 29, 2017, the certificate number is GR201751000538, valid for 3 years, in accordance with the "enterprise income tax law of the People's Republic of China" on high-tech enterprises in the preferential tax policies, the applicable corporate income tax rate of 15.00% this year.

5. Dongfang Electric Dongfang Electric Machinery Co., Ltd.

Obtained the high-tech enterprise certification on December 3, 2018, with the certificate number GR201851001296 and valid for three years. In accordance with the preferential tax policies for high-tech enterprises in the enterprise income tax law of the People's Republic of China, the enterprise income tax rate applicable this year is 15.00%.

6. Tianjin Dongqi Wind Turbine Blade Engineering Co., Ltd.

Obtained the high-tech enterprise certification on December 9, 2016, with the

certificate number GR201612000990, and the validity period is 3 years. The Company considered that after the expiration of this year, it has re-applied for the recognition of high-tech enterprises, and has been proposed to be publicized as a high-tech enterprise. The applicable enterprise income tax rate for this year is 15.00%.

7. Dongfang Electric Automatic Control Engineering Co., Ltd.

(1) Dongfang Electric Automatic Control Engineering Co., Ltd.

Obtained the high-tech enterprise certification on August 29, 2017, with the certificate number GR201751000468 and valid for three years. In accordance with the preferential tax policies for high-tech enterprises in the enterprise income tax law of the People's Republic of China, the enterprise income tax rate applicable this year is 15.00%.

Dongfang Electric Automatic Control Engineering Co., Ltd. and its subsidiary of Sichuan Province economic and information commission issued "the software product registration certificate", according to the ministry of finance, state administration of taxation on the software product value-added tax policy notice (caishui [2011] 100) the relevant provisions of Dongfang Electric Automatic Control Engineering Co., Ltd. and its subsidiary sales of self-developed software products production VAT is the actual tax burden more than 3.00% of the part to enjoy the preferential policies.

(2) Dongfang Electrical Machinery Control Equipment Co., Ltd.

Obtained the high-tech enterprise certification on December 8, 2016, with the certificate No. GR201651000491 and valid for 3 years. The Company considered that after the expiration of this year, it has re-applied for the recognition of high-tech enterprises, and has been proposed to be publicized as a high-tech enterprise. The applicable enterprise income tax rate for this year is 15.00%.

(3) Shenzhen Dongfang Boiler Control Co., Ltd.

Obtained the high-tech enterprise certification on October 16, 2018, with the certificate No. GR201844200982 and valid for 3 years. In accordance with the preferential tax policies for high-tech enterprises in the enterprise income tax law of the People's Republic of China, the enterprise income tax rate applicable this year is 15.00%.

(4) Dongfang Hitachi (Chengdu) Electric Control Equipment Co., Ltd.

Obtained the high-tech enterprise certification on December 3, 2018. The certificate number is GR201851000689 and the validity period is 3 years. In accordance with the preferential tax policies for high-tech enterprises in the enterprise income tax law of the People's Republic of China, the enterprise income tax rate applicable this year is 15.00%.

8. DEC Chengdu Smart Energy Co., Ltd. (東方電氣集團成都智能科技有限公司)

Since January 1, 2019, it is subject to the reduced corporate income rate applicable to small and low-profit enterprise and the enterprise income tax rate is 5%.

4.3 Other instructions

Nil.

5. Notes to items of consolidated financial statements

5.1 Monetary funds

Item	Balance as at June 30, 2019	Balance as at December 31, 2018
Cash on hand	2,138,685.93	1,614,922.27
Bank deposits	24,145,887,668.56	28,880,558,015.97
Other monetary funds	224,290,812.00	464,275,499.81
Total	24,372,317,166.49	29,346,448,438.05
Including: total amount deposited abroad	237,358,297.74	518,179,088.26

Remark: the item "bank deposits" includes deposits with the central bank and deposits with banks.

The details of the monetary funds which are restricted in use due to mortgage, pledge or freeze, and which are placed abroad and limited in the repatriation of funds are as follows:

Item	Balance as at June 30, 2019	Balance as at December 31, 2018
Bank reserve	1,874,441,429.04	2,221,051,302.86
Guarantee deposit	53,494,005.25	220,923,288.98
L/C deposit		
Performance bond	6,055,993.08	4,846,652.06
Total	1,933,991,427.37	2,446,821,243.90

5.2 Placements with banks and other financial institutions

Item	Balance as at June 30, 2019	Balance as at December 31, 2018
Dismantling non-bank financial institutions		300,000,000.00
Including: dismantling and releasing non-bank financial institutions in China		300,000,000.00
Subtotal		300,000,000.00
Less: Loan loss reserve		
Book value of placements with banks and other financial institutions		300,000,000.00

5.3 Financial assets held for trading

5.3.1 Financial assets held for trading

Item	Balance as at June 30, 2019	Balance as at December 31, 2018
Financial asset to be measured by fair value and which change is recorded in profit and loss	2,397,732,371.99	3,122,839,818.04

Including: Investment in debt instruments	513,771,612.00	573,843,354.00
Investment in equity instrument	613,960,759.99	695,634,287.24
Derivative financial assets		
Others	1,270,000,000.00	1,853,362,176.80
Financial asset designated to be measured by fair value and which change is recorded in profit and loss		
Including: Investment in debt instruments		
Investment in equity instrument		
Total	2,397,732,371.99	3,122,839,818.04

Remark:

- (1) On June 30, 2019, "Other" item RMB1,270,000,000.00 mainly include RMB1,000,000,000.00 of financial products, RMB250,000,000.00 of asset management products, and RMB20,000,000.00 of funds.
- (2) On December 31, 2018, "Other" item RMB1,853,362,176.80 mainly include RMB1,700,000,000.00 of financial products, RMB150,000,000.00 of asset management products, and RMB3,362,176.80 of funds.

5.3.2 Financial assets held for trading are analyzed as follows:

Item	Balance as at June 30, 2019	Balance as at December 31, 2018
The listed company	613,889,359.99	695,562,887.24
Including: China (except Hong Kong)	613,889,359.99	695,562,887.24
The private company	1,783,843,012.00	2,427,276,930.80
Total	2,397,732,371.99	3,122,839,818.04

5.4 Notes receivable**5.4.1. Presentation of the notes receivable by category**

Item	Balance as at June 30, 2019	Balance as at December 31, 2018
Bank acceptance bill	2,914,637,075.56	3,404,979,270.57
Commercial acceptance bill	608,572,730.45	1,704,378,455.06
Total	3,523,209,806.01	5,109,357,725.63

5.4.2. Notes receivable endorsed or discounted by the Company as at June 30, 2019 but not expired on the balance sheet date

Item	Amount derecognized as at June 30, 2019	Amount not derecognized as at June 30, 2019
Bank acceptance bill	1,283,865,927.33	
Total	1,283,865,927.33	

5.4.3. Bills converted into accounts receivable by the company as at June 30, 2019 because the drawer failed to perform the contract

Item	Amount of transferred accounts receivable as at June 30, 2019
Bank acceptance bill	14,050,000.00
Commercial acceptance bill	11,172,000.00

Total	25,222,000.00
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5.5 Accounts receivable

5.5.1 Aging analysis of accounts receivable

Aging	Amount as at June 30, 2019	Amount as at December 31, 2018
Within 1 year	3,525,602,100.36	3,401,976,725.46
1 - 2 years	1,015,096,265.44	1,339,701,149.02
2 - 3 years	991,679,759.25	997,427,780.57
3 - 4 years	475,504,906.71	516,399,547.88
4 - 5 years	263,387,573.47	299,711,815.98
Total	6,271,270,605.23	6,555,217,018.91

5.5.2 Disclosure of accounts receivable by classification

Category	Balance as at June 30, 2019				Book value
	Book balance		Provision for bad debts		
	Amount	Proportion (%)	Amount	Proportion of provision (%)	
Provision for bad debts on a single basis	1,947,285,145.13	17.71	1,816,143,080.51	93.27	131,142,064.62
Including:					
Accounts receivable with significant single amount and subject to individual provision for bad debts	1,875,533,553.05	17.06	1,744,896,856.25	93.03	130,636,696.80
Accounts receivable with insignificant single amount and subject to individual provision for bad debts	71,751,592.08	0.65	71,246,224.26	99.30	505,367.82
Provision for bad debts by portfolio	9,045,683,995.50	82.29	2,905,555,454.89	32.12	6,140,128,540.61
Including:					
Accounts receivable subject to provision for bad debts by portfolios with credit risk characteristics	9,045,683,995.50	82.29	2,905,555,454.89	32.12	6,140,128,540.61
Total	10,992,969,140.63	100	4,721,698,535.40		6,271,270,605.23

Category	Balance as at December 31, 2018				Book value
	Book balance		Provision for bad debts		
	Amount	Proportion (%)	Amount	Proportion of provision (%)	
Provision for bad debts on a single basis	1,995,385,261.29	17.84	1,815,990,190.79	91.01	179,395,070.50
Including:					
Accounts receivable with significant single amount					

and subject to individual provision for bad debts	1,904,872,892.93	17.03	1,728,720,107.31	90.75	176,152,785.62
Accounts receivable with insignificant single amount and subject to individual provision for bad debts	90,512,368.36	0.81	87,270,083.48	96.42	3,242,284.88
Provision for bad debts by portfolio	9,186,765,651.21	82.16	2,810,943,702.80	30.60	6,375,821,948.41
Including:					
Accounts receivable subject to provision for bad debts by portfolios with credit risk characteristics	9,186,765,651.21	82.16	2,810,943,702.80	30.60	6,375,821,948.41
Total	11,182,150,912.50	100.00	4,626,933,893.59		6,555,217,018.91

Provision for bad debts on a single basis

Accounts receivable (by unit)	Balance as at June 30, 2019			
	Book balance	Provision for bad debts	Proportion of provision (%)	Reason for provision
Rank 1	511,869,537.90	511,869,537.90	100	Has entered bankruptcy liquidation procedures
Rank 2	247,707,146.06	185,503,909.61	74.89	Has entered bankruptcy liquidation procedures
Rank 3	197,228,051.67	197,228,051.67	100	Has entered bankruptcy liquidation procedures
Rank 4	121,058,649.64	121,058,649.64	100	Has entered bankruptcy liquidation procedures
Rank 5	120,760,000.00	120,760,000.00	100	Financial strain of the client
Rank 6	116,163,355.81	116,163,355.81	100	Has entered bankruptcy liquidation procedures
Rank 7	113,101,140.00	67,860,684.00	60	Financial strain of the client
Rank 8	95,587,278.73	92,995,530.38	97.29	Has entered bankruptcy liquidation procedures
Rank 9	84,813,750.00	84,813,750.00	100	Has entered bankruptcy liquidation procedures
Rank 10	83,889,219.56	83,889,219.56	100	Has entered bankruptcy liquidation procedures
Rank 11	42,878,140.00	25,726,884.00	60	Financial strain of the client
Rank 12	40,108,107.28	40,108,107.28	100	Financial strain of the client
Rank 13	34,108,255.01	30,658,255.01	89.89	Financial strain of the client
Rank 14	31,300,000.00	31,300,000.00	100	Financial strain of the client
Rank 15	18,250,000.00	18,250,000.00	100	Financial strain of the client
Rank 16	26,587,279.55	26,587,279.55	100	Financial strain of the client
Rank 17	14,319,479.09	14,319,479.09	100	Financial strain of the client
Rank 18	11,573,813.40	11,573,813.40	100	Financial strain of the client
Rank 19	9,946,743.31	9,946,743.31	100	Has entered bankruptcy liquidation procedures
Rank 20	7,346,000.00	7,346,000.00	100	Financial strain of the client
Others	18,689,198.12	18,183,830.30	97.30	Financial strain of the client
Total	1,947,285,145.13	1,816,143,080.51		

Accounts receivable with the provision for bad debts made under the aging portfolio

Aging	Balance as at June 30, 2019		
	Accounts receivable	Provision for bad debts	Proportion of provision (%)
Within 1 year(including 1 year)	3,697,367,505.90	184,868,375.29	5.00
1 - 2 years	1,071,593,102.78	107,159,310.28	10.00
2 - 3 years	1,186,286,572.87	237,257,314.57	20.00
3 - 4 years	784,517,109.02	313,806,843.61	40.00
4 - 5 years	486,912,187.59	243,456,093.80	50.00
Over 5 years	1,819,007,517.34	1,819,007,517.34	100.00
Total	9,045,683,995.50	2,905,555,454.89	

5.5.3 Provision, reversal or recovery of provision for bad debts in 2019

In 2019, the Company provided the bad debts reserves of RMB136,923,304.77; and amount recovered or reversed was RMB31,409,310.21. Reversal or recovery of significant amount of provision for bad debts in 2019:

Unit name	Amount recovered or reversed	The basis and rationality of determining the provision for original bad debts	Reason for reversal or recovery	Ways for recovery
Rank 1	12,365,000.00	Expected credit loss	Capital situation improved	By monetary funds
Rank 2	12,000,000.00	Expected credit loss	Capital situation improved	By monetary funds
Rank 3	4,399,872.00	Expected credit loss	Capital situation improved	By monetary funds
Rank 4	2,000,000.00	Expected credit loss	Capital situation improved	By monetary funds
Rank 5	644,438.21	Expected credit loss	Capital situation improved	By monetary funds
Total	31,409,310.21			

5.5.4 Accounts receivable actually written off in 2019

Nil.

5.5.5 Top five accounts receivable in terms of ending balance collected by the debtor as at June 30, 2019

Unit name	Balance as at June 30, 2019		
	Accounts receivable	Proportion in the total accounts receivable (%)	Provision for bad debts
Rank 1	511,869,537.90	4.66	511,869,537.90
Rank 2	368,765,795.70	3.35	306,562,559.25
Rank 3	319,975,856.45	2.91	35,762,773.02
Rank 4	207,174,794.98	1.88	207,174,794.98
Rank 5	197,901,962.08	1.80	19,373,173.60
Total	1,605,687,947.11	14.60	1,080,742,838.75

5.6 Advances to suppliers

5.6.1 Presentation of advances to suppliers by aging

Aging	Balance as at June 30, 2019	Balance as at December 31, 2018
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	Book balance	Proportion (%)	Book balance	Proportion (%)
Within 1 year	1,535,624,392.29	71.76	1,457,070,619.11	76.15
1 - 2 years	243,429,278.47	11.37	65,078,536.72	3.40
2 - 3 years	106,219,103.16	4.96	79,950,042.95	4.18
Over 3 years	254,806,540.16	11.91	311,243,543.77	16.27
Total	2,140,079,314.08	100.00	1,913,342,742.55	100.00

5.6.2 Top five advances to suppliers in terms of the ending balance collected by the prepaid object as at June 30, 2019

Prepaid object	Balance as at June 30, 2019	Proportion (%) in the total ending balance of advances to suppliers as at June 30, 2019
Rank 1	121,529,409.30	5.68
Rank 2	106,775,185.67	4.99
Rank 3	88,912,391.04	4.15
Rank 4	85,490,000.00	3.99
Rank 5	75,516,572.33	3.53
Total	478,223,558.34	22.34

5.7 Other receivables

Item	Amount as at June 30, 2019	Amount as at December 31, 2018
Interest receivable	378,370,031.58	297,649,175.14
Dividends receivable	6,597,000.00	6,597,000.00
Other receivables	380,064,343.27	231,218,985.44
Total	765,031,374.85	535,465,160.58

5.7.1 Interest receivable

Item	Amount as at June 30, 2019	Amount as at December 31, 2018
Fixed deposit	270,359,403.07	215,158,078.63
Bond investment	99,596,262.57	75,773,470.58
Interest on purchase and resale of financial assets	6,687,555.55	5,415,775.93
Others	1,726,810.39	1,301,850.00
Total	378,370,031.58	297,649,175.14

5.7.2 Dividends receivable

(1) Details of dividends receivable

Item	Amount as at June 30, 2019	Amount as at December 31, 2018
Within 1 year		
Over 1 year	6,597,000.00	6,597,000.00
Total	6,597,000.00	6,597,000.00

(2) Significant dividend receivable over 1 year

Item (or Investee)	Amount as at June 30, 2019	Aging	Reasons for non-recovery	Whether there is impairment or not and its judgment basis
Rank 1	6,597,000.00	Over 1 year	Not yet paid	No
Total	6,597,000.00			

5.7.3 Other receivables

(1) Aging analysis of other receivables

Aging	Amount as at June 30, 2019	Amount as at December 31, 2018
Within 1 year	218,904,320.33	113,004,205.60
1 - 2 years	71,996,338.60	34,659,081.15
2 - 3 years	29,860,562.47	23,277,010.19
3 - 4 years	17,606,989.37	35,560,289.15
4 - 5 years	23,335,095.15	6,410,137.01
Over 5 years	18,361,037.35	18,308,262.34
Total	380,064,343.27	231,218,985.44

(2) Classification of other receivables by quality

Nature	Amount as at June 30, 2019	Amount as at December 31, 2018
Cash deposit and guarantee money	23,235,980.98	13,051,795.17
Reserve fund	126,706,418.88	73,881,311.32
Pre-paid charge	91,091,063.08	72,390,581.67
Other business receivables	132,857,689.00	61,515,089.44
Others	6,173,191.33	10,380,207.84
Total	380,064,343.27	231,218,985.44

(3) Provision for bad debts

Bad debt provision	First stage	Second stage	Third stage	Total
	Expected credit losses in the next 12 months	Expected credit loss for the whole life period (No credit impairment occurred)	Expected credit loss for the whole life period (Credit impairment occurred)	
Amount as at December 31, 2018	170,885,036.29		1,124,061,959.68	1,294,946,995.97
Book value of other receivable Amount as at December 31, 2018				
--Turn to the second stage				
--Turn to the third stage				
--Return to the second stage				
--Return to the first stage				
Provision in 2019	-27,182,984.99		11,547,300.83	-15,635,684.16
Switch back in 2019			7,700,416.49	7,700,416.49
Write-off in 2019	314,589.61			314,589.61
Verification in 2019				
Other changes				
Amount as at June 30, 2019	143,387,461.69		1,127,908,844.02	1,271,296,305.71

(4) Provision, reversal or recovery of provision for bad debts in 2019

In 2019, the Company provided the bad debts reserves of RMB-15,635,684.16; and amount recovered or reversed was RMB7,700,416.49.

Category	Balance as at December 31, 2018	Changes in 2019			Balance as at June 30, 2019
		Provision	Reversal or recovery	Resale or verification	
Other receivables with significant single amount and subject to separate provision for bad debts	1,061,251,349.67	11,547,300.83			1,072,798,650.50
Other receivables subject to provision for bad debts by portfolios with credit risk characteristics	170,885,036.29	- 27,182,984.99		314,589.61	143,387,461.69
Other receivables with insignificant single amount but subject to separate provision for bad debts	62,810,610.01		7,700,416.49		55,110,193.52
Total	1,294,946,995.97	- 15,635,684.16	7,700,416.49	314,589.61	1,271,296,305.71

(5) The actual write-off of other receivable for the current period

Nil.

(6) Top five other receivable in terms of ending balance collected by the debtor as at June 30, 2019

Entity name	Nature of other receivable	Balance as at June 30, 2019	Aging	Proportion in the total other receivables (%)	Provision for bad debts as at June 30, 2019
Rank 1	Others	915,187,035.61	Over 5 years	55.42	915,187,035.61
Rank 2	Shift from short-term investment	146,064,314.06	Over 5 years	8.85	146,064,314.06
Rank 3	Others	54,886,754.88	1-4 years	3.32	11,547,300.83
Rank 4	Others	19,500,000.00	Over 5 years	1.18	19,500,000.00
Rank 5	Others	19,259,833.98	Over 1-5 years	1.17	
Total		1,154,897,938.53		69.94	1,092,298,650.50

5.8 Financial assets purchased under agreements to resell

Item	Balance as at June 30, 2019	Balance as at December 31, 2018
Bond	3,175,118,000.00	1,744,127,000.00
Less: Provision for bad debts		
Book value of financial assets purchased under agreements to resell	3,175,118,000.00	1,744,127,000.00

5.9 Inventories

5.9.1 Classification of inventories

Item	Balance as at June 30, 2019			Balance as at December 31, 2018		
	Book balance	Provision for depreciation/ Impairment of contract performance cost	Book value	Book balance	Provision for depreciation/ Impairment of contract performance cost	Book value
Raw material	2,844,438,325.75	544,699,117.06	2,299,739,208.69	2,409,788,590.95	525,680,582.45	1,884,108,008.50
Self-made semi-finished goods and Goods in process	10,556,682,389.91	690,377,114.18	9,866,305,275.73	12,440,223,455.55	776,238,914.74	11,663,984,540.81
Commodity stocks (Finished products)	326,896,120.64	6,272,121.98	320,623,998.66	283,460,321.62	8,061,625.91	275,398,695.71
Circulating materials (Packing materials, Low value consumables, etc.)	24,470,178.40	47,478.64	24,422,699.76	27,871,508.92	4,829,458.78	23,042,050.14
Contract performance cost	34,553,335.69		34,553,335.69	27,453,170.07		27,453,170.07
Total	13,787,040,350.39	1,241,395,831.86	12,545,644,518.53	15,188,797,047.11	1,314,810,581.88	13,873,986,465.23

5.9.2 Inventory depreciation reserve

Item	Balance as at December 31, 2018	Increase in 2019		Decrease in 2019		Balance as at June 30, 2019
		Provision	Others	Reversal or resale	Others	
Raw material	525,680,582.45	120,407,213.02		101,388,678.41		544,699,117.06
Self-made semi-finished goods and Goods in process	776,238,914.74	213,772,324.91		299,634,125.47		690,377,114.18
Commodity stocks(Finished products)	8,061,625.91			1,789,503.93		6,272,121.98
Circulating materials (Packing materials, Low value consumables, etc.)	4,829,458.78			4,781,980.14		47,478.64
Total	1,314,810,581.88	334,179,537.93		407,594,287.95		1,241,395,831.86

5.10 Contract assets and Contract liabilities

5.10.1 Contract assets

Item	Balance as at June 30, 2019		
	Book balance	Impairment provision	Book value
Completed and Unsettled	4,858,187,623.91		4,858,187,623.91
Contract retention money	7,431,452,551.75	1,560,828,200.84	5,870,624,350.91
Total	12,289,640,175.66	1,560,828,200.84	10,728,811,974.82

Item	Balance as at December 31, 2018		
	Book balance	Impairment provision	Book value
Completed and Unsettled	4,945,506,075.79		4,945,506,075.79
Contract retention money	6,702,138,965.88	1,459,673,368.81	5,242,465,597.07
Total	11,647,645,041.67	1,459,673,368.81	10,187,971,672.86

5.10.2 Allowance for decrease of Contract assets

Item	Balance as at December 31, 2018	Increase in 2019	Decrease in 2019	Balance as at June 30, 2019
Contract retention money	1,459,673,368.81	101,154,832.03		1,560,828,200.84
Total	1,459,673,368.81	101,154,832.03		1,560,828,200.84

5.10.3 Contract liabilities

Item	Balance as at June 30, 2019	Balance as at December 31, 2018
Within 1 year	18,369,100,400.50	22,175,098,870.27
Over 1 years	6,627,514,706.46	7,285,845,228.01
Total	24,996,615,106.96	29,460,944,098.28

5.11 Non-current assets due within one year

Item	Balance as at June 30, 2019	Balance as at December 31, 2018
Loans and advances to customers within one year	8,500,000.00	396,500,000.00
Total	8,500,000.00	396,500,000.00

5.12 Other current assets

Item	Balance as at June 30, 2019	Balance as at December 31, 2018
Prepaid tax and fee and tax retained	194,358,181.07	222,166,708.25
Entrusted loans	126,912,737.19	126,912,737.19
Loans and advances to customers within one year	111,522,087.75	115,391,593.55
Discounted assets		200,000.00
Others	8,958,475.46	5,768,659.84
Total	441,751,481.47	470,439,698.83

5.13 Loans and advances to customers

5.13.1 Distribution of individuals and enterprises of loans and advances to customers

Item	Balance as at June 30, 2019	Balance as at December 31, 2018
Enterprise loans and advances	1,156,161,456.13	506,663,460.00
-Loans	1,156,161,456.13	506,663,460.00
Total amount of loans and advances to customers	1,156,161,456.13	506,663,460.00
Less: Provisions of loans	211,474,218.42	75,999,519.00
Including: Individual counting		
Portfolios counting	211,474,218.42	75,999,519.00
Book value of loans and advances to customers	944,687,237.71	430,663,941.00

