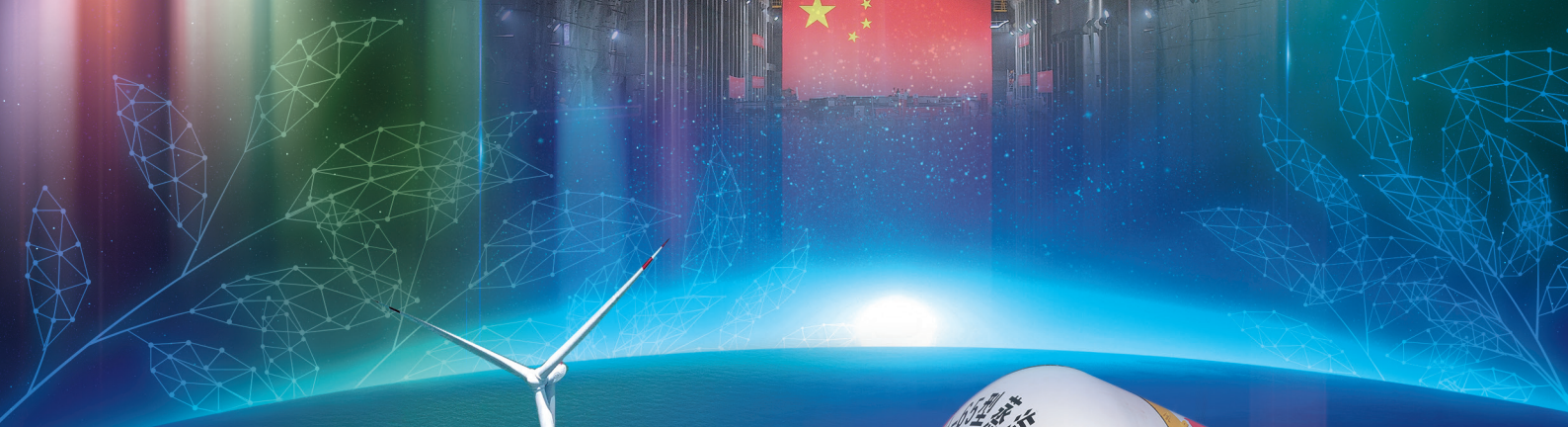
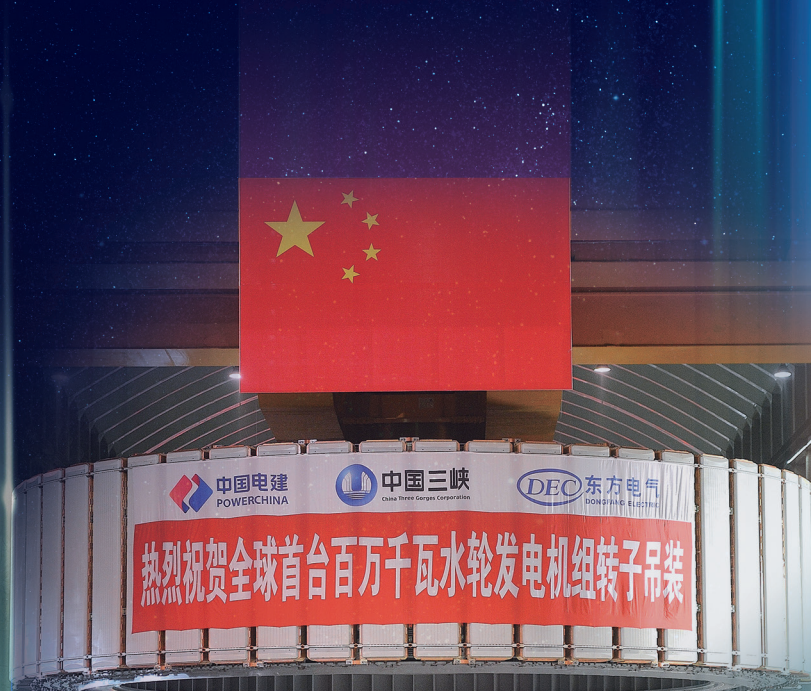




东方电气

DONGFANG ELECTRIC

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



2020 ANNUAL REPORT



Important Notice

I. The Board of Directors, the Supervisory Committee and the Directors, Supervisors and senior management of the Company warrant that the content of this annual report is true, accurate and complete and does not contain any false representations, misleading statements or material omissions, and severally and jointly accept legal responsibility thereof.

II. Particulars of absent Directors

Position of absent Director	Name of absent Director	Reason for absence	Name of the proxy
Director	Huang Wei	On business trip	Yu Peigen
Director	Bai Yong	On business trip	Yu Peigen

III. Da Hua Certified Public Accountants (Special General Partnership) has issued the audit report with unqualified opinions to the Company.

IV. Yu Peigen, the person-in-charge of the Company, Bai Yong, the person-in-charge of accounting and Wang Chengmi, the head of the accounting department (person-in-charge of accounting), warrant the truthfulness, accuracy and completeness of the financial report in this annual report.

V. Profit distribution plan or plan to convert surplus reserves into share capital approved by the Board during the Reporting Period

As audited by Da Hua Certified Public Accountants (Special General Partnership), net profit attributable to the owners of the parent company in 2020 amounted to RMB1,861,998,155.29. The parent company realized net profit of RMB656,304,668.36. The company, based on 3,119,626,130 shares in the share capital as at the disclosure date of annual report, proposed to distribute a cash dividend of RMB1.80 (before tax) per 10 shares, totaling RMB561,532,703.40. The Company did not convert any capital reserve into share capital or make any bonus issue. The proposal still needs to be submitted to the 2020 shareholders' general meeting for consideration and approval.

VI. Risks disclaimer of the forward-looking statements

The business plan of the Company does not constitute a profit guarantee of the Company to investors. Investors should be aware of the investment risks and have a proper understanding of differences between the business plan and profit guarantee.

VII. Any appropriation of fund by the controlling shareholder and its related parties for non-operating purpose

No

VIII. Any provision of external guarantee in violation of the stipulated decision making procedure

No

IX. Whether more than half of the Directors cannot guarantee the authenticity, accuracy and completeness of the annual report disclosed by the Company

No

X. Material risk alert

For the risks described in this report, please refer to the possible risk factors and strategies stated in the "Discussion and Analysis on Future Development" in the Report of the Board of Directors.

XI. Others

Mr. Zou Lei, the former Chairman of the Company, resigned as Chairman of the Company on 8 December 2020. On 15 January 2021, the resolution in relation to the election of a convener of the Board meetings was considered and approved at the 35th meeting of the ninth session of the Board of Directors of the Company. The Board of Directors agreed that Mr. Yu Peigen, a Director and President of the Company, shall convene and preside over the Board meetings until the new Chairman assumes office.

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Yu Peigen

Dear shareholders,

The year 2020 is an extraordinary year. Facing the impact of the sudden outbreak of the COVID-19 pandemic, all staff of Dongfang Electric held together to overcome the impact of the pandemic, coordinated the prevention and control of the pandemic and the production and operation, and took extraordinary measures to earnestly carry out the production and operation, reform and development and other work. As a result, they fully completed the objectives and tasks for 2020, with the main operating indicators hitting a record high since the “13th Five-Year Plan”.

In 2020, the Company maintained a good momentum of high-quality development and recorded a total operating income of RMB37.28 billion, representing a year-on-year increase of 13.5%; net profit attributable to shareholders of the Company of RMB1.86 billion, representing a year-on-year increase of 45.7%; and a total capacity from power generation equipment of 24.883 million KW, representing a year-on-year increase of 30.4%. The Company recorded increases in both operating income and profit, with profit growing faster than operating income, and achieved continuous improvement in the quality and benefits of its development.

In 2020, we increased our marketing efforts and made fruitful achievement in market development. The new orders taking effect for the whole year amounted to RMB49.4 billion, representing a year-on-year increase of 23.1% and hitting a record high during the “13th Five-Year Plan” period. The orders in new energy industry saw rapid growth, and the 7MW and 10MW offshore wind turbines received batch orders; the power station service business achieved another excellent performance with orders taking effect exceeding RMB6.04 billion, hitting a record high; the emerging industries stood out, with new orders taking effect in the industrial turbine business amounting to RMB3.04 billion, representing a year-on-year increase of 44.8%; our advantages in the traditional industries were consolidated, with one-third of the domestic market share of large and medium-sized thermal power maintained. We obtained both the inspection order for nuclear power business, and the order for large pumps and distributable power generators for the first time.

In 2020, we insisted on self-reliance and self-improvement, and made remarkable achievements in scientific and technological innovation. The Company fully implemented three major innovation projects, namely, tackling key technical problems, optimizing product innovation and transforming intelligent manufacturing, recording progressive achievement in many important projects. Million-kilowatt hydro-electric turbine unit in Baihetan achieved the first hoisting of the rotor and turbine rotor, the 10MW offshore wind power, the largest single-unit capacity in Asia, has been connected to the grid for power, the 50MW heavy-duty gas turbine with independent intellectual property rights steadily operated under full load, the world’s first reactor of the third-generation proprietary nuclear power “Hualong No. 1” demonstration project, of which the main equipment was supplied by Dongfang Electric, has been smoothly connected to the grid for power generation, and the “Digital workshop construction project for intelligent manufacturing of large scale clean and efficient power generation equipment”, a special project of Ministry of

LEADER'S STATEMENTS (CONTINUED)

Industry and Information Technology passed the inspection and acceptance. These major scientific and technological innovation achievements have received continuous attention from the mainstream media such as CCTV and People's Daily.

In 2020, we boosted the vitality of internal systems and mechanisms via adhering to deepening reform. We further pushed ahead with the reform of the three systems, and fully established a market-oriented operation mechanism; boosted the construction of the Board of Directors at all levels of the Company, and strengthened the construction of team of full-time Directors and Supervisors; continued to improve the total wage determination mechanism, and strengthened the positive guiding role of value creation ability, labor cost efficiency and labor efficiency indicators; and completed the Restricted A Share Incentive Scheme, and actively consolidated employee stock ownership, excess profit sharing and other medium and long-term incentive schemes. We "broke the ice" on mixed ownership reform, with three subsidiaries carrying out different forms of mixed ownership reform.

In 2020, we adhered to the standard of world-class management, and our management level was continuously enhanced. We actively utilized lean management concepts and tools and made steady progress in promoting management improvement; established a sound operation control system with comprehensive budget management as the starting point; built the 1 + N quality management system framework for the Company, optimized and improved the quality management system, and effectively raised the quality management level; optimized the major risk identification system, and continuously strengthened the ability of risk prevention and control to ensure that no major risks occur.

In 2020, we adhered to compliance management to protect the legitimate rights and interests of Shareholders. The Company convened the general meetings, the Board meetings and the Supervisory Committee meetings in accordance with relevant laws and regulations and the Articles of Association. The Directors and Supervisors performed their duties faithfully and diligently, and continuously improved the level of scientific decision-making. Following the rules and regulations, we effectively maintained the stability of the Company's market value by doing a good job in our information disclosure duties as a listed company with high quality, making innovation in the investor relations management and actively communicating with investors. We made good use of the media to promote the Company and participated in activities such as the "Visiting Listed Companies in Shanghai through Cloud Platform", which was well received.

Looking forward to 2021, we will continue to uphold the enterprise concept of "being realistic, innovative, harmonious and hardworking", focus on the main responsibilities and main business, insist on stimulating the vitality by reforming, adding momentum by innovating, joining forces by cooperating and exploring potential by keeping improving, accelerate the transformation and upgrading, and coordinate the promotion of strengthening, improving and expanding business. We will better realise shareholders' value by fully achieving our production and operation objectives for 2021 and continuously improving the quality of the Company.

President: Yu Peigen
30 March 2021

I. DEFINITIONS

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

Definitions of frequently-used terms

A Shares	domestic shares of the Company, with a nominal value of RMB1.00 each, which are listed on the Shanghai Stock Exchange and traded in RMB
Board of Directors or Board	the Board of Directors of the Company
DEC, Company	Dongfang Electric Corporation Limited
Controlling Shareholder, Dongfang Electric Corporation	DEC Group
Director(s)	the director(s) of the Company
Corporate Governance Code	Corporate Governance Code as set out in Appendix 14 to the Listing Rules
H Shares	overseas listed foreign shares of the Company, with a nominal value of RMB1.00 each, which are listed on the Hong Kong Stock Exchange and traded in Hong Kong dollars
Listing Rules	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
Reporting Period	From 1 January 2020 to 31 December 2020
Share(s)	ordinary shares in the capital of the Company with a nominal value of RMB1.00 each, comprising A Shares and H Shares
Shareholder(s)	holder(s) of the Share(s) of the Company
SSE	Shanghai Stock Exchange
Stock Exchange	The Stock Exchange of Hong Kong Limited
Supervisor(s)	the supervisor(s) of the Company
Supervisory Committee	the supervisory committee of the Company
RMB, RMB'0000, RMB100 million	Renminbi Yuan, Renminbi '0000, Renminbi 100 million
EPC	Engineering Procurement Construction

COMPANY PROFILE AND MAJOR FINANCIAL INDICES

I. COMPANY INFORMATION

Chinese name of the Company	東方電氣股份有限公司
Abbreviation of the Chinese name of the Company	東方電氣
English name of the Company	Dongfang Electric Corporation Limited
Abbreviation of the English name of the Company	DEC
Legal representative of the Company	Zou Lei
Registered and business address	18 Xixin Road, High-Tech District (Western District), Chengdu City, Sichuan Province, the PRC
Postal code for registered and business address	611731
Company website	http://www.dec-ltd.cn/
E-mail	dsb@dongfang.com
Registered capital of the Company	RMB3,119,626,130



COMPANY PROFILE AND MAJOR FINANCIAL INDICES (CONTINUED)

II. CONTACT PERSONS AND CONTACT METHODS

	Secretary to the Board of Directors	Representative of securities affairs
Name	Gong Dan	Zhu Yuhui
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
Fax	028-87583333	028-87583333
E-mail	dsb@dongfang.com	dsb@dongfang.com

III. INFORMATION DISCLOSURE AND PLACES FOR INSPECTION FOR RELEVANT DOCUMENTS

Media 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 annual report	www.sse.com.cn
Website designated by the Stock Exchange for publication of the Company's annual report	www.hkexnews.hk
Place where the Company's annual report is available for inspection	Office of the Board of Directors

IV. SHARE INFORMATION

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

V. OTHER INFORMATION

The accounting firm engaged by the Company	Name	Da Hua Certified Public Accountants (Special General Partnership)
	Business address	Room 1101, Building No. 7, Block No. 16, Xi Si Huan Zhong Road (西四環中路), Haidian District, Beijing
H Share registrar in Hong Kong	Name	Computershare Hong Kong Investor Services Limited
	Business address	Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong

COMPANY PROFILE AND MAJOR FINANCIAL INDICES (CONTINUED)

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

(I) Major accounting data

Unit: Yuan Currency: RMB

Major accounting data	2020	2019	Year-on-year increase/decrease (%)	2018
Total operating income	37,282,871,287.38	32,840,321,080.22	13.53	30,706,145,358.82
Operating income	36,238,925,547.37	31,777,585,757.68	14.04	29,729,655,571.73
Net profit attributable to shareholders of the Company	1,861,998,155.29	1,277,671,818.13	45.73	1,128,834,236.51
Net profit after non-recurring profit or loss attributable to shareholders of the Company	1,528,912,992.37	1,057,975,035.54	44.51	782,305,816.90
Net cash flow from operating activities	-2,748,802,008.23	202,244,625.11	N/A	-551,780,305.01

Major accounting data	At the end of 2020	At the end of 2019	Year-on-year increase/decrease (%)	At the end of 2018
Net asset attributable to shareholders of the Company	30,907,668,527.78	29,454,645,749.51	4.93	28,584,050,995.80
Total asset	97,795,137,769.16	89,618,965,555.72	9.12	91,323,329,417.78

COMPANY PROFILE AND MAJOR FINANCIAL INDICES (CONTINUED)

(II) Major financial index

Major financial index	2020	2019	Year-on-year increase/decrease (%)	2018
Basic earnings per share (RMB/share)	0.60	0.41	46.34	0.37
Diluted earnings per share (RMB/share)	0.60	0.41	46.34	0.37
Basic earnings per share after deducting non-recurring profit or loss (RMB/share)	0.49	0.34	44.12	0.25
Weighted average return on net assets (%)	6.19	4.40	Increase by 1.79 percentage point	3.90
Weighted average return on net assets after non-recurring profit or loss (%)	5.08	3.64	Increase by 1.44 percentage point	2.71

Description of the major accounting data and financial indicators for the previous three years at the end of the reporting period

- (1) The net profit attributable to shareholders of the Company for the year increased by 45.73% as compared with the corresponding period of last year, and the net profit after non-recurring profit or loss attributable to shareholders of the Company for the year increased by 44.51% as compared with the corresponding period of last year, which was mainly due to the increase in sales scale of the Company during the period; and the growing profitability as a result of the special action carried out by the Company to improve quality and efficiency.
- (2) The net cash flow from operating activities of the Company for the year decreased as compared to the corresponding period of last year, which was mainly due to the net outflow from the normal operation of DEC Finance for the year.
- (3) The basic earnings per share increased by 46.34% over 2019, diluted earnings per share increased by 46.34% over 2019 and basic earnings per share after deducting non-recurring profit or loss increased by 44.12% over 2019, which was mainly because the net profit attributable to shareholders of the Company increased by 45.73% over 2019.

COMPANY PROFILE AND MAJOR FINANCIAL INDICES (CONTINUED)

VII. MAJOR FINANCIAL DATA OF 2020 BY QUARTERS

Unit: Yuan Currency: RMB

Major financial data	First quarter (January to March)	Second quarter (April to June)	Third quarter (July to September)	Fourth quarter (October to December)
Operating income	7,916,428,774.86	9,304,064,600.94	9,075,425,718.29	9,943,006,453.28
Net profit attributable to shareholders of the Company	395,858,487.41	558,513,355.52	388,030,924.13	519,595,388.23
Net profit after non-recurring profit or loss attributable to shareholders of the Company	446,575,403.48	535,923,012.38	282,756,518.43	263,658,058.08
Net cash flow from operating activities	-739,297,921.44	1,711,352,300.85	1,433,865,350.49	-5,154,721,738.13

COMPANY PROFILE AND MAJOR FINANCIAL INDICES (CONTINUED)

VIII. ITEMS AND AMOUNT OF NON-RECURRING PROFIT OR LOSS

Items of Non-recurring Profit or Loss	Amount for 2020	Amount for 2019	Amount for 2018
Profit or loss from disposal of non-current assets	4,983,96.29	72,877,615.38	32,142,369.14
Government grants charged to profit or loss for the current period (except for those closely related to the normal operation of the Company and gained constantly at a fixed amount or quantity according to a certain standard based on state policies)	174,108,896.61	147,243,541.58	195,377,227.14
Gains/(losses) of debt reorganization	24,050,437.61	2,912,770.10	-602,613.38
Net gains and loss of the subsidiaries arising from the merger of enterprises under the common control from the beginning of the period to the date of merger	/	/	63,301,136.44
Gain/(Loss) on changes in the fair value of financial assets and financial liabilities held for trading and investment, gain from disposal of financial assets and financial liabilities held for trading and available-for-sale financial assets, other than the hedging business related to the Company's general business	/	/	/
Gain or loss on change of fair value arising from trading financial assets, derivative financial assets, trading financial liabilities, derivative financial liabilities and the investment income of the disposal of trading financial assets, derivative financial assets, trading financial liabilities, derivative financial liabilities and other debt investments, other than the effective hedging business related to the Company's normal business	-36,828,948.95	-126,073,198.44	70,401,670.53
Reversal of impairment provision on receivable individually conducted impairment test	/	/	/
Reversal for impairment provision for receivables and contract assets individually conducted impairment test	255,791,538.71	245,251,418.68	103,635,036.14
Other non-operating income and expenses other than the above mentioned items	-89,681,731.03	-51,831,318.87	-46,884,711.25
Other profit and loss items falling within the definition of non-recurring profit or loss	/	/	/
Impacted amount in non-controlling shareholders' equity	-26,484,311.93	-22,312,268.37	-10,948,370.86
Impacted amount in income tax	27,145,318.61	-48,371,777.47	-59,893,324.29
Total	333,085,162.92	219,696,782.59	346,528,419.61

COMPANY PROFILE AND MAJOR FINANCIAL INDICES (CONTINUED)

IX. ITEMS AT FAIR VALUE MEASUREMENT

Unit: Yuan Currency: RMB

Item	Opening Balance	Closing Balance	Changes during the periods	Impact amount of the current profit
Held for trading financial assets	1,606,664,199.35	1,292,860,471.15	-313,803,728.20	-21,353,808.28
Other equity instrument investments	4,889,859.48	27,544,649.47	22,654,789.99	963,689.99
Total	1,611,554,058.83	1,320,405,120.62	-291,148,938.21	-20,390,118.29



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

Operating in energy equipment industry, the Company provides various energy, environmental protection, chemical and other products and systems packages, trade, finance, logistics and other services to global energy operators and other users. There were no material changes in our principal business during the Reporting Period.

The Company is mainly engaged in development, designing, manufacturing and sale of advanced sets of equipment for the generation of hydropower, thermal power, nuclear power, wind power, steam power and solar thermal. The Company is also engaged in such related business as providing global energy 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 the world, the Company's production volume of power generation equipment stood first places for consecutive years.

With a complete power generation equipment manufacturing system, the Company can develop and mass-produce 1 million kilowatt-class hydropower units, 1.35 million kilowatt-class ultra-supercritical thermal power generating units, 1.75 million kilowatt-class nuclear power generating units, heavy-duty gas turbine equipment, direct-drive and double-fed full-series wind power units and high-efficiency solar power station equipment. Our thermal power products, such as 1 million kilowatt-class air-cooled units and large supercritical circulating fluidized bed boilers, are industry-leading; our hydropower products are generally among the top in China, and our hydroelectric technologies, such as cross-flow and mixed-flow, have reached international advanced level. Our 10MW class offshore wind turbine has reached the leading level in China. The Company has built a fuel cell product system with fully independent intellectual property rights, and has developed a comprehensive solution for hydrogen acquisition, hydrogen storage, hydrogen filling and hydrogen use.

In 2020, amid the globally rampant COVID-19 pandemic, the world economy fell into a severe recession, the risks of the international trade environment increased, the energy structure was under profound adjustment, the electricity demand grew at a low rate, and competition in the energy equipment industry became increasingly intensified. The Company proactively coped with it, continuously promoted the transformation and upgrading of the industrial structure, adhered to deepening the reform to stimulate the vitality, accelerated the technological innovation to enhance the momentum, and achieved steady growth in operating results.

BUSINESS OVERVIEW (CONTINUED)

II. MATERIAL CHANGES IN MAJOR ASSETS OF THE COMPANY DURING THE REPORTING PERIOD

There were no material changes in the Company's major assets during the Reporting Period.

III. ANALYSIS OF CORE COMPETITIVENESS DURING THE REPORTING PERIOD

As one of the largest Research and Development (R&D) and manufacturing bases of power generation equipment and one of the mega enterprises for power-plant project contracting in the world, the Company boasts strong core competitiveness, in terms of the following aspects:

1. Possessing excellent technology and innovative capability with products of advanced technology

In adherence to taking independent innovation as the core driving force for development, the Company unwaveringly enhances its innovation capabilities, and strives for breakthroughs in the key core technologies. The Company has established a research mechanism with headquarters providing guidance and support, enterprises taking the lead in research and development, and multi-parties participating in collaborative innovation, and has developed a special supporting incentive mechanism for technology research projects. Measures such as restricted stock incentives, pilot shareholding plan for key technical employees, separate remuneration package for research teams, and salary guarantee for research and development institutions have been systematically implemented, further strengthening positive incentive. In 2020, the Company invested RMB2,003 million in research and development, accounting for 5.5% of the operating revenue, obtained 370 additional valid patents (including 95 patents for invention), and possessed 2,690 valid patents (including 999 patents for invention) as at the end of 2020.

In terms of hydropower, the Company received the special prize of the National Science and Technology Progress Award for the Yangtze River Three Gorges Hub Project and successfully installed the self-developed rotor for the world's first million-kilowatt hydropower unit in Baihetan. In terms of steam power, the first F-class 50MW heavy-duty gas turbine in China with independent intellectual property rights ran smoothly at full load. In terms of nuclear power, the world's first "Hualong One" unit, which was developed and supplied with nuclear power generating units and other nuclear power host equipment by the Company, was successfully put into commercial operation. In terms of wind power, the first 10MW offshore wind turbine in the Asia-Pacific region, which was developed and manufactured by the Company with its own intellectual property rights, was successfully connected to the grid for power generation. In terms of thermal power, the self-developed 660MW supercritical circulating fluidized bed boilers with the world's largest single-unit capacity have been successfully put into operation.

2. Possessing the improved product structure and the enhanced intelligent manufacturing capacity

Relying on its over 60 years R&D experience, the Company has output power generation equipment of more than 589 million KW and established a six-in-one and jointly-developing structure (i.e. hydropower, thermal power, nuclear power, wind power, steam power, and solar thermal power). The Company has proprietary technologies for the R&D, design and manufacture of power generation equipment such as 1 million KW hydropower units, 1.35 million KW thermal power generating units, 1.75 million KW nuclear power units, 10MW-level wind power units, heavy-duty gas turbine units and solar thermal, which enable it to provide comprehensive transformation and full life-cycle service for power stations. The power station solutions provided by the Company can meet various higher demands of customers, which enables it to establish long-term and stable cooperation relationship with users, therefore increasing competitiveness and anti-risk ability.

The Company made every effort to promote the transformation project of intelligent manufacturing, and has advanced capabilities of intelligent research and development of equipment products, intelligent service and intelligent management of enterprises. The intelligent manufacturing digital workshop for large clean and efficient power generation equipment was put into operation and passed the acceptance of the expert group of the State Ministry of Industry and Information Technology with excellent results, becoming a demonstration project for the construction of intelligent manufacturing digital workshop in the industry. The construction project of big data intelligent analysis center for welding deficiencies of power generation equipment was approved by the Ministry of Industry and Information Technology as a pilot demonstration project for the development of big data industry in 2020. The Company led the establishment of the first industrial control network security laboratory in the energy equipment field of China, and independently developed the integrated system solutions for intelligent power plants, laying the foundation for the expansion of the intelligent energy equipment market.

3. Possessing strong market development capacity through giving play to the advantages of two-tier marketing

Based on the strong marketing team and complete domestic and overseas marketing network, the Company gives full play to the advantages of two-tier marketing including the Company's headquarters and affiliated enterprises. The Company's headquarters plays the role of planning, guiding, service and coordination, and its business divisions coordinate the development of relevant industries and the subsidiaries implement the marketing system of project development. Through establishing a sound mechanism for guiding major market development, strengthening market planning and analysis, and innovating marketing models, the Company has mobilised the enthusiasm and initiative at all marketing levels and formed an effective incentive mechanism for market development. By deepening its presence in the international market, the Company established 55 overseas marketing offices in 35 countries, and achieved a stable growth in overseas business.

BUSINESS OVERVIEW (CONTINUED)

4. Possessing high quality staff, and sound personnel structure

Among the employees of the Company, 50.9% of whom have bachelor's degrees or above, 11.1% of whom have master's degrees or above, 25.8% of whom have senior professional titles, and 30.3% of whom master science and technology, which is 75% higher than the industry level. A total of 24 experts of the Company have been granted special allowances by the State Council, of whom, one person won the Chinese Skills Award (中華技能大獎) and four people were evaluated as the national technical experts.

5. Possessing profound cooperate culture and brand with strong influence

After more than 60 years of development, the Company has formed the Dongfang Electric “Tong-Chuang (同·創)” culture, which is widely recognized by all staff. Upholding the enterprise spirit of “being realistic, innovative, harmonious and hardworking”, the staff of the Company have been striving for being realistic and practical, bold and innovative, united and hardworking, and brave and aggressive in their work and business startups, so as to build itself as an electric enterprise which is the “Best in China and First-class in the World”. By perfecting the construction of brand management system, brand value system, brand promotion system, and strengthening the joint force of brand construction, the Company has formed a brand culture of all staff and shaped a first-class brand image with unity, distinctiveness and trust from users. Brands including “DEC and the logo image” became famous trademarks in China, and have been successfully registered and been protected by local laws in 25 countries like Germany, France and Russia.

REPORT OF THE BOARD OF DIRECTORS

The Company is engaged in energy equipment manufacturing industry and provides various energy, environmental protection and chemical products and system integration, trading, finance and logistics services to global energy operators and other users. There were no material changes in the Company's principal business during the Reporting Period. The following is the discussion and analysis of operations, analysis on asset and liability and discussion and analysis on the Company's future development of the Group during the year.

I. DISCUSSION AND ANALYSIS OF OPERATIONS

(I) Continuous improvement of development quality and efficiency during the Reporting Period

In 2020, in the face of sudden outbreak of the COVID-19 pandemic, under the premise of ensuring no risk of pandemic, with unconventional measures, the Company managed to maintain smooth production and operation in all respects, and realized the overall improvement of the main business indicators on a year-on-year basis. The Company recorded a total operating income of RMB37,283 million, representing an increase of 13.53% as compared with last year; net profit attributable to the shareholders of parent company after non-recurring profit or loss amounted to RMB1,529 million, representing a year-on-year increase of 44.51%; weighted average return on net assets after non-recurring profit and loss was 5.08%, representing an increase of 1.44 percentage points as compared with the corresponding period last year; and the operating profit margin was 5.79%, representing an increase of 0.85 percentage point as compared with the corresponding period last year. The total output of power generation equipment was 24.883 million kilowatts, representing an increase of 30.4% as compared with last year. The new effective contracts amounted to RMB49,448 million, representing an increase of 23.05% as compared with last year.

(II) Effective market expansion

In 2020, the new orders of the Company amounted to RMB49,448 million, representing a year-on-year increase of 23.05%. High-efficient clean energy equipment efficiently accounted for 32.4% of the new effective orders, renewable energy equipment accounted for 23.9%, engineering and trade accounted for 13.4%, modern manufacturing services accounted for 16.1%, and emerging growth business accounted for 14.3%. As of the end of 2020, the Company had RMB84,500 million of orders in hand.

(III) Fruitful scientific and technological innovation

The Company persisted in on putting scientific and technological innovation in the first place. In 2020, the annual scientific research investment amounted to RMB2,003 million, representing a year-on-year increase of 6.06%, which vigorously promote the major innovation results emerged in a concentrated manner. Million-kilowatt hydro-electric turbine unit in Baihetan achieved the first hoisting of the rotor and turbine rotor, the "Digital workshop construction project for intelligent manufacturing of the large scale clean and efficient power generation equipment", a special project of Ministry of Industry and Information Technology passed the inspection and acceptance, 10MW offshore wind power, the largest single-unit capacity in Asia, has been connected to the grid for power generation, 50MW heavy duty gas turbine with independent intellectual property rights steadily operated under full load, and "Hualong One" demonstration project of the world's first this kind reactor has been smoothly connected to the grid for power generation.

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

I. DISCUSSION AND ANALYSIS OF OPERATIONS (CONTINUED)

(IV) Deepening reform and multi-point breakthroughs

The Company realized the full coverage of the term system and contractual management of the managers of the secondary enterprises, clarified the responsibilities and rights, strictly performed the contract, and rigidly assessed and fulfilled, which has fully stimulated the vitality of the cadre staff. It gave classified guidance to the enterprises of the Company, boosted the construction of the board of directors at all levels of the Company, strengthened the construction of the team of full-time directors and supervisors, and allocated full-time directors and supervisors to the main member enterprises, which laid the foundation for the standardized operation of the subsidiary enterprises. Moreover, it continued to improve the total wage determination mechanism, and strengthened the positive guiding role of value creation ability, labor cost efficiency, and labor efficiency indicators. The Company completed Restricted A Share Incentive Scheme, and actively consolidate staff share ownership, excess profit sharing and other medium and long-term incentive schemes. Dongfang Electric (Chengdu) Hydrogen Fuel Cell Technology Co., Ltd. and Dongfang DEC Dongfang Steam Turbine Co., Ltd., the subsidiaries of the Company introduced strategic investors to complete mixed ownership reform. DEC Dongfang Steam Turbine Co., Ltd. invested partial of its casting and forging assets to establish a joint venture with Zhangjiagang Guangda Special Material Co., Ltd. (張家港廣大特材股份有限公司).

(V) Continuous improvement of management level

The Company was benchmarked against world class enterprise and took action to improve its management. It actively utilized lean management concepts and tools and made steady progress in promoting management improvement. It established a sound operation control system with comprehensive budget management as the starting point. It built the Company's 1 + N quality management system framework, optimized and improved the quality management system, and effectively raised the quality management level. Furthermore, it completed the major risk identification of the Company, implemented the dynamic management and control of major risks on a quarterly basis, and continuously strengthened the ability of risk prevention and resolution to ensure that no major risks occur.

(VI) Efficient and compliant corporate governance

The Company convened general meetings, board meetings and supervisory committee meetings in strict accordance with laws and regulations and the Articles of Association of the Company. The Directors and Supervisors performed their duties faithfully and diligently, strictly reviewed relevant resolutions and made recommendations to ensure scientific decision-making on major issues of the Company. In compliance with the rules and regulations, the Company performed its information disclosure duties as a listed company with high quality, completed 190 information disclosures for listed companies in 2020, accomplished the management of investor relations in a satisfactory manner, and participated in the theme activity of "Visiting Listed Companies in Shanghai through Cloud Platform". In 2020, the Company won the 22nd Golden Bull Social Responsibility Award for Listed Companies and the 2020 "Golden Quality" Science and Technology Innovation Award for Listed Companies.

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

I. DISCUSSION AND ANALYSIS OF OPERATIONS (CONTINUED)

(VII) Solid and effective pandemic prevention and control to minimize the effect of pandemic

During the period after the outbreak of the COVID-19 pandemic, the global economy was greatly affected, and the major impact on the production and operation of the Company was characterized in three main points. Firstly, it affected the Company's supply chain in short term. The decline of suppliers' production capacity and poor logistics channels have an adverse impact on the Company's production material supplies. Secondly, it affected the Company's production organization in short term. It disrupted the production rhythm and scheduling plan, and increased the pressure on enterprises to ensure delivery. Thirdly, it affected the Company's overseas projects over a longer period of time. It caused inconvenience to the movement of people at domestic and abroad and affected overseas projects to be carried out normally. Moreover, the Company actively responded to the challenge of the pandemic, established a leading group for pandemic prevention and control immediately, optimized the prevention and control strategy according to the time and situation, systematically analyzed and studied the impact of the pandemic and adopted targeted action plans. It strived to implement the normalization of the pandemic prevention and control and production and operation works, There were no confirmed cases, suspected cases and asymptomatic carriers at domestic and abroad since the resumption of work. In 2020, the production and operation of the Company achieved growth against the trend, and the COVID-19 pandemic did not have a significant impact on the production, operation and the working capital of the Company year round.

II. KEY OPERATION INDICATORS DURING THE REPORTING PERIOD

During the Reporting Period, the Company recorded a total operating revenue of RMB37,283 million, representing an increase of 13.53% as compared with the same period of last year; net profit attributable to the shareholders of the Company of RMB1,862 million, representing an increase of 45.73% as compared with the corresponding period last year; net profit attributable to the shareholders of the Company after non-recurring profit or loss amounted to RMB1,529 million, representing an increase of 44.51% year on year; achieved earnings per share of RMB0.60.

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

II. KEY OPERATION INDICATORS DURING THE REPORTING PERIOD (CONTINUED)

(I) Analysis of Principal Business

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

Unit: Yuan Currency: RMB

Item	Amount for current period	Amount for last period	Change (%)
Total operating income	37,282,871,287.38	32,840,321,080.22	13.53
Operating income	36,238,925,547.37	31,777,585,757.68	14.04
Operating costs	28,863,684,916.87	24,938,437,889.53	15.74
Selling expenses	1,176,571,933.25	1,308,499,758.09	-10.08
Administrative expenses	2,619,878,388.04	2,380,523,760.63	10.05
R&D expenditure	2,002,738,590.77	1,888,388,724.59	6.06
Finance cost	168,473,558.29	-139,659,690.99	N/A
Net cash flows from operating activities	-2,748,802,008.23	202,244,625.11	N/A
Net cash flows from investing activities	-680,279,207.00	1,370,233,737.29	N/A
Net cash flows from financing activities	-454,241,917.28	-104,540,674.57	N/A

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

II. KEY OPERATION INDICATORS DURING THE REPORTING PERIOD (CONTINUED)

(I) Analysis of Principal Business (Continued)

2. Analysis of Revenue and Cost

(1) Principal business by industry, product and region

By industry

Unit: Yuan Currency: RMB

Industry	Total operating revenue	Operating costs/ interest expenses/ fee and commission expenses	Gross profit margin (%)	Year-on-year increase/ decrease in operating revenue (%)	Year-on-year increase/ decrease in operating costs (%)	Year-on-year increase/ decrease in gross profit margin (%)
Power generation equipment manufacturing industry	37,282,871,287.38	28,963,039,301.70	22.32	13.53	15.76	Decreased 1.49 percentage point

By product

Product	Total operating revenue	Operating costs/ interest expenses/ fee and commission expenses	Gross profit margin (%)	Year-on-year increase/ decrease in operating revenue (%)	Year-on-year increase/ decrease in operating costs (%)	Year-on-year increase/ decrease in gross profit margin (%)
High-efficient clean energy equipment	11,152,332,807.94	8,524,259,969.87	23.57	-28.10	-27.31	Decreased 0.83 percentage point
Renewable energy equipment	10,085,174,688.16	8,646,791,164.87	14.26	70.32	65.93	Increased 2.26 percentage points
Engineering and trade	4,838,854,024.63	3,536,566,040.24	26.91	9.21	0.24	Increased 6.54 percentage points
Modern manufacturing services business	4,910,246,778.17	2,714,267,517.28	44.72	26.68	44.24	Decreased 6.74 percentage points
Emerging growth business	6,296,262,988.48	5,541,154,609.44	11.99	103.06	107.35	Decreased 1.83 percentage points

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

II. KEY OPERATION INDICATORS DURING THE REPORTING PERIOD (CONTINUED)

(I) Analysis of Principal Business (Continued)

2. Analysis of Revenue and Cost (Continued)

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

By region

Region	Total operating revenue	Operating costs/ interest expenses/ fee and commission expenses	Gross profit margin (%)	Year-on-year increase/ decrease in operating revenue (%)	Year-on-year increase/ decrease in operating costs (%)	Year-on-year increase/ decrease in gross profit margin (%)
Domestic	33,006,237,995.42	25,967,010,871.48	21.33	15.73	23.51	Decreased 4.95 percentage points
Overseas	4,276,633,291.96	2,996,028,430.22	29.94	-1.03	-25.02	Increased 22.41 percentage points

Description of operations by industry, product and region

- (1) During the year, the total operating revenue of the Company increased by 13.53% as compared with last year. Revenue generated from other segments increased year-on-year except for the segment of high-efficient clean energy equipment.
- (2) Renewable energy equipment revenue increased by 70.32% year on year, primarily attributable to the operating revenue of wind power products increased by 108.71% year-on-year.
- (3) Revenue of emerging growth business increased by 103.06% year-on-year, primarily attributable to the revenue of environmental protection products increased by 240.88% year-on-year.

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

II. KEY OPERATION INDICATORS DURING THE REPORTING PERIOD (CONTINUED)

(I) Analysis of Principal Business (Continued)

2. Analysis of Revenue and Cost (Continued)

(2) Capacity and sales analysis table

Major products	Capacity MW	Sales MW	Inventory MW	Capacity increase/ (decrease) from the previous year (%)	Sales increase/ (decrease) from the previous year (%)	Inventory increase/ (decrease) from the previous year (%)
Hydro-generating Unit	7,093	5,604	5,152	72.03	226.76	40.69
Steam turbine generators	14,964	12,356	15,418	7.19	-28.45	20.36
Wind power units	2,826	2,853	186	186	200.95	12.68
Power station steam turbines	15,256	10,881	17,781	-0.10	-16.46	36.14
Power station boilers	16,406	16,406	0	9.00	9.00	0.00

Details of the production and sales

Affected by policies and market environment, the Company's production and sales volume of wind power units have achieved substantial growth in the year.

(3) Cost analysis

By industry

Unit: 0'000 yuan Currency: RMB

Industry	Cost composition	Amount for current period	Percentage in total costs for current period (%)	Amount for the corresponding period last year	Percentage in total costs the corresponding period last year (%)	Year-on-year increase/ (decrease) (%)	Remark
Power generation equipment manufacturing	Raw materials	2,342,008.14	80.86	1,996,591.26	79.8	17.30	
Power generation equipment manufacturing	Labour costs	92,074.36	3.18	97,065.95	3.88	5.14	
Power generation equipment manufacturing	Other costs	462,221.43	15.96	408,352.93	16.32	13.19	

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

II. KEY OPERATION INDICATORS DURING THE REPORTING PERIOD (CONTINUED)

(I) Analysis of Principal Business (Continued)

2. Analysis of Revenue and Cost (Continued)

(3) Cost analysis (Continued)

By product

Unit: 0'000 yuan Currency: RMB

Product	Cost composition	Amount for current period	Percentage in total costs for current period (%)	Amount for the corresponding period last year	Percentage in total costs the corresponding period last year (%)	Year-on-year increase/ (decrease) (%)	Remark
Clean high-efficiency energy equipment	Raw materials	691,843.58	81.16	970,585.22	82.76	-28.72	
Clean high-efficiency energy equipment	Labour costs	36,406.10	4.27	52,632.93	4.49	-30.83	
Clean high-efficiency energy equipment	Other costs	124,176.32	14.57	149,472.95	12.75	-16.92	
Renewable energy equipment	Raw materials	688,534.94	79.63	382,934.97	73.49	79.80	
Renewable energy equipment	Labour costs	26,286.54	3.04	23,892.97	4.59	10.02	
Renewable energy equipment	Other costs	149,857.64	17.33	114,269.29	21.92	31.14	
Engineering and trade	Raw materials	331,334.97	93.69	311,649.62	88.33	6.32	
Engineering and trade	Labour costs	4,946.06	1.40	2,406.15	0.68	105.56	
Engineering and trade	Other costs	17,375.57	4.91	38,760.25	10.99	-55.17	
Modern manufacturing service business	Raw materials	136,582.21	50.32	94,315.42	50.12	44.81	
Modern manufacturing service business	Labour costs	7,259.34	2.67	6,489.79	3.45	11.86	
Modern manufacturing service business	Other costs	127,585.20	47.01	87,366.31	46.43	46.03	
Emerging growth business	Raw materials	493,712.44	89.10	237,106.03	88.72	108.22	
Emerging growth business	Labour costs	17,176.32	3.10	11,644.11	4.36	47.51	
Emerging growth business	Other costs	43,226.70	7.80	18,484.13	6.92	133.86	

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

II. KEY OPERATION INDICATORS DURING THE REPORTING PERIOD (CONTINUED)

(I) Analysis of Principal Business (Continued)

2. Analysis of Revenue and Cost (Continued)

(4) Major Customers in Sales and Major Suppliers

The Company's sales to its top five customers amounted to RMB4,091.3109 million, accounting for 10.97% of the total sales for the year with the largest customer accounted for approximately 2.69% of the total sales for the year, among which, sales to related parties was nil, accounting for 0% of the total sales for the year.

The Company's procurement from its top five suppliers amounted to RMB2,631.8756 million, accounting for 8.40% of the total procurement for the year, with the largest supplier accounted for approximately 2.27% of the total sales for the year among which, the procurement from related parties was RMB572.8872 million, representing 1.83% of the total procurement for the year.

To the best knowledge of the Directors, none of the Directors and Supervisors or their close associates, or Shareholders who owned more than 5% of the Company's issued share capital, had any beneficial interest in any of the Group's five largest customers or five largest suppliers during the Reporting Period.

3. Expenses

Unit: yuan Currency: RMB

Item	Amount for current period	Amount for last period	Change (%)
Selling expenses	1,176,571,933.25	1,308,499,758.09	-10.08
Administrative expenses	2,619,878,388.04	2,380,523,760.63	10.05
R&D expenditure	2,002,738,590.77	1,888,388,724.59	6.06
Finance costs	168,473,558.29	-139,659,690.99	N/A
Income tax expenses	150,959,705.84	197,712,209.73	-23.65

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

II. KEY OPERATION INDICATORS DURING THE REPORTING PERIOD (CONTINUED)

(I) Analysis of Principal Business (Continued)

4. R&D Expenditure

(1) *Table of R&D expenditure*

Unit: Yuan Currency: RMB

Expensed R&D expenditure for the Reporting Period	2,002,738,590.77
Capitalized R&D expenditure for the Reporting Period	0
Total R&D expenditure	2,002,738,590.77
Percentage of total R&D expenditure over revenue (%)	5.5
Number of R&D staff	3,615
Percentage of R&D staff over the total staff (%)	20.9
Percentage of capitalized R&D expenditure (%)	0

(2) *Remark*

Hydropower

The DF-300 vertical shaft impulse hydraulic model test rig, which was designed, developed and constructed by the Company independently, passed acceptance successfully, led the world in terms of all indicators, which strengthened DEC's independent research and development capability and market competitiveness in the field of large-scale impulse turbine and helped realize the localization of domestic high-head large-capacity impulse hydropower units. The development of large-capacity coolant pump passed the evaluation and was highly evaluated among users and experts.

Nuclear power

"Hualong No. One", our self-developed power steam turbine generator unit, the first one of such type in the world, successfully achieved full load operation. It provides key core components for the "artificial sun" China circulator-2 M unit.

Clean and efficient thermal power

The key technology for materials and welding for million-KW 630℃ modules with ultra-supercritical double reheat features have achieved major results. The 660MW ultra-supercritical circulating fluidized bed units have been successfully developed. The Zouxian million-kilowatt-class units that underwent flow-through reconstruct reduced coal consumption by 24g/kWh.

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

II. KEY OPERATION INDICATORS DURING THE REPORTING PERIOD (CONTINUED)

(I) Analysis of Principal Business (Continued)

4. R&D Expenditure (Continued)

(2) Remark (Continued)

Gas turbine

The Company successfully commissioned the test of the 50MW heavy-duty gas turbine with the full load test running smoothly, and witnessed by the expert group on 27 November, 2020, filling a technological gap in domestic heavy-duty gas turbine technology and achieving a historic breakthrough in the development of China's independent intellectual property rights for F-class heavy-duty gas turbines.

Wind power

10MW offshore wind power, the largest single-unit capacity in Asia and 4.5MW onshore wind turbine, the largest single-unit capacity in China were successfully connected to the grid for power generation. 5.5MW wind turbines, 12–15MW offshore wind turbines and floating offshore turbines were steadily progressing.

Hydrogen energy business

The first skid-mounted hydrogen refuelling system was completed in Deyang, and the first set of high-pressure hydrogen storage vessels for hydrogen refuelling stations developed independently in Sichuan was successfully completed. The self-developed 60–110 kW fuel cell engines passed the national inspection, signifying that the Company's products have achieved coverage for medium and heavy-duty, medium and long-haul applications, which are the focus of the national demonstration period.

Network security controlled by energy equipment industry

The research and development, integration and laboratory testing were completed for the protection system of the network security integration of steam turbine, which was in the testing stage in power plant.

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

II. KEY OPERATION INDICATORS DURING THE REPORTING PERIOD (CONTINUED)

(I) Analysis of Principal Business (Continued)

5. Cash flow

Item	Amount for the Year	Amount for the previous year	Change (%)
Cash received from refunds of taxes and surcharges	215,628,100.70	100,212,853.64	115.17
Cash received from other operating activities	5,443,720,670.79	5,527,908,695.44	-1.52
Cash received from returns on investments	173,182,465.16	259,368,343.88	-33.23
Net cash from disposal of fixed assets, intangible assets and other long-term assets	6,662,676.68	10,152,002.58	-34.37
Cash paid for purchase of fixed assets, intangible assets and other long-term assets	541,170,872.02	642,236,879.74	-15.74
Cash paid for investment	2,875,677,919.95	876,647,776.59	228.03
Cash paid for other investment activities	-	86,617,620.30	N/A
Cash from absorption of Investment	136,896,417.60	392,324,954.48	-65.11
Cash received from borrowings	435,980,000.00	201,650,000.00	116.21
Cash paid for repayment of loans	45,515,530.84	259,203,634.56	-82.44
Dividends paid, profit distributed or interest paid	695,595,822.13	416,840,612.55	66.87

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

II. KEY OPERATION INDICATORS DURING THE REPORTING PERIOD (CONTINUED)

(I) Analysis of Principal Business (Continued)

5. Cash flow (Continued)

5.1 Cash flows from operating activities

The net cash flows from operating activities of RMB-2,749 million, representing a decrease of RMB2,951 million from RMB202 million last year was mainly due to net outflows from the normal operations by DEC Finance for the year.

5.2 Cash flows from investing activities

The net cash flows from investing activities of RMB-680 million, representing a decrease of RMB2,050 million from RMB1,370 million last year was mainly due to a year-on-year increase in net outflows from the investment in bank wealth management products by DEC Finance.

5.3 Cash flows from financing activities

The net cash flows from financing activities of RMB-454 million, representing a decrease of RMB349 million from RMB-105 million last year was mainly due to the increase in the payment of cash dividends for the year.

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

II. KEY OPERATION INDICATORS DURING THE REPORTING PERIOD (CONTINUED)

(II) Analysis on assets and liabilities

1. The status of assets and liabilities

Unit: Yuan Currency: RMB

Item	Closing amount at the end of the year	Percentage of closing amount at the end of the year over total assets (%)	Closing amount at the end of last year	Percentage of closing amount at the end of last year over total assets (%)	Increase/decrease of closing amount at the end of the year over that at the end of last year (%)	Description
Funds for lending	/	/	469,762,000.00	0.52	-100.00	Decrease in the funds for lending of Dongfang Electric Finance Co., Ltd. ("DEC Finance")
Notes receivable	3,781,237,139.94	3.87	1,518,715,778.12	1.69	148.98	Increase in the settlement of notes
Other receivable	633,416,127.20	0.65	989,033,924.05	1.10	-35.96	Mainly due to the decrease in the interest receivable amounting to RMB180 million
loans and advances	1,927,919,340.85	1.97	1,025,152,847.76	1.14	88.06	Increase in the loans and advances of DEC Finance
Debt investments	9,946,621,270.91	10.17	3,756,152,435.75	4.19	164.81	Increase in the investments of DEC Finance
Other investments in equity instruments	27,544,649.47	0.03	4,889,859.48	0.01	463.30	Mainly due to the capital increase in Zhejiang Yuhuan Huadian Wind Power Company Limited

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

II. KEY OPERATION INDICATORS DURING THE REPORTING PERIOD (CONTINUED)

(II) Analysis on assets and liabilities (Continued)

1. The status of assets and liabilities (Continued)

Unit: Yuan Currency: RMB

Item	Closing amount at the end of the year	Percentage of closing amount at the end of the year over total assets (%)	Closing amount at the end of last year	Percentage of closing amount at the end of last year over total assets (%)	Increase/decrease of closing amount at the end of the year over that at the end of last year (%)	Description
Constructions in process	204,474,620.89	0.21	382,771,135.73	0.43	-46.58	Increase in the reclassification of construction in progress
Right-of-use assets	164,993,842.35	0.17	291,388,386.25	0.33	-43.38	Decrease in balance after depreciation in the period
Long-term deferred expenses	2,109,452.20	0.00	50,792,966.40	0.06	-95.85	Decrease in the balance after amortization for the period
Short-term Loans	297,980,000.00	0.30	13,850,000.00	0.02	2,051.48	Increase in the credit borrowings
Notes payable	4,861,679,751.95	4.97	3,650,947,932.56	4.07	33.16	Increase in the settlement of notes
Lease liabilities	27,531,905.94	0.03	156,664,637.27	0.17	-82.43	The balance decreases after the current payment
Long-term payables	5,660,910.03	0.01	9,600,357.51	0.01	-41.03	Decrease in the balance after amortization in the period

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

II. KEY OPERATION INDICATORS DURING THE REPORTING PERIOD (CONTINUED)

(II) Analysis on assets and liabilities (Continued)

2. Restrictions on main assets as of the end of the Reporting

2.1. Among cash and cash equivalents of the Company for the end of the year, restricted cash and cash equivalents totaled RMB2,408,482,733.16, mainly represented deposits in the central bank, statutory deposit reserve, etc.

(1) At the end of the year, the net intangible assets amounted to RMB524,457,351.45 used for pledge or guarantee for borrowing of the Company.

(2) Net long-term equity investment used for guarantee of the Company at the end of the year amounted to RMB78,735,605.68.

2.2. The gearing ratio was 65.60% in 2020

Note : Gearing ratio = Total liabilities/Total assets X 100%.

2.3. Details of contingent liabilities are set out in Contingencies in Note 12 to the Financial Statements.

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

II. KEY OPERATION INDICATORS DURING THE REPORTING PERIOD (CONTINUED)

(III) Analysis of investment

1. Overall analysis on external equity investment

At the end of the Reporting Period, the Company's investment in new holding companies and additional investment in subsidiaries are set out below:

No.	Name of investee	Principal business	Investment amount (RMB'0,000)	Shareholder and percentage of shareholding
1	Dongfang Electrical (Tianjin) Wind Power Technology Co., Ltd.	Manufacture and process of wind power generating equipment and wind power generating set, design, construction, installation and commissioning of general and special equipment, etc.	34,214.9	Dongfang Electric Wind Power Co., Ltd. holds 71.81%, DEC Dongfang Steam Turbine Co., Ltd. holds 28.19%
2	Dongfang Electric (Guangdong) Energy Science & Technology Co., Ltd.	Research and development, production, sales, installation, inspection, operation and maintenance services of wind turbines and their spare parts and their technology development and application, etc.	10,670	DEC Dongfang Electric Machinery Co., Ltd. holds 100%
3	Dongfang Electric Group (Sichuan) Products Co., Ltd. (東方電氣集團(四川)物產有限公司)	Commodity wholesale and retail, import and export, business services, structural metal product manufacturing, technical promotion services, and bulk transportation, etc.	15,000	Dongfang Electric Corporation Limited holds 100%
4	Dongfang Electric (Guangzhou) Heavy Machine Co., Ltd.	Manufacture of atomic power equipment; the manufacture of pumps and vacuum equipment; the manufacture of metal pressure vessels; the manufacture of metal packages and containers	13,107	Dongfang Electric Corporation Limited holds 48.17%, Guangdong Energy Group Co., Ltd. holds 25.48%, Dongfang Electric Corporation holds 5.63%, other shareholders hold 20.72% in total
5	Deyang Guangda Dongqi New Material Co., Ltd. (德陽廣大東汽新材料有限公司)	Ferrous metal casting; casting machinery manufacturing; forging and powder metallurgy products manufacturing; metal surface treatment and heat treatment; metal structure manufacturing; nonferrous metal casting	33,599.86	Zhangjiagang Guangda Special Materials Co., Ltd. (張家港廣大特材股份有限公司) holds 51%, DEC Dongfang Steam Turbine Co., Ltd. holds 49%

(1) Significant equity investment

During the reporting period, the Company and its subsidiaries had no significant equity investment.