5.13.2 Distribution of industries of loans

Industry distribution	Balance as at June 30, 2019	Proportion (%)	Balance as at December 31, 2018	Proportion (%)
Power equipment industry	1,156,161,456.13	100.00	506,663,460.00	100.00
Total amount of loans and advances to customers	1,156,161,456.13	100.00	506,663,460.00	100.00
Less: Provisions of loan losses	211,474,218.42		75,999,519.00	
Including: Individual counting				
Portfolios counting	211,474,218.42		75,999,519.00	
Book value of loans and advances to customers	944,687,237.71		430,663,941.00	

5.13.3 Distribution of regions of loans and advances to customers

Regional distribution	Balance as at December 31, 2018	Proportion (%)	Balance as at December 31, 2018	Proportion (%)
South China	507,661,456.13	43.91	342,163,460.00	67.53
North China				
Central China				
Southwest China				
Northwest China	148,500,000.00	12.84	164,500,000.00	32.47
East China	500,000,000.00	43.25		
Total amount of loans and advances to customers	1,156,161,456.13	100	506,663,460.00	100.00
Less: Provisions of loans	211,474,218.42		75,999,519.00	
Including: Individual counting				
Portfolios counting	211,474,218.42		75,999,519.00	
Book value of loans and advances to customers	944,687,237.71		430,663,941.00	

5.13.4 Distribution of guarantee forms of loans and advances to customers

Item	Balance as at June 30, 2019	Balance as at December 31, 2018
Credit loan	507,661,456.13	342,163,460.00
Guaranteed loan	500,000,000.00	
Collateral loan	148,500,000.00	164,500,000.00
Including: Mortgage	34,000,000.00	108,000,000.00
Pledge loans	114,500,000.00	56,500,000.00
Total amount of loans and advances to customers	1,156,161,456.13	506,663,460.00
Including: Individual counting		

Item	Balance as at June 30, 2019	Balance as at December 31, 2018
Portfolios counting	211,474,218.42	75,999,519.00
Book value of loans and advances to customers	944,687,237.71	430,663,941.00

5.13.5 Provisions of loan losses

Item	Year 2019	
	Individual	Portfolio
Balance as at January 1, 2019		75,999,519.00
Provision in 2019		135,474,699.42
Transfer-out in 2019		
Write-offs in 2019		
Reversal in 2019		
-As recovery of original write-off loans and advances		
-As Increasing discount value of loans and advances		
-As other factors		
Balance as at the end of the period		211,474,218.42

5.14 Debt investments

Item	Balance as at June 30, 2019			Balance as at December 31, 2018		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Medium-term notes	341,035,390.00	25,577,654.25	315,457,735.75	241,035,390.00	18,077,654.25	222,957,735.75
Financial bonds				50,000,000.00	3,750,000.00	46,250,000.00
Beneficiary certificate	60,000,000.00	4,500,000.00	55,500,000.00	30,000,000.00	2,250,000.00	27,750,000.00
Corporate bonds	100,000,000.00	7,500,000.00	92,500,000.00	152,261,360.00	11,419,602.00	140,841,758.00
Trust products				30,000,000.00	2,250,000.00	27,750,000.00
Short-term financing bills				30,000,000.00	2,250,000.00	27,750,000.00
Ncbs	6,382,445,000.00		6,382,445,000.00	4,429,230,300.00		4,429,230,300.00
Total	6,883,480,390.00	37,577,654.25	6,845,902,735.75	4,962,527,050.00	39,997,256.25	4,922,529,793.75

5.15 Long-term receivables

5.15.1 Long-term receivables

Item	Balance as at June 30, 2019			Balance as at December 31, 2018			Discount rate range
	Book balance	Provision of bad debt	Book value	Book balance	Provision of bad debt	Book value	
Selling goods by instalments				15,306,059.35	1,530,605.94	13,775,453.41	3%-4%
Total				15,306,059.35	1,530,605.94	13,775,453.41	

5.15.2 Provision of bad debt for long-term receivables

Provision for bad loans	First stage	Second stage	Third stage	Total
	Expected credit losses in the next 12 months	Expected credit loss for the whole life period (No credit impairment occurred)	Expected credit loss for the whole life period (Credit impairment occurred)	
Amount as at December 31, 2018	1,530,605.94			1,530,605.94
Book value of long-term receivable amount as at December 31, 2018				

Provision for bad loans	First stage	Second stage	Third stage	Total
	Expected credit losses in the next 12 months	Expected credit loss for the whole life period (No credit impairment occurred)	Expected credit loss for the whole life period (Credit impairment occurred)	
-- Turn to the second stage				
-- Turn to the third stage				
-- Return to the second stage				
-- Return to the first stage				
Provision in 2019				
Switch back in 2019	1,530,605.94			1,530,605.94
Write-off in 2019				
Verification in 2019				
Other changes				
Amount as at June 30, 2019				

5.16 Long-term equity investments

5.16.1 Classification of long-term equity investments

Investee	Balance as at December 31, 2018	Balance of provision for impairment as at December 31, 2018	Change in 2019							Balance as at June 30, 2019	Provision for impairment in 2019	Balance of provision for impairment as at June 30, 2019
			Addition investment	Decrease in investment	Profit and loss on investments recognized under the equity method	Adjustments to other comprehensive income	Changes in other equity	Cash dividends or profit declared to be distributed	Others			
1. Investments in subsidiaries												
Dongfang Electric New Energy Equipment (Hangzhou) Co., Ltd.	409,363,000.00	409,363,000.00								409,363,000.00		409,363,000.00
Dongfang Electric (Tongliao) Wind Power	30,000,000.00	30,000,000.00								30,000,000.00		30,000,000.00

Investee	Balance as at December 31, 2018	Balance of provision for impairment as at December 31, 2018	Change in 2019							Balance as at June 30, 2019	Provision for impairment in 2019	Balance of provision for impairment as at June 30, 2019
			Addition investment	Decrease in investment	Profit and loss on investments recognized under the equity method	Adjustments to other comprehensive income	Changes in other equity	Cash dividends or profit declared to be distributed	Others			
Engineering Technology Co., Ltd.												
Dongfang Electric (Jiuquan) New Energy Co., Ltd.	30,000,000.00	30,000,000.00								30,000,000.00		30,000,000.00
Dongfang Electric (Hulunbuir) New Energy Co., Ltd.	30,000,000.00	30,000,000.00								30,000,000.00		30,000,000.00
Sub-total	499,363,000.00	499,363,000.00								499,363,000.00		499,363,000.00
2. Joint ventures												
MHPS Dongfang Boiler Co., Ltd.	199,851,685.92				1,499,116.11					201,350,802.03		
Dongfang Famatong Nuclear Pump Co., Ltd.	243,087,142.06				8,426,278.58			33,371,968.98		218,141,451.66		
Sub-total	442,938,827.98				9,925,394.69			33,371,968.98		419,492,253.69		
3. Associates												
Mitsubishi Heavy Industry Oriental Gas Turbine (Guangzhou) Co., Ltd	505,384,313.30				19,896,941.50					525,281,254.80		
Leshan Dongle Heavy Hanging Co., Ltd.	27,460,342.75				972,622.02			22,050,000.00		6,382,964.77		
Liangshan Fengguang New Energy Operation and Maintenance Co., Ltd.	2,001,432.70				20,942.27					2,022,374.97		
Sichuan Energy Wind Power Development Co., Ltd.	284,075,003.72				57,843,321.51					341,918,325.23		

Investee	Balance as at December 31, 2018	Balance of provision for impairment as at December 31, 2018	Change in 2019							Balance as at June 30, 2019	Provision for impairment in 2019	Balance of provision for impairment as at June 30, 2019
			Addition investment	Decrease in investment	Profit and loss on investments recognized under the equity method	Adjustments to other comprehensive income	Changes in other equity	Cash dividends or profit declared to be distributed	Others			
Huadian Longkou Wind Power Co., Ltd.	59,434,514.02				7,300,793.73					66,735,307.75		
Inner Mongolia Energy Power Generation Hongnijing Wind Power Co., Ltd.	22,310,282.21				1,191,173.21					23,501,455.42		
China United Heavy Gas Turbine Technology Co., Ltd.	113,695,779.36				109,695.23					113,805,474.59		
Inner Mongolia Mengneng Sanshengtai Wind Power Co., Ltd.	19,844,590.30				708,691.53					20,553,281.83		
Inner Mongolia Mengneng Ulan New Energy Co., Ltd.	39,489,167.50				3,367,148.85					42,856,316.35		
Dongfang Electric (Xichang) Hydrogen Energy Co., Ltd.			5,000.00	0.00						5,000,000.00		
Sub-total	1,073,695,425.86		5,000.00	0.00	91,411,329.85			22,050,000.00		1,148,056,755.71		
Total	2,015,997,253.84	499,363,000.00	5,000.00	0.00	101,336,724.54			55,421,968.98		2,066,912,009.40		499,363,000.00

Remark: (1) Dongfang Electric New Energy Equipment (Hangzhou) Co., Ltd. entered the bankruptcy proceedings in 2017, and has not yet completed the bankruptcy liquidation;

(2) DEC (Hulunbeir) New Energy Co., Ltd. and DEC (Tongliao) Wind Power Engineering Technology Co., Ltd. have entered into bankruptcy proceedings in 2018 and have not yet completed bankruptcy liquidation.

5.16.2 Analysis of long-term equity investments

Item	Balance as at June 30, 2019	Balance as at December 31, 2018
Listed		
Unlisted	1,567,549,009.40	1,516,634,253.84
Total	1,567,549,009.40	1,516,634,253.84

5.17 Other equity instrument investments

5.17.1 Condition of other equity instrument investments

Item	Balance as at June 30, 2019	Balance as at December 31, 2018
Guangdong Dongfang Power Plant Complete Equipment Company	2,663,282.01	2,663,282.01
Southern Sichuan Expressway Co., Ltd.	1,000,000.00	1,000,000.00
Chengdu Dongfang Electrical Environment Engineering Co., Ltd	744,649.47	744,649.47
DEC (Chengdu) Sharing Service Co., Ltd.	581,928.00	581,928.00
Zhejiang Yuhuan Wind Power Co., Ltd.	1,000,000.00	
Total	5,989,859.48	4,989,859.48

5.17.2 Investment conditions of non-tradable equity instruments

Item	Dividend income recognized in 2019	Accumulated gains	Accumulated losses	The amount of other comprehensive income transferred into retained earnings	Reasons for designating as fair value measures and their changes included in other comprehensive income	Reasons for transferring other comprehensive income into retained earnings
Southern Sichuan Expressway Co., Ltd.		71,270.00			Judgment based on management intention	
Guangdong Dongfang Power Plant Complete Equipment Company		1,570,000.00			Judgment based on management intention	
Chengdu Dongfang Electrical Environment Engineering Co., Ltd					Judgment based on management intention	
DEC (Chengdu) Sharing Service Co., Ltd.					Judgment based on management intention	
Zhejiang Yuhuan Wind Power Co., Ltd.					Judgment based on management intention	

5.18 Investment properties

5.18.1 Investment properties measured under cost model

Item	Buildings and constructions	Land use rights	Total
1. Original book value			
(1) Balance as at December 31, 2018	211,667,187.16	18,811,826.12	230,479,013.28
(2) Increase in 2019	857,033.14		857,033.14
- Outsourcing			
- Transfer-in of inventories, fixed assets and construction in progress			
- Increase from business combination			

Item	Buildings and constructions	Land use rights	Total
- Others	857,033.14		857,033.14
(3) Decrease in 2019			
- Disposal			
- Others			
(4) Balance as at June 30, 2019	212,524,220.30	18,811,826.12	231,336,046.42
2. Accumulated depreciation and accumulated amortization			
(1) Balance as at December 31, 2018	72,005,046.41	4,657,224.63	76,662,271.04
(2) Increase in 2019	4,152,834.77	221,644.23	4,374,479.00
- Provision or amortization	4,088,202.18	221,644.23	4,309,846.41
- Others	64,632.59		64,632.59
(3) Decrease in 2019			
- Disposal			
- Others			
(4) Balance as at June 30, 2019	76,157,881.18	4,878,868.86	81,036,750.04
3. Provision for impairment			
(1) Balance as at December 31, 2018			
(2) Increase in 2019			
- Provision			
- Others			
(3) Decrease in 2019			
- Disposal			
- Others			
(4) Balance as at June 30, 2019			
4. Book value			
(1) Book value as at June 30, 2019	136,366,339.12	13,932,957.26	150,299,296.38
(2) Book value as at December 31, 2018	139,662,140.75	14,154,601.49	153,816,742.24

5.18.2 The investment properties are analyzed as per location and term:

Item	Amount as at June 30, 2019	Amount as at December 31, 2018
Located within the territory of China	101,053,712.74	104,330,342.62
Including: Short term (within 10 years)	82,777,836.38	83,042,304.46
Medium term (10 - 50 years)	18,275,876.36	21,288,038.16
Located in other areas	49,245,583.64	49,486,399.62
Including: Medium term (10 - 50 years)	49,245,583.64	49,486,399.62
Total	150,299,296.38	153,816,742.24

5.19 Fixed assets

5.19.1 Fixed assets and disposal on fixed assets

Item	Amount as at June 30, 2019	Amount as at December 31, 2018
Fixed assets	5,544,637,249.08	5,902,410,162.25
Disposal on fixed assets		28,415.84
Total	5,544,637,249.08	5,902,438,578.09

5.19.2 Details of fixed assets

Item	Land assets	Buildings and construction	Machinery equipment	Transportation facility	Instrument and apparatus, electronic equipment and others	Total
1. Original book value						
(1) Balance as at December 31, 2018	22,486,579.62	7,094,090,221.44	8,015,524,630.94	304,207,845.63	1,347,549,612.71	16,783,858,890.34
(2) Increase in 2019	360,066.17	3,872,561.89	30,214,797.61	8,586,952.60	28,619,025.91	71,653,404.18
- Purchase		159,800.00	2,497,426.81	1,314,718.39	2,885,360.94	6,857,306.14
- Transfer from construction in progress		3,007,657.22	26,792,217.16	6,925,434.41	25,472,621.48	62,197,930.27
- Exchange rate changes	360,066.17	700,059.02		5,762.19	4,778.33	1,070,665.71
- Others		5,045.65	925,153.64	341,037.61	256,265.16	1,527,502.06
(3) Decrease in 2019		5,958,941.79	45,374,659.81	5,658,154.65	10,451,553.72	67,443,309.97
- Disposal or write-off		5,359,254.53	45,362,308.90	5,618,154.65	10,221,150.94	66,560,869.02
- Others		599,687.26	12,350.91	40,000.00	230,402.78	882,440.95
(4) Balance as at June 30, 2019	22,846,645.79	7,092,003,841.54	8,000,364,768.74	307,136,643.58	1,365,717,084.90	16,788,068,984.55
2. Accumulated depreciation						
(1) Balance as at December 31, 2018		3,101,407,800.99	6,368,957,527.01	266,915,706.21	1,098,082,998.44	10,835,364,032.65
(2) Increase in 2019		159,970,569.79	193,329,763.02	5,349,049.13	36,679,712.00	395,329,093.94
- Provision		159,601,870.65	192,910,570.95	5,327,992.15	36,676,149.23	394,516,582.98
- Others		368,699.14	419,192.07	21,056.98	3,562.77	812,510.96
(3) Decrease in 2019		570,682.92	39,919,794.32	5,328,484.42	8,774,063.66	54,593,025.32
- Disposal or write-off		151,490.85	39,591,592.70	5,328,484.42	8,603,301.17	53,674,869.14
- Others		419,192.07	328,201.62		170,762.49	918,156.18
(4) Balance as at June 30, 2019		3,260,807,687.86	6,522,367,495.71	266,936,270.92	1,125,988,646.78	11,176,100,101.27
3. Provision for impairment						
(1) Balance as at December		294,082.30	39,831,864.70	97,856.61	5,860,891.83	46,084,695.44

Item	Land assets	Buildings and construction	Machinery equipment	Transportation facility	Instrument and apparatus, electronic equipment and others	Total
31, 2018						
(2) Increase in 2019		11,704,474.85	12,193,547.26		1,029,379.42	24,927,401.53
- Provision		11,704,474.85	12,193,547.26		1,029,379.42	24,927,401.53
- Others						
(3) Decrease in 2019		149,670.16	2,570,546.41	2,610.19	957,636.01	3,680,462.77
- Disposal or write-off		149,670.16	2,570,546.41	2,610.19	957,636.01	3,680,462.77
- Others						
(4) Balance as at June 30, 2019		11,848,886.99	49,454,865.55	95,246.42	5,932,635.24	67,331,634.20
4. Book value						
(1) Book value as at June 30, 2019	22,846,645.79	3,819,347,266.69	1,428,542,407.48	40,105,126.24	233,795,802.88	5,544,637,249.08
(2) Book value as at December 31, 2018	22,486,579.62	3,992,388,338.15	1,606,735,239.23	37,194,282.81	243,605,722.44	5,902,410,162.25

Remark: 1. The land assets in the fixed assets as June 30, 2019 of the Company refer to the land use right obtained by Dongfang Electric (India) PVT LTD within India.

2. The depreciation of fixed assets in 2019 is RMB394,516,582.98.

3. The net gains from disposal of fixed assets of the Company in 2019 were RMB1,100,028.20.

5.19.3 Temporarily idle fixed assets

Item	Original book value	Accumulated depreciation	Provision for impairment	Book value	Remark
Buildings and constructions					
Machinery equipment	806,502.96	732,482.82		74,020.14	
Transportation facility	2,766.99	2,628.64		138.35	
Total	809,269.95	735,111.46		74,158.49	

5.19.4 Fixed assets leased out through operating lease

Item	Book value as at June 30, 2019
Buildings and constructions	54,895,169.57
Machinery equipment	436,557.65
Transportation facility	13,440.00
Instrument and apparatus, electronic equipment and others	129,611.99
Total	55,474,779.21

5.19.5 Fixed assets with certificates of title uncompleted

Item	Book value	Reason for failure to complete the formalities for the certificate of title
Newly built technology building, newly built air pressure station toilet, comprehensive workshop expansion, second power distribution institute, staff canteen, hydraulic test room, second overspeed test room, second over test room, tooling transformer station control building, second staff canteen	67,611,526.43	Being proceeded
Cold plant, hot plant and cold auxiliary room	8,408,447.45	Being proceeded
No.5 union workshop, Deyang NDT room, No.6 union workshop, No. 2 building in Chengdu, Jiaxing real estate	229,909,821.43	Being proceeded
Compressor test bed workshop and supercharging station, Deyang newly-built air pressure station, Wind power simple warehouse (H), Wind power workshop and auxiliary room, Clapboard production plant (I), Nuclear power plant, Connecting long cutting fluid mixing station of 350T high speed dynamic balance and nuclear power plant	139,417,750.49	Being proceeded
Total	445,347,545.80	

5.19.6 The buildings and constructions are analyzed as per location and term

Item	Amount as at June 30, 2019	Amount as at December 31, 2018
Located within the territory of China	3,779,120,320.61	3,951,969,232.64
Including: Short-term (within 10 years, including 10 years)	83,373,912.22	128,361,601.12
Medium term (10 - 50 years)	3,637,229,812.61	3,786,708,884.24
Long-term (over 50 years)	58,516,595.78	36,898,747.28
Located in other areas	40,226,946.08	40,419,105.51
Including: Short-term (within 10 years, including 10 years)	40,226,946.08	40,419,105.51
Medium term (10 - 50 years)		
Total	3,819,347,266.69	3,992,388,338.15

5.19.7 Disposal on fixed assets

Item	Amount as at June 30, 2019	Amount as at December 31, 2018
Transportation facility		20,314.60
Electronic equipment		8,101.24
Others		
Total		28,415.84

5.20 Construction in progress

5.20.1 Construction in progress and material held for construction of fixed assets

Item	Amount as at June 30, 2019	Amount as at December 31, 2018
Construction in progress	287,095,704.88	187,330,497.71
Material held for construction of fixed assets		1,461,740.82
Total	287,095,704.88	188,792,238.53

5.20.2 Details of construction in progress

Item	Amount as at June 30, 2019			Amount as at December 31, 2018		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Section 2016-1329	139,768,078.71		139,768,078.71	95,153,309.70		95,153,309.70
714_18_01B16 one millimeter CNC vertical car (Used)	7,962,564.00		7,962,564.00	7,962,564.00		7,962,564.00
Mianzhu living base phase I	6,560,196.90	4,891,357.16	1,668,839.74	6,560,196.90	4,891,357.16	1,668,839.74
CNC gantry boring and milling machine	6,224,335.82		6,224,335.82	6,224,335.82		6,224,335.82
Kelin 2015-012	5,454,638.21		5,454,638.21	4,753,234.33		4,753,234.33
Compressor test bench	6,041,867.25		6,041,867.25	3,975,771.00		3,975,771.00
Superalloy test bench	3,766,096.04		3,766,096.04	3,766,096.04		3,766,096.04
Other projects provide three supplies and one business	14,339,862.93		14,339,862.93	13,901,250.73		13,901,250.73
Other engineering projects	14,960,059.24		14,960,059.24	13,904,858.37		13,904,858.37
Sporadic projects	86,909,362.94		86,909,362.94	36,020,237.98		36,020,237.98
Total	291,987,062.04	4,891,357.16	287,095,704.88	192,221,854.87	4,891,357.16	187,330,497.71

5.20.3 Changes in important projects of construction in progress in 2019

Project	Budget	Balance as at December 31, 2018	Increase in 2019	Amount transferred into fixed assets in 2019	Other decrease in 2019	Balance as at June 30, 2019	Proportion of accumulative project investments in the budget (%)	Project progress (%)	Accumulated capitalization amount of interest	Including: capitalization amount of the interest in 2019	Capitalization rate of the interest of 2019 (%)	Source of funds
Section 2016-1329	255,180,000.00	95,153,309.70	48,309,984.39		3,695,215.38	139,768,078.71	56.22	56.22				Internally financed
714_18_01B16 one millimeter CNC vertical car (Used)	8,000,000.00	7,962,564.00				7,962,564.00	99.53	97				Internally financed
Compressor test bench	40,000,000.00	3,975,771.00	2,416,195.65		350,099.40	6,041,867.25	57.03	57.03				Internally financed
Intelligent manufacturing project for high temperature and high pressure components of large clean and high efficiency power plant boiler	114,400,000.00	3,847,263.70	5,543,434.15	2,054,712.30	3,812,039.90	3,523,945.65	45.73	70				Internally financed
Hydrogen fuel cell demonstration production line	16,000,000.00		7,896,479.12			7,896,479.12	49.35	49.35				Internally financed
other projects provide three supplies and one business	24,989,900.00	13,901,250.73	438,612.20			14,339,862.93	57.39	57.39				Internally financed
Total	458,569,900.00	124,840,159.13	64,604,705.51	2,054,712.30	7,857,354.68	179,532,797.66						

5.20.4 Material holds for construction of fixed assets

Item	Amount as at June 30, 2019			Amount as at December 31, 2018		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Spare parts				1,461,740.82		1,461,740.82
Total				1,461,740.82		1,461,740.82

5.21 Right-of-use assets

Item	Plant and equipment	Total
I. Original book value		
1. Opening balance		
2. Increase in 2019	41,838,715.01	41,838,715.01
3. Decrease in 2019		
4. Closing balance	41,838,715.01	41,838,715.01
II. Accumulated depreciation		
1. Opening balance		
2. Increase in 2019	5,646,117.22	5,646,117.22
(1) Provision	5,646,117.22	5,646,117.22
3. Decrease in 2019		
(1) Disposal		
4. Closing balance	5,646,117.22	5,646,117.22
III. Impairment provision		
1. Opening balance		
2. Increase in 2019		
(1) Provision		
3. Decrease in 2019		
(1) Disposal		
4. Closing balance		
IV. Book value		
1. Closing book value	36,192,597.79	36,192,597.79
2. Opening book value		

5.22 Intangible assets

5.22.1 Details of intangible assets

Item	Land use right	Patent right	Non-patent technology	Software	Others	Total
1. Original book value						
(1) Balance as at December 31, 2018	1,008,791,160.88	181,884,539.93	342,590,448.92	243,882,502.24	650,363,094.51	2,427,511,746.48
(2) Increase in 2019	4,702,278.47			1,975,725.55		6,678,004.02
- Purchase	4,702,278.47			1,687,810.82		6,390,089.29
- Transfer in construction				287,914.73		287,914.73
(3) Decrease in 2019					11,453,950.29	11,453,950.29
- Disposal						
- Others					11,453,950.29	11,453,950.29
(4) Balance as at June 30, 2019	1,013,493,439.35	181,884,539.93	342,590,448.92	245,858,227.79	638,909,144.22	2,422,735,800.21
2. Accumulated amortization						
(1) Balance as at December 31, 2018	223,585,952.34	13,912,408.85	302,440,810.33	158,793,011.44	47,701,909.97	746,434,092.93
(2) Increase in 2019	9,944,462.47	9,079,633.74	3,735,073.20	11,459,642.16		34,218,811.57
- Provision	9,944,462.47	9,079,633.74	3,735,073.20	11,459,642.16		34,218,811.57
- Others						
(3) Decrease in 2019						
- Disposal						
-Others						
(4) Balance as at June 30, 2019	233,530,414.81	22,992,042.59	306,175,883.53	170,252,653.60	47,701,909.97	780,652,904.50
3. Provision for impairment						
(1) Balance as at December 31, 2018	33,314.36					33,314.36
(2) Increase in 2019				21,465.52		21,465.52
- Provision				21,465.52		21,465.52
- Others						
(3) Decrease in 2019						

Item	Land use right	Patent right	Non-patent technology	Software	Others	Total
- Disposal						
- Others						
(4) Balance as at June 30, 2019	33,314.36			21,465.52		54,779.88
4. Book value						
(1) Book value as at June 30, 2019	779,929,710.18	158,892,497.34	36,414,565.39	75,584,108.67	591,207,234.25	1,642,028,115.83
(2) Book value as at December 31, 2018	785,171,894.18	167,972,131.08	40,149,638.59	85,089,490.80	602,661,184.54	1,681,044,339.19

5.22.2 Analysis of the land use right by region and age limit

Item	Balance as at June 30, 2019	Balance as at December 31, 2018
Located within the territory of China	779,929,710.18	785,171,894.18
Including: Medium term (10 - 50 years)	779,929,710.18	785,171,894.18
Total	779,929,710.18	785,171,894.18

5.22.3 Land use right with pending certificates of title

Nil.