(2) Significant non-equity investment

During the reporting period, the Company and its subsidiaries had no significant non-equity investment.

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

II. KEY OPERATION INDICATORS DURING THE REPORTING PERIOD (CONTINUED)

(III) Analysis of investment (Continued)

1. Overall analysis on external equity investment (Continued)

(4) Financial assets at fair value measurement

Currency: RMB

No.	Type	Stock code	Company name	Investment cost (RMB'000)	Balance at the beginning of the period (RMB'000)	Amount at the end of the period (RMB'000)	Profit or Loss in the Reporting Period (RMB'000)
1	Stock	SH:600011	Huaneng Power International, Inc.	53,073.26	44,158.99	35,453.81	-7,636.81
2	Stock	SH:601179	China XD Electric Co., Ltd.	1,010.77	526.71	667.07	147.59
3	Stock	SZ:000883	Hubei Energy Group Co., Ltd.	189.79	119.01	110.74	-5.42
4	Stock	SH:600030	CITIC Securities Company Limited	630.98	948.50	0	194.21
Total				54,904.80	45,753.21	36,231.62	-7,300.43

(IV) Analysis of major controlling subsidiaries and investees

Currency: RMB

Subsidiary name	Closing balance (100 million yuan)					
	Current assets	Non-current assets	Total assets	Current liabilities	Non- current liabilities	Total liabilities
DEC Dongfang Steam Turbine Co., Ltd.	192.66	51.46	244.12	172.01	9.99	182.00
DEC Dongfang Boiler Group Co., Ltd.	173.48	32.81	206.29	104.55	33.99	138.54
DEC Dongfang Electric Machinery Co., Ltd.	153.24	25.56	178.80	107.47	12.18	119.65
Dongfang Electric Finance Co., Ltd.	300.15	122.89	423.04	389.60	0.00	389.60
Dongfang Electric Wind Power Co., Ltd.	103.01	24.02	127.03	100.20	9.38	109.58
DEC International Cooperation Limited	49.54	7.06	56.60	24.29	11.37	35.66
Dongfang Electric Automatic Control Engineering Co., Ltd.	21.87	3.94	25.81	15.74	0.42	16.16

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

III. DISCUSSION AND ANALYSIS ON FUTURE DEVELOPMENT OF THE COMPANY

(I) Structure and trend of the industry

According to the National Energy Working Conference, energy work in 2021 will focus on two major goals of safeguarding energy security and combating climate change, and continuously promote the implementation of the new energy security strategy of “Four Revolutions and One Cooperation”. We will focus on improving energy supply, accelerating the development of wind power and photovoltaic, steadily promoting the construction of hydropower and nuclear power, enhancing the capacities of new energy consumption and storage, further promoting the clean and efficient development and utilization of coal, and further optimizing and improving the construction of power grids; we will focus on promoting energy technology innovation, accelerating new breakthroughs in core technology and equipment, striving to build new advantages in energy technology and equipment, and deepening the construction of new platforms for energy technology innovation.

According to the forecast of the China Electricity Council, the growth rate of the national total electricity consumption in 2021 is expected to decline gradually from a high level at the beginning, with an annual growth rate of 6% to 7%, which will be significantly higher than the level in 2020. In 2021, the country's estimated additional installed power generation capacity of infrastructure is about 180 million KW, of which about 140 million KW of non-fossil energy power generation capacity will be put into operation. As at the end of 2021, the country's estimated installed power generation capacity is 2,370 million KW, representing a year-on-year increase of 7.7%, and estimated installed non-fossil energy power generation capacity will reach to about 1,120 million KW, the proportion of total installed capacity will rise to 47.3%, representing an increase of about 2.5 percentage points as compared to the end of 2020. The proportion of installed wind and solar power generation capacity will increase by about 3 percentage points as compared to the end of 2020, the demand for flexible adjustment capabilities of the power system has further increased.

The continuous energy structure adjustment will bring new opportunities and challenges to the industry. In terms of new opportunities, the requirements of peaking carbon emissions and achieving carbon neutral promotes the clean and efficient use of coal, striving for the development of new energy, and actively and orderly develop nuclear power under the premise of ensuring safety; under the background of enhancing the independent and controllable capability of the industrial chain and supply chain, there is huge market for technology development to solve the “bottleneck” problems in the field of new energy; the rapid development of wind power and photovoltaic brings opportunities for new installations of supporting energy storage systems and the storage service market; the new business model of intelligent energy services centered with customer needs will provide a way out for enterprises to transform from production-oriented to service-oriented. In terms of new challenges, the adjustment of the development path of coal-fired power has placed new demands on core technology capabilities; the intensification of competition in the renewable energy power generation market has placed new demands on business model innovation and cost control; and the increasing demand for digital capabilities in various segments of the energy system has placed new demands on enterprises to accelerate their digital transformation.

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

III. DISCUSSION AND ANALYSIS ON FUTURE DEVELOPMENT OF THE COMPANY (CONTINUED)

(II) Development strategy of the Company

2021 is the first year of the implementation of the 14th Five-Year Plan. The Company will adhere to activate vitality by reform, add impetus by innovation, create cohesion by synergy, tap into potential by improving, and accelerate the promotion of transformation and upgrading. We will make overall plans to become stronger, better and bigger, and fully complete the production and operation targets for 2021, laying the foundation for high-quality development of the “14th Five-Year Plan”.

(III) Business plan

In 2021, the Company will fully implement various key tasks while performing normalized pandemic prevention and control, accelerate the transformation and upgrading of the Company, focus on promoting technological innovation, and implement management improvements to lay a solid foundation, promote the continuous deepening of the improvement of quality and efficiency, and continue to increase market development efforts, prevent and control risks and strictly observe the bottom line, and improve the corporate governance of listed company. In 2021, the Company expects to achieve 30 million KW of the capacity of power generating equipment, with steady growth in operating income, continuous increase in total profits, promoting the high-quality development of the enterprise.

1. Accelerating the transformation and upgrading of the Company

Following the direction of green, low-carbon and digitalization to effectively promote the transformation and upgrading of the Company, accelerate the Company's realization of a green and low-carbon transformation. We will vigorously promote the development of the wind power industry, thoroughly study and evaluate opportunities in the photovoltaic industry, accelerate the development of the energy conservation and environmental protection industry to create a sound situation of multi-subject collaboration and multi-field breakthroughs. In terms of accelerating the Company's realization of digital transformation, we will improve the Company's level of digitization, networking, and intelligence, so as to gradually form a full range of digital capabilities in manufacturing, service and management. The Company will accelerate the construction of digital workshops, further improve the user-centered platform service system, and promote the establishment of the Company's digital strategic management and control platform by way of the application of the ERP system as the core.

2. Promoting technological innovation with diligence

Focus on enhancing the independent controllability of the industrial and supply chain to comprehensively promote collaborative innovation, accelerate breakthroughs in key core technologies of “bottlenecks”, lead industrial development with scientific and technological innovation achievements, promote scientific and technological innovation according to industrial development needs, and focus on “strengthening the advantages and making up for the weaknesses, forming mechanisms, and building platforms”. The Company will complete the research and development of major hydropower projects such as Baihetan hydropower project and Changlongshan hydropower project with high-quality, promote the development of important scientific research projects such as high-parameter thermal power units, ultra-large offshore wind power units, and floating offshore wind power units in an orderly manner. It will actively and orderly carry out the trials and verification of 50MW heavy-duty gas turbines to complement the weaknesses of high-end equipment for the country, strengthen the protection of R&D investment and improve the long-term mechanism of “internal marketization” in R&D.

III. DISCUSSION AND ANALYSIS ON FUTURE DEVELOPMENT OF THE COMPANY (CONTINUED)

(III) Business plan (Continued)

3. Implementing management upgrading to lay a solid foundation

Adhere to the standard of world-class management as the main carrier and lean management as the main tool, the Company strives to improve the Company's management level, and continues to consolidate the management foundation for the high-quality leap-forward development of the Company. Taking world-class enterprises standard as the starting point to strengthen the management system and building the management capacity building. Taking lean management as the main tool to improve the management level, concentrate on guiding the extension of lean management from manufacturing to non-manufacturing segments, and devote greater efforts to promote the integration of lean management theory and practical experience in the Company into effect.

4. Promoting continuous improvement in quality and efficiency

The Company insists on making quality and efficiency improvement an important tool to promote high-quality development and perform well in operational management to enhance the development quality of the Company. We will promote the in-depth integration of comprehensive budget management and economic operation analysis, strengthen the control of budget execution process and improve the quality of economic operation analysis. We will persistently focus on the "three reductions and two improvements" to promote continuous improvement in the proportion of costs and expenses to operating revenue, the labour productivity rate of all employees and the gearing ratio of the Company. We will in-depth promote lean cost management, propel the enterprises to speed up refining internal accounting units, the establishment of an internal market price system, the strengthening of internal market-based assessment and the exploration of cost management across the value chain covering the entire production and operation process.

5. Continuing increase of market expansion efforts

We will make every effort to obtain orders and protect the market share. Deepening our efforts in the main industry market, we will strive for key projects in hydro and thermal power in 2021; continue to increase our efforts in developing the wind power market; actively participate in the pre-study and joint research and development of nuclear energy projects; and vigorously promote the market application of our own gas turbines. We will actively explore emerging markets, step up efforts to promote market breakthroughs in such promising and high-growth industries as energy conservation and environmental protection, and turbomachinery. We will vigorously explore overseas markets, promote localised operations, continue to cultivate the hydro and thermal power market, and strive to develop the new energy segment. We will innovate marketing ideas and expand marketing models. We will promote marketing publicity and planning of new products and technologies, and increase the brand popularity and recognition of Dongfang Electric.

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

III. DISCUSSION AND ANALYSIS ON FUTURE DEVELOPMENT OF THE COMPANY (CONTINUED)

(III) Business plan (Continued)

6. Preventing and controlling risks and strictly adhere to the bottom line

We will accelerate the organic integration of risk, compliance and internal control management systems to effectively enhance the level of risk prevention and control work and ensure that no major risks occur. We will optimise the risk warning indicator system and develop a risk management model that integrates with business processes, strengthen the control of key risks and regularly identify and dynamically control the Company's major annual risks. We will insist on quality-focused development, continue to promote the construction of a quality culture, improve the quality management system and strengthen the quality management level to ensure that no major quality risks occur. We will firmly establish the concept of safe development, prevent and resolve various safety risks, so as to create a stable and safety environment for the Company's high-quality development and innovative leaping development.

7. Improving the governance as required for listed companies

We will thoroughly implement the "Opinions of the State Council on Further Improving the Quality of Listed Companies" and CSRC's special action requirements on the governance of listed companies. We will convene general meetings, Board meetings and Supervisory Committee meetings in accordance with laws and regulations, improve the operation and service system of the Board, and promote scientific decision-making management; strictly implement the internal control system for listed companies, deepen the standardization of the internal control system, and improve the effectiveness of internal control; strictly follow the information disclosure standards, implement the Accounting Standards for Business Enterprises, optimize the disclosure content, enhance the pertinence and effectiveness of information disclosure, and improve the quality of financial information. We will also optimize the investor services such as roadshows and performance briefings, and improve the good mechanism for communication between the Company and the investors.

III. DISCUSSION AND ANALYSIS ON FUTURE DEVELOPMENT OF THE COMPANY (CONTINUED)

(IV) Possible Risks

1. Risks relating to market competition

Under the background of “Carbon Neutral”, the traditional market space will further shrink, the industry competition will become increasingly fierce, which puts forward higher requirements for the Company’s market exploration and cost control. The Company will reduce the cost and increase the efficiency by various ways such as continuous optimization, technology advancement and service quality improvement, thus to achieve differentiated competition. The Company will also actively carry out market exploration of emerging industries, so as to accelerate the transformation of the segment structure of the Company.

2. Risks relating to supply chain

Affected by the pandemic and the international situation, the ecology of the upstream and downstream supply chains were impacted to a certain degree, the project suppliers related to EPC and equipment supply suffered difficulties in the performance of obligations under the contracts, which may cause adverse impact on the Company’s implementation of the projects and have difficulty in performing and delivering the contracts on schedule. The Company will continue to enhance the management of suppliers, coordinate and supervise the production planning and scheduling of suppliers, guarantee the implementation progress of the existing projects, and expand the development of the suppliers, actively cultivate new qualified suppliers to meet the Company’s expanding production needs.

3. Investment risks

In the course of optimizing and updating the industrial layout, the Company will increase the investment in new energy, environmental protection and other fields. However, the investment projects in related fields were seriously affected by policies and market environment, with many uncertain factors, thus there are risks for the investment projects failing to arrive at the expected target. The Company will perform well in risk assessment of investment projects and evaluation of investment contracts, enhance the monitoring on the investment projects to ensure the smooth promotion of the project.

4. International business risks under the pandemic

The impact of the COVID-19 pandemic is far-reaching, the economic globalization suffered from a countercurrent. The world has entered into the period of turbulent reform, the global economy is sluggish, and it is difficult to explore the overseas market. The Company will proactively study and analyze the international economic situation and the impact of pandemic and opportunities, strengthen the team building for international projects, enhance its expansion capability of overseas market, and centralize its resources for the development works of key areas and major projects.

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

IV. OTHER EVENTS

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

(I) Directors and Supervisors

Please refer to Section VIII headed “Directors, Supervisors, Senior Management and Employees” for list of members regarding the Board of Directors, the Supervisory Committee in 2020.

(II) Changes in information of the Directors

Pursuant to disclosure requirement under Rule 13.51B(1) of the Listing Rules, the changes in information of Directors are set out below:

Mr. Yu Peigen has been serving as the chairman of the Board of Directors and secretary of the Party Committee of Dongfang Electric Corporation Limited since 8 April 2021;

Mr. Xu Haihe has been an external director of China General Nuclear Power Corporation (中國廣核集團有限公司) since May 2020 and an external director of China Aviation Supplies Holding Company (中國航空器材集團有限公司) since March 2021;

Mr. Liu Dengqing has been as a member of the first GEM Listing Committee of Shenzhen Stock Exchange since July 2020. He is currently an executive director of China Appraisal Society, the vice chairman of Chinese Association of Mineral Resources Appraisers (中國礦業權評估師協會) and Beijing Assets Appraisal Association (北京資產評估協會). He is currently an independent director of China Spacesat Co., Ltd. (中國東方紅衛星股份有限公司), Hengxin Shambala Culture Co., Ltd. (恒信東方文化股份有限公司) and Huachuang Yang'an Co., Ltd. (華創陽安股份有限公司).

Save as disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

IV. OTHER EVENTS (CONTINUED)

(III) Share Incentive Scheme

The Restricted A Share Incentive Scheme for 2019 is formulated by the Company to further perfect the mid-and-long term incentive and restraint mechanism of the Company and achieve the incentive and restraint on the Directors, senior and middle management and frontline leaders of the Company to more tightly align their interests with the long-term development of the Company, and take on risks while share the interests together, and fully mobilize their enthusiasm and creativity.

The participants include the Company (including the branches and subsidiaries); the directors (directors of the subsidiaries), senior management; middle management; the frontline leaders (including non-leadership core staffs in marketing, research and development, management, production).

For details of the Share Option Incentives Scheme of the Company during the year, please refer to Chapter VI “Significant Events V. (I) Descriptions of the Incentive of the Company during the Reporting Period”.

(IV) Permitted Indemnity Provisions

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

(V) Directors’ and Supervisors’ Interests in Material Transactions, Arrangement or Contracts

None of Directors or Supervisors had material interests in the material contracts with the Company or any subsidiaries of the Company as a party (as defined in Appendix 16 to the Listing Rules) has or had material interest, either directly or indirectly, during or at the end of the year.

(VI) Key Relationships with Persons with Significant Impact

The Company has been keeping stable and sound relationship with our customers and suppliers. The Company cherishes talents and carefully performs its corporate responsibilities. By providing training management, health protection, it aims to assist employees to make progress and become talents. The information on the employees and remuneration policy of the Group are set out in the section headed “V. Employees of the Company and Principal Subsidiaries” of section VIII “Directors, Supervisors, Senior Management and Employees” in this annual report.

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

IV. OTHER EVENTS (CONTINUED)

(VII) Corporate Social Responsibility

Adhering to the mission of “Greenness to Drive the Future” and the core value of “Co-create Value and Share Success”, the Company assumed the duty to innovate and make innovative energy to empower good life in the future, and provided green and low carbon, safe and efficient energy equipment and comprehensive service solutions for the society and users. It promoted the research and development and application of new green equipment products, and facilitated the development of clean energy. It advanced the treatment of “three wastes” and solved the serious problems in the field of ecological environment. It strictly implemented laws and regulations on environmental protection, formulated annual energy consumption and pollutants emission plans and implemented them in a timely manner, which, together with monitoring, guaranteed the effectiveness of the treatment of emission. It strictly abided by the requirements under the Labor Law, attached high importance to the health and safety of its employees, and strictly implemented responsibility system for safe production, under the guidance of the safety concept of “Safety First, Lives Uppermost”; improved talents incentive mechanism, established and improved employee benefit guarantee system and the remuneration and benefit system. It spared no effort in supporting poverty alleviation work in poverty-stricken areas, helping lift people there out of poverty; adopted scientific and targeted measures to prevent and control the COVID-19 pandemic and promoted orderly work and production resumption; proactively established cooperation relationship with foreign parties, so as to guarantee local energy supply.

For details, please refer to the Social Responsibility Report of Dongfang Electric Corporation Limited for 2020 (《東方電氣股份有限公司2020年社會責任報告》) which is published separately from this report.

(VIII) Distributable reserves

As at 31 December 2020, the Company’s reserves available for distribution, calculated in accordance with the relevant regulations amounted to RMB7,118,112,598.66.

(IX) Major acquisition or disposal

There were no major acquisition or disposal of subsidiaries and associates during the year ended 31 December 2020.

(X) Compliance with Laws and Regulations

During the year ended 31 December 2020 and up to the date of this report, the Company has complied with the relevant laws and regulations including the Company Law of the People’s Republic of China, the Code of Corporate Governance for Listed Companies in China, the Corporate Governance Code, Corporate Governance Report and the Article of Association of the Company that have significant impact.

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

IV. OTHER EVENTS (CONTINUED)

(XI) Donations

For the year ended 31 December 2020, the aggregated amount of donation made by the Company for charity and other purposes amounted to RMB47,395,200.

(XII) Events Subsequent to the Reporting Period

On 24 September 2020, the Company held the 32nd meeting of the 9th session of the Board and 19th meeting of the 9th session of Supervisory Committee, at which, the Resolution on Repurchase and Cancellation of Certain Restricted Shares was considered and approved. Pursuant to the relevant requirements of the Administrative Measures on Share Incentives of Listed Companies (“Administrative Measures”) and Restricted A Share Incentive Scheme for 2019 (Draft Revision) (“Incentive Scheme (Draft Revision)”) of the Company, two existing participants have resigned due to personal reasons and are no longer qualified as participants, and another two participants have been included in the employee stock ownership scheme of the subsidiaries of the Group, therefore, in accordance with the relevant provisions of SASAC of the State Council, they can no longer participate the Incentive Scheme of the Company. The Board considered and decided to disqualify the aforesaid four participants, and repurchase and cancel all the restricted shares that have been granted to the them yet still locked, i.e., totaling 138,000 A Shares. The repurchase price was RMB5.725 per Share and the total consideration of the repurchase was RMB791,693.

The repurchase and cancellation of all the restricted shares that have been granted to the aforesaid four participants yet still locked, totaling 138,000 A Shares was approved at the 2020 second extraordinary general meeting was held by the Company on 27 November 2020 and was cancelled on 5 February 2021.

REPORT OF THE SUPERVISORY COMMITTEE

Dear Shareholders,

During the Reporting Period, in accordance with the relevant provisions of the Company Law, the Articles of Association and the Rules of Procedure of Supervisory Committee, the Supervisory Committee legally supervised the standardized operation of the Company and the performance of the duties by Directors and senior management personnel, which safeguard the legitimate rights and interests of the Company, employees, shareholders and other stakeholders. The relevant work is hereby reported as follows:

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

(I) Meeting of the Supervisory Committee

During the Reporting Period, a total of 6 meetings of the Supervisory Committee were convened by the Company. During the Reporting Period, the convening and holding of the meeting were in compliance with relevant laws, regulations, the Articles of Association and the Rules of Procedure of Supervisory Committee. The procedures, resolutions of meeting, information disclosure of meeting resolutions were conducted in strict compliance with the provisions of the Rules of Procedure of Supervisory Committee and Information Disclosure Management Rules.

Details of the meetings are set out as follows:

1. The 15th meeting of the ninth session of the Supervisory Committee was held in Chengdu on 26 March 2020 with attendance by all 3 supervisors. The following resolutions were considered and approved at the meeting:
 - (1) the Resolution on the Company's 2019 Audited Financial Report;
 - (2) the Resolution on the Company's 2019 Profit Distribution Plan;
 - (3) the Resolution on the 2019 Special Report on the Placement and Use of the Proceeds of the Company;
 - (4) the Resolution on the Company's 2019 Connected Transactions;
 - (5) the Resolution on the Company's 2019 Annual Report;
 - (6) the Resolution on the 2019 Appraisal Report of Internal Control and the Audit Report on Internal Control of the Company;
 - (7) the Resolution on the 2019 Work Report of the Supervisory Committee of the Company.

REPORT OF THE SUPERVISORY COMMITTEE (CONTINUED)

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

(I) Meeting of the Supervisory Committee (Continued)

2. The 16th meeting of the ninth session of the Supervisory Committee was held in Chengdu on 28 April 2020 with attendance by all 3 supervisors. The following resolutions were considered and approved at the meeting:
 - (1) the Resolution on the Company's Unaudited Financial Report for the First Quarter of 2020;
 - (2) the Resolution on the Company's 2020 First Quarterly Report;
 - (3) considered and approved the Resolution on the Rules of Procedure of the Supervisory Committee of the Company.
3. The 17th meeting of the ninth session of the Supervisory Committee was held in Chengdu on 28 May 2020 with attendance by all 3 Supervisors. The Resolution in relation to Acquisition of Certain Assets from Dongfang Electric Corporation by Dongfang Hydrogen Co., Ltd. and Related Party Transaction was considered and approved at the meeting.
4. The 18th meeting of the ninth session of the Supervisory Committee was held in Chengdu on 26 August 2020 with attendance by all 3 Supervisors. The following resolutions were considered and approved at the meeting:
 - (1) the Resolution on the Company's 2020 Interim Financial Report;
 - (2) the Resolution on the Placement and Use of the Proceeds of the Company in the First Half of 2020;
 - (3) the Resolution on the Company's 2020 Interim Report.

REPORT OF THE SUPERVISORY COMMITTEE (CONTINUED)

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

(I) Meeting of the Supervisory Committee (Continued)

5. The 19th meeting of the ninth session of the Supervisory Committee was held in Chengdu on 24 September 2020 with attendance by all 3 Supervisors. The following resolutions were considered and approved at the meeting:
 - (1) considered and approved the Resolution regarding the Partial Reserved Grant of the Restricted Shares to Participants under the 2019 Restricted A Share Incentive Scheme of the Company;
 - (2) the Resolution regarding the Partial Repurchase and Cancellation of the Restricted Shares.
6. The 20th meeting of the ninth session of the Supervisory Committee was held in Chengdu on 28 October 2020 with attendance by all 3 Supervisors. The following resolutions were considered and approved at the meeting:
 - (1) the Resolution on the Company's Financial Report (Unaudited) for the Third Quarter of 2020;
 - (2) the Resolution on the Company's 2020 Third Quarterly Report of the Company.

REPORT OF THE SUPERVISORY COMMITTEE (CONTINUED)

II. THE SUPERVISORY COMMITTEE'S INDEPENDENT OPINION ON THE RELEVANT MATTERS DURING THE REPORTING PERIOD

(I) The Supervisory Committee's Independent Opinion on Legal Compliance of the Company's operations

During the Reporting Period, the Supervisors attended 5 meetings of the Board of Directors and attended 3 general meetings, the Chairman of the Supervisory Committee attended the presidential conference of the Company and supervised the legal compliance of the Company's operations. The Supervisory Committee considered that the procedures for convening and holding the general meetings and the Board meetings were in compliance with relevant laws, regulations and the relevant provisions of the Articles of Association; the Directors and senior management was capable of strictly implementing the resolutions of the general meeting and the Board meetings and the Supervisory Committee did not notice any violations of national laws and regulations, the Articles of Association and other conducts that undermined the interests of the Company and its shareholders; the preparation procedures of the Company's 2020 annual report conformed to the relevant provisions of laws, regulations and regulatory documents, the information of the reports gave true and complete picture of its actual situation, and did not contain any false statements, misleading representations or material omissions.

(II) The Supervisory Committee's Independent Opinions on the Inspection of the Company's Financial Position

During the Reporting Period, the Supervisory Committee listened to the financial reporting of the Company on a regular basis and carefully considered the Company's financial reports, and considered that the preparation and approval procedures of the Company's 2020 financial report conformed to the relevant regulations, the standard and unqualified auditor's report issued by Da Hua Certified Public Accountants LLP objectively and truly reflected the Company's financial position and operating results.

(III) The Supervisory Committee's Independent Opinions on the Company's Related Party Transactions

During the Reporting Period, the Supervisory Committee diligently supervised the Company's related party transactions, and considered that the company's related party transactions entered into based on the principles of openness, fairness and justice, and in compliance with relevant national laws, regulations, and the Articles of Association. The related party transactions of the Company were fair and reasonable with sufficient information disclosure, and no conducts that undermined the interests of the Company and its shareholders were identified.

(IV) The Supervisory Committee's Independent Opinions on the Internal Control Assessment Report and Internal Control Audit Report for 2020

The Supervisory Committee carefully considered the Company's the Internal Control Assessment Report and Internal Control Audit Report for 2020, and was of the opinion of that the Company had established a relatively sound internal control system which can meet the current management requirements and development needs of the Company and can be effectively executed, and the Internal Control Assessment Report and Internal Control Audit Report of the Company for 2020 truly and objectively reflected the development and operation of the internal control system of the Company.

REPORT OF THE SUPERVISORY COMMITTEE (CONTINUED)

II. THE SUPERVISORY COMMITTEE'S INDEPENDENT OPINION ON THE RELEVANT MATTERS DURING THE REPORTING PERIOD (CONTINUED)

(V) The Supervisory Committee's Independent Opinions on 2020 Annual Profit Distribution Plan

The Supervisory Committee carefully considered the 2020 profit distribution plan of the Company and the explanation of relevant opinions on the dividend distribution, and was of the opinion of that the profit distribution plan for 2020 was in compliance with the relevant laws and regulations, as well as the Articles of Association of the Company; the decision-making procedure thereof was in accordance with relevant regulations and in the interests of the Shareholders as a whole and met the production and operation needs of the Company.

(VI) The Supervisory Committee's Independent Opinion on the Placement and Use of Proceeds for the Year

The Supervisory Committee carefully considered the Special Annual Report on the Placement and Use of Proceeds for the Year 2020 and was of the opinion of that the management of the company's proceeds followed the principles of "special account deposit, standardized use, truthful disclosure and strict management". The Supervisory Committee did not notice any violations on the Company's placement and use of proceeds, or any damage to the interests of shareholders.

III. WORK GUIDELINE OF THE SUPERVISORY COMMITTEE IN 2021

In 2021, the Supervisory Committee of the Company will continue to diligently perform its duties in strict accordance with the relevant provisions of the Company Law, the Securities Law, the Articles of Association and the Rules of Procedure of the Supervisory Committee, strengthen the supervision of legal compliance of company's operation, strengthen the supervision of internal control construction, urge the Company to further improve the system, carry out special supervision on key areas and important links, effectively safeguard the legal rights and interests of the Company and its all shareholders to further promote the sustainable and healthy development of the Company.

The Supervisory Committee of Dongfang Electric Corporation Limited
29 March 2020

I. PROPOSAL ON ORDINARY SHARE PROFIT DISTRIBUTION OR CONVERSION OF CAPITAL RESERVE INTO SHARE CAPITAL

(I) Formulation, Execution or Adjustment of Cash Dividend Policy

The company has made clear the cash dividend policy in its Articles of Association, which stipulates that when the net profit attributable to the shareholders of the Company of the year is positive and the accumulated distributable profit at the end of the year is positive, the dividend can be distributed in cash. Under the condition that the undistributed profit is positive, the accumulated payment of dividend by way of cash for the last three years may not be less than 30% of the Company's average distributable profit for the last three years.

Profit Distribution Scheme for 2018: Audited by BDO China Shu Lun Pan Certified Public Accountants LLP, the net profit attributable to shareholders of the parent Company is RMB1,128,834,236.51 in 2018. The parent company has procured a net profit of RMB963,592,446.45. The Company distributed a cash dividend of RMB1.10 (before tax) per 10 shares, totaling payment of a cash dividend of RMB339,988,377.41. The Company did not convert any capital reserve into share capital nor make any bonus issue.

Profit Distribution Scheme for 2019: Audited by BDO China Shu Lun Pan Certified Public Accountants LLP, the net profit attributable to shareholders of the parent Company is RMB1,277,671,818.13 in 2019; The parent company has procured a net profit of RMB359,018,076.48. The Company distributed a cash dividend of RMB2.05 (before tax) per 10 shares on the basis of 3,118,792,130 shares of its share capital as at the date of the annual report, totaling payment of a cash dividend of RMB639,352,386.65. The Company did not convert any capital reserve into share capital nor make any bonus issue.

Profit Distribution Scheme for 2020: Audited by Da Hua Certified Public Accountants LLP, the net profit attributable to shareholders of the parent Company is RMB1,861,998,155.29 in 2020; The parent company has procured a net profit of RMB656,304,668.36. The Company distributed a cash dividend of RMB1.8 (before tax) per 10 shares on the basis of 3,119,626,130 shares of its share capital as at the date of the annual report, totaling payment of a cash dividend of RMB561,532,703.40. The Company did not convert any capital reserve into share capital nor make any bonus issue. The proposal still needs to be submitted to the 2020 annual general meeting for consideration and approval.

SIGNIFICANT EVENTS (CONTINUED)

I. PROPOSAL ON ORDINARY SHARE PROFIT DISTRIBUTION OR CONVERSION OF CAPITAL RESERVE INTO SHARE CAPITAL (CONTINUED)

- (II) The ordinary share dividend allocation scheme or plan and those for converting capital reserve into share capital for the Company in the past three years (including the reporting period)

Unit: Yuan Currency: RMB

Year of distribution	Number of bonus shares for every 10 Shares (share(s))	Dividend for every 10 shares (Tax inclusive) (RMB)	Number of scrip shares for every 10 shares (share(s))	Total amount of cash dividend (Tax inclusive)	Net profits attributable to shareholders of the Company in the consolidated financial statements for the year	Percentage of dividend to the net profits attributable to shareholders of the Company in the consolidated financial statements (%)
2020	0	1.8	0	561,532,703.40	1,861,998,155.29	30.16
2019	0	2.05	0	639,352,386.65	1,277,671,818.13	50.04
2018	0	1.1	0	339,988,377.41	1,128,834,236.51	30.12

II. APPOINTMENT OR DISMISSAL OF THE AUDITOR

Unit: Yuan Currency: RMB

	Formerly engaged by	Now engaged by
Name of the domestic auditor	BDO China Shu Lun Pan Certified Public Accountants LLP (Special General Partnership)	Da Hua Certified Public Accountants (Special General Partnership)
Remuneration of the domestic auditor	2,550,000	1,300,000
Term of audit of the domestic auditor	3	1

	Name	Remuneration
Internal control auditor	Da Hua Certified Public Accountants (Special General Partnership)	200,000
Financial advisor	CITIC Securities Co., Ltd.	0

SIGNIFICANT EVENTS (CONTINUED)

II. APPOINTMENT OR DISMISSAL OF THE AUDITOR (CONTINUED)

For the year ended 31 December 2020, the remuneration of Da Hua Certified Public Accountants (Special General Partnership), the auditor of the Company, for providing auditing and non-auditing services (Internal control auditor fee) were RMB1,300,000 and RMB200,000.

Explanation on the appointment and dismissal of accounting firms

In view of the fact that BDO China Shu Lun Pan Certified Public Accountants LLP has provided audit services for the Company for many years, in order to ensure the independence of audit work and according to the needs of the Company's business development, Dahua Certified Public Accountants was re-appointed as the auditor of the Company in 2020 through public bidding, which was considered and approved by the second extraordinary shareholders meeting of the Company in 2020 on 27 November 2020. For details, please refer to the announcement on Poll Results of the 2020 Second EGM, the 2020 Second A Shares Class Meeting and the 2020 Second H Shares Class Meeting held on 27 November 2020 published by the Company on the Stock Exchange on 27 November 2020.

III. BANKRUPTCY REORGANIZATION

On 29 September 2018, the Intermediate People's Court of Jiuquan City of Gansu Province ruled the bankruptcy and liquidation of Dongfang Electric (Jiuquan) New Energy Co., Ltd.. On 4 July 2019, the Intermediate People's Court of Hulunbuir City of Inner Mongolia Autonomous Region ruled the bankruptcy and liquidation of Dongfang Electric (Hulunbuir) New Energy Co., Ltd.. On 26 August 2019, the Intermediate People's Court of Tongliao City of Inner Mongolia Autonomous Region ruled the bankruptcy of Dongfang Electric (Tongliao) Wind Power Engineering Technology Co., Ltd. On 27 September 2020, the People's Court of Xiaoshan District, Hangzhou City ruled the bankruptcy of Dongfang Electric New Energy Equipment (Hangzhou) Co., Ltd. Until now, confirmation of claims, disposal of assets and other work of the above-mentioned enterprises are still in legal process.

SIGNIFICANT EVENTS (CONTINUED)

IV. SIGNIFICANT LITIGATION OR ARBITRATION EVENTS

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

At the year end, the contingent liabilities arising from pending litigation or arbitration of the Group included (1) The Weng'An project (翁安項目) in Vietnam has not yet opened; (2) final tax of Indonesia Longwan and Pacitan project; and (3) profit tax of Indonesia branches. For details, please refer to note 13 "Commitments and contingencies-Contingent liabilities arising from pending litigation or pending arbitration" in the financial statements.

V. EQUITY INCENTIVE SCHEME, EMPLOYEE STOCK OWNERSHIP SCHEME OR OTHER EMPLOYEE INCENTIVES AND EFFECTS THEREOF

(I) Descriptions of the Incentives of the Company during the Reporting Period

Upon the consideration and approval of the first extraordinary shareholders' meeting in 2019, the first A Share shareholders' meeting in 2019, the first H Share shareholders' meeting in 2019 and the nineteenth meeting of the ninth session of the Board of Directors in 2019, the Company implemented the 2019 Restricted A Share Incentive Scheme of Dongfang Electric Corporation Limited since 22 November 2019, and issued additional shares at a rate of RMB5.93 per Share designated to 780 senior executives, middle managers and business backbones, and the number of the RMB ordinary Shares (A Shares) to be granted was 27,988,699 Shares.

In 2020, the Company held the 32nd meeting of the ninth session of the Board and 19th meeting of the ninth session of Supervisory Committee, at which, the Resolution regarding the Reserve of Certain Restricted Shares to Participants under the Restricted A Share Incentive Scheme for 2019, the Resolution regarding Repurchase and Cancellation of Certain Restricted Shares, and other proposals were considered and approved. The independent Directors of the Company issued independent opinions, and the Supervisory Committee issued verification opinions, holding that the reserved granting conditions of restricted Shares have been satisfied, the subject qualification of the participants to be granted was legal and valid, and the grant date determined complied with relevant requirements. On 24 September 2020, the Company issued additional shares at a rate of RMB6.54 per Share designated to 26 senior executives, middle managers and business backbones, and the number of the RMB ordinary Shares (A Shares) to be granted was 972,000 RMB Shares.

V. EQUITY INCENTIVE SCHEME, EMPLOYEE STOCK OWNERSHIP SCHEME OR OTHER EMPLOYEE INCENTIVES AND EFFECTS THEREOF (CONTINUED)

(I) Descriptions of the Incentives of the Company during the Reporting Period (Continued)

Details of the Incentive Scheme are as follows:

1. Source and Number

Under the Restricted Share Incentive Scheme, the Company issues A shares to the participants, of which 29,000,000 restricted shares are proposed to be granted under the first grant ("First Grant") and 1,000,000 restricted shares will be reserved ("Reserved Grant").

2. Participants to be covered

The participants under the Restricted Share Incentive Scheme shall include Directors, senior and middle management, and frontline leaders of the Company, its branches and subsidiaries.

3. Validity Period, Lock-Up Periods and Unlocking Arrangement

The validity period of the Restricted Share Incentive Scheme at the First Grant shall commence on the date of the registration of the restricted shares and end on the date when all the restricted shares which have been granted to the participants are unlocked or repurchased and cancelled, and shall not exceed 72 months.

The lock-up periods of the restricted shares granted under the Restricted Share Incentive Scheme shall be 24 months, 36 months and 48 months from the relevant completion date of registration of the restricted shares under the grant. The restricted shares granted to the participants under the Restricted Share Incentive Scheme shall not be transferred, pledged or used for repayment of debt during the lock-up periods.

After the lock-up periods, the Company will proceed the unlocked arrangement for those participants satisfied the unlocking conditions. For restricted shares held by participants who does not satisfy the unlocking conditions shall be repurchased and cancelled by the Company.

SIGNIFICANT EVENTS (CONTINUED)

V. EQUITY INCENTIVE SCHEME, EMPLOYEE STOCK OWNERSHIP SCHEME OR OTHER EMPLOYEE INCENTIVES AND EFFECTS THEREOF (CONTINUED)

(I) Descriptions of the Incentives of the Company during the Reporting Period (Continued)

3. Validity Period, Lock-Up Periods and Unlocking Arrangement (Continued)

The unlocking periods and unlocking schedule for the First and Reserved restricted shares granted under the Incentive Scheme are set out in the table below:

Unlocking Period	Unlocking Time	Ratio unlocking
The First Unlocking Period under the First and Reserved Grant	Commencing from the first trading day after expiry of the 24-month period from the date of completion of registration of certain corresponding restricted shares and ending on the last trading day of the 36-month period from the date of completion of registration of certain corresponding restricted shares	1/3
The Second Unlocking Period under the First and Reserved Grant	Commencing from the first trading day after expiry of the 36-month period from the date of completion of registration of certain corresponding restricted shares and ending on the last trading day of the 48-month period from the date of completion of registration of certain corresponding restricted shares	1/3
The Third Unlocking Period under the First and Reserved Grant	Commencing from the first trading day after expiry of the 48-month period from the date of completion of registration of certain corresponding restricted shares and ending on the last trading day of the 60-month period from the date of completion of registration of certain corresponding restricted shares	1/3

For restricted shares held by participants who does not satisfy the unlocking conditions shall be repurchased and cancelled by the Company according to the rules prescribed in the Restricted Share Incentive Scheme. Restricted shares received by participants due to capitalisation issue, bonus issue and share subdivision shall also be subject to lock-up restriction, and shall not be disposed in the secondary market or otherwise transferred until they are unlocked. The unlocking periods of such shares shall be the same as those of the restricted shares. Where the Company repurchases unlocked restricted shares, such shares shall be repurchased and cancelled together with those unlocked restricted shares.

V. EQUITY INCENTIVE SCHEME, EMPLOYEE STOCK OWNERSHIP SCHEME OR OTHER EMPLOYEE INCENTIVES AND EFFECTS THEREOF (CONTINUED)

(I) Descriptions of the Incentives of the Company during the Reporting Period (Continued)

3. Validity Period, Lock-Up Periods and Unlocking Arrangement (Continued)

While meeting relevant requirements consistent with the conditions for grant, the restricted shares granted to the participants may be unlocked only when all of the following conditions are satisfied:

1) *Achieving the Company's level performance appraisal targets*

Restricted shares in the Restricted Share Incentive Scheme at the First Grant shall be appraised on performance and unlocked on a year basis in three accounting years from 2020 to 2022, and an appraisal will be carried out every accounting year to achieve the performance appraisal targets of the Company, which shall be regarded as the unlock conditions of the participants.

Unlocking Period	Performance targets
The First Unlocking Period	(1) On the basis of the net profit for 2018, the compound growth rate of the net profit for 2020 shall not be less than 10% and not lower than industry average level; (2) The return on net assets for 2020 shall not be less than 4% and not lower than industry average level; and (3) The Δ EVA for 2020 is positive.
The Second Unlocking Period	(1) On the basis of the net profit for 2018, the compound growth rate of the net profit for 2021 shall not be less than 10% and not lower than industry average level; (2) The return on net assets for 2021 shall not be less than 4.5% and not lower than industry average level; and (3) The Δ EVA for 2021 is positive.
The Third Unlocking Period	(1) On the basis of net profit for 2018, the compound growth rate of the net profit for 2022 shall not be less than 10% and not lower than industry average level; (2) The return on net assets for 2022 shall not be less than 5% and not lower than industry average level; and (3) The Δ EVA for 2022 is positive.

SIGNIFICANT EVENTS (CONTINUED)

V. EQUITY INCENTIVE SCHEME, EMPLOYEE STOCK OWNERSHIP SCHEME OR OTHER EMPLOYEE INCENTIVES AND EFFECTS THEREOF (CONTINUED)

(I) Descriptions of the Incentives of the Company during the Reporting Period (Continued)

4. Matters in Relation to Reserved Entitlements Arrangements

On 22 November 2019, the Company granted the restricted shares to the participants for the first time and, on 7 January 2020, completed its registration at the Shanghai Branch of China Securities Depository and Clearing Corporation Limited. The number of participants under the First Grant was 780, the number of the shares under the First Grant was 27,988,699 shares, and the grant price was RMB5.93 per share. The source of shares was the ordinary A shares issued by the Company to the participants.

On 24 September 2020, the Company held the 32nd meeting of the 9th session of the Board, at which, the Resolution regarding the Grant of the Reserved Restricted Shares to Participants under the Restricted A Share Incentive Scheme for 2019 of the Company was considered and approved, and it was determined that the grant date of reserved grant was 24 September 2020.

On 27 November 2020, the registration of the reserved grant of Restricted A Share Incentive Scheme for 2019 of the Company was completed, the grant date was 24 September 2020, the number of the restricted shares granted was 972,000, the number of participants who were granted reserved restricted shares was 26 and the grant price was RMB6.54 per share. The source of shares was the ordinary A shares issued by the Company to the participants.

For details of the Restricted Share Incentive Scheme, please refer to the announcements of the Company published on 9 January 2020, 24 September 2020 and 27 November 2020.

Save as disclosed elsewhere in this annual report, the Company did not enter into any equity-linked agreements required to be disclosed in accordance with the Listing Rules.

VI. MATERIAL CONNECTED TRANSACTIONS

During the Reporting Period, the details of the connected transaction and the continuing connected transactions between the Company and Dongfang Electric Corporation are as follows:

(I) Connected transactions

On 29 May 2020, Dongfang Electric (Chengdu) Hydrogen Fuel Cell Technology Co., Ltd., a subsidiary of the Company, entered into the Asset Transaction Contract with Dongfang Electric Corporation, pursuant to which Dongfang Electric Corporation agreed to purchase the hydrogen fuel cell business related equipment and intangible assets, including 41 sets of machinery and equipment, 1 set of electronic equipment and 51 items of intangible assets such as software and patents. The transfer price is RMB47,285,590 which will be paid 30%, 30% and 40% within 90 days after the Asset Transaction Contract becomes effective, in the second year after the Asset Transaction Contract becomes effective (i.e. before 31 December 2021), and in the third year after the Asset Transaction Contract becomes effective (i.e. before 31 December 2022), respectively. For the details of the transaction, please refer to the announcement dated 29 May 2020.

On 19 June 2020, the Board approved the Proposed Capital Increase through Conversion of State Funds of RMB131,070,000 by Dongfang Electric (Guangzhou) Heavy Machine Co., Ltd., a subsidiary of the Company. Dongfang Electric Corporation will, through this proposed capital increase, increase the capital of Dongfang Heavy Machinery by RMB131,070,000, of which RMB68,623,037 will be included in the registered capital and the remaining RMB62,446,963 will be included in the capital reserve. On 3 July 2020, the Company, other shareholders of Dongfang Electric (Guangzhou) Heavy Machine Co., Ltd. and Dongfang Electric Corporation completed the signing of the Capital Increase Agreement. Upon completion of the capital increase through conversion of state funds, the total actual controlling equity interests by the Company and DEC Dongfang Boiler Group Co., Ltd. (being held by the Company and Dongfang Electric Corporation as to approximately 96.79% and approximately 3.12%) in Dongfang Electric (Guangzhou) Heavy Machine Co., Ltd. will be diluted from approximately 64.7275% to approximately 61.0860%. For details of the transaction, please refer to the announcements dated 19 June 2020 and 3 July 2020.

SIGNIFICANT EVENTS (CONTINUED)

VI. MATERIAL CONNECTED TRANSACTIONS (CONTINUED)

(II) Continuing connected transactions

1. Continuing connected transactions

On 27 December 2018, the Company entered into the 2019–2021 Sales and Production Services Framework Agreement, 2019–2021 Combined Ancillary Services Framework Agreement, 2019–2021 Properties and Equipment Framework Lessee Agreement and 2019–2021 Financial Services Framework Agreement with Dongfang Electric Corporation in Chengdu, Sichuan Province. Such continuing connected transactions are effective from 1 January 2019 to 31 December 2021.

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

The basic content of these agreements are:

(1) *2019–2021 Sales and Production Services Framework Agreement*

The Company and its subsidiaries shall supply products and provide production services to Dongfang Electric Corporation and its affiliated enterprises. The products include but are not limited to raw materials, semi-finished products, finished products, turbine products, boiler products, nuclear products, gas turbines, power generation equipment, production equipment, components, spare parts, supporting materials, employee necessities and other related products and materials. The production services include but are not limited to processing services, technical services, transportation services, import agency services, and other related production services.

(2) *2019–2021 Combined Ancillary Services Framework Agreement*

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

VI. MATERIAL CONNECTED TRANSACTIONS (CONTINUED)

(II) Continuing connected transactions (Continued)

1. Continuing connected transactions (Continued)

(3) *2019–2021 Properties and Equipment Framework Lessee Agreement*

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

(4) *2019–2021 Financial Services Framework Agreement*

DEC Finance shall provide the following financial services to Dongfang Electric Corporation and its affiliated enterprises in accordance with financial permit and business license it currently holds: deposit-taking services, loans services, fund settlement services and other investment and financial services approved by the China Banking and Insurance Regulatory Commission.

For details of the aforesaid agreements, please refer to the announcement and circular of the Company published by the Company on the websites of SSE and the Stock Exchange on 28 December 2018.

The above-mentioned daily continuing connected transactions between the Company and Dongfang Electric Corporation and other connected parties are necessary for the Company's production and operation, and are in accordance with the normal commercial terms, at arm's length and on the basis of Framework Agreement and relevant specific transaction agreements. The trading conditions and pricing are fair, and the approval procedures have been fulfilled in accordance with relevant regulations, and there is no harm to the interests of the Company and shareholders. The related connected transactions are beneficial to the sustainable and stable development of the company's production and operation.

These related transactions have been formally effective with the approval of the independent Directors of the Board of the Company and/or the independent shareholders of the general meeting of the Company. The specific amounts of these major continuing connected transactions as at 31 December 2020 did not exceed the annual caps approved by the Board or the general meeting.

SIGNIFICANT EVENTS (CONTINUED)

VI. MATERIAL CONNECTED TRANSACTIONS (CONTINUED)

(II) Continuing connected transactions (Continued)

(2) Continuing connected transactions as at 31 December 2020

The actual amounts of the connected transactions as at 31 December 2020 and the annual caps for 2020

Unit: '000 Yuan Currency: RMB

Name of framework agreement	Date of signing	Subject of transactions	Maximum annual cap	Amount for the year
2019–2021 Sales and Production Services Framework Agreement	31 December 2018	The Company supplies products and provides production services to Dongfang Electric Corporation	300,000	6,930.60
2019–2021 Combined Ancillary Services Framework Agreement	31 December 2018	(1) The Company provides combined ancillary services to Dongfang Electric Corporation	10,000	/
		(2) Dongfang Electric Corporation provides combined ancillary services to the Company	100,000	/
2019–2021 Properties and Equipment Framework Lessee Agreement	31 December 2018	Dongfang Electric Corporation leases relevant properties to the Company	200,000	115,924.53
2019–2021 Financial Services Framework Agreement	31 December 2018	The Company provides deposit taking and loans services to Dongfang Electric Corporation		
		(1) Maximum daily deposit balance and deposit interest income earned	10,000,000	7,952,109.07
		(2) Maximum daily loan balance and loan interest paid	1,050,000	149,534.26

VI. MATERIAL CONNECTED TRANSACTIONS (CONTINUED)

(II) Continuing connected transactions (Continued)

3. Review and confirmation for continuing connected transactions

- (i) Pursuant to Rule 14A.56 of the Listing Rules, the auditors of the Company engaged by the Company has reported and confirmed these continuing connected transactions for 2020:
 - (1) have been approved by the Board of the Company;
 - (2) have been conducted in accordance with the company's pricing policy (if applicable);
 - (3) have been conducted in accordance with the terms of the agreements governing the transactions; and
 - (4) did not exceed the caps disclosed in the previous announcement.
- (ii) The independent non-executive Directors of the Company reviewed the continuing connected transactions and confirmed that:
 - (1) these transactions are the daily business of the Company;
 - (2) these transactions are conducted in accordance with the normal commercial terms, or the terms of the transactions are no less favourable than those obtained from or provided by the independent third parties (as the case may be) the terms if the comparable transactions are insufficient to determine whether the terms of the transactions are the normal commercial terms; and
 - (3) these transactions are conducted in accordance with the terms of the agreement in relation to the transaction, and the terms of the transaction are fair and reasonable and in the interests of the shareholders of the Company as a whole.

SIGNIFICANT EVENTS (CONTINUED)

VI. MATERIAL CONNECTED TRANSACTIONS (CONTINUED)

(II) Continuing connected transactions (Continued)

4. Related-party transactions

The related-party transactions entered into by the Group for the year ended 31 December 2020 are set out in Note 11 of the financial statements.

Save as disclosed above, the Directors are of the view that, during the Reporting Period, none of other transactions constitute the connected transactions or continuing connected transactions subject to the disclosure requirement under the Hong Kong Listing Rules.

SIGNIFICANT EVENTS (CONTINUED)

VII. MATERIAL CONTRACTS AND IMPLEMENTATION THEREOF

(I) Guarantee

Unit: Yuan Currency: RMB

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

Guarantor	Relationship between guarantor and listed company	Guaranteed parties	Guaranteed amount	Date of agreement	Commencement date of guarantee	Expiry date of guarantee	Type of guarantee	Is the guarantee fully fulfilled	Is the guarantee overdue	Overdue amount	Any counter guarantee	Is the guarantee provided to related party	
												party	relationship
Dongfang Electric Co., Ltd.	headquarters of the Company	Inner Mongolia Energy Power Hongnijing Wind Power Co., Ltd.	16,000,000	19 January 2016	19 January 2016	19 January 2026	General guarantee	No	No	0	No	Yes	Associate
Dongfang Electric Co., Ltd.	headquarters of the Company	Inner Mongolia Mengneng Sanshengtai Wind Power Co., Ltd.	16,000,000	29 June 2016	29 June 2016	29 June 2026	General guarantee	No	No	0	No	Yes	Associate
Dongfang Electric Co., Ltd.	headquarters of the Company	Inner Mongolia Wulan New Energy Co., Ltd.	36,000,000	27 October 2016	27 October 2016	27 October 2026	General guarantee	No	No	0	No	Yes	Associate
DEC Dongfang Steam Turbine Co., Ltd.	A majority-owned subsidiary	Mitsubishi Heavy Industries Dongfang Gas Turbine (Guangzhou) Co., Ltd.	24,500,000	22 September 2016	22 September 2016	30 April 2025	General guarantee	No	No	0	Yes	Yes	Associate

SIGNIFICANT EVENTS (CONTINUED)

VII. MATERIAL CONTRACTS AND IMPLEMENTATION THEREOF (CONTINUED)

(I) Guarantee (Continued)

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

Total guarantee incurred during the Reporting Period (excluding those provided for subsidiaries)

Total balance of guarantee as at the end of the Reporting Period (A)
(excluding those provided for subsidiaries)

92,500,000

Guarantees provided by the Company and its subsidiaries to their subsidiaries

Total guarantee for subsidiaries incurred during the Reporting Period

0

Total balance of guarantee for subsidiaries as at the end of the Reporting Period
(B)

0

Total guarantee provided by the Company (including the guarantee to its subsidiaries)

Aggregate guarantee (A+B)

92,500,000

Total guarantee as a percentage of the net assets of the Company (%)

0.27

Representing:

Amount of guarantee provided for shareholders, de facto controller 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

VII. MATERIAL CONTRACTS AND IMPLEMENTATION THEREOF (CONTINUED)

(I) Guarantee (Continued)

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 each of above 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.

Details of the guarantees

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

(II) Performance commitment

In June 2018, the Company completed the acquisition of 95% equity interest in Dongfang Electric Finance Co., Ltd. ("DEC Finance"), 100% equity interest in DEC International Cooperation Limited ("DEC International"), 100% equity interest in Sichuan Dongfang Electric Automatic Control Engineering Co., Ltd. ("DEC Automatic Control"), 41.24% equity interest in Dongfang Hitachi Electronic Control Equipment Co., Ltd. ("DEC Hitachi"), 100% equity interest in DEC (Sichuan) Materials Co., Ltd. ("DEC Materials", formerly known as Dongfang Electric (Sichuan) Materials Co., Ltd.), 100% equity interest in DEC Bulk Logistic Co., Ltd. ("DEC Bulk Logistic"), 100% equity interest in Dongfang Electric (Chengdu) Hydrogen Fuel Cell Technology Co., Ltd. ("DEC Hydrogen", formerly known as Chengdu Dongfang Electric Clean Energy Co., Ltd.), 100% equity interest in DEC Academy of Science and Technology Co., Ltd. ("DEC Academy", formerly known as DEC Chengdu Smart Technology Co., Ltd.) and equipment assets and intellectual property and other intangible assets (other than the new special patent No. "201520304281.X") held by Dongfang Electric Corporation Limited ("Dongfang Electric Corporation").

The Company has engaged Da Hua Certified Public Accountants (Special General Partnership) to carry out special audit in respect of the level of fulfillment of performance commitment in 2020 of the target companies that have made performance commitment under the asset restructuring. The level of fulfillment of the performance commitment is as follows:

SIGNIFICANT EVENTS (CONTINUED)

VII. MATERIAL CONTRACTS AND IMPLEMENTATION THEREOF (CONTINUED)

(II) Performance commitment (Continued)

(1) Performance commitment

Pursuant to the Profit Forecast Compensation Agreement between Dongfang Electric Corporation Limited and Dongfang Electric Corporation and the Supplemental Agreement to the Profit Forecast Compensation Agreement between Dongfang Electric Corporation Limited and Dongfang Electric Corporation (together referred to as the "Profit Forecast Compensation Agreements") entered into between the Company and Dongfang Electric Corporation on 7 March 2017 and 31 August 2017, respectively, performance commitment of the target assets which the valuer has carried out valuation using income method and the result thereof has been taken as the pricing reference. As confirmed by the both parties, the performance commitment only involved the following companies:

For certain target assets of the transaction, namely, (i) 100% equity interest in DEC International, (ii) patents, proprietary technology, software products and trademark right in DEC Automatic Control, (iii) patents, proprietary technology, copyright and trademark right in DEC Hitachi, and (iv) trademark rights of Buram in DEC Materials, the valuer carried out valuation using income method, and the results thereof were adopted as the pricing reference. Details of which are as follows:

Unit: 0'000 yuan Currency: RMB

Target Assets	Accumulated Committed Net Profit		
	For the year 2018	For the year 2018 and 2019	For the year 2018, 2019 and 2020
100% equity interest in DEC International	22,640.01	47,557.85	74,380.80
Patents, proprietary technology and software products in DEC Automatic Control	804.12	1,740.61	2,837.68
Trademark right in DEC Automatic Control	21.53	52.63	95.76
Patents, proprietary technology and copyright in DEC Hitachi	142.68	310.18	498.67
Trademark right in DEC Hitachi	2.42	6.69	12.54
Trademark right of Buram in DEC Materials	2.21	4.49	6.83
DEC Finance	Where impairment exists based on the impairment testing, DEC shall make compensation pursuant to the agreement		

SIGNIFICANT EVENTS (CONTINUED)

VII. MATERIAL CONTRACTS AND IMPLEMENTATION THEREOF (CONTINUED)

(II) Performance commitment (Continued)

(2) Level of fulfillment of the performance commitment

According to the Special Audit Report on Level of Fulfillment of Profit Forecast Involved in Assets Acquisition by Issuance of Shares and Connected Transaction of Dongfang Electric Corporation Limited (DA HUA HE ZI [2021] No. 002541)(《東方電氣股份有限公司發行股份購買資產暨關聯交易事項所涉及的盈利預測實現情況的專項審核報告》(大華核字[2021]002541)) and the Audit Report on Impairment Test of Target Assets Contributed to Dongfang Electric Corporation Limited (DA HUA HE ZI [2021] No. 002542)(《東方電氣股份有限公司注入標的資產減值測試審核報告》(大華核字[2021]第002542號)) issued by Da Hua Certified Public Accountants (Special General Partnership), the level of fulfillment of performance commitment by the undertaking parties in 2020 is as follows:

Unit: 0'000 yuan Currency: RMB

Target assets	The profits from the target assets for the year 2020	Accumulated profits from the target assets for the year 2018, 2019 and 2020	Whether fulfilling commitment
100% equity interest in DEC International Patents, proprietary technology and software products of DEC Automatic Control, and patents, proprietary technology and copyright of DEC Hitachi	30,649.19	81,076.33	Yes
Trademark rights of DEC Automatic Control and trademark right of DEC Hitachi	2,446.14	5,580.92	Yes
Trademark rights of Buram of DEC Materials	152.58	339.03	Yes
DEC Finance (Note)	0.63	6.91	Yes

Note: As at 31 December 2020, the valuation of 95% interest equity of DEC Finance (after deducting the impacts of contribution from shareholders, donation received and profit distribution on the assets valuation during the compensation period) amounted to RMB3,611,900,000, representing no impairment as compared with the transaction consideration for 95% interest equity of DEC Finance of RMB3,090,202,100.

The net profit after deducting non-recurring items recorded by each of the aforesaid undertaking parties in 2020 has fulfilled the commitments made by Dongfang Electric Corporation.

SIGNIFICANT EVENTS (CONTINUED)

VIII. OTHER SIGNIFICANT EVENTS

(I) Basic Information of Proceeds

On 10 July 2014, the Company publicly issued A share convertible corporate bonds in the amount of RMB4,000 million with a par value of RMB100.00 each, totaling 40 million bonds. The Company raised proceeds of RMB4,000 million in total and received actual proceeds of RMB3,980 million. After deducting issuance expenses other than the underwriting and sponsorship fees of RMB15,728,800 (including the underwriting fees of other joint lead underwriters, legal fees, information disclosure and roadshow promotion and publicity fees, accountants' fees, issuance handling fees and credit rating fees), the actual net proceeds raised by the Company from the public issuance of A share convertible corporate bonds were RMB3,964,271,200.

As of 31 December 2020, the Company invested RMB3,654,852,061.63 in the projects funded by the raised proceeds in aggregate, of which RMB127,852,936.02 was invested with the Company's self-owned funds prior to the receipt of the raised proceeds, and RMB3,526,999,125.61 was invested with the raised proceeds during the accounting period from 16 July 2014 to 31 December 2020, including RMB104,224,297.74 which was used during the year. As of 31 December 2020, the balance of the raised proceeds was RMB0.

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 2019	Actual amount invested during the year ended 31 December 2020	Unutilized amount as of 31 December 2020 deposited at the bank	Deposit with bank and bank account number	Progress of fund utilization as of 31 December 2020 (%)
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	1,283,500,000.00	0 (cancelled)	Chengdu Kaifaxiqu Sub-branch of Bank of China Limited 122580414144	100
Thermal power EPC project in Bosnia and Herzegovina (波黑斯納瑞火電EPC項目)	800,000,000.00	789,921,600.00	789,921,600.00	0 (cancelled)	Chengdu Qinglong Sub-branch of Industrial and Commercial Bank of China Limited 4402238029100079491	100
Thermal power BTG project in Singhtarai, India (印度辛伽塔里火電BTG項目)	720,000,000.00	323,571,055.46	323,571,055.46	0 (cancelled)	Chengdu Qinglong Sub-branch of Industrial and Commercial Bank of China Limited 4402238029100079518	100

SIGNIFICANT EVENTS (CONTINUED)

VIII. OTHER SIGNIFICANT EVENTS (CONTINUED)

(I) Basic Information of Proceeds (Continued)

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

Unit: Yuan Currency: RMB

Investment projects	Total amount of committed investments from proceeds	Actual amount invested as of 31 December 2019	Actual amount invested during the year ended 31 December 2020	Unutilized amount as of 31 December 2020 deposited at the bank	Deposit with bank and bank account number	Progress of fund utilization as of 31 December 2020 (%)
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	180,000,000.00	180,000,000.00	0 (cancelled)	Zigong Branch of Industrial and Commercial Bank of China Limited 2303620329020117272	100
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	305,300,162.92	365,685,433.41	0 (cancelled)	Deyang Branch of Industrial and Commercial Bank of China Limited 2305362729020125122 Deyang Branch of Bank of China Limited 121230397746	92.52
Project of Dongfang Electric Machinery for optimizing research and development (東方電機試驗研發能力提升項目)	160,000,000.00	124,440,926.38	168,279,953.63	0 (cancelled)	Deyang Branch of Industrial and Commercial Bank of China Limited 2305362729020125122	105.17
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	543,894,019.13	0 (cancelled)	Deyang Branch of Bank of China Limited 121230397746	106.65
General account of the proceeds				0 (cancelled)	Chengdu Qinglong Sub-branch of Industrial and Commercial Bank of China Limited 4402238029100078341	
Total	4,000,000,000.00	3,550,627,763.89	3,654,852,061.63	/	/	/

SIGNIFICANT EVENTS (CONTINUED)

VIII. OTHER SIGNIFICANT EVENTS (CONTINUED)

(I) Basic Information of Proceeds (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.

VIII. OTHER SIGNIFICANT EVENTS (CONTINUED)

(I) Basic Information of Proceeds (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..

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.

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.

SIGNIFICANT EVENTS (CONTINUED)

VIII. OTHER SIGNIFICANT EVENTS (CONTINUED)

(I) Basic Information of Proceeds (Continued)

Change of proceeds

In October 2018, Athena Chhattisgarh Power Limited, the owner of the Singhatari project, was petitioned by its creditor, the project loan syndicate, to the National Company Law Tribunal for bankruptcy restructuring as its capital funds were not fully in place and its debts were massive.

As at 31 December 2020, except that the use of thermal power BTG project in Singhitari, India has been changed to replenish the working capital, other projects had been completed, and all the accounts for proceeds had been cancelled. For details of the abovementioned change in use of partial proceeds, please refer to the circulars of the Company dated 17 September 2019 and 1 November 2019.

SIGNIFICANT EVENTS (CONTINUED)

VIII. OTHER SIGNIFICANT EVENTS (CONTINUED)

(II) Public Float

Based on the public information available to the Company and its Directors as at the date of this annual report, the Company has maintained sufficient public float in compliance with the Listing Rules.

(III) Purchase, Sale 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.

(IV) Audit and Review Committee

The Board has established an audit and review committee, which consists of three independent non-executive Directors, namely Mr. Gu Dake, Mr. Xu Haihe and Mr. Liu Dengqing. The audit committee has reviewed the annual report of the Company for the Reporting Period, and agreed with the accounting treatment method adopted by the Company.

(V) Five-year Financial Summary

Unit: Yuan Currency: RMB

Item	2020 (31 December 2020)	2019 (31 December 2019)	2018 (31 December 2018)	2017 (31 December 2017) (Restated)	2016 (31 December 2016)
Total assets	97,795,137,769.16	89,618,965,555.72	91,323,329,417.78	95,300,994,111.66	84,702,600,301.42
Total liabilities	64,153,537,732.09	57,820,532,585.13	60,629,420,802.57	66,870,439,720.75	62,616,845,381.45
Total shareholders' equity	33,641,600,037.07	31,798,432,970.59	30,693,908,615.21	28,430,554,390.91	22,085,754,919.97
Including: Equity attributable to shareholders of the parent company	30,907,668,527.78	29,454,645,749.51	28,584,050,995.80	27,317,650,546.98	21,144,292,192.79
Non-controlling shareholders' equity	2,733,931,509.29	2,343,787,221.08	2,109,857,619.41	1,112,903,843.93	941,462,727.18
Operating income	37,282,871,287.38	32,840,321,080.22	30,706,145,358.82	33,430,264,831.72	33,285,723,808.34
Total profit/(loss)	2,067,223,836.63	1,578,583,920.06	1,275,469,723.33	1,017,278,838.50	(1,944,064,007.65)
Income tax expenses	150,959,705.84	197,712,209.73	117,204,032.48	(62,262,599.30)	(184,625,607.38)
Net profit/(loss)	1,916,264,130.79	1,380,871,710.33	1,158,265,690.85	1,079,541,437.80	(1,759,438,400.27)
Including: Net profit/(loss) attributable to the parent company	1,861,998,155.29	1,277,671,818.13	1,128,834,236.51	1,057,303,567.22	(1,784,306,804.76)
Non-controlling shareholders profit or loss	54,265,975.50	103,199,892.20	29,431,454.34	22,237,870.58	24,868,404.49

Note: Prepared in accordance with the PRC Accounting Standards, the Comparative figure in 2017 has been restated.

CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS

I. CHANGES IN ORDINARY SHARES CAPITAL

(I) Table of total number of ordinary shares

Total number of ordinary shares of the Company and changes in the shareholder structure of the Company

Share class	Number of shares at the beginning of the Reporting Period	Number of new shares	Number of shares at the end of the Reporting Period	Percentage (share)
I A share				
1. Dongfang Electric Corporation	1,727,919,826	–	1,727,919,826	55.39%
2. Others	1,022,883,605	28,960,699	1,051,844,304	33.71%
II H shares				
DongFang Electric (Hong Kong) Limited	858,800	–	858,800	0.03%
Other H shareholders	339,141,200	–	339,141,200	10.87%
Total	3,090,803,431	28,960,699	3,119,764,130	100%

II. PARTICULARS OF SHAREHOLDERS AND DE FACTO CONTROLLER

(I) Total number of shareholders

Total number of ordinary shareholders as of the end of the Reporting Period (shareholder)	115,922
Total number of ordinary shareholders as of the end of the month prior to the date of disclosure of the Annual Report (shareholder)	122,219

CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS (CONTINUED)

II. PARTICULARS OF SHAREHOLDERS AND DE FACTO CONTROLLER (CONTINUED)

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

Unit: share

Name of shareholder (full name)	Increase/ (decrease) during the Reporting Period	Number of shares held at the end of the Reporting 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	-	1,727,919,826	55.39	753,903,063	Nil	-	State-owned legal person
HKSCC Nominees Limited ^{Note}	-456,250	337,853,369	10.83	-	Unknown	-	Overseas legal person
China Securities Finance Corporation Limited (中國證券 金融股份有限公司)	-10,672,633	38,975,867	1.25	-	Unknown	-	State-owned legal person
Central Huijin Asset Management Ltd. (中央匯金資產管理有限責任 公司)	-	22,645,600	0.73	-	Unknown	-	State-owned legal person

Note: Brown Brothers Harriman & Co. holds 17,257,179 shares of the Company, Citigroup Inc. holds 16,926,032 shares of the Company, all of which are placed at HKSCC Nominees Limited.

CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS (CONTINUED)

II. PARTICULARS OF SHAREHOLDERS AND DE FACTO CONTROLLER (CONTINUED)

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

Name of shareholder (full name)	Increase/ (decrease) during the Reporting Period	Number of shares held at the end of the Reporting Period	Percentage (%)	Number of shares held subject to trading moratorium	Pledged or frozen Status of shares	Number of shares	Type of shareholder
Bosera Funds – Agricultural Bank –Bosera China Securities and Financial Assets Management Program (博時基金–農業銀行– 博時中證金融資產管理計劃)	–	8,480,400	0.27	–	Unknown	–	Other
EFund – Agricultural Bank – EFund China Securities and Financial Assets Management Program (易 方達基金–農業銀行–易方達中 證金融資產管理計劃)	–	8,480,400	0.27	–	Unknown	–	Other
Dacheng Fund – Agricultural Bank– Dacheng China Securities and Financial Assets Management Program (大成基金–農業銀行– 大成中證金融資產管理計劃)	–	8,480,400	0.27	–	Unknown	–	Other
GF Fund – Agricultural Bank – GF China Securities and Financial Assets Management Program (廣 發基金–農業銀行–廣發中證金 融資產管理計劃)	–	8,480,400	0.27	–	Unknown	–	Other
Zhong Ou Fund – Agricultural Bank– Zhong Ou China Securities and Financial Assets Management Program (中歐基 金–農業銀行–中歐中證金融資 產管理計劃)	–	8,480,400	0.27	–	Unknown	–	Other
China Southern Fund – Agricultural Bank– China Southern China Securities and Financial Assets Management Program (南方基 金–農業銀行–南方中證金融資 產管理計劃)	–	8,480,400	0.27	–	Unknown	–	Other

CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS (CONTINUED)

III. INFORMATION OF CONTROLLING SHAREHOLDER AND DE FACTO CONTROLLER

(I) Information of Controlling Shareholder

1. Legal person

Name	Dongfang Electric Corporation
Person in charge of the company or legal representative	Yu Peigen
Date of establishment	6 November 1984
Principal business	Operation of state-owned assets within the scope as authorized by the State-owned Assets Supervision and Administration Commission of the State Council, related investment business; operation and manage the assets of invested companies and directly affiliated enterprises; general equipment manufacturing; special equipment manufacturing; transportation equipment manufacturing; electrical machinery and equipment manufacturing; communication equipment, computer and other electronic equipment manufacturing; instrumentation, cultural and office machinery manufacturing; electricity and heat generation and supply; gas production and supply; water production and supply; housing and civil engineering construction; construction and installation; other construction; road transportation; urban public transportation; computer service; software; wholesale; other financial activities; real estate; house leasing; education; polysilicon; chemical raw materials and chemical products; business services; research and experimental development; professional technical services; technology exchange and promotion service; environmental management; general contracting for domestic and foreign projects; international trade. (The above business scope does not cover legitimate projects that require pre-approval or permission in accordance with the laws, regulations and the State Council's decisions).

Equity interests in other controlled and invested companies whose shares were listed in the PRC or overseas during the Reporting Period

Stock account under the Parent Company of the Group also held shares of the following listed companies as at the end of 2020:

Stock Name	Stock Code	Number of Shares held (shares)	Percentage of the share capital of the listed company (%)
Huaneng Power International, Inc.	SH: 600011	500,000	0.003
Huadian Power International Corporation Ltd.	SH: 600027	200,000	0.002
GD Power Development Co., Ltd.	SH: 600795	3,040,000	0.015
China National Nuclear Power Co., Ltd.	SH: 601985	800,000	0.005
Datang International Power Generation Co., Ltd.	SH: 601991	17,173,679	0.093
Baic Bluepark New Energy Technology Co., Ltd	SH: 600733	9,782,570	0.28
SINOMACH-HI Equipment Group Co., Ltd.	SH: 601399	85,455,868	1.18

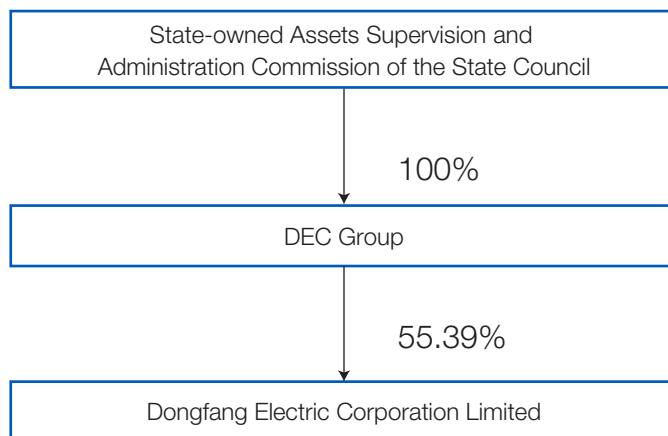
III. INFORMATION OF CONTROLLING SHAREHOLDER AND DE FACTO CONTROLLER (CONTINUED)

(I) Information of Controlling Shareholders (Continued)

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

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

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



(II) OTHER LEGAL PERSONS HOLDING SHARES OF 10% OR ABOVE

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

CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS (CONTINUED)

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

(III) PARTICULARS OF DISCLOSED SHAREHOLDINGS ACCORDING TO REGULATORY REGULATIONS ON H SHARES

Interests of substantial shareholders

To the best knowledge of the Directors, as at 31 December 2020, the following person was recorded in the register required to be kept pursuant to Section 336 of the Hong Kong Securities and Futures Ordinance as the substantial shareholder (defined in the Hong Kong Securities and Futures Ordinance) of the Company, whose interests were as follows:

Name	Share class	Capacity	Number of shares held	Percentage of total share capital (%)	Percentage in the respective class of share capital (%)
Dongfang Electric Corporation	A Shares	Beneficial owner	1,727,919,826(L)	55.39(L)	62.16(L)
	H Shares	Interest held by controlled corporation	858,800(L)	0.03(L)	0.25(L)
Brown Brothers Harriman & Co.	H Shares	Agent	17,257,179(L)	0.55(L)	5.08(L)
			17,257,179(P)	0.55(P)	5.08(P)

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

Notes:

- Dongfang Electric Corporation held 100% of interests in Dongfang Electric (HongKong) Limited, therefore, Dongfang Electric Corporation was deemed to own the interests in such H shares held by Dongfang Electric (Hong Kong) Limited pursuant to the Hong Kong Securities and Futures Ordinance.
- The above interests held by Dongfang Electric Corporation reflected its latest disclosure of interests of substantial Shareholder under the Hong Kong Securities and Futures Ordinance.
- The above percentage of total share capital and the percentage in the respective class of share capital were calculated on the basis of total share capital and respective class of share capital of the Company as at 31 December 2020.

Save as disclosed above, as at 31 December 2020, the Company did not record other interests (including derivative interests) or short positions in the register required to be kept pursuant to Section 336 of the Hong Kong Securities and Futures Ordinance.

DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

I. CHANGES IN THE SHAREHOLDING AND REMUNERATION

(I) Particulars about changes in the shareholding and remuneration of existing Directors, Supervisors and senior management during the Reporting Period

Unit: share

Name	Position <i>(Note)</i>	Gender	Age	Commencement of term of office	Expiry of term office	Number of share held at the beginning of the year	Number of shares held at the end of the year	Number of shares changed during the year	Reasons for change	Total remuneration received from the Company in Reporting Period	Whether get payment from related parties
										(RMB'000)	
Yu Peigen	Director	Male	58	8 May 2019	28 June 2021	0	0	0			Yes
Huang Wei	Director	Male	55	29 June 2018	28 June 2021	0	0	0			Yes
Xu Peng	Director	Male	55	29 June 2018	28 June 2021	0	0	0			Yes
Bai Yong	Director	Male	49	29 June 2018	28 June 2021	0	0	0			Yes
Gu Dake	Independent Director	Male	66	29 June 2018	28 June 2021	0	0	0		13.40	No
Xu Haihe	Independent Director	Male	65	29 June 2018	28 June 2021	0	0	0		13.70	No
Liu Dengqing	Independent Director	Male	50	29 June 2018	28 June 2021	0	0	0		13.40	No
Zhang Jilie	Supervisor	Male	57	29 June 2018	28 June 2021	0	0	0			Yes
Feng Yong	Supervisor	Male	53	11 October 2019	28 June 2021	0	0	0		63.21	No
Wang Zhiwen	Supervisor	Male	53	14 February 2020	28 June 2021	0	0	0		65.38	No
Gong Dan	Senior management	Male	57	29 June 2018	28 June 2021	2,540	152,540	150,000	Restricted shares granted	75.42	No
Chen Huan	Senior management	Male	59	29 June 2018	28 June 2021	0	150,000	150,000	Restricted shares granted	76.87	No
Gao Feng	Senior management	Male	56	29 June 2018	28 June 2021	0	150,000	150,000	Restricted shares granted	73.02	No
Wang Weimin	Senior management	Male	57	4 December 2020	28 June 2021	0	75,000	75,000	Restricted shares granted	3.36	No
Zou Lei ^{note 1}	Chairman	Male	54	28 June 2018	8 December 2020	0	0	0			Yes
Zhang Zhiying ^{note 2}	Senior management	Male	60	28 June 2018	19 January 2021	0	0	0		78.49	No
Total	/	/	/	/	/	2,540	527,540	525,000	/	476.25	/

Notes:

1. Mr. Zou Lei resigned as the chairman of the Company on 8 December 2020 with immediate effect.
2. Mr. Zhang Zhiying ceased to be executive vice president and hold any other positions in the Company due to that he had reached his retirement age, with effect from 19 January 2021.

DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES (CONTINUED)

I. CHANGES IN THE SHAREHOLDING AND REMUNERATION (CONTINUED)

(I) Particulars about changes in the shareholding and remuneration of existing Directors, Supervisors and senior management during the Reporting Period (Continued)

Explanations on other matters

The Board of the Company decided to grant restricted Shares to Participants (including Gong Dan, Chen Huan, Gao Feng and Wang Weimin) under the Restricted A Share Incentive Scheme for 2019 of the Company for the first time on 22 November 2019. The new Shares granted under the Restricted A Share Incentive Scheme have been registered at the Shanghai Branch of China Securities Depository and Clearing Corporation Limited and listed on 7 January 2020. Therefore, as at the beginning of the Reporting Period, 1 January 2020, Gong Dan, Chen Huan, Gao Feng and Wang Weimin have not yet owned any restricted Shares of the Company.

Save as disclosed above, none of the Directors, Supervisors and senior management of the Company or their respective associates was granted by the Company or its subsidiaries any right to acquire shares or debentures of the Company nor had they exercised any such right before 31 December 2020.

Save as disclosed above, as at 31 December 2020, none of the Directors, Supervisors or chief executive of the Company had any interests 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 for Securities Transactions by Directors of Listed Companies as set out in Appendix 10 to the Listing Rules ("Model Code") adopted by the Company.

DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES (CONTINUED)

I. CHANGES IN THE SHAREHOLDING AND REMUNERATION (CONTINUED)

(II) Biographies of existing Directors, Supervisors and senior management during the Reporting Period

Name	Principal working experience
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Yu Peigen	<p>Born in November 1962, is currently a Director and the president of the Company, the secretary of the Party Committee and Chairman of the Board of Directors of Dongfang Electric Corporation. He graduated from Zhejiang University, majoring in thermal power with a bachelor's degree in engineering. He completed his postgraduate study from Renmin University of China and received a master's degree in Executive Master of Business Administration (EMBA). Since August 1984, Mr. Yu successively served as a reactor operator, deputy shift chief and shift chief of main control room of Qinshan Nuclear Power Plant (秦山核電廠); the technical section chief, deputy chief, chief, assistant to general manager and chief of the production division of Qinshan Nuclear Power Company (秦山核電公司); the deputy general manager and the general manager of Qinshan Nuclear Power Company; the head of the nuclear power department of China National Nuclear Corporation; the manager of the nuclear power department of China Power Investment Corporation (中國電力投資集團公司) from May 2003 to September 2005, the chief engineer on nuclear power of China Power Investment Corporation from September 2005 to December 2010 (during which, concurrently served as the general manager of Shandong Nuclear Company (山東核電公司) and CPI Investment Nuclear Power Company (中電投核電公司) from July 2004 to March 2008, the general manager of Liaoning Nuclear Company (遼寧核電公司) from July 2004 to December 2010); a member of the Party Committee and the chief engineer on nuclear power of China Power Investment Corporation and the chairman of Shandong Nuclear Company (山東核電公司) and Jiangxi Nuclear Company (江西核電公司) from December 2010 to August 2011; the deputy general manager and a member of the Party Committee of China National Nuclear Corporation (中國核工業集團公司) from August 2011 to July 2018; the deputy general manager and a member of the Party Committee of China National Nuclear Corporation (中國核工業集團有限公司) from July 2018 to April 2019. From April 2019 to April 2021, he served as a director, the general manager and the deputy secretary of the Party Committee of Dongfang Electric Corporation. He has been serving as a president and the Director of the Company since May 2019 and June 2019, respectively. Since April 2021, he has been serving as the chairman of the board of directors and secretary of the Party Committee of Dongfang Electric Corporation. Mr. Yu holds the title of senior engineer.</p>
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DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES (CONTINUED)

I. CHANGES IN THE SHAREHOLDING AND REMUNERATION (CONTINUED)

(II) Biographies of existing Directors, Supervisors and senior management during the Reporting Period (Continued)

Name	Principal working experience
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Huang Wei	<p>Born in July 1965, is currently a Director of the Company, deputy secretary of the Party Committee and Director of Dongfang Electric Corporation. Mr. Huang graduated from Shanghai Jiao Tong University with a bachelor's degree of ship power machinery, University of Chongqing with a master's degree of thermal engineering, and Southwestern University of Finance and Economics with a doctor's degree of economics. Since January 1989, he successively served as a key technician of the Complete Plant Section of Dongfang Power Station (東方電站), and key technician, manager assistant, deputy manager, deputy general manager, and general manager of the thermal power department of importation and exportation branch of Dongfang Electric Corporation (中國東方電氣集團公司進出口公司). He served as deputy general manager of Dongfang Electric Corporation from June 2000 to February 2007, deputy general manager and a member of the Party Committee of the State Nuclear Power Technology Corporation from February 2007 to September 2008. He has been a deputy general manager and a member of the Party Committee of Dongfang Electric Corporation from September 2008 to April 2017, the deputy secretary of the Party Committee and deputy general manager of Dongfang Electric Corporation from April 2017 to February 2019 (during May 2017 to July 2018 he also served as the deputy secretary of the Party Committee directly under Dongfang Electric Corporation and the president of the Party School under the Group, and the deputy secretary of the Party Committee and a Director of Dongfang Electric Corporation since February 2019). He has been the senior vice president of the Company from September 2017 to May 2019. Mr. Huang holds the title of senior engineer.</p>
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DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES (CONTINUED)

I. CHANGES IN THE SHAREHOLDING AND REMUNERATION (CONTINUED)

(II) Biographies of existing Directors, Supervisors and senior management during the Reporting Period (Continued)

Name	Principal working experience
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Xu Peng	<p>Born in June 1965, currently serves as a Director and senior vice president of the Company. He is also deputy general manager and a member of the Party Committee of Dongfang Electric Corporation. He graduated from the Faculty of Thermophysical Engineering of Zhejiang University with a bachelor's degree of engineering in thermal power of power plant. Since July 1987, Mr. Xu successively served as a tester and deputy head of the Boiler Institute of Dongfang Boiler Factory (東方鍋爐廠鍋爐研究所), chief of the marketing division, deputy chief economist, deputy general manager, director, a standing member of the Party committee, secretary of the Party committee, general manager and chairman of Dongfang Boiler (Group) Co., Ltd. (東方鍋爐(集團)股份有限公司); and the head and secretary of Party committee of Dongfang Boiler Factory. From May 2006 to August 2009, Mr. Xu concurrently served as the chairman of Babcock-Hitachi Dongfang Boiler Co., Ltd. (東方日立鍋爐有限公司), Shenzhen Eastern Boiler Control Co., Ltd. (深圳東方鍋爐控制有限公司) and Chengdu Dongfang KWH Environmental Protection Catalysts Co., Ltd. (成都東方凱特瑞環保催化劑有限責任公司). From April 2008 to May 2017, he concurrently served as a director of Dongfang Electric (Guangzhou) Heavy Machine Co., Ltd. (東方電氣(廣州)重型機器有限公司). Mr. Xu has been serving as the head of corporate culture department of Dongfang Electric Corporation Limited from March 2017 to July 2018, and concurrently served as the head of work department of Party Committee and deputy secretary of the Party Committee directly under Dongfang Electric Corporation, president of Dongfang Electric Management School, vice president of the Party School, and the chairman of Labor Union directly under Dongfang Electric Corporation. From May 2017 to March 2018, he served as vice president of the Company. Since August 2017, he has been serving as a member of the party committee of Dongfang Electric Corporation. He has been serving as vice general manager of Dongfang Electric Corporation and a Director of the Company since September 2017 and December 2017 respectively. Since March 2018, he has been acting as senior vice president of the Company. Mr. Xu holds the title of senior engineer.</p>
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DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES (CONTINUED)

I. CHANGES IN THE SHAREHOLDING AND REMUNERATION (CONTINUED)

(II) Biographies of existing Directors, Supervisors and senior management during the Reporting Period (Continued)

Name	Principal working experience
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Bai Yong	<p>Born in October 1971, is currently a Director and the chief accountant of the Company; the chief accountant and a member of the Party Committee of Dongfang Electric Corporation. He graduated from Zhongnan University of Finance and Economics with a bachelor's degree of economics majoring in industrial economics. He completed his postgraduate study from Tsinghua University and received a master's degree in Business Administration of Senior Management (EMBA). Since June 1993, Mr. Bai successively served as the deputy chief of the credit section and the industrial and commercial credit section under the business department of the Three Gorges Project Branch of China Construction Bank, the deputy principal officer of credit management department of Three Gorges Branch of China Construction Bank, the principal officer, business manager and deputy manager of the credit investment department of Three Gorges Finance Co., Ltd., a member of the preparatory team of Changxin Fund Management Company, deputy manager of planning and finance department of Three Gorges Finance Co., Ltd., the head of corporate issuance and listing business of capital operation department of China Yangtze Power Co., Ltd., the assistant to the general manager and deputy general manager of Three Gorges Finance Co., Ltd., the manager of finance department of China Yangtze Power Co., Ltd., a director, deputy general manager and chief accountant of Hubei Energy Group Co., Ltd., the chairman of Hubei Bajiao River Hydro-power Development Co., Ltd (湖北芭蕉河水電公司), the general manager and deputy secretary of the Party Committee of Hubei Energy Group Limited and an executive director and legal representative of Hubei Qingjiang Hydropower Development Company (湖北清江水電開發公司), a member of the Party Committee and financial controller of China Yangtze Power Co., Ltd., the director of capital operation department of China Three Gorges Corporation and a member of the Party Committee and financial controller of China Yangtze Power Co., Ltd., the director of strategic development department and director of strategic planning department of China Three Gorges Corporation (served concurrently as director of the office of board of directors and supervisors, and director of offshore wind power office). He has been the chief accountant and a member of the Party Committee of Dongfang Electric Corporation since May 2018. He served as the chairman of Supervisory Committee of the Company from June to October 2018. He has been the chief accountant and Director of the Company since October 2018 and 4 December 2018 respectively. He holds the titles of senior economist and senior accountant.</p>
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DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES (CONTINUED)

I. CHANGES IN THE SHAREHOLDING AND REMUNERATION (CONTINUED)

(II) Biographies of existing Directors, Supervisors and senior management during the Reporting Period (Continued)

<u>Name</u>	<u>Principal working experience</u>
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Gu Dake	Born in March 1954, has been an independent non-executive Director of the Company since 28 June 2015, is a professor-level senior engineer with a bachelor's degree. Mr. Gu has held positions including the specialized person-in-charge of the boilers, the person-in-charge of the production arrangement division, deputy chief engineer and the head of the repair division of Tianjin Ji County Power Plant; the chief engineer, deputy director and director of Tianjin Panshan Power Plant; the chief engineer and deputy general manager of Beijing Guohua Power Company Limited; the vice president of CLP Guohau Corporation (中電國華電力股份有限責任公司); the member of the Party Committee, deputy general manager and chief engineer of China Power International Holding Limited; the vice president of China Power International Development Limited; the deputy secretary to the Party Committee and deputy general manager of the branch company of China Power Investment Corporation in Northern China; the general manager of Shanxi Zhangze Power Company Limited; the chief operational officer in power generation of China Power Investment Corporation. He also serves as the executive director and president of China Power International Development Limited, and concurrently holds the positions of the general manager, deputy secretary to the Party Committee of China Power International Holding Limited and others.
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Xu Haihe	Born in February 1955, has been an independent non-executive Director of the Company since 28 June 2015, is a MBA degree holder and senior accountant. Mr. Xu ever served for China National Electronic Materials Corporation as deputy head of financial management division, head of financial management division, general manager assistant and head of finance division, head of auditing division, deputy general manager, member of Party group, general manager (legal representative) and secretary of Party group; worked for China Electronics Corporation as general manager of finance department and director of finance department, concurrently served for China Electronics Financial Co., Ltd. as director and the chairman (legal representative) and for China Electronics Corporation as general economist and worker's director. Since May 2020, Mr. Xu has been an external director of China General Nuclear Power Corporation (中國廣核集團有限公司). Since March 2021, Mr. Xu has been as an external director of China Aviation Supplies Holding Company (中國航空器材集團有限公司).
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DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES (CONTINUED)

I. CHANGES IN THE SHAREHOLDING AND REMUNERATION (CONTINUED)

(II) Biographies of existing Directors, Supervisors and senior management during the Reporting Period (Continued)

Name	Principal working experience
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Liu Dengqing	Born in November 1970, has been an independent non-executive Director of the Company since 29 June 2018, is a PhD degree holder in management. He had successively served China Enterprise Appraisals Consultation Co., Ltd as the chief appraiser, the vice president and chief appraiser, the senior vice president and chief appraiser, the president and chief executive officer, the secretary of the Party branch as well as the president and chief executive officer. In particular, Mr. Liu served as a member of the tenth and eleventh Issuance Verification Committee of the China Securities Regulatory Commission (“CSRC”) from May 2008 to May 2010, and a member of the fourth and fifth Merger and Reorganization Committee of CSRC from May 2012 to May 2016. He is currently an executive director of China Appraisal Society, the vice chairman of Beijing Assets Appraisal Association (北京資產評估協會). Since July 2020, Mr. Liu has been as a member of the first GEM Listing Committee of Shenzhen Stock Exchange. He is currently an executive director of China Appraisal Society, the vice chairman of Chinese Association of Mineral Resources Appraisers (中國礦業權評估師協會) and Beijing Assets Appraisal Association (北京資產評估協會). He is currently an independent director of China Spacesat Co., Ltd. (中國東方紅衛星股份有限公司), Hengxin Shambala Culture Co., Ltd. (恒信東方文化股份有限公司) and Huachuang Yang’an Co., Ltd. (華創陽安股份有限公司).
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DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES (CONTINUED)

I. CHANGES IN THE SHAREHOLDING AND REMUNERATION (CONTINUED)

(II) Biographies of existing Directors, Supervisors and senior management during the Reporting Period (Continued)

<u>Name</u>	<u>Principal working experience</u>
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Zhang Jilie	<p>Born in August 1963, is currently a chairman of the Supervisory Committee of the Company, and deputy general manager, a member of the Party Committee and the chief law consultant of Dongfang Electric Corporation. Mr. Zhang graduated from Wuhan Polytechnic University majoring in industrial business management with a bachelor's degree of engineering. He graduated from Southwest Jiao Tong University with a MBA degree specializing in business management. Since July 1984, he has held various positions including secretary to Factory Office, deputy section head and section head of Planning Department of DFEW; general manager, deputy officer of administrative office, officer, secretary to Party Branch Committee, assistant to the general manager and manufacturing head of Dongfang Electric Machinery Company Limited; and chairman of the board, general manager and secretary to Party Branch Committee of DFEM Control Equipment Company Limited; deputy factory head and executive deputy factory manager of DFEW from November 2000 to January 2007. He had acted as, assistant to general manager and section head of Corporate Management Department of Dongfang Electric Corporation. From February 2004 to January 2006, he received on-the-job training in Honghe Prefecture of Yunnan Province, serving as a member of the standing committee and deputy head of the Prefecture. Since January 2007, he had been chief law consultant of Dongfang Electric Corporation, and concurrently held various positions such as the head of Legal Affairs Department and the head of Planning and Development Department, and the director of the general office of Dongfang Electric Corporation; the head of Legal Affairs Department and director of the President Office of Dongfang Electric Corporation Limited; and a director, chairman of the board and general manager of DEC Investment Management Company Limited. From December 2015 to December 2017, he served as secretary to the board of Dongfang Electric Corporation. From October 2007 to October 2018, he has been serving as director of Dongfang Electric Corporation Limited. He served as senior vice president of the Company from March to October 2018. Since August 2017, he has been serving as a member of Party Committee of Dongfang Electric Corporation. Since September 2017, he has been serving as a deputy general manager of DEC Group. Since December 2018, he has been serving as the chairman of the Supervisory Committee of the Company. Mr. Zhang holds the title of senior economist and the practising qualification of corporate law consultant.</p>
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DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES (CONTINUED)

I. CHANGES IN THE SHAREHOLDING AND REMUNERATION (CONTINUED)

(II) Biographies of existing Directors, Supervisors and senior management during the Reporting Period (Continued)

Name	Principal working experience
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Feng Yong	<p>Born in March 1967, is currently a Supervisor and the head of the Audit and Supervision Department of the Company, the head of the Audit and Supervision Department of Dongfang Electric Corporation. He graduated from Luoyang Institute of Technology (洛陽工學院) majoring in financial accounting of industrial enterprises of Industrial Management Engineering Department and obtained an associate degree and graduated from Chengdu University of Technology majoring in accounting and obtained a bachelor's degree. He completed the MBA course jointly sponsored by Southwest Jiaotong University and University of South Australia and obtained a master's degree in MBA. Since August 1987, Mr. Feng successively served as the accountant of finance division, the secretary of the general manager's office, the deputy section head of the finance division, the deputy head and Party branch secretary of Finance Department and the head and Party branch secretary of Finance Department of Dongfang Electrical Machinery (東方電機廠). From April 2006 to November 2007, he served as the deputy head of Asset and Finance Department of Dongfang Electric Corporation. From November 2007 to June 2008, he served as the head of Finance Department of Dongfang Electric Corporation Limited. From June 2008 to June 2010, he served as the head of Asset and Finance Department of Dongfang Electric Corporation (during which, he concurrently served as a director of the board of Dongfang Steam Turbine Co. Ltd. and a director of the board of Dongfang Electric Machinery Co., Ltd. from January 2008 to July 2008, a director of the board of directors of Dongfang Boiler (Group) Co., Ltd. (東方鍋爐(集團)股份有限公司) from April 2008 to July 2008, a director of DEC International Cooperation Limited from September 2009 to June 2010, a director of DEC Investment Management Company Limited from March 2009 to June 2010). From June 2010 to December 2010, he served as a member of preparatory group of DEC (Wuhan) Heavy Industry Group Co., Ltd. (東方電氣(武漢)重工集團有限公司) (during which, he concurrently served as a director of Dongfang Electric Finance Co., Ltd. (東方電氣集團財務有限公司) from July 2008 to December 2010). From December 2010 to September 2019, he served as a director and general manager of Dongfang Electric Finance Co., Ltd. (during which, he concurrently served as the secretary of the Party Committee of Dongfang Electric Finance Co., Ltd. from December 2016 to September 2019, the head of the Assets and Finance Department of Dongfang Electric Corporation and the head of the Assets and Finance Department of Dongfang Electric Corporation Limited from October 2017 to February 2019). From September 2019 to November 2019, he served as the head of Audit Department of Dongfang Electric Corporation (Dongfang Electric Corporation Limited). Since November 2019, he has been serving as the head of the Audit and Supervision Department of Dongfang Electric Corporation (Dongfang Electric Corporation Limited). From September 2019, he has been serving as a staff representative Supervisor of the Company (concurrently served as the chairman of Supervisory Committee of DEC International Cooperation Limited, Dongfang Electric Wind Power Co., Ltd., Dongfang Electric Automatic Control Engineering Co., Ltd. and Dongfang Electric Finance Co., Ltd.). Mr. Feng holds the title of senior accountant.</p>
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DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES (CONTINUED)

I. CHANGES IN THE SHAREHOLDING AND REMUNERATION (CONTINUED)

(II) Biographies of existing Directors, Supervisors and senior management during the Reporting Period (Continued)

Name	Principal working experience
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Wang Zhiwen	<p>Born in February 1967, currently serves as the head of the Legal Risk Control Department of Dongfang Electric Corporation Limited. He graduated from the School of Energy and Power Engineering of Xi'an Jiaotong University with a bachelor's degree in thermal energy engineering (boiler) and from Sichuan University with a master's degree in law. He joined Dongfang Boiler Factory (東方鍋爐廠) in July 1989 and successively served as a designer, assistant to the director of the integrated planning division, project manager and deputy director of the product items management division, deputy director of the procurement division, deputy director and director of the product items management division, general manager and the Party branch secretary of Nuclear Capacitor Branch (核電容器分公司) before June 2005. He served as the deputy head of the corporate management department and deputy head of the legal affairs department of Dongfang Electric Corporation from June 2005 to January 2008, the deputy head of the legal affairs department of Dongfang Electric Corporation Limited from January 2008 to September 2008, the deputy head of the legal affairs department of Dongfang Electric Corporation and the deputy head of the legal affairs department of Dongfang Electric Corporation Limited from September 2008 to August 2010, the deputy head of the legal affairs department and a member of the discipline inspection group of the Party group of Dongfang Electric Corporation and the deputy head of the legal affairs department of Dongfang Electric Corporation Limited from August 2010 to March 2017 (during which he concurrently served as a supervisor of Dongfang Electric Corporation from February 2007 to October 2013 and the chairman of the supervisory committee of DEC Investment Management Company Limited from December 2006 to October 2012), the deputy head (presided over work) and head of the legal and audit department of Dongfang Electric Corporation/Dongfang Electric Corporation Limited from March 2017 to October 2017, and the head of the corporate management and legal affairs department and the head of the corporate management department and legal affairs department of Dongfang Electric Corporation/Dongfang Electric Corporation Limited from October 2017 to November 2019. He has served as the head of the legal risk control department of Dongfang Electric Corporation/Dongfang Electric Corporation Limited since November 2009 (during which he concurrently served as a director of DEC (Leshan) New Energy Equipment Co., Ltd. (東方電氣(樂山)新能源設備有限公司) from March 2009 to December 2018; he has been a director of Dongfang Electric Finance Co., Ltd. since March 2012; and has concurrently served as a member of the discipline inspection commission directly under the head office of Dongfang Electric Corporation since June 2016, the chairman of the supervisory committee of Dongfang Boiler Group Co., Ltd. since May 2017 and the chairman of the supervisory committee of Dongfang Steam Turbine Co., Ltd. and Dongfang Electric Machinery Co., Ltd. since October 2017). Mr. Wang holds the title of senior engineer and the practising qualification of corporate law consultant.</p>
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DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES (CONTINUED)

I. CHANGES IN THE SHAREHOLDING AND REMUNERATION (CONTINUED)

(II) Biographies of existing Directors, Supervisors and senior management during the Reporting Period (Continued)

Name	Principal working experience
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Gong Dan	<p>Born in January 1963, currently acts a secretary to the Board of the Company, and concurrently serves as secretary to the board of directors of Dongfang Electric Corporation, secretary of the Party Committee directly under the headquarters, president of the CPC School and Dean of the Management Academy. He graduated from Department of Mechanics of Anhui Industrial University majoring in casting and equipment and obtained a bachelor's degree of engineering. He joined DFEW in September 1983 and engaged in production technology, corporate management, management of young workers and the running of the organization department. He had been deputy secretary and secretary to the Youth League Committee, officer of the Young Workers' Office, and deputy head and head of Organization Department. From November 1999 to October 2007, he also worked as an executive director, deputy general manager and secretary to the board of directors of Dongfang Electric Machinery Company Limited. He has been chief accountant of the Company from October 2007 to September 2018. He has also concurrently served as the chief law consultant of the Company since June 2011 to August 2018. He concurrently served as a director of Dongfang Boiler Group Co., Ltd. from July 2008 to May 2017 and a director of DEC Dongfang Steam Turbine Co. Ltd. from July 2008 to October 2017. He concurrently served as secretary to the Party Committee of Sichuan Dongfang Electronic Auto-control Co., Ltd. from June 2017 to February 2018 and secretary to the board of directors of Dongfang Electric Corporation since December 2017. Since October 2007 till now, he has served as the Secretary of the Board of Directors of the Company; since September 2018 till now, he has served as secretary of the Party committee directly under Dongfang Electric Corporation, president of the CPC School and Dean of the Management Academy; Mr. Gong holds the titles of senior engineer and senior accountant.</p>
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DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES (CONTINUED)

I. CHANGES IN THE SHAREHOLDING AND REMUNERATION (CONTINUED)

(II) Biographies of existing Directors, Supervisors and senior management during the Reporting Period (Continued)

<u>Name</u>	<u>Principal working experience</u>
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Zhang Zhiying	Born in December 1960, an executive vice president of the Company during the reporting period. Mr. Zhang graduated from Xi'an Jiao Tong University with a bachelor's degree of engineering in turbine thermal turbo machinery and from University of Electronic Science and Technology of China with a doctor's degree of management in enterprise management. From August 1982 to December 1999, he had been assistant engineer, engineer and team leader of the main unit team of Design Department, Deputy Head of Product Service Division of Product Design and Experimental Institution, deputy officer of the main unit office of Product Design and Experimental Institution, deputy officer and senior engineer of Steam Turbine Office of Design Department, deputy head and deputy chief economist of Operation Department of Dongfang Turbine Works; he had been the chief economist of Dongfang Turbine Works from December 1999 to December 2006, a director and general manager of DEC Dongfang Steam Turbine Co. Ltd. from December 2006 to October 2007, the vice president of Dongfang Electric Corporation Limited and a director and the general manager of DEC Dongfang Steam Turbine Co. Ltd. from October 2007 to June 2010; he was the executive vice president of the Company from June 2010 to January 2021. Mr. Zhang Zhiying ceased to be the executive vice president of the Company and will no longer hold any position in the Company with effect from 19 January 2021 due to his retirement age. Mr. Zhang holds the title of senior engineer.
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Chen Huan	Born in November 1961, with US nationality, is currently the vice president of the Company. He graduated from the Beijing University with a bachelor's degree majoring in physics, from the University of Science and Technology Beijing with a master's degree majoring in physics of metals, and from the University of Virginia with a doctor's degree in materials science and engineering. From January 1993 to December 1994, he worked as a postdoctoral researcher in the Center of Materials Development at the University of Massachusetts. From January 1995 to September 2000, Mr. Chen acted as marketing manager of Marketing Department, chief sales executive of Sales Department, business manager of Foreign Joint Venture Department in Siemens Westinghouse, a US subsidiary of Siemens. From October 2000 to April 2004, he served on behalf of Siemens as vice president of Shanghai Turbine Co., Ltd. From May 2004 to April 2009, Mr. Chen worked as Executive Vice President in Shanghai Electric Power Corporation and the deputy head of the Central Research Institute of Shanghai Electric Group Company Ltd.. He has been the vice president of Dongfang Electric Corporation Limited since June 2009. He has also served as the general manager of Power Station Service Division in the Company from December 2009 to March 2011.
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In 2011, he was awarded as a "Distinguished Expert of State Level" by the Organizing Department of CCCPC and the Ministry of Human Resources and Social Security of the People's Republic of China under the State Council in the same year.

DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES (CONTINUED)

I. CHANGES IN THE SHAREHOLDING AND REMUNERATION (CONTINUED)

(II) Biographies of existing Directors, Supervisors and senior management during the Reporting Period (Continued)

<u>Name</u>	<u>Principal working experience</u>
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Gao Feng	<p>Born in January 1964, is currently the vice president of the Company and concurrently serves as general manager of Nuclear Power Division of the Company. He graduated from Electrical Engineering Department of University of Chongqing where he majored in electric machinery and obtained a bachelor degree of engineering. He obtained an MBA degree from Southwest Jiaotong University majoring in business management. He held various positions in DFEW such as technician, engineer, deputy station head of Quality Inspection Office from August 1984 to April 1995. Mr. Gao served as deputy section head, section head, deputy general quality controller and deputy department head of Dongfang Electric Machinery Company Limited from April 1995 to February 2001. He had been deputy chief economist of DFEW and general manager of Dongfang Electrical Appliance Company (東電電器公司) from February 2001 to January 2002 and assistant to general manager of Dongfang Electric Machinery Company Limited from January 2002 to November 2002. He had been executive director and deputy general manager of Dongfang Electric Machinery Company Limited from November 2002 to June 2005, and assistant to general manager and general manager of Nuclear Power Division of Dongfang Electric Corporation from June 2005 to January 2008. He had been assistant to president and general manager of Nuclear Power Division of Dongfang Electric Corporation Limited from January 2008 to June 2010, and vice president of and general manager of Nuclear Power Division of Dongfang Electric Corporation Limited from June 2010 to December 2010. He has been a chairman of Dongfang Electric Wind Power Co. LTD (東方電氣風電有限公司) from March 2015 to December 2016 and the general manager of Nuclear Power Division of the Company from April 2017 to November 2019.</p>
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He has been vice president of the Company since December 2010 and the general manager of Nuclear Power Division of the Company from November 2019. Mr. Gao holds the title of senior engineer.

DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES (CONTINUED)

I. CHANGES IN THE SHAREHOLDING AND REMUNERATION (CONTINUED)

(II) Biographies of existing Directors, Supervisors and senior management during the Reporting Period (Continued)

Name	Principal working experience
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Wang Weimin	<p>Born in May 1963, is currently the vice president of the Company. Mr. Wang graduated from Department One of School of Power Mechanical Engineering of Xi'an Jiaotong University as a thermal turbo machinery major and obtained a bachelor degree in engineering; graduated from Xi'an Jiaotong University as a mechanical engineering major and obtained a doctorate degree in engineering; and a senior engineer. Mr. Wang successively served as a deputy chief engineer, chief engineer and a member of the standing committee of the Party Committee in Dongfang Turbine Plant (東方汽輪機廠); a deputy general manager, chief engineer and a member of the standing committee of the Party Committee in Dongfang Turbine Co., Ltd.; the director of the Central Research Institute and the Party Committee secretary (assistant to the general manager of group company) of Dongfang Electric Corporation; the director of the Central Research Institute Dongfang Electric Corporation Limited; the Party Committee secretary, an executive director and the general manager of DEC Academy of Science and Technology Co., Ltd; the director of the Laboratory for Energy Equipment and Industrial Control Network Security Engineering of Dongfang Electric Co., Ltd.; and the assistant to the general manager of Dongfang Electric Corporation.</p>
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Since November 2020, Mr. Wang has served as the vice president of the Company, the assistant to the general manager and the director of the Central Research Institute of Dongfang Electric Corporation, the Party Committee secretary, an executive director and the general manager of DEC Academy of Science and Technology Co., Ltd., as well as the director of the Laboratory for Energy Equipment and Industrial Control Network Security Engineering of Dongfang Electric Co., Ltd..

DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES (CONTINUED)

I. CHANGES IN THE SHAREHOLDING AND REMUNERATION (CONTINUED)

Shares Granted under the Incentive Scheme to the Directors or Senior Management during the Reporting Period

Unit: share

Name	Position	Number of restricted Shares held at the beginning of the year	Number of new restricted Shares granted during the Reporting Period	Grant price of restricted Shares (RMB)	Unlocked Shares	Locked Shares	Number of restricted Shares held at the end of the period	Market price at the end of the Reporting Period (RMB)
Gong Dan	Senior management	0	0	5.93	0	150,000	150,000	1,495,500
Chen Huan	Senior management	0	0	5.93	0	150,000	150,000	1,495,500
Gao Feng	Senior management	0	0	5.93	0	150,000	150,000	1,495,500
Wang Weimin	Senior management	0	0	5.93	0	75,000	75,000	747,750
Total	/	0	0	/	0	525,000	525,000	/

Note: The Board of the Company decided to grant restricted Shares to Participants (including Gong Dan, Chen Huan, Gao Feng and Wang Weimin) under the Restricted A Share Incentive Scheme for 2019 of the Company for the first time on 22 November 2019. The new Shares granted under the Restricted A Share Incentive Scheme have been registered at the Shanghai Branch of China Securities Depository and Clearing Corporation Limited and listed on 7 January 2020. Therefore, as at the beginning of the Reporting Period, 1 January 2020, Gong Dan, Chen Huan, Gao Feng and Wang Weimin have not yet owned any restricted Shares of the Company.

DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES (CONTINUED)

I. CHANGES IN THE SHAREHOLDING AND REMUNERATION (CONTINUED)

Positions Held by Existing Directors, Supervisors and Senior Management and those Retired during the Reporting Period

(I) Positions held in shareholders entities

Name	Name of shareholders entities	Positions held in shareholders entities	Commencement of term of office	Expiry of term of office
Yu Peigen	Dongfang Electric Corporation	Chairman of the Board of Directors, Secretary of the Party Committee	April 2021	
Huang Wei	Dongfang Electric Corporation	Deputy Secretary of the Party Committee, Director	Serving as a Deputy Secretary of the Party Committee in April 2017 Serving as a Director in February 2019	
Xu Peng	Dongfang Electric Corporation	Member of the Party Committee, Deputy General Manager	Servicing as a member of the Party Committee in August 2017 Serving as a Deputy General Manager in September 2017	
Zhang Jilie	Dongfang Electric Corporation	Member of the Party Committee, Deputy General Manager, Chief Law Consultant	Serving as a member of the Party Committee in August 2017 Serving as a Deputy General Manager September 2017 Serving as the Chief Law Consultant in January 2007	
Bai Yong	Dongfang Electric Corporation	Member of the Party Committee, Chief Accountant	May 2018	
Gong Dan	Dongfang Electric Corporation	Secretary to the Board	December 2017	
Wang Weimin	Dongfang Electric Corporation	Assistant to General Manager	January 2020	
Feng Yong	Dongfang Electric Corporation	Head of Audit Supervision Department	November 2019	
Wang Zhiwen	Dongfang Electric Corporation	Head of the Legal Risk Control Department	November 2019	
Zou Lei	Dongfang Electric Corporation	Secretary of the Party Committee, Chairman	May 2016	December 2020

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

DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES (CONTINUED)

II. REMUNERATIONS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Decision-making procedures for the remuneration of Directors, Supervisors and senior management

Remuneration of Directors, Supervisors and senior management of the Company will be assessed by the Remuneration and Assessment Committee of the Board and considered and approved on the Board meeting and submitted to the annual general meeting for Consideration and approval.