5.23 Long-term deferred expenses

Item	Balance as at December 31, 2018	Increase in 2019	Amount amortized in 2019	Other decreases	Balance as at June 30, 2019
Long-term deferred agency fee	51,629,895.90	12,742,922.02	26,084,516.72		38,288,301.20
Switch station interval maintenance fee	105,000.34		34,999.98		70,000.36
AP1000 Technology	43,636.36				43,636.36
Total	51,778,532.60	12,742,922.02	26,119,516.70		38,401,937.92

5.24 Deferred income tax assets and deferred income tax liabilities

5.24.1 Deferred income tax assets without the offset

Item	Balance as at June 30, 2019		Balance as at December 31, 2018	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Provision for asset impairment	9,214,695,041.48	1,470,147,491.95	9,994,327,011.44	1,633,241,978.02
Estimated liabilities	4,943,585,251.80	1,009,383,680.06	5,058,279,071.33	839,489,790.87
Employee compensation payable	1,323,290,505.26	201,239,468.61	1,346,863,183.41	204,775,370.34
Losses that can be carried forward to the subsequent year	821,827,623.10	123,274,143.47	928,531,957.94	134,570,215.80
Unrealized profits of internal transactions	208,477,297.27	33,168,143.02	44,486,967.06	8,569,593.48
Government grants	297,112,734.55	46,386,632.03	274,206,423.79	42,950,685.43
Accounts payable	31,543,579.75	4,731,536.96	32,235,212.42	4,835,281.86
Depreciation of fixed assets	23,685,096.03	3,771,994.31	23,685,096.03	3,771,994.31
Overseas enterprise income tax to be offset				
Changes in fair value	40,559,557.18	6,083,933.58	60,000.00	9,000.00
Amortization of intangible assets	2,778,905.04	416,835.75	2,778,905.04	416,835.75
Others	209,136,466.00	32,481,048.52	156,312,203.34	24,557,409.11
Total	17,116,692,057.46	2,931,084,908.26	17,861,766,031.80	2,897,188,154.97

5.24.2 Deferred income tax liabilities before offset

Item	Balance as at June 30, 2019		Balance as at December 31, 2018	
	Deductible temporary difference	Deferred income tax liabilities	Deductible temporary difference	Deferred income tax liabilities
Valuation of transactional and derivative financial instruments	37,359,621.84	9,339,905.46	75,744,317.93	14,245,909.65
Changes in fair value of other financial assets included in other comprehensive income				
Depreciation of fixed assets	34,906,515.28	7,643,956.37	50,959,709.12	7,643,956.37
Others	17,412,782.97	4,353,195.75	17,412,782.97	4,353,195.75
Total	89,678,920.09	21,337,057.58	144,116,810.02	26,243,061.77

5.24.3 Details of unrecognized deferred income tax assets

Item	Balance as at June 30, 2019	Balance as at December 31, 2018
Losses that can be carried forward to the subsequent year	1,024,277,959.07	1,115,195,900.84
Provision for the impairment of assets	1,122,475,421.98	746,140,771.68
Estimated liabilities	294,982,410.37	1,077,826,995.04
Employee compensation payable	20,756,693.82	263,024,892.31
government grants		236,017,883.11
Total	2,462,492,485.24	3,438,206,442.98

5.24.4 Deductible losses of unrecognized deferred income tax assets will be expired in the following years

Year	Balance as at June 30, 2019	Balance as at December 31, 2018	Remark
2018			
2019			
2020			
2021			
2022			
2023	77,986,204.93	77,986,204.93	
2024	252,620,392.60	252,620,392.60	
2025	196,203,722.44	196,203,722.44	
2026	58,735,684.56	58,735,684.56	
2027	55,492,724.93	55,492,724.93	
2028	383,239,229.61	474,157,171.38	
Total	1,024,277,959.07	1,115,195,900.84	

5.25 Other non-current assets

Item	Balance as at June 30, 2019			Balance as at December 31, 2018		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Advance payment of project				3,981,790.00		3,981,790.00
Total				3,981,790.00		3,981,790.00

5.26 Short-term borrowings

5.26.1 Classification of short-term borrowing

Item	Balance as at June 30, 2019	Balance as at December 31, 2018
Credit borrowings	232,417,000.00	245,566,000.00
Pledged borrowings		
Total	232,417,000.00	245,566,000.00

5.26.2 There were no overdue unpaid borrowings existing in the short-term borrowings of the Company at the end of this year

5.27 Notes payable

Type	Balance as at June 30, 2019	Balance as at December 31, 2018
Bank acceptance bill	192,053,603.69	202,844,885.11
Commercial acceptance bill	1,854,240,950.32	3,349,917,946.42
Total	2,046,294,554.01	3,552,762,831.53

Remark: As at June 30, 2019, overdue unpaid notes payable amounted to RMB0.00, and the above bills will be matured within one year.

5.28 Accounts payable**5.28.1 Presentation of accounts payable**

Item	Balance as at June 30, 2019	Balance as at December 31, 2018
Within one year (including one year)	9,712,317,379.61	9,264,318,072.00
1 - 2 years	994,549,367.31	955,206,459.17
2 - 3 years	648,597,624.42	338,384,404.48
Over 3 years	1,021,135,876.16	982,279,223.29
Total	12,376,600,247.50	11,540,188,158.94

5.28.2 Significant accounts payable with aging over one year

Item	Balance as at June 30, 2019	Reasons for failure of repayment or carry-forward
Rank 1	191,097,437.41	Payment node has not been reached
Rank 2	78,328,774.78	Payment node has not been reached
Rank 3	78,000,681.27	Payment node has not been reached
Rank 4	72,432,640.19	Payment node has not been reached
Rank 5	69,955,874.93	Payment node has not been reached
Rank 6	63,872,499.50	Payment node has not been reached
Rank 7	55,697,101.69	Payment node has not been reached
Rank 8	53,347,047.14	Payment node has not been reached
Rank 9	52,587,831.77	Payment node has not been reached
Rank 10	50,692,193.55	Payment node has not been reached
Total	766,012,082.23	

5.29 Deposits from banks and other financial institutions

Item	Balance as at June 30, 2019	Balance as at December 31, 2018
Current deposit	2,965,228,318.52	2,118,000,912.49
- Corporation	2,965,228,318.52	2,118,000,912.49
Fixed deposit (including notification deposit)	1,689,625,000.00	2,675,625,000.00
- Corporation	1,615,900,000.00	2,601,900,000.00
- Other deposit (including remittances under custody and remittances outstanding)	73,725,000.00	73,725,000.00
Total	4,654,853,318.52	4,793,625,912.49

5.30 Employee compensation payable**5.30.1 Presentation of employee compensation payable**

Item	Balance as at December 31, 2018	Increase in 2019	Decrease in 2019	Balance as at June 30, 2019
Short-term compensation	332,156,744.89	1,309,843,805.06	1,299,799,011.53	342,201,538.42
Post-employment benefits - defined contribution plan	95,714,436.42	195,285,603.76	265,202,193.37	25,797,846.81
Dismissal benefits	344,713,624.34	85,077,934.81	154,246,612.46	275,544,946.69
Other benefits maturing within one year		8,584.38		8,584.38
Total	772,584,805.65	1,590,215,928.01	1,719,247,817.36	643,552,916.30

5.30.2 Presentation of short-term compensation

Item	Balance as at December 31, 2018	Increase in 2019	Decrease in 2019	Balance as at June 30, 2019
(1) Salary, bonus, allowance and subsidies	184,240,461.07	960,212,167.11	948,501,581.52	195,951,046.66
(2) Employee welfare		100,039,211.68	94,408,914.08	5,630,297.60
(3) Social insurance premiums	20,482,874.94	90,991,308.26	94,425,379.89	17,048,803.31
Including: medical insurance premium	422,358.69	69,083,458.76	69,179,302.88	326,514.57
Work-related injury insurance premium	61,494.96	7,348,948.47	7,940,667.03	-530,223.60
Maternity insurance premium	120,837.36	5,844,645.51	6,144,326.51	-178,843.64
Supplementary medical insurance	19,878,183.93	8,084,569.85	10,531,397.80	17,431,355.98
Others		629,685.67	629,685.67	
(4) Housing provident fund	6,182,108.64	118,023,909.26	117,401,534.46	6,804,483.44
(5) Labor union funds and employee education funds	121,033,623.24	32,362,243.64	36,621,152.34	116,774,714.54
(6) Labor protection expenses	5,173.00	7,045,190.50	7,050,363.50	
(7) Others	212,504.00	1,169,774.61	1,390,085.74	-7,807.13
Total	332,156,744.89	1,309,843,805.06	1,299,799,011.53	342,201,538.42

5.30.3 Presentation of defined contribution plan

Item	Balance as at December 31, 2018	Increase in 2019	Decrease in 2019	Balance as at June 30, 2019
Basic endowment insurance	6,794.78	182,527,847.34	182,055,580.17	479,061.95
Unemployment insurance premium	73.61	6,012,299.34	6,008,952.45	3,420.50
Enterprise annuity payment	95,707,568.03	6,745,457.08	77,137,660.75	25,315,364.36
Total	95,714,436.42	195,285,603.76	265,202,193.37	25,797,846.81

5.31 Taxes and surcharges payable

Taxes and surcharges	Balance as at	Balance as at
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	June 30, 2019	December 31, 2018
Value added tax	37,382,313.80	170,776,310.55
Enterprise income tax	91,377,905.36	218,557,984.94
Urban construction and maintenance tax	3,107,284.76	10,984,719.88
Property tax	4,772,563.46	321,852.62
Land use tax	631,145.06	298,434.44
Stamp duty	3,148,841.24	9,970,070.15
Individual income tax withheld or remitted	5,513,749.50	29,373,060.10
Educational surtax	842,217.23	6,945,931.38
Local educational surtax	445,241.72	4,611,618.73
Others	8,023,422.55	9,257,993.15
Total	155,244,684.68	461,097,975.94

5.32 Other payables

Item	Balance as at June 30, 2019	Balance as at December 31, 2018
Interest payable	22,240,478.48	69,676,019.71
Dividends payable	369,638,195.07	34,465,530.50
Other payables	1,773,857,353.47	1,645,728,056.57
Total	2,165,736,027.02	1,749,869,606.78

5.32.1 Interest payable

Item	Balance as at June 30, 2019	Balance as at December 31, 2018
Interest payable on short-term borrowings	6,205,849.02	6,931,999.33
Interest payable on absorption of deposits	16,034,629.46	62,744,020.38
Total	22,240,478.48	69,676,019.71

5.32.2 Dividends payable

Item	Balance as at June 30, 2019	Balance as at December 31, 2018
Ordinary share dividends	369,638,195.07	34,465,530.50
Total	369,638,195.07	34,465,530.50

Remark: On June 26, 2019, the Company convened the general meeting for 2018, in which considered and passed the After-tax Profit Distribution Plan of the Company for 2018. Based on the total share capital of 3,090,803,431 shares of the Company, a cash dividend of RMB1.10 (before-tax) per 10 shares was paid, representing a total of cash dividend of RMB339,988,377.41 (before-tax).

5.32.3 Other payables

(1) Presentation of other payables by nature

Item	Balance as at June 30, 2019	Balance as at December 31, 2018
Equity acquisition payment payable	611,737,803.39	631,936,725.39
Collection trusted	155,617,671.68	182,209,157.32
Deposit and deposit in security	302,380,567.09	253,936,410.64

Item	Balance as at June 30, 2019	Balance as at December 31, 2018
Payments payable for leasing, labor service and minor purchase	110,831,205.75	138,054,092.99
Advance funds payable	122,721,800.45	122,910,185.78
Personal social insurance payment and housing provident fund	21,303,816.18	30,451,035.46
Others	449,264,488.93	286,230,448.99
Total	1,773,857,353.47	1,645,728,056.57

(2) Other significant payables aging over one year

Item	Balance as at June 30, 2019	Reasons for failure of repayment or carry-forward
Rank 1	4,757,000.00	Not be collected temporarily
Rank 2	3,278,196.90	Not be collected temporarily
Rank 3	1,610,386.00	Not be collected temporarily
Rank 4	1,183,035.00	Not be collected temporarily
Rank 5	1,183,000.00	Not be collected temporarily

5.33 Non-current liabilities maturing within one year

Item	Balance as at June 30, 2019	Balance as at December 31, 2018
Long-term borrowings maturing within one year	16,320,000.00	16,320,000.00
Total	16,320,000.00	16,320,000.00

5.34 Other current liabilities

Item	Balance as at June 30, 2019	Balance as at December 31, 2018
Deferred income - government grants		54,508,684.30
Others	78,111,195.95	49,080,228.35
Total	78,111,195.95	103,588,912.65

5.35 Long-term borrowings**5.35.1 Classification of long-term borrowings**

Item	Balance as at June 30, 2019	Balance as at December 31, 2018
Pledged borrowings	436,122,718.36	445,764,840.00
Credit borrowings	17,100,000.00	17,100,000.00
Total	453,222,718.36	462,864,840.00

5.35.2 Analysis on the due date of long-term borrowings

Item	Balance as at June 30, 2019	Balance as at December 31, 2018
1 - 2 years	17,100,000.00	17,100,000.00
2 - 5 years		
Over 5 years	436,122,718.36	445,764,840.00
Total	453,222,718.36	462,864,840.00

5.36 Lease liabilities

Item	Balance as at June 30, 2019	Balance as at December 31, 2018
Plant and equipment	35,731,374.49	
Total	35,731,374.49	

5.37 Long-term payables

5.37.1 Presentation of long-term payables

Item	Balance as at June 30, 2019	Balance as at December 31, 2018
Long-term payables		
Special accounts payable	26,445,460.52	26,340,460.52
Total	26,445,460.52	26,340,460.52

5.37.2 Special accounts payable

Item	Balance as at December 31, 2018	Increase in 2019	Decrease in 2019	Balance as at June 30, 2019	Formation reason
Refund of import tariff and value-added tax					
Energy saving and emission reduction funds in the central state-owned capital management budget	140,000.00			140,000.00	
Allocation for AC Drive Project of Urban Light Rail Vehicles	100,000.00			100,000.00	
Financial appropriation	560,000.00			560,000.00	
Three line tax rebate	20,069,900.00			20,069,900.00	
Funds of three for one business	4,920,000.00			4,920,000.00	
CAP1400 research fee for mid-technology of reactor internal components	550,560.52			550,560.52	
Special fund for scientific research		105,000.00		105,000.00	
Total	26,340,460.52	105,000.00		26,445,460.52	

5.38 Long-term employee compensation payable

Item	Balance as at June 30, 2019	Balance as at December 31, 2018
I. Post-employment benefit - net liabilities of defined benefit plans		
II. Dismissal welfare	861,434,826.16	837,303,270.07
III. Other long-term welfare		
Total	861,434,826.16	837,303,270.07

5.39 Estimated liabilities

Item	Balance as at June 30, 2019	Balance as at December 31, 2018	Forming reason
Onerous contract	2,899,240,361.62	3,115,764,431.88	Unexecuted loss contract and anticipated future loss in execution
Pending litigation	393,532,533.02	495,526,411.78	Expected tax, late fee, fines and other litigation expenditures due to disputes between project

			companies and local tax authorities over property tax collection
Product quality assurance	2,310,425,579.80	2,198,094,022.07	Projected expenditure for product quality assurance
Others	380,678,985.73	326,721,200.64	Expected delay fine
Total	5,983,877,460.17	6,136,106,066.37	

5.40 Deferred income

Item	Balance as at December 31, 2018	Increase in 2019	Decrease in 2019	Balance as at June 30, 2019	Forming reason
Government grants	444,014,801.58	27,275,912.25		471,290,713.83	
Total	444,014,801.58	27,275,912.25		471,290,713.83	

Items involving government grants

Liability item	Balance as at December 31, 2018	New subsidy in 2019	Amount included in the current profit or loss at the current period	Amount included in the non-operating income at the current year	Other changes	Balance as at June 30, 2019	Related to assets/ income
Refund of value-added tax of three-line enterprises	213,345,598.27		13,693,256.28		-26,403,965.52	226,056,307.51	Related to assets
Supporting payment for infrastructure construction	125,750,000.00		1,333,333.34			124,416,666.66	Related to assets
Scientific research grants	17,604,381.07	1,338,570.88	501,194.44		-265,500.00	18,707,257.51	Related to assets
Grants for technical reform	3,820,000.00					3,820,000.00	Related to assets
Financial subsidies	2,235,216.67	308,550.00	154,275.00		0.00	2,389,491.67	Related to assets
Other grants	10,909,250.88	750,291.80			992,000.00	10,667,542.68	Related to assets
Scientific research grants	52,425,698.77	3,707,100.00	15,801,008.64	564,000.00	-22,506,826.60	62,274,616.73	Related to income
Others	17,924,655.92	4,630,986.43	30,911.54		-434,100.26	22,958,831.07	Related to income
Total	444,014,801.58	10,735,499.11	31,513,979.24	564,000.00	-48,618,392.38	471,290,713.83	

Remark: Refund of value-added tax of three-line enterprises mentioned above referred to the refund of value-added tax of three-line enterprises received by DTC, DBC and DFEM during the period from January 1, 2006 to December 31, 2008 in accordance with the Circular on Issues concerning Taxation Policies of Three-line Enterprises during the Period of "Tenth Five-Year Plan" (CS [2001] No. 133) issued by the Ministry of Finance and the State Administration of Taxation, and the Circular on the Policy of Refund after Collection of Value-added Tax of Three-line Enterprises (CS [2006] No. 166) issued by the Ministry

of Finance and the State Administration of Taxation. According to the specific usage of the refund of value-added tax of three-line enterprises, the Company divided such refund into asset-related-related government grants and income-related government grants to carry out separate accounting treatment.

The Company receives infrastructure subsidies from government for its ongoing projects, such as soft foundation of Dongfang Electric (Tianjin) Wind Power Technology Co., Ltd., infrastructure of DEC Dongfang Steam Turbine Co., Ltd.. The Company classified those subsidies as government grants related to assets, and amortizes the government grants into non-operating revenue during the useful life of related assets.

5.41 Capital stock

Item	Balance as at December 31, 2018	Changes in 2019 ("+" for increase and "-" for decrease)					Balance as at June 30, 2019
		New shares issued	Share donation	Conversion of reserves into share	Others	Sub-total	
Unlimited conditional shares							
A-share	1,996,900,368.00						1,996,900,368.00
H-share	340,000,000.00						340,000,000.00
Total of unlimited conditional shares	2,336,900,368.00						2,336,900,368.00
Limited conditional shares							
A-share	753,903,063.00						753,903,063.00
H-share							
Total of limited conditional shares	753,903,063.00						753,903,063.00
Total shares	3,090,803,431.00						3,090,803,431.00

5.42 Capital reserves

Item	Balance as at December 31, 2018	Increase in 2019	Decrease in 2019	Balance as at June 30, 2019
Capital premium (capital stock premium)	11,251,874,281.59			11,251,874,281.59
Other capital reserves				
Total	11,251,874,281.59			11,251,874,281.59

5.43 Other comprehensive income

Item	Balance as at December 31, 2018	Amount for the Period					Balance as at June 30, 2019
		Pre-tax amount incurred in the period	Less: amount included in other comprehensive income in prior period and transferred in the current profit or loss	Less: Deferred income tax assets	After-tax income attributable to the parent company	After-tax amount attributable to non-controlling shareholders	
1. Other comprehensive income that will not be reclassified to profit or loss	-81,914.82						-81,914.82
Including: change from re-measurement of defined benefit plan							
Other comprehensive income that will not be reclassified to profit or loss under equity method							
Change in fair value of other investments in equity instruments	-81,914.82						-81,914.82
Change in fair value of the credit risk of the Company							
Other changes							
2. Other comprehensive income that will be classified into profits or losses	-33,318,553.18	2,630,247.87			2,609,900.25	20,347.62	-30,708,652.93
Including: other comprehensive income that may be transferred to profit or loss under equity method							
Change in fair value of other equity investments							
Profit or loss on change in fair value of available for sale financial assets							
Amount of financial assets reclassified to other comprehensive income							
Gain or loss on held-to-maturity investments reclassified to available-for-sale financial assets							
Provision for credit impairment of other equity investments							
Reserves for cash flows hedges (effective part of hedging gains and losses from cash flows)							
Translation differences of foreign currency financial statements	-33,318,553.18	2,630,247.87			2,609,900.25	20,347.62	-30,708,652.93
Other changes							
Total of other comprehensive income	-33,400,468.00	2,630,247.87			2,609,900.25	20,347.62	-30,790,567.75

5.44 Special reserve

Item	Balance as at December 31, 2018	Increase in the period	Decrease in the period	Balance as at June 30, 2019
Work safety expenses	79,395,179.18	33,590,207.44	21,019,117.07	91,966,269.55
Total	79,395,179.18	33,590,207.44	21,019,117.07	91,966,269.55

Remark: The increase in the special reserves of the company for the period referred to the work safety expenses provided in accordance with the Circular on Issuing the Administrative Measures for the Withdrawal and Use of Work Safety Expenses of Enterprises (CQ [2012] No. 16) issued by the Ministry of Finance and the State Administration of Work Safety.