Basis of determination for the remuneration of Directors, Supervisors and senior management

Remuneration of senior management of the Company is determined based on the operating performance, job responsibilities and the results of annual performance.

Remuneration payable to Directors, Supervisors and senior management

Please refer to table above about “changes in the shareholding and remuneration of Directors, Supervisors and senior management”.

Total remuneration actually paid to Directors, Supervisors and senior management as at the end of the Reporting Period

During the Reporting Period, there were a total of 16 members of Directors, Supervisors and senior management. The remuneration actually received by 3 independent Directors, 2 supervisors and 5 senior management of the Company was RMB4,762,500 (before tax) in total during the Reporting Period.

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

Name	Position	Change situation	Reasons for changes
Zou Lei	Chairman	Resignation	Job reallocation
Zhang Zhiying	Executive Vice President	Resignation	Retirement
Wang Weimin	Vice President	Appointment	

DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES (CONTINUED)

III. CHANGES IN THE DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT MEMBERS OF THE COMPANY (CONTINUED)

Notes:

1. Former chairman of the Board of the Company, due to job reallocation, Mr. Zou Lei has resigned as the chairman of the Board, the chairman of the strategic development committee of the Board and a member of the nomination committee of the Board on 8 December 2020. Upon resignation, Mr. Zou will no longer hold any position in the Company.

Mr. Zou Lei had no disagreement with the Board or the supervisory committee of the Company during his tenure and there is no matter relating to his resignation that needs to be brought to the attention of the shareholders of the Company.

2. Mr. Zhang Zhiying has ceased to be the executive vice president of the Company and will no longer hold any position in the Company with effect from 19 January 2021 due to his retirement age.

Mr. Zhang had no disagreement with the Board of the Company during his tenure and there is no matter relating to his retirement that needs to be brought to the attention of the shareholders of the Company.

3. At the 34th meeting of the ninth session of the Board held on 4 December 2020, the Board, upon the recommendation from Dongfang Electric Corporation, the controlling shareholder of the Company, and the approval of the nomination committee of the Company, agreed on that Mr. Wang Weimin was appointed as the vice president of the Company with effect from 4 December 2020.

IV. THE RECORDS OF BEING PUNISHED BY SECURITIES REGULATORS IN RECENT THREE YEARS

No

DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES (CONTINUED)

V. EMPLOYEES OF THE COMPANY AND PRINCIPAL SUBSIDIARIES

(I) Information on employees

	2020
The number of employees on register of the Company	352
The number of employees on register of principal subsidiaries	16,984
Total	17,336
The number of retired employees whose expenses shall be assumed by the Company and principal subsidiaries	16,625

Professional composition

Category of professional structure	2020 Headcount
Production	7,738
Sales	676
Technical	7,252
Financial	391
Administrative	1,279
Total	17,336

Background education

Category of background education	2020 Headcount
Master degree and above	1,923
Bachelor degree	6,895
Tertiary degree	3,869
Technical middle school and below	4,649
Total	17,336

(II) Number of Employees and Remuneration

During the Reporting Period, the average number of employees at the Company was 17,267, and the average number of labor dispatch personnel was 1,160. The total amount of remuneration paid to the employees during the year was RMB254,206 million, and the total amount of remuneration paid to the labor dispatch personnel during the year was RMB9,597 million.

**V. EMPLOYEES OF THE COMPANY AND PRINCIPAL SUBSIDIARIES
(CONTINUED)**

(III) Remuneration Policy

During the Reporting Period, the Company further strengthened the guiding role of corporate economic efficiency, labor cost effectiveness and labor efficiency in the wage determination mechanism, differentiated different enterprises to implement total wage classification management, and promoted the management of total wage filing system for double-hundred enterprises, mixed reform enterprises, and scientific and technological reform demonstration enterprises so that the income level of employees achieved reasonable growth in line with enterprise benefits. The Company continued to optimize the incentive and restraint mechanism of the head of the enterprise, actively promoted the tenure system and contractual management of the managerial level, and achieved full coverage of the tenure system and contractual management of the managerial level of secondary enterprises. The Company strengthened performance orientation, promoted performance management for all employees, established a market-oriented and differentiated distribution assessment mechanism, and tilted salary distribution to key core backbone talents.

V. EMPLOYEES OF THE COMPANY AND PRINCIPAL SUBSIDIARIES (CONTINUED)

(IV) Training Programs

During the Reporting Period, taking the serving company's strategy and traction business development as the guide, centering on enterprise reform and development, and the needs of the talent team construction and staff growth, the Company continuously improved the training system and training mechanism construction, strengthened the management of training plans, vigorously promoted the implementation of key talent training project, key position talent capacity enhancement project, and the whole staff knowledge updating project, and promoted the development and human capital appreciation of the Group and the Company. At the group level, we have increased the training efforts on innovative, application-oriented and skilled talents to stimulate talents' innovative vitality, completed 86 training courses of various types, trained 22,439 people, and significantly increased the number of training participants and coverage, providing a talent guarantee for the high-quality development of the Company. The enterprises belonging to the Company closely focus on the needs of talent training, highlighting problem-oriented, constantly enriching training forms, strengthening the construction of training bases, creating high-quality training programs, and promoting the overall improvement of the ability and quality of the workforce.

VI. OTHERS

(I) Core Technical Team or Key Technicians of the Company

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

(II) Directors' and Supervisors' Service Contracts

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

CORPORATE GOVERNANCE

I. EXPLANATION ON MATTERS REGARDING CORPORATE GOVERNANCE

The Company has been committed to improving its corporate governance structure and standardizing corporate operations in strict compliance with the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, relevant laws and regulations of the China Securities Regulatory Commission ("CSRC") and requirements of the listing rules of the SSE and the Stock Exchange. An effective check and balance mechanism has been established with segregation of duties and coordination among the general meeting, the Board of Directors, Supervisory Committee and managers of the Company.

In accordance with requirements of the regulatory bodies such as the Stock Exchange, the SSE and the CSRC, the Company established comprehensive governance systems, mainly including the Regulations for the Work of Remuneration and Assessment Committee, Regulations for the Work of Nomination Committee, Regulations for the Work of Audit and Review Committee, Regulations for the Work of Risk Management Committee, Regulations for the Work of Strategic Development Committee, Rules for Procedure of the Board, Rules for Procedure of the Supervisory Committee, Rules for Procedure of the General Meeting, Management Measures for Cash Dividends. In order to further regulate acts of inside information management and to strengthen confidentiality of inside information, the Company formulated and complied with the Systems for Registration of Insiders and Management for External Users to effectively maintain openness, fairness and justice of information disclosure of the Company.

During the Reporting Period, major aspects of corporate governance are as follows:

1. In relation to shareholders and general meetings

The Company is able to treat all shareholders equally with due respect and protect their interests. In particular, non-controlling shareholders are entitled to their status and fully exercise their rights with their legal interests being protected. The Company ensures that shareholders are entitled to their right of access to information and right to participate in decision-making in respect of material events of the Company as required by laws and administrative rules and regulations.

By strictly following the relevant requirements for convening and holding general meetings set out in the Articles of Association and the Rules for Procedure of the General Meeting, related persons are arranged to abstain from voting on connected transactions, so as to ensure that connected transactions are open, equal and fair. During the Reporting Period, the Company held three general meetings which were witnessed by lawyers with their legal opinions issued in such respect.

2. In relation to Directors and the Board of Directors

As at the date of this annual report, the ninth session of Board of Directors of the Company consists of 7 Directors, of which 3 are independent non-executive Directors. The Board has the following committees including the Strategic Development Committee, the Audit and Review Committee, the Remuneration and Assessment Committee, the Nomination Committee and the Risk Management Committee.

I. EXPLANATION ON MATTERS REGARDING CORPORATE GOVERNANCE (CONTINUED)

2. In relation to Directors and the Board of Directors (Continued)

All the Directors are familiar with relevant laws and regulations as well as their responsibilities, rights and obligations, and are able to fully express opinions on the matters discussed. All Directors are able to perform their duties in an honest, faithful and diligent manner and in the interests of the Company and all shareholders as a whole. The Company convened the Board meetings in strict accordance with statutory procedures. During the Reporting Period, a total of 11 Board meetings were convened.

3. In relation to Supervisors and the Supervisory Committee

The ninth session of Supervisory Committee of the Company comprises 3 Supervisors, of which 2 are shareholders representative Supervisors and 1 is staff representative Supervisor. Upholding the principle of being responsible to all shareholders of the Company, the Supervisory Committee supervised and inspected the legal compliance of the Company's operations, financial affairs and investments of the Company and maintained the legitimate interests of the Company and all its shareholders in accordance with the Company Law, the Securities Law as well as the requirements of the Articles of Association and Rules of Procedure of the Supervisory Committee. During the Reporting Period, the Supervisory Committee held a total of 6 meetings.

4. In relation to stakeholders

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

CORPORATE GOVERNANCE (CONTINUED)

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

The Company adopts annual salary system for senior management whose annual remuneration is determined based on the operating performance, job responsibilities and the results of annual performance.

III. DISCLOSURE OF SELF-ASSESSMENT REPORT ON INTERNAL CONTROL

For details, please refer to the Assessment Report on Internal Control of the Company disclosed on the website of the SSE.

IV. EXPLANATION OF AUDIT REPORT ON INTERNAL CONTROL

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

V. CORPORATE GOVERNANCE REPORT

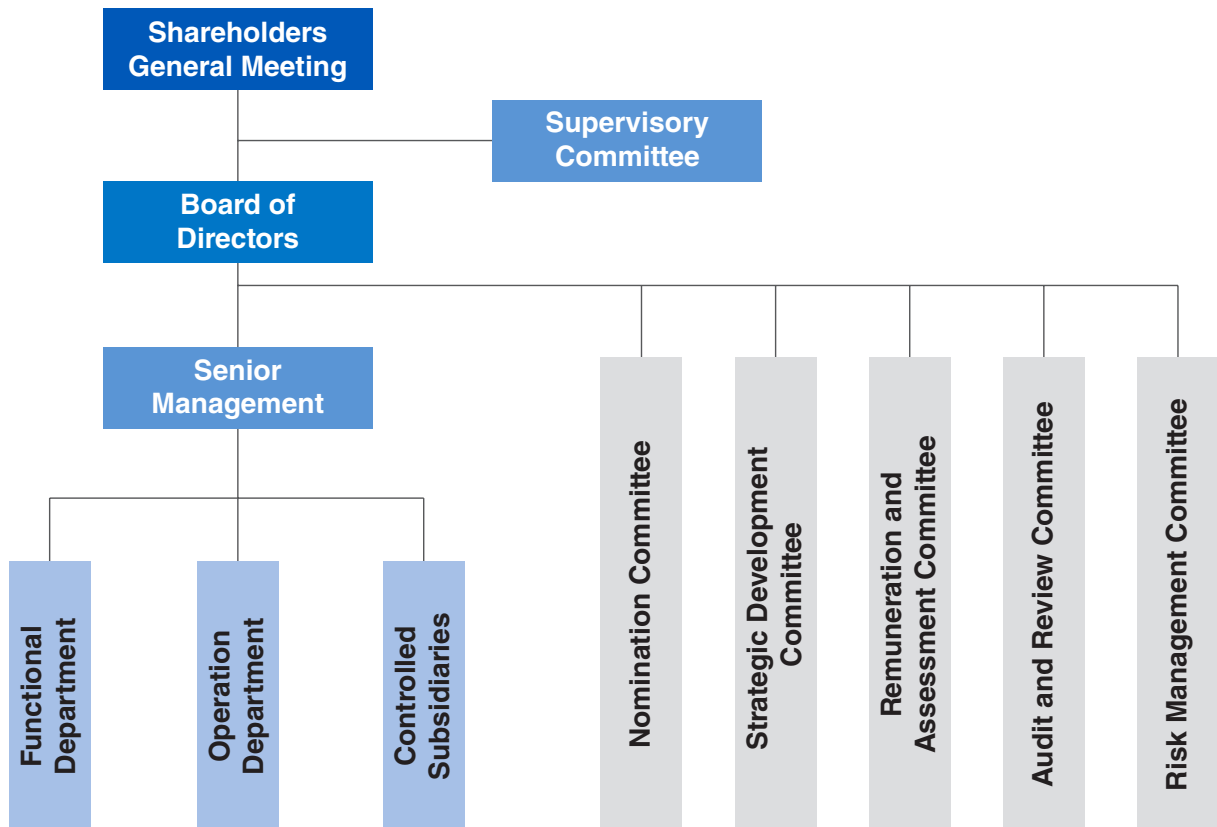
Corporate governance practices

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

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

During the Reporting Period, the Company has complied with all the code provisions of the Corporate Governance Code (“Corporate Governance Code”) as set out in Appendix 14 to the Listing Rules.

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



CORPORATE GOVERNANCE (CONTINUED)

V. CORPORATE GOVERNANCE REPORT (CONTINUED)

Corporate governance practices (Continued)

1. General Meeting

As the highest authority of the Company, the general meeting performs its functions and power in determining the material events of the Company under the laws. The AGM or EGM provides a direct communication channel for the Board and the shareholders. Hence, the Company regards highly of the shareholders' general meetings. Notice of meetings will be delivered 45 days before convening. All Directors and members of senior management are requested to attend as far as possible. The Company encourages all shareholders to attend the shareholders' meeting and welcomes shareholders to express their opinions in the meeting. The details of the shareholders' general meeting of the Company in 2020 are as follows:

Session of Meeting	Date	Resolutions	Voting results	Designated website for publication of resolutions	Publication date of resolutions
2020 first extraordinary general meeting	14 February 2020	The following resolutions were considered at the meeting by way of ordinary resolution: 1. To elect Mr. Wang Zhiwen as a member of the ninth session of the Supervisory Committee of the Company	Approved	www.sse.com.cn www.hkexnews.hk	14 February 2020

CORPORATE GOVERNANCE (CONTINUED)

V. CORPORATE GOVERNANCE REPORT (CONTINUED)

Corporate governance practices (Continued)

I. General Meeting (Continued)

Session of Meeting	Date	Resolutions	Voting results	Designated website for publication of resolutions	Publication date of resolutions
2019 AGM	24 June 2020	The following resolution was considered at the meeting by way of ordinary resolution:		www.sse.com.cn www.hkexnews.hk	25 June 2020
		1. Work Report of the Board for the year ended 31 December 2019	Approved		
		2. Work Report of the Supervisory Committee for the year ended 31 December 2019	Approved		
		3. Profit Distribution Plan for the year ended 31 December 2019	Approved		
		4. Audited Consolidated Financial Statements for the year ended 31 December 2019	Approved		
		The following resolutions were considered at the meeting by way of special resolution:			
		1. Amendments to the Articles of Association of the Company	Approved		
		2. Amendments to the Rules of Procedure of the Shareholders' General Meeting of the Company	Approved		
		3. Amendments to the Rules for Procedure of the Supervisory Committee of the Company	Approved		

CORPORATE GOVERNANCE (CONTINUED)

V. CORPORATE GOVERNANCE REPORT (CONTINUED)

Corporate governance practices (Continued)

I. General Meeting (Continued)

Session of Meeting	Date	Resolutions	Voting results	Designated website for publication of resolutions	Publication date of resolutions
The 2020 first A shares class meeting	24 June 2020	The following resolutions were considered at the meeting by way of special resolution:		www.sse.com.cn www.hkexnews.hk	25 June 2020
		1. To consider the approve the amendments to the Articles of Association of the Company	Approved		
		2. To consider the approve the amendments to the Rules for Procedure of the Shareholders' General Meeting of the Company	Approved		
The 2020 first H shares class meeting	24 June 2020	The following resolutions were considered at the meeting by way of special resolution:		www.sse.com.cn www.hkexnews.hk	25 June 2020
		1. To consider the approve the amendments to the Articles of Association of the Company	Approved		
		2. To consider the approve the amendments to the Rules for Procedure of the Shareholders' General Meeting of the Company	Approved		

CORPORATE GOVERNANCE (CONTINUED)

V. CORPORATE GOVERNANCE REPORT (CONTINUED)

Corporate governance practices (Continued)

I. General Meeting (Continued)

Session of Meeting	Date	Resolutions	Voting results	Designated website for publication of resolutions	Publication date of resolutions
The 2020 second extraordinary general meeting	28 November 2020	The following resolution was considered at the meeting by way of ordinary resolution:		www.sse.com.cn www.hkexnews.hk	28 November 2020
		1. To approve the appointment of Da Hua Certified Public Accounts LLP as the auditor of the Company to hold office until the conclusion of the next annual general meeting of the Company and authorise the Board of Directors of the Company to determine its remuneration	Approved		
		The following resolution was considered at the meeting by way of special resolution:			
		1. To approve the repurchase and cancellation of certain restricted shares	Approved		
The 2020 second A shares class meeting	27 November 2020	The following resolutions were considered at the meeting by way of special resolution:		www.sse.com.cn www.hkexnews.hk	28 November 2020
		1. Matters concerning the repurchase and cancellation of certain restricted shares	Approved		
The 2020 second H shares class meeting	27 November 2020	The following resolutions were considered at the meeting by way of special resolution:		www.sse.com.cn www.hkexnews.hk	28 November 2020
		1. Matters concerning the repurchase and cancellation of certain restricted shares	Approved		

CORPORATE GOVERNANCE (CONTINUED)

V. CORPORATE GOVERNANCE REPORT (CONTINUED)

Corporate governance practices (Continued)

2. Board of Directors

(1) *Division of Responsibilities*

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

(2) *Composition*

As at the date of this annual report, the ninth session of Board is composed of 7 Directors, of which 3 are independent non-executive Directors, representing one third of all Directors. The three independent non-executive Directors of the Company are Mr. Gu Dake, Mr. Xu Haihe and Mr. Liu Dengqing; and the remaining Directors of the Company are Mr. Yu Peigen, Mr. Huang Wei, Mr. Xupeng and Mr. Bai Yong; the president of the Company is Mr. Yu Peigen. Mr. Zou Lei, the former chairman of the Company, resigned as the Chairman of the Company on 8 December 2020 due to job reallocation. The resolution on election of the convener of Board meetings was considered and approved at the 35th meeting of the ninth session of the Board on 15 January 2021. The Board agreed that Mr. Yu Peigen, a Director and the President of the Company, would be responsible for the convening of and presiding over Board meetings before a new chairman assumed his/her office. This session of Board is the ninth session of the Board since the establishment of the Company, the term of which is expected to end on 28 June 2021.

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

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

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

V. CORPORATE GOVERNANCE REPORT (CONTINUED)

Corporate governance practices (Continued)

2. Board of Directors (Continued)

(2) Composition (Continued)

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

As at the date of this annual report, the composition of the Board is as follows:

Designation	Executive Directors (4)	Independent non-executive Directors (3)		
Gender	Male (7)	Female (0)		
Ethnicity	Han (7)			
Age	45-50 (2)	51-55 (2)	56-60 (2)	61 or above (1)
Directorship with the Company (Years)	under 3 years (4)	4-6 years (2)	10-12 years (1)	
Skills, knowledge and profession	Legal consultant (1), Accountant (1), Appraiser (1), Engineer (3) and Business administration management (!)			
Education background	Doctor (2), Master (3) and Degree (2)			

Note: The numbers in parentheses are the number of directors included in the relevant category.

(3) Policy concerning diversity of Board members

The Board has authorized the Nomination Committee to formulate a series of diversified standards including, but not limited to, gender, age, cultural and educational background, professional experience, skills, knowledge and term of office, and to review and supervise the effects of diversity of Board members. The Board has adopted the policy concerning diversity of Board members.

CORPORATE GOVERNANCE (CONTINUED)

V. CORPORATE GOVERNANCE REPORT (CONTINUED)

Corporate governance practices (Continued)

2. Board of Directors (Continued)

(4) *Corporate governance functions*

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

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

To review and monitor the training and continuous professional development of Directors and senior management;

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

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

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

(5) *Directors*

The election of Directors

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

Directors' responsibilities and duties

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

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

V. CORPORATE GOVERNANCE REPORT (CONTINUED)

Corporate governance practices (Continued)

2. Board of Directors (Continued)

(5) Directors (Continued)

Securities transactions by Directors and supervisors

The Company has adopted a code of conduct regarding securities transactions by Directors and supervisors of the Company as set out in the Model Code. Having made specific enquiry to all Directors and Supervisors of the Company, the Company confirms that, as of 31 December 2020, all Directors and Supervisors of the Company had complied with the provisions regarding the securities transactions by Directors and Supervisors as set out in the Model Code.

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

Director's service contract

According to the Articles of Association of the Company, Directors are elected on the general meeting for a term of three years. The Company has entered into separate service contracts with each Director of the ninth session of the Board. The terms of appointments of Directors (including non-executive Directors) should refer to the section headed "Directors, Supervisors, Senior Management and Employees" of this annual report.

CORPORATE GOVERNANCE (CONTINUED)

V. CORPORATE GOVERNANCE REPORT (CONTINUED)

Corporate governance practices (Continued)

2. Board of Directors (Continued)

(6) Meeting of the Board of Directors

During the Reporting Period, 11 Board meetings were convened by the Company to discuss the investment plan, business and financial performance. The Board meetings can effectively produce quick and prudent decisions by effective discussion. The independent non-executive Directors of the Company had no objection to the Company's decisions.

At the Board meetings in 2020, the Board mainly considered and approved the Resolution regarding the Change of Accounting Firm, the Resolution regarding the Appraisal and Fulfillment of Remuneration of the Company's Senior Executives in 2019, the Resolution regarding the Grant of the Reserved Portion of the Restricted Shares to Participants under the Restricted A Share Incentive Scheme for 2019 of the Company, the Resolution regarding the Repurchase and Cancellation of Certain Restricted Shares, the Resolution regarding the Establishment of DEC Tender Centre and the Change of Securities Affairs Representative of the Company, the Resolution regarding the Consideration of Purchase of Certain Assets of the Group Company by DEC Hydrogen and Connected Transactions, the Resolution regarding the Amendments to the Articles of Association and other resolutions.

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

Name	Independent Director or not	Required attendance during the year	Attendance at the Board meetings				Absence	Absence in person for twice consecutively	Attendance at general meetings
			Attendance in person	Attendance by communication equipment	Attendance by proxy	Attendance at general meetings			
Zou Lei ^{note}	No	11	4	6	1	0	No	4	
Yu Peigen	No	11	4	6	1	0	No	0	
Huang Wei	No	11	5	6	0	0	No	0	
Xu Peng	No	11	4	6	1	0	No	0	
Bai Yong	No	11	4	6	1	0	No	3	
Gu Dake	Yes	11	5	6	0	0	No	0	
Xu Haihe	Yes	11	5	6	0	0	No	3	
Liu Dengqing	Yes	11	5	6	0	0	No	4	

Number of Board meetings convened during the year	11
Among which: number of meetings convened on-site	5
Number of meetings convened by communication equipment	6
Number of meetings convened by a combination of the above two means	0

Note: Mr. Zou Lei has resigned as Director with effect from 8 December 2020.

V. CORPORATE GOVERNANCE REPORT (CONTINUED)

Corporate governance practices (Continued)

2. Board of Directors (Continued)

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

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

Independent non-executive Directors did not raise objection to proposals of the Board meetings or other proposals during the Reporting Period.

3. Special committees of the Board

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

(1) Audit and Review Committee

The main duties of the Audit and Review Committee are:

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

CORPORATE GOVERNANCE (CONTINUED)

V. CORPORATE GOVERNANCE REPORT (CONTINUED)

Corporate governance practices (Continued)

3. Special committees of the Board (Continued)

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

The members of audit and review committee under the ninth session of the Board of the Company comprise of independent non-executive Directors of the Company, including Mr. Xu Haihe (chairman), Mr. Gu Dake and Mr. Liu Dengqing.

In 2020, the Audit and Review Committee held a total of 5 meetings, at which resolutions including the Overall Budget of the Company for 2020, the Audited Financial Report of the Company for 2019, the First Quarterly Financial Report of the Company for 2020, the Interim Financial Report of the Company for 2020 and the Third Quarterly Financial Report of the Company for 2020 were considered and approved.

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

Name	Position	Required attendance in 2020	Actual Attendance
Xu Haihe (Independent non-executive Director)	Chairman of the committee	5	5
Gu Dake (Independent non-executive Director)	Member of the committee	5	5
Liu Dengqing (Independent non-executive Director)	Member of the committee	5	5

(2) *Strategic Development Committee*

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

The members of the Strategic Development Committee under the ninth session of Board of Directors comprise of Mr. Zou Lei (chairman, Mr. Zou Lei resigned as chairman of the Strategic Development Committee on 8 December 2020), Mr. Xu Peng and Mr. Gu Dake, an independent non-executive Director.

During the year, the Company has not held any Strategic Development Committee meeting.

V. CORPORATE GOVERNANCE REPORT (CONTINUED)

Corporate governance practices (Continued)

3. Special committees of the Board (Continued)

(3) *Remuneration and Assessment Committee*

The main duties of the Remuneration and Assessment Committee are:

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

The members of the Remuneration and Assessment Committee under the ninth session of Board of Directors comprise of independent non-executive Directors Mr. Gu Dake (Chairman), Mr. Xu Haihe, Mr. Liu Dengqing and Director Mr. Huang Wei.

CORPORATE GOVERNANCE (CONTINUED)

V. CORPORATE GOVERNANCE REPORT (CONTINUED)

Corporate governance practices (Continued)

3. Special committees of the Board (Continued)

(3) Remuneration and Assessment Committee (Continued)

During the year of 2020, the Remuneration and Assessment Committee convened 2 meetings to mainly consider and approve the Resolution on the Performance Assessment Results of the Company's Senior Executives in 2019, the Resolution on the Performance Appraisal Targets of the Company's Senior Executives in 2020 and the Resolution on the Appraisal and Fulfillment of Remuneration of the Company's Senior Executives in 2019, etc.

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

Name	Position	Required attendance in 2020	Actual Attendance
Gu Dake (Independent non-executive Director)	Chairman of the committee	2	2
Xu Haihe (Independent non-executive Director)	Member of the committee	2	2
Liu Dengqing (Independent non-executive Director)	Member of the committee	2	2
Huang Wei (Director)	Member of the committee	2	2

Remuneration of Directors and senior management

During the Reporting Period, the remuneration of senior management of the Company by band is as follows:

Remuneration Band (in RMB)	Number For the years ended 31 December	
	2020	2019
500,000 to 600,000	–	–
600,000 to 700,000	2	4
700,000 to 800,000	4	1

Remuneration of Directors and Supervisors are disclosed in “10.5 Related-party transactions – Remuneration of key officers” to the financial statements of this annual report.

V. CORPORATE GOVERNANCE REPORT (CONTINUED)

Corporate governance practices (Continued)

3. Special committees of the Board (Continued)

(4) Risk Management Committee

The main duties of the Risk Management Committee are:

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

The members of Risk Management Committee under the ninth session of Board of Directors of the Company comprise of Mr. Gu Dake, Mr. Xu Haihe and Mr. Liu Dengqing, who are all independent non-executive Directors.

During the year of 2020, the Risk Management Committee convened 2 meetings to consider and approve the Report on the Assessment of Internal Control of the Company for 2019, agreed to submit the same to the Board of Directors for consideration and heard the report on the particulars of the Internal Control of the Company for 2020.

The Company has engaged Da Hua Certified Public Accounts LLP to perform the annual internal risk assessment for the Group, which included but not limited to funding activities, procurement, sales, business outsourcing, comprehensive budget of information transfer and information system of each department. Da Hua Certified Public Accounts LLP is of the view that, the Group maintained effective internal control on financial reports in all material respects as at 31 December 2020 in accordance with the “Basic Norms on Enterprise Internal Control” and related regulations.

CORPORATE GOVERNANCE (CONTINUED)

V. CORPORATE GOVERNANCE REPORT (CONTINUED)

Corporate governance practices (Continued)

3. Special committees of the Board (Continued)

(4) *Risk Management Committee (Continued)*

Members of the Risk Management Committee and attendance at its meeting

Name	Position	Required attendance in 2020	Actual Attendance
Gu Dake (Independent non-executive Director)	Member of the committee	2	2
Xu Haihe (Independent non-executive Director)	Member of the committee	2	2
Liu Dengqing (Independent non-executive Director)	Member of the committee	2	2

V. CORPORATE GOVERNANCE REPORT (CONTINUED)

Corporate governance practices (Continued)

3. Special committees of the Board (Continued)

(5) *Nomination Committee*

The main duties of the Nomination Committee are:

- ① review the structure, composition and diversification (including but not limited to gender, age, cultural and educational background, ethnics, skills, knowledge, term of service and experience) of the Board and senior management at least once a year according to the operating activities, asset scale and shareholding structure of the Company, and make recommendations in respect of any proposed changes on the Board to be in line with the corporate strategies;
- ② study the criteria and procedures for selection of Director and senior management and make recommendations to the Board;
- ③ review the qualification of candidates for Directors and senior management and make recommendations on this regard;
- ④ formulate policy for nomination of Directors to identify individuals suitably qualified to become members of the Board, and select and nominate such individuals to serves as Directors or make recommendations to the Board on this regard. When the committee identifies suitable individuals, it shall take into account the strength of such individuals and objective criteria with due regard to the benefits of diversity on the Board;
- ⑤ assess the independence of independent non-executive Directors;
- ⑥ review the implementation of the Board diversity policy, review the diversity policy as and when appropriate, and review the measurable target set by the Board for the implementation of the Board diversity policy and its progress and make recommendations to the Board;
- ⑦ make recommendation to the Board on the appointment and re-appointment of Directors and the succession plan of Directors (in particular the Chairman and the president of the Company) in accordance with the corporate strategy of the Company, the techniques, knowledge and experience that meet future need and the diversification of the Board.

CORPORATE GOVERNANCE (CONTINUED)

V. CORPORATE GOVERNANCE REPORT (CONTINUED)

Corporate governance practices (Continued)

3. Special committees of the Board (Continued)

(5) *Nomination Committee (Continued)*

In identifying suitable individuals, the Nomination Committee makes recommendation to the Board after considering (i) individuals on merit (ii) the objective criteria, with due regard for the benefits of diversity on the Board; and (iii) the Company's corporate strategy and the mix of skills, knowledge, experience and diversity needed in the future.

The procedures for nominating Directors and senior managers of the Company:

1. A list of proposed candidates shall be first put forward by persons or organizations having the right to nominate Directors of the Company to the Nomination Committee for review before being presented to the Board for consideration. The list, if approved by the Board, shall be submitted to the general meeting of the Company for consideration.
2. A list of proposed candidates for the president of the Company, Board secretary and other senior managers shall be first put forward by persons or organizations having the right to nominate such executives to the Nomination Committee for review before being presented to the Board for consideration.

The procedures for examining the qualifications of candidates for Directors and senior managers:

1. The Nomination Committee may request the relevant department of the Company to provide or may collect by itself all relevant information about the occupation, academic qualifications, professional titles, detailed working experience and concurrent posts of the candidates and compile written reports.
2. The Nomination Committee shall convene a meeting to conduct a qualification review on the candidate(s) according to the employment requirements of Directors and senior managers, and specify its opinions and recommendations on selection in the form of proposals.
3. The Nomination Committee shall carry out other relevant work according to the decisions and feedback of the Board.

V. CORPORATE GOVERNANCE REPORT (CONTINUED)

Corporate governance practices (Continued)

3. Special committees of the Board (Continued)

(5) Nomination Committee (Continued)

The members of Nomination Committee of the ninth session of Board of Directors comprise of independent non-executive Directors Mr. Liu Dengqing (chairman), Mr. Gu Dake and Mr. Xu Haihe and Chairman Mr. Zou Lei (Mr. Zou Lei resigned as a member of the Nomination Committee on 8 December 2020).

During the year of 2020, the nomination committee convened 1 meeting to consider and approve the Resolution on the appointment of Vice President of the Company, and agree to submit the same to the 34th meeting of the ninth session of the Board for consideration.

Members of the Nomination Committee and attendance at its meeting

Name	Position	Required attendance in 2020	Actual Attendance
Liu Dengqing (Independent non-executive Director)	Chairman of the committee	1	1
Gu Dake (Independent non-executive Director)	Member of the committee	1	1
Xu Haihe (Independent non-executive Director)	Member of the committee	1	1
Zou Lei (Chairman) <i>Note</i>	Member of the committee	1	1

Note: Mr. Zou Lei resigned as a member of the Nomination Committee on 8 December 2020, with immediate effect.

CORPORATE GOVERNANCE (CONTINUED)

V. CORPORATE GOVERNANCE REPORT (CONTINUED)

Corporate governance practices (Continued)

4. Duties of the Management Team

Pursuant to the terms of reference under the Articles of Association, the management of the Company mainly discharges the following duties:

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

V. CORPORATE GOVERNANCE REPORT (CONTINUED)

Corporate governance practices (Continued)

5. Secretary to the Board

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

6. Participation of Directors, Supervisors and Senior Management in Training and Continuous Professional Development

During the Reporting Period, the Company provides trainings for all the Directors (including Mr. Zou Lei, Mr. Yu Peigen, Mr. Huang Wei, Mr. Xu Peng, Mr. Bai Yong, Mr. Gu Dake, Mr. Xu Haihe and Mr. Liu Dengqing), Supervisors (including Mr. Zhang Jilie, Mr. Wang Zhiwen and Mr. Feng Yong) and senior management by providing comprehensive compliance information for listed companies in a timely manner. Training materials were prepared and distributed for their information on update of their knowledge and skills, to ensure that their continuous contribution to the Board was under the comprehensive and relevant circumstance. The Directors have confirmed in writing that they received trainings on business, corporate governance and other matters during the Reporting Period.

7. Information Disclosure and Investor Relation

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

As for information disclosure, in order to enable the investors to understand the Company's operation conditions, the Company made meticulous organization and careful arrangement to strengthen coordination of information disclosure work, analyze and identify keys and difficulties and make effective communication with regulatory authorities. Accordingly, the Company finished the disclosure work as required. In 2020, the Company has made information disclosure for approximately 190 times in mainland China and Hong Kong, covering regular reports and temporary announcements.

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

CORPORATE GOVERNANCE (CONTINUED)

V. CORPORATE GOVERNANCE REPORT (CONTINUED)

Corporate governance practices (Continued)

8. Auditors

In view of the fact that BDO China Shu Lun Pan Certified Public Accountants LLP, the former accounting firm of the Company, had been providing audit services for the Company for many years, in order to ensure the independence of audit work, taking into account the needs of the Company's business development, through the public bidding by the Company and the voting of the general meeting, Da Hua Certified Public Accounts had been appointed as the audit firm of the Company for 2020. The Company had fully communicated with BDO China Shu Lun Pan Certified Public Accountants LLP and there was no disagreement between the management of the Company and BDO China Shu Lun Pan Certified Public Accountants LLP on major accounting, auditing and other issues. Please refer to the announcement of the Company dated 29 October 2020, the circular dated 7 November 2020 and announcement dated 27 November 2020 on the poll results of the second extraordinary general meeting.

9. Acknowledgement of the Directors and Auditor

All Directors have acknowledged their responsibilities for preparing the accounts for the year ended 31 December 2020.

Da Hua Certified Public Accounts LLP, the auditor of the Company, has acknowledged its reporting responsibilities in the Auditor's Report of the financial statements prepared under the PRC accounting standards for the year ended 31 December 2020.

10. Material changes in the constitutional documents of the Company

During the Reporting Period, according to the relevant requirements of the Company Law of the People's Republic of China (《中華人民共和國公司法》), the Guidelines for the Articles of Association of Listed Companies (《上市公司章程指引》) and the Reply of the State Council on the Adjustment of the Notice Period of the General Meeting and Other Matters Applicable to the Overseas Listed Companies (Guo Han [2019] No. 97) (《國務院關於調整適用在境外上市公司召開股東大會通知期限等事項規定的批覆》(國函[2019]第97號)), and in consideration of the actual situation of the Company, the annual general meeting, the A Shares class meeting and the H Shares class meeting were held by the Company on 24 June 2020 for the amendments to the Articles of Association.

For details of relevant amendments, please refer to the circular dated 3 June 2020 and the announcement dated 24 June 2020 on poll results of the 2019 annual general meeting.

V. CORPORATE GOVERNANCE REPORT (CONTINUED)

Corporate governance practices (Continued)

11. Internal control

The Company has established effective risk management and internal control systems, which are designed to manage rather than eliminate the risk of failure to achieve business objectives. The Risk Management Committee of the Board of the Company is mainly responsible for the deliberation of risk management strategies and major risk management plans of the Company, and the assessment of decisions on major risks, and report to the Board.

The Board is responsible for implementing the risk management and internal control systems of the Company and its subsidiaries and reviewing the effectiveness of such systems. The Board assesses and reviews the effectiveness of the risk management and internal control systems and procedures based on the information derived from discussions with the senior management, internal audit team and external auditor and the reports from the internal audit team. Our internal audit team regularly reviews the effectiveness of our Company's material internal controls, including financial, operational and compliance controls and risk management functions according to the audit plans and reports to the Board with its findings and makes recommendations to improve the internal controls of our Company. The audit and review committee has reviewed the comments of external auditors provided at the audit and review committee meetings. In 2020, Da Hua Certified Public Accountants was engaged by the Company to review the effectiveness of internal control on the financial report as of 31 December 2020, and issued the audit report on internal control with unqualified opinion.

During the year, the Board reviewed the effectiveness of the risk management and internal control systems of the Company and its subsidiaries, and was not aware of any breach of laws, regulations and rules or any material mistake in respect of compliance monitor and risk management. The Board considered that such systems are effective and adequate. With reference to assessment opinions from the Audit and Review Committee, the management, the internal audit team and external auditor, the Board makes its assessment on the efficiency of the internal control. The annual review also includes consideration of the adequacy of resources, qualifications and experience of staff in terms of accounting and financial reporting functions, including their training programme and training budget.

For the year ended 31 December 2020, based on the assessment made by the audit and review committee, the senior management and the internal audit team, the Board reviewed the risk management and internal control systems of the Company and its subsidiaries.

CORPORATE GOVERNANCE (CONTINUED)

V. CORPORATE GOVERNANCE REPORT (CONTINUED)

Corporate governance practices (Continued)

12. Dividend Policy

(1) *Dividend Policy*

The Company has made clear the cash dividend policy in its Articles of Association, which stipulates that when the net profit attributable to the shareholders of the Company of the year is positive and the accumulated distributable profit at the end of the year is positive, the dividend can be distributed in cash. Under the condition that the undistributed profit is positive, the accumulated payment of dividend by way of cash for the last three years may not be less than 30% of the Company's average distributable profit for the last three years.

(2) *The ordinary share dividend allocation scheme or plan and those for converting capital reserve into share capital for the Company in the past three years (including the Reporting Period)*

The Profit Distribution Scheme for 2018: Audited by BDO China Shu Lun Pan Certified Public Accountants LLP, the net profit attributable to shareholders of the parent Company is RMB1,128,834,236.51 in 2018; The parent company has procured a net profit of RMB963,592,446.45. The Company proposed to distribute a cash dividend of RMB1.10 yuan (tax inclusive) per 10 shares, totaling payment of a cash dividend of RMB339,988,377.41. The company did not convert any capital reserve into share capital nor make any bonus issue.

CORPORATE GOVERNANCE (CONTINUED)

V. CORPORATE GOVERNANCE REPORT (CONTINUED)

Corporate governance practices (Continued)

12. Dividend Policy (Continued)

- (2) *The ordinary share dividend allocation scheme or plan and those for converting capital reserve into share capital for the Company in the past three years (including the Reporting Period) (Continued)*

Profit Distribution Scheme for 2019: Audited by BDO China Shu Lun Pan Certified Public Accountants LLP, the net profit attributable to shareholders of the parent company is RMB1,277,671,818.13 in 2019; the parent company has procured a net profit of RMB359,018,076.48. The Company proposed to distribute a cash dividend of RMB2.05 (before tax) per 10 shares on the basis of 3,118,792,130 shares as at the publication date of the annual report, totaling payment of a cash dividend of RMB639,352,386.65. The Company did not convert any capital reserve into share capital nor make any bonus issue.

Profit Distribution Scheme for 2020: Audited by Da Hua Certified Public Accountants LLP, the net profit attributable to shareholders of the parent company is RMB1,861,998,155.29 in 2020; the parent company has procured a net profit of RMB656,304,668.36. The Company proposed to distribute a cash dividend of RMB1.8 (before tax) per 10 shares on the basis of 3,119,626,130 shares as at the publication date of the annual report, totaling payment of a cash dividend of RMB561,532,703.40. The Company did not convert any capital reserve into share capital nor make any bonus issue. The scheme still needs to be submitted to the 2020 annual general meeting for consideration and approval.

The dividend payment proposal shall be approved by the shareholders at the annual general meeting (the "AGM") of shareholders. If approved, the final dividend is expected to be paid to the shareholders listed on the register of members around 25 August 2021. Dividends payable to H shareholders of the Company will be paid in Hong Kong dollars. The amount payable in Hong Kong dollars will be calculated on the basis of the average value of the central parity rate between RMB and Hong Kong dollar published by the People's Bank of China in a week preceding the announcement of the payment of final dividend (if approved) at the AGM.

Unit: Yuan Currency: RMB

Year of distribution	Number of bonus shares for every 10 shares (share(s))	Dividend for every 10 shares (Yuan) (Tax inclusive)	Number of scrip shares for every 10 shares (share(s))	Total amount of cash dividend (Yuan) (Tax inclusive)	Net profits attributable to shareholders of the Company in the consolidated financial statements for the year	Percentage of dividend to the net profits attributable to shareholders of the Company in the consolidated financial statements
						(%)
2020	0	2.05	0	561,532,703.40	1,861,998,155.29	30.16
2019	0	0	0	639,352,386.65	1,277,671,818.13	50.04
2018	0	0	0	339,988,377.41	1,128,834,236.51	30.12

CORPORATE GOVERNANCE (CONTINUED)

V. CORPORATE GOVERNANCE REPORT (CONTINUED)

Corporate governance practices (Continued)

12. Dividend Policy (Continued)

(3) *Enterprise Income Tax or Individual Income Tax on Withholding and Payment of Dividend*

Withholding and Payment of Income Tax

Enterprise Income Tax Withholding of Overseas Non-Resident Enterprises

Pursuant to the Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得稅法》), the Implementation Rules of the Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得稅法實施條例》) and the Notice on Issues Regarding Withholding Enterprise Income Taxes when Chinese Resident Enterprises Distribute Dividends to H-share Holders which are Foreign Non-resident Enterprises (Guo Shui Han [2008] No. 897) (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》(國稅函[2008]897號)) issued by the State Administration of Taxation, a PRC resident enterprise shall withhold and pay enterprise income tax at the uniform tax rate of 10% on behalf of its shareholders when distributing the dividends to foreign non-resident enterprise holders of H Share for the year 2008 and subsequent years.

Pursuant to the provisions in the Notice on Tax Policies Regarding the Pilot Program of an Interconnection Mechanism for Transactions in the Shanghai and Hong Kong Stock Markets (Cai Shui [2014] No. 81) (《關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2014]81號)) issued by the Ministry of Finance, the State Administration of Taxation and the CSRC, for dividend and bonus incomes obtained by mainland enterprise investors from investing in shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect, such H-share companies shall not withhold and pay any income taxes on such dividends and bonuses, as the income taxes shall be reported and paid by the investing enterprises on their own. Meanwhile, for dividends and bonuses obtained by mainland resident enterprises from holding relevant H shares for 12 months consecutively, enterprise income taxes shall be exempted according to laws.

V. CORPORATE GOVERNANCE REPORT (CONTINUED)

Corporate governance practices (Continued)

12. Dividend Policy (Continued)

- (3) *Enterprise Income Tax or Individual Income Tax on Withholding and Payment of Dividend (Continued)*

Withholding and Payment of Income Tax (Continued)

Individual Income Tax Withholding of Overseas Individual Shareholders

Pursuant to provisions in the Notice by the State Administration of Taxation on Issues Regarding the Administration of Individual Income Tax Collection after the Annulment of Document Guo Shui Fa [1993] No. 045 (Guo Shui Han [2011] No. 348) (《國家稅務總局關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》(國稅函[2011]348號)), for dividend and bonus incomes received by individual shareholders as foreign residents from shares of domestic non-foreign-invested enterprises listed in Hong Kong, the individual income taxes thereof shall be withheld and lawfully paid by a withholding agent. When a domestic non-foreign-invested enterprise lists its shares in Hong Kong, its individual shareholders, as foreign residents, can claim relevant preferential tax treatment pursuant to the provisions in the tax treaty entered into between the country where their residential identity belongs and the PRC and in the tax arrangements between Mainland China and Hong Kong (Macau). Pursuant to the relevant tax treaties and tax arrangements, the tax rate for dividends is normally 10%. To simplify the administration of tax collection, when dividends and bonuses are distributed by a domestic non-foreign-invested enterprise for shares listed in Hong Kong, individual income taxes thereof are generally withheld and paid at the tax rate of 10% with no need to file any application. If the dividend tax rate is not 10%, the following provisions shall be followed: (1) for residents subject to tax rates below 10%, pursuant to relevant treaties, withholding agents may handle the application for relevant treatments under such treaties on their behalf, and extra tax payments shall be refunded upon the approval of the governing tax authority; (2) for residents subject to tax rates over 10% but lower than 20%, pursuant to relevant treaties, withholding agents shall withhold and pay the individual income taxes at the effective rate when the dividends and bonuses are distributed, with no need to apply for review and approval; (3) for residents whose countries have not entered into any tax treaty with the PRC, withholding agents shall withhold and pay the individual income taxes at the tax rate of 20% when the dividends and bonuses are distributed.

Pursuant to the provisions in the Notice on Tax Policies Regarding the Pilot Program of an Interconnection Mechanism for Transactions in the Shanghai and Hong Kong Stock Markets (Cai Shui [2014] No. 81) issued by the Ministry of Finance, the State Administration of Taxation and the CSRC for dividends and bonuses obtained by mainland individual investors from investing in H-shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect, such H-share companies shall withhold individual income tax at the rate of 20%. For dividend and bonus incomes obtained by mainland securities investment funds by investing in shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect, the individual income tax will be levied pursuant to the provisions mentioned above.

CORPORATE GOVERNANCE (CONTINUED)

V. CORPORATE GOVERNANCE REPORT (CONTINUED)

Corporate governance practices (Continued)

12. Dividend Policy (Continued)

- (3) *Enterprise Income Tax or Individual Income Tax on Withholding and Payment of Dividend (Continued)*

Withholding and Payment of Income Tax (Continued)

Profit Distribution to Investors of Northbound Trading

For investors of the Hong Kong Stock Exchange (including enterprises and individuals) investing in the A Shares listed on the SSE (the “Investors of Northbound Trading”), their dividends and bonuses will be distributed in RMB by the Company through the Shanghai Branch of China Securities Depository and Clearing Corporation Limited to the account of the nominees holding such shares. The Company will withhold and pay income taxes at the rate of 10% on behalf of those investors and will report to the tax authorities for the withholding. For Investors of Northbound Trading who are tax residents of other countries and whose country of domicile is a country which has entered into a tax treaty with the PRC stipulating a dividend and bonus tax rate of lower than 10%, those enterprises and individuals may, or may entrust a withholding agent to, apply to the competent tax authorities for the entitlement of the rate under such tax treaty. Upon approval by the tax authorities, the paid amount in excess of the tax payable based on the tax rate according to such tax treaty will be refunded.

The record date, the date of distribution of Final Dividend and other arrangements for the Investors of Northbound Trading will be the same as those for the holders of A Shares of the Company. Profit Distribution to Investors of Southbound Trading for investors of the SSE and the Shenzhen Stock Exchange (including enterprises and individuals) investing in the H Shares of the Company listed on the Hong Kong Stock Exchange (the “Investors of Southbound Trading”), the Company has arranged for the China Securities Depository and Clearing Corporation Limited or its branches, as the nominee of the holders of H Shares for Southbound Trading, to receive all Final Dividend distributed by the Company and distribute the Final Dividend to the relevant investors of H Shares of Southbound Trading through its depository and clearing system.

V. CORPORATE GOVERNANCE REPORT (CONTINUED)

Corporate governance practices (Continued)

12. Dividend Policy (Continued)

- (3) *Enterprise Income Tax or Individual Income Tax on Withholding and Payment of Dividend (Continued)*

Withholding and Payment of Income Tax (Continued)

Profit Distribution to Investors of Southbound Trading (Continued)

The Final Dividend for the investors of H Shares of Southbound Trading will be paid in RMB. In accordance with relevant requirements of the Notice on Tax Policies Regarding the Pilot Program of an Interconnection Mechanism for Transactions in the Shanghai and Hong Kong Stock Markets(Cai Shui [2014] No.81) and the Notice on Tax Policies Regarding the Pilot Program of an Interconnection Mechanism for Transactions in the Shenzhen and Hong Kong Stock Markets (Cai Shui [2016] No.127) (《關於深港股票市場交易互聯互通機制試點有關稅收政策的通知(財稅[2016]127號)》), for Final Dividend received by mainland individual investors from investing in H Shares of the Company listed on the Hong Kong Stock Exchange through Shanghai/Shenzhen-Hong Kong Stock Connect, the Company will withhold and pay individual income tax at the rate of 20% on their behalf. For Final Dividend received by mainland securities investment funds from investing in H Shares of the Company listed on the Hong Kong Stock Exchange through Shanghai/Shenzhen-Hong Kong Stock Connect, the tax payable shall be the same as that for individual investors. The Company will not withhold and pay the income tax of dividends and bonuses for domestic enterprise investors and those domestic enterprise investors shall report and pay the relevant tax themselves.

The record date, the date of distribution of Final Dividend and other arrangements for the Investors of Southbound Trading will be the same as those for the holders of H Shares of the Company.

Anyone has the intention to change their identity as a shareholder in the register of members, please inquire about relevant procedures from nominees and trustees. The Company will strictly abide by relevant laws and regulations of relevant government departments, and strictly adhere to data set out in the register of members of the Company on the record date to withhold enterprise income tax of non-resident enterprise shareholders.

CORPORATE GOVERNANCE (CONTINUED)

V. CORPORATE GOVERNANCE REPORT (CONTINUED)

Corporate governance practices (Continued)

13. Shareholder's Rights

(1) *Shareholder's rights*

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

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

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

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

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

V. CORPORATE GOVERNANCE REPORT (CONTINUED)

Corporate governance practices (Continued)

13. Shareholder's Rights (Continued)

(1) *Shareholder's rights (Continued)*

Procedures for putting forward proposals to the shareholders' general meeting

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

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

Procedures for shareholders to propose a Director candidate

For the procedures for proposing a Director candidate, please refer to the procedures published on 21 June 2012 under the Investor Relation section at the Company's website www.dec-ltd.cn.

Procedures for shareholders to make enquiries to the board

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

Secretarial office of the Board of Dongfang Electric Corporation Limited at 18 Xixin Road, High-Tech District (Western District), Chengdu City, Sichuan Province

Fax No.: 028-8758 3333

Email: dsb@dongfang.com

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



FINANCIAL REPORT

DONGFANG ELECTRIC CORPORATION LIMITED

AUDITORS' REPORT

D.H.S.Z. [2021]000898

Da Hua Certified Public Accountants (Special General Partnership)

DONGFANG ELECTRIC CORPORATION LIMITED

AUDITORS' REPORT AND FINANCIAL STATEMENTS

(From January 1, 2020 to December 31, 2020)

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Auditors' Report

D.H.S.Z. [2021]000898

All shareholders of Dongfang Electric Corporation Limited:

I.Opinion

We have audited the attached financial statements of Dongfang Electric Corporation Limited (hereinafter referred to as the "Company"), which comprise the consolidated balance sheet and the parent company's balance sheet as at December 31, 2020, the consolidated income statement and the parent company's income statement, the consolidated statement of cash flows and the parent company's statement of cash flows, and the consolidated statement of changes in shareholders' equity and the parent company's statement of changes in shareholders' equity for the year then ended, as well as notes to the relevant financial statements.

In our opinion, the financial statements attached are prepared in accordance with Accounting Standards for Business Enterprises and present fairly, in all material respects, the consolidated financial position of the Company and the parent company's financial position as at December 31, 2020 and the consolidated operating results and the parent company's operating results and cash flows for the year then ended.

II.Basis for Our Opinion

We conducted our audit in accordance with the Auditing Standards for Certified Public Accountants of China. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. According to the Code of Ethics for Chinese CPA, we are independent of the Company and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

III.Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in

forming our opinion thereon, and we do not provide a separate opinion on these matters. We determine to communicate the following key audit matters in the auditors' report.

We have determined that the following matters are key audit matters that need to be communicated in the audit report.

(I) Revenue recognition

(II) Provision for inventory depreciation

(I) Revenue recognition

1. Key Audit Matters

For details of the accounting policies for revenue recognition, please refer to the accounting policies described in the Notes to the Financial Statements "III. Important Accounting Policies and Accounting Estimates" (31) and "V. Notes on Consolidated Financial Statements (Note 51)". For the year ended December 31, 2020, the operating revenue recognized by the Company amounted to RMB 37.283 billion. The occurrence and integrity of revenue may significantly influence the operating results of the Company; At the same time, the recognition of revenue according to the performance period involves significant management judgments and estimates, which may affect whether Dongfang Electric recognizes revenue in the appropriate accounting period according to the performance period. Therefore, we identified the relevant revenue recognition as a key audit matter.

2. Audit responses

Revenue recognition for our audit procedures implemented include:

- (1) Understood and evaluated the design of internal control in the sales process from the approval of sales contracts to the record of sales revenue, and tested the effectiveness of key control process execution;
- (2) Examined important sales contracts and interviewed with key management personnel.
- (3) Analyzed the contracts by five-step model and judged the composition of performance obligations and the time point of control transfer, and then evaluated whether the recognition policy of sales revenue meets the requirements of enterprise accounting standards.
- (4) Inspect and review the content of relevant major contracts and key contract clauses in accordance with the revenue recognition accounting policy;

(5) Sampling inspection of management's estimated total revenue and estimated total cost based on the contract and cost budget data, and assess whether the management's estimate is reasonable and whether the basis is sufficient;

(6) Sampling inspection of supporting materials such as sales contracts, invoices, transportation bills, and progress confirmation sheets to assess the authenticity and accuracy of actual costs;

(7) Sampling inspection of contracts, invoices, warehousing list and other business documents, to verify the rationality and completeness of revenue recognition at the time of performance;

Based on the audit work that has been performed, we believe that the management's judgments and estimates on revenue recognition are reasonable.