5.45 Surplus reserve

Item	Balance as at December 31, 2018	Increase in the period	Decrease in the period	Balance as at June,30 2019
Statutory surplus reserve	871,273,166.80			871,273,166.80
Discretionary surplus reserve				
Reserve funds				
Enterprise development funds				
Others				
Total	871,273,166.80			871,273,166.80

5.46 Retained profits

Item	This period	Last period
Retained profits at the end of the previous period before adjustment	13,324,105,405.23	12,096,965,958.72
Total adjustments to retained profits at the beginning of the year (+ for increase and - for decrease)		194,664,454.64
Retained profits at the beginning of the year after adjustment	13,324,105,405.23	12,291,630,413.36
Plus: net profit attributable to owners of the parent company in current period	729,692,676.27	534,714,441.13
Less: Appropriation of statutory surplus reserve		
Appropriation of discretionary surplus reserve		
Appropriation of general risk reserve		
Dividend payable for ordinary shares	339,988,377.41	
Ordinary share dividends transferred to share capital		
Other decreases		
Retained profits at the end of the period	13,713,809,704.09	12,826,344,854.49

5.47 Non-controlling shareholders' equity

Subsidiary	Proportion of minority interest (%)	Amounts as at June 30, 2019	Amounts as at December 31, 2018
Dongfang (Guangzhou) Heavy Machinery Co., Ltd.	34.82	592,889,914.38	593,503,211.24
Dongfang Electric Corporation Dongfang Motor Co., Ltd.	8.14	448,747,807.95	440,692,795.56
Dongfang Electric Corporation Dongfang Turbine Co., Ltd.	5.61	321,969,488.39	312,567,908.99

Dongfang Electric Corporation Dongfang Boiler Co., Ltd.	3.21	200,454,214.78	198,075,323.11
Dongfang Electric Corporation Finance Co., Ltd. (東方電氣集團財務有限公司)	5.00	158,215,677.71	150,360,942.27
Chengdu Dongfang KWH Environmental Protection Catalysts Co., Ltd.	38.58	117,711,905.28	110,001,784.33
Shenzhen Dongfang Boiler Control Co., Ltd.	49.00	85,597,038.61	82,073,279.91
Dongfang Electric (Wuhan) Nuclear Equipment Co., Ltd.	33.00	64,753,695.85	62,586,495.74
Nam Mang 1 Power Company Limited	25.00	58,943,553.39	58,943,553.39
Dongfang Hitachi (Chengdu) Electric Control Equipments Co., Ltd. (東方日立(成都)電控設備有限公司)	49.00	54,022,285.25	49,715,456.68
Dongfang Electric (Tianjin) Wind Blade Engineering Co., Ltd.	15.00	43,722,804.62	43,180,852.64
DeYang DongFang Aberle System Corporation Limited	16.24	7,204,163.05	7,195,371.74
Dongfang Electric Automatic Control Engineering Co., Ltd.	0.15	1,081,769.32	960,643.24
Dongfang Electric Machinery Venezuela Co., Ltd. (東方電機委內瑞拉有限責任公司)	1.00	0.04	0.57
Total		2,155,314,318.62	2,109,857,619.41

5.48 Net current assets

Item	Amounts as at June 30, 2019	Amounts as at December 31, 2018
Current assets	66,369,466,613.47	73,555,695,740.68
Less: current liabilities	47,365,745,050.94	52,696,548,302.26
Net current assets	19,003,721,562.53	20,859,147,438.42

5.49 Total assets less current liabilities

Item	Amounts as at June 30, 2019	Amounts as at December 31, 2018
Total assets	86,363,335,265.95	91,323,329,417.78
Less: current liabilities	47,365,745,050.94	52,696,548,302.26
Total assets less current liabilities	38,997,590,215.01	38,626,781,115.52

5.50 Debit and credit

5.50.1 Information of debit and credit of the Company is as bellow

Item	Amounts as at June 30, 2019	Amounts as at December 31, 2018
Short-term loans	232,417,000.00	245,566,000.00
Non-current liabilities due within one year	16,320,000.00	16,320,000.00
Long-term borrowing	453,222,718.36	462,864,840.00
Total	701,959,718.36	724,750,840.00

5.50.2 Analysis on debit and credit

Item	Amounts as at June 30, 2019	Amounts as at December 31, 2018
Bank borrowings	645,972,718.36	668,763,840.00

Including: Borrowings must be repaid within five years	209,850,000.00	222,999,000.00
Subtotal	645,972,718.36	668,763,840.00
Other borrowings and payables	55,987,000.00	55,987,000.00
Total	701,959,718.36	724,750,840.00

5.50.3 Analysis on the debit and credit on the due date

Item	Amounts as at June 30, 2019	Amounts as at December 31, 2018
Repayable on demand or within 1 year	248,737,000.00	261,886,000.00
1-2 years	17,100,000.00	17,100,000.00
2-5 years		
Over 5 years	436,122,718.36	445,764,840.00
Total	701,959,718.36	724,750,840.00

5.51 Operating revenue and operating costs

5.51.1 Operating revenue and operating costs

Item	Amount for the period		Amount for the same period of the previous year	
	Revenue	Cost/interest expenses/fees and commissions expenses	Revenue	Cost/interest expenses/fees and commissions expenses
Primary business	15,131,864,131.73	11,861,171,565.55	15,961,613,257.50	13,448,633,331.37
Other business	178,027,256.12	132,737,490.58	172,432,183.29	78,179,943.22
Interest income	531,274,212.32	40,719,217.85	435,851,468.51	36,685,455.96
Fees and commissions income		594,693.41	6,914,733.94	599,613.51
Total	15,841,165,600.17	12,035,222,967.39	16,576,811,643.24	13,564,098,344.06

5.51.2 Revenue arising from contracts

Segments and products	Operating revenue		Operating costs	
	Amount for the period	Amount for the same period of the previous year	Amount for the period	Amount for the same period of the previous year
High-efficiency clean energy equipment	8,710,411,128.52	9,996,033,538.09	6,741,743,233.55	8,477,464,963.86
Including: Thermal power	6,328,372,460.29	8,043,613,382.03	4,946,396,519.25	6,898,325,156.97
Nuclear power	1,107,716,614.84	1,442,307,166.13	883,098,497.27	1,193,655,837.73
Gas turbine	1,274,322,053.39	510,112,989.93	912,248,217.03	385,483,969.16
Renewable energy equipment	2,581,451,833.10	2,193,903,152.90	2,228,120,822.21	1,906,062,370.69
Including: Hydropower	950,011,183.15	597,698,475.30	848,804,403.82	529,195,809.85
Wind power	1,550,817,265.34	1,543,933,498.11	1,304,505,991.48	1,310,384,744.61
Engineering and trade	1,314,457,623.64	1,807,374,306.86	1,070,388,829.60	1,698,104,038.58
Including: Total contract of projects	836,134,041.48	1,606,741,993.26	700,761,548.80	1,545,612,364.59
Modern manufacturing services	1,877,141,526.89	1,371,147,467.09	937,937,387.03	554,393,073.59
Including: Power station services	1,042,419,592.75	669,227,041.28	644,329,100.80	352,922,879.09
Financial services	531,274,212.32	442,766,202.45	41,313,911.26	37,285,069.47
Emerging growth industry	1,357,703,488.02	1,208,353,178.30	1,057,032,695.00	928,073,897.34
Total	15,841,165,600.17	16,576,811,643.24	12,035,222,967.39	13,564,098,344.06

5.52 Tax and levies

Item	Amount for the period	Amount for the same period of the previous year
Urban construction and maintenance tax	33,974,744.54	55,113,018.09
Property tax	40,532,906.90	42,424,687.86
Educational surtax	14,570,582.49	23,631,033.34
Stamp duty	9,891,857.60	11,520,158.61
Land use tax	22,186,532.93	22,172,403.98
Local educational surtax	9,695,064.89	15,724,570.94
Others	2,386,055.39	6,275,485.90
Total	133,237,744.74	176,861,358.72

5.53 Selling and distribution expenses

Item	Amount for the period	Amount for the same period of the previous year
Selling service fee	223,925,970.59	270,857,411.05
Employee compensation payable	116,657,749.72	114,415,050.20
Travel expenses	26,607,434.90	23,959,491.06
Others	93,869,998.21	42,771,255.88
Total	461,061,153.42	452,003,208.19

5.54 General and administrative expenses

Item	Amount for the period	Amount for the same period of the previous year
Employee compensation payable	490,549,455.60	685,184,752.86
Insurance	210,776,606.17	106,502,385.18
Maintenance fee	120,153,684.63	75,052,535.03
Depreciation	75,939,164.55	96,243,938.00
Work safety expenses	36,804,181.70	29,010,866.46
Lease expenses	52,791,755.47	28,765,727.00
Travel expenses	24,672,233.02	27,374,470.44
Others	133,016,041.06	109,744,593.45
Total	1,144,703,122.20	1,157,879,268.42

5.55 Research and development expenses

Item	Amount for the period	Amount for the same period of the previous year
Employee compensation payable	369,547,873.34	195,704,056.46
Material expenses	163,106,120.89	55,609,369.04
External appointment expenses	43,809,083.41	23,190,144.50
Depreciation	42,429,150.39	23,172,828.24
Test and inspection, quality appraisal fee	33,453,184.48	28,176,664.23
Others	133,587,344.76	105,691,197.31

Total	785,932,757.27	431,544,259.78
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5.56 Financial expenses

Item	Amount for the period	Amount for the same period of the previous year
Interest expenses	16,965,368.96	18,118,044.88
Less: Interest income	41,526,780.39	80,353,611.52
Gains or losses on exchange	-2,489,832.42	-66,404,013.65
Service charge of financial institution	12,063,961.86	15,002,302.90
Cash discount	-20,514,619.71	-42,677,083.55
Others	5,204,407.34	1,551,070.59
Total	-30,297,494.36	-154,763,290.35

5.56.1 Breakdown of interest expenses

Item	Amount for the period	Amount for the same period of the previous year
Bank borrowings and overdraft interest	16,835,693.96	16,651,534.88
Bill discounting interest		
Others	129,675.00	1,466,510.00
Subtotal	16,965,368.96	18,118,044.88
Less: capitalized interest		
Total	16,965,368.96	18,118,044.88

5.56.2 Breakdown of interest income

Item	Amount for the period	Amount for the same period of the previous year
Interest income from bank deposits	41,312,980.12	79,146,953.40
Others	213,800.27	1,206,658.12
Total	41,526,780.39	80,353,611.52

5.57 Other gains

Subsidy	Amount for the period	Amount for the same period of the previous year	Related to asset/income
Refund of value-added tax of three-line enterprises	13,693,256.28	13,055,062.31	Related to asset
Scientific research grants		11,760.68	Related to asset
Scientific research grants	10,974,959.36	5,416,152.13	Related to income
Financial subsidies	154,275.00	154,275.00	Related to asset
Tax refund	759,606.75	4,021,476.75	Related to income
Other grants	1,834,527.78	132,750.00	Related to asset
Other grants	7,776,376.50	2,697,931.28	Related to income
Total	35,193,001.67	25,489,408.15	

5.58 Investment income

Item	Amount for the period	Amount for the same period of the previous year
Long-term equity investment income calculated by the equity method	101,336,724.54	78,004,294.85
Investment income from the disposal of long-term equity investments		
Investment income from financial assets held for trading during the holding period	7,994,389.70	
Investment income from financial assets measured at fair value through the current profit or loss incurred during the holding period		
Investment income from the disposal of financial assets held for trading	35,433,162.17	43,398,055.66
Investment income from the disposal of financial assets measured at fair value through the current profit or loss		4,161,000.00
Interest income from debt investments during the holding period	3,489,311.57	12,942,524.55
Investment income from available-for-sale financial assets during the holding period		
Investment income from the disposal of debt investments	2,369,792.81	6,504,576.94
Investment income from the disposal of available-for-sale financial assets		
Interest income from other debt investments during the holding period		
Investment income from held-to-maturity investments during the holding period		
Investment income from the disposal of other debt investments		
Dividends from other equity investments during the holding period		20,000.00
Investment income from the disposal of other equity investments		
Investment income from other non-current financial assets during the holding period		
Investment income from the disposal of other non-current financial assets		
Gains from the remaining equities re-measured at the fair value after the loss of the right of control		
Investment income from the disposal of disposed asset portfolio constituting the business		
Total	150,623,380.79	145,030,452.00

5.59 Foreign exchange gains

Item	Amount for the period	Amount for the same period of the previous year
Foreign exchange business income	407,997.15	468,880.04
Foreign exchange business expenses		
Total	407,997.15	468,880.04

5.60 Gains from changes in fair values

Sources	Amount for the period	Amount for the same period of the previous year
Financial assets measured at fair value through the current profit or loss		
Financial assets held for trading	-78,884,253.33	-8,276,082.08

Sources	Amount for the period	Amount for the same period of the previous year
Financial liabilities measured at fair value through the current profit or loss		
Total	-78,884,253.33	-8,276,082.08

5.61 Credit impairment loss (Loss is indicated by “-”)

Item	Amount for the period	Amount for the same period of the previous year
Notes receivable and accounts receivable, loss on bad debts of contract assets	-194,885,504.39	-324,611,153.73
Loss on bad debts of other receivable	23,336,100.65	-14,463,862.65
Impairment loss on credit assets	-23,474,699.41	-21,506,082.46
Impairment loss on debt investments	2,419,602.00	-8,747,425.00
Loss on bad debts of long-term receivables	16,472,908.34	1,479,459.50
Total	-176,131,592.81	-367,849,064.34

5.62 Impairment loss of assets (Loss is indicated by “-”)

Item	Amount for the period	Amount for the same period of the previous year
Loss on inventory depreciation and impairment of contract performance cost	-322,873,935.75	-79,460,325.47
Impairment loss on fixed assets	-24,927,401.53	
Total	-347,801,337.28	-79,460,325.47

5.63 Gains from disposal of assets

Item	Amount for the period	Amount for the same period of the previous year	Amount included in non-recurring profit or loss in the current period
Gains from disposal non-current assets	1,200,600.28	779,505.43	1,200,600.28
Total	1,200,600.28	779,505.43	1,200,600.28

5.64 Non-operating income

Item	Amount for the period	Amount for the same period of the previous year	Amount included in non-recurring profit or loss in the current period
Gains from the disposal of non-current assets	27,449.28		27,449.28
Including: gains from retirement of fixed assets	27,449.28		27,449.28
Gains from government grants	2,846,488.88	18,462,441.76	2,846,488.88
Gains from debt restructuring		1,000,180.00	
Various compensation income for breach of contract	4,411,460.20	5,115,338.26	4,411,460.20
Others	28,836,207.09	20,019,988.62	28,836,207.09
Total	36,121,605.45	44,597,948.64	36,121,605.45

Government grants included in the non-operating income

Item	Amount for the period	Amount for the same period of the previous year	Related to asset/income
VAT refund for the third line enterprises		2,425,376.86	Related to asset
Government funding for scientific research	145,000.00	252,440.00	Related to income
Tax refunds	30,687.58		Related to income
Free-of-charge funding	136,000.00	138,250.00	Related to income
Other funding		3,829,000.00	Related to asset
Other funding	2,534,801.30	11,817,374.90	Related to income
Total	2,846,488.88	18,462,441.76	

5.65 Non-operating expenses

Item	Amount for the period	Amount for the same period of the previous year	Amount included in non-recurring profit or loss in the current period
Losses on disposal of non-current assets	128,021.36		128,021.36
Including: losses from retirement of fixed assets	128,021.36		128,021.36
Losses on debt restructuring	508,830.46	39,583.00	508,830.46
Donation expenses	3,700,000.00	110,086.00	3,700,000.00
Expected contract losses		55,757,882.85	
Expenditure on indemnity, liquidated damages and outlay	7,083,898.38	16,598,429.27	7,083,898.38
Others	2,635,741.72	4,886,046.59	2,635,741.72
Total	14,056,491.92	77,392,027.71	14,056,491.92

5.66 Income tax expenses

5.66.1 Table of income tax expenses

Item	Amount for the period	Amount for the same period of the previous year
Current income tax expenses	173,152,950.72	137,383,404.32
Including: China	173,152,950.72	137,373,308.03
India		
Other regions		10,096.29
Deferred income tax expenses	-41,294,675.91	-59,126,602.57
Total	131,858,274.81	78,256,801.75

5.66.2 Reconciliation process of accounting profit and income tax expenses

Item	Amount for the period
Total profit	917,978,259.51
Income tax calculated at the statutory tax rate	256,939,787.31
Effect of tax payment of tax-exempt income	-48,146,792.98
Tax payment effect of non-deductible expenses	3,021,453.28
Tax preference	-45,051,067.91
Including: Additional deduction in R&D expenses	-40,597,568.05
Income tax subject to reduction and exemption	-4,453,499.86

Item	Amount for the period
Tax payment effect of unrecognized deductible losses and deductible temporary difference	-8,658,691.76
Tax exemption effect of special tax	
Effect of the inconsistency in tax rate of the Company	-21,084,370.12
Tax payment effect of adopting the unrecognized deductible losses and deductible temporary difference in previous years	-26,911,973.68
Difference in the final settlement for the previous year	21,749,930.67
Income tax expenses	131,858,274.81

5.67 Items in the statement of cash flows

5.67.1 Cash received from other operating activities

Item	Amount for the period	Amount for the same period of the previous year
Interest income	40,605,889.51	399,716,705.94
Government grants	15,979,086.24	17,577,327.51
Security deposit	279,551,207.70	258,336,299.20
Amounts received on behalf of others	34,436,777.32	122,703,603.70
Financial assets purchased under resale agreements		693,102,530.18
Recovery of loans to banks and other financial institutions	54,997,600.00	
Cash from operating lease	37,638,552.04	3,679,117.41
Revolving funds for purchasing house and deposit in security	37,808,337.36	509,921.68
Others	37,304,584.17	155,793,291.69
Total	538,322,034.34	1,651,418,797.31

5.67.2 Cash paid for other operating activities

Item	Amount for the period	Amount for the same period of the previous year
Operating expenses	686,698,936.75	1,023,273,091.31
Payment of security deposit	156,696,131.22	97,956,516.42
Payment of petty cash	24,363,187.93	19,274,935.64
Financial assets purchased under resale agreements	1,462,733,758.96	
Others	136,020,818.71	10,159,732.28
Total	2,466,512,833.57	1,150,664,275.65

5.67.3 Cash paid for other investing activities

None.

5.67.4 Cash received from other financing activities

None.

5.67.5 Cash paid for other financing activities

None.

5.68 Supplementary information to statement of cash flows

5.68.1 Supplementary information to statement of cash flows

Supplementary information	Amount for the period	Amount for the same period of the previous year
1. Net profit adjusted to cash flows from operating activities		
Net profit	786,119,984.70	554,320,387.33
Add: provision for assets impairment	347,801,337.28	79,460,325.47
Credit impairment loss	176,131,592.81	367,849,064.34
Depreciation of investment properties and fixed assets	398,826,429.39	419,221,519.07
Amortization of intangible assets	34,218,811.57	40,488,448.10
Amortization of long-term deferred expenses	26,119,516.70	34,999.98
Losses from disposal of fixed assets, intangible assets and other long-term assets (gain is indicated by "-")	-1,200,600.28	-1,855,804.48
Losses from retirement of fixed assets (gain is indicated by "-")	100,572.08	373,439.83
Losses from changes in fair value (gain is indicated by "-")	78,884,253.33	8,276,082.08
Financial expenses (gain is indicated by "-")	-23,004,452.13	-48,296,020.97
Investments losses (gain is indicated by "-")	-150,623,380.79	-145,030,452.00
Decreases in deferred income tax (increase is indicated by "-")	-33,896,753.29	-67,582,249.58
Increase in deferred tax liabilities (decrease is indicated by "-")	-4,906,004.19	-3,479,173.87
Decrease in inventories (increase is indicated by "-")	1,328,341,946.70	1,039,455,683.96
Decreases in operating receivables (increase is indicated by "-")	-558,039,754.46	2,812,670,912.13
Increase in operating payables (decrease is indicated by "-")	-5,654,687,111.28	-4,308,532,429.24
Others		
Net cash flows from operating activities	-3,249,813,611.86	747,374,732.15
2. Significant investing and financing activities not-involving cash receipts and payments		
Conversion of debt into capital		
Convertible corporate bonds maturing within one year		
Fixed assets under financial lease		
3. Net change in cash and cash equivalents		
Balance of cash as at June 30, 2019	22,438,325,739.12	29,968,696,403.15
Less: Balance of cash as at December 31, 2018	26,899,627,194.15	28,847,748,952.33
Add: Balance of cash equivalents as at June 30, 2019		
Less: Balance of cash equivalents as at December 31, 2018		
Net increase in cash and cash equivalents	-4,461,301,455.03	1,120,947,450.82

5.68.2 Net cash paid to or received from subsidiaries

Nil.

5.68.3 Net cash received from the disposal of subsidiaries

Nil.

5.68.4 Breakdown of cash and cash equivalents

Item	Balance as at June 30, 2019	Balance as at January 1, 2019
I. Cash	22,438,325,739.12	26,899,627,194.15
Including: cash on hand	2,138,685.93	1,614,922.27
Unrestricted bank deposit	3,996,221,493.34	3,995,022,938.44
Other unrestricted monetary funds	166,155,705.29	238,505,558.77
Unrestricted deposits in central bank	65,571,406.54	961,150,461.18
Deposits in banks and other financial institutions	18,208,238,448.02	21,703,333,313.49
Loans from banks and other financial institutions		
II. Cash equivalents		
Including: bond investments maturing within three months		
III. Balance of cash and cash equivalents as at June 30, 2019	22,438,325,739.12	26,899,627,194.15
Including: cash and cash equivalents with restricted use right by parent company or subsidiaries of the Group		

5.69 Assets with restrictions on the ownership or use right

Item	Book value as at June 30, 2019	Reason for restriction
Cash and cash equivalents	1,933,991,427.37	Deposit, reserve and security deposits in central bank
Long-term equity investments	86,911,053.60	Equity pledge (Refer to 13. Commitments and contingencies (II) 1. (3) The Company provides guarantee for other units)
Intangible assets	558,395,647.69	Mortgage borrowings
Total	2,579,298,128.66	

5.70 Foreign currency monetary items

Item	Balance in foreign currency as at June 30, 2019	Exchange rate of conversion	Balance of RMB converted as at June 30, 2019
Cash and cash equivalents			4,448,674,247.46
Including: USD	621,409,851.57	6.8747	4,271,980,041.77
EUR	6,041,623.59	7.8181	47,233,779.16
HKD	35,636.22	0.8797	31,349.18
JPY	62,505,790.00	0.0638	3,988,869.48
GBP	1.10	8.7091	9.58
INR	230,413,862.01	0.0996	22,938,856.96
PKR	100,159,775.03	0.0018	175,811.40
VND	2,021,921,879.77	0.0004	727,496.69
ETB	348,311,686.40	0.2375	82,713,576.17
NPR	10,641,799.81	0.0620	660,110.84
LKR	13,186,858.19	0.0389	512,441.31
BDT	6,834,913.55	0.0812	554,789.93
YTL	25,246.86	1.1849	29,914.50
MVR	36,275.03	0.4461	16,183.02
BAM	3,230,601.84	3.9904	12,891,458.20
CAD	7.13	5.2496	37.43
SEK	342,692.04	0.7413	254,037.61
Others			3,965,484.23

Item	Balance in foreign currency as at June 30, 2019	Exchange rate of conversion	Balance of RMB converted as at June 30, 2019
Accounts receivable			683,232,100.12
Including: USD	92,058,092.12	6.8747	632,871,765.91
EUR	6,106,975.32	7.8181	47,744,943.74
INR	26,214,010.74	0.0996	2,610,915.47
THB	20,000.00	0.2238	4,475.00
Other receivables			123,095,534.71
Including: USD	7,686,820.55	6.8747	52,844,585.21
EUR	1,010,774.84	7.8181	7,902,338.76
INR	7,314,609.04	0.0996	728,535.06
VND	30,399,197,800.00	0.0004	12,159,679.12
BAM	9,861,826.11	3.9904	39,352,630.90
SEK	13,303,782.52	0.7413	9,862,093.98
Others			245,671.68
Accounts payable			374,712,940.32
Including: USD	37,482,611.16	6.8747	257,681,706.95
EUR	4,789,797.29	7.8181	37,447,114.19
HKD	15,341,820.04	0.8797	13,496,199.09
JPY	554,450,895.92	0.0638	35,373,967.16
CAD	1,162,381.34	5.2496	6,102,037.08
BAM	534,081.80	3.9904	2,131,200.00
GBP	156,047.14	8.7091	1,359,030.12
SEK	1,319,390.87	7.0388	9,286,928.44
INR	69,006,446.59	0.0996	6,873,042.08
PKR	44,534,177.78	0.0018	80,161.52
VND	9,701,384,225.00	0.0004	3,880,553.69
Others			1,001,000.00
Other payables			155,999,309.72
Including: USD	14,052,567.40	6.8747	96,607,185.13
EUR	125,496.09	7.8181	981,140.98
HKD	17,867.20	0.8797	15,717.78
INR	66,868,511.85	0.0996	6,660,103.78
PKR	118,048,138.89	0.0018	212,486.65
VND	19,917,089,400.00	0.0004	7,966,835.76
BAM	9,353,751.67	3.9904	37,325,210.67
Others			6,230,628.97

6. Changes in the scope of combination

6.1 Business combination under common control

None.

6.2 Disposal of subsidiaries

None.