(II) Provision for inventory depreciation

1. Key Audit Matters

Please refer to the accounting policies described in the Notes to the Financial Statements "III. Important Accounting Policies and Accounting Estimates" (16) and "V. Notes on Consolidated Financial Statements" (Note 10) Inventory. As at December 31, 2020, the Company's inventory balance was RMB 16.942 billion, the balance of the provision for inventory depreciation was RMB 1.332 billion, the book value of inventories was RMB 15.610 billion, and the inventories were measured at the lower of cost or net realizable value. The production cycle of the products of the Company is long, and the net realizable value of related inventories is vulnerable to fluctuations caused by changes in market demand. Net realizable value is determined according to the estimated price of inventory minus the estimated cost, estimated sales cost and the amount of related taxes and fees. To determine net realizable value, it is necessary for the Management to use certain estimates and assumptions as the premise. Therefore the recognition of provision for inventory depreciation is identified as a key audit matter.

2. Audit responses

The recognition of provision for inventory depreciation for our audit procedures implemented include:

(1) Understood and evaluated the related internal control over the provision for inventory depreciation and the net realizable value of the Company. Tested the effectiveness of key control node execution;

(2) Obtained the net realizable value list of the ending inventory prepared by the Management, evaluated the assumptions and estimates used in the calculation process, and checked the accuracy of the calculation;

- (3) Analyzed the storage age and the turnover situation of inventory;
- (4) Obtained the calculation table of the provision for inventory depreciation, and reviewed the Management's method of calculating the provision for inventories;
- (5) Compared the book cost with the net realizable value of inventory after deducting the expected cost, estimated sales cost and tax from the sales contract.

Based on the audit work that has been performed, we believe that the management's judgments and estimates on provision for inventory depreciation are reasonable.

IV. Other Information

The Management of the Company is responsible for other information. The other information comprises information of the 2020 annual report, but excludes the financial statements and our auditors' report.

Our opinion on the financial statements does not cover the other information, and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. In this regard, we have nothing to report.

V. Responsibilities of the Management and Those Charged with Governance for the Financial Statements

The Management of the Company is responsible for preparing the financial statements in accordance with the requirements of Accounting Standards for Business Enterprises to achieve a fair presentation, and for designing, implementing and maintaining internal control that is necessary to ensure that the financial statements are free from material misstatements, whether due to frauds or errors.

In preparing the financial statements, the Management is responsible for assessing the going-concern ability of the Company, disclosing the matters related to going concern (if applicable) and using the going-concern assumption unless the Management either intends to carry out the liquidation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

VI. Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the audit standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

During the process of an audit conducted in accordance with audit standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- (1) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (2) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- (3) Evaluate the appropriateness of accounting policies used by and the reasonableness of accounting estimates and related disclosures made by the management.
- (4) Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cause significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to, in our auditors' report, draw attention of the

users of statements to the related disclosures in the financial statements; if such disclosures are inadequate, we should modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

(5) Evaluate the financial statements' overall presentation (including disclosure), structure and contents, and whether the financial statements fairly represent the underlying transactions and events.

(6) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit, and bear full responsibility for our audit opinion.

We communicate with those charged with governance regarding the planned scope and timing of the audit, significant audit findings and other matters, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them in regard to all relationships and other matters that may reasonably be thought to affect our independence, and related safeguards (if applicable).

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

(There is no text on this page, and it is the signature page of D.H.S.Z. [2021]000898 Audit Report.)

Da Hua Certified Public Accountants (Special
General Partnership)

Beijing, China

CPA of China:

(Engagement partner)

CPA of China:

Xincai Yan

Kui Zhang

March 30, 2021

Dongfang Electric Corporation Limited

Consolidated Balance Sheet

As at December 31, 2020

(Amounts are expressed in RMB unless otherwise stated)

Assets	Note 6	Balance as at December 31, 2020	Balance as at December 31, 2019
Current assets:			
Monetary funds	6.1	26,686,232,240.60	30,479,728,679.02
Balances with clearing companies			
Loans to banks and other financial institutions	6.2		469,762,000.00
Financial assets held for trading	6.3	1,292,860,471.15	1,606,664,199.35
Derivative financial assets			
Notes receivable	6.4	3,781,237,139.94	1,518,715,778.12
Accounts receivable	6.5	7,526,238,208.54	6,215,286,948.87
Receivables financing	6.6	1,946,034,819.15	1,816,408,795.25
Advances to suppliers	6.7	2,973,122,649.71	2,467,333,662.69
Premiums receivable			
Reinsurance accounts receivable			
Reinsurance contract reserves receivable			
Other receivables	6.8	633,416,127.20	989,033,924.05
Financial assets purchased under resale agreements	6.9	2,730,498,000.00	2,490,000,000.00
Inventories	6.10	15,609,854,069.57	13,142,022,679.41
Contract assets	6.11	6,527,930,416.19	7,290,368,005.89
Assets held for sale			
Non-current assets maturing within one year			
Other current assets	6.12	965,833,690.73	913,567,655.40
Total current assets		70,673,257,832.78	69,398,892,328.05
Non-current assets:			
Disbursement of loans and advances	6.13	1,927,919,340.85	1,025,152,847.76
Creditor's right investments	6.14	9,946,621,270.91	3,756,152,435.75
Other creditor's right investments			
Long-term receivables	6.15	273,964,739.39	390,738,271.80
Long-term equity investments	6.16	1,775,770,115.49	1,717,650,083.08
Other equity instrument investments	6.17	27,544,649.47	4,889,859.48
Other non-current financial assets			
Investment properties	6.18	162,966,524.20	175,495,834.49
Fixed assets	6.19	5,242,562,925.69	5,279,930,962.85

Assets	Note 6	Balance as at December 31, 2020	Balance as at December 31, 2019
Construction in progress	6.20	204,474,620.89	382,771,135.73
Productive biological assets			
Oil and gas assets			
Right-of-use assets	6.21	164,993,842.35	291,388,386.25
Intangible assets	6.22	1,599,905,484.86	1,632,833,016.54
Development expenditures	6.23	2,051,886.80	
Goodwill			
Long-term deferred expenses	6.24	2,109,452.20	50,792,966.40
Deferred income tax assets	6.25	2,975,542,663.62	2,892,961,105.86
Other non-current assets	6.26	2,815,452,419.66	2,619,316,321.68
Total non-current assets		27,121,879,936.38	20,220,073,227.67
Total assets		97,795,137,769.16	89,618,965,555.72

The accompanying notes to the financial statements form an integral part of the financial statements.

Legal Representative: Accounting Principal: Person in charge of the Accounting Department:

Dongfang Electric Corporation Limited

Consolidated Balance Sheet (Continued)

As at December 31, 2020

(Amounts are expressed in RMB unless otherwise stated)

Liabilities and the owners' equity	Note 6	Balance as at December 31, 2020	Balance as at December 31, 2019
Current liabilities:			
Short-term borrowings	6.27	297,980,000.00	13,850,000.00
Borrowings from central bank		16,043,235.82	
Loans from banks and other financial institutions			
Financial liabilities held for trading			
Derivative financial liabilities			
Notes payable	6.28	4,861,679,751.95	3,650,947,932.56
Accounts payable	6.29	13,641,381,835.86	11,833,812,175.96
Advances from customers	6.30		28,000,000.00
Contract liabilities	6.31	28,922,353,784.79	25,873,464,019.06
Financial assets sold under repurchase agreements			
Absorption of deposits and interbank deposits	6.32	5,726,841,172.92	4,999,411,987.90
Receivings from vicariously traded securities			
Receivings from vicariously sold securities			
Employee compensation payable	6.33	677,337,429.12	780,900,223.52
Taxes and surcharges payable	6.34	288,449,718.75	261,045,191.58
Other payables	6.35	1,411,657,254.42	1,770,776,404.82
Handling charges and commissions payable			
Reinsurance accounts payable			
Liabilities held for sale			
Non-current liabilities maturing within one year	6.36	139,954,877.02	154,232,008.74
Other current liabilities	6.37	121,286,819.72	87,375,624.68
Total current liabilities		56,104,965,880.37	49,453,815,568.82
Non-current liabilities:			
Reserves for insurance contracts			
Long-term borrowings	6.38	719,350,539.48	627,019,323.12
Bonds payable			
Including: preferred stock			
Perpetual bond			
Lease liabilities	6.39	27,531,905.94	156,664,637.27
Long-term payables	6.40	5,660,910.03	9,600,357.51

Liabilities and the owners' equity	Note 6	Balance as at December 31, 2020	Balance as at December 31, 2019
Long-term employee compensation payable	6.41	960,970,033.23	784,413,550.52
Estimated liabilities	6.42	5,896,410,937.40	6,280,380,090.91
Deferred income	6.43	404,283,233.21	470,607,566.07
Deferred income tax liabilities	6.25	34,364,292.43	38,031,490.91
Other non-current liabilities			
Total non-current liabilities		8,048,571,851.72	8,366,717,016.31
Total liabilities		64,153,537,732.09	57,820,532,585.13
Owners' equity:			
Share capital	6.44	3,119,764,130.00	3,090,803,431.00
Other equity instruments			
Including: preferred stock			
Perpetual bond			
Capital reserves	6.45	11,584,176,034.17	11,345,339,174.91
Less: treasury stock	6.46	172,329,868.00	165,972,988.00
Other comprehensive income	6.47	-67,918,065.04	-24,418,047.58
Special reserves	6.48	88,508,618.58	76,102,748.09
Surplus reserves	6.49	972,805,441.29	907,174,974.45
General risk reserves			
Undistributed profits	6.50	15,382,662,236.78	14,225,616,456.64
Total equity attributable to owners of the parent company		30,907,668,527.78	29,454,645,749.51
Minority equity	6.51	2,733,931,509.29	2,343,787,221.08
Total owners' equity		33,641,600,037.07	31,798,432,970.59
Total liabilities and owners' equity		97,795,137,769.16	89,618,965,555.72

The accompanying notes to the financial statements form an integral part of the financial statements.

Legal Representative: Accounting Principal: Person in charge of the Accounting Department:

Dongfang Electric Corporation Limited

Parent Company' Balance Sheet

As at December 31, 2020

(Amounts are expressed in RMB unless otherwise stated)

Assets	Note 16	Balance as at December 31, 2020	Balance as at December 31, 2019
Current assets:			
Monetary funds		5,164,577,904.92	5,497,247,223.57
Financial assets held for trading		362,316,158.96	457,532,079.66
Derivative financial assets			

Assets	Note 16	Balance as at December 31, 2020	Balance as at December 31, 2019
Notes receivable			
Accounts receivable	16.1	1,449,236,828.49	1,065,723,447.18
Receivables financing		149,335,304.88	460,847,729.38
Advances to suppliers		7,266,016,464.08	7,662,350,525.48
Other receivables	16.2	288,943,597.30	413,450,619.18
Inventories		145,791,731.71	408,599,537.97
Contract assets		2,938,180,073.49	2,987,295,769.33
Assets held for sale			
Non-current assets maturing within one year			
Other current assets		165,651,155.60	57,081,460.02
Total current assets		17,930,049,219.43	19,010,128,391.77
Non-current assets:			
Creditor's right investments			
Other creditor's right investments			
Long-term receivables			
Long-term equity investments	16.3	22,510,739,000.97	22,169,345,668.35
Other equity instrument investments			
Other non-current financial assets			
Investment properties		10,092,096.74	11,205,457.00
Fixed assets		29,893,170.00	46,156,980.72
Construction in progress			338,748.12
Productive biological assets			
Oil and gas assets			
Right-of-use assets		90,381,160.42	192,596,104.68
Intangible assets		123,372,143.97	171,794,017.86
Development expenditures		2,051,886.80	
Goodwill			
Long-term deferred expenses			
Deferred income tax assets		248,150,155.01	261,093,920.40
Other non-current assets		586,022,001.47	546,974,524.06
Total non-current assets		23,600,701,615.38	23,399,505,421.19
Total assets		41,530,750,834.81	42,409,633,812.96

The accompanying notes to the financial statements form an integral part of the financial statements.

Legal Representative: Accounting Principal: Person in charge of the Accounting Department:

Dongfang Electric Corporation Limited
Parent Company' Balance Sheet (Continued)

As at December 31, 2020

(Amounts are expressed in RMB unless otherwise stated)

Liabilities and the owners' equity	Note 16	Balance as at December 31, 2020	Balance as at December 31, 2019
Current liabilities:			
Short-term borrowings			
Financial liabilities held for trading			
Derivative financial liabilities			
Notes payable			
Accounts payable		3,668,203,269.80	4,822,032,902.86
Advances from customers			
Contract liabilities		12,258,579,491.06	11,396,442,704.53
Employee compensation payable		28,192,005.87	28,033,750.74
Taxes and surcharges payable		5,107,368.98	4,749,221.09
Other payables		461,367,095.24	876,416,312.16
Liabilities held for sale			
Non-current liabilities maturing within one year		94,822,777.28	96,226,518.83
Other current liabilities			
Total current liabilities		16,516,272,008.23	17,223,901,410.21
Non-current liabilities:			
Long-term borrowings			
Bonds payable			
Including: preferred stock			
Perpetual bond			
Lease liabilities			100,879,341.60
Long-term payables			
Long-term employee compensation payable		8,874,232.77	12,439,017.95
Estimated liabilities		467,921,129.61	576,957,712.18
Deferred income		12,193,062.50	18,008,062.50
Deferred income tax liabilities			
Other non-current liabilities			
Total non-current liabilities		488,988,424.88	708,284,134.23
Total liabilities		17,005,260,433.11	17,932,185,544.44
Owners' equity:			
Share capital		3,119,764,130.00	3,090,803,431.00

Liabilities and the owners' equity	Note 16	Balance as at December 31, 2020	Balance as at December 31, 2019
Other equity instruments			
Including: preferred stock			
Perpetual bond			
Capital reserves		13,198,774,983.32	13,190,288,940.34
Less: treasury stock		172,329,868.00	165,972,988.00
Other comprehensive income			
Special reserves			
Surplus reserves		1,261,168,557.72	1,195,538,090.88
Undistributed profits		7,118,112,598.66	7,166,790,794.30
Total owners' equity		24,525,490,401.70	24,477,448,268.52
Total liabilities and owners' equity		41,530,750,834.81	42,409,633,812.96

The accompanying notes to the financial statements form an integral part of the financial statements.

Legal Representative: Accounting Principal: Person in charge of the Accounting Department:

Dongfang Electric Corporation Limited

Consolidated Income Statement

Year 2020

(Amounts are expressed in RMB unless otherwise stated)

Item	Note 6	Year 2020	Year 2019
I. Total operating revenue		37,282,871,287.38	32,840,321,080.22
Including: operating revenue	6.55	36,238,925,547.37	31,777,585,757.68
Interest income	6.55	1,040,835,178.93	1,062,215,899.11
Premiums earned			
Income from handling charges and commissions	6.55	3,110,561.08	519,423.43
II. Total operating cost		35,166,801,721.20	30,697,953,151.01
Including: operating cost	6.55	28,863,684,916.87	24,938,437,889.53
Interest expenses		98,164,043.10	81,498,284.37
Handling charges and commissions expenses		1,190,341.73	165,136.20
Surrender value			
Net amount of compensation payout			
Net amount withdrawn for insurance contract reserves			
Policy dividend expenses			
Reinsurance costs			
Taxes and surcharges	6.56	236,099,949.15	240,099,288.59
Selling and distribution expenses	6.57	1,176,571,933.25	1,308,499,758.09
General and administrative expenses	6.58	2,619,878,388.04	2,380,523,760.63
Research and development expenditures	6.59	2,002,738,590.77	1,888,388,724.59
Financial expenses	6.60	168,473,558.29	-139,659,690.99
Including: interest expenses	6.60	35,891,626.03	49,431,576.08
Interest income	6.60	38,908,682.48	83,050,317.66
Plus: other income	6.61	199,608,889.59	139,844,440.55
Investment income ("-" for losses)	6.62	336,698,393.07	377,935,987.09
Including: income from investment in associates and joint ventures		185,295,786.09	203,802,439.98
Income from derecognition of financial assets measured at amortized cost			
Foreign exchange gains ("-" for losses)	6.63	769,827.40	872,319.89
Income from net exposure hedging ("-" for losses)			
Income from changes in fair value ("-" for losses)	6.64	-138,205,491.40	-126,073,198.44
Losses from credit impairment ("-" for losses)	6.65	205,360,065.67	-72,235,760.33
Losses from asset impairment ("-" for losses)	6.66	-567,090,570.83	-849,872,542.63
Income from asset disposal ("-" for losses)	6.67	7,079,975.17	9,424,700.01

Item	Note 6	Year 2020	Year 2019
III. Operating profits ("-" for loss)		2,160,290,654.85	1,622,263,875.35
Plus: non-operating revenue	6.68	40,628,812.79	104,192,017.32
Less: non-operating expenses	6.69	133,695,631.01	147,871,972.61
IV. Total profits ("-" for total losses)		2,067,223,836.63	1,578,583,920.06
Less: income tax expenses	6.70	150,959,705.84	197,712,209.73
V. Net profit ("-" for net loss)		1,916,264,130.79	1,380,871,710.33
(I) Classified by operating sustainability			
1. Net profit from continuing operations ("-" for net loss)		1,916,264,130.79	1,380,871,710.33
2. Net profit from discontinued operation ("-" for net loss)			
(II) Classified by ownership			
1. Net profit attributable to shareholders of the parent company ("-" for net loss)		1,861,998,155.29	1,277,671,818.13
2. Minority interest income ("-" for net loss)		54,265,975.50	103,199,892.20
VI. Other comprehensive income, net of tax	6.47	-50,001,753.27	10,537,271.19
Other comprehensive income, net of tax, attributable to owners of the parent company	6.47	-43,672,787.61	8,939,920.42
(I) Other comprehensive income that cannot be reclassified into profit or loss			
1. Changes in re-measurement of the defined benefit plan			
2. Other comprehensive income that cannot be transferred to profit or loss under the equity method			
3. Changes in fair value of other equity instrument investments			
4. Changes in fair value of the Company's own credit risk			
(II) Other comprehensive income that will be reclassified into profit or loss	6.47	-43,672,787.61	8,939,920.42
1. Other comprehensive income that can be transferred to profit or loss under the equity method	6.47	-141,538.59	1,791,356.58
2. Changes in fair value of other bond investments			
3. Amount of financial assets reclassified into other comprehensive income			
4. Provision for credit impairment of other creditor's rights investment			
5. Cash flow hedging reserves			
6. Differences arising from translation of foreign-currency financial statements	6.47	-43,577,687.02	7,148,563.84
7. Others		46,438.00	
Other comprehensive income, net of tax, attributable to minority shareholders	6.47	-6,328,965.66	1,597,350.77
VII. Total comprehensive income		1,866,262,377.52	1,391,408,981.52
Total comprehensive income attributable to owners of the parent company		1,818,325,367.68	1,286,611,738.55
Total comprehensive income attributable to minority shareholders		47,937,009.84	104,797,242.97
VIII. Earnings per share:			
(I) Basic earnings per share (RMB/ share)	6.71	0.60	0.41
(II) Diluted earnings per share (RMB/ share)	6.71	0.60	0.41

In case of business combination under common control in 2020, the net profit realized by the combinee before the combination was RMB 0.00; and the net profit realized by the combinee in 2019 was RMB 0.00. The accompanying notes to the financial statements form an integral part of the financial statements.

Legal Representative: Accounting Principal: Person in charge of the Accounting Department:

Dongfang Electric Corporation Limited

Parent Company's Income Statement

Year 2020

(Amounts are expressed in RMB unless otherwise stated)

Item	Note 16	Year 2020	Year 2019
I. Operating revenue	16.4	10,350,960,205.38	9,869,759,300.97
Less: operating cost	16.4	9,900,908,390.30	9,570,120,555.80
Taxes and surcharges		15,656,760.42	13,892,312.31
Selling and distribution expenses		14,961,977.41	5,777,522.41
General and administrative expenses		272,721,956.42	231,828,994.28
Research and development expenditures		150,928,898.96	133,812,021.92
Financial expenses		-24,677,758.48	-113,397,444.55
Including: interest expenses		6,067,131.96	10,960,530.73
Interest income		70,923,272.80	93,511,225.40
Plus: other income		9,746,041.48	2,207,293.74
Investment income ("-" for losses)	16.5	659,574,468.60	495,234,136.84
Including: income from investment in associates and joint ventures		105,689,717.09	106,354,621.73
Income from derecognition of financial assets measured at amortized cost			
Income from net exposure hedging ("-" for losses)			
Income from changes in fair value ("-" for losses)		-88,906,106.70	-138,417,677.60
Losses from credit impairment ("-" for losses)		-35,994,918.99	-87,529,697.17
Losses from asset impairment ("-" for losses)		88,826,099.03	84,148,530.96
Gains from disposal of assets ("-" for losses)		39,704,946.67	40,333.98
II. Operating profits ("-" for losses)		693,410,510.44	383,408,259.55
Plus: non-operating revenue		13,892,757.63	29,541,253.59
Less: non-operating expenses		38,054,834.32	46,703,710.62
III. Total profits ("-" for total losses)		669,248,433.75	366,245,802.52
Less: current income tax expenses		12,943,765.39	7,227,726.04
IV. Net profit ("-" for net loss)		656,304,668.36	359,018,076.48
(I) Net profit from continued operation ("-" for net loss)		656,304,668.36	359,018,076.48
(II) Net profit from discontinued operation ("-" for net loss)			
V. Other comprehensive income, net of tax			
(I) Other comprehensive income that cannot be reclassified into profit or loss			
1. Changes in re-measurement of the defined benefit plan			
2. Other comprehensive income that cannot be transferred to profit or loss under the equity method			
3. Changes in fair value of other equity instrument investments			

Item	Note 16	Year 2020	Year 2019
4. Changes in fair value of the Company's own credit risk			
(II) Other comprehensive income that will be reclassified into profit or loss			
1. Other comprehensive income that can be transferred to profit or loss under the equity method			
2. Changes in fair value of other bond investments			
3. Amount of financial assets reclassified into other comprehensive income			
4. Provision for credit impairment of other creditor's rights investment			
5. Cash flow hedging reserves			
6. Differences arising from translation of foreign-currency financial statements			
7. Others			
VI. Total comprehensive income		656,304,668.36	359,018,076.48
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 form an integral part of the financial statements.

Legal Representative: Accounting Principal: Person in charge of the Accounting Department:

Dongfang Electric Corporation Limited

Consolidated Statement of Cash Flows

Year 2020

(Amounts are expressed in RMB unless otherwise stated)

Item	Note 6	Year 2020	Year 2019
I. Cash flows from operating activities			
Cash received from sales of goods and rendering of services		38,647,353,231.74	30,550,893,393.88
Net increase in deposits from customers and due from banks and other financial institutions		274,373,040.74	-275,896,804.64
Net increase in borrowings from central bank		15,334,713.94	
Net increase in loans from other financial institutions		467,277,117.81	44,266,999.55
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 interest, handling charges and commissions			
Net increase in loans from banks and other financial institutions		774,020,336.55	490,057,542.95
Net capital increase in repurchase business			
Net cash received from vicariously traded securities			
Refund of taxes and surcharges		215,628,100.70	100,212,853.64
Cash received from other operating activities	6.73	5,443,720,670.79	5,527,908,695.44
Sub-total of cash inflows from operating activities		45,837,707,212.27	36,437,442,680.82
Cash paid for goods purchased and services received		30,395,942,585.55	23,534,532,445.43
Net increase in loans and advances to customers		1,163,494,981.87	657,004,382.91
Net increase in deposits in central bank and other banks and financial institutions		272,815,319.52	-274,984,392.26
Cash paid for original insurance contract claims			
Net increase in loans to banks and other financial institutions			
Cash paid for interest, handling charges and commissions		1,242,179.16	201,323,478.28
Cash paid for policy dividends			
Cash paid to and on behalf of employees		4,138,366,486.37	3,974,168,812.65
Cash paid for taxes and surcharges		1,414,706,094.64	1,935,781,193.96
Cash paid for other operating activities	6.73	11,199,941,573.39	6,207,372,134.74
Sub-total of cash outflows from operating activities		48,586,509,220.50	36,235,198,055.71
Net cash flows from operating activities		-2,748,802,008.23	202,244,625.11
II. Cash flows from investing activities			
Cash received from disposal of investments		2,556,724,443.13	2,706,215,667.46
Cash received from returns on investments		173,182,465.16	259,368,343.88
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		6,662,676.68	10,152,002.58
Net cash received from disposal of subsidiaries and other business units			

Item	Note 6	Year 2020	Year 2019
Cash received from other investing activities			
Sub-total of cash inflows from investing activities		2,736,569,584.97	2,975,736,013.92
Cash paid to acquire and construct fixed assets, intangible assets and other long-term assets		541,170,872.02	642,236,879.74
Cash paid for investments		2,875,677,919.95	876,647,776.59
Net increase in pledge loans			
Net cash paid to acquire subsidiaries and other business units			
Cash paid for other investing activities			86,617,620.30
Sub-total of cash outflows from investing activities		3,416,848,791.97	1,605,502,276.63
Net cash flows from investing activities		-680,279,207.00	1,370,233,737.29
III. Cash flows from financing activities			
Cash from absorption of investments		136,896,417.60	392,324,954.48
Including: cash received by subsidiaries from the absorption of minority shareholders' investments		130,539,537.60	226,351,966.48
Cash received from borrowings		435,980,000.00	201,650,000.00
Cash received from other financing activities			
Sub-total of cash inflows from financing activities		572,876,417.60	593,974,954.48
Cash paid for debt repayments		45,515,530.84	259,203,634.56
Cash paid for distribution of dividends and profits or payment of interest		695,595,822.13	416,840,612.55
Including: dividends and profits paid to minority shareholders by subsidiaries		27,809,488.48	20,948,499.62
Cash paid for other financing activities	6.73	286,006,981.91	22,471,381.94
Sub-total of cash outflows from financing activities		1,027,118,334.88	698,515,629.05
Net cash flows from financing activities		-454,241,917.28	-104,540,674.57
IV. Effect of fluctuation in exchange rate on cash and cash equivalents		-311,297,014.90	104,804,772.87
V. Net increase in cash and cash equivalents		-4,194,620,147.41	1,572,742,460.70
Plus: beginning balance of cash and cash equivalents		28,472,369,654.85	26,899,627,194.15
VI. Ending balance of cash and cash equivalents		24,277,749,507.44	28,472,369,654.85

The accompanying notes to the financial statements form an integral part of the financial statements.

Legal Representative: Accounting Principal: Person in charge of the Accounting Department:

Dongfang Electric Corporation Limited
Parent Company's Statement of Cash Flows
Year 2020

(Amounts are expressed in RMB unless otherwise stated)

Item	Note 16	Year 2020	Year 2019
I. Cash flows from operating activities			
Cash received from sales of goods and rendering of services		9,327,658,903.85	7,152,076,436.05
Refund of taxes and surcharges		7,806,172.09	4,344,567.42
Cash received from other operating activities		214,225,023.48	186,072,505.48
Sub-total of cash inflows from operating activities		9,549,690,099.42	7,342,493,508.95
Cash paid for goods purchased and services received		8,572,115,606.94	8,802,693,878.48
Cash paid to and on behalf of employees		170,421,755.74	188,800,923.41
Cash paid for taxes and surcharges		109,996,814.32	95,541,414.07
Cash paid for other operating activities		480,708,821.06	509,714,721.30
Sub-total of cash outflows from operating activities		9,333,242,998.06	9,596,750,937.26
Net cash flows from operating activities		216,447,101.36	-2,254,257,428.31
II. Cash flows from investing activities			
Cash received from disposal of investments		15,184,758.70	43,604,812.46
Cash received from returns on investments		593,663,126.93	364,713,614.85
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		841,009.88	151,552.88
Net cash received from disposal of subsidiaries and other business units			
Cash received from other investing activities			
Sub-total of cash inflows from investing activities		609,688,895.51	408,469,980.19
Cash paid to acquire and construct fixed assets, intangible assets and other long-term assets		33,851,030.59	10,457,051.43
Cash paid for investment		205,468,943.66	543,000,000.00
Net cash paid to acquire subsidiaries and other business units			
Cash paid for other investing activities			
Sub-total of cash outflows from investing activities		239,319,974.25	553,457,051.43
Net cash flows from investing activities		370,368,921.26	-144,987,071.24
III. Cash flows from financing activities			
Cash from absorption of investments		6,356,880.00	165,972,988.00
Cash received from borrowings			
Cash received from other financing activities			
Sub-total of cash inflows from financing activities		6,356,880.00	165,972,988.00
Cash paid for debt repayments			
Cash paid for distribution of dividends and profits or payment of interest		634,209,525.26	342,237,879.72

Item	Note 16	Year 2020	Year 2019
Cash paid for other financing activities		270,628,752.74	
Sub-total of cash outflows from financing activities		904,838,278.00	342,237,879.72
Net cash flows from financing activities		-898,481,398.00	-176,264,891.72
IV. Effect of fluctuation in exchange rate on cash and cash equivalents		-14,488,943.27	32,782,762.75
V. Net increase in cash and cash equivalents		-326,154,318.65	-2,542,726,628.52
Plus: beginning balance of cash and cash equivalents		5,490,732,223.57	8,033,458,852.09
VI. Ending balance of cash and cash equivalents		5,164,577,904.92	5,490,732,223.57

The accompanying notes to the financial statements form an integral part of the financial statements.

Legal Representative: Accounting Principal: Person in charge of the Accounting Department:

Dongfang Electric Corporation Limited
Consolidated Statement of Changes in Shareholders' Equity
Year 2020
(Amounts are expressed in RMB unless otherwise stated)

Item	Year 2020													
	Equity attributable to owners of the parent company											Minority equity	Total shareholders' equity	
	Share capital	Other equity instruments			Capital reserves	Less: treasury stock	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit	Sub-total		
Preferred stock		Perpetual bond	Others											
I. Balance as at December 31, 2019	3,090,803,431.00				11,345,339,174.91	165,972,988.00	-24,418,047.58	76,102,748.09	907,174,974.45		14,225,616,456.64	29,454,645,749.51	2,343,787,221.08	31,798,432,970.59
Plus: adjustments for changes in accounting policies														
Correction of accounting errors in prior periods														
Business combination under common control														
Others														
II. Balance as at January 1, 2020	3,090,803,431.00				11,345,339,174.91	165,972,988.00	-24,418,047.58	76,102,748.09	907,174,974.45		14,225,616,456.64	29,454,645,749.51	2,343,787,221.08	31,798,432,970.59

III. Increases/decreases in 2020 ("-" for decreases)	28,960,699.00				238,836,859.26	6,356,880.00	-43,500,017.46	12,405,870.49	65,630,466.84		1,157,045,780.14	1,453,022,778.27	390,144,288.21	1,843,167,066.48
(I) Total comprehensive income							-43,672,787.61				1,861,998,155.29	1,818,325,367.68	47,937,009.84	1,866,262,377.52
(II) Capital contributed or reduced by owners	28,960,699.00				238,836,859.26	6,356,880.00		-2,232,226.99				259,208,451.27	373,061,381.74	632,269,833.01
1. Common stock contributed by owners	28,960,699.00				-22,603,819.00							6,356,880.00	375,539,952.26	381,896,832.26
2. Capital invested by the holders of other equity instruments														
3. Amounts of share-based payments recognized in owners' equity					31,089,861.98	6,356,880.00						24,732,981.98		24,732,981.98
4. Others					230,350,816.28			-2,232,226.99				228,118,589.29	-2,478,570.52	225,640,018.77
(III) Profit distribution									65,630,466.84	-704,982,864.00	-639,352,397.16	-33,354,673.08	-672,707,070.24	
1. Withdrawal of surplus reserves									65,630,466.84	-65,630,466.84				
2. Withdrawal of general risk reserve														
3. Profit distributed to owners (shareholders)										-639,352,397.16	-639,352,397.16	-33,354,673.08	-672,707,070.24	
4. Others														
(IV) Internal carry-forward of owners' equity							172,770.15				-172,770.15			
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. Carry-forward of changes in the defined benefit plan for retained earnings														
5. Carry-forward of other comprehensive income for retained earnings							172,770.15				-172,770.15			
6. Others														
(V) Special reserves								14,638,097.48				14,638,097.48	2,493,828.71	17,131,926.19
1. Amount withdrawn in 2020								76,748,870.92				76,748,870.92	5,657,784.55	82,406,655.47
2. Amount used in 2020								62,110,773.44				-62,110,773.44	-3,163,955.84	-65,274,729.28
(VI) Others											203,259.00	203,259.00	6,741.00	210,000.00
IV. Balance as at December 31, 2020	3,119,764,130.00				11,584,176,034.17	172,329,868.00	-67,918,065.04	88,508,618.58	972,805,441.29		15,382,662,236.78	30,907,668,527.78	2,733,931,509.29	33,641,600,037.07

The accompanying notes to the financial statements form an integral part of the financial statements.

Legal Representative:

Accounting Principal:

Person in charge of the Accounting Department:

Dongfang Electric Corporation Limited
Consolidated Statement of Changes in Shareholders' Equity (Continued)

Year 2020

(Amounts are expressed in RMB unless otherwise stated)

Item	Year 2019													
	Equity attributable to owners of the parent company											Minority equity	Total shareholders' equity	
	Share capital	Other equity instruments			Capital reserves	Less: treasury stock	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit			Sub-total
	Pr er red st oc k	Pe rp et ua l bo nd	Ot he rs											
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
Plus: adjustments for changes in accounting policies											-228,081.66	-228,081.66	-219,137.28	-447,218.94
Correction of accounting errors in prior periods														
Business combination 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		13,323,877,323.57	28,583,822,914.14	2,109,638,482.13	30,693,461,396.27
III. Increases/decreases in 2019 ("-" for decreases)					93,464,893.32	165,972,988.00	8,982,420.42	-3,292,431.09	35,901,807.65		901,739,133.07	870,822,835.37	234,148,738.95	1,104,971,574.32

(I) Total comprehensive income							8,939,920.42					1,277,671,818.13	1,286,611,738.55	104,797,242.97	1,391,408,981.52
(II) Capital contributed or reduced by owners					93,464,893.32	165,972,988.00							-76,276,198.57	151,047,224.82	74,771,026.25
1. Common stock contributed by owners					165,972,988.00								165,972,988.00	77,812,914.57	243,785,902.57
2. Capital invested by the holders of other equity instruments															
3. Amounts of share-based payments recognized in owners' equity					3,098,647.01	165,972,988.00							-162,874,340.99		-162,874,340.99
4. Others					-75,606,741.69								-79,374,845.58	73,234,310.25	-6,140,535.33
(III) Profit distribution										35,901,807.65		-375,890,185.06	-339,988,377.41	-21,048,786.78	-361,037,164.19
1. Withdrawal of surplus reserves										35,901,807.65		-35,901,807.65			
2. Withdrawal of general risk reserve															
3. Profit distributed to owners (shareholders)												-339,988,377.41	-339,988,377.41	-21,048,786.78	-361,037,164.19
4. Others															
(IV) Internal carry-forward of owners' equity							42,500.00					-42,500.00			
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. Carry-forward of changes in the defined benefit plan for retained earnings														
5. Carry-forward of other comprehensive income for retained earnings						42,500.00				-42,500.00				
6. Others														
(V) Special reserves							475,672.80				475,672.80	-646,942.06	-171,269.26	
1. Amount withdrawn in 2019							65,700,392.29				65,700,392.29	2,339,426.97	68,039,819.26	
2. Amount used in 2019							-65,224,719.49				-65,224,719.49	-2,986,369.03	-68,211,088.52	
(VI) Others														
IV. Balance as at December 31, 2019	3,090,803,431.00				11,345,339,174.91	165,972,988.00	-24,418,047.58	76,102,748.09	907,174,974.45		14,225,616,456.64	29,454,645,749.51	2,343,787,221.08	31,798,432,970.59

The accompanying notes to the financial statements form an integral part of the financial statements.

Legal Representative:

Accounting Principal:

Person in charge of the Accounting Department:

Dongfang Electric Corporation Limited
Parent Company's Statement of Changes in Shareholders' Equity

Year 2020

(Amounts are expressed in RMB unless otherwise stated)

Item	Year 2020										
	Share capital	Other equity instruments			Capital reserves	Less: treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Total shareholders' equity
		Preferred stock	Perpetual bond	Others							
I. Balance as at December 31, 2019	3,090,803,431.00				13,190,288,940.34	165,972,988.00			1,195,538,090.88	7,166,790,794.30	24,477,448,268.52
Plus: adjustments for changes in accounting policies											
Correction of accounting errors in prior periods											
Others											
II. Balance as at January 1, 2020	3,090,803,431.00				13,190,288,940.34	165,972,988.00			1,195,538,090.88	7,166,790,794.30	24,477,448,268.52
III. Increases/decreases in 2020("-" for decreases)	28,960,699.00				8,486,042.98	6,356,880.00			65,630,466.84	-48,678,195.64	48,042,133.18
(I) Total comprehensive income										656,304,668.36	656,304,668.36
(II) Capital contributed or reduced by owners	28,960,699.00				8,486,042.98	6,356,880.00					31,089,861.98
1. Common stock contributed by owners	28,960,699.00				-22,603,819.00						6,356,880.00
2. Capital invested by the holders of other equity instruments											
3. Amounts of share-based payments recognized in owners' equity					31,089,861.98	6,356,880.00					24,732,981.98
4. Others											
(III) Profit distribution									65,630,466.84	-704,982,864.00	-639,352,397.16
1. Withdrawal of surplus reserves									65,630,466.84	-65,630,466.84	

Item	Year 2020										
	Share capital	Other equity instruments			Capital reserves	Less: treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Total shareholders' equity
		Preferred stock	Perpetual bond	Others							
2. Profit distributed to owners (shareholders)										-639,352,397.16	-639,352,397.16
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. Carry-forward of changes in the defined benefit plan for retained earnings											
5. Carry-forward of other comprehensive income for retained earnings											
6. Others											
(V) Special reserves											
1. Amount withdrawn in 2020											
2. Amount used in 2020											
(VI) Others											
IV. Balance as at December 31, 2020	3,119,764,130.00				13,198,774,983.32	172,329,868.00			1,261,168,557.72	7,118,112,598.66	24,525,490,401.70

The accompanying notes to the financial statements form an integral part of the financial statements.

Legal Representative:

Accounting Principal:

Person in charge of the Accounting Department:

Dongfang Electric Corporation Limited
Parent Company's Statement of Changes in Shareholders' Equity (Continued)

Year 2020

(Amounts are expressed in RMB unless otherwise stated)

Item	Year 2019										
	Share capital	Other equity instruments			Capital reserves	Less: treasury stock	Other comprehensive income	Special reserves	Surplus reserves	Undistributed profit	Total shareholders' equity
		Preferred stock	Perpetual bond	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 2019 ("- " for decreases)					169,071,635.01	165,972,988.00			35,901,807.65	-16,872,108.58	22,128,346.08
(I) Total comprehensive income										359,018,076.48	359,018,076.48
(II) Capital contributed or reduced by owners					169,071,635.01	165,972,988.00					3,098,647.01
1. Common stock contributed by owners					165,972,988.00						165,972,988.00
2. Capital invested by the holders of other equity instruments											
3. Amounts of share-based payments recognized in owners' equity					3,098,647.01	165,972,988.00					-162,874,340.99
4. Others											

Item	Year 2019										
	Share capital	Other equity instruments			Capital reserves	Less: treasury stock	Other comprehensive income	Special reserves	Surplus reserves	Undistributed profit	Total shareholders' equity
		Preferred stock	Perpetual bond	Others							
(III) Profit distribution									35,901,807.65	-375,890,185.06	-339,988,377.41
1. Withdrawal of surplus reserves									35,901,807.65	-35,901,807.65	
2. Profit distributed to owners (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. Carry-forward of changes in the defined benefit plan for retained earnings											
5. Carry-forward of other comprehensive income for retained earnings											
6. Others											
(V) Special reserves											
1. Amount withdrawn in 2019											
2. Amount used in 2019											
(VI) Others											
IV. Balance as at December 31, 2019	3,090,803,431.00				13,190,288,940.34	165,972,988.00			1,195,538,090.88	7,166,790,794.30	24,477,448,268.52

The accompanying notes to the financial statements form an integral part of the financial statements.

Legal Representative:

Accounting Principal:

Person in charge of the Accounting Department:

Dongfang Electric Corporation Limited

Notes to the Financial Statements

For the Year Ended December 31, 2020

1、 Company profile

1. 1 Place of registration, organizational form and address of headquarters

Dongfang Electric Corporation Limited (hereinafter referred to as the "Company") which was formerly known as Dongfang Electric Machinery Co., Ltd. was established on December , 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 was listed for trading in the Shanghai Stock Exchange on October 10, 1995, and was listed for trading in the Stock Exchange of Hong Kong Limited on June 6, 1994. Now it holds a business license with a unified social credit code of 915101002051154851.

After the distribution of bonus shares, allotment of new shares, capitalization and issuance of new shares over the years, as of December 31, 2020, the company has issued a total of 311,976,413 shares with a registered capital of 3,119,764.13 million. Registered address: No. 18, Xixin Avenue, Western High-tech District, Chengdu, Sichuan Province. Headquarters address: No. 18, Xixin Avenue, Western High-tech District, Chengdu, Sichuan Province. The parent company is China Dongfang Electric Group Co., Ltd. (hereinafter referred to as Dongfang Electric Group).

1.2 Nature of business and main business of the enterprise

The Company belongs to the industry of power generation equipment manufacturing with a business scope covering general equipment manufacturing, electrical machinery and equipment manufacturing, unclear 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 equipment; 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 (Items 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, unclear power generation equipment and gas power generation equipment.

1. 3 Approval of financial statements

The financial statements were approved by the board of directors on March 30, 2021.

2、 Scope of the consolidated financial statement

A total of 35 subsidiaries were included in the scope of the consolidated financial statements this year (including the stock parent company). Secondary subsidiaries within the scope of the consolidated financial statements of the Company are as follows:

Name of subsidiary	Subsidiary type	Level	Shareholding ratio (%)	voting rights ratio (%)
DongFang Boiler (Group) Co.,Ltd. (hereinafter referred to as "DBC")	Holding subsidiary	Secondary	96.79	96.79
Dongfang Turbine Co., Ltd. (hereinafter referred to as the "DTC")	Holding subsidiary	Secondary	94.39	94.39
Dongfang Electric Machinery Company Limited (hereinafter referred to as the "DFEM")	Holding subsidiary	Secondary	91.86	91.86
Dongfang Electric Wind Power Co., Ltd. (hereinafter referred to as the "DEWP")	Holding subsidiary	Secondary	84.28	87.00
Dongfang Electric International Corporation (hereinafter referred to as the "DEIC")	Wholly-owned subsidiary	Secondary	100.00	100.00
Dongfang Electric Group Finance Co., Ltd. (hereinafter referred to as the "DEFC")	Holding subsidiary	Secondary	95.00	95.00
Dongfang (Guangzhou) Heavy Machinery Co., Ltd. (hereinafter referred to as the "DFHM")	Holding subsidiary	Secondary	61.09	61.51
Dongfang Electric Auto Control Engineering Co., Ltd. (hereinafter referred to as the "DEA")	Holding subsidiary	Secondary	96.51	99.86
Dongfang Electric (Wuhan) Nuclear Equipment Co., Ltd. (hereinafter referred to as the "DENE")	Holding subsidiary	Secondary	67.00	67.00
Dongfang Electric (Sichuan)Corporation Materials Co. (hereinafter referred to as "Dongfang Materials")	Wholly-owned subsidiary	Secondary	100.00	100.00
Dongfang Electric (Chengdu) Hydrogen Fuel Cell Technology Co., Ltd. (hereinafter referred to as the "Dongfang Hydrogen Energy")	Holding subsidiary	Secondary	55.93	55.93
Science and Technology Institute Co., Ltd. of Dongfang Electric Corporation (hereinafter referred to as the "Dongfang	Wholly-owned	Secondary	100.00	100.00

DONGFANG ELECTRIC CORPORATION LIMITED**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED DECEMBER 31, 2020**

Name of subsidiary	Subsidiary type	Level	Shareholding ratio (%)	voting rights ratio (%)
Institute”)	subsidiary			
DongFangElectric (India) PrivateLimited (Hereinafter referred to as the “Dongfang Electric India”)	Wholly-owned subsidiary	Secondary	100.00	100.00

Compared with the previous period, the entities included in the consolidated financial statements this year increased by 4 and decreased by 0. Among them:

(1) Subsidiaries, special purpose entities newly included in the scope of consolidation this year, and operating entities that have formed control rights through entrusted operations or leases, etc.

Name	Reason for change
Dongfang Electric (Deyang) Motor Technology Co., Ltd. (hereinafter referred to as Dongfang Electric)	Investment establishment
Dongfang Electric (Guangdong) Energy Technology Co., Ltd. (hereinafter referred to as Dongfang Guangdong Energy)	Investment establishment
Dongfang Electric Hydrogen Energy (Ya'an) Co., Ltd. (hereinafter referred to as Dongfang Ya'an Hydrogen Energy)	Investment establishment
Dongfang Electric New Energy Technology (Chengdu) Co., Ltd. (hereinafter referred to as Dongfang New Energy Technology)	Investment establishment

(2) Subsidiaries, special purpose entities that are no longer included in the scope of consolidation this year, business entities that have lost control through entrusted operations or leases, etc.

None.

See "Note 7 Changes in the scope of consolidation"for details of the scope of consolidated financial statements and the changes .

3、Basis of preparation for the financial statements

3.1 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”), 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 issued by the China Securities Regulatory Commission, the Listing Rules of the Stock Exchange of Hong Kong Limited and the Companies Ordinance.

3.2 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.

4、 Significant accounting policies and accounting estimates

4.1 Reminders on specific accounting policies and accounting estimates

The company determines specific accounting policies and accounting estimates based on the characteristics of production and operation, which are mainly reflected in the inventory valuation method (Note 4 (16) Inventory), the method of accruing expected credit losses of accounts receivable (Note 4), and fixed Asset depreciation and amortization of intangible assets (Note 4 (21), Note 4 (24)), the measurement model of investment real estate (Note 4 (20)), and the timing of revenue recognition (Note 4 (31))etc.

Based on historical experience and other factors, including reasonable expectations for future events, the company conducts continuous evaluation of the important accounting estimates and key assumptions used.

(1) Estimate of the expected credit losses of accounts receivable and other receivables. According to accounts receivable and other receivables expected credit losses is estimated impairment. If any event or change in circumstances shows that the company may not be able to recover the relevant balance, it needs to estimate to make provisions for accounts receivable and other receivables. If the expected number is different from the original estimate, the difference will affect the book value of accounts receivable and other receivables, as well as the impairment charges during the period of estimated changes.

(2) Estimate of inventory impairment. On the balance sheet date, inventories are measured at the lower of cost and net realizable value. The calculation of net realizable value requires the use of assumptions and estimates. If the management revises the estimated selling price and the costs and expenses that will be incurred upon completion, it will affect the estimation of the net realizable value of the inventory, and the difference will have an impact on the provision for inventory depreciation.

(3) Estimation of long-term asset impairment. When the management judges whether long-term assets are impaired, it mainly conducts assessment and analysis from the following aspects: 1) Whether matters affecting asset impairment have occurred; 2) Whether the expected current value of cash flows from the continued use or disposal of the asset is lower than the asset's book value; and 3) Whether the important assumptions used in the expected future cash flow present value are appropriate.

The relevant assumptions used by the company to determine impairment, such as changes in the profitability, discount rate and growth rate assumptions used in the present value method of future cash flows, may result in the present value used in the impairment test.

(4) The estimated useful life and expected net residual value of fixed assets.

The estimated useful life and estimated net residual value is estimated to be similar to the real life of the nature and functions of fixed assets in the past and the actual residual value as a basis. In the process of using fixed assets, the economic environment, technical environment and other environments in which they are located may have a greater impact on the service life and expected net residual value of fixed assets. If there is a difference between the estimated useful life and net residual value of fixed assets and the original estimate, the management will make appropriate adjustments to them.

(5) The divided of subsidiaries, joint ventures and associates.

(6) The fair value of financial assets. The company uses various valuation techniques including discounted cash flow methods to determine the fair value of financial instruments that do not have an active

market. For financial assets that the law expressly restricts the company from disposing within a specific period, the fair value is based on market quotes and adjusted according to the characteristics of the instrument. In valuation, the company needs to estimate such aspects as the credit risk of itself and its counterparties, market volatility and correlation. Changes in the assumptions of these related factors will have an impact on the fair value of financial instruments.

(7) Share-based payment. Data on assumptions and risk factors involved in share-based payments.

(8) Deferred income tax assets and deferred income tax liabilities.

(9) Income tax. In normal business activities, there are uncertainties in the final tax treatment of many transactions and matters. Significant judgments need to be made when accruing income tax. If the final determination result of these tax matters is different from the amount initially recorded, the difference will have an impact on the tax amount during the period when the above-mentioned final determination is made.

(10) Revenue recognition.

(11) Determination of the scope of consolidation.

Important key judgments. In a business merger, when an equity instrument is issued as a merger consideration, it is an important key judgment to determine the fair value of the equity instrument; a business merger may have consideration judgments, etc.

4.2 Statement on compliance with the Accounting Standards for Business Enterprises

The financial statements meet the requirements of the Accounting Standards for Business Enterprises, and truly and completely reflect the company's financial position and operating results and cash flows .

4.3 Accounting period

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

4.4 Operating cycle

The Company's operating cycle is 12 months.

4.5 Functional currency

The Company adopts RMB as its functional currency.

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

4.6.1 The terms, conditions and economic impact of various transactions in the process of enterprise merger are in line with one or more of the following conditions step by step, and multiple transactions are treated as a package transaction for accounting treatment

(1) These transactions are concluded at the same time or under the condition of considering each other's influence;

(2) These transactions as a whole can achieve a complete business result;

(3) The occurrence of one transaction depends on the occurrence of at least one other transaction;

(4) A transaction is uneconomical when viewed alone, but it is economical when considered together with other transactions.

4.6.2 Business combination under common control

For assets and liabilities obtained through business combination by the combining party, 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 capital reserves 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 capital reserves is insufficient to cover the difference, the remaining amount will be charged against retained earnings.

If there is contingent consideration and it is necessary to confirm the estimated liabilities or assets, the difference between the estimated liabilities or assets amount and the subsequent contingent consideration settlement amount, adjust the capital reserve (capital premium or equity premium), and if the capital reserve is insufficient, adjust the retained earnings.

If the enterprise merger is finally realized through multiple transactions, which belongs to a package transaction, each transaction will be treated as a transaction to obtain control rights; If it is not a package transaction, the difference between the initial investment cost of the long-term equity investment and the book value of the long-term equity investment before the merger plus the book value of the new share payment consideration on the merger date will be adjusted to the capital reserve; If the capital reserve is insufficient to offset, the retained earnings shall be adjusted. For the equity investment held before the merger date, other comprehensive income confirmed by adopting the equity method accounting or financial instrument confirmation and measurement standard accounting will not be accounted for temporarily until the investment is disposed of on the same basis as the invested unit directly disposing of related assets or liabilities; Other changes in owner's equity except net profit and loss, other comprehensive income and profit distribution in the net assets of the investee confirmed by the equity method will not be accounted for temporarily until the investment is transferred to the current profits and losses when it is disposed of.

4.6.3 Business combination not under common control

The purchase date refers to the date when the company actually obtains the control right over the purchased party, that is, the date when the net assets of the purchased party or the control right of production and operation decisions are transferred to the company. At the same time, when the following conditions are met, the company generally believes that the transfer of control rights has been realized:

(1) the business combination contract or agreement has been approved by the internal authority of the company.

(2) If the merger of enterprises needs to be examined and approved by the relevant competent department of the state, it has been approved.

(3) The necessary formalities for transferring property rights have been handled.

(4) The Company has paid most of the consolidated price, and has the ability and plan to pay the remaining amount.

(5) The Company has actually controlled the financial and business policies of the purchased party, and

enjoyed corresponding benefits and assumed corresponding risks.

The acquirer, on the acquisition date, measures the assets surrendered and liabilities incurred or assumed for a business combination at their fair values. The difference between the fair value and their book value are included in the current profit or loss.

The Company recognizes 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 includes 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.

If the business combination under different control realized step by step through multiple exchange transactions is a package transaction, each transaction will be treated as a transaction to obtain control rights; If the equity investment held before the merger date is accounted by equity method, the sum of the book value of the equity investment held before the purchase date and the new investment cost on the purchase date shall be taken as the initial investment cost of the investment; Other comprehensive income recognized by the equity investment held before the purchase date due to accounting by the equity method shall be accounted for on the same basis as the investee's direct disposal of related assets or liabilities. If the equity investment held before the merger date is accounted by the financial instrument recognition and measurement standards, the sum of the fair value of the equity investment on the merger date plus the new investment cost shall be taken as the initial investment cost on the merger date. The difference between the fair value and book value of the original held equity and the change of accumulated fair value originally included in other comprehensive income shall be transferred to the current investment income on the merger date.

4.6.4 The related fees incurred for combination

The agency fee such as audit, legal service and evaluation consultation and other fees which are directly related to the above matters shall be recognized as the profit or loss in the period when the costs are incurred; the transaction costs for the equity securities issued for corporate combination shall be written-off against equity directly attributable to the deduction.

4.7 Preparation method of consolidated financial statements

4.7.1 Scope of consolidation

The scope of consolidation for the consolidated financial statements of the Company is determined based on control, including the Company and all its subsidiaries.

4.7.2 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 the preparation of consolidated financial statements, the Company shall take the enterprise group as a whole accounting entity, and reflects the overall financial position, operating results and cash flows of the enterprise 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 scope of consolidation for the consolidated financial statements 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, will be adjusted according to the accounting policies and

accounting periods of the Company.

The consolidated financial statements offset the impact of internal transactions between the company and its subsidiaries and subsidiaries on the consolidated balance sheet to consolidated income statement, consolidated cash flow statement, consolidated statement of changes in shareholders' equity. If the view of consolidated financial statements of enterprise group is different from the recognition of the same transaction with the company or subsidiary as the accounting subject, the transaction is adjusted from the perspective of enterprise group.

The owner's equity, the net profit or loss and the comprehensive income attributable to minority shareholders of a subsidiary of the current period are presented separately under the owners' equity in the consolidated balance sheet, the net profit and the total comprehensive income in the consolidated income statement respectively. Where losses attributable to the minority shareholders of a subsidiary exceed the minority shareholders' interest entitled in the shareholders' equity of the subsidiary at the beginning of the period, the excess is allocated against the minority shareholders interest.

For subsidiaries acquired through a business combination not under the same control, their financial statements are adjusted on the basis of the fair value of the identifiable net assets on the purchase date.

(1) Increase of subsidiaries or business

During the reporting period, where the Company acquired subsidiaries or business from the business combination under common control, the beginning balance in the consolidated balance sheet is adjusted; the revenue, expenses and profits of the newly acquired subsidiaries or business from the beginning of the period for business combination to the end of the reporting period are included in the consolidated income statement; the cash flows of the same for the aforesaid period are included in the consolidated statement of cash flows. Relevant items in the comparative financial statements of the subsidiaries are adjusted accordingly, as if the reporting entity after the business combination exists as of the time when the ultimate controller has the control.