7. Equity in other entities

7.1 Equity in subsidiaries

7.1.1 Structure of the enterprise group

Subsidiary	Main business place	Registration place	Business nature	Shareholding ratio (%)		Method of acquisition
				Direct	Indirect	
Dongfang Electric Corporation Dongfang Turbine Co., Ltd.	Deyang, Sichuan	Deyang, Sichuan	Production	94.39		Established by investment
Sichuan East New Materials Co., Ltd.	Deyang, Sichuan	Deyang, Sichuan	Production		47.54	Business combination under common control
Dongfang Electric Corporation Dongfang Boiler Co., Ltd.	Zigong, Sichuan	Zigong, Sichuan	Production	96.79		Established by investment
Chengdu Dongfang KWH Environmental Protection Catalysts Co., Ltd.	Chengdu, Sichuan	Chengdu, Sichuan	Specific Pharmaceutical and medicine manufacturing industry		61.42	Established by investment
Shenzhen Dongfang Boiler Control Co., Ltd.	Shenzhen	Shenzhen	General equipment manufacturing industry		51.00	Established by investment
Dongfang Electric Corporation Dongfang Motor Co., Ltd.	Deyang, Sichuan	Deyang, Sichuan	Production	91.86		Established by investment
Dongfang Electrical Machinery Control Equipment Co., Ltd.	Deyang, Sichuan	Deyang, Sichuan	Production		100.00	Established by investment
Dongfang Electric Machinery Venezuela Co., Ltd. (東方電機委內瑞拉有限責任公司)	Venezuela	Venezuela	Project Service		99.00	Established by investment
Dongfang(Guangzhou) Heavy Machinery Co., Ltd.	Guangzhou Guangdong	Guangzhou Guangdong	Production	51.05	14.14	Established by investment
Dongfang Electric (Wuhan) Nuclear Equipment Co., Ltd.	Wuhan, Hubei	Wuhan, Hubei	Production	67.00		Established by investment
Dong Fang Electric (India) Private Limited	Kolkata, India	Kolkata, India	Production	100.00		Established by investment
Dongfang Electric Indonesia	Jakarta, Indonesia	Jakarta, Indonesia	Service	100.00		Established by investment
Dongfang Electric Wind Power Co., Ltd.	Deyang, Sichuan	Deyang, Sichuan	Production	45.12	54.88	Established by investment
Dongfang Electric (Tianjin) Wind Power Technology Co., Ltd.	Tianjin	Tianjin	Production		100.00	Established by investment

Subsidiary	Main business place	Registration place	Business nature	Shareholding ratio (%)		Method of acquisition
				Direct	Indirect	
Dongfang Electric (Tianjin) Wind Blade Engineering Co., Ltd.	Tianjin	Tianjin	Production		85.00	Established by investment
Dongfang Electric Wind Power (Liangshan) Co., Ltd.	Liangshan, Sichuan	Liangshan, Sichuan	Production		100.00	Established by investment
Dongfang Electric Corporation Finance Co., Ltd. (東方電氣集團財務有限公司)	Chengdu, Sichuan	Chengdu, Sichuan	Finance	95.00		Business combination under common control
Dongfang Electric Group International Cooperation Co., Ltd.	Chengdu, Sichuan	Chengdu, Sichuan	International trade	100.00		Business combination under common control
Nam Mang 1 Power Company Limited	Vientiane, Laos	Vientiane, Laos	Power supply		75.00	Business combination under common control
DEC (Chengdu) Engineering Design and Consultation Company Limited	Chengdu, Sichuan	Chengdu, Sichuan	Consulting services		100.00	Business combination under common control
DeYang Dongfang Aberle Sysrem Corporation Limited	Mianzhu, Sichuan	Mianzhu, Sichuan	Machine Manufacturing		83.76	Business combination under common control
Dongfang Electric Automatic Control Engineering Co., Ltd.	Deyang, Sichuan	Deyang, Sichuan	Generator set manufacturing	50.27	49.58	Business combination under common control
Dongfang Hitachi (Chengdu) Electric Control Equipments Co., Ltd. (東方日立(成都)電控設備有限公司)	Chengdu, Sichuan	Chengdu, Sichuan	Production		51.00	Business combination under common control
DEC (Sichuan) Trading Co., Ltd. (東方電氣集團(四川)貿易有限公司)	Chengdu, Sichuan	Chengdu, Sichuan	Circulation of Goods	100.00		Business combination under common control
DEC Bulk Logistic Co., Ltd.	Chengdu, Sichuan	Chengdu, Sichuan	Transportation	100.00		Business combination under common control
DEC Chengdu Smart Energy Co., Ltd. (東方電氣集團成都智能科技有限公司)	Chengdu, Sichuan	Chengdu, Sichuan	Technology services	100.00		Business combination under common control
Dongfang Electric (Chengdu) Hydrogen Fuel Cell Technology Co., Ltd. (東方電氣(成都)氫燃料電池科技有限公司)	Chengdu, Sichuan	Chengdu, Sichuan	Technology services	100.00		Business combination under common control

7.1.2 Major non-wholly-owned subsidiaries

Subsidiary	Shareholding ratio of non-controlling shareholders	Profit or loss attributable to non-controlling shareholders in the Period	Dividends declared to be distributed to non-controlling shareholders in the Period	Balance of non-controlling interest as at June 30, 2019
Dongfang Electric Corporation Dongfang Turbine Co., Ltd.	5.61%	9,401,579.40		321,969,488.39
Dongfang Electric Corporation Dongfang Boiler Co., Ltd.	3.21%	2,378,891.67		200,454,214.78
Dongfang Electric Corporation Dongfang Motor Co., Ltd.	8.14%	14,861,792.59	6,806,780.20	448,747,807.95
Dongfang Electric Corporation Finance Co., Ltd. (東方電氣集團財務有限公司)	5.00%	7,854,735.44		158,215,677.71
Dongfang Electric Automatic Control Engineering Co., Ltd.	0.15%	121,126.08		1,081,769.32
Dongfang(Guangzhou) Heavy Machinery Co., Ltd.	34.82%	974,489.21	1,587,786.07	592,889,914.38
Dongfang Electric (Wuhan) Nuclear Equipment Co., Ltd.	33.00%	2,167,200.11		64,753,695.85

7.1.3 Main financial information of major non-wholly-owned subsidiaries

Subsidiary	Balance as at June 30, 2019					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Dongfang Electric Corporation Dongfang Turbine Co., Ltd.	18,547,443,301.01	4,949,686,464.22	23,497,129,765.23	16,690,471,138.84	1,060,247,896.69	17,750,719,035.53
Dongfang Electric Corporation Dongfang Boiler Co., Ltd.	18,131,157,456.39	2,626,153,207.21	20,757,310,663.60	11,335,886,466.10	3,059,032,704.18	14,394,919,170.28
Dongfang Electric Corporation Dongfang Motor Co., Ltd.	12,921,861,894.96	1,892,184,544.70	14,814,046,439.66	8,278,377,285.25	1,019,557,501.40	9,297,934,786.65
Dongfang Electric Corporation Finance Co., Ltd. (東方電氣集團財務有限公司)	27,001,844,347.64	8,199,357,474.01	35,201,201,821.65	32,027,548,361.93	9,339,905.46	32,036,888,267.39
Dongfang Electric Automatic Control Engineering Co., Ltd.	1,835,212,532.12	299,309,721.16	2,134,522,253.28	1,224,731,576.94	30,612,147.91	1,255,343,724.85
Dongfang(Guangzhou) Heavy Machinery Co., Ltd.	2,540,244,507.35	1,012,781,690.71	3,553,026,198.06	1,612,498,131.85	237,736,421.56	1,850,234,553.41
Dongfang Electric (Wuhan) Nuclear Equipment Co., Ltd.	323,223,181.52	183,516,469.29	506,739,650.81	260,655,016.18	49,861,313.88	310,516,330.06

Subsidiary	Balance as at December 31, 2018					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Dongfang Electric Corporation Dongfang Turbine Co., Ltd.	20,232,366,560.11	4,610,973,985.17	24,843,340,545.28	18,163,970,891.62	1,100,553,800.88	19,264,524,692.50
Dongfang Electric Corporation Dongfang Boiler Co., Ltd.	18,165,542,583.58	2,656,092,917.55	20,821,635,501.13	11,593,610,051.98	2,947,452,851.46	14,541,062,903.44
Dongfang Electric Corporation Dongfang Motor Co., Ltd.	13,321,730,261.91	1,791,442,018.70	15,113,172,280.61	8,726,542,132.26	972,713,740.43	9,699,255,872.69
Dongfang Electric Corporation Finance Co., Ltd. (東方電氣集團財務有限公司)	31,623,179,767.70	5,846,273,374.34	37,469,453,142.04	34,455,023,641.79	7,210,654.90	34,462,234,296.69
Dongfang Electric Automatic Control Engineering Co., Ltd.	1,819,845,030.23	255,369,029.19	2,075,214,059.42	1,262,388,481.26	23,086,465.47	1,285,474,946.73
Dongfang(Guangzhou) Heavy Machinery Co., Ltd.	2,322,365,672.36	1,073,852,556.50	3,396,218,228.86	1,427,699,798.77	263,965,386.29	1,691,665,185.06

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Subsidiary	Balance as at December 31, 2018					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Dongfang Electric (Wuhan) Nuclear Equipment Co., Ltd.	235,825,832.00	194,076,596.27	429,902,428.27	191,047,398.23	49,198,982.33	240,246,380.56

Subsidiary	Amount for the Period				Amount for the same period of the previous year			
	Operating income	Net profit	Total comprehensive income	Cash flows from operating activities	Operating income	Net profit	Total comprehensive income	Cash flows from operating activities
Dongfang Electric Corporation Dongfang Turbine Co., Ltd.	5,183,110,511.79	158,866,510.15	158,866,510.15	219,712,688.10	5,023,775,748.77	60,347,292.18	60,347,292.18	1,340,036,476.91
Dongfang Electric Corporation Dongfang Boiler Co., Ltd.	4,006,848,460.88	188,574,173.89	188,574,173.89	-459,722,082.17	5,234,989,908.52	128,893,115.61	128,893,115.61	395,025,117.10
Dongfang Electric Corporation Dongfang Motor Co., Ltd.	2,956,543,187.83	185,095,246.89	185,095,194.01	-293,418,193.73	2,524,700,254.62	91,278,260.21	91,177,052.59	934,012,547.25
Dongfang Electric Corporation Finance Co., Ltd. (東方電氣集團財務有限公司)	552,305,291.45	156,687,660.81	157,094,708.91	-3,137,873,485.11	472,701,237.41	163,175,847.19	159,644,430.45	8,372,724,417.18
Dongfang Electric Automatic Control Engineering Co., Ltd.	731,876,781.29	36,450,536.09	36,450,536.09	-28,902,168.63	652,261,385.58	56,733,676.15	56,733,676.15	-3,141,498.56
Dongfang(Guangzhou) Heavy Machinery Co., Ltd.	558,913,308.20	2,080,756.66	2,080,756.66	-127,975,517.43	576,475,288.90	35,454,106.76	35,454,106.76	273,504,547.01
Dongfang Electric (Wuhan) Nuclear Equipment Co., Ltd.	70,845,847.06	6,941,871.82	6,941,871.82	-11,827,749.83	12,192,278.15	-19,998,472.73	-19,998,472.73	20,975,754.44

7.1.4 Major restrictions on the use of enterprise group assets and liquidation of enterprise group debt

No.

7.1.5 Financial support or other support to structured entities included in the consolidated financial statements

No.

7.2 Transaction with changes in the share of owner's equity of the subsidiaries and controls of the subsidiaries remaining

7.2.1 Explanation of changes in the share of owner's equity in subsidiaries

No.

7.2.2 The impact of transactions on the minority shareholders' equity and the owner's equity attributable to the parent company

No.

7.3 Equity in joint venture arrangements or associates

7.3.1 Major joint ventures or associates

Name of joint venture or associate	Main business place	Registration place	Business nature	Shareholding ratio (%)		Accounting treatment method in investments in joint ventures or associates
				Direct	Indirect	
MHPS Dongfang Boiler Co. Ltd.	Jiaxing, Zhejiang	Jiaxing, Zhejiang	Production		50.00	Equity method
Framatome Dongfang Reactor Coolant Pumps Co., Ltd. (東方法馬通核泵有限公司)	Deyang, Sichuan	Deyang, Sichuan	Production	50.00		Equity method
Mitsubishi Heavy Industries Dongfang Gas Turbine(Guangzhou) Co., Ltd.(三菱重工東方燃氣輪機(廣州)有限公司)	Nansha, Guangzhou	Nansha, Guangzhou	Production		49.00	Equity method
Sichuan Energy Wind Power Development Co., Ltd.	Chengdu, Sichuan	Chengdu, Sichuan	Power station development	20.00		Equity method

7.3.2 Main financial information of major joint ventures

Item	Balance as at June 30, 2019/Amount for the Period	Balance as at December 31, 2018/Amount for the same period of the previous year
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	MHPS Dongfang Boiler Co., Ltd.	Framatome Dongfang Reactor Coolant Pumps Co., Ltd. (東方法馬通核泵有限責任公司)	MHPS Dongfang Boiler Co., Ltd.	Framatome Dongfang Reactor Coolant Pumps Co., Ltd.(東方法馬通核泵有限責任公司)
Current assets	998,032,908.09	1,036,144,132.80	952,861,350.78	1,204,050,970.20
Including: Cash and cash equivalents	182,547,456.95	482,124,152.75	118,779,423.25	648,742,257.29
Non-current assets	256,729,081.59	130,714,672.64	259,691,870.39	139,405,551.83
Total assets	1,254,761,989.68	1,166,858,805.44	1,212,553,221.17	1,343,456,522.03
Current liabilities	775,598,748.54	579,823,666.82	727,351,977.07	769,372,964.10
Non-current liabilities	84,257,987.01	151,645,161.08	85,497,872.26	155,546,137.55
Total liabilities	859,856,735.55	731,468,827.90	812,849,849.33	924,919,101.65
Non-controlling shareholders' equity				
Equity attributable to shareholders of the Company	394,905,254.13	435,389,977.54	399,703,371.84	418,537,420.38
Share of net assets calculated by the shareholding ratio	197,452,627.07	218,141,451.66	199,851,685.92	209,027,726.98
Adjustment events				
—Goodwill				
—Unrealized profit from internal transactions				
—Others				
Book value of the equity investment in joint ventures	197,452,627.07	218,141,451.66	199,851,685.92	209,027,726.98
Fair value of the equity investment of joint ventures with public offer				
Operating income	490,209,801.28	112,575,717.03	545,975,763.66	140,168,922.04
Financial expenses	4,559,734.24	-768,174.84	3,487,982.79	-278,390.73
Income tax expenses	11,889,373.66	2,973,980.67	2,244,760.41	5,383,385.83
Net profit	2,998,232.22	16,852,557.16	14,013,105.46	30,505,853.06
Net profit of discontinuing operations				
Other comprehensive income				
Total comprehensive income	2,998,232.22	16,852,557.16	14,013,105.46	30,505,853.06
Dividends received from joint ventures for the current year		33,371,968.98		37,326,557.40

7.3.3 Main financial information of major associates

	Balance as at June 30, 2019/Amount for the Period	Balance as at December 31, 2018/Amount for the
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Item	same period of the previous year			
	Mitsubishi Heavy Industries Dongfang Gas Turbine(Guangzhou) Co., Ltd.(三菱重工東方燃氣輪機(廣州)有限公司)	Sichuan Energy Wind Power Development Co., Ltd.	Mitsubishi Heavy Industries Dongfang Gas Turbine(Guangzhou) Co., Ltd.(三菱重工東方燃氣輪機(廣州)有限公司)	Sichuan Energy Wind Power Development Co., Ltd.
Current Assets	1,753,708,079.72	1,345,817,890.48	1,479,734,163.08	1,143,905,374.60
Non-current assets	185,386,834.42	3,217,305,939.69	174,311,564.17	3,275,168,271.97
Total assets	1,939,094,914.14	4,563,123,830.17	1,654,045,727.25	4,419,073,646.57
Current liabilities	693,897,525.83	627,302,833.66	538,057,126.33	719,552,306.02
Non-current liabilities		2,103,442,881.79	88,020,222.03	2,178,622,247.63
Total liabilities	693,897,525.83	2,730,745,715.45	626,077,348.36	2,898,174,553.65
Non-controlling shareholders' equity		125,387,078.88		103,124,664.63
Equity attributable to shareholders of the Company	1,059,810,553.89	1,706,991,035.84	1,027,968,378.89	1,417,774,428.29
Share of net assets calculated by the shareholding ratio	519,307,171.40	341,918,325.23	503,704,505.66	284,075,003.72
Adjustment events				
--Goodwill				
--Unrealized profit from internal transactions	3,209,946.28			
--Others				
Book value of the equity investment in associates	522,517,117.69	341,918,325.23	503,704,505.66	284,075,003.72
Fair value of the equity investment of associates with public offer				
Operating income	137,276,008.26	38,044,208.54	821,067,382.68	479,994,658.66
Net profit	31,922,252.00	11,876,311.40	180,288,423.69	304,679,021.80
Net profit of discontinuing operations				
Other comprehensive income				
Total comprehensive income	31,922,252.00	11,876,311.40	180,288,423.69	304,679,021.80
Dividends received from associates for the current period			95,026,513.00	

7.3.4 Summarised financial information of insignificant joint ventures and associates

Item	Balance as at June 30, 2019/Amount for the Period	Balance as at December 31, 2018/Amount for the same period of the previous year
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Joint ventures:		
Total book value of investment		
Total amount calculated by the shareholding ratio of following items		
--Net profit		
--Other comprehensive income		
--Total comprehensive income		
Associates:		
Leshan Dongle Dajian Lifting Co., Ltd.	6,382,964.77	27,460,342.75
Liangshan Fengguang New Energy Operation and Maintenance Co., Ltd. (涼山風光新能源運維有限責任公司)	2,022,374.97	2,001,432.70
Huadian Longkou Wind Power Co., Ltd. (華電龍口風電有限公司)	66,735,307.75	59,434,514.02
Inner Mongolia Power Generation Hongnijing Wind Power Co., Ltd.(內蒙古能源發電紅泥井風電有限公司)	23,501,455.42	22,310,282.21
China United Heavy-Duty Gas Turbine Technology Co., Ltd. (中國聯合重型燃氣輪機技術有限公司)	113,805,474.59	113,695,779.36
Inner Mongolia Mengneng Sanshengtai Wind Power Co., Ltd.(內蒙古蒙能三聖太風力發電有限公司)	20,553,281.83	19,844,590.30
Inner Mongolia Mengneng Wulan New Energy Co., Ltd.(內蒙古蒙能烏蘭新能源有限公司)	42,856,316.35	39,489,167.50
Dongfang Electric (Xichang) Hydrogen Energy Co., Ltd.(東方電氣(西昌)氫能源有限公司)	5,000,000.00	
Total book value of investment	280,857,175.68	284,236,108.84
Total amount calculated by the shareholding ratio of following items		
--Net profit	44,493,928.70	50,767,195.63
--Other comprehensive income		
--Total comprehensive income	44,493,928.70	50,767,195.63

7.3.5 Description of significant restrictions on the ability of joint ventures or associates to transfer capital to the Company

None.

7.3.6 Excess losses incurred to joint ventures or associates

None.

7.3.7 Unconfirmed commitment related to the investment of joint ventures

None.

7.3.8 Contingent liabilities related to the investment of joint ventures and associates

None.

7.4 Significant joint operation

None.

7.5 Equity in structured entities that did not included in the scope of consolidated financial statements

None.

7.6 Others

None.

8. Risks related to financial instruments

Major financial instruments of the Company include borrowings, receivables, contract assets, contract liabilities, accounts payable, financial assets held for trading, financial liabilities held for trading, and others; for details of each kind of financial instrument, please see Note 3 hereof. Risks related to these financial instruments and risk management policies adopt by the Company to lower these risks are as follows. The management of the Company carries out management and monitoring over these risk exposures to guarantee that the aforesaid risks are under control within a restricted scope.

8.1 Credit risk

The Company works on risk management with the purpose of getting a proper balance between the risk and the income, minimizing the adverse impact of the risk on business performance of the Company, and maximizing interests of shareholders and other equity investors. Based on such purpose, the basic strategy for risk management of the Company is to determine and analyze various risks the Company may encounter, set up a proper risk bearing bottom line, implement the risk management, and supervise various risks in a timely and reliable manner to have these risks be controlled within a restricted scope.

8.2 Market risks

Market risks associated with financial instruments refer to the risks that fair value or future cash flows of financial instruments fluctuate due to variations in market prices, and it includes exchange rate risk, interest rate risk and price risk.

8.2.1. Exchange rate risk

Foreign exchange risks to be suffered by the Company are mainly relevant to USD, EUR, PKR and INR; except for the purchase and sales of the Company and its major subsidiaries in USD, EUR, PKR and INR, other business of the Company shall be settled in RMB. On June 30, 2019, except for the balance of asset and liability in USD and other foreign currencies, the balance of asset and liability of the Company shall be presented in RMB. Foreign exchange risk arising from the asset and liability of which balance is in the one of the following currency may affect the business performance of the Company.

For details of foreign monetary assets and liabilities held by the Company on June 30, 2019, please refer to Note 5.70.

8.2.2 Interest risk

The interest rate risk of the Company may be from the bank borrowings, bonds payable and other interest-bearing debts. The financial liability with a floating rate may bring the interest rate risk of cash flows to the Company, and the financial liability with fixed rate may bring the interest rate risk of fair value to the Company. The Company determines the relative proportion of fixed-rate contracts and floating-rate contracts pursuant to the prevailing market conditions. On June 30, 2019, interest-bearing debts of the Company mainly were the fixed-rate contracts measured in RMB, amounting to RMB701,959,718.36.

The risk relating to the change in cash flows of the financial instruments due to the change in the interest rate is mainly relevant to the bank borrowings with floating rate. The policy adopt by the Company is to keep the floating rate of such borrowings to eliminate the risk in fair value relevant to the change in interest rate.

8.2.3 Price risk

The Company sells the power generating equipment at the market price, and as a result, it may be affected by the price fluctuation.

8.3 Liquidity risk

The liquidity risk refers to the risk in which the Company cannot perform its financial obligations on the due date. The method used by the Company for the management over the liquidity risk is to guarantee that there is sufficient fund liquidity to repay the due debts so as to avoid any unacceptable loss or any damage to the enterprise reputation. The Company analyzes the liability structure and term on a regular basis to ensure that the fund is sufficient. The management of the Company supervises the use of the bank borrowings to guarantee the compliance of the borrowings agreement; meanwhile, it actively communicates with financial institutions to have enough line of credit and reduce the liquidity risk.

As the Company has well bank credit and higher credit rating, as at June 30, 2019, borrowings offered by the bank are sufficient to meet the financing demand.

Financial assets and financial liabilities held by the Company are analyzed based on the maturity of remaining undiscounted contractual obligations as follows:

Amount as at June 30, 2019:

Item	Within 1 year	1 – 2 years	2 – 5 years	Over 5 years	Total
Financial assets					
Including: Cash and cash	24,372,317,166.49				24,372,317,166.49

equivalents					
Held-for-trading financial assets	2,397,732,371.99				2,397,732,371.99
Notes receivable	3,523,209,806.01				3,523,209,806.01
Accounts receivable	6,271,270,605.23				6,271,270,605.23
Other receivables	765,031,374.85				765,031,374.85
Total amount of financial assets	37,329,561,324.57				37,329,561,324.57
Financial liabilities					
Including: Short-term loans	232,417,000.00				232,417,000.00
Held-for-trading financial liabilities					
Notes payable	2,046,294,554.01				2,046,294,554.01
Accounts payable	12,376,600,247.50				12,376,600,247.50
Other payables	2,165,736,027.02				2,165,736,027.02
Employee benefits payable	643,552,916.30				643,552,916.30
Non-current liabilities due within one year	16,320,000.00				16,320,000.00
Long-term borrowings		17,100,000.00	436,122,718.36		453,222,718.36
Long-term accrued payroll		254,864,670.27	428,472,821.93	178,097,333.96	861,434,826.16
Total amount of financial liabilities	17,480,920,744.83	271,964,670.27	864,595,540.29	178,097,333.96	18,795,578,289.35

8.4 Credit risk

On June 30, 2019, the maximum exposure to credit risk which may cause financial loss of the Company was mainly from the loss from the financial asset of the Company and the financial guarantee borne by the Company due to the failure of the other party to the contract in obligation performance, including:

The book value of the financial assets identified in the consolidated balance sheet; for financial instruments measured at fair value, the book value reflects its risk exposure but is not the maximum risk exposure and its maximum exposure will vary from the future changes in the fair value.

In order to reduce the credit risk, the Company established a special department to determine the line of credit, carry out the credit-related examination and approval and implement other monitor routine to guarantee that necessary measures for collecting overdue debts can be taken. In addition, on each balance sheet date, the Company shall review the collection of each individual receivable to guarantee that the provision for bad debts due to the failure in relevant payment collection can be made. As a result, the management of the Company believes that the credit risk borne by the Company has been minimized.

As the Company's working capital is deposited with banks with high credit ratings, the working capital may have low credit risk.

The Company adopts necessary policies to guarantee that all sale customers are have sound credit records. Except for top five amounts of accounts receivable, the Company has no other significant credit centralized risk.

Top five amounts of accounts receivable amounted to RMB1,605,687,947.11 in total, representing 14.60% of total amount of accounts receivable.

8.5 Sensitivity analysis

The Company uses sensitivity analysis techniques to analyze the possible effects of reasonable and potential changes of risk variables on the current profit and loss and owner's equity. As any risk variate hardly changes in isolation, and the pertinence existing among the variates will have significant effect on the final affected amount of the change of any risk variate, the following content is conducted on the basis of the assumption that the change of every variate is independent.

8.5.1 Sensitivity analysis on foreign exchange risk

Assumption of sensitivity analysis on foreign exchange risk: all hedges of net investment in an overseas operation and cash flow hedges are highly effective.

Based on the above assumption, under the circumstance that other variables are unchanged, the after-tax effect of the rational change in exchange rate on the current profit or loss and equity is as follows:

Item	Fluctuation in exchange rate	Amount for the period		Amount for the same period of the previous year	
		Effect on net profit	Effect on owner's equity	Effect on net profit	Effect on owner's equity
Fluctuation in exchange rate	Appreciation of 5% against RMB	124,491.62	124,491.62	3,320,200.68	3,320,200.68
Fluctuation in exchange rate	Depreciation of 5% against RMB	-124,491.62	-124,491.62	-3,320,200.68	-3,320,200.68

8.5.2 Sensitivity analysis on interest rate risk

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

The change in market interest rate affects the interest revenue or expenses of the financial instrument with variable rate;

For the financial instrument with fixed interest rate measured at fair value, the change in market interest rate only affects the interest revenue or expenses;

The fair value of derivative financial instruments calculated by the discounted cash flow method at the market interest rate on the balance sheet date and the fair value of other financial asset and liability change.

Based on the above assumptions, under the circumstance that other variables are unchanged, the after-tax effect of the rational change in interest rate on the current profit or loss and equity is as follows:

Item	Change in interest rate	Amount for the period		Amount for the same period of the previous year	
		Effect on net profit	Effect on owner's equity	Effect on net profit	Effect on owner's equity
Floating rate borrowings	Increase by 1%	-169,653.69	-169,653.69	-181,180.45	-181,180.45
Floating rate borrowings	Decrease by 1%	169,653.69	169,653.69	181,180.45	181,180.45

9. Disclosure of fair value

Inputs used in the fair value measurement are divided into three levels:

Level 1 inputs refer to quoted prices (unadjusted) in active markets for identical assets or liabilities available on the measurement date.

Level 2 inputs refer to inputs that are directly or indirectly observable for the asset or liability other than Level 1 inputs.

Level 3 inputs refer to unobservable inputs of the relevant assets or liabilities.

Levels of the results of fair value measurement are decided by the lowest level of great significance in fair value measurement as a whole.

9.1 Fair value of assets and liabilities measured at fair value as at June 30, 2019

Item	Fair value at June 30, 2019			
	Measurement of fair value at level 1	Measurement of fair value at level 2	Measurement of fair value at level 3	Total
I. Measurement at fair value on a going concern				
◆Held-for-trading financial assets	2,397,660,971.99		71,400.00	2,397,732,371.99
1. Financial assets measured at fair value through the current profit or loss	2,397,660,971.99		71,400.00	2,397,732,371.99
(1) Investment in debt instruments	513,771,612.00			513,771,612.00
(2) Investment in equity instruments	613,889,359.99		71,400.00	613,960,759.99
(3) Derivative financial assets				
(4) Others	1,270,000,000.00			1,270,000,000.00
2. Financial assets designated as at fair value through the current profit or loss				
(1) Investment in debt instruments				
(2) Investment in equity instruments				
◆Other debt instruments				

Item	Fair value at June 30, 2019			Total
	Measurement of fair value at level 1	Measurement of fair value at level 2	Measurement of fair value at level 3	
◆Other investment in debt instruments			5,989,859.48	5,989,859.48
◆Other non-current financial assets				
1. Financial assets measured at fair value through the current profit or loss				
(1) Investment in debt instruments				
(2) Investment in equity instruments				
(3) Derivative financial assets				
2. Financial assets designated as at fair value through the current profit or loss				
(1) Investment in debt instruments				
(2) Investment in equity instruments				
Total amount of assets measured at fair value on a going concern	2,397,660,971.99		6,061,259.48	2,403,722,231.47
◆Held-for-trading financial liabilities				
Including: issued bonds held for trading				
Derivative financial liabilities				
Others				
◆Financial liabilities designated as at fair value through the current profit or loss				
Total amount of liabilities measured at fair value on a going concern				
II. Measurement at fair value not on a going concern				
(I) Assets held for sale				
Total amount of assets measured at fair value not on a going concern				
i.e.: liabilities held for sale				
Total amount of liabilities measured at fair value not on a going concern				

9.2 Basis for recognition of the market price of items measured at fair value of Level 1 on a going and non-going concern

For basis for recognition of the market price of items measured at the Company's fair value of Level 1 on a going concern, see Note 5. 3 to the Financial Statements for details.

9.3 Nature and quantitative information of valuation techniques and key parameters adopted for items measured at the fair value of Level 2 on a going and non-going concern

Not involved.

9.4 Nature and quantitative information of valuation techniques and key parameters adopted for items measured at the fair value of Level 3 on a going and non-going concern

The Company adopted the measurement of cost for items measured at the fair value of Level 3 on a going concern and non-going concern, except that the measurement of cost is unreliable.

9.5 As for items measured at the fair value on a going concern, if there is shift between levels during the period, determine the reason and policy at the shift point of time.

None.

9.6 Changes in the valuation techniques during the period and the reason

None.

9.7 Fair value of financial assets and liabilities not measured at fair value

None.

10. Related parties and related-party transactions

10.1 The Company's parent company

Unit: RMB'0000

Name of parent company	Registration place	Nature of business	Registered capital	Shareholding ratio of the parent company in the Company (%)	Voting ratio of the parent company in the Company (%)
Dongfang Electric Corporation	No. 333 Shuhan Road, Jinniu District, Chengdu City, Sichuan Province	General contracting and sub-contracting of water, fire and nuclear power projects, manufacturing and sales of power station equipment.	479,167.50	55.91	55.91

Note: The proportion of shareholding above represents the proportion of shareholding directly held by the parent company, and 0.028% shareholders held by another subsidiary of the parent company, Dongfang Electric International Investment Co., Ltd. (東方電氣集團國際投資有限公司), was not consolidated in calculation.

10.2 Subsidiaries of the Company

See "Note 7 Equity in other entities" for details about the subsidiaries of the Company.

10.3 Joint ventures and associates of the Company

See "Note 7 Equity in other entities" for details about major joint ventures and associates of the Company.

Other joint ventures and associates entered into related-party transactions with the Company during the current period or previous period from which balances incurred are as follows:

Name of joint ventures and associates	Relationship with the Company
MHPS Dongfang Boiler Co. Ltd.	Joint venture
Framatome Dongfang Reactor Coolant Pumps Co., Ltd. (東方法馬通核泵有限責任公司)	Joint venture
Sichuan Energy Wind Power Development Co., Ltd.	Associate
Inner Mongolia Mengneng Sanshengtai Wind Power Co., Ltd. (內蒙古蒙能三聖太風力發電有限公司)	Associate
Inner Mongolia Mengneng Wulan New Energy Co., Ltd. (內蒙古蒙能烏蘭新能源有限公司)	Associate
China United Heavy-Duty Gas Turbine Technology Co., Ltd. (中國聯合重型燃氣輪機技術有限公司)	Associate
Inner Mongolia Energy Power Generation Hongnijing Wind Power Co., Ltd. (內蒙古能源發電紅泥井風電有限公司)	Associate

Name of joint ventures and associates	Relationship with the Company
Huadian Longkou Wind Power Co., Ltd. (華電龍口風電有限公司)	Associate
Leshan Dongle Dajian Lifting Co., Ltd.	Associate
Mitsubishi Heavy Industries Dongfang Gas Turbine(Guangzhou) Co., Ltd. (三菱重工東方燃氣輪機(廣州)有限公司)	Associate
Dongfang Electric (Xichang) Hydrogen Energy Co., Ltd. (東方電氣(西昌)氫能源有限公司)	Associate
Liangshan Fengguang New Energy Operation and Maintenance Co., Ltd. (涼山風光新能源運維有限責任公司)	Associate

10.4 Other related parties

Name	Relationship with the Company
Dongfang Boiler Works	Other enterprises controlled by the same parent company and ultimate controller at the beginning of the period
Emeishan City Emei High-purity Semiconductor Materials Co., Ltd. (峨眉山市峨半高純材料有限公司)	Other enterprises controlled by the same parent company and ultimate controller at the beginning of the period
Zhonghe Seawater Desalination Engineering Co., Ltd.	Other enterprises controlled by the same parent company and ultimate controller
Guangdong Dongfang Power Plant Complete Equipment Company	Other enterprises controlled by the same parent company and ultimate controller
DEC Investment Management Co., Ltd.	Other enterprises controlled by the same parent company and ultimate controller
Shizuishan Tiande Photovoltaic Power Generation Co., Ltd.	Other enterprises controlled by the same parent company and ultimate controller
Dongfang Electric (Jiuquan) Photovoltaic Power Technology Co., Ltd.	Other enterprises controlled by the same parent company and ultimate controller
Dongfang Electric (Jiuquan) Solar Energy Co., Ltd.	Other enterprises controlled by the same parent company and ultimate controller
Chengdu DEC Environmental Engineering Co., Ltd.	Other enterprises controlled by the same parent company and ultimate controller
Dongfang Huansheng Photovoltaic (Jiangsu) Co., Ltd.	Other enterprises controlled by the same parent company and ultimate controller
Emei Semiconductor Materials Research Institute	Other enterprises controlled by the same parent company and ultimate controller
DEC Emei Semiconductor Material Co., Ltd.	Other enterprises controlled by the same parent company and ultimate controller
Dongfang Electric Jieneng Technology Chengdu Co., Ltd.	Other enterprises controlled by the same parent company and ultimate controller
Dongfang Electric International Investment Co., Ltd. (東方電氣集團國際投資有限公司)	Other enterprises controlled by the same parent company and ultimate controller
DEC (Chengdu) Sharing Service Co., Ltd. (東方電氣集團(成都)共享服務有限公司)	Other enterprises controlled by the same parent company and ultimate controller
China Western Power Industrial Co., Ltd.	The investor having a significant impact
Germany ENV Catalyst Co., Ltd.	The investor having a significant impact
Wuhan Boiler Group Co., Ltd.	The investor having a significant impact
Guangdong Yudean Group Co., Ltd.	The investor having a significant impact
Directors, presidents and other senior officers of the Company	Other related parties

10.5 Related-party transactions

10.5.1 Related party transactions on purchase and sales of goods, rendering and receipt of labor services

Purchase of goods/ receipt of labor services

Related party	Purchase of goods/receipt of labor services	Amount for the Period	Amount for the same period of the previous year
Parent company and ultimate controller		433,026.42	2,163,779.54
Including: Dongfang Electric Corporation	Purchase of goods	36,800.00	2,163,779.54
Dongfang Electric Corporation	Receipt of labor Services and energy	396,226.42	
Joint ventures and associates		427,532,094.81	332,264,972.50
Including: MHPS Dongfang Boiler Co., Ltd.	Purchase of goods	378,595,626.43	185,405,999.83
Mitsubishi Heavy Industries Dongfang Gas Turbine(Guangzhou) Co., Ltd. (三菱重工東方燃氣輪機(廣州)有限公司)	Purchase of goods	48,936,468.38	146,858,972.67
Other enterprises controlled by the same parent company and ultimate controller		42,210,980.56	
Including: Dongfang Electric Jieneng Technology Chengdu Co., Ltd.	Purchase of goods	336,000.00	
Dongfang Electric International Investment Co., Ltd. (東方電氣集團國際投資有限公司)	Purchase of goods	41,874,980.56	
The investor having a significant impact			1,028,346.20
Including: Guangdong Yudean Group Co., Ltd.	Purchase of goods		1,028,346.20

Sales of goods / rendering of services

Related party	Purchase of goods/receipt of labor services	Amount for the Period	Amount for the same period of the previous year
Parent company and ultimate controller		1,177,924.09	474,000.00
Including: China Dongfang Electric Corporation	Sales of goods	1,177,924.09	474,000.00
Joint ventures and associates		89,655,144.91	97,249,853.09
Including: MHPS Dongfang Boiler Co., Ltd	Sales of goods		33,725,213.67
Mitsubishi Heavy Industries Dongfang Gas Turbine(Guangzhou) Co., Ltd. (三菱重工東方燃氣輪機(廣州)有限公司)	Sales of goods	33,307,786.57	6,862,704.92
Framatome Dongfang Reactor Coolant Pumps Co., Ltd. (東方法馬通核泵有限責任公司)	Sales of goods	56,347,358.34	56,661,934.50
Other enterprises controlled by the same parent company and ultimate controller		19,424,011.69	7,356,664.10
Including: Shizuishan Tiande Photovoltaic Power Generation Co., Ltd.	Rendering of labor services		198,000.00
Guangdong Dongfang Power Plant Complete Equipment Company	Sales of goods		761,142.73
Zhonghe Seawater Desalination Engineering Co., Ltd.	Sales of goods	1,122,130.40	6,397,521.37
Dongfang Huansheng Photovoltaic (Jiangsu) Co., Ltd.	Sales of goods	18,301,881.29	
The investor having a significant impact			1,652,384.62

Related party	Purchase of goods/receipt of labor services	Amount for the Period	Amount for the same period of the previous year
Including: China Western Power Industrial Co., Ltd.	Sales of goods		1,652,384.62

10.5.2 Lease of related parties

The Company as the lessor:

Name of lessee	Type of leased asset	Rental income recognized for the Period	Rental income recognized for the same period of the previous year
Zhonghe Seawater Desalination Engineering Co., Ltd.	Houses and buildings	94,235.98	

The Company as the lessee:

Name of lessor	Type of leased asset	Rental income recognized for the Period	Rental income recognized for the same period of the previous year
China Dongfang Electric Corporation	Houses and buildings	60,573,560.01	31,040,500.00

10.5.3 Related party guarantee

The Company as a guarantor:

Unit: RMB '0,000

Guarantee	Guaranteed amount	Commencement date of guarantee	Maturity date of guarantee	Whether the guarantee has been fulfilled or not
Mitsubishi Heavy Industries Dongfang Gas Turbine(Guangzhou) Co., Ltd. (三菱重工東方燃氣輪機(廣州)有限公司)	2,450.00	2016/9/22	2025/4/30	No
Inner Mongolia Energy Power Generation Hongnijing Wind Power Co., Ltd. (內蒙古能源發電紅泥井風電有限公司)	1,600.00	2016/1/19	2026/1/19	No
Inner Mongolia Mengneng Sanshengtai Wind Power Co., Ltd. (內蒙古蒙能三聖太風力發電有限公司)	1,600.00	2016/6/29	2026/6/29	No
Inner Mongolia Mengneng Wulan New Energy Co., Ltd. (內蒙古蒙能烏蘭新能源有限公司)	3,600.00	2016/10/27	2026/10/27	No

10.5.4 Loans from/to related parties

Related party	Lending/borrowing amount	Starting date	Maturity date
Loans from			

China Dongfang Electric Corporation	17,100,000.00	2017/12/19	2020/12/18
China Dongfang Electric Corporation	6,484,000.00	2018/2/6	2019/2/6
China Dongfang Electric Corporation	6,484,000.00	2019/2/7	2020/2/6
China Dongfang Electric Corporation	3,434,000.00	2018/9/29	2019/9/29
China Dongfang Electric Corporation	3,052,000.00	2018/12/28	2019/12/27
China Dongfang Electric Corporation	2,967,000.00	2018/11/22	2019/11/22
China Dongfang Electric Corporation	2,956,000.00	2018/12/28	2019/12/27
China Dongfang Electric Corporation	865,000.00	2018/12/28	2019/12/27
China Dongfang Electric Corporation	860,000.00	2018/2/6	2019/2/6
China Dongfang Electric Corporation	860,000.00	2019/2/7	2020/2/6
China Dongfang Electric Corporation	699,000.00	2018/11/22	2019/11/22
China Dongfang Electric Corporation	675,000.00	2018/9/29	2019/9/29
China Dongfang Electric Corporation	575,000.00	2018/12/28	2019/12/27

10.6 Receivables and payables of related parties

10.6.1 Receivables

Item name	Related party	Balance as at June 30, 2019		Balance as at December 31, 2018	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
Accounts receivable					
	Parent company and ultimate controller	1,325,690.00	1,263,958.00	19,268,542.34	16,677,186.34
	Including: China Dongfang Electric Corporation	1,325,690.00	1,263,958.00	19,268,542.34	16,677,186.34
	Joint ventures and associates	23,092,601.70	1,244,661.59	21,774,388.30	1,289,690.92
	Including: MHPS Dongfang Boiler Co. Ltd.	22,985,878.57	1,149,293.93	19,842,628.90	1,150,456.45
	Framatome Dongfang Reactor Coolant Pumps Co., Ltd.(東方方法馬通核泵有限責任公司)	94,770.00	94,770.00	1,931,759.40	139,234.47
	Mitsubishi Heavy Industries Dongfang Gas Turbine (Guangzhou) Co., Ltd.(三菱重工東方燃氣輪機(廣州)有限公司)	11,953.13	597.66		
	Other enterprises controlled by the same parent company and ultimate controller	241,840,559.74	174,367,186.66	222,278,106.07	177,294,687.61
	Including: Emeishan City Emei High-purity Semiconductor Materials Co., Ltd.(峨眉山市峨半高純材料有限公司)	129,258,722.69	129,258,722.69	132,743,892.39	132,743,892.39
	Zhonghe Seawater Desalination Engineering Co., Ltd.	71,200,246.44	28,053,224.37	74,212,619.48	29,656,789.09
	Guangdong Dongfang Power Plant Complete Equipment Company	12,090,843.35	11,647,828.56	12,342,995.33	12,206,167.26

Item name	Related party	Balance as at June 30, 2019		Balance as at December 31, 2018	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
	DEC (Yixing) MAGI Solar Technology Co., Ltd.	1,997,448.87	1,997,448.87	1,997,448.87	1,997,448.87
	Shizuishan Tiande Photovoltaic Power Generation Co., Ltd.	2,213,000.00	1,841,350.00	613,200.00	322,440.00
	DEC Investment Management Co., Ltd.	331,155.00	331,155.00	367,950.00	367,950.00
	Dongfang Huansheng Photovoltaic (Jiangsu) Co., Ltd.	24,749,143.39	1,237,457.17		
	The investor having a significant impact	4,057,678.16	3,651,910.34	815,560.14	18,215.12
	Including: China Western Power Industrial Co., Ltd.	4,057,678.16	3,651,910.34	815,560.14	18,215.12
Contract assets					
	Parent company and ultimate controller	114,500.00	114,500.00	3,132,475.00	3,121,490.20
	Including: Dongfang Electric Corporation	114,500.00	114,500.00	3,132,475.00	3,121,490.20
	Joint ventures and associates	11,469,606.21	573,480.31	10,225,172.97	511,258.64
	Including: MHPS Dongfang Boiler Co. Ltd.	11,469,606.21	573,480.31	10,225,172.97	511,258.64
	Other enterprises controlled by the same parent company and ultimate controller	29,917,277.71	15,133,064.02	27,504,937.17	14,707,546.86
	Including: Zhonghe Seawater Desalination Engineering Co., Ltd.	24,707,855.61	11,122,441.92	23,064,937.17	10,267,546.86
	DEC Emei Semiconductor Material Co., Ltd.	3,150,000.00	3,150,000.00	3,150,000.00	3,150,000.00
	Guangdong Dongfang Power Plant Complete Equipment Company	61,422.10	61,422.10	1,290,000.00	1,290,000.00
	Shizuishan Tiande Photovoltaic Power Generation Co., Ltd.	1,998,000.00	799,200.00		
	The investor having a significant impact	1,142,032.55	1,027,829.30	1,142,032.55	132,923.46
	Including: China Western Power Industrial Co., Ltd.	1,142,032.55	1,027,829.30	1,142,032.55	132,923.46
Notes receivable					
	Other enterprises controlled by the same parent company and ultimate controller	3,931,593.73		4,000,000.00	
	Including: Dongfang Electric (Jiuquan) New Energy Co., Ltd.			4,000,000.00	
	Shizuishan Tiande Photovoltaic Power	1,369,906.23			

Item name	Related party	Balance as at June 30, 2019		Balance as at December 31, 2018	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
	Generation Co., Ltd.				
	Dongfang Electric (Jiuquan) Photovoltaic Power Technology Co., Ltd.	1,561,687.50			
	Dongfang Electric (Jiuquan) New Energy Co., Ltd.	1,000,000.00			
Advances to suppliers					
	Parent company and ultimate controller	187,346.62		193,975.20	
	Including: Dongfang Electric Corporation	187,346.62		193,975.20	
	Other enterprises controlled by the same parent company and ultimate controller	14,270,906.21		55,057,174.72	
	Including: Dongfang Electric International Investment Co., Ltd.	11,681,909.46		55,057,174.72	
	DEC (Chengdu) Sharing Service Co., Ltd.(東方電氣集團(成都)共享服務有限公司)	2,588,996.75			
	The investor having a significant impact			1,000.00	
	Including: China Western Power Industrial Co., Ltd.			1,000.00	
Other receivables					
	Parent company and ultimate controller	9,964,628.85	3,969,542.79	744,953.42	279,633.45
	Including: Dongfang Electric Corporation	9,964,628.85	3,969,542.79	744,953.42	279,633.45
	Other enterprises controlled by the same parent company and ultimate controller	780,828.68	383,859.29	760,536.68	317,473.39
	Dongfang Electric (Jiuquan) Solar Energy Co., Ltd.	324,738.93	105,874.81	324,738.93	150,150.33
	Emei Semiconductor Materials Research Institute	289,541.86	147,121.63	260,849.86	91,509.13
	Zhonghe Seawater Desalination Engineering Co., Ltd.	166,547.89	130,862.85	166,547.89	67,413.93
	Dongfang Electric (Liaotong) Wind Power Engineering Technology Co., Ltd.			8,400.00	8,400.00
	Joint ventures and associates			4,217,291.27	421,729.13
	Including: MHPS Dongfang Boiler Co. Ltd.			4,217,291.27	421,729.13

10.6.2 Payables

Item name	Related party	Book balance as at June 30, 2019	Book balance as at December 31, 2018
Accounts			

Dongfang Electric Corporation Limited

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Item name	Related party	Book balance as at June 30, 2019	Book balance as at December 31, 2018
payable			
	Parent company and ultimate controller	36,718,994.20	7,921,500.00
	Including: China Dongfang Electric Corporation	36,718,994.20	7,921,500.00
	Joint ventures and associates	1,569,208.01	65,879,369.75
	Including: MHPS Dongfang Boiler Co. Ltd.	1,559,877.01	65,870,038.75
	Framatome Dongfang Reactor Coolant Pumps Co., Ltd.(東方法馬通核泵有限責任公司)	9,331.00	9,331.00
	Other enterprises controlled by the same parent company and ultimate controller	6,166,092.20	5,729,932.20
	Including: Zhonghe Seawater Desalination Engineering Co., Ltd.	5,729,932.20	5,729,932.20
	Dongfang Electric International Investment Co., Ltd.	80,000.00	
	Dongfang Electric Jieneng Technology Chengdu Co., Ltd.	356,160.00	
	The investor having a significant impact	903,104.18	15,079,007.23
	Including: China Western Power Industrial Co., Ltd.	903,104.18	14,797,599.63
	Guangdong Yudean Group Co., Ltd.		281,407.60
Notes payable			
	Parent company and ultimate controller		396,000.00
	Including: China Dongfang Electric Corporation		396,000.00
	Joint ventures and associates	48,550,000.00	44,276,845.39
	Including: MHPS Dongfang Boiler Co. Ltd.	48,550,000.00	35,050,000.00
	Leshan Dongle Dajian Lifting Co., Ltd.		300,000.00
	Framatome Dongfang Reactor Coolant Pumps Co., Ltd.(東方法馬通核泵有限責任公司)		23,595.39
	Mitsubishi Heavy Industries Dongfang Gas Turbine(Guangzhou) Co., Ltd. (三菱重工東方燃氣輪機(廣州)有限公司)		8,903,250.00
	Other enterprises controlled by the same parent company and ultimate controller	380,429.00	
	Including: Guangdong Dongfang Power Plant Complete Equipment Company	380,429.00	
	The investor having a significant impact	3,342,180.66	
	Including: China Western Power Industrial Co., Ltd.	3,342,180.66	
Other payables			
	Parent company and ultimate controller	788,382,359.42	1,002,512,371.23
	Including: China Dongfang Electric Corporation	788,382,359.42	1,002,512,371.23
	Joint ventures and associates	2,009,461.00	200,000.00
	Including: MHPS Dongfang Boiler Co. Ltd.	200,000.00	200,000.00
	Inner Mongolia Mengneng Sanshengtai Wind Power Co., Ltd. (內蒙古蒙能三聖太風力發電有限公司)	1,809,461.00	
	Other enterprises controlled by the same parent company and ultimate controller	200,000.00	200,000.00
	Including: Guangdong Dongfang Power Plant Complete Equipment Company	200,000.00	200,000.00