Where control can be exercised on the investee under common control for additional investment or other reasons, adjustment is 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 profits or losses, other comprehensive income as well as other changes in net assets recognized from the later between the date when the original equity is obtained and the date when the acquirer and the acquiree are under common control to the combination date will respectively write down the beginning retained earnings or the current profit or loss during the period for comparing financial statements.

During the reporting period, if the Company acquired subsidiaries or business from the business combination not under common control, the beginning balance in the consolidated balance sheet will not be adjusted. The revenue, expenses and profits of the newly acquired subsidiaries or business from the acquisition date to the end of the reporting period will be included in the consolidated income statement; the cash flows of the same for the aforesaid period will be included in the consolidated statement of cash flows.

Where the Company can control the investee not under common control for additional investments, 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 between the fair value and book value in the current investment income. 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 profit or loss, other comprehensive income and profit distribution, the relevant other comprehensive income and other changes in owners' equity shall be transferred to the 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 treatment methods

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 cash flow statement; cash flows of the subsidiary or the business from the beginning period to the disposal date shall be included in the consolidated cash flow statement.

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 shall be remeasured by the Company at its fair value on the date of loss of the control. The difference of total amount of the consideration from disposal of equities plus the fair value of the remaining equities less the shares calculated at the original shareholding ratio in net assets and goodwill of the original subsidiary which are continuously calculated as of the acquisition date or combination date shall be included in the investment income of the period at the loss of control. 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, shall be 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 defined benefit plan.

Where the Company loses the 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 subsidiaries 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 in a package deal and subject to accounting processing as below:

- i. The transactions are concluded at the same time or under the consideration of mutual effect;
- ii. These transactions as a whole can reach a complete business result;
- iii. The occurrence of a transaction depends on that of at least one other transactions; and/or
- 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 equity 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 interest 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 equity investments in subsidiaries without losing control

The equity premium of capital reserves in the consolidated balance sheet will be adjusted according to the difference between the disposal price obtained for partial disposal of long-term equity investments in subsidiaries in the case of not lose control and the share of net assets of subsidiaries calculated from the acquisition date or the combination date corresponding to the disposal of long-term equity investments; if the equity premium of capital reserves is insufficient, the retained earnings will be adjusted.

4.8 Classification and accounting treatment of joint venture arrangements

4.8.1 Classification 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.

4.8.2 Accounting treatment of joint venture arrangements

The Company recognizes the following items related to its share of benefits in the joint operation and conduct accounting treatment in accordance with relevant accounting standards for business enterprises:

- (1) Assets it solely holds and its share of jointly-held assets based on its percentage;
- (2) Liabilities it solely assumes and its share of jointly-assumed liabilities based on its percentage;
- (3) Revenues from sale of output enjoyed by it from the joint operation;
- (4) Revenues from sale of output from the joint operation based on its percentage; and
- (5) Separate costs and costs for the joint operation based on its percentage.

4.9 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 the date of acquisition) 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.

4.10 Foreign currency transactions and translation of foreign currency statements

4.10.1 Foreign currency transaction

Foreign currency transactions are translated into RMB for recording purpose at the spot exchange rate prevailing on the transaction date.

The balance of foreign currency items on the balance sheet date are 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.

4.10.2 Translation of foreign currency statements

Assets and liabilities in the balance sheet are translated at the spot exchange rate prevailing on balance sheet date; owners' equity items, except for the item of "undistributed profits", are translated at the spot exchange rate prevailing on the transaction date. Revenue and expenses presented in the income statement are translated at the spot exchange rate on the date when relevant transactions occur.

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

4.11 Financial instruments

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

4.11.1 Classification of financial instruments

According to the business model of financial assets and contractual cash flow characteristics of the same, which are subject to the management of the Company, financial assets are classified at the initial recognition as: financial assets measured at the 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.

Where the business model is for receiving contractual cash flow which is used for the payment of interest from the principal and unpaid principal amount, the financial assets shall be classified as financial assets measured at the amortized cost; where the business model is both for receiving contractual cash flow and for selling such financial assets, and the contractual cash flow is used for the payment of interest from the principal and unpaid principal amount, the financial assets shall be classified as financial assets (debt instruments) measured at fair value through the other comprehensive income; the remaining financial assets shall be classified as financial assets measured at fair value through the current profit or loss.

At the initial recognition, the Company makes decisions on whether the non-trading equity instrument investments can be designated as financial assets (equity instruments) measured at fair value through the other comprehensive income. At the initial recognition, in order to eliminate or significantly reduce accounting mismatches, the Company may designate financial assets as the financial assets measured at fair value through the current profit or loss.

At the initial recognition, financial liabilities are classified as: financial liabilities measured at fair value through the current profit or loss and financial liabilities measured at the amortized cost.

At the initial recognition, financial liabilities meeting one of the following conditions may be designated as the financial liabilities measured at fair value through the current profit or loss:

- 1) This designation can eliminate or significantly reduce the accounting mismatch.
- 2) According to the enterprise risk management or investment strategies specified in formal written

documents, the management and performance evaluation of financial liability portfolios or portfolios of financial assets and financial liabilities is carried out based on fair value, and the report to key officer in the enterprise has been made based on such management and performance evaluation.

3)The financial liabilities contain the embedded derivative which needs to be separated.

4.11.2 Recognition basis and measurement method of financial instruments

(1)Financial assets measured at amortized cost

Financial assets measured at amortized cost include notes receivable and accounts receivable, other receivables, long-term receivables, and creditors' investment, etc., of which initial measurement is made at fair value, and relevant transaction costs are included in the initially recognized amount; exclude accounts receivable with significant financing component and accounts receivable with the financing component not exceeding one year and not considered by the Company, of which initial measurement is made at the contractual transaction price.

During the holding period, the interest calculated by the effective interest 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 the current profit or loss.

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

Financial assets (debt instruments) measured at fair value through the other comprehensive income include receivables financing and other creditors' investment, of which initial measurement is made at fair value, and relevant transaction costs are included in the initially recognized amount. The subsequent measurement of such financial assets is made at fair value. Changes in fair value are included in other comprehensive income except for interest, impairment losses or gains and exchange gains or losses calculated by the effective interest method.

At derecognition, the accumulated gains or losses previously included in other comprehensive income will be transferred from the other comprehensive income to the current profit or loss.

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

Financial assets (equity instruments) measured at fair value through the other comprehensive income include other equity instrument investment, of which initial measurement is made at fair value, and relevant transaction costs are included in the initially recognized amount. The subsequent measurement of such financial assets is made at fair value, and the changes in fair value are included in the other comprehensive income. Dividends obtained are included in the current profit or loss.

At derecognition, the accumulated gains or losses previously included in other comprehensive income will be transferred from the other comprehensive income to the retained earnings.

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

Financial assets measured at fair value through the current profit or loss include trading financial assets, derivative financial assets and other non-current financial assets, of which initial measurement is made at fair value, and relevant transaction costs are included in the current profit or loss. The subsequent measurement of such financial assets is made at fair value, and changes in fair value are included in the current profit or loss.

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

Financial liabilities measured at fair value through the current profit or loss include trading financial liabilities and derivative financial liabilities, of which initial measurement is made at fair value, and relevant transaction costs are included in the current profit or loss. The subsequent measurement of such financial liabilities is made at fair value, and changes in fair value are included in the current profit or loss.

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

(6) Financial liabilities measured at the amortized cost

Financial liabilities measured at the amortized cost include short-term borrowings, notes payable and accounts payable, other payables, long-term borrowings, bonds payable and long-term payables, of which initial measurement is made at fair value, and related transaction costs are included in the initially recognized amount.

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

4.11.3 Recognition basis and measurement method for the transfer of financial assets

When the 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 will not derecognize the financial assets.

In determining whether the transfer of a financial asset meets the above derecognition criteria of financial assets, the principle of substance over form will be adopted.

The Company divides the transfer of financial assets into overall transfer and partial transfer. Where the entire transfer of financial assets meets the de-recognition conditions, the difference of the following two amounts shall be included in the current profit or loss:

(1) Book value of the transferred financial asset;

(2) The sum of consideration received from the transfer, and the accumulated change amount of fair value originally included in owners' equity (where the financial assets transferred are the financial assets (debt instruments) measured at fair value through the other comprehensive income).

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

(1) Book value of the derecognized part;

(2) The sum of the consideration for the derecognized part and the amount corresponding to the derecognition part in the accumulated change amount of fair value originally and directly included in owners' equity (where the financial assets transferred are the financial assets (debt instruments) measured at fair value through the other comprehensive income).

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

4.11.4 Derecognition criteria of financial liabilities

Where the present obligations of financial liabilities have been discharged in whole or in part, the financial liabilities or any part thereof shall 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 shall be derecognized, and at the same time, the new financial liabilities shall be recognized.

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

Where financial liabilities are derecognized in whole or in part, the difference between the book value of the financial liabilities derecognized and the consideration paid (including non-cash assets surrendered and the new financial liabilities assumed) shall be included in 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 derecognized 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.

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

Where there is an active market for any financial instrument, the fair value of such financial instrument shall be determined at the price quoted in the active market. The fair value of a financial instrument, for which there is no active market, is determined by using valuation techniques. At the time of valuation, the Company shall adopt the valuation technique that is applicable to the current circumstance and is supported by sufficient available data and other information to select the input values consistent with the assets or liabilities characteristics that are taken into account by market participants in transactions of relevant assets and liabilities, and shall give priority in use of observable input values. And the unobservable input values may be used only

when the observable input values are unable or unpractical to be obtained.

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

The Company considers all reasonable and evidence-based information, including forward-looking information, and estimates the expected credit loss of financial assets measured at the amortized cost and financial assets (debt instruments) measured at fair value through the other comprehensive income individually or in portfolio. The measurement of expected credit loss depends on whether there is obvious increase in credit risk following the initial recognition.

If there is obvious increase in credit risk following the initial recognition of such financial instrument, the Company will measure the loss provision at the amount which is equivalent to the amount of the expected credit loss over the entire duration of such financial instrument; if there is no obvious increase in credit risk following the initial recognition of such financial instrument, the Company will measure the loss provision at the amount which is equivalent to the amount of the expected credit loss within 12 months in the future of such financial instrument. Amount increased or reversed of loss provision arising therefrom will be included in the current profit or loss as impairment loss or gain.

Generally, once the overdue period is more than 30 days, the Company may consider that there is obvious increase in credit risk of such financial instrument, unless there is unambiguous evidence that there is no obvious increase in credit risk of such financial instrument following the initial recognition.

If the credit risk of the financial instrument is low on the balance sheet date, the Company will immediately consider that there is no obvious increase in credit risk of such financial instrument following the initial recognition.

If there is objective evidence that any financial asset has had credit impairment, the Company will make the provision for impairment for such financial asset individually.

4.12 Accounts receivable

Receivables of the Company mainly include accounts receivable, receivables financing, and other receivables.

For the receivables from sales of goods or rendering of services and the receivables from leasing, the Company measures the loss provision based on the amount equivalent to the expected credit loss over the whole duration.

For receivables in other categories, the Company makes assessment on whether the credit risk in receivables has had significant increase after the initial recognition on each balance sheet date, in case the default probability of any receivables during the estimated duration, determined on the balance sheet date is significantly higher than that determined at initial recognition, it shows that credit risk in the receivables has

had significant increase. If the credit risk does not significantly increase after the initial recognition, standing at the first level, the Company will measure the loss provision based on the amount of expected credit loss within the future 12 months; if the credit risk has significantly increased after the initial recognition without any credit impairment, standing at the second level, the Company will measure the loss provision based on the amount equivalent to the expected credit loss over the whole duration; where any financial instrument has credit impairment after the initial recognition, standing at the third level, the Company will measure the loss provision based on the expected credit loss over the whole during.

1) For financial instruments with relatively low credit risk on the balance sheet date, the Company assumes that such credit risk does not significantly increase after the initial recognition, and measures the loss provision based on the expected credit loss within the future 12 months.

2) In addition to receivables with separate assessment on credit risk, the Company divides other receivables into the analysis portfolio based on the credit risk characteristics, and calculates the expected credit loss based on such portfolio:

For receivables with separate assessment on credit risk, such as the receivables where any dispute exists with the counterpart or any lawsuit or arbitration is involved with, and for receivables where there is obvious evidence that the debtor is likely to be unable to perform the repayment obligation and other receivables with obvious credit risks and distinctly different portfolios, and receivables with separate assessment are divided into the accounts receivable with individually significant amount and individual provision for bad debts and the accounts receivable with individually insignificant amount and individual provision for bad debts according to the amounts thereof.

For receivables divided into the analysis portfolio, the Company, based on the historical experience in credit loss and in light of the current situation and the prediction of future economic position, prepares the comparison table of expected credit loss ratios over ages and the whole duration of these receivables, and calculates the expected credit loss.

The Company combines the accounts receivable according to similar credit risk characteristics (aging) and based on forward-looking information and all other reasonable and reliable information, estimates the proportion of provision for bad debts of accounts receivable.

4.13. Other receivables

The measurement of provision for impairment loss on other receivables is conducted in accordance with the measurement method of impairment loss on the aforesaid receivable.

For the receivables from leasing and the long-term receivables from sales of goods or rendering of services, the Company always measures the loss provision based on the amount equivalent to the expected credit loss over the whole duration.

For accounts receivable, contract assets and receivables from leasing containing significant financing components, and the long-term receivables from sales of goods and rendering of services, the Company adopts the general impairment method for financial assets, that is according to the situation whether the credit risk has significant increase after the initial recognition, the Company measures the loss provision based on the expected credit loss within the future 12 months (first level) or based on the expected credit loss over the whole duration (second and third levels).

4.14 Loans and advances to customers

Loans and advances directly issued by the finance company subordinated to the Company to customers, and discount assets are accounted for as loans and advances.

The Company calculates the credit loss by the allowance method. The provision for credit impairment includes the loss provision of loans to banks and other financial institutions, discount assets, and loans and advances to customers, as well as credit-kind financial instruments.

According to the Circular of the China Banking Regulatory Commission on Issuing the Guidelines for Loan Risk Classification (YJF [2007] No. 54), the Company has been making the provision for asset impairment based on the five-level classification since 2007. The Company's loans are classified into five categories, which are pass, special mention, substandard, doubtful and loss. Loans in pass category refer to loans where the borrower is able to perform relevant contract and there is no good reason to suspect that the principal and interest cannot be fully repaid in time; loans in special-mention category refer to loans where through the borrow is able to repay the principal and interest of the loans at present, some factors having adverse effect on the repayment still exist; loans in substandard category refer to loans where the borrower's ability of loan repayment has obvious problem, by which the normal operating revenue of the borrower cannot fully repay the principal and interest of the loans, and losses may be caused even implementing relevant guarantee; loans in doubtful category refer to loans where the borrower cannot fully repay the principal and interest of the loans and the significant losses must be caused even implementing relevant guarantee; loans in loss category refer to loans where the principle and interest cannot be collected or only the very few parts thereof can be collected after taking all possible measures or going through all necessary legal procedures.

The Company inspects all assets, makes the adjustment upon analysis whether the impairment has incurred, and makes the provision for credit impairment based on the aforesaid method in the following proportion of provision:

Category	Proportion of provision (%)
Normal assets (including assets in pass and special-mention categories)	Pass 0.00 - 15.00 (excluding 15.00)
	Special mention 15.00 - 25.00 (excluding 25.00)
Substandard	25.00 - 50.00 (excluding 50.00)
Doubtful	50.00 - 70.00 (excluding 70.00)
Loss	70.00 - 100.00

4.15 Payments for purchase for resale and proceeds from sale for repurchase

The assets that will be resold on a specified date in the future according to the agreement at the time of purchase should not be recognized in the balance sheet, and the costs for purchasing those assets, including accrued interest, are stated as "payments for purchase for resale" in the balance sheet.

The difference between the purchase price and resale price is recognized in the agreement period under the effective interest method, and is included in the item of interest income.

The assets that will be repurchased on a specified date in the future according to the agreement should not be derecognized in the balance sheet. Proceeds from sale of these assets, including accrued interest, are listed as "proceeds from sale for repurchase" in the balance sheet to reflect the economic substance of the Company's loans. The difference between the sale price and repurchase price is recognized in the agreement period under the effective interest method and included in the item of interest expenses.

Securities borrowing and lending transactions are generally 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 associated with the ownership of the securities are transferred simultaneously. Cash paid or cash collateral received 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 financial liabilities held for trading and measured at fair value.

4.16 Inventories

4.16.1 Classification of inventories

Inventories can be classified into raw materials, self-manufactured semi-finished products and goods in process, self-manufactured semi-finished products, stock commodities (finished products), materials for consigned processing, revolving materials and contract performance cost, etc.

4.16.2 Measurement method of dispatched inventories

The inventories are measured at weighted average method when dispatched.

4.16.3 Recognition basis of the net realizable value of different types of inventories

In normal operating process, for merchandise inventories for direct sale, including finished 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.

At the end of the period, the provision for inventory depreciation reserve is made on an individual basis. For inventories with large quantity and low unit price, the provision for inventory depreciation is 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 provision for inventory depreciation shall be made on a portfolio basis.

The net realizable values of inventory items are recognized based on the market price on the balance sheet date, except that there is obvious evidence showing the market price on the balance sheet date is abnormal.

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

4.16.4 Inventory system

The perpetual inventory system is adopted.

4.16.5 Amortization method of low-cost consumables and packing materials

(1)Low-cost consumables are amortized at lump-sum method.

(2)Packaging materials are amortized at lump-sum method.

4.17 Contract assets

4.17.1 Recognition method and criteria for contract assets

The Company presents contract assets or contract liabilities in the balance sheet based on the relationship between its performance of fulfillment obligations and customer payments. The Company's right to charge the consideration via goods transfer or service rendering to the customer (and the right depends on other factors except for the time lapses) shall be presented as contract assets. The contract assets and contract liabilities under the same contract are presented by their net amount.

4.17.2 Determination method and accounting treatment for the expected credit loss of contract assets

Please see “3.10” financial instruments, for the determination method and accounting treatment for the expected credit loss of contract assets.

4.18 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.

4.19 Long-term equity investment

4.19.1 Judgment criteria for common control and significant influence

Joint 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 joint 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 is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. Where an investing enterprise is able to have significant influence on an investee, the investee shall be its associate.

4.19.2 Determination of initial investment cost

(1) Long-term equity investments acquired through business combination

Business combination under common control: if the Company pays a consideration to the combinee 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 combinee in the consolidated financial statements of the ultimate controller shall be recognized, 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 combinee in the consolidated financial statements of the ultimate controller shall be recognized, 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.

Business combination not under common control: the Company recognizes the combination cost determined on the combination date as the initial investment cost of long-term equity investments. Where the Company can control the investee not under common control from additional investments, the initial investment cost should be changed to be accounted for under the cost method and recognized at the sum of the book value of equity investments originally held and newly increased investment cost.

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

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

For long-term equity investments acquired from issuing 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 and 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 obtained through debt restructuring, its book value is determined by the fair value of the abandoned creditor's right and the other taxes directly attributable to the assets, and the difference between the fair value of the abandoned creditor's right and the book value is included into the current profit or loss.

4.19.3 Subsequent measurement and recognition of profit or loss

(1) Long-term equity investments accounted for under cost method

Long-term equity investments of the Company in subsidiaries are calculated under 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 investment income in the current period at the cash dividends or profits declared by the investee.

(2) Long-term equity investments accounted for under the equity method

The Company's long-term equity investments in its associates and joint ventures are calculated under the equity method. If the cost of initial investment is in excess of the proportion 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 proportion 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 attributable 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 in the owners' equity.

When recognizing the attributable shares of net profit or loss of the investee, the Company shall, based on the fair value of identifiable net asset of the investee when it obtains the investment, recognize its attributable share of the net profit or loss of the investee after the adjustment according to the Company's accounting policy and accounting period. During the holding investment period, where an investee prepares consolidated financial statements, the amount lies in the net profit, other comprehensive income and changes in other owners' equity of the consolidated financial statements which belongs to the investee shall be took as the basis for accounting.

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. Unrealized internal transaction loss incurred between the Company and the investee shall be recognized in full amount if such loss belongs to the asset impairment. For transactions on investments or sales of assets between the Company and associates or joint ventures, where such assets constitute business, they should be accounted for according to the relevant policies disclosed in "Note 3.5

Accounting treatment of business combinations under common control and not under common control" and "Note 3.6 Preparation of consolidated financial statements".

When the Company confirms that it should share losses of the investee, treatment shall be done in following sequence: Firstly, writing down the book value of long-term equity investments. 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 forms net investment in the investee in substance (Note: specific content and recognition criteria of such long-term equity should be specified) and the book value of long-term receivables and other items shall be reduced. Finally, after all the above treatments, if the Company is still responsible for any additional liability in accordance with the provisions stipulated in the investment contracts or agreements, provisions are recognized and included into current investment loss according to the obligations estimated to undertake.

(3) Disposal of long-term equity investments

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

Where a long-term equity investment is accounted for under the equity method, accounting treatment should be made on the part which is originally included in other comprehensive income according to corresponding ratio by using the same basis for the investee to directly dispose of the relevant assets or liabilities when the investments are disposed of. Owner's equity recognized at the changes in the investee's other owner's equity other than net profit or loss, other comprehensive income and profit distribution shall be transferred to the current profit or loss according to the proportion, except for other comprehensive income from changes arising from the investee's re-measurement of net liabilities or net assets of defined benefit plan.

In case the joint control or significant influence over the investee is lost for disposing part of equity investments or other reasons, the remaining equity will be changed to be accounted for according to the recognition and measurement principles of financial instruments, while the difference between the fair value and the book value on the date of the loss of joint control or significant influence should be included in the current profit or loss. For other comprehensive income that is recognized from original equity investment by using the equity method, the accounting treatment will be made on the basis the same as that for the direct disposal of related assets or liabilities by the investee when the equity method is terminated. Owner's equity recognized from the investee's changes in other owner's equity other than net profit or loss, other comprehensive income and profit distribution should all transferred to the current profit or loss when the equity method is no longer adopted.

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; 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 equities are acquired through business combination as a result of additional investment and other reasons, if the remaining equities after disposal are accounted by using the cost method or equity method upon preparation of separate financial statements, other comprehensive income and other owners' equities recognized in equity investments held before the acquisition date as a result of employment of equity method for accounting shall be carried forward pro rata; if the remaining equities after disposal are accounted for according to the provisions on Recognition and Measurement of Financial Instruments, other comprehensive income and other owners' equities will all be carried forward.

4.20 Investment properties

The investment properties refer to the properties 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 its existing investment properties by using the cost model. For investment properties 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 provision 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:

Type	Depreciation life (year)	Net residual 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 book-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 Company shall recognize the difference of any proceeds on disposal, net of its book value and related taxes and surcharges, in the current profit or loss.

4.21 Fixed assets

4.21.1 Recognition criteria of fixed assets

Fixed assets refer to the tangible assets held for the purpose of producing commodities, providing services, renting or business management with useful lives exceeding one accounting year. Fixed assets are recognized when they simultaneously meet the following conditions:

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

4.21.2 Depreciation method

Depreciation of fixed assets is provided on a category basis using the straight-line method or double-declining-balance method. The depreciation rate is determined according to the category, estimated useful life and estimated net residual rate of fixed assets. Where various components of fixed assets are different in useful lives or bring economic benefits for the enterprise in different ways, then the Company should choose different depreciation rates or methods to separately provide for depreciation.

The depreciation method, depreciation life, residual rate and annual depreciation rate of fixed assets are as follows:

Type	Depreciation method	Depreciation life (year)	Residual value 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

4.21.3 Recognition basis and measurement method of fixed assets acquired financing lease

The fixed assets acquired under financing lease are recognized if one of the following conditions is specified by the Company and the leaser in their lease agreement:

- (1) Upon the expiration of the lease term, the ownership of the leased asset has been transferred to the

Company;

(2)The Company has the option to purchase the asset and the purchase price is far lower than the asset's fair value at the time of the option being exercised;

(3)The lease term covers the most of the useful life of the leased asset;

(4)There is no large difference between the present value of the minimum lease payments on the lease commencement date and the fair value of the asset.

On the lease commencement date, the book entry value of a fixed asset acquired under financing lease is measured at the asset's fair value or the present value of the minimum lease payment, whichever is the lower. The minimum lease payment is recorded as the book entry value of the long-term payables, and the difference between them is deemed as the unrecognized financing expenses.

4.22 Categories of construction in progress

The initial book values of the fixed assets are stated at necessary expenditures incurred before construction in progress reaching the serviceable condition for its 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.

4.23 Borrowing costs

4.23.1 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 included in relevant asset costs; other borrowing costs should be recognized as costs based on the amount incurred and be included in the current profit or 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.

Borrowing costs may be capitalized only when all the following conditions are met at the same time:

(1)Asset disbursements, which include those incurred by cash payment, the transfer of non-cash assets or the undertaking of interest-bearing debts for acquiring and constructing or producing assets eligible for capitalization, have already been incurred;

(2)Borrowing costs have already been incurred; and

(3)The acquisition and construction or production activities which are necessary to prepare the assets for their intended use or sale have been in progress.

4.23.2 Capitalization period for borrowing costs

Capitalization period refers to the period from the commencement of capitalization of borrowing costs to

its cessation, excluding the period of capitalization suspension of borrowing costs.

Capitalization of borrowing costs should be ceased when the acquired and constructed or produced assets eligible for capitalization have reached their intended use or sale condition.

When some projects among the acquired and constructed or produced assets eligible for capitalization are completed and can be used separately, the capitalization of borrowing costs of such assets should be ceased.

Where construction for each part of assets purchased, constructed or manufactured has been completed separately but can be used or sold only after the entire assets have been completed, capitalization of borrowing costs should cease at the completion of the entire assets.

4.23.3 Suspension of capitalization

If the acquisition, construction or production activities of assets eligible for capitalization are abnormally interrupted and such condition lasts for more than three months, the capitalization of borrowing costs should be suspended; if the interruption is necessary procedures for the acquired, constructed or produced assets eligible for capitalization to reach the working conditions for their intended use or sale, the borrowing costs continue to be capitalized. Borrowing costs incurred during the interruption are recognized as the current profit or loss and continue to be capitalized until the acquisition, construction or production of the assets restarts.

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

As for special borrowings borrowed for acquiring and constructing or producing assets eligible for capitalization, borrowing costs of special borrowings actually incurred in the current period less the interest income from undrawn borrowings deposited in the bank or investment income from temporary investment should be recognized as the capitalization amount of borrowing costs.

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 is calculated by weighted average interest rate of general borrowings.

4.24 Intangible assets

4.24.1 Measurement method of intangible assets

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

The costs of externally purchased intangible assets include purchase prices, relevant taxes and surcharges and other directly attributable expenditures incurred to prepare the assets for their intended uses. If the payment for an intangible asset is delayed beyond the normal credit conditions and it is of the financing nature, the cost of the intangible asset shall be determined on the basis of the present value of the purchase price.

For intangible assets obtained through debt restructuring that are used by debtors for offsetting debts, its book value is determined by the fair value of the abandoned creditor's right and the taxes directly attributable

to the assets reaching intended use, and the difference between the fair value of the abandoned creditor's right and the book value is included into the current profit or loss.

On the premise that non-monetary assets trade is of commercial nature and the fair value of the assets traded in and out can be measured reliably, the intangible assets traded in with non-monetary assets should be recognized at the fair value of the assets traded out, unless any unambiguous evidence indicates that the fair value of the assets traded in is more reliable; as to the non-monetary assets trade not meeting the aforesaid premise, the book value of the assets traded out and related taxes and surcharges payable should be recognized as the cost of the intangible assets, with profits or losses not recognized.

The intangible assets acquired by the enterprise under the same control are determined based on the book value of the merged party; the intangible assets acquired by the enterprises under the same control are determined at fair value.

Intangible assets developed by the company itself, whose costs include: materials used in the development of the intangible assets, labor costs, registration fees, amortization of other patents and concessions used in the development process, and interest charges to meet capitalization conditions, and other direct costs incurred to bring the intangible asset to its intended use.

(2) Subsequent measurements

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

For intangible assets with definite useful lives, the straight-line amortization method is adopted in the period when such intangible assets bring economic benefit to the enterprise; if such period cannot be forecasted, the intangible assets will be deemed as intangible assets with indefinite useful lives and will not be amortized.

4.24.2 Specific criteria for classifying research and development stages

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.

4.24.3 Criteria for capitalization of qualifying expenditures during the development stage

Expenditures arising from development stage are determined as intangible assets when the following conditions are simultaneously satisfied:

(1) It is technically feasible to finish intangible assets for use or sale;

(2) The management has the intention to finish and use or sell the intangible assets;

(3) The method that the intangible assets generate economic benefits, including the existence of a market for products produced by the intangible assets or for the intangible assets themselves, shall be proved. Or, if to be used internally, the usefulness of the assets 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 assets, and it is able to use or sell the intangible assets; and

(5) The expenditures attributable to the intangible assets during their development stage can be reliably measured.

Expenditures at the development stage that do not meet the above conditions are included in the current profit or 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 at the development stage should be listed as development expenses in the balance sheet, and transferred to be intangible assets when the project meets the working condition for its intended use.

4.25 Impairment of long-term assets

The Company will conduct the impairment test if the evidence shows that the long-term assets, such as the long-term equity investment, investment properties measured with the cost model, fixed assets, construction in progress, right-of-use asset and intangible assets with definite useful lives, are impaired on the balance sheet date. If the result of the impairment test shows that the recoverable amount of the asset is lower than its book value, the provision for impairment shall be made and included in impairment loss. The recoverable amounts of intangible assets are the higher of their fair values less costs to sell and the present values of the future cash flows expected to be derived from the assets. Provision for assets impairment is made on individual asset basis. If it is difficult to estimate the recoverable amount of the individual asset, the Company shall estimate the recoverable amount of the asset group that the individual asset belongs to. The asset group is the minimum asset group that can independently generate the cash inflow. Impairment tests for goodwill, intangible assets with uncertain useful lives and intangible assets not reaching serviceable condition shall be conducted every year.

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 combinations of asset groups if it is difficult to be amortized to relevant asset groups. The Company allocates the book value of goodwill based on the relative benefits that the relevant asset group or combination of asset groups can obtain from the synergies of the business combination, and conducts a goodwill impairment test on this basis.

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 may be impaired, the Company shall first conduct an impairment test on the asset groups or combinations of assets 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 above losses from asset impairment cannot be reversed in subsequent accounting periods once recognized.

4.26 Contract liabilities

The Company presents contract assets or contract liabilities in the balance sheet based on the relationship between its performance of fulfillment obligations and customer payments. The obligation of transferring goods or providing services to customers for the consideration received or receivable from customers shall be presented as contract liabilities. The contract assets and contract liabilities under the same contract are presented by their net amount.

4.27 Long-term deferred expenses

Long-term deferred expenses refer to various expenses which have been already incurred but will be

borne in the reporting period and in the future with an amortization period of over one year. Long-term deferred expenses are evenly amortized over the benefit period.

For long-term deferred expenses are not beneficiary to the subsequent accounting periods, the amortized value of the projects that are not amortized yet is all included in the current profit and loss.

4.28 Employee compensation

4.28.1 Accounting treatment of short-term compensation

During the accounting period where employees serve the Company, the short-term remuneration actually incurred should be recognized as a liability and included in the current profit or loss or the asset-related cost.

The social insurance premiums and the housing provident fund paid by the Company for its employees, together with the labor union expenditures and employee education drew as required are used to calculate and determine the relevant employee compensation amount based on the prescribed accrual basis and accrual proportion during the accounting period in which the employees provide services to the Company.

The non-monetary benefits of employees that can be measured reliably are measured at fair value.

4.28.2 Accounting treatment of post-employment benefits

(1) Defined contribution plan

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 the current profit or loss or asset-related cost.

In addition to the basic pension insurance, the Company also sets up enterprise annuity payment 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

According to the formula determined based on expected cumulative unit method, the Company will set the period that the welfare obligations deriving from the defined benefit plan, which will be included in current profit or loss or assets-related cost.

A net liability or net asset in connection with the defined benefit plan is recognized at the present value of the obligation under the defined benefit plan less the deficit or surplus arising out of the fair value of the assets under the defined benefit plan. For a surplus of defined benefit plan, the Company shall measure net assets of such defined benefit plan by the lower one between the surplus of defined benefit plan and the upper limit of assets thereof. All obligations of the defined benefit plan, including the payments expected to be paid within 12 months after the end of the annual reporting period when the employees provide services, will be discounted at the market yield rate of national debt corresponding to the period and currencies of the

obligations of the defined benefit plan and that of 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 assets-related costs; 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. When the defined benefit plan is settled, the settlement gain or loss will be measured at the balance between the present value of the obligations of the defined benefit plan and the settlement price determined on the settlement date.

4.28.3 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 expenses 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.

4.29 Estimated liabilities

4.29.1 Recognition criteria of estimated liabilities

The Company recognizes estimated liabilities when such obligations related to contingencies including litigation, debt guarantee, onerous contracts and restructuring matters satisfy all the following conditions:

Such obligation is a present obligation of the Company;

The performance of this obligation may very probably lead to the flow of economic interests out of the Company;

The amount of the obligation can be measured reliably.

4.29.2 Measurement method of 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.

When determining the best estimates, the Company comprehensively considers the risks, uncertainties, time value of money, and other factors relating to the contingencies. If the time value of money is significant, the best estimates will be determined after discount of relevant future cash outflows.

The best estimates shall be treated as follows in different circumstances:

If there is continuous range (or interval) for the necessary expenses, and probabilities of occurrence of all the outcomes within this range are equal, the best estimate should be determined at the average amount of upper and lower limits within the range.

If there is no continuous range (or interval) for the necessary expenses, or probabilities of occurrence of all the outcomes within this range are unequal despite such a range exists, in case that the contingency involves a single item, the best estimate should be determined at the most likely outcome; if the contingency involves two or more items, the best estimate should be determined according to all the possible outcomes with their relevant probabilities.

When all or part of the expenses necessary for the settlement of an estimated liability of the Company are expected to be compensated by a third party, the compensation shall be separately recognized as an asset only when it is virtually certain that the compensation will be received. The amount recognized for the compensation shall not exceed the book value of the estimated liability.

4.30 Share-based payment

The Company's share-based payments are transactions in which the Company grants equity instruments or undertakes equity-instrument-based liabilities in return for services from employees [or other parties]. The Company's share-based payments include equity-settled share-based payments and cash-settled share-based payments.

4.30.1 Equity-settled share-based payment and equity instruments

The equity-settled share-based payment in return for services from employees shall be measured at the fair value of the equity instruments granted to the employees. Where the Company makes share-based payments in restricted stocks and the employee makes capital contributions to subscribe such shares, such shares should not be circulated or transferred before they reach unlocked conditions and before they are unlocked; if the unlocked conditions specified in the final equity incentive plan fail to be reached, then the Company should repurchase the shares at the price agreed in advance. When the Company received the payment of the employee for the subscription of restricted stocks, it should recognize share capital and capital reserves (share premiums) in accordance with the payment for subscription received. The Company should fully recognize a liability at the repurchase obligations and recognize treasury stock at the same time. On each balance sheet date within the waiting period, the Company will, based on the newly-acquired subsequent information such as the changes in the number of the vested employees and whether the specified performance is reached, make the best estimate on the number of the vesting equity instruments. On such basis, the services received in the current period should be included in the relevant cost or expenses according to fair value on the date of grant and capital reserves should be accordingly increased. After the vesting date, no adjustments will be made to the sum of the relevant recognized costs or expenses and total owners' equity. However, when the right can be exercised immediately after the grant, it should be included in the relevant costs or expenses at the fair value on the date of grant. The capital reserves should be increased accordingly.

Cost and expense shall not be recognized for the share-based payment failing to be exercised finally, unless the vesting conditions are market conditions or the non-vesting conditions. At this time, whether the market conditions or non-vesting conditions are met or not, it is deemed to have the vesting right if non-market conditions in all vesting conditions are met.

If the terms of the equity-settled share-based payments are modified, the services received should be recognized at least in accordance with the unmodified terms. Moreover, the modification from any increase of fair value of equity instruments granted, or beneficial changes to the employee on the modification date should be recognized as increases in services obtained.

If the equity-settled share-based payments are cancelled, they should be handled as accelerated exercise

of rights on the date of cancellation and the amount that is not yet recognized should be immediately recognized. Where employees or other parties may choose to meet non-vesting conditions but are not met in the vesting period, such payments shall be handled as cancelling equity-settled share-based payments. However, if new equity instruments are granted and such new equity instruments granted are recognized to be used to replace the cancelled equity instruments on the grant date of the new equity instruments, the alternative equity instruments granted should be handled in the same way as the modification to the terms and conditions on handling the original equity instruments.

4.30.2 Cash-settled share-based payment and equity instruments

A cash-settled share-based payment shall be measured in accordance with the fair value of liabilities calculated and confirmed based on shares or other equity instruments undertaken by the Company. The initial recognition is subject to the measurement at the fair value on the grant date and in consideration of the terms and conditions on granting equity instruments. Where cash-settled share-based payments are immediately exercised after the grant, they shall be included in the relevant cost or expenses based on the fair value on the grant date, and the liability shall be added accordingly; where the right can be exercised only when the services within the vesting period come to an end or until the prescribed performance conditions are met, the services received in the current period shall be included in the relevant cost or expenses based on the best estimate on vesting conditions during the vesting period at the fair value of the liability assumed, and the liability shall be added accordingly. The Company shall, on each balance sheet date and each settlement date prior to the settlement of the relevant liabilities, re-measure the fair values of the liabilities and include the changes in the current profit or loss.

4.31 Revenue

The Company fulfills its performance obligations in the contract, that is, it recognizes the revenue when the customer obtains control of the relevant assets (goods or services). Whether the performance obligation is performed within a certain period or at a certain time point depends on the terms of the contract and relevant legal provisions. If the Company meets one of the following conditions, it is deemed to have performed the performance obligations within a certain period:

1. The customer obtains and consumes the economic benefits brought by the performance of the Company while the company is performing the obligation.
2. Customers are able to control the assets under construction in the Company's performance process.
3. The assets produced by the Company during the performance of the contract have irreplaceable uses, and the Company has the right to receive payments for the portion of the performance that has been completed to date.

If the performance obligation is fulfilled within a certain period, the Company recognizes the revenue according to the progress of the performance. Otherwise, the Company recognizes the revenue at a certain point in time when the customer obtains control of the relevant assets. The performance of the contract is measured by the expenditure or investment incurred by the Company in fulfilling its performance obligations. The progress is determined based on the proportion of the total costs incurred by each contract as of the balance sheet date to the estimated total costs.

When determining the price of a contract transaction, if there is a variable consideration, the Company determines the best estimate of the variable consideration according to the expected value or the most likely amount, and will include it in the transaction price that does not exceed the accumulatively recognized revenue that is highly unlikely to have a major reversal when the relevant uncertainty is eliminated. If there is a major

financing component in the contract, the Company will adjust the transaction price according to the financing component in the contract; if the interval between the transfer of control rights and the payment of the customer's price is less than one year, the Company does not consider the financing component.

For sales with sales return clauses, when the customer obtains the control of the related goods, the Company recognizes revenues based on the consideration amount that it is entitled to due to the transfer of the goods to the customer, and confirms the returned amount due to sales return as estimated liabilities; At the same time, the balance after deducting the estimated cost of recovering the goods (including the impairment of the value of the returned commodity) according to the estimated book value of the returned goods at the time of transfer was recognized as an asset, that is, the receivable cost of the returned goods was carried forward to costs after deducting the net amount of the above-mentioned contract costs, according to the book value of the transferred commodity at the time of transfer. On each balance sheet date, the Company re-estimated future sales returns and remeasured the above assets and liabilities.

If there are significant financing costs in the contract, the Company determines the transaction price based on the assumed amount of cash to be paid when the customer obtains control of the goods. If the nominal amount of the contract consideration is discounted to the current sale price of the goods, the difference between determined transaction price and the amount of consideration promised in the contract was amortized by adopting the effective interest method during the contract period. For the interval between the estimated acquisition of the goods control right by the customer and the payment by the customer less than one year, the Company did not consider the significant financing component in the contract.

As the Company has the right to independently determine the price of the goods traded, that is, the Company can control such product before transferring the goods and other products to the customer, the company is the main responsible person, and the revenue would be recognized based on the total consideration received or receivable. Otherwise, the Company is an agent, and the revenue would be recognized according to the amount of commission or handling fee expected to be collected. Such amount should be recognized according to the net amount of the total consideration received or receivable deducting the payables to other related parties, or according to the established amount or proportion of the commission.

4.32 Contract costs

The contract costs are divided into contract performance costs and contract acquisition costs.

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

- 1.The costs are directly related to a current or expected contract obtained.
- 2.The costs increase the resources of the Company to fulfill its performance obligations in the future.
- 3.The costs are expected to be recovered.

If the incremental cost incurred by the Company for obtaining the contract is expected to be recovered, the contract acquisition cost is recognized as an asset.

The assets related to contract costs are amortized on the same basis as revenue recognition for goods or services related to the asset; however, if the amortization period of contract acquisition costs does not exceed one year, the Company will include them in the current profit or loss when it occurs.

If the assets related to contract costs whose carrying amount is higher than the difference between the following two items, the Company will make provision for impairment for the excess part and recognize it as loss from asset impairment:

1. The remaining consideration expected to be obtained due to the transfer of goods or services related to the asset;
2. Estimate the costs that will occur in order to transfer the relevant goods or services.

If the above provision for asset impairment is reversed, the book value of the asset upon the reversal shall not exceed the book value of such assets on the reversal date under the assumption that no provision for impairment is made.

4.33 Government grants

4.33.1 Type

Government grants refer to the monetary or non-monetary assets obtained by the Company from the government for free. Government grants are divided into asset-related government grants and income-related government grants.

Asset-related government grants refer to government subsidies obtained by the Company for forming long-term assets by acquisition, construction or other manners. Income-related government grants refer to those other than asset-related government grants. Where government documents fail to clearly define grant objects, the Company will make a judgement according to the aforesaid principle.

4.33.2 Recognition time

Government grants are recognized when the Company is eligible for the conditions for government grants and can receive them.

4.33.3 Accounting treatment

Asset-related government grants shall be used to offset the book value of relevant assets or recognized as deferred income. The government grants recognized as asset-related government grants 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 by reasonable and systematic methods within useful lives of related assets (where such grants are related to the routine activities of the Company, they will be included in other income; where such grants are not related to the routine activities of the Company, they will be included in non-operating revenue);

The income-related government grants used to compensate for relevant costs or losses which will occur in the following period in the Company shall be recognized as the deferred income, and, during the period when relevant costs or losses are recognized, be included in the current profit or loss (where income-related government grants are relevant to routine activities of the Company, such grants shall be included in the other income; where income-related government grants are irrelevant to daily activities of the Company, such grants shall be included in the non-operating revenue) or used to offset relevant costs or losses; income-related government grants used to compensate for relevant costs or losses incurred in the Company shall be included in the current profit or loss (where income-related government grants are relevant to daily activities of the Company, such grants shall be included in the other income; where income-related government grants are irrelevant to daily activities of the Company, such grants shall be included in the non-operating revenue) or used to offset relevant costs or losses.

4.34 Deferred income tax assets and deferred income tax liabilities

Deferred income tax assets are recognized for deductible temporary differences to the extent that it shall not exceed the taxable income probably obtained in future period that can be used for deducting the deductible temporary differences. For deductible losses and tax credits that can be carried forward to subsequent periods, deferred income tax assets arising therefrom are recognized to the extent of the taxable income probably obtained in future period that can be used for deducting the deductible losses and tax credits.

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 matters excluding business combinations, which affect neither accounting profits nor the taxable income (or deductible losses) when occurred.

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

When the Company has the legal rights to settle income tax assets and income tax liabilities for the current period with net amount, and deferred income tax assets and deferred income tax liabilities are related to the income tax which are imposed on the same taxpayer by the same tax collection authority or on different taxpayers, but, in each important future period in connection with the reverse of deferred income tax assets and liabilities, the involved taxpayer 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.

4.35 Lease

Lease refers to a contract in which a lessor assigns the right to use an asset to a lessee within a certain period of time in order to obtain consideration. On the contract commencement date, the Company evaluates whether the contract is a lease or includes a lease. If a party to a contract transfers the right to control the use

of one or more identified assets within a certain period in exchange for consideration, the contract shall be a lease or include a lease.

If the contract contains multiple individual leases, the lessee and the lessor will split the contract and make accounting treatment over each individual lease. If the contract contains both leased and non-leased parts, the lessee and lessor will split the leased and non-leased parts.

4.35.1 The Company as the lessee

(1) Right-of-use assets

As at the beginning of the lease period, the Company recognizes the leases other than short-term leases and leases of low-value assets as the right-of-use assets. Right-of-use assets are initially measured at cost. Such costs include:

- a. The initial measurement amount of lease liabilities;
- b. In case of any lease incentives, relevant amount of the lease incentives enjoyed shall be deducted from the lease payment paid on or before the commencement date of the lease term;
- c. The initial direct costs incurred of the Company;
- d. The costs incurred of the Company for demolishing and removing leased assets, restoring the site where the leased assets are located, or restoring the leased assets to the state agreed in the lease terms. The Company recognizes and measures the cost in accordance with the recognition standards and measurement methods described in Note 5.42 Estimated Liabilities. Such cost is included in inventory costs incurred for the production of inventory.

The Company adopts the straight-line-method to make the provision for the depreciation of the right-of-use assets. If there is a reasonable assurance that the ownership of leased assets can be acquired when the lease period expires, the depreciation of the right-of-use assets will be made within the remaining useful life of such lease assets. If there is no reasonable assurance that the ownership of the leased assets can be acquired when the lease period expires, the depreciation of such leased assets is made within the shorter one between the lease period and the remaining useful life of the leased assets.

(2) Lease liabilities

As at the beginning of the lease period, the Company recognizes the leases other than short-term leases and leases of low-value assets as lease liabilities. Lease liabilities are initially measured at the present value of the lease payments that have not been paid. Lease payments include:

- a. For fixed payments (including substantial fixed payments), if there is any lease incentive, the relevant amount of the lease incentive shall be deducted;
- b. Variable lease payments depending on the index or ratio;
- c. The payments expected to be payable based on the residual value of the guarantee provided by the Company;
- d. Exercise price of purchase option, provided that the Company reasonably determines that it will exercise the option;
- e. The amount to be paid to exercise the lease termination option, provided that it is reflected that the Company will exercise the lease termination option during the lease period;

The Company adopts the implicit rate of lease as the discount rate, but if the implicit rate of lease cannot be reasonably determined, the incremental borrowing rate will be adopted as the discount rate.

The Company calculates the interest expenses of lease liabilities in each lease term based on a fixed periodic interest rate, and includes such expenses into the current profit or loss or the cost of related assets.

The variable lease payments not included in the measurement of lease liabilities shall be included in the current profit or loss or the costs of related assets when they actually occur.

After the commencement date of the lease period, the Company will re-measure the lease liabilities based on the present value of the lease payments after changes:

- a. Any change in the estimated payable amount based on the residual value of the guarantee;
- b. Any change in the index or ratio used to determine lease payments;
- c. Any change in the evaluation results of the purchase option, lease renewal option or lease termination option, or any inconsistency between the actual exercise of the lease renewal option or lease termination option and the original evaluation results.

When the lease liabilities are remeasured, the Company will adjust the book value of the right-of-use assets accordingly. If the book value of the right-of-use assets has been reduced to zero and further reduction of lease liabilities is still required, the Company will include the remaining amount in the current profit or loss.

(3) Short-term lease and lease of low-value assets

The Company chooses not to recognize right-of-use assets and lease liabilities for short-term leases and leases of low-value assets, and the relevant lease payments are included in the current profit or loss or the cost of related assets by straight-line method over each period within the lease term. Short-term leases refer to leases that do not exceed 12 months on the commencement date of the lease period and do not include any purchase option. Low-value asset lease refers to the lease of a single lease asset with lower value when it is brand new. For the lease asset subleased by the Company subleases or expected to be subleased, the original lease is not a lease of low-value assets.

(4) Lease changes

If the lease changes and the following conditions are met at the same time, the Company will carry out accounting treatment over the lease change as a separate lease:

- a. Where the lease change expands the scope of the lease by adding the right to use one or more leased assets;
- b. Where the increase of the consideration is equivalent to the adjusted individual price of the expanded part of the lease scope according to the contract.

Where the lease change is not accounted for as a separate lease, on the effective date of the lease change, the Company will re-distribute the consideration of the contract after the change, re-determine the lease period,

and re-measure lease liabilities according to the present value calculated by the changed lease payments and the revised discount rate.

4.35.2 The Company as the lessor

Leases of the Company are classified as financing lease and operating lease on the lease commence date. Lease under which almost all the risks and rewards relevant to the ownership of leased assets are materially transferred is recognized as financing lease, regardless of whether the ownership is ultimately transferred. Operating lease refers to the leases other than financing lease. When the Company is a sub-lessor, it classifies the sub-leases based on the right-of-use assets generated by the original lease.

(1) Accounting treatment of operating leases

Rental from the operating lease in each stage during the rental period should be recognized as the rental income by the straight-line method. Initial direct costs relating to operating lease incurred by the Company are capitalized, and shall be included in the current profit or loss on the same basis as the recognition of lease income during the lease term. The variable lease payable that is not included in the lease receivable shall be included in the current profit or loss at the time of actual occurrence.

(2) Accounting treatment of finance lease

On the lease commencement date, the Company recognizes finance lease receivables for financial leases and derecognizes financial lease assets. When the Company conducts the initial measurement of finance lease receivables, the net lease investment is adopted as the entry value of the finance lease receivables. The net lease investment is the sum of the unguaranteed residual value and the present value of the lease payments that have not been received at the beginning of the lease term and discounted at the interest rate included in the lease.

The Company calculates and recognizes the interest expenses in each lease term based on a fixed periodic interest rate. The derecognition and impairment of finance lease receivables shall be accounted for in accordance with "3.11 Financial instruments" herein.

The variable lease payable that is not included in the net lease investment for measurement shall be included in the current profit or loss at the time of actual occurrence.

4.35.3 Sale-and-lease back deals

The Company evaluates and determines whether the transfer of assets in the sale-and-leaseback transaction is a sale in accordance with the principles described in "3.29 Revenue" herein.

(1) As the lessee

If the asset transfer in the sale-leaseback transaction belongs to sales, the Company as the lessee measures the right-of-use asset formed by the sale-leaseback according to the part related to the use-right obtained from the leaseback in the original book value of assets, and only recognizes the relevant gains and losses only for the rights transferred to the lessor; If the asset transfer in the sale-and-leaseback transaction does not belong to the sale, the Company, as the lessee, continues to confirm the transferred assets and recognizes a financial liability equivalent to the transfer income. Please refer to Note "3.10 financial instruments" for the accounting treatment for financial liabilities.

(2)As the lessor

If the asset transfer in the sale-and-leaseback transaction belongs to sales, the Company, as the lessor, conducts accounting treatment over asset purchases, and performs accounting treatment for asset lease in accordance with the aforementioned policy of "2. The Company acts as the lessor"; If the asset transfer in the sale-and-leaseback transaction does not belong to the sale, the Company, as the lessor, will not confirm the transferred assets but recognizes a financial asset equivalent to the transfer income. Please refer to Note "3.11 financial instruments" for the accounting treatment for financial assets.

4.36 Discontinued operations

Discontinued operations refer to the component that meets any of the following conditions, can be separately distinguished and has been disposed by the Company or classified as held for sale by the Company:

(1)The component represents an independent major business or a sole major business area;

(2)The component is a part of a related plan on intended disposal of an independent major business or a sole major business area; or

(3)The component is a subsidiary acquired only for re-sale.

Operational gains and losses such as impairment losses and reversal amounts and disposal gains and losses from discontinued operations are listed in the income statement as discontinued operation gains and losses.

4.37 Segment reporting

The Company determines operating segments based on internal organization structure, management requirements and internal reporting system, determines reporting segments based on operating segments, and disclose the information of the segments.

An operating segment is a constituent part meeting the following conditions within the Company:

(1)The constituent part can generate income and expenses in routine activities;

(2)The Company's management is able to regularly evaluate the operating results of this constituent part so as to determine the resources allocation and assess its performance;

(3)The Company is able to obtain the financial position, operating results, cash flows and other relevant accounting information of this constituent part.

If two or more operating segments have similar economic characteristics, and have met a certain condition, they will be merged into one operating segment.

4.38 safety production expenses

Based on annual actual operating revenue of machinery manufacturing enterprises in the Company in the last year, the safety production expenses shall be evenly withdrawn month by month through the excess regressive method and based on the following standards, and specially used for perfecting and improving the safety production conditions of the enterprises or projects.

- (1) 2% of business revenue which is no more than RMB 10 million;
- (2) 1% of business revenue which exceeds RMB 10 million and is no more than RMB 100 million;
- (3) 0.2% of business revenue which exceeds RMB 100 million and is no more than RMB 1 billion; and
- (4) 0.1% of business revenue which exceeds RMB 1 billion and is no more than RMB 5 billion; and
- (5) 0.05% of business revenue which exceeds RMB 5 billion.

For the machinery manufacturing enterprises which are newly built and have been put into production for less than one year, the expenses of safety production shall be withdrawn on a monthly basis based on the actual operating revenue of the current year.

Safety production costs withdrawn are included in the current profit or loss and included in the item of "special reserves" at the same time, and separately listed in the item of "owner's equity". When withdrawn safe production costs are used within the prescribed range and belong to expenses, such costs shall be directly deducted from special reserves. Where fixed assets form, incurred expenses are accumulated under the item "construction in progress" and are recognized as fixed assets when the safe project is completed and reaches the working conditions for its intended; meanwhile, special reserves shall be offset according to the costs of fixed assets and the accumulated depreciation of the same amount shall be recognized. The balance of specific reserves withdrawn should be directly included in the current profit or loss.

4.39 Changes in significant accounting policies and accounting estimates

4.39.1 Changes in significant accounting policies

The Company has no changes in significant accounting policies in 2020.

4.39.2 Changes in significant accounting estimates

The Company has no changes in significant accounting estimates in 2020.

5、Taxation

5.1 Main tax types and tax rates

Tax Type	Tax basis	Tax rate	note
Value-added tax ("VAT")	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	6%、9%、10%、11%、13%、17%、18%	Note 1
Urban maintenance and construction tax	Levied based on the actual business tax, VAT and consumption tax paid	5%、7%	

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Tax Type	Tax basis	Tax rate	note
Enterprise income tax	Levied based on the taxable income	15%、20%、27.553% 、25%、34%	
Property tax	The property for personal use shall be levied based on 70% of the original value and the leased property shall be levied based on income	1.2%、12%	

Note1: The goods sales services of Dong Fang Electric (India) Private Limited shall be levied the goods and services tax (GST) at a unified rate of 18.00%; The VAT value levied on the goods sales of PT. Dongfang Electric Indonesia Company is 10.00%.