Item name	Related party	Book balance as at June 30, 2019	Book balance as at December 31, 2018
	The investor having a significant impact		5,908,610.32
	Including: Wuhan Boiler Group Co., Ltd.		5,908,610.32
Contract liabilities			
	Parent company and ultimate controller	228,000.00	250,800.00
	Including: China Dongfang Electric Corporation	228,000.00	250,800.00
	Joint ventures and associates	76,572,735.71	151,695,349.73
	Including: Mitsubishi Heavy Industries Dongfang Gas Turbine(Guangzhou) Co., Ltd.(三菱重工東方燃氣輪機(廣州)有限公司)		77,481,934.19
	Framatome Dongfang Reactor Coolant Pumps Co., Ltd.(東方法馬通核泵有限責任公司)	40,872,602.08	68,210,534.21
	MHPS Dongfang Boiler Co. Ltd.	18,515,844.03	6,002,881.33
	Inner Mongolia Mengneng Sanshengtai Wind Power Co., Ltd.(內蒙古蒙能三聖太風力發電有限公司)	11,890,721.52	
	Inner Mongolia Energy Power Generation Hongnijing Wind Power Co., Ltd.(內蒙古能源發電紅泥井風電有限公司)	5,293,568.08	
	Other enterprises controlled by the same parent company and ultimate controller	357,043.20	386,816.78
	Including: Guangdong Dongfang Power Plant Complete Equipment Company	357,043.20	386,816.78
	The investor having a significant impact	200,000.00	
	Including: China Western Power Industrial Co., Ltd.	200,000.00	

10.6.3 Cash and cash equivalents from related party

Name of related party	Currency	Amount as at June 30, 2019 (Original currency)	Amount as at December 31, 2018 (Original currency)	Amount as at June 30, 2019 (In RMB)	Amount as at December 31, 2018 (In RMB)
Other enterprises controlled by the same parent company and ultimate controller					
Including: China Dongfang Electric Corporation	RMB	4,026,507,616.16	4,070,387,003.41	4,026,507,616.16	4,070,387,003.41
Zhonghe Seawater Desalination Engineering Co., Ltd.	RMB	2,697,912.76	48,425,357.99	2,697,912.76	48,425,357.99
DEC investment Management Co., Ltd.	RMB	347,415,486.71	41,968,046.99	347,415,486.71	41,968,046.99
Emei Semiconductor Materials Research Institute	RMB	37,147,462.44	23,641,759.92	37,147,462.44	23,641,759.92
Chengdu DEC Environmental Engineering Co., Ltd.	RMB	15,367,309.27	14,892,973.48	15,367,309.27	14,892,973.48
Dongfang Electric (Jiuquan) Solar Energy Co., Ltd.	RMB	1,329,078.58	11,499,381.03	1,329,078.58	11,499,381.03
DEC (Chengdu) Sharing Service Co.,	RMB				

Ltd.(東方電氣集團 (成都) 共享服務 有限公司)		7,889,277.68	9,312,102.22	7,889,277.68	9,312,102.22
Dongfang Electric (Jiuquan) Photovoltaic Power Technology Co., Ltd.	RMB	948,007.97	5,919,293.94	948,007.97	5,919,293.94
Shizuishan Tiande Photovoltaic Power Generation Co., Ltd.	RMB	1,059,372.20	1,051,476.76	1,059,372.20	1,051,476.76
Dongfang Electric Jieneng Technology Chengdu Co., Ltd.	RMB	2,655,168.21		2,655,168.21	
Emeishan City Emei High-purity Semiconductor Materials Co., Ltd.(峨 眉山市峨半高純材料 有限公司)	RMB	18,600,046.28		18,600,046.28	
Dongfang Huansheng Photovoltaic (Jiangsu) Co., Ltd.	RMB	20,881,501.32		20,881,501.32	
Guangdong Dongfang Power Plant Complete Equipment Company	RMB	5,654,432.56		5,654,432.56	
China Dongfang Electric Corporation	USD	38,226,206.69	15,095,807.24	262,793,703.13	98,639,023.68
China Dongfang Electric Corporation	JPY	0.80	4,875,257.85	0.05	282,194.55
China Dongfang Electric Corporation	EUR	5,622.90	5,622.90	43,954.21	43,871.54
China Dongfang Electric Corporation	HKD	0.47	0.47	0.41	0.39
Total				4,750,990,329.94	4,326,062,485.90

11. Share-based payment

None for the year.

12. Government grants

12.1 Related to assets

Type	Amount	Items presented	Amount included in profit or loss or written down the loss of relevant costs		Items included in profit or loss or written down the loss of relevant costs
			Amount for the Period	Amount for the same period of the previous year	
Refund of value-added tax of three-line enterprises	217,876,750.84	Deferred income, other current liabilities	13,693,256.28	15,480,439.17	Other income, non-operating income
Supporting payment for infrastructure	124,416,666.66	Deferred income, other	1,333,333.34		Other income, non-operating

Construction		Current liabilities			Income
Scientific research grants	18,707,257.51	Deferred income, other current liabilities	501,194.44	11,760.68	Other income, non-operating income
Financial subsidies	2,389,491.67	Deferred income, other current liabilities	154,275.00	154,275.00	Other income, non-operating income
Financial subsidies	11,552,300.67	Deferred income, other current liabilities		3,961,750.00	Other income, non-operating income
Total	374,942,467.35		15,682,059.06	19,608,224.85	

12.2 Related to income

Type	Amount	Amount included in profit or loss or written down the loss of relevant costs		Items included in profit or loss or written down the loss of relevant costs
		Amount for the Period	Amount for the same period of the previous year	
Scientific research grants	11,119,959.36	11,119,959.36	5,668,592.13	Other income, non-operating income
Tax refunds	790,294.33	790,294.33	4,021,476.75	Other income, non-operating income
Free-of-charge funding	136,000.00	136,000.00	138,250.00	Other income, non-operating income
Other grants	10,311,177.80	10,311,177.80	14,515,306.18	Other income, non-operating income
Insurance subsidy for the first (set) major technical equipment	13,883,232.00	13,883,232.00		Present the write-down in administrative expenses under the net method
Total	36,240,663.49	36,240,663.49	24,343,625.06	

13. Commitments and contingencies

13.1 Significant commitments

13.1.1 Significant commitments existed on the balance sheet date

(1) The Company's commitment on capital expenditure as at June 30, 2019

A commitment on capital expenditure which has been signed and yet confirmed in the financial statements

(Monetary Unit: RMB0'000)

Item	Amount at June 30, 2019	Amount at December 31, 2018
Commitment on acquisition and construction of long-term assets	54,797.43	56,695.70
Including: Capital construction	11,288.70	13,933.45
Equipment	43,508.73	42,762.25
Commitments for capital contribution	160.00	
Total	54,957.43	56,695.70

(2) Signed lease contracts being performed or to be performed and their

financial effects

As at June 30, 2019, the total payment for future minimum rents payable required for irrevocable leases of the Company as a lessee are listed in the following periods:

Period	Amount for the end of the year	Amount for the beginning of the year
Within 1 year	24,923,285.88	12,761,198.28
1 - 2 years	16,438,702.41	2,414,055.99
2 -3 years	16,859,864.76	2,110,672.88
Over 3 years	1,188,335.93	1,188,335.93
Total	59,410,188.98	18,474,263.08

13.1.2 Commitment on share lock-in

The Company acquired the eight underlying companies held by the parent company China Dongfang Electric Group Co., Ltd. by way of issuance of shares and some fixed assets and intangible assets. China Dongfang Electric Group Co., Ltd.. The Company promises to “mainly hold some of the equipment assets and intellectual property rights owned by Dongfang Finance, Guohe Company, Dongfang Zikong, Dongfang Hitachi, Material Company, Bulk Logistics, Qingneng Technology, Intelligent Technology and Dongfang Electric Group. The Dongfang Electric shares acquired by the intangible assets shall not be transferred in any way within 36 months from the date of listing of the shares (including but not limited to the transfer through the securities market, the bulk transaction or the agreement, or Dongfang Electric Repurchase, except for the repurchase by Dongfang Electric due to the performance of the profit compensation liability.) After the completion of the transaction (the closing price of Dongfang Electric's stock for 20 consecutive trading days within 6 months from the listing of the newly added shares of this transaction) The issue price of this transaction, or the closing price of the transaction 6 months after December 31, 2018, is lower than this The issue price of the transaction, Dongfang Electric Company stock exchange made this lock-up period is automatically extended for six months on the basis of the original lock-up period. Before the transaction, the shares of the listed company directly and indirectly held by the company will not be transferred within 12 months after the completion of the transaction (since the new shares are listed on this transaction). During the above-mentioned period of restricted sales, Dongfang Electric's shares, which were added by Dongfang Electric due to bonus shares and share capital increase, were also locked in compliance with the above-mentioned commitment period. ”

13.1.3 Commitment to compensation for the “Rainbow Project” profit forecast

On August 31, 2017, Dongfang Electric and Dongfang Electric Group signed a Compensation Agreement on the Profit Forecast Compensation Agreement, with March 31, 2018 as the delivery date of the relevant equity and assets. According to the relevant agreement, the profit forecast compensation arrangement for the underlying assets of the “Rainbow Project” is as follows:

(1) Compensation period and performance commitment

The profit compensation period is the year of completion of the transaction and the following two fiscal years, namely 2018, 2019, and 2020.

(2) Compensation arrangement

For the 100% equity of Guohe Company, one of the underlying assets of the transaction, the appraisal institution uses the income method to evaluate the underlying assets and use it as a pricing reference. According to the “Restructuring Management Measures” and the relevant provisions of the China Securities Regulatory Commission, the asset appraisal agency adopts the income method, hypothetical development method and other valuation methods based on future income expectations evaluate the assets to be purchased and use as a reference for pricing. The counterparty should sign a clear and feasible compensation agreement for the fact that the actual profit of the underlying asset is less than the profit forecast.

According to the "Profit Forecast Compensation Agreement" signed by both parties to the transaction, the profit compensation period is the year in which the transaction is completed and the following two fiscal years, that is, if the transaction is completed in 2017, the profit compensation period is the years of 2017, 2018 and 2019 (If the assets purchased in this issue are not completed before December 31, 2017, the Dongfang Electric Group's profit compensation period will be postponed accordingly)

Dongfang Electric Group promises that the sum of the actual net profit of Guohe Company in the profit compensation period and the previous or previous two fiscal years will not be lower than the same as the previous one of Guohe Company in the profit assessment period stated in the asset assessment report. Or the sum of the predicted net profit attributable to the owner of the parent company after deducting the non-recurring gains and losses in the first two fiscal years, and the final accumulated net profit of the commitment is the compensation of Guohe Company as stated in the asset assessment report filed by the State-owned Assets Supervision and Administration Commission of the State Council. The amount of predicted net profit during the period is determined. The specific compensation method is stipulated in the Supplementary Agreement of the Profit Forecast Compensation Agreement by Dongfang Electric Group and Dongfang Electric in accordance with the relevant provisions of the “Restructuring Management Measures”.

At the same time, when the above compensation period expires, the listed company should hire an accounting firm with securities business qualifications to conduct impairment test on Guohe Company and issue a special audit report. For example, Guohe Company's depreciation amount is greater than “profit” on December 31, 2018. During the compensation period, the total number of shares that have been compensated for the actual adoption of the share method \times the current issue price + the amount of cash compensation, the counterparty shall separately compensate. If the A shares of the listed company subscribed by the counterparty with 100% equity of Guohe Company are insufficient to compensate, the counterparty

shall compensate the listed company in cash. The parties to the transaction confirm that the total compensation for profit compensation and impairment test does not exceed the transaction amount of 100% equity of Guohe Company.

For the patent, proprietary technology and software products and trademark rights of Oriental Autocontrol, the patents, proprietary technology and copyright of Oriental Hitachi, and the trademark rights of Oriental Material Company, the evaluation institutions adopt the income method to evaluate and use it as a reference basis for pricing. Dongfang Electric Group promises that the actual net profit of the year and the previous two accounting years (i.e. the period of profit compensation) will be the year when the transaction is completed, the patent, proprietary technology and software products and trademark rights of Dongfang Autocontrol, the patent, proprietary technology, copyright and trademark rights of Dongfang Hitachi, and the trademark rights of Bairui Material Company in the period of profit compensation. The sum of profits will not be less than the sum of the estimated net profits of the current year and the previous or previous two accounting years of Oriental Autonomous Control, proprietary technology and software products and trademarks, Oriental Hitachi's patents, proprietary technology and copyrights, and trademarks, materials companies in the period of profit compensation, and ultimately the amount of net profits will be promised by the State Council. The predicted net profit amount of Oriental Autonomous Patents, proprietary technologies and software products and trademarks, Oriental Hitachi's patents, proprietary technologies and copyrights, trademark rights, and material companies during the period of compensation for the profits of Berry's trademark rights, as contained in the Asset Assessment Report filed by SASAC, shall be accurately determined. If the accumulative net profit of Oriental Hitachi's patent, proprietary technology and software products and trademark rights during the period of profit compensation is lower than its accumulative promised net profit, it must compensate the purchaser of assets for the insufficient part of the total net profit realized by Oriental Hitachi's patent, proprietary technology and copyright, trademark rights and material company's Berry trademark rights. Specific compensation methods are stipulated by Dongfang Electric Group and Dongfang Electric in the Supplementary Agreement of Profit Forecasting Compensation Agreement in accordance with the Reorganization Management Measures and other relevant provisions.

For the 95% equity of Oriental Finance, one of the underlying assets of this transaction, the evaluation institution uses the market method to evaluate the underlying assets and serves as a reference basis for pricing. Listed companies will employ accounting firms qualified for securities business to test the impairment of Oriental Finance during the impairment test period (the impairment test period is the same as the profit compensation period stipulated in the Earnings Prediction Compensation Agreement) and issue special audit reports during each annual audit. If the impairment of Dongfang Finance on December 31, 2018 is greater than the total number of compensated shares by shares during the impairment test period * the

issuance price + cash compensation amount, the counterparty shall compensate the listed company for A-share shares.

If the A share of the listed company subscribed by the counterparty with 95% equity of Oriental Finance is not enough to compensate, the counterparty shall compensate the listed company with cash. Both parties confirm that the total amount of the final share compensation and cash compensation shall not exceed the transaction amount of 95% of Oriental Finance's equity. The aforementioned impairment is 95% of Oriental's financial valuation minus 95% of Oriental's financial valuation on December 31, 2018, and deducts the effects of increasing, reducing, accepting gifts and profit distribution of Oriental's financial shareholders during the period of profit compensation.

13.1.4 Apart from the above items, as at June 30, 2019, the Company has no other significant commitments needing to be disclosed

13.2 Contingencies

13.2.1 Significant contingencies existing on balance sheet date

For the Contingent liabilities relating to the investment of the joint venture and associate, please see the notes "VII. Equity in other entities".

(1) Outstanding letter of guarantee

As of June 30, 2019, the situation of the letter of guarantee issued by the company

Currency type	Amount in original currency	Amount converted into RMB
RMB	18,453,452,243.70	18,453,452,243.70
USD	220,179,089.70	1,513,671,811.85
EUR	10,564,011.60	82,578,878.68
INR	104,300,000.00	10,993,220.00
Bs.	234,336,787.76	245,116.28
Total		20,060,941,270.51

(2) Outstanding L/C

As at June 30, 2019, the situation of irrevocable L/C opened by the Company

Currency type	Amount in original currency	Amount converted into RMB
RMB		
USD	45,279,863.67	311,285,478.82
EUR	34,312,526.13	268,221,018.65
YEN	2,986,337,191.00	190,576,094.08
CHF	387,497.00	2,727,513.88
GBP	24,600.00	214,297.98
Total		773,024,403.41

(3) Guarantee for other units

As at June 30, 2019, the Company provides guarantee for other units

Unit: RMB 10,000

Item	Guarantee the unit	Guarantee object			Assure means	Guarantee species	Counter guarantee way	The actual guarantee
		name	Enterprise nature	Whether it is on the company				
1	Dongfang Turbine Co., Ltd. of Dongfang Electric Corporation	Mitsubishi Heavy Industries Dongfang Gas Turbine Co., Ltd.	Foreign Merchant	No	The joint Liability guaranty	Performance Guarantee	The joint Liability guaranty	2,450.00
2	Dongfang Electric Corporation Limited	Inner Mongolia Energy Power Generation Hongnijing Wind Power Co., Ltd.	Private	No	The joint Liability guaranty	Pledged	The joint Liability guaranty	1,600.00
3	Dongfang Electric Corporation Limited	Inner Mongolia Mengneng Sanshengtai Wind Power Co., Ltd.	Private	No	The joint Liability guaranty	Pledged	The joint Liability guaranty	1,600.00
4	Dongfang Electric Corporation Limited	Inner Mongolia Huadian Uda Thermal Power Co., Ltd.	Private	No	The joint liability guaranty	Pledged	The joint Liability guaranty	3,600.00
	Total							9,250.00

Note: Oriental Mitsubishi Gas Turbine Co., Ltd. and CNOOC Zhuhai Natural Gas Power Generation Co., Ltd., Zhongshan Jiaming Power Co., Ltd., Zhonghai Fujian Gas Power Generation Co., Ltd., and Guangdong Huizhou Natural Gas Power Generation Co., Ltd. (hereinafter referred to as "owners") intend to sign "M701F gas turbine parts, Long-term Management Agreement for Component Maintenance and Technical Advisory Services (hereinafter referred to as the "Long-Term Service Agreement for Gas Turbine"), the "Long-Term Service Agreement for Gas Turbine" involves 12 units, and the owner requests the parent company of Mitsubishi Gas Turbine Company (Mitsubishi Hitachi Power) System Co., Ltd. and the Company) signed the "Parent Company Guarantee Agreement" to guarantee the performance of Dongfang Mitsubishi Gas Turbine Company. The total guarantee for this long-term service agreement is 50 million yuan. The Company provides a guarantee amount of 24.5 million yuan according to the proportion of shares held by Oriental Mitsubishi Gas Turbine Co., Ltd., and Oriental Mitsubishi Gas Turbine Co., Ltd. provides equal guarantees to the company. Warranty period: After the expiration or termination of the Gas Turbine Long-Term Service Agreement, the guarantee liability shall be fully effective within the scope of the obligations or liabilities of the seller's contract until the seller is under the contract or related to the contract. Obligations and responsibilities (including but not limited to guarantee obligations) have been fulfilled without any hassle.

Contingent liabilities arising from pending litigation or pending arbitration

(1) Final tax of Indonesia Longwan and Bazidan project (FINALTAX)

In July 2008, the Indonesian government adjusted the corporate income tax policy. For the permanent establishment of a foreign company, the construction service contract in Indonesia is subject to a final tax on the revenue recognized in the current year, that is, regardless of the profit or loss of the executed project, all according to the fixed ratio of contract revenue. (2%-6%) levy final tax; relevant contracts signed before January 1, 2008, will be implemented after January 1, 2009; contracts signed after January 1, 2008 will be executed at the time of signing.

In August 2007, Dongfang Electric Group International Cooperation Co., Ltd., a subsidiary of the Company, signed a contract with the Indonesian State Power Corporation PLN for the construction contract (EPC) of the Longwan and Bazidan coal-fired power stations in Indonesia. The total contract amount was USD 880,235,465.00 and the Indonesian rupee was 3,119,882,434 Thousand yuan. In accordance with the adjusted final tax policy of the Indonesian government, Dongfang Electric Group International Cooperation Co., Ltd., as an enterprise that has not obtained the LPJK certificate, shall pay the final tax at a rate of 4%, and confirm the income according to Dongfang Electric Group International Cooperation Co., Ltd. after 2009 (The FOB part is equivalent to RMB 3.679 billion) and the 4% tax rate is calculated. Dongfang Electric Group International Cooperation Co., Ltd. shall pay a final tax of approximately RMB 147 million.

On November 2016 and December 2016, the Indonesian Taxation Court ruled on the same type of tax disputes of two other Chinese-funded enterprises, and determined that the entire income of the EPC contract was paid in Indonesia at a rate of 3%. Dongfang Electric Group International Cooperation Co., Ltd. based on the relevant judgments made by the above-mentioned Indonesian tax court, calculated the final tax payable according to the income of Indonesia Longwan and Bazidan projects after January 1, 2009 and the ratio of 3%, and Indonesia has calculated the corresponding late payment fee and fine. Dongfang Electric Group International Cooperation Co., Ltd. expects to pay a final tax, late payment fee and fine of RMB323 million, and an estimated agency fee of RMB1 million.

Dongfang Electric Group International Cooperation Co., Ltd. believes that this regulation does not comply with the double taxation agreement signed between China and Indonesia, and submits an appeal to the Indonesian Tax Court and the Supreme Court.

In August and October 2018, the Indonesian Taxation Court ruled on the final tax disputes for 2009 and 2010 respectively: in 2009, the final tax shall be levied on the overall EPC contract revenue at the tax rate of 3%, in 2010, the final tax of the land portion shall be levied at the tax rate of 4%, the offshore part of the final tax shall not be paid in Indonesia. As the two parties were dissatisfied with the ruling, they filed an application for judicial review to the Indonesian Supreme Court. So far, the Indonesian Supreme Court has not yet made a final ruling.

(2) Indonesian branch profit tax

In 2016, Indonesian local tax authorities conducted an on-site audit of Dongfang Electric Group International Cooperation Co., Ltd.'s 2011 annual income tax taxation in accordance with Indonesia's tax policy, requiring the Indonesian branch of Dongfang Electric Group International Cooperation Co., Ltd. to pay a profit of 20% for the 2011 annual profit. The profit tax and late payment fee of the branch was paid about RMB86 million, and it was not allowed to make up for the loss in the previous year. Dongfang Electric Group International Cooperation Co., Ltd. filed an objection and appeal to the Indonesian tax authorities in March 2017 on the above matters. In April 2019, the Indonesian tax court has ended the process of hearing and has not yet made a corresponding judgment. If the objection is rejected, an additional 50% fine will be paid to approximately RMB43 million. Dongfang Electric Group International Cooperation Co., Ltd. withdrew the profit tax, late payment fee and fine of RMB130 million in Indonesian branches. The Indonesian branch's profit tax, late payment fee and fine of RMB130 million were imposed.

The Company and Dongfang Electric Group confirmed that after the 100% equity of Dongfang Electric Group International Cooperation Co., Ltd. involved in the Rainbow Project was completed, Dongfang Electric Group International Cooperation Co., Ltd. was in charge of Indonesia's taxation due to Indonesia's final tax dispute and Indonesian branch profit tax dispute. If the total amount of taxes, late fees, fines and other expenses paid by the department is actually greater than the estimated Indonesian project tax, late payment fee and fine amount under this contract, Dongfang Electric Group shall pay the actual taxes, late fees, fines and other expenses. The difference between the total amount and the accrued amount is paid to the company (or the company designated Dongfang Electric Group International Cooperation Co., Ltd. as the receiving entity). The aforesaid balance shall be paid within 15 working days from the date of issuance of the annual audit report of Indonesia and the final judgment/solution of the profit tax dispute in Indonesia.

The Company and Dongfang Electric Group confirmed that after the 100% equity of Dongfang Electric Group International Cooperation Co., Ltd. involved in the Rainbow Project was completed, Dongfang Electric Group International Cooperation Co., Ltd. was in charge of Indonesia's taxation due to Indonesia's final tax dispute and Indonesian branch profit tax dispute. If the total amount of taxes, late fees, fines and other expenses paid by the department is actually less than the estimated Indonesian project tax, late payment fee and fine amount under this contract, the company (or the company designated Dongfang Electric Group International Cooperation Co., Ltd. at that time) shall The Dongfang Electric Group will pay cash to the difference between the total amount of taxes, late fees, fines and other expenses actually paid and the amount of the provision. Within 15 working days from the date of issuance of the final tax dispute in Indonesia and the final judgment/solution of the Indonesian branch profit tax dispute, the company shall deduct the unanticipated Indonesian project tax from the aforementioned difference. The deferred income tax assets corresponding to the deferred income tax

assets recognized on December 31, 2016, which have been reflected in the assessment value, are paid in cash to Dongfang Electric Group.