Notes to disclosure of enterprises with different enterprise income tax rates:

Taxpayer name	Income tax rate (%)
Dongfang Electric Corporation Limited	15.00
Dongfang (Guangzhou) Heavy Machinery Co., Ltd.	15.00
DongFang Boiler (Group) Co.,Ltd.	15.00
Chengdu Dongfang Kwh Environmental Protection Catalysts Co., Ltd.	15.00
Dongfang Turbine Co., Ltd.	15.00
Deyang Dongfang Aberle Sysrem Corporation Limited	15.00
Dongfang Electric Machinery Company Limited	15.00
Dongfang Electric Wind Power Co., Ltd.	15.00
Tianjin Dongqi Wind Turbine Blade Engineering Co., Ltd.	15.00
Dongfang Electric Wind Power (Fujian) Co., Ltd.	20.00
Dongfang Electric Auto Control Engineering Co., Ltd.	15.00
Eastern Boiler Control Co., Ltd.	15.00
Dongfang Hitachi (Chengdu) Electric Control Equipment Co., Ltd.	15.00
Dongfang Electric (Chengdu) Hydrogen Fuel Cell Technology Co., Ltd.	15.00
Science and Technology Institute Co., Ltd. of Dongfang Electric Corporation	15.00
DongFangElectric (India) PrivateLimited	27.553
PT.Dongfang Electric Indonesia Company (note 1)	25.00、20.00
Dongfang Electric Venezuela Co., Ltd.	34.00
NamMang1 Power Company Limited (note 2)	0.00

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Taxpayer name	Income tax rate (%)
Other companies within the scope of consolidation of the Company	25.00

Note 1: PT.Dongfang Electric Indonesia Company shall be levied the enterprise income tax respectively according to 25% and 20% of taxable income and income from deposit interest.

Note 2: According to the *Franchise Agreement* signed by NamMang1 Power Company Limited and the Laos Government on January 9, 2013, the enterprise income tax rate applicable to NamMang1 Power Company Limited is 0.00%.

5.2 Tax preference

1.Dong fang Electric Corporation Limited

According to the Circular on Issues Concerning Tax Policies for In-depth Implementation of Western Development Strategies (CS [2011] No. 58) issued by the Ministry of Finance, the General Administration of Customs and the State Administration of Taxation, for enterprises located in Western China, taking the additional encouraged industry projects as stipulated in the Catalogue of Encouraged Industries in the Western Region as primary businesses and having a revenue from primary businesses accounting for over 70% of its total enterprise revenues for the current year, they are entitled to the enterprise income tax levied at a reduced tax rate of 15.00% from January 1, 2011 to December 31, 2020. Dongfang Electric Corporation Limited meets the said tax preference condition, and can enjoy such preferential tax rate of 15.00%.

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

On November 30, 2016, it was qualified as a hi-tech enterprise with a 3-year certificate of No. GR201644000010. After the expiration of the certificate, Dongfang (Guangzhou) Heavy Machinery Co., Ltd. went through the application and filling procedures and received a renewed hi-tech enterprise certificate of No. GR201944003468. According to the preferential tax policies for hi-tech enterprises as stated in Law of the people's Republic of China on Enterprise Income Tax, its applicable enterprise income tax rate in 2020 is 15.00%.

3.DongFang Boiler (Group) Co.,Ltd.

(1) DongFang Boiler (Group) Co.,Ltd.

On December 4, 2017, it was qualified as a hi-tech enterprise with a 3-year certificate of No. GR201751000961. According to the preferential tax policies for hi-tech enterprises as stated in Law of the people's Republic of China on Enterprise Income Tax, its applicable enterprise income tax rate in 2020 is 15.00%.

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

On December 3, 2018, after approved by the Science and Technology Department of Sichuan Province, Sichuan Provincial Finance Department, Sichuan Provincial Tax Services, STA. and the Local Taxation Bureau of Sichuan Province, it was qualified as a hi-tech enterprise with a 3-year certificate of No. GR201851001669, and can apply the enterprise income tax rate of 15.00% in 2020.

4. Dongfang Turbine Co., Ltd.

(1) Dongfang Turbine Co., Ltd.

On September 14, 2018, after approved by the Science and Technology Department of Sichuan Province, Sichuan Provincial Finance Department, Sichuan Provincial Tax Services, STA. and the Local Taxation Bureau of Sichuan Province, it was qualified as a hi-tech enterprise with a 3-year certificate of No. GR201851000343. According to the preferential tax policies for hi-tech enterprises as stated in *Law of the people's Republic of China on Enterprise Income Tax*, its applicable enterprise income tax rate in 2020 is 15.00%.

(2) Deyang Dongfang Aberle System Corporation Limited

According to the *Circular on Issues Concerning Tax Policies for In-depth Implementation of Western Development Strategies* (CS [2011] No. 58) issued by the Ministry of Finance, the General Administration of Customs and the State Administration of Taxation, for enterprises located in Western China, taking the additional encouraged industry projects as stipulated in the *Catalogue of Encouraged Industries in the Western Region* as primary businesses and having a revenue from primary businesses accounting for over 70% of its total enterprise revenues for the current year, they are entitled to the enterprise income tax levied at a reduced tax rate of 15.00% from January 1, 2011 to December 31, 2020. Deyang Dongfang Aberle System Corporation Limited meets the said tax preference condition, and can enjoy such preferential tax rate of 15.00%.

5. Dongfang Electric Machinery Company Limited

On December 3, 2018, it was qualified as a hi-tech enterprise with a 3-year certificate of No. GR201851001296. According to the preferential tax policies for hi-tech enterprises as stated in *Law of the people's Republic of China on Enterprise Income Tax*, its applicable enterprise income tax rate in 2020 is 15.00%.

6. Dongfang Electric Wind Power Co., Ltd.

(1) Dongfang Electric Wind Power Co., Ltd.

On November 28, 2019, Dongfang Electric Wind Power Co., Ltd. acquired the 3-year High-tech Enterprise Certificate of No. GR201951001691, jointly issued by the Science and Technology Department of Sichuan Province, Sichuan Provincial Finance Department, and Sichuan Provincial Tax Services, STA. According to the preferential tax policies for hi-tech enterprises as stated in *Law of the people's Republic of China on Enterprise Income Tax*, its applicable enterprise income tax rate in 2020 is 15.00%.

(2) Tianjin Dongqi Wind Turbine Blade Engineering Co., Ltd.

On December 9, 2016, Tianjin Dongqi Wind Turbine Blade Engineering Co., Ltd. acquired the 3-year High-tech Enterprise Certificate of No. GR201612000990, jointly issued by Tianjin Science and Technology Commission, Tianjin Finance Bureau, Tianjin Tax Services, STA., and Tianjin Municipal Local Taxation Bureau. After expiration of the certificate, Tianjin Dongqi Wind Turbine Blade Engineering Co., Ltd. has gone through the application and filling procedures and received a renewed certificate of No. GR201912001714. According to the preferential tax policies for hi-tech enterprises as stated in *Law of the people's Republic of China on Enterprise Income Tax*, its applicable enterprise income tax rate in 2020 is 15.00%.

(3) Dongfang Electric Wind Power (Fujian) Co., Ltd.

According to the *Circular on Implementing the Policy on Inclusive Tax Reliefs for Small and Micro Enterprises* (CS [2019] No. 13), for small low-profit enterprises, the portion of less than RMB 1 million will be included in the actual taxable income at 25%, based on which the enterprise income tax payable will be

calculated at the reduced tax rate of 20%. Dongfang Electric Wind Power (Fujian) Co., Ltd. meet the said conditions and can enjoy the preferential enterprise income tax policy for small low-profit enterprises in 2020, thus applying the enterprise income tax rate of 20.00%.

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

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

On August 29, 2017, it was qualified as a hi-tech enterprise with a 3-year certificate of No. GR201751000468. According to the preferential tax policies for hi-tech enterprises as stated in *Law of the People's Republic of China on Enterprise Income Tax*, its applicable enterprise income tax rate in 2019 is 15%. Dongfang Electric Auto Control Engineering Co., Ltd. Dongfang Electric Auto Control Engineering Co., Ltd. and its subsidiaries have obtained the *Computer Software Copyright Registration Certificate* issued by the National Copyright Administration of the People's Republic of China. According to the relevant provisions of the *Circular on Value-added Tax Policy on Software Products* (CS [2011] No. 100) issued by the Ministry of Finance and the State Administration of Taxation, Dongfang Electric Auto Control Engineering Co., Ltd. Dongfang Electric Auto Control Engineering Co., Ltd. and its subsidiaries can enjoy the preferential policy on VAT collection and refund for the part of actual tax burden on sales of self-developed and produced software products that exceeds 3%.

(2) Eastern Boiler Control Co., Ltd.

On October 16, 2018, it was qualified as a hi-tech enterprise with a 3-year certificate of No. GR201844200982. According the preferential tax policies for hi-tech enterprises as stated in *Law of the People's Republic of China on Enterprise Income Tax*, its applicable enterprise income tax rate in 2020 is 15.00%.

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

In December 2018, it acquired the hi-tech enterprise certificate of No. GR201851000689, with a valid term of 3 years. According the preferential tax policies for hi-tech enterprises as stated in *Law of the People's Republic of China on Enterprise Income Tax*, its applicable enterprise income tax rate in 2020 is 15.00%.

8. Dongfang Electric (Chengdu) Hydrogen Fuel Cell Technology Co., Ltd.

In October 2019, it acquired the hi-tech enterprise certificate of No. GR201951000324, with a valid term of 3 years. According the preferential tax policies for hi-tech enterprises as stated in *Law of the People's Republic of China on Enterprise Income Tax*, its applicable enterprise income tax rate in 2020 is 15.00%.

9. Science and Technology Institute Co., Ltd. of Dongfang Electric Corporation

According to Article 2 of the *Circular of the Ministry of Finance and the State Administration of Taxation on Implementing the Policy on Inclusive Tax Reliefs for Small and Micro Enterprises* (CS [2019] No. 13), "for small low-profit enterprises, the portion of less than RMB 1 million, and the portion of more than RMB 1 million but less than RMB 3 million, of the annual taxable income, will be included in the actual taxable income at 25% and 50% respectively, based on which the enterprise income tax payable will be calculated at the reduced tax rate of 20%, thus, the Company meets the said relevant preferential policies and can enjoy the enterprise income tax rate of 5%.

6、Notes to the items of the consolidated financial statements

(In addition to the special note, the unit of amount is CNY)e opening balance is the

6.1 Monetary funds

Items	Closing balance	Opening balance
Cash on hand	1,614,031.10	2,005,692.73
Bank deposits	26,363,886,696.70	30,272,736,763.15
Other monetary funds	320,731,512.80	204,986,223.14
Interest receivable not yet due		
Total	26,686,232,240.60	30,479,728,679.02
Including:total amount of deposit abroad	191,857,447.94	245,058,564.81

Note: The item of "Bank deposits" includes the deposits in central bank and the deposits in banks and other financial institutions.

Monetary funds restricted for use due to mortgage, pledge or freezing, or placed overseas with restrictions on fund repatriation are as follows:

Items	Closing balance	Opening balance
Bank deposit reserves	2,215,224,551.18	1,948,285,326.63
L/G deposit	113,211,173.73	52,255,879.46
Performance bond	832,299.87	6,817,818.08
Court freeze	40,777,148.92	
Bank acceptance deposit	38,437,559.46	
Total	2,408,482,733.16	2,007,359,024.17

Note: The freezing of RMB 40,777,148.92 by the court is the amount frozen by Dongfang International due to arbitration due to contract disputes. For details, please refer to "Note 13.2 Important Contingent Events on the Balance Sheet Date".

6.2 Loans to banks and other financial institutions

Items	Closing balance	Opening balance
Loans to other banks		69,762,000.00
Including: loans to domestic banks		69,762,000.00
Loans to non-bank financial institutions		400,000,000.00
Including: loans to domestic non-bank financial institutions		400,000,000.00

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Items	Closing balance	Opening balance
Sub-total		469,762,000.00
Less: provision for losses on loans to banks and other financial institutions		-
Book value of loans to banks and other financial institutions		469,762,000.00

6.3 Financial assets held for trading

Items	Closing balance	Opening balance
Financial assets measured at fair value through the current profit or loss	1,292,860,471.15	1,606,664,199.35
Debt instrument investments	177,416,452.50	493,204,821.00
Equity instrument investments	439,464,085.68	554,756,742.38
Others	675,979,932.97	558,702,635.97
Total	1,292,860,471.15	1,606,664,199.35

Notes to Financial assets held for trading:

1.As at January 1, 2020, the item of “Others” amounting to RMB 558,702,635.97 mainly include income certificates of RMB 261,530,000.00, asset management products of RMB 174,119,885.32, financial products of RMB 100,000,000.00, and funds of RMB 23,052,750.65.

2.As at December 31, 2020, the item of “Others” amounting to funds of RMB 675,979,932.97.

Financial assets held for trading are analyzed as follows:

Items	Closing balance	Opening balance
Listed financial assets		
China (except Hong Kong)	439,392,685.68	554,685,342.38
Sub-total	439,392,685.68	554,685,342.38
Non-listed financial assets	853,467,785.47	1,051,978,856.97
Total	1,292,860,471.15	1,606,664,199.35

Note:

1.The Company holds 1,447,000.00 shares of domestic listing RMB ordinary shares (A-share) without restricted circulation in China XD Electricity Co., Ltd., accounting for 0.0282% of the share capital of the investee;

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2.The Company holds 79,137,977.00 shares of domestic listing RMB ordinary shares (A-share) without restricted circulation in Huaneng Power International Co., Ltd., accounting for 0.5041% of the share capital of the investee;

3.The Company holds 285,400.00 shares of domestic listing RMB ordinary shares (A-share) without restricted circulation in Hubei Energy Group Co., Ltd., accounting for 0.0044% of the share capital of the investee;

The Company holds 17,103,154.00 shares of domestic listing RMB ordinary shares (A-share) without restricted circulation in Bank of Communications Co., Ltd., accounting for 0.0230% of the share capital of the investee;

5.The Company holds 301,994.00 shares of domestic listing RMB ordinary shares (A-share) without restricted circulation in Chongqing Iron & Steel Co., Ltd., accounting for 0.0034% of the share capital of the investee;

6.The Company holds 134.00 shares of domestic listing RMB ordinary shares (A-share) without restricted circulation in Xinya Electronics Co., Ltd., accounting for 0.0001042% of the share capital of the investee;

7.The Company holds 293.00 shares of domestic listing RMB ordinary shares (A-share) without restricted circulation in Zhejiang Yiming Food Co., Ltd., accounting for 0.0000731% of the share capital of the investee;

8.For the above-mentioned trading equity instrument investments, except the fair value of the RMB 71,400.00 equity held by Great Wall West China Bank Co., Ltd. its determined based on the investment cost, the fair values of the rest investments on December 31, 2020 are calculated and determined based on the closing price of the securities market on December 31, 2020.

6.4 Notes receivable**6.4.1 Presentation of the notes receivable by category**

Items	Closing balance	Opening balance
Bank acceptance bills	2,274,294,460.56	1,270,922,938.67
Commercial acceptance bills	1,506,942,679.38	247,792,839.45
Total	3,781,237,139.94	1,518,715,778.12

6.4.2 Notes receivable endorsed or discounted by the Company as at December 31, 2020 but not expired on the balance sheet date

Items	Amount derecognized as at December 31, 2020	Amount not derecognized as at December 31, 2020
Bank acceptance bills	302,146,735.90	
Commercial acceptance bills	25,000,000.00	23,560,000.00
Total	327,146,735.90	23,560,000.00

6.4.3 Notes transferred to accounts receivable as at December 31, 2019 due to the drawer's failure of performing the contract

Item	Amount transferred to accounts receivable as at December 31, 2020
Bank acceptance bills	9,900,000.00
Commercial acceptance bills	6,360,000.00
Total	16,260,000.00

6.5 Accounts receivable

6.5.1 Disclosure of accounts receivable by aging

Aging	Closing balance	Opening balance
Within 1 year	5,130,256,766.78	3,584,734,118.98
1 - 2 years	1,690,563,764.54	1,220,225,381.88
2 - 3 years	708,575,024.69	1,242,701,454.24
3 - 4 years	951,541,934.99	1,120,166,619.62
4 - 5 years	1,041,298,116.42	859,218,842.68
Over 5 years	2,893,968,554.92	2,450,745,343.73
Sub-total	12,416,204,162.34	10,477,791,761.13
Less: provision for bad debts	4,889,965,953.80	4,262,504,812.26
Total	7,526,238,208.54	6,215,286,948.87

6.5.2 Disclosure under the methods of provision for bad debts of accounts receivable by category

Category	Closing balance				Book value
	Book balance		Provision for bad debts		
	Amount	Proportion (%)	Amount	Proportion of provision (%)	
Individual provision for bad debts	1,960,917,041.99	15.79	1,906,603,620.79	97.23	54,313,421.20
Provision for bad debts accrued on a portfolio basis	10,455,287,120.35	84.21	2,983,362,333.01	28.53	7,471,924,787.34
Including:					
Accounts receivable with provision for bad debts made by portfolios with credit risk characteristics	10,455,287,120.35	84.21	2,983,362,333.01	28.53	7,471,924,787.34

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Category	Closing balance				Book value
	Book balance		Provision for bad debts		
	Amount	Proportion (%)	Amount	Proportion of provision (%)	
Total	12,416,204,162.34	100.00	4,889,965,953.80		7,526,238,208.54

(CONT'D)

Category	Opening balance				Book value
	Book balance		Provision for bad debts		
	Amount	Proportion (%)	Amount	Proportion of provision (%)	
Individual provision for bad debts	1,540,808,273.79	14.71	1,429,005,933.95	92.74	111,802,339.84
Provision for bad debts accrued on a portfolio basis	8,936,983,487.34	85.29	2,833,498,878.31	31.71	6,103,484,609.03
Including:					
Accounts receivable with provision for bad debts made by portfolios with credit risk characteristics	8,936,983,487.34	85.29	2,833,498,878.31	31.71	6,103,484,609.03
Total	10,477,791,761.13	100.00	4,262,504,812.26		6,215,286,948.87

6.5.3 Individual provision for bad debts

Name	Closing balance			
	Book balance	Provision for bad debts	Proportion of provision (%)	Reason for provision
Entity 1	316,562,559.25	306,562,559.25	96.84	During bankruptcy liquidation proceedings
Entity 2	207,107,394.98	207,107,394.98	100.00	During bankruptcy liquidation proceedings
Entity 3	122,740,000.00	116,350,000.00	94.79	Facing capital shortage, expected to be difficult to recover

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Entity4	111,417,134.15	111,417,134.15	100.00	During bankruptcy liquidation proceedings
Entity5	94,347,063.36	92,995,530.38	98.57	During bankruptcy liquidation proceedings
Entity6	91,500,000.00	91,500,000.00	100.00	Facing capital shortage, expected to be difficult to recover
Entity7	83,889,219.56	83,889,219.56	100.00	During bankruptcy liquidation proceedings
Entity8	79,645,387.89	71,680,849.10	90.00	Facing capital shortage, expected to be difficult to recover
Entity9	77,516,000.00	69,764,400.00	90.00	Facing capital shortage, expected to be difficult to recover
Entity10	76,737,496.38	76,737,496.38	100.00	During bankruptcy liquidation proceedings
Entity11	72,082,755.00	72,082,755.00	100.00	Facing capital shortage, expected to be difficult to recover
Entity12	68,902,740.00	62,012,466.00	90.00	Facing capital shortage, expected to be difficult to recover
Entity13	65,400,000.00	65,400,000.00	100.00	During bankruptcy liquidation proceedings
Entity14	51,609,584.33	51,609,584.33	100.00	During bankruptcy liquidation proceedings
Entity15	51,469,460.00	51,469,460.00	100.00	Facing capital shortage, expected to be difficult to recover

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Entity16	40,108,107.28	40,108,107.28	100.00	Facing capital shortage, expected to be difficult to recover
Entity17	39,680,000.00	35,712,000.00	90.00	Facing capital shortage, expected to be difficult to recover
Entity18	39,381,508.00	39,381,508.00	100.00	During bankruptcy liquidation proceedings
Entity19	34,040,696.71	30,778,246.72	90.42	Facing capital shortage, expected to be difficult to recover
Entity20	29,195,000.00	26,275,500.00	90.00	Facing capital shortage, expected to be difficult to recover
Entity21	21,420,000.00	21,420,000.00	100.00	Facing capital shortage, expected to be difficult to recover
Entity22	18,250,000.00	18,250,000.00	100.00	During bankruptcy liquidation proceedings
Entity23	17,319,029.55	17,319,029.55	100.00	Facing capital shortage, expected to be difficult to recover
Entity24	16,920,000.00	15,228,000.00	90.00	Facing capital shortage, expected to be difficult to recover
Entity25	13,077,400.00	13,077,400.00	100.00	Expected to be difficult to recover
Entity26	11,573,813.40	11,573,813.40	100.00	The debtor's capital chain breaks
Entity27	11,252,293.52	11,252,293.52	100.00	Expected to be difficult to recover

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Entity28	10,000,000.00	10,000,000.00	100.00	Expected to be difficult to recover
Entity29	9,744,000.00	8,769,600.00	90.00	Facing capital shortage, expected to be difficult to recover
Entity30	9,268,250.00	9,268,250.00	100.00	Facing capital shortage, expected to be difficult to recover
Others	68,760,148.63	67,611,023.19	98.33	Facing capital shortage, expected to be difficult to recover
Total	1,960,917,041.99	1,906,603,620.79		

6.5.4 Provision for bad debts accrued on a portfolio basis

Aging	Closing balance		
	Book balance	Provision for bad debts	Proportion of provision (%)
Within 1 year	5,041,700,506.09	253,828,894.61	5.00
1 - 2 years	1,687,081,386.35	168,708,138.75	10.00
2 - 3 years	585,132,007.70	117,026,401.55	20.00
3 - 4 years	595,476,968.44	238,190,787.37	40.00
4 - 5 years	680,576,282.21	340,288,141.17	50.00
Over 5 years	1,865,319,969.56	1,865,319,969.56	100.00
Total	10,455,287,120.35	2,983,362,333.01	

6.5.5 Provision for bad debts recovered or reversed

In 2020, the Company accrued RMB 3,985,298.97 as provision for bad debts, and recovered or reversed RMB 61,576,551.37. Reversal or recovery of significant amount of provision for bad debts in 2020 is listed as follows:

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Entity name	Amount recovered or reversed	Basis and reasonability for recognizing the original provision for bad debts	Reason for reversal or recovery	Method for recovery
Entity 1	18,323,050.29	The debtor is likely to be unable to fulfill repayment obligations	Contract adjustment	reversed
Entity 2	9,787,749.00	The debtor is likely to be unable to fulfill repayment obligations	The court enforces collection	recovered
Entity 3	8,076,253.62	The debtor is likely to be unable to fulfill repayment obligations	bankruptcy distribution	recovered
Entity4	7,400,000.00	The debtor is likely to be unable to fulfill repayment obligations	The collection effect is good this year	recovered
Entity5	6,600,000.00	The debtor is likely to be unable to fulfill repayment obligations	The collection effect is good this year	recovered
Entity6	5,000,000.00	The debtor is likely to be unable to fulfill repayment obligations	The collection effect is good this year	recovered
Total	55,187,052.91			

6.5.6 Accounts receivable actually charged off in 2020

Item	Amount charged off
Accounts receivable actually charged off	2,760,875.90

Charge-off of significant accounts receivable:

Entity name	Nature of accounts receivable	Amount charged off	Reason for charge-off	Charge-off procedures performed	Whether it is due to related party transactions
Gansu Hongyu dexin science and technology development co., ltd	payment	2,473,855.00	no execution property,the	approval by DTC Board of Directors	No

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Entity name	Nature of accounts receivable	Amount charged off	Reason for charge-off	Charge-off procedures performed	Whether it is due to related party transactions
			court suspend execution		
Usu qingsong building materials co., ltd	payment	129,532.02	bankruptcy	approval by DEA Board of Directors	No
Total		2,603,387.02			

6.5.7 Top 5 of accounts receivable as at December 31, 2020, presented by debtor

Entity name	Closing balance	Proportion in the total accounts receivable (%)	Provision for bad debts
Entity 1	316,562,559.25	2.55	306,562,559.25
Entity 2	312,047,769.68	2.51	103,317,076.57
Entity 3	291,631,597.05	2.35	14,581,579.85
Entity 4	241,834,904.44	1.95	75,547,769.35
Entity 5	207,107,394.98	1.67	207,107,394.98
Total	1,369,184,225.40	11.03	707,116,380.00

6.6 Receivables financing

6.6.1 Presentation of receivables financing by category

Items	Closing balance	Opening balance
Notes receivable	1,946,034,819.15	1,816,408,795.25
Including: bank acceptance bills	1,829,982,986.65	1,622,115,198.32
Commercial acceptance bills	116,051,832.50	194,293,596.93
Total	1,946,034,819.15	1,816,408,795.25

Note: The Company classifies the notes receivable in the management business mode of receiving contract cash flow and sale or transfer as the financial assets measured at fair value through other comprehensive income.

6.6.2 Pledged receivables financing of the Company as at December 31, 2020

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None.

6.6.3 Receivables financing endorsed or discounted by the Company as at December 31, 2020 but not expired on the balance sheet date

Item	Amount derecognized as at December 31, 2020	Amount not derecognized as at December 31, 2020
Notes receivable endorsed or discounted but not expired		
Including: bank acceptance bills	2,690,399,927.49	
Commercial acceptance bills	45,960,000.00	
Total	2,736,359,927.49	

6.7 Advances to suppliers

6.7.1 Presentation of advances to suppliers by aging

Aging	Closing balance		Opening balance	
	Book balance	Proportion (%)	Book balance	Proportion (%)
Within 1 year	2,249,434,244.60	75.66	1,857,260,044.29	75.28
1 - 2 years	440,125,023.91	14.80	401,204,534.65	16.26
2 - 3 years	113,932,237.20	3.83	33,642,501.99	1.36
Over 3 years	169,631,144.00	5.71	175,226,581.76	7.10
Total	2,973,122,649.71	100.00	2,467,333,662.69	100.00

6.7.2 Top 5 of advances to suppliers as at December 31, 2020, presented by supplier

Entity name	Closing balance	Proportion in the total advances to suppliers (%)
Entity 1	156,520,098.00	5.26
Entity 2	143,454,945.60	4.83
Entity 3	97,757,084.81	3.29
Entity 4	66,899,774.29	2.25
Entity 5	64,273,407.31	2.16
Total	528,905,310.01	17.79

DONGFANG ELECTRIC CORPORATION LIMITED**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED DECEMBER 31, 2020****6.8 Other receivables**

Items	Closing balance	Opening balance
Interest receivable	236,257,055.12	416,416,397.66
Dividends receivable	54,487,143.57	37,002,845.36
Others	342,671,928.51	535,614,681.03
Total	633,416,127.20	989,033,924.05

Note: Other receivables in the above table refer to other receivables after deducting interest receivable and dividend receivable.

6.8.1 Interest receivable

Items	Closing balance	Opening balance
Time deposit	190,870,615.59	308,992,773.78
Bond investment	28,050,328.41	8,704,189.37
Interest on financial assets purchased under resale agreements	17,336,111.12	98,651,000.76
Others		68,433.75
Sub-total	236,257,055.12	416,416,397.66
Less: provision for bad debts		
Total	236,257,055.12	416,416,397.66

6.8.2 Dividends receivable**(1) Details of dividends receivable**

Items	Closing balance	Opening balance
Within 1 year	51,853,961.87	33,705,845.36
Over 1 year	2,633,181.70	3,297,000.00
Sub-total	54,487,143.57	37,002,845.36
Less: provision for bad debts		-
Total	54,487,143.57	37,002,845.36

(2) Significant dividends receivable with aging over one year

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Item	Balance as at December 31, 2019	Aging	Reason for non-recovery	Whether impairment or not and the judgment basis
Deyang Dongqi Real Estate Co., Ltd.	2,633,181.70	Over 3 years	The investee suffers capital shortage in short term, and the account is expected to be recovered by installments from 2020	No sign of impairment, and partial dividends recovered in 2020.
Total	2,633,181.70			

6.8.3 Other receivables

(1) Disclosure by aging

Aging	Closing balance	Opening balance
Within 1 year	283,918,190.23	477,902,190.62
1 - 2 years	66,321,537.99	44,980,515.79
2 - 3 years	12,089,842.32	21,666,508.57
3 - 4 years	12,451,966.28	10,352,956.13
4 - 5 years	1,891,133.84	10,847,916.38
Over 5 years	1,124,552,136.02	1,243,236,514.31
Sub-total	1,501,224,806.68	1,808,986,601.80
Less: provision for bad debts	1,158,552,878.17	1,273,371,920.77
Total	342,671,928.51	535,614,681.03

(2) Classification according to the nature

Nature of payment	Closing balance	Opening balance
Guarantee and quality guarantee fund	59,968,777.21	25,236,100.44
Reserve fund	80,310,288.83	89,172,657.19
Advance payment	30,724,804.77	131,340,167.70
Other operating business receivables	118,775,861.73	111,101,373.07
The first set of subsidies		164,617,757.63
Others	52,892,195.97	14,146,625.00
Total	342,671,928.51	535,614,681.03

(3) Disclosure by category

DONGFANG ELECTRIC CORPORATION LIMITED

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Category	Closing balance				
	Book balance		Provision for bad debts		Book value
	Amount	Proportion (%)	Amount	Proportion of provision (%)	
Individual provision for bad debts	1,063,431,633.42	70.84	1,041,783,269.62	97.96	21,648,363.80
Provision for bad debts accrued on a portfolio basis	437,793,173.26	29.16	116,769,608.55	26.67	321,023,564.71
Including:					
Other receivables with the provision for bad debts made on a portfolio with credit risk characteristics	437,793,173.26	29.16	116,769,608.55	26.67	321,023,564.71
Total	1,501,224,806.68	100.00	1,158,552,878.17		342,671,928.51

(CONT'D)

Category	Opening balance				
	Book balance		Provision for bad debts		Book value
	Amount	Proportion (%)	Amount	Proportion of provision (%)	
Individual provision for bad debts	1,180,600,412.32	65.26	1,137,757,345.24	96.37	42,843,067.08
Provision for bad debts accrued on a portfolio basis	628,386,189.48	34.74	135,614,575.53	21.58	492,771,613.95
Including:					
Other receivables with the provision for bad debts made on a portfolio with credit risk characteristics	628,386,189.48	34.74	135,614,575.53	21.58	492,771,613.95
Total	1,808,986,601.80	100.00	1,273,371,920.77		535,614,681.03

(4) Individual provision for bad debts

Name	Closing balance			
	Book balance	Provision for bad debts	Proportion of provision (%)	Reason for provision
Entity 1	871,798,550.96	871,798,550.96	100	During bankruptcy liquidation proceedings

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Name	Closing balance			
	Book balance	Provision for bad debts	Proportion of provision (%)	Reason for provision
Entity 2	146,064,314.06	146,064,314.06	100	During bankruptcy liquidation proceedings
Entity 3	14,067,238.37	14,067,238.37	100	During bankruptcy liquidation proceedings
Entity 4	13,091,265.07			Prepaid the field expenses, and the recovery risk is low
Entity 5	7,399,051.80			Prepaid the field expenses, and the recovery risk is low
Entity 6	3,144,227.32	3,144,227.32	100	Expected to be difficult to recover
Entity 7	1,681,988.19	1,681,988.19	100	Expected to be difficult to recover
Entity 8	1,572,793.57	1,572,793.57	100	Expected to be difficult to recover
Entity 9	1,397,950.00	1,397,950.00	100	Expected to be difficult to recover
Entity 10	847,832.93			Accounts receivable from the government, subject to quite low recovery risk
Entity 11	657,495.33	657,495.33	100	Expected to be difficult to recover
Entity 12	390,866.33	390,866.33	100	During bankruptcy liquidation proceedings
Entity 13	316,428.40	158,214.20	50	difficult to recover
Entity 14	303,999.80	152,000.00	50	difficult to recover
Entity 15	277,404.00	277,404.00	100	Expected to be difficult to recover

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Name	Closing balance			Reason for provision
	Book balance	Provision for bad debts	Proportion of provision (%)	
Entity 16	233,135.21	233,135.21	100	Expected to be difficult to recover
Entity 17	100,633.71	100,633.71	100	Expected to be difficult to recover
Others	86,458.37	86,458.37	100	Expected to be difficult to recover
Total	1,063,431,633.42	1,041,783,269.62		

(5) Provision for bad debts accrued on a portfolio basis

Ages	Closing balance		
	Book balance	Provision for bad debts	Proportion of provision (%)
Within 1 year	261,487,621.11	13,068,273.15	5.00
1 - 2 years	65,830,685.68	6,583,068.57	10.00
2 - 3 years	11,576,456.44	2,315,291.31	20.00
3 - 4 years	5,967,902.77	2,387,161.10	40.00
4 - 5 years	1,029,385.73	514,692.89	50.00
Over 5 years	91,901,121.53	91,901,121.53	100.00
Total	437,793,173.26	116,769,608.55	

(6) Provision for bad debts

Provision for bad debts	Phase 1	Phase 2	Phase 3	Total
	Expected credit losses in the next 12 months	Expected credit loss for the entire duration (no credit impairment)	Expected credit loss for the entire duration (credit impairment)	
Balance as at December 31, 2019	135,614,575.53		1,137,757,345.24	1,273,371,920.77
In 2019, balance as at December 31, 2019				
- Transfer to Phase 2				
- Transfer to Phase 3				

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Provision for bad debts	Phase 1	Phase 2	Phase 3	Total
	Expected credit losses in the next 12 months	Expected credit loss for the entire duration (no credit impairment)	Expected credit loss for the entire duration (credit impairment)	
- Reversal from Phase 2				
- Reversal from Phase 1				
Provision in 2020	-12,646,425.46		3,000,617.83	-9,645,807.63
Reversal in 2020			98,133,190.53	98,133,190.53
Write-off in 2020				
Charge-off in 2020	6,198,541.52		841,502.92	7,040,044.44
Other changes				
Balance as at December 31, 2020	116,769,608.55		1,041,783,269.62	1,158,552,878.17

Changes in the book balance of other receivables are as follows:

Book balance	Phase 1	Phase 2	Phase 3	Total
	Expected credit losses in the next 12 months	Expected credit loss for the entire duration (no credit impairment)	Expected credit loss for the entire duration (credit impairment)	
Balance as at December 31, 2019	628,386,189.48		1,180,600,412.32	1,808,986,601.80
In 2019, balance as at December 31, 2019				
- Transfer to Phase 2				
- Transfer to Phase 3				
- Reversal from Phase 2				
- Reversal from Phase 1				
Increase in 2020	-184,394,474.70		-18,194,085.45	-202,588,560.15
Direct write-down in 2019			98,133,190.53	98,133,190.53
Derecognition in 2020	6,198,541.52		841,502.92	7,040,044.44
Other changes				
Balance as at December 31, 2020	437,793,173.26		1,063,431,633.42	1,501,224,806.68

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(7) Other receivables actually charged off in 2020

Item	Amount charged off
Other receivables actually written off	7,040,044.44

Write-off of significant amount of other receivables:

Entity name	Nature of other receivables	Amount written off	Reason for write-off	Write-off procedures performed	Whether it is due to related party transactions
Sichuan Mianzhu Tiankang Medical Instrument Co., Ltd.	Others	3,527,616.67	Enterprise has been cancelled	approval by DEA Board of Directors	No
Deyang Chicheng industry co., ltd	Others	1,247,500.00	Enterprise has been revoked	approval by DEA Board of Directors	No
Total		4,775,116.67			

(8) Top 5 of other receivables as at December 31, 2020, presented by debtor

Entity name	Nature of payment	Balance as at December 31, 2020	Aging	Proportion in the total ending balance of other receivables (%)	Ending balance of provision for bad debts
Entity 1	Others	871,798,550.96	Over 5 years	58.07	871,798,550.96
Entity 2	Others	146,064,314.06	Over 5 years	9.73	146,064,314.06
Entity 3	Other business receivables	90,225,769.38	Within 1 year	6.01	4,511,288.47
Entity 4	Other business receivables	28,905,538.06	Within 1 year	1.93	1,445,276.90
Entity 5	Others	19,500,000.00	Over 5 years	1.30	19,500,000.00
Total		1,156,494,172.46		77.04	1,043,319,430.39

(9) Other receivables involving government grants

None.

6.9 Financial assets purchased under resale agreements

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Items	Closing balance	Opening balance
Bond	2,730,498,000.00	2,490,000,000.00
Less: provision for bad debts		
Book value of the financial assets purchased under resale agreements	2,730,498,000.00	2,490,000,000.00

6.10 Inventories

6.10.1 Classification of inventories

Items	Closing balance			Opening balance		
	Book balance	Provision for depreciation of inventories/ provision for impairment of contract performance cost	Book value	Book balance	Provision for depreciation of inventories/ provision for impairment of contract performance cost	Book value
Raw materials	2,506,229,759.09	496,703,157.24	2,009,526,601.85	2,700,591,277.34	442,056,537.98	2,258,534,739.36
Revolving materials (packaging materials, low-cost consumables, etc.)	26,291,324.14	1,411,864.37	24,879,459.77	20,289,808.12	130,409.52	20,159,398.60
Stock commodities (finished goods)	284,451,812.84	275,964.27	284,175,848.57	406,261,852.66	275,964.27	405,985,888.39
Contract performance cost	65,009,940.40		65,009,940.40	20,165,484.98		20,165,484.98
Self-manufactured semi-finished products and goods in process	14,060,162,675.55	833,900,456.57	13,226,262,218.98	11,290,445,554.47	853,268,386.39	10,437,177,168.08
Total	16,942,145,512.02	1,332,291,442.45	15,609,854,069.57	14,437,753,977.57	1,295,731,298.16	13,142,022,679.41

6.10.2 Provision for depreciation of inventories and provision for impairment of contract performance cost

Items	Opening balance	Increase in 2020		Decrease in 2020			Closing balance
		Provision	Others	Reversal or write-off	Others	Provision	
Raw materials	442,056,537.98	219,885,604.52		3,881,247.49	161,357,737.77		496,703,157.24
Revolving materials (packaging materials, low-cost consumables, etc.)	130,409.52	1,365,799.80			84,344.95		1,411,864.37
Stock commodities (finished goods)	275,964.27						275,964.27

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Items	Opening balance	Increase in 2020		Decrease in 2020			Closing balance
		Provision	Others	Reversal or write-off	Others	Provision	
Contract performance cost							
Self-manufactured semi-finished products and goods in process	853,268,386.39	175,845,858.25		2,982,509.90	192,231,278.17		833,900,456.57
Total	1,295,731,298.16	397,097,262.57		6,863,757.39	353,673,360.89		1,332,291,442.45

6.11 Contract assets

6.11.1 Breakdown of Contract assets

Items	Closing balance			Opening balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Payments for completed but not settled project	3,735,549,741.91	147,829,844.46	3,587,719,897.45	4,254,512,750.35	137,692,948.74	4,116,819,801.61
Contract quality guarantee deposit	3,177,896,921.80	237,686,403.06	2,940,210,518.74	3,465,871,606.82	292,323,402.54	3,173,548,204.28
Total	6,913,446,663.71	385,516,247.52	6,527,930,416.19	7,720,384,357.17	430,016,351.28	7,290,368,005.89

6.11.2 Provision for impairment of contract assets in 2020

Items	Balance as at December 31, 2019	Provision in 2020	Reversal in 2020	Write-off/ Charge-off in 2020	Others	Balance as at December 31, 2020
Payments for completed but not settled project	137,692,948.74	10,136,895.72				147,829,844.46
Contract quality guarantee deposit	292,323,402.54	-54,256,013.84		380,985.64		237,686,403.06
Total	430,016,351.28	-44,119,118.12		380,985.64		385,516,247.52

6.12 Other current assets

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Items	Closing balance	Opening balance
Prepaid taxes and overpaid taxes	412,077,865.61	432,631,480.92
Entrusted loan		60,000,000.00
Disbursement of loans and advances (short-term)	529,201,791.67	287,657,889.74
Discount assets	21,504,159.00	70,826,959.01
Others	3,049,874.45	62,451,325.73
Total	965,833,690.73	913,567,655.40

Note: The amount of impairment provision for loans and advances issued within one year is 44,306,663.78 yuan.

6.13 Disbursement of loans and advances

6.13.1 Loans and advances, presented by individual and enterprise

Items	Closing balance	Opening balance
Loans and advances to enterprises	2,117,451,071.32	1,206,062,173.84
Loans	2,117,451,071.32	1,206,062,173.84
Total loans and advances	2,117,451,071.32	1,206,062,173.84
Less: provision for losses on loans	189,531,730.47	180,909,326.08
Including: individual provision		-
Provision made on portfolio basis	189,531,730.47	180,909,326.08
Book value of loans and advances	1,927,919,340.85	1,025,152,847.76

6.13.2 Loans and advances, presented by industry

Items	Closing balance	Proportion (%)	Opening balance	Proportion (%)
Power equipment industry	2,117,451,071.32	100.00	1,206,062,173.84	100.00
Total loans and advances	2,117,451,071.32	100.00	1,206,062,173.84	100.00
Less: provision for losses on loans	189,531,730.47		180,909,326.08	
Including: individual provision				

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Items	Closing balance	Proportion (%)	Opening balance	Proportion (%)
Provision made on portfolio basis	189,531,730.47		180,909,326.08	
Book value of loans and advances	1,927,919,340.85		1,025,152,847.76	

6.13.3 Loans and advances, presented by region

Region	Closing balance	Proportion (%)	Opening balance	Proportion (%)
South China	1,149,044,869.82	54.26	1,026,567,541.72	85.11
North China	694,487,916.85	32.80		
Central China	114,500,000.00	5.41	139,500,000.00	11.57
Southwest China	159,418,284.65	7.53	39,994,632.12	3.32
Northwest China	2,117,451,071.32	100.00	1,206,062,173.84	100.00
Eastern China	189,531,730.47		180,909,326.08	
Total loans and advances				
Less: provision for losses on loans	189,531,730.47		180,909,326.08	
Including: individual provision	1,927,919,340.85		1,025,152,847.76	

6.13.4 Loans and advances, presented by guaranty style

Items	Closing balance	Opening balance
Credit loans	2,002,951,071.32	1,066,562,173.84
Guaranteed loans	55,000,000.00	62,000,000.00
Collateral loans	59,500,000.00	77,500,000.00
Including: mortgage loans	19,000,000.00	29,000,000.00
Pledged loans	40,500,000.00	48,500,000.00
Total loans and advances	2,117,451,071.32	1,206,062,173.84
Including: individual provision	189,531,730.47	180,909,326.08
Provision made on portfolio basis		
Book value of loans and advances	189,531,730.47	180,909,326.08

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Items	Closing balance	Opening balance
Credit loans	1,927,919,340.85	1,025,152,847.76

6.13.5 Provision for losses on loans

Items	Closing balance		Opening balance	
	Individual	Portfolio	Individual	Portfolio
Balance as at January 1, 2020		180,909,326.08		75,999,519.00
Provision in 2020		8,622,404.39		104,909,807.08
Transfer-out in 2020				
Charge-off in 2020				
Reversal in 2020				
- Reversal due to recovery of loans and advances originally written off				
- Reversal due to increase in discounted value of loans and advances				
- Reversal due to other factors				
Balance as at December 31, 2020		189,531,730.47		180,909,326.08

6.14 Creditor's right investments

6.14.1 Breakdown of creditor's right investments

Items	Closing balance			Opening balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Medium term notes	211,035,390.00	15,827,654.25	195,207,735.75	241,035,390.00	18,077,654.25	222,957,735.75
Financial bonds	8,912,629,865.71		8,912,629,865.71	3,486,944,700.00		3,486,944,700.00
Income certificates	317,595,501.00	23,819,662.57	293,775,838.43	50,000,000.00	3,750,000.00	46,250,000.00
Corporate bonds	489,197,655.16	36,689,824.14	452,507,831.02			
Trust products	100,000,000.00	7,500,000.00	92,500,000.00			

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Items	Closing balance			Opening balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Short-term financing bonds	10,030,458,411.87	83,837,140.96	9,946,621,270.91	3,777,980,090.00	21,827,654.25	3,756,152,435.75
Interbank deposit certificate				-	-	-
Asset backed notes	10,030,458,411.87	83,837,140.96	9,946,621,270.91	3,777,980,090.00	21,827,654.25	3,756,152,435.75

6.14.2 Provision for impairment of creditor's right investments

Provision for impairment	Phase 1	Phase 2	Phase 3	Total
	Expected credit losses in the next 12 months	Expected credit loss for the entire duration (no credit impairment)	Expected credit loss for the entire duration (credit impairment)	
Balance as at December 31, 2019	21,827,654.25			21,827,654.25
In 2019, balance as at December 31, 2019				
- Transfer to Phase 2				
- Transfer to Phase 3				
- Reversal from Phase 2				
- Reversal from Phase 1				
Provision in 2020	62,009,486.71			62,009,486.71
Reversal in 2020				
Write-off in 2020				
Charge-off in 2020				
Other changes				
Balance as at December 31, 2020	83,837,140.96			83,837,140.96

6.14.3 Changes in the book balance of creditor's right investments are as follows

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	Phase 1	Phase 2	Phase 3	Total
	Expected credit losses in the next 12 months	Expected credit loss for the entire duration (no credit impairment)	Expected credit loss for the entire duration (credit impairment)	
Book balance				
Balance as at December 31, 2019	3,777,980,090.00			3,777,980,090.00
In 2019, balance as at December 31, 2019				
- Transfer to Phase 2				
- Transfer to Phase 3				
- Reversal from Phase 2				
- Reversal from Phase 1				
Increase in 2020	6,252,478,321.87			6,252,478,321.87
Direct write-down in 2019				
Derecognition in 2020				
Other changes				
Balance as at December 31, 2020	10,030,458,411.87			10,030,458,411.87

6.15 Long-term receivables

Item	Closing balance			Opening balance			Range of discount rate
	Book balance	Provision for bad debts	Book value	Book balance	Provision for bad debts	Book value	
Finance lease payment	349,793,623.70	75,828,884.31	273,964,739.39	543,312,046.03	152,573,774.23	390,738,271.80	Contractual interest rate

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Item	Closing balance			Opening balance			Range of discount rate
	Book balance	Provision for bad debts	Book value	Book balance	Provision for bad debts	Book value	
Including: unrealized financing income	54,270,037.40		54,270,037.40	62,759,812.56		62,759,812.56	
Installment proceeds from sale of goods							
Total	349,793,623.70	75,828,884.31	273,964,739.39	543,312,046.03	152,573,774.23	390,738,271.80	

6.15.1 Provision for bad debts of long-term receivables

Provision for impairment	Phase 1	Phase 2	Phase 3	Total
	Expected credit losses in the next 12 months	Expected credit loss for the entire duration (no credit impairment)	Expected credit loss for the entire duration (credit impairment)	
Balance as at December 31, 2019	31,813,774.23	120,760,000.00	-	152,573,774.23
In 2019, balance as at December 31, 2019				
- Transfer to Phase 2				
- Transfer to Phase 3				
- Reversal from Phase 2				
- Reversal from Phase 1				
Provision in 2020				
Reversal in 2020				
Write-off in 2020	18,407,713.57	58,337,176.35		76,744,889.92
Charge-off in 2020				
Other changes				
Balance as at December 31, 2020	13,406,060.66	62,422,823.65		75,828,884.31

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6.16 Long-term equity investments

Investee	Balance as at December 31, 2019	Increases/decreases in 2019								Balance as at December 31, 2020	Provision for bad debts as at December 31, 2020	
		Additional investment	Decrease Investment	Profit or loss on investments recognized under the equity method	Adjustment to other comprehensive income	Other equity changes	Cash dividends or profit declared to be distributed	Provision for impairment made	Others			
1. Subsidiaries												
Dongfang Electric New Energy Equipment (Hangzhou) Co., Ltd.	409,363,000.00										409,363,000.00	409,363,000.00
Dongfang Electric (Tongliao) Wind Power Engineering Technology Co., Ltd.	30,000,000.00										30,000,000.00	30,000,000.00
Dongfang Electric (Jiuquan) New Energy Co., Ltd.	30,000,000.00										30,000,000.00	30,000,000.00
Dongfang Electric (Hulunbeier) New Energy Co., Ltd.	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
2. Joint ventures												
MHPS Dongfang Boiler Co. Ltd.	201,740,045.96			625,629.78		597,502.37	2,461,388.32				200,501,789.79	
Framatome Dongfang Reactor Coolant Pumps Company Limited	197,683,241.32			21,636,060.42			22,375,391.31				196,943,910.43	
Dongfang Electric (Xichang) Hydrogen Energy Co., Ltd.	6,797,753.04			-206,172.37							6,591,580.67	
Sub-total	406,221,040.32			22,055,517.83		597,502.37	24,836,779.63				404,037,280.89	
3. Associates												

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Investee	Balance as at December 31, 2019	Increases/decreases in 2019							Balance as at December 31, 2020	Provision for bad debts as at December 31, 2020	
		Additional investment	Decrease Investment	Profit or loss on investments recognized under the equity method	Adjustment to other comprehensive income	Other equity changes	Cash dividends or profit declared to be distributed	Provision for impairment made			Others
Sichuan Energy Wind Power Development Co., Ltd.	377,037,984.14	16,600,000.00		71,941,747.05			6,288,567.98			459,291,163.21	
Huadian Longkou Wind Power Co., Ltd.	69,411,440.90			7,225,737.74			19,787,607.31			56,849,571.33	
Inner Mongolia Energy Power Generation Hongnijing Wind Power Co., Ltd.	24,089,758.61			1,473,200.46			7,017,408.83			18,545,550.24	
China United Heavy Gas Turbine Technology Co., Ltd.	131,727,987.41			-3,148.88			-			131,724,838.53	
Inner Mongolia Mengneng Sanshengtai Wind Power Co., Ltd.	20,507,393.99			474,771.36			3,460,131.28			17,522,034.07	
Inner Mongolia Mengneng Ulan New Energy Co., Ltd.	43,555,480.19			2,941,348.94			3,828,807.76			42,668,021.37	
Mitsubishi Heavy Industries Dongfang Gas Turbine (Guangzhou) Co., Ltd.	501,521,321.70			66,114,576.86			105,972,302.00		5,099,899.57	466,763,496.13	
Sichuan Dongshu New Materials Co., Ltd.	138,140,317.21	24,245,400.00		13,381,782.08	-149,950.83		2,377,000.00			173,240,548.46	
Leshan Dongle Dajian Lifting Co., Ltd.	3,414,983.64			-329,356.52						3,085,627.12	
Liangshan Fengguang New Energy Operation and Maintenance Co., Ltd.	2,022,374.97			19,609.17						2,041,984.14	
Sub-total	1,311,429,042.76	40,845,400.00		163,240,268.26	-149,950.83		148,731,825.16		5,099,899.57	1,371,732,834.60	
Total	2,217,013,083.08	40,845,400.00		185,295,786.09	-149,950.83	597,502.37	173,568,604.79		5,099,899.57	2,275,133,115.49	499,363,000.00

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Notes of Long-term equity investments:

Dongfang Electric New Energy Equipment (Hangzhou) Co., Ltd. entered the bankruptcy proceedings in 2017, and has not yet completed the bankruptcy liquidation; Dongfang Electric (Hulunbeier) New Energy Co., Ltd., Dongfang Electric (Tongliao) Wind Power Engineering Technology Co., Ltd., and Dongfang Electric (Jiuquan) New Energy Co., Ltd. have entered into bankruptcy proceedings in 2018 and have not yet completed bankruptcy liquidation.

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6.17 Other equity instrument investments

6.17.1 Breakdown of other equity instrument investments

Items	Closing balance	Opening balance
Guangdong Dongfang Power Station Complete Set Equipment Company		1,563,282.01
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
Zhejiang Yuhuan Huadian Wind Power Co., Ltd.	25,800,000.00	1,000,000.00
Total	27,544,649.47	4,889,859.48

6.17.2 Breakdown of non-tradable equity instrument investments

Item	Reasons for financial assets designated to be measured at fair value through other comprehensive income	Dividend income recognized in the current period	Accumulated gains	Accumulated losses	Amount of other comprehensive income transferred to retained earnings	Reasons for other comprehensive income transferred to retained earnings
DEC (Chengdu) Sharing Service Co., Ltd.	Judgment based on management intention		402,972.00			
Total			402,972.00			

6.18 Investment properties

6.18.1 Investment properties measured under cost model

Item	Buildings and constructions	Land use right	Construction in progress	Total
1. Original book value				
(1) Balance as at December 31, 2019	249,117,834.26	18,811,826.12		267,929,660.38
(2) Increase in 2020	4,454,626.37			4,454,626.37
- Outsourcing				
- Transfer-in of inventories, fixed assets and construction in progress	4,454,626.37			4,454,626.37

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Item	Buildings and constructions	Land use right	Construction in progress	Total
- Increase from business combination				
- Other changes				
(3) Decrease in 2020	7,125,127.32			7,125,127.32
- Disposal				
- Other changes	7,125,127.32			7,125,127.32
(4) Balance as at December 31, 2020	246,447,333.31	18,811,826.12		265,259,159.43
2. Accumulated depreciation and amortization				
(1) Balance as at December 31, 2019	87,333,312.76	5,100,513.13		92,433,825.89
(2) Increase in 2020	10,321,379.36	443,288.50		10,764,667.86
- Provision or amortization	10,321,379.36	443,288.50		10,764,667.86
- Other changes				
(3) Decrease in 2020	905,858.52			905,858.52
- Disposal				
- Other changes	905,858.52			905,858.52
(4) Balance as at December 31, 2020	96,748,833.60	5,543,801.63		102,292,635.23
3. Provision for impairment				
(1) Balance as at December 31, 2018				
(2) Increase in 2020				
- Provision				
- Other changes				
(3) Decrease in 2020				
- Disposal				

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Item	Buildings and constructions	Land use right	Construction in progress	Total
- Other transfer-out				
(4) Balance as at December 31, 2020				
4. Book value				
(1) Book value as at December 31, 2020	149,698,499.71	13,268,024.49		162,966,524.20
(2) Book value as at December 31, 2019	161,784,521.50	13,711,312.99		175,495,834.49

6.18.2 Investment properties with certificates of title uncompleted

None.

6.19 Fixed assets

Items	Closing balance	Opening balance
Fixed assets	5,241,065,489.07	5,279,766,171.41
Disposal of fixed assets	1,497,436.62	164,791.44
Total	5,242,562,925.69	5,279,930,962.85

Note: The fixed assets in the above table refer to the fixed assets after deduction of fixed assets.