13.2.3 Others

Except for the above matters, the company has no other major contingencies to be disclosed as of the reporting date.

14. Post-balance sheet events

14.1 significant non-adjusting events

None.

14.2 Into assets held for sale and disposal groups

None.

14.3 Other post-balance sheet events

None.

15. Other significant events

15.1 correction of accounting errors in previous periods

This report period did not adopt important early accounting error correction matters.

15.2 Debt restructuring

No significant debt restructuring occurred during the period.

15.3 Asset replacement

No significant asset replacement occurred during the period.

15.4 Annuity plan

In accordance with the Enterprise Annuity Measures (Decree No. 36 of the Ministry of Human Resources and Social Security and the Ministry of Finance), the Company adjusted the Enterprise Annuity Plan of Dongfang Electric Corporation (Trial) approved by the State-owned Assets Supervision and Administration Commission of the State Council in its Reply to the Trial Implementation of the Enterprise Annuity System of Dongfang Electric Corporation (State-owned Asset Distribution [2007] No.1201), and formed a new Enterprise Annuity Plan of Dongfang Electric Corporation (hereinafter referred to as the "Plan"), which is reported to the Ministry of Human Resources and Social Security and the State-owned Assets Supervision and Administration Commission of the State Council for filing. The offices of the Ministry of Human Resources and Social Security and the State-owned Assets Supervision and Administration Commission of the State Council registered the adjusted plan of Dongfang Electric Corporation by the Letters from the Office of the Ministry of Human Resources and Social Security on Registering the Enterprise Annuity Plans

for 17 Entities, such as China Taiping Insurance Group Co., Ltd. (Ren She Ting Han [2018] No.334) and Letters on Registering the Enterprise Annuity Plans for 11 enterprises, such as China Aerospace Science and Industry Corporation (Guo Zi Ting Kao Fen [2019] No. 65). According to the plan, the annuity shall be paid by both the Company and the staff, and the annuity expense should be included in the annual cost. The annuity should be paid to the enterprise annuity special account of Dongfang Electric Corporation every year, and operated and managed by China Life Pension Company Limited entrusted by Dongfang Electric Corporation.

15.5 Discontinued operation

15.5.1 Net profit from continued operation and net profit from discontinued operation attributable to owners of the parent company

Item	Amount for the period	Amount for the same period of the previous year
Net profit from continued operation attributable to owners of the parent company	729,692,676.27	534,714,441.13
Net profit from discontinued operation attributable to owners of the parent company		

15.5.2 Net profit from discontinued operation

None.

15.5.3 Adjustment to profit or loss from disposal of discontinued operation

None.

15.5.4 Cash flow of discontinued operation

None.

15.5.5 Explanation of the reason that discontinued operation will no longer satisfy the conditions for the division of held-for-sale category

None.

15.6. Reportable segment

15.6.1 Determination and accounting policies of reportable segment

According to the Company's internal organization structure, management requirement and internal reporting system, the Company's operating business are divided into five reportable segments, which are determined on the basis of the internal organization structure, management requirement and internal reporting system. The Company's management regularly evaluates the operating results of these reportable segments to determine to allocate resources and assess its performance. Main products and labor services provided by each reportable segment of the Company are respectively as follows: clean and efficient power generation

equipment, new energy, water energy and environmental protection equipment, engineering and service and others.

Information on segment reporting are disclosed according to the accounting policies and measurement standards adopted by each segment to report to the management, which are consistent with the accounting and measurement basis adopted when the financial statements are prepared.

15.6.2 Reportable segment

Reportable segment in January - June 2019

Item	Clean and efficient power Generation equipment	Renewable energy equipment	Engineering and Trade	Modern manufacturing services	Emerging growth industry	Subtotal	Offset	Total
Operating income	14,744,369,809.50	3,135,231,820.71	1,186,441,080.25	2,186,149,761.57	1,880,662,411.24	23,132,854,883.27	7,291,689,283.10	15,841,165,600.17
Including: income from foreign transactions	8,710,411,128.52	2,581,451,833.10	1,314,457,623.64	1,877,141,526.89	1,357,703,488.02	15,841,165,600.17		15,841,165,600.17
Income from inter-segment transactions	6,033,958,680.98	553,779,987.61	-128,016,543.39	309,008,234.68	522,958,923.22	7,291,689,283.10	7,291,689,283.10	
Operating cost	12,926,678,413.06	2,771,937,804.43	952,961,354.78	1,558,443,931.70	1,420,391,152.83	19,630,412,656.80	7,595,189,689.41	12,035,222,967.39
Offset of cost	6,184,935,179.51	543,816,982.22	-117,427,474.82	620,506,544.67	363,358,457.83	7,595,189,689.41	7,595,189,689.41	
Period expenses						2,170,891,314.37	-323,745,968.90	2,494,637,283.27
Operating profits (losses)	1,817,691,396.44	363,294,016.28	233,479,725.47	627,705,829.87	460,271,258.41	1,331,550,912.10	435,637,766.12	895,913,145.98
Total assets						155,995,906,230.91	69,632,570,964.96	86,363,335,265.95
Including: the amount of a single asset with significant impairment loss								
Total liabilities						104,307,857,816.37	49,428,761,531.73	54,879,096,284.64
Supplementary information								
Capital expenditure								
Impairment loss recognized in current period						451,465,825.81	-72,467,104.28	523,932,930.09
Including: amortization of goodwill impairment								
Depreciation and amortization expenses						459,164,757.66		459,164,757.66
Non-cash expenses other than impairment loss, depreciation and amortization								

Reportable segment in January - June 2018

Item	Clean and efficient power generation equipment	Renewable energy equipment	Engineering and Trade	Modern manufacturing services	Emerging growth industry	Subtotal	Offset	Total
Operating income	15,318,116,394.73	3,119,911,448.95	1,888,169,657.35	1,795,308,626.18	1,266,666,802.16	23,388,172,929.37	6,811,361,286.13	16,576,811,643.24
Including: income from foreign transactions	9,996,033,538.09	2,193,903,152.90	1,807,374,306.86	1,371,147,467.09	1,208,353,178.30	16,576,811,643.24		16,576,811,643.24
Income from inter-segment transactions	5,322,082,856.64	926,008,296.05	80,795,350.49	424,161,159.09	58,313,623.86	6,811,361,286.13	6,811,361,286.13	
Operating cost	13,761,890,112.44	2,710,454,454.81	1,578,772,976.10	1,192,335,578.20	984,664,539.73	20,228,117,661.28	6,664,019,317.22	13,564,098,344.06
Offset of cost	5,284,425,148.58	804,392,084.12	-119,331,062.48	637,942,504.61	56,590,642.39	6,664,019,317.22	6,664,019,317.22	
Period expenses						1,894,973,889.92	-168,550,914.84	2,063,524,804.76
Operating profits (losses)	1,556,226,282.29	409,456,994.14	309,396,681.25	602,973,047.98	282,002,262.43	1,265,081,378.17	599,710,110.02	665,371,268.15
Total assets						153,402,446,313.96	65,758,597,385.79	87,643,848,928.17
Including: the amount of a single asset with significant impairment loss								
Total liabilities						108,067,697,918.76	49,390,014,500.52	58,677,683,418.24
Supplementary information								
Capital expenditure								
Impairment loss recognized in current period						434,044,092.23	-13,265,297.58	447,309,389.81
Including: amortization of goodwill impairment								
Depreciation and amortization expenses						459,744,967.15		459,744,967.15
Non-cash expenses other than impairment loss, depreciation and amortization								

15.7 Other important transaction and events affecting decision-making of investors

In 2004, without the consent of DBC, Chongqing Business Office of China Science and Technology Securities Co., Ltd. arbitrarily and illegally pledged the national debts of face value amounted to RMB201,404,000.00 purchased by DBC in batch. In 2006, China Science and Technology Securities Co., Ltd. was managed by China Securities Investor Protection Fund Corporation Limited under the commission of the CSRC in accordance with the law. Upon the deliberation and approval at the interim meeting of the board of directors, DBC makes provision of RMB150,000,000.00 for impairment of national debts having the risk of compensation in 2006.

On September 7, 2007, No. 2 Intermediate People's Court of Beijing accepted the bankruptcy case of China Science and Technology Securities Co., Ltd.

On August 4, 2008, DBC received RMB10,709,456.86 from the first property distribution made by the bankruptcy liquidation committee of China Science and Technology Securities Co., Ltd. In March 2014, all creditors voted to restore the property distribution of creditor's right confirmed by DBC. DBC received a total of payable allocated payments amounted to RMB29,013,662.90 from the property distribution from the second to fourth times. In November 2016, DBC received RMB11,386,129.34 from the fifth property distribution made by the bankruptcy liquidation committee of China Science and Technology Securities Co., Ltd., and the aging remaining debt that has not been recovered is over 5 years, DBC makes full provision of RMB146,064,314.06 for impairment of the above debts having the risk of compensation. As at the date of the financial report, China Science and Technology Securities Co., Ltd. is still under bankruptcy liquidation process.

16. Major Notes to Company Financial Statements

16.1 Notes receivable

16.1.1 Presentation of the notes receivable by category

Item	Balance as at June 30, 2019	Balance as at December 31, 2018
Bank acceptance bill	429,441,117.79	541,789,401.94
Commercial acceptance bill	20,000,000.00	323,528,680.69
Total	449,441,117.79	865,318,082.63

16.1.2 Notes receivable endorsed or discounted by the Company as at June 30, 2019 but not expired on the balance sheet date but not expired on the balance sheet date

Item	Balance as at June 30, 2019	Balance as at December 31, 2018
Bank acceptance bill	547,259,840.32	728,050,429.33
Total	547,259,840.32	728,050,429.33

16.2 Accounts receivable

16.2.1 Aging analysis of accounts receivable

Aging	Balance as at June 30, 2019	Balance as at December 31, 2018
Within 1 year	1,242,422,626.64	689,519,593.01
1 - 2 years	32,753,951.66	131,699,445.41
2 - 3 years	333,242,100.54	362,882,518.09
3 - 4 years	148,787,508.14	142,075,359.17
4 - 5 years	34,874,841.56	29,726,427.95
Total	1,792,081,028.54	1,355,903,343.63

16.2.2 Disclosure of accounts receivable by classification

Category	Balance as at June 30, 2019				Book value
	Book balance		Provision for bad debts		
	Amount	Proportion (%)	Amount	Proportion Of provision (%)	
Provision for bad debts on a single basis	34,108,255.01	1.61	30,658,255.01	90.00	3,450,000.00
Including:					
Accounts receivable with significant single amount and subject to individual provision for bad debts	34,108,255.01	1.61	30,658,255.01	90.00	3,450,000.00
Accounts receivable with insignificant single amount and subject to individual provision for bad debts					
Provision for bad debts by	2,083,266,243.56	98.39	294,635,215.02	14.00	1,788,631,028.54

Category	Balance as at June 30, 2019				Book value
	Book balance		Provision for bad debts		
portfolio					
Including:					
Accounts receivable subject to provision for bad debts by portfolios with credit risk characteristics	2,083,266,243.56	98.39	294,635,215.02	14.00	1,788,631,028.54
Total	2,117,374,498.57	100.00	325,293,470.03		1,792,081,028.54

Category	Balance as at December 31, 2018				Book value
	Book balance		Provision for bad debts		
	Amount	Proportion (%)	Amount	Proportion of provision (%)	
Provision for bad debts on a single basis	34,051,198.71	2.04	30,601,198.71	89.87	3,450,000.00
Including:					
Accounts receivable with significant single amount and subject to individual provision for bad debts	34,051,198.71	2.04	30,601,198.71	89.87	3,450,000.00
Accounts receivable with insignificant single amount and subject to individual provision for bad debts					
Provision for bad debts by portfolio	1,633,954,267.59	97.96	281,500,923.96	17.23	1,352,453,343.63
Including:					
Accounts receivable subject to provision for bad debts by portfolios with credit risk characteristics	1,633,954,267.59	97.96	281,500,923.96	17.23	1,352,453,343.63
Total	1,668,005,466.30	100.00	312,102,122.67		1,355,903,343.63

Provision for bad debts on a single basis

Accounts receivable (by unit)	Balance as at June 30, 2019			
	Accounts receivable	Provision for bad debts	Proportion of provision (%)	Reason for provision
Rank 1	34,108,255.01	30,658,255.01	90.00	After impairment test, it is only expected to recover RMB3.45 million
Total	34,108,255.01	30,658,255.01		

Accounts receivable with the provision for bad debts made under the aging portfolio

Aging	Balance as at June 30, 2019		
	Accounts receivable	Provision for bad debts	Proportion of provision (%)
Within 1 year (including 1 year)	1,307,813,291.21	65,390,664.57	5.00
1 - 2 years	36,393,279.62	3,639,327.96	10.00
2 - 3 years	412,240,125.69	82,448,025.15	20.00
3 - 4 years	247,979,180.23	99,191,672.09	40.00
4 - 5 years	69,749,683.13	34,874,841.57	50.00
Over 5 years	9,090,683.68	9,090,683.68	100.00
Total	2,083,266,243.56	294,635,215.02	

16.2.3 Provision, reversal or recovery of provision for bad debts during the period

Category	Balance as at December 31, 2018	Changes in 2019			Balance as at June 30, 2019
		Provision	Reversal or recovery	Resale or verification	
Accounts receivable with significant single amount and subject to individual provision for bad debts	30,601,198.71	57,056.30			30,658,255.01
Accounts receivable with insignificant single amount and subject to individual provision for bad debts					
Accounts receivable subject to provision for bad debts by portfolios with credit risk characteristics	281,500,923.96	13,134,291.06			294,635,215.02
Total	312,102,122.67	13,191,347.36			325,293,470.03

16.2.4 Top five accounts receivable in terms of ending balance collected by the debtor

Unit name	Balance as at June 30, 2019		
	Accounts receivable	Proportion in the total accounts receivable (%)	Provision for bad debts
Rank 1	187,849,575.38	8.87%	9,392,478.77
Rank 2	128,518,895.03	6.07%	6,425,944.75
Rank 3	101,726,000.00	4.80%	5,086,300.00
Rank 4	99,042,000.00	4.68%	4,952,100.00
Rank 5	94,949,583.00	4.48%	17,839,756.85
Total	612,086,053.41	28.90%	43,696,580.37

16.3 Other receivables

Item	Balance as at June 30, 2019	Balance as at December 31, 2018
Interests receivable	87,176,899.73	61,892,578.10

Item	Balance as at June 30, 2019	Balance as at December 31, 2018
Dividends receivable	255,676,815.59	131,436,444.73
Other receivables	283,108,938.78	177,283,164.29
Total	625,962,654.10	370,612,187.12

16.3.1 Interest receivable

Classification of interest receivable

Item	Balance as at June 30, 2019	Balance as at December 31, 2018
Fixed deposit	87,176,899.73	61,892,578.10
Total	87,176,899.73	61,892,578.10

16.3.2 Dividends receivable

Item (or Investee)	Balance as at June 30, 2019	Balance as at December 31, 2018
Dongfang Electric Machinery Co., Ltd.	131,436,444.73	131,436,444.73
Dongfang Electric Financial Company	124,240,370.86	
Total	255,676,815.59	131,436,444.73

16.3.3 Other receivables

(1) Aging analysis of other receivables

Aging	Balance as at June 30, 2019	Balance as at December 31, 2018
Within 1 year	178,037,123.06	117,350,501.52
1 - 2 years	48,542,505.44	2,775,879.81
2 - 3 years	3,009,255.97	2,686,421.59
3 - 4 years	6,490,968.52	8,727,614.56
4 - 5 years	2,729,085.79	1,442,746.81
Over 5 years	44,300,000.00	44,300,000.00
Total	283,108,938.78	177,283,164.29

(2) Classification of other receivables by quality

Item	Balance as at June 30, 2019	Balance as at December 31, 2018
Reserve fund	6,658,994.47	1,421,182.02
Pre-paid charge	3,391,743.36	1,905,958.80
Others	114,788,200.95	15,686,023.47
Investment fund	158,270,000.00	158,270,000.00
Total	283,108,938.78	177,283,164.29

(3) Provision for bad debts

Bad debt provision	First stage	Second stage	Third stage	Total

	Expected credit losses in the next 12 months	Expected credit loss for the whole life period (No credit impairment occurred)	Expected credit loss for the whole life period (Credit impairment occurred)	
Balance as at December 31, 2018	53,435,172.33		6,380,080.78	59,815,253.11
Book value of other receivable				
Amount as at January 1, 2018				
-- Turn to the second stage				
-- Turn to the third stage				
-- Return to the second stage				
-- Return to the first stage				
Provision in 2019			7,104,906.55	7,104,906.55
Switch back in 2019	5,164,702.07			5,164,702.07
Write-off in 2019				
Verification in 2019				
Other changes				
Amount as at June 30, 2019	48,270,470.26		13,484,987.33	61,755,457.59

(4) Provision, reversal or recovery of provision for bad debts in 2019

Category	Balance as at December 31, 2018	Changes in 2019			Balance as at June 30, 2019
		Provision	Reversal or recovery	Resale or verification	
Other receivables with significant single amount and subject to separate provision for bad debts		1,937,686.50			1,937,686.50
Other receivables subject to provision for bad debts by portfolios with credit risk characteristics	53,435,172.33		5,164,702.07		48,270,470.26
Other receivables with insignificant single amount but subject to separate provision for bad debts	6,380,080.78	5,167,220.05			11,547,300.83
Total	59,815,253.11	7,104,906.55	5,164,702.07		61,755,457.59

(5) The actual write-off of other receivable for the current period

Entity name	Nature of other receivable	Balance as at June 30, 2019	Aging	Proportion in the total other receivables (%)	Provision for bad debts at June 30, 2019
Rank 1	Investment fund and Generation of advances	113,970,000.01	Within 1 year	33.05%	
Rank 2	Investment fund	44,300,000.00	Over 5 years	12.85%	
Rank 3	Others	41,649,128.57	1-3 years	12.08%	
Rank 4	Generation of	30,425,240.31	1-5 years	8.82%	29,315,158.21

Entity name	Nature of other receivable	Balance as at June 30, 2019	Aging	Proportion in the total other receivables (%)	Provision for bad debts at June 30, 2019
	advances				
Rank 5	Others	30,126,792.04	Within 1year	8.74%	
Total		260,471,160.93		75.53%	29,315,158.21

16.4 The long-term equity investment is analyzed as follows:

Item	Balance as at June 30, 2019			Balance as at December 31, 2018		
	Amount	Provision for bad debts	Net amount	Amount	Provision for bad debts	Net amount
Investments in subsidiaries	21,246,167,640.14		21,246,167,640.14	20,794,967,640.14		20,794,967,640.14
Investments in joint ventures and associates	827,511,612.83		827,511,612.83	781,936,479.17		781,936,479.17
Total	22,073,679,252.97		22,073,679,252.97	21,576,904,119.31		21,576,904,119.31

16.4.1 Investments in subsidiaries

Investee	Balance as at December 31, 2018	Increase	Decrease	Balance as at June 30, 2019	Provision for impairment for the period	Balance of provision for impairment as at June 30, 2019
Dongfang Boiler Group Co., Ltd. of Dongfang Electric Corporation	5,192,395,417.83			5,192,395,417.83		
Dongfang Turbine Co., Ltd. of Dongfang Electric Corporation	6,010,766,999.71			6,010,766,999.71		
DEC Dongfang Electric Machinery Co., Ltd.	3,164,000,000.00			3,164,000,000.00		
Dongfang Electric (India) PVT LTD	129,504,712.22			129,504,712.22		
Dongfang Electric (Wuhan) Nuclear Equipment Co., Ltd.	232,060,000.00			232,060,000.00		
Dongfang Electric (Guangzhou) Heavy Machinery Co., Ltd.	589,459,392.37			589,459,392.37		
Dongfang Electric Wind Power Co., Ltd.	556,237,000.00	451,200,000.00		1,007,437,000.00		
Dongfang Electric (Indonesia) Co., Ltd.	11,621,730.00			11,621,730.00		
Dongfang Electric International Corporation	1,409,966,967.29			1,409,966,967.29		
Dongfang Electric Financial Company	2,867,031,546.59			2,867,031,546.59		
Dongfang Hitachi (Chengdu) Electric Control Equipment Co., Ltd.						
Dongfang Electric Heavy cargo logistics Co., Ltd.	77,469,728.35			77,469,728.35		
Dongfang Electric(Sichuan) Trading Co., Ltd.	110,805,368.69			110,805,368.69		
Dongfang Electric Autocontrol Engineering Co., Ltd.	394,083,121.44			394,083,121.44		
Dongfang Electric (Chengdu) Hydrogen Fuel Cell Technology Co., Ltd	38,445,843.46			38,445,843.46		
Dongfang Electric Intelligent Technology Co., Ltd.	11,119,812.19			11,119,812.19		
Total	20,794,967,640.14	451,200,000.00		21,246,167,640.14		

16.4.2 Investments in joint ventures and associates

Investee	Balance as at December 31, 2018	Increase for the period							Balance as at June 30, 2019	Provision for impairment for the period	Balance of provision for impairment as at June 30, 2019
		Additional investment	Decrease in investments	Profit or loss on investments recognized under the equity method	Adjustment to Other comprehensive income	Other changes in equities	Cash dividends or profit declared to be distributed	Others			
1. Investments in joint ventures											
AREVA DONGFANG Reactor Coolant Pumps Co., Ltd.	243,087,142.06			8,426,278.58			33,371,968.98		218,141,451.66		
Sub-total	243,087,142.06			8,426,278.58			33,371,968.98		218,141,451.66		
2. Investments in associates											
Sichuan Energy Wind Power Development Co., Ltd.	284,075,003.72			57,843,321.51					341,918,325.23		
Huadian Longkou Wind Power Co., Ltd.	59,434,514.02			7,300,793.73					66,735,307.75		
Inner Mongolia Energy Generation Hongnijing Wind Power Co., Ltd.	22,310,282.21			1,191,173.21					23,501,455.42		
China United Heavy-duty Gas Turbine Technology Co., Ltd.	113,695,779.36			109,695.23					113,805,474.59		
Inner Mongolia Mengeng Sanshengtai Wind Power Generation Co., Ltd.	19,844,590.30			708,691.53					20,553,281.83		
Inner Mongolia Mengneng Wulan New Energy Co., Ltd.	39,489,167.50			3,367,148.85					42,856,316.35		
Sub-total	538,849,337.11			70,520,824.06					609,370,161.17		
Total	781,936,479.17			78,947,102.64			33,371,968.98		827,511,612.83		

16.4.5 Operating income and operating costs

Item	Amount for the period		Amount for the same period of previous year	
	Income	Cost	Income	Cost
Sub-total of primary business	6,214,708,495.28	6,030,909,423.69	6,085,693,898.01	5,896,983,671.04
Sub-total of other business	1,044,944.23	626,585.44	2,852,350.40	736,366.85
Total	6,215,753,439.51	6,031,536,009.13	6,088,546,248.41	5,897,720,037.89

16.4.6 Investment income

Item	Amount for the period	Amount for the same period of previous year
Long-term equity investment income calculated under cost method	312,310,167.95	8,737,641.77
Income from long-term equity investments calculated under the equity method	78,947,102.64	56,363,041.22
Investment gain on disposal of long-term equity investment		
Investment income from financial assets measured at fair value through the current profit or loss incurred during the holding period	7,994,389.70	
Investment gain on disposal of investment in other non-current financial assets		
Investment income of entrusted loan	472,851.15	1,335,429.78
Total	399,724,511.44	66,436,112.77

17. Supplementary information

17.1 Breakdown of non-recurring profits and losses for the current period

Item	Amount	Remarks
Profit or loss from disposal of non-current assets	1,100,028.20	
Government grants included in current profits and losses (except for government grants closely related to the enterprise business, obtained by quota or quantity at unified state standards)	38,039,490.55	
Gains or losses on debt restructuring	-508,830.46	
Other than the effective hedging business related to the normal business of the company, gains or losses from fair value changes in 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	-79,406,865.85	
Reversal of the impairment provision for receivables subject to separate impairment test	39,109,726.70	
Other non-operating income and expenses except for the above-mentioned items	19,828,237.19	
Impacted amount in income tax	154,954.47	
Impacted amount in non-controlling shareholders' equity	-6,100,249.89	
Total	12,216,490.91	

17.2 Rate of return on net assets and earnings per share

Profit during the reporting period	Weighted average return on net assets (%)	Earnings per share (RMB/share)	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to ordinary shareholders of the Company	2.52	0.24	0.24
Net profit attributable to ordinary shareholders of the Company after deducting non-recurring gains and losses	2.48	0.23	0.23

Dongfang Electric Corporation Limited

(Official seal affixed)

August 30, 2019