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6.19.1 Fixed assets

(1) Breakdown of fixed assets

Item	Land assets	Buildings and constructions	Machinery equipment	Transportation facilities	Instrument and apparatus, electronic equipment and others	Total
Original book value						
(1) Balance as at December 31, 2019	22,476,023.18	7,019,670,402.62	8,128,431,264.01	297,531,009.67	1,387,061,114.48	16,855,169,813.96
(2) Increase in 2020		273,325,256.00	305,309,282.41	9,695,593.99	128,010,864.91	716,340,997.31
- Purchase		2,382,489.20	51,282,628.29	5,977,075.10	44,520,540.97	104,162,733.56
-Transfer-in of construction in progress		270,942,766.80	250,327,684.11	3,558,003.60	82,176,638.50	607,005,093.01
- Other increases			3,698,970.01	160,515.29	1,313,685.44	5,173,170.74
(3) Decrease in 2018	2,027,753.12	8,880,411.85	77,799,891.49	14,151,191.69	50,776,811.55	153,636,059.70
-Disposal or scrapping	0.00	2,781,730.33	74,946,354.30	13,927,605.07	50,063,145.83	141,718,835.53
- Other decreases	2,027,753.12	6,098,681.52	2,853,537.19	223,586.62	713,665.72	11,917,224.17
(4) Balance as at December 31, 2020	20,448,270.06	7,284,115,246.77	8,355,940,654.93	293,075,411.97	1,464,295,167.84	17,417,874,751.57

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Item	Land assets	Buildings and constructions	Machinery equipment	Transportation facilities	Instrument and apparatus, electronic equipment and others	Total
2. Accumulated depreciation						
(1) Balance as at December 31, 2019		3,374,170,559.74	6,670,362,369.97	256,907,400.56	1,128,482,037.12	11,429,922,367.39
(2) Increase in 2020		306,681,367.59	336,935,627.53	9,914,585.51	76,110,387.49	729,641,968.12
- Provision		306,681,367.59	336,935,627.53	9,858,193.97	75,913,307.92	729,388,497.01
- Other increases				56,391.54	197,079.57	253,471.11
(3) Decrease in 2020		2,588,574.72	66,340,757.57	13,690,521.83	49,262,763.88	131,882,618.00
-Disposal or scrapping		1,411,242.54	66,052,757.93	13,659,089.63	48,629,278.99	129,752,369.09
- Other decreases		1,177,332.18	287,999.64	31,432.20	633,484.89	2,130,248.91
(4) Balance as at December 31, 2020		3,678,263,352.61	6,940,957,239.93	253,131,464.24	1,155,329,660.73	12,027,681,717.51
3. Provision for impairment						
(1) Balance as at December 31, 2019		86,088,944.90	53,694,059.30	95,246.41	5,603,024.55	145,481,275.16
(2) Increase in 2020			4,250,501.42		235,074.99	4,485,576.41
- Provision			4,250,501.42		235,074.99	4,485,576.41

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Item	Land assets	Buildings and constructions	Machinery equipment	Transportation facilities	Instrument and apparatus, electronic equipment and others	Total
- Other increases						
(3) Decrease in 2020			302,659.17	2,800.00	533,847.41	839,306.58
-Disposal or scrapping			302,659.17	2,800.00	533,366.62	838,825.79
- Other decreases					480.79	480.79
(4) Balance as at December 31, 2020		86,088,944.90	57,641,901.55	92,446.41	5,304,252.13	149,127,544.99
4. Book value						
(1) Book value as at December 31, 2020	20,448,270.06	3,519,762,949.26	1,357,341,513.45	39,851,501.32	303,661,254.98	5,241,065,489.07
(2) Book value as at December 31, 2019	22,476,023.18	3,559,410,897.98	1,404,374,834.74	40,528,362.70	252,976,052.81	5,279,766,171.41

Notes:

1. The land assets in the fixed assets of the Company on December 31, 2020 are the land ownership obtained by Indian companies in India, and other changes in land assets are exchange rate changes.

2. Other changes this year (except land assets) are mainly the reclassification changes of Dongfang Steam Turbine and Dongfang Electric Machinery due to the change of asset use.

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(2) Temporarily idle fixed assets

Item	Original book value	Accumulated depreciation	Provision for impairment	Book value	Notes
Buildings and constructions	5,067,126.00	1,565,593.59	3,402,650.83	98,881.58	
Machinery equipment	54,521,725.84	45,756,077.36	6,573,124.49	2,192,523.99	
Transportation facilities	2,292,418.85	2,177,797.89	0.00	114,620.96	
Instrument and apparatus	9,020,134.56	8,183,638.02	431,577.37	404,919.17	
Office equipment					
Others	29,342,221.51	27,689,393.24	1,251,525.75	401,302.52	
Land assets					
Total	100,243,626.76	85,372,500.10	11,658,878.44	3,212,248.22	

(3) Fixed assets leased out through operating lease

Item	Book value as at December 31, 2020
Buildings and constructions	11,676,479.00
Machinery equipment	861,962.01
Transportation facilities	149,734.91
Land assets	62,238,450.92
Total	74,926,626.84

(4) Fixed assets with certificates of title uncompleted

Item	Book value	Reason for failure to complete the formalities for the certificate of title
No. 6 union workshop	102,094,208.80	It is going through the formalities.
No. 2 building in Chengdu	88,812,549.40	It is going through the formalities.
350T high speed dynamic balance and nuclear power plan	50,209,835.89	It is going through the formalities.
Nuclear power plant	31,163,073.20	It is going through the formalities.

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Item	Book value	Reason for failure to complete the formalities for the certificate of title
Test Workshop II of F-class 50MW Gas Turbine Test System Construction Project	19,565,788.66	The information is being filed.
J-379 second staff canteen	16,953,563.55	It is going through the formalities.
No. 5 union workshop	12,987,327.10	It is going through the formalities.
J-376 new technology building	12,925,698.89	The cancellation procedure of the original building property right certificate is being processed.
Wind power workshop and auxiliary room	11,807,162.91	It is going through the formalities.
J-378 staff canteen	11,365,807.14	Due to the 5.12 earthquake, some information on construction projects are missing.
J-375 hydraulic laboratory	7,349,995.07	The cancellation procedure of the original building property right certificate is being processed.
Cold and hot workshop and auxiliary room	7,251,058.20	The land use right has not been obtained and cannot be handled
J-373 second overspeed laboratory	5,528,447.95	The cancellation procedure of the original building property right certificate is being processed.
J-380110KV control building of transformer station	4,177,841.48	It is going through the formalities.
Other sporadic projects	14,537,555.66	It is going through the formalities.
Total	396,729,913.90	

6.19.2 Disposal of fixed assets

Items	Closing balance	Opening balance
Buildings and constructions	562,846.93	
Transportation facilities	130,614.62	82,444.98

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Items	Closing balance	Opening balance
Instrument and apparatus	230,044.52	82,346.46
Machinery equipment	573,641.55	
Others	289.00	
Total	1,497,436.62	164,791.44

6.20 Construction in progress

Items	Closing balance	Opening balance
Construction in progress	204,443,971.41	381,899,778.29
Project materials	30,649.48	871,357.44
Total	204,474,620.89	382,771,135.73

Note: The construction in progress in the above table refers to the construction in progress after deducting engineering materials.

6.20.1 Construction in progress

6.20.1.1 Breakdown of construction in progress

Items	Closing balance			Opening balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Yangjiang base workshop building	41,223,975.65	-	41,223,975.65			
0708_J15802G Turbonator rotor coil milling hole automatic line (national dial)	9,980,000.00	-	9,980,000.00	9,980,000.00		9,980,000.00
0708_J15806G Stator punching intelligent manufacturing and production line and supporting equipment (national dial)	9,969,000.00	-	9,969,000.00	9,969,000.00		9,969,000.00
714_12_01J02 Intelligent transformation of	7,176,950.36		7,176,950.36	7,555,000.36		7,555,000.36

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Items	Closing balance			Opening balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
insulation laboratory (equipment)						
714_18_01B 16m CNC vertical lathe (used) 1 set	7,962,564.00	2,095,307.36	5,867,256.64	7,962,564.00		7,962,564.00
Cloud computing platform construction phase I server	5,296,734.51		5,296,734.51			
Civil engineering of technological transformation construction project with improved research capability	3,735,836.50		3,735,836.50			
Transformation of 836_19_02 video security system	3,698,000.00		3,698,000.00			
Section 2016-1329	2,816,577.87		2,816,577.87	80,391,218.07		80,391,218.07
0708_J_01580 Large- scale clean and efficient power generation equipment and intelligent manufacturing digital workshop construction	2,621,063.72		2,621,063.72	8,227,722.77		8,227,722.77
Reconstruction and expansion project of Shandong Company				64,771,848.99		64,771,848.99
Dongfang wind power Xingan League main engine and blade base				34,594,274.16		34,594,274.16
Expansion project of Deyang Clean and				8,100,107.34		8,100,107.34

DONGFANG ELECTRIC CORPORATION LIMITED

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Items	Closing balance			Opening balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Efficient Combustion Technology Test Center						
0708_S_01416 Impact turbine model test bench construction and model test technology development				6,630,561.42		6,630,561.42
Others	116,526,458.77	4,467,882.61	112,058,576.16	148,185,363.79	4,467,882.61	143,717,481.18
Total	211,007,161.38	6,563,189.97	204,443,971.41	386,367,660.90	4,467,882.61	381,899,778.29

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Project name	Budget	Balance as at December 31, 2018	Increase in 2019	Amount transferred into fixed assets/ intangible assets in 2019	Other decreases in the current period	Balance as at December 31, 2019	Proportion of cumulative projects investments in budget (%)	Project progress (%)	Accumulated capitalization amount of interest	Including: capitalization amount of interest in the current period	Capitalization rate of interest in the current period (%)	Source of funds
714_12_01J02 Intelligent Transformation of Insulation Laboratory (Equipment)	700.00	7,555,000.36	19,950.00	398,000.00		7,176,950.36	108.21	90				Self-finance
Section 2016-1329	25,500.00	80,391,218.07	23,162,219.05	86,803,016.94	13,933,842.31	2,816,577.87						Self-finance
0708_J_01580 Construction of Digital Workshop for Intelligent Manufacturing of Large Clean and Efficient Power Generation Equipment	4,940.00	8,227,722.77	1,843,095.92	5,689,954.98	1,759,799.99	2,621,063.72	97.08	90				Self-finance
Section 2016-1296	695.09	2,696,900.00	310,315.26	310,315.26	287,669.23	2,409,230.77						Self-finance
Section 2016-1325	3,100.00	4,056,194.74	7,168,881.92	7,699,259.97	1,362,974.36	2,162,842.33						Self-finance
Intelligent manufacturing project of high temperature and high pressure components of large clean and efficient utility boilers	11,440.00	1,636,715.17	15,736,614.95	14,399,555.97	1,707,692.32	1,266,081.83	82.3	92				Self-finance

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Compressor test bench	5,000.00	3,018,316.10			1,831,671.00	1,186,645.10						Self-finance
Project basic investment	720.00	4,438,999.87	2,213,099.23	6,555,506.87		96,592.23	87.53	88				Self-finance
Dongfang Wind Power Xing 'an League Main Engine and Blade Base	13,100.00	34,594,274.16	82,266,927.02	116,861,201.18			89	100				Self-finance
Reconstruction and expansion project of Shandong company	11,777.18	64,771,848.99	61,979,700.53	126,751,549.52			107.62	100				Self-finance
Expansion project of Deyang clean and efficient combustion technology test center	2,995.00	8,100,107.34	12,802,425.09	20,902,532.43			69	100				Self-finance
020-003-01 Civil CNC fixed beam gantry boring and milling machine		5,820,344.82	2,241,379.30	8,061,724.12								
Study on application of heat-resistant alloy for ultra-supercritical boiler above 700℃	6,000.00	201,769.91	1,861,177.89	2,062,947.80			89	97				Self-finance
Superalloy test bench	15,000.00	3,248,771.04	49,460.18	49,460.18	3,248,771.04							Self-finance

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Kelin 2015-012	1,500.00	3,904,447.88	29,230.97	3,653,161.93	280,516.92							Self- finance
Others		153,705,029.68	286,337,114.80	206,806,905.86	41,964,061.45	191,271,177.17						
Total		386,367,660.90	498,021,592.11	607,005,093.01	66,376,998.62	211,007,161.38						

DONGFANG ELECTRIC CORPORATION LIMITED

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6.20.2 Project materials

Item	Closing balance			Opening balance		
	Book balance	Provision for impairment of project materials	Book value	Book balance	Provision for impairment of project materials	Book value
Spare parts	30,649.48		30,649.48	871,357.44		871,357.44
Total	30,649.48		30,649.48	871,357.44		871,357.44

6.21 Right-of-use assets

Item	Buildings and constructions	Machinery equipment	Total
1. Original book value			
(1) Balance as at January 1, 2020	400,457,478.09	26,005,822.35	426,463,300.44
(2) Increase in 2020	16,249,864.88	2,732,979.47	18,982,844.35
- New leases	4,664,148.85	2,732,979.47	7,397,128.32
- Increase from business combination			
- Revaluation adjustment			
(3) Decrease in 2020	11,585,716.03		11,585,716.03
- Transfer-out to Fixed assets	12,798,695.77		12,798,695.77
- Disposal			
(4) Balance as at December 31, 2020			
2. Accumulated depreciation	12,798,695.77		12,798,695.77
(1) Balance as at January 1, 2020	403,908,647.20	28,738,801.82	432,647,449.02
(2) Increase in 2020			
- Provision	131,871,837.93	3,203,076.26	135,074,914.19
(3) Decrease in 2020	126,973,395.44	6,501,927.28	133,475,322.72
- Transfer-out to Fixed assets	126,973,395.44	6,501,927.28	133,475,322.72
- Disposal	896,630.24		896,630.24

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Item	Buildings and constructions	Machinery equipment	Total
(4) Balance as at December 31, 2020			
3. Provision for impairment	896,630.24		896,630.24
(1) Balance as at January 1, 2020	257,948,603.13	9,705,003.54	267,653,606.67
(2) Increase in 2020			
- Provision			
(3) Decrease in 2020			
- Transfer-out to Fixed assets			
- Disposal			
(4) Balance as at December 31, 2020			
4. Book value			
(1) Book value as at December 31, 2020			
(2) Book value as at January 1, 2020			
1. Original book value	145,960,044.07	19,033,798.28	164,993,842.35
(1) Balance as at January 1, 2020	268,585,640.16	22,802,746.09	291,388,386.25

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6.22 Intangible assets

6.22.1 Breakdown 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, 2019	1,012,440,233.00	181,884,539.93	343,592,335.71	256,156,272.08	673,150,174.20	2,467,223,554.92
(2) Increase in 2020	29,596,270.00	28,765,034.43		36,179,230.73	3,800.00	94,544,335.16
- Purchase	29,596,270.00	28,765,034.43		14,617,431.36		72,978,735.79
- Transfer-in of construction in progress				21,561,799.37	3,800.00	21,565,599.37
(3) Decrease in 2020	3,739,731.11	3,800.00		42,743.04	40,134,540.70	43,920,814.85
- Disposal	3,739,731.11			42,743.04		3,782,474.15
- Other changes		3,800.00			40,134,540.70	40,138,340.70
(4) Balance as at December 31, 2020	1,038,296,771.89	210,645,774.36	343,592,335.71	292,292,759.77	633,019,433.50	2,517,847,075.23
2. Accumulated amortization						
(1) Balance as at December 31, 2019	223,711,488.10	32,071,676.33	311,456,922.84	182,041,635.28	85,075,501.47	834,357,224.02

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Item	Land use right	Patent right	Non-patent technology	Software	Others	Total
(2) Increase in 2020	20,758,335.07	19,778,548.38	7,646,892.24	26,147,643.62	20,195,567.34	94,526,986.65
- Provision	20,758,335.07	19,778,548.38	7,646,892.24	26,147,643.62	20,191,767.34	94,523,186.65
- Other changes					3,800.00	3,800.00
(3) Decrease in 2020	963,970.59	8,884,781.96	76,556.99	1,427,030.36	-	11,352,339.90
- Disposal	963,970.59	8,880,981.96	76,556.99	1,427,030.36	-	11,348,539.90
- Other changes		3,800.00				3,800.00
(4) Balance as at December 31, 2020	243,505,852.58	42,965,442.75	319,027,258.09	206,762,248.54	105,271,068.81	917,531,870.77
3. Provision for impairment						-
(1) Balance as at December 31, 2019	33,314.36		-	-	-	33,314.36
(2) Increase in 2020	-	-	376,405.24	-	-	376,405.24
- Provision						-
- Other changes						-
(3) Decrease in 2020						-

DONGFANG ELECTRIC CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

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Item	Land use right	Patent right	Non-patent technology	Software	Others	Total
- Disposal						-
- Other changes						-
(4) Balance as at December 31, 2020	33,314.36	-	376,405.24	-	-	409,719.60
4. Book value						-
(1) Book value as at December 31, 2020	794,757,604.95	167,680,331.61	24,188,672.38	85,530,511.23	527,748,364.69	1,599,905,484.86
(2) Book value as at December 31, 2019	788,695,430.54	149,812,863.60	32,135,412.87	74,114,636.80	588,074,672.73	1,632,833,016.54

Notes: The item of “others” in intangible assets mainly refers to the franchise rights of Laos Namang River Power Co., Ltd.

DONGFANG ELECTRIC CORPORATION LIMITED

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6.22.2 Land use rights with certificates of title uncompleted

Item	Book value	Reason for failure to complete the formalities for the certificate of title
Land use right of former instrument factory	23,312,723.62	The land use certificate is being processed
Total	23,312,723.62	

6.23 Development expenditure

Item	Opening balance	Increase in 2020		Decrease in 2020		Closing balance
		Internal development expenditure	Other	Recognized as intangible assets	Transferred into current profits and losses	
ERP deepening applied scientific research project based on financial sharing (XJCKY20002)		2,051,886.80				2,051,886.80
Total		2,051,886.80				2,051,886.80

6.24 Long-term deferred expenses

Item	Opening balance	Increase in 2020	Amount amortized in 2020	Other reductions	Closing balance
Long-term deferred agency fee	49,103,686.39		49,103,686.39		
Switch station interval maintenance fee	35,000.38		35,000.38		
AP1000 Technology	21,818.18		21,818.18		
Sporadic projects	1,632,461.45	771,971.11	294,980.36		2,109,452.20
Total	50,792,966.40	771,971.11	49,455,485.31		2,109,452.20

6.25 Deferred income tax assets and deferred income tax liabilities

6.25.1 Deferred income tax assets without offset

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Item	Closing balance		Opening balance	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Provision for impairment of assets	8,598,150,385.59	1,349,690,791.53	7,488,611,133.53	1,352,205,659.88
Deductible losses	828,125,418.58	125,261,881.36	1,129,396,705.40	198,749,340.38
Estimated liabilities	5,878,785,755.28	949,976,683.78	5,546,733,840.84	972,097,048.74
Employee compensation payable	1,415,141,495.02	215,505,173.03	1,380,600,667.95	209,672,206.78
Unrealized profits of internal transactions	102,815,521.85	16,797,708.65	66,452,632.49	10,654,686.31
Government grants	220,394,827.14	35,092,467.71	279,605,076.50	43,760,483.33
Accounts payable	1,481,084,712.80	222,162,706.93	402,214,313.36	60,332,147.01
Depreciation of fixed assets	50,260,668.82	7,539,100.33	32,536,260.68	4,880,439.10
Changes in fair value	195,675,566.77	30,876,683.10	91,575,979.23	13,736,396.89
Overseas enterprise income tax to be offset	143,798,482.60	21,569,772.39	143,798,482.60	21,569,772.39
Amortization of intangible assets	2,607,171.48	391,075.72	2,675,864.89	401,379.73
Others	4,524,127.28	678,619.09	32,676,968.69	4,901,545.32
Total	18,921,364,133.21	2,975,542,663.62	16,596,877,926.16	2,892,961,105.86

6.25.2 Deferred income tax liabilities before offset

Item	Closing balance		Opening balance	
	Taxable temporary differences	Deferred income tax liabilities	Taxable temporary differences	Deferred income tax liabilities
Valuation of transactional and derivative financial instruments			41,214,278.20	10,303,569.55
Depreciation of fixed assets	192,860,219.66	29,055,699.62	135,346,671.06	19,765,032.14
Others	35,390,618.74	5,308,592.81	53,085,928.10	7,962,889.22
Total	228,250,838.40	34,364,292.43	229,646,877.36	38,031,490.91

6.25.3 Details of unrecognized deferred income tax assets

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Item	Closing balance	Opening balance
Losses that can be carried forward to the subsequent year	1,107,306,591.13	1,354,800,746.76
deductible temporary difference	1,199,214,831.23	1,812,801,325.04
Total	2,306,521,422.36	3,167,602,071.80

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

Year	Closing balance	Opening balance	Note
2023		77,986,204.93	
2024	83,112,441.90	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	474,157,171.38	474,157,171.38	
2029	239,604,845.92	239,604,845.92	
Total	1,107,306,591.13	1,354,800,746.76	

6.26 Other non-current assets

Item	Closing balance			Opening balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Contract warranty fund	3,326,553,542.05	511,101,122.39	2,815,452,419.66	3,602,244,380.77	983,371,986.24	2,618,872,394.53
Advances for projects				443,927.15		443,927.15
Total	3,326,553,542.05	511,101,122.39	2,815,452,419.66	3,602,688,307.92	983,371,986.24	2,619,316,321.68

6.27 Short-term borrowings

Classification of short-term borrowings

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Item	Closing balance	Opening balance
Guaranteed borrowings	2,000,000.00	
Credit borrowings	295,980,000.00	13,850,000.00
Total	297,980,000.00	13,850,000.00

6.28 Notes payable

Category	Closing balance	Opening balance
Bank acceptance bill	875,022,096.26	138,168,242.75
Commercial acceptance bill	3,986,657,655.69	3,512,779,689.81
Total	4,861,679,751.95	3,650,947,932.56

6.29 Accounts payable

Item	Closing balance	Opening balance
Within 1 year (including 1 year)	11,401,420,521.60	9,606,589,127.35
1-2 years (including 2 years)	730,111,491.10	803,022,569.41
2-3 years (including 3 years)	420,449,910.67	501,740,777.39
Over 3 years	1,089,399,912.49	922,459,701.81
Total	13,641,381,835.86	11,833,812,175.96

Significant accounts payable with aging over one year

Entity name	Closing balance	Reason for failure in repayment or carry-forward
Entity 1	103,587,721.06	The counterpart is in bankruptcy liquidation
Entity 2	101,781,624.69	The term of payment has not been met
Entity 3	87,048,892.11	The term of payment has not been met
Entity 4	55,268,198.30	The term of payment has not been met
Entity 5	50,942,193.55	The term of payment has not been met
Entity 6	38,349,754.65	The term of payment has not been met
Entity 7	37,440,948.36	The term of payment has not been met

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Entity name	Closing balance	Reason for failure in repayment or carry-forward
Entity 8	34,674,420.00	The term of payment has not been met
Entity 9	30,659,714.94	The term of payment has not been met
Entity 10	30,000,000.00	The term of payment has not been met
Total	569,753,467.66	

6.30 Advances from customers

Item	Closing balance	Opening balance
Within 1 year (including 1 year)		28,000,000.00
Over 1 year		
Total		28,000,000.00

6.31 Contract liabilities

Item	Closing balance	Opening balance
Within 1 year (including 1 year)	28,922,353,784.79	19,386,730,100.06
Over 1 year		6,486,733,919.00
Total	28,922,353,784.79	25,873,464,019.06

6.32 Absorption of deposits and interbank deposits

Item	Closing balance	Opening balance
Demand deposits	5,698,384,461.29	2,249,786,987.90
Company	5,698,384,461.29	2,249,786,987.90
individual		
Time deposits (including the call deposits)	28,456,711.63	2,749,625,000.00
Company	16,099,999.61	2,675,900,000.00
individual		
Security deposits received	12,356,712.02	73,725,000.00
Other deposits (including outward remittance for individuals and remittances outstanding for enterprises)		

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Item	Closing balance	Opening balance
Total	5,726,841,172.92	4,999,411,987.90

6.33 Employee compensation payable

6.33.1 Presentation of employee compensation payable

Item	Balance as at December 31, 2019	Increase in 2020	Decrease in 2020	Balance as at December 31, 2020
Short-term compensation	352,065,316.97	3,512,227,928.74	3,649,910,601.41	214,382,644.30
Post-employment benefits - defined contribution plans	104,072,979.25	362,167,379.07	333,697,045.57	132,543,312.75
Dismissal benefits	324,761,927.30	285,853,662.16	280,204,117.39	330,411,472.07
Other benefits maturing within one year				
Total	780,900,223.52	4,160,248,969.97	4,263,811,764.37	677,337,429.12

6.33.2 Presentation of short-term compensation

Item	Balance as at December 31, 2019	Increase in 2020	Decrease in 2020	Balance as at December 31, 2020
Salaries, bonuses, allowances and subsidies	183,840,786.71	2,591,026,699.36	2,774,867,486.07	
Employee welfare fees	381,754.93	338,401,119.24	304,028,033.34	34,754,840.83
Social insurance premiums	22,624,412.74	197,557,910.76	190,871,951.08	29,310,372.42
Including: medical insurance premium	1,740,034.01	123,345,828.23	125,076,885.14	8,977.10
Work-related injury insurance premium	20,700,937.22	50,056,310.55	41,639,607.63	29,117,640.14
Maternity insurance premium	62,196.30	11,797,840.38	11,797,813.16	62,223.52
Supplementary medical insurance premium	121,245.21	12,357,931.60	12,357,645.15	121,531.66
Others				
Housing provident fund	6,275,128.00	262,401,092.68	268,340,036.68	336,184.00
Labor union expenditures and employee education funds	138,715,882.60	91,500,082.06	83,338,399.57	146,877,565.09

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Labor protection expenses		24,849,778.55	24,849,078.55	700.00
Short-term profit sharing plan				
Others	227,351.99	6,491,246.09	3,615,616.12	3,102,981.96
Total	352,065,316.97	3,512,227,928.74	3,649,910,601.41	214,382,644.30

6.33.3 Presentation of defined contribution plans

Item	Balance as at December 31, 2019	Increase in 2020	Decrease in 2020	Balance as at December 31, 2020
Basic endowment insurance premium	446,354.56	209,884,189.94	210,314,876.50	15,668.00
Unemployment insurance premium	388.28	8,057,337.62	8,047,504.53	10,221.37
Enterprise annuity payment	103,626,236.41	144,225,851.51	115,334,664.54	132,517,423.38
Total	104,072,979.25	362,167,379.07	333,697,045.57	132,543,312.75

6.34 Taxes and surcharges payable

Tax Item	Closing balance	Opening balance
Value-added tax	162,077,940.56	80,235,801.54
Enterprise income tax	59,983,720.26	131,512,899.56
Individual income tax	31,818,158.33	23,741,145.38
Urban maintenance and construction tax	10,164,413.59	7,452,938.90
House property tax	675,761.26	423,610.09
Educational surtax including Local educational surtax	7,064,655.99	3,278,349.93
Land use tax	469,126.51	429,812.15
Other taxes	16,195,942.25	13,970,634.03
Total	288,449,718.75	261,045,191.58

6.35 Other payables

Item	Closing balance	Opening balance
Interest payable	28,164,115.17	60,708,321.69

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Item	Closing balance	Opening balance
Dividends payable	13,224,263.63	23,554,076.18
Other payables	1,370,268,875.62	1,686,514,006.95
Total	1,411,657,254.42	1,770,776,404.82

Note: Other payables in the above table refer to other payables after deducting interest payable and dividend payable.

6.35.1 Interest payable

Item	Closing balance	Opening balance
Interest payable on short-term borrowings	6,324,737.25	6,583,527.96
Interest payable on absorption of deposits	21,839,377.92	54,124,793.73
Total	28,164,115.17	60,708,321.69

6.35.2 Dividends payable

Item	Closing balance	Opening balance	Reasons for non-payment for more than one year
Ordinary share dividends	13,224,263.63	23,554,076.18	
Preferred stock \ perpetual bond dividends classified as equity instruments			
Total	13,224,263.63	23,554,076.18	

6.35.3 Other payables

(1) Presentation of other payables by nature

Item	Closing balance	Opening balance
Equity purchase price payable	347,447,411.10	560,470,965.39
Agency fund	221,331,463.72	177,211,912.96
Margin and deposit	298,245,413.68	236,148,816.46
Lease, service and minor purchase payables	44,476,194.04	134,057,750.63

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Item	Closing balance	Opening balance
Advance money payable	94,724,120.15	6,364,519.86
Social insurance premium and housing provident fund undertaken by individuals	35,481,911.76	61,387,863.33
Others	328,562,361.17	510,872,178.32
Total	1,370,268,875.62	1,686,514,006.95

(2) Other significant payables with aging over one year

Entity name	Closing balance	Reason for failure in repayment or carry-forward
Entity 1	180,533,396.72	The time for settlement has not been due.
Entity 2	97,442,066.52	Pre-compensation is not closed
Entity 3	29,406,098.47	Pre-compensation is not closed
Entity 4	20,852,283.98	Bankruptcy liquidation
Entity 5	14,967,421.17	The time for settlement has not been due.
Entity 6	14,461,647.51	Bankruptcy
Entity 7	10,000,000.00	Bankruptcy liquidation
Total	367,662,914.37	

6.36 Non-current liabilities maturing within one year

Item	Closing balance	Opening balance
Long-term borrowings maturing within one year	164,036.00	17,264,036.00
Bonds payable maturing within one year	-	-
Long-term payables maturing within one year	-	-
Lease liabilities maturing within one year	139,790,841.02	136,967,972.74
Total	139,954,877.02	154,232,008.74

6.37 Other current liabilities

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Item	Closing balance	Opening balance
Provisional estimate cost	79,202,155.97	68,427,082.56
Liabilities from vicarious business	4,547,027.74	6,735,755.76
Recognized, endorsed and undue receivables financing at the end of period	23,560,000.00	5,700,000.00
Reclassification of lease liabilities	3,353,901.47	-
Others	10,623,734.54	6,512,786.36
Total	121,286,819.72	87,375,624.68

6.38 Long-term borrowings

Item	Closing balance	Opening balance
Mortgage borrowings	384,350,539.48	432,019,323.12
Credit borrowings	335,000,000.00	195,000,000.00
Less: Long-term loans due within one year		
Total	719,350,539.48	627,019,323.12

6.39 Lease liabilities

Item	Closing balance	Opening balance
Lease payment	177,235,797.11	308,808,794.19
Less: unrecognized financing expense	9,913,050.15	15,176,184.18
Part reclassified to the non-current liabilities maturing within one year	139,790,841.02	136,967,972.74
Total	27,531,905.94	156,664,637.27

6.40 Long-term payables

Item	Closing balance	Opening balance
Long-term payables		
Special payables	5,660,910.03	9,600,357.51
Total	5,660,910.03	9,600,357.51

Note: Long-term payables in the above table refer to long-term payables after deducting special payables.

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Special payables

Item	Balance as at December 31, 2019	Increase in 2020	Decrease in 2020	Balance as at December 31, 2020	Forming reason
Funds for energy conservation and emission reduction of the central state-owned capital management budget	140,000.00			140,000.00	In use
Funds allocated for urban light rail vehicle AC transmission project	100,000.00			100,000.00	In use
Tax reimbursement for three-line enterprises	3,889,796.99		170,508.00	3,719,288.99	In use
Payment for water, electricity, heating and property management	4,920,000.00		3,218,378.96	1,701,621.04	In use
Expenses on the research of alignment techniques for CAP1400 reactor internals	550,560.52		550,560.52		
Total	9,600,357.51		3,939,447.48	5,660,910.03	

6.41 Long-term employee compensation payable

Item	Closing balance	Opening balance
Post-employment benefits - net liabilities of defined benefit plans		
Dismissal benefits	659,556,684.06	784,413,550.52
Other long-term benefits	301,413,349.17	
Less: undiscounted long-term employee compensation due within one year		
Total	960,970,033.23	784,413,550.52

6.42 Estimated liabilities

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Item	Closing balance	Opening balance	Forming reason
Pending litigation	281,801,968.45	387,314,709.06	Estimated tax, overdue fine, amercement outlay and other estimated expenditure on lawsuit from the disputes between the Company and the local tax authority on account of the collection of property tax regarding projects.
Product quality guarantee deposit	2,211,869,576.09	2,138,995,806.35	Estimated expenditure on product quality guarantee deposit
Onerous contract	3,092,122,892.98	3,421,969,033.49	Onerous contract to be implemented and the expected future loss in the course of implementation
Expected fines for late delivery	310,616,499.88	332,100,542.01	Expected fines for late delivery
Total	5,896,410,937.40	6,280,380,090.91	

Note: In the pending litigation, RMB 15 million is due to the non-acceptance of notes receivable of Dongfang Boiler Company, a subsidiary, and the enterprise may be recourse.

6.43 Deferred income

Item	Balance as at December 31, 2019	Increase in 2020	Decrease in 2020	Balance as at December 31, 2020	Forming reason
Government grants related to asset	382,997,127.42	3,296,700.00	39,145,414.77	347,148,412.65	See table 1 for details
Government grants related to income	87,610,438.65	53,159,972.41	83,635,590.50	57,134,820.56	See table 1 for details
Total	470,607,566.07	56,456,672.41	122,781,005.27	404,283,233.21	

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1. Items involving government grants

Liability item	Balance as at December 31, 2019	New grants in 2020	Amount included in the current profit or loss in 2020	Other changes	Balance as at December 31, 2020	Related to assets/income	Liability item	Balance as at December 31, 2019
VAT refund for three-line enterprises	212,417,112.19			22,217,142.47			190,199,969.72	Related to assets
Subsidy for project infrastructure construction	123,083,333.33			9,682,555.65			113,400,777.68	Related to assets
Appropriation for scientific research	11,117,200.25			2,170,247.86			8,946,952.39	Related to assets
Appropriation for technical reform	7,423,300.00	3,296,700.00		2,957,333.33			7,762,666.67	Related to assets
Government subsidies	1,926,666.67			340,000.00			1,586,666.67	Related to assets
Other appropriations	27,029,514.98			1,778,135.46			25,251,379.52	Related to assets
Appropriation for scientific research	81,871,755.85	45,407,836.00		61,888,494.94		-12,424,932.94	52,966,163.97	Related to income
Technical transformation appropriation	0.00	300,000.00		75,000.00			225,000.00	Related to income

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Government subsidies	308,550.00			308,550.00				Related to income
Other appropriations	5,430,132.80	7,452,136.41		8,711,884.40		-226,728.22	3,943,656.59	Related to income
Total	470,607,566.07	56,456,672.41		110,129,344.11		-12,651,661.16	404,283,233.21	

Note: The VAT refund for three-line enterprises refers to the VAT refund for three-line enterprises received by DTC, DBC and DFEM for the period from January 1, 2006 to December 31, 2008, in accordance with the Circular on Matters concerning Tax Policies for Three-line Enterprises during the Period for the Tenth Five-year Plan (CS [2001] No. 133) issued by the Ministry of Finance and the State Taxation Administration, and the Circular on the Refund upon Collection Policy for Value-Added Tax of Three-line Enterprises (CS [2006] No. 166) issued by the Ministry of Finance and the State Taxation Administration. The Company, according to the specification on VAT refund for three-line enterprises, divided such VAT refund for three-line enterprises as asset-related government grants and income-related government grants, and carried out the accounting treatment respectively.

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6.44 Share capital

Item	Opening balance		Increase in 2020	Decrease in 2020	Closing balance	
	investment amount	Proportion (%)			investment amount	Proportion (%)
Dongfang Electric Group	1,727,919,826.00	55.91			1,727,919,826.00	55.39
A shares	1,022,883,605.00	33.09	28,960,699.00		1,051,844,304.00	33.71
H shares	340,000,000.00	11.00			340,000,000.00	10.90
Total	3,090,803,431.00	100.00	28,960,699.00		3,119,764,130.00	100.00

Notes of changes in share capital:

1、As deliberated at the 1st extraordinary general meeting in 2019, the 1st A-share general meeting in 2019, the 1st H-share general meeting in 2019 of the Company, and the 19th meeting of the 9th board of directors of the Company in 2019, and as approved by the China Securities Regulatory Commission, the Company issued 30,000,000 ordinary shares in RMB (A shares) with restricted conditions at the price of RMB 1.00 per share on December 19, 2019 to 800 incentive objects (actually to 780 incentive objects as some incentive objects gave up such subscription) (actual subscription of 27,988,699 shares). The periods for granting shares with restricted conditions under this incentive plan respectively are 24 months, 36 months and 48 months as of the date of registration of corresponding part of shares with restricted conditions. The shares with restricted conditions granted this time amount to 27,988,699 shares, for which the registration procedures was gone through with Shanghai Branch of China Securities Depository and Clearing Company Limited on January 7, 2020, and such shares were provisionally included in the capital reserves on the balance sheet date. On January 7, 2020, it was registered with China Securities Depository and Clearing Co., Ltd. Shanghai Branch and transferred from capital reserve to share capital.

2、On September 24, 2020, the company held the 32 nd meeting of the 9 th Board of Directors, and reviewed and approved the Proposal on Granting Reserved Restricted Stocks to Incentive Objects of A-share Restricted Stock Incentive Plan in 2019: According to the authorization of the shareholders' meeting, it was agreed to grant 1 million stock options to 26 incentive objects. The grant date was September 24, 2020, and the exercise price was 6.54 yuan/share; At the same time, it passed the Proposal on Repurchase and Cancellation of Some

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Restricted Stocks: the Board of Directors deliberated and decided to repurchase and cancel all restricted stocks of 138,000 shares that have been granted to four incentive targets but have not yet lifted the restrictions on sales. This proposal must be submitted to the shareholders' meeting, A-share shareholders' meeting and H-share shareholders' meeting for deliberation and approval. In the process of signing the agreement, paying the funds and registering the shares after the company confirmed the grant date, some incentive objects voluntarily gave up the restricted stock subscription for personal reasons. Therefore, the actual grant amount of the company's equity incentive plan was adjusted from 1,000,000 shares to 972,000 shares, and the par value of each share was 1 yuan, which increased the registered capital by 972,000.00 yuan. The registered capital after the change was RMB 3,119,764,100.

6.45 Capital reserves

Item	Opening balance	Increase in 2020	Decrease in 2020	Closing balance
Capital (share capital) premium	11,342,240,527.90	102,232,387.66	27,988,699.00	11,416,484,216.56
Other capital reserves	3,098,647.01	164,593,170.60		167,691,817.61
Transfer of capital reserve from original system				
Total	11,345,339,174.91	266,825,558.26	27,988,699.00	11,584,176,034.17

Notes of capital reserve:

1. In this period, the grantee of the equity incentive plan granted to 26 incentive objects of the company contributed capital to increase the capital reserve-capital premium of RMB 5,384,880.00;

2. The current capital reserve-capital premium decreased by RMB27,988,699.00, which was transferred from capital reserve to equity. In 2019, 27,988,699.00 shares of equity incentive plan for some senior executives and middle-level employees of the company were granted, and the capital reserve account was temporarily put aside. In this year, the equity registration was transferred from capital reserve to equity (see Note 44. Equity-Note 1 for details)

3. In this period, the company confirmed the share-based payment fee and increased other capital reserves by RMB 31,089,861.98;

4. According to the relevant regulations of the state on the financial treatment of wage payable balance in corporate restructuring and reconstruction of enterprises, the unused historical wage balance should strictly comply with the relevant regulations on the financial

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treatment of wage payable balance in corporate restructuring and reconstruction of enterprises, and the capital reserve should be fully increased by the end of 2020. In this period, Dongfang Boiler, Dongfang Steam Turbine, Dongfang Electric Machinery and Dongfang Heavy Machinery, subsidiaries of the Company, transferred the unused surplus wages of previous years to other capital reserves, and the Company confirmed the increase of other capital reserves by 133,503 according to the shareholding ratio.

5. Dongfang Heavy Machinery Co., Ltd., a subsidiary of the Company, converted its net assets (assessed value) of RMB 2,197,415,970.76 into a net asset of RMB 1.91 per share according to the Enterprise Value Assessment Report (Zhonglian International Appraisal [2019]VNGPZ0708). According to the resolution passed at the fourth shareholders' meeting of Dongfang heavy machinery in 2020, it is agreed to use the state-allocated capital of RMB 131.07 million invested by Dongfang Electric Group in 2011, of which RMB 68,623,037.00 is the registered capital newly added by Dongfang Electric Group to Dongfang heavy machinery, and the remaining RMB 62,446,963.00 is the capital reserve newly added by Dongfang Electric Group to Dongfang heavy machinery, which is shared by all shareholders.

6. Dongfang Auto Control, a subsidiary of the Company, purchased equity from minority shareholders controlled by Dongfang boiler this year, and the Company confirmed an increase of capital reserve-capital premium of RMB 9,517,647.62 according to the shareholding ratio.

7. Dongfang Steam Turbine, a subsidiary of the Company, transferred its 13% equity interest in Dongfang Wind Power to external shareholders. After the transfer, the Company held a total of 87% equity interest in Dongfang Wind Power, and confirmed an increase in capital reserve-capital premium of RMB 55,789,247.10.

8. Dongfang Hydrogen Energy, a subsidiary of the Company, introduced external shareholders to increase capital. After the capital increase, the Company held 55.93% of Dongfang Hydrogen Energy's equity, and confirmed an increase in capital reserve-capital premium of RMB 13,538,453.96.

6.46 Treasury stock

Item	Opening balance	Increase in 2020	Decrease in 2020	Closing balance
Repurchase plan for restricted stock incentive	165,972,988.00	6,356,880.00		172,329,868.00
Total	165,972,988.00	6,356,880.00		172,329,868.00

Note: In September 2020, the Company implemented the restricted stock incentive plan to

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recognize the corresponding liabilities and treasury stock amounting to RMB 6,356,880.00 regarding the repurchase obligations.

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6.47 Other comprehensive income

Item	Balance as at December 31, 2019	Year 2020									Balance as at December 31, 2020	
		Pre-tax amount incurred in 2019	Less: amount previously included in the other comprehensive income and currently transferred to the profit or loss	Less: amount previously included in the other comprehensive income and currently transferred to the retained earnings	Less: income tax expenses	Amount after tax attributable to the parent company	Amount after tax attributable to minority shareholders	Pre-tax amount incurred in 2019	Less: amount previously included in the other comprehensive income and currently transferred to the profit or loss	Less: amount previously included in the other comprehensive income and currently transferred to the retained earnings		
1. Other comprehensive income that cannot be reclassified into profit or loss	-20,447,914.82										-172,770.15	-20,275,144.67
Including: changes in re-measurement of the defined benefit plan												
Other comprehensive income that cannot be transferred to profit or loss under the equity method												

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Changes in fair value of other equity instrument investments	-20,447,914.82									-172,770.15	-20,275,144.67
Changes in the fair value of the Company's own credit risk											
Other changes											
2. Other comprehensive income that will be reclassified into profit or loss	-3,970,132.76	-23,404,229.80	26,597,523.47				-43,672,787.61	-6,328,965.66			-47,642,920.37
Including: other comprehensive income that can be transferred to profit or loss under the equity method	2,405,333.68	-149,950.83					-141,538.59	-8,412.24			2,263,795.09
Changes in fair value of other creditor's right investment											
Amount of financial assets reclassified into other comprehensive income											
Provision for credit impairment of other creditor's right investment											
Cash flow hedging reserve											

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Translation differences of foreign currency financial statements	-6,375,466.44	-23,300,716.97	26,597,523.47				-43,577,687.02	-6,320,553.42			-49,953,153.46
Other changes		46,438.00					46,438.00				46,438.00
Total of other comprehensive income	-24,418,047.58	-23,404,229.80	26,597,523.47				-43,672,787.61	-6,328,965.66		-172,770.15	-67,918,065.04

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6.48 Special reserves

Item	Opening balance	Increase in 2020	Decrease in 2020	Closing balance
Work safety expenses	76,102,748.09	76,748,870.92	64,343,000.43	88,508,618.58
Total	76,102,748.09	76,748,870.92	64,343,000.43	88,508,618.58

6.49 Surplus reserves

Item	Opening balance	Increase in 2020	Decrease in 2020	Closing balance
Statutory surplus reserves	907,174,974.45	65,630,466.84		972,805,441.29
Discretionary surplus reserves				
Total	907,174,974.45	65,630,466.84		972,805,441.29

6.50 Undistributed profits

Item	Year 2020	Year 2019
Undistributed profits at the end of the previous year before adjustment	14,225,616,456.64	13,324,105,405.23
Total adjustment to undistributed profits at the beginning of the year ("+" for increase and "-" for decrease)		-228,081.66
Undistributed profits at the beginning of the year after adjustment	14,225,616,456.64	13,323,877,323.57
Plus: net profit attributable to owners of the parent company in the current period	1,861,998,155.29	1,277,671,818.13
Other adjustment factors		
Less: withdrawal of statutory surplus reserves	65,630,466.84	35,901,807.65
Withdrawal of discretionary surplus reserves		
Withdrawal of general risk reserves		
Common stock dividends payable		
Common stock dividends transferred to share capital		
Less: withdrawal of statutory surplus reserves		
Withdrawal of discretionary surplus reserves		
Withdrawal of general risk reserves	639,352,397.16	339,988,377.41
Common stock dividends payable		

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Item	Year 2020	Year 2019
Preferred stock dividend		
Other distribution to shareholders		
Return of profits to investment		
Other profit distribution		
Plus: surplus reserve to cover losses		
Defined benefit plans changes carry forward retained earnings		
Carry-forward of other comprehensive income for retained earnings	-172,770.15	-42,500.00
Other internal carry-forward of owner's equity		
Others	203,259.00	
Undistributed profits at the end of the period	15,382,662,236.78	14,225,616,456.64

6.51 Minority equity

Subsidiary	Proportion of minority interest (%)	Amount as at December 31, 2020	Amount as at December 31, 2019
Dongfang (Guangzhou) Heavy Machinery Co., Ltd.	38.91	637,108,944.34	599,793,156.79
Dongfang Electric Machinery Company Limited	8.14	480,769,474.49	457,602,916.92
Dongfang Turbine Co., Ltd.	5.61	343,178,170.16	328,825,206.64
DongFang Boiler (Group) Co.,Ltd.	3.21	213,713,696.35	210,246,853.69
Dongfang Electric Group Finance Co., Ltd.	5.00	170,445,802.08	160,348,416.73
Chengdu Dongfang Kwh Environmental Protection Catalysts Co., Ltd.	38.58	113,729,570.08	109,664,727.41
Eastern Boiler Control Co., Ltd.	49.00	83,461,880.95	89,546,575.94
Dongfang Hitachi (Chengdu) Electric Control Equipment Co., Ltd.	49.00	72,373,071.31	63,169,138.41
Laos Namang River Power Co., Ltd.	25.00	67,731,533.36	65,728,124.32

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Subsidiary	Proportion of minority interest (%)	Amount as at December 31, 2020	Amount as at December 31, 2019
Dongfang Electric (Wuhan) Nuclear Equipment Co., Ltd.	33.00	72,649,863.08	65,425,156.20
Tianjin Dongqi Wind Turbine Blade Engineering Co., Ltd.	15.00	53,868,242.89	38,505,667.50
Dongfang Electric Auto Control Engineering Co., Ltd.	3.49	27,767,046.29	24,862,647.06
Deyang Dongfang Aberle Sysrem Corporation Limited	16.24	7,671,125.76	7,338,671.27
Dongfang Electric Venezuela Co., Ltd.	1.00	0.01	0.01
Dongfang Electric Wind Power (Shandong) Co., Ltd.	15.72	58,002,710.88	57,346,399.78
Dongfang Electric Wind Power Co., Ltd.	3.46	195,257,775.07	42,853,010.34
PT.Dongfang Electric Indonesia Company	49.00	14,813,415.45	17,463,499.40
Henan Dongfang Boiler City Environmental Protection Equipment Co., Ltd.	20.00	2,971,006.84	5,067,052.67
Dongfang hydrogen energy	44.07	109,468,449.60	
Dongfangelectric motor	10.00	8,949,730.30	
Total		2,733,931,509.29	2,343,787,221.08

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6.52 Net current assets

Item	Amount as at December 31, 2020	Amount as at December 31, 2019
Current assets	70,673,257,832.78	69,398,892,328.05
Less: current liabilities	56,104,965,880.37	49,453,815,568.82
Net current assets	14,568,291,952.41	19,945,076,759.23

6.53 Total assets less current liabilities

Item	Amount as at December 31, 2020	Amount as at December 31, 2019
Total assets	97,795,137,769.16	89,618,965,555.72
Less: current liabilities	56,104,965,880.37	49,453,815,568.82
Total assets less current liabilities	41,690,171,888.79	40,165,149,986.90

6.54 Debit and credit

6.54.1 Information of debit and credit of the Company

Item	Amount as at December 31, 2020	Amount as at December 31, 2019
Short-term borrowings	297,980,000.00	13,850,000.00
Non-current liabilities maturing within one year (Partial borrowings)	164,036.00	17,264,036.00
Long-term borrowings	719,350,539.48	627,019,323.12
Total	1,017,494,575.48	658,133,359.12

6.54.2 Analysis on debit and credit

Item	Amount as at December 31, 2020	Amount as at December 31, 2019
Bank borrowings	615,330,539.48	658,133,359.12
Including: borrowings required to be repaid within five years	230,980,000.00	226,114,036.00
Sub-total	615,330,539.48	658,133,359.12
Other borrowings and payables	402,164,036.00	
Total	1,017,494,575.48	658,133,359.12

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6.54.3 Analysis on the debit and credit on the due date

Item	Amount as at December 31, 2020	Amount as at December 31, 2019
Repay as required or within 1 year	298,144,036.00	31,114,036.00
1-2 years	195,000,000.00	195,000,000.00
2-5 years	140,000,000.00	
Over 5 years	384,350,539.48	432,019,323.12
Total	1,017,494,575.48	658,133,359.12

6.55 Operating revenue and operating costs

6.55.1 Information on operating revenue and operating costs

Item	Year 2020		Year 2019	
	Revenue	Expenses from costs/interest / Expenses from handling charges and commissions	Revenue	Expenses from costs/interest / Expenses from handling charges and commissions
Primary business	35,841,635,457.48	28,658,398,531.51	31,269,847,147.78	24,559,343,836.65
Other business	397,290,089.89	205,286,385.36	507,738,609.90	379,094,052.88
Interest income	1,040,835,178.93	98,164,043.10	1,062,215,899.11	81,498,284.37
Revenue from handling charges and commissions	3,110,561.08	1,190,341.73	519,423.43	165,136.20
Total	37,282,871,287.38	28,963,039,301.70	32,840,321,080.22	25,020,101,310.10

6.55.2 Revenue of modules and products

Name of module and product	Operating revenue		Operating cost	
	Year 2020	Year 2019	Year 2020	Year 2019
Efficient and clean energy equipment	11,152,332,807.94	8,524,259,969.87	15,511,358,033.23	11,726,910,995.01
Including: thermal power	7,328,245,288.47	5,388,763,743.70	11,574,767,948.21	8,617,588,539.55
Nuclear power	1,804,730,016.79	1,445,673,970.30	2,080,407,378.21	1,705,488,939.26
Gas turbine	2,019,357,502.68	1,689,822,255.87	1,856,182,706.81	1,403,833,516.20

DONGFANG ELECTRIC CORPORATION LIMITED

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Renewable energy equipment	10,085,174,688.16	8,646,791,164.87	5,921,352,862.59	5,210,972,278.36
Including: hydroelectric power	2,481,193,499.75	2,067,142,695.60	2,254,718,900.98	2,126,618,156.07
Wind power	7,432,449,885.46	6,451,554,537.33	3,561,123,257.73	2,856,483,937.90
Engineering and trade	4,838,854,024.63	3,536,566,040.24	4,430,612,539.73	3,528,160,166.08
Including: EPC	1,266,026,922.82	766,300,948.29	1,791,301,251.34	1,200,114,668.76
Trade	3,548,403,570.84	2,751,942,923.21	2,636,473,646.88	2,326,099,311.82
Modern manufacturing service industry	4,910,246,778.17	2,714,267,517.28	3,876,251,271.37	1,881,715,167.81
Including: power station service	2,962,785,730.34	1,914,441,775.17	2,015,463,965.79	1,137,749,739.81
Financial service	1,043,945,740.01	99,354,384.83	1,062,735,322.54	81,663,420.57
Emerging growth industry	6,296,262,988.48	5,541,154,609.44	3,100,746,373.30	2,672,342,702.84
Total	37,282,871,287.38	28,963,039,301.70	32,840,321,080.22	25,020,101,310.10

6.56 Taxes and surcharges

Item	Year 2020	Year 2019
Urban maintenance and construction tax	57,520,557.40	63,970,603.69
House property tax	57,774,420.65	60,933,622.04
Educational surtax	25,196,673.96	27,444,110.28
Stamp duty	49,244,413.56	41,447,819.53
Land use tax	27,221,368.80	25,442,511.28
Local educational surtax	16,022,689.63	18,294,100.19
Other taxes	3,119,825.15	2,566,521.58
Total	236,099,949.15	240,099,288.59

6.57 Selling and distribution expenses

Item	Year 2020	Year 2019
Sales and service fees	521,393,693.07	703,955,305.29
Employee compensation	388,021,065.33	373,684,057.24
Travel expenses	44,963,705.28	60,783,608.86
Others	222,193,469.57	170,076,786.70
Total	1,176,571,933.25	1,308,499,758.09

6.58 General and administrative expenses

Item	Year 2020	Year 2019
Employee compensation	1,607,052,980.87	1,298,032,582.93

DONGFANG ELECTRIC CORPORATION LIMITED**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED DECEMBER 31, 2020**

Item	Year 2020	Year 2019
Repair charges	311,278,904.49	323,715,268.11
Depreciation costs	255,253,056.55	150,080,916.82
Work safety expenses	89,320,622.76	68,039,819.26
Rental fees	8,792,020.88	94,790,537.22
Travel expenses	49,203,532.75	66,606,330.71
Insurance premium	24,163,668.01	47,103,534.77
Property management fees	58,966,007.94	57,033,456.18
Amortization of intangible assets	34,870,077.29	35,428,807.48
Hydroelectric power cost	27,226,135.72	28,903,816.13
Cost of hiring intermediaries	20,170,908.18	20,154,296.92
Transportation costs	20,241,970.53	22,481,352.23
Others	113,338,502.07	168,153,041.87
Total	2,619,878,388.04	2,380,523,760.63

6.59 Research and development expenditure

Item	Year 2020	Year 2019
Employee compensation	905,277,597.30	905,040,657.54
Materials expenses	408,896,508.21	342,657,995.54
Testing and quality assurance expenses	98,097,740.57	159,171,728.53
External commission fees	191,818,436.20	79,084,426.97
Depreciation expenses	99,319,664.36	87,677,587.82
Tooling fees	43,596,544.13	46,492,908.75
Amortization of intangible assets	38,356,278.36	32,864,727.24
Travel expenses	22,011,664.82	28,751,388.54
Hydroelectric power cost	17,769,166.60	19,111,464.14
Others	177,594,990.22	187,535,839.52
Total	2,002,738,590.77	1,888,388,724.59

6.60 Financial expenses

DONGFANG ELECTRIC CORPORATION LIMITED

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Item	Year 2020	Year 2019
Interest expenses	35,891,626.03	49,431,576.08
Including: lease liability interest expenses	9,683,130.52	15,516,312.64
Less: interest revenue	38,908,682.48	83,050,317.66
Profit or loss on exchange	204,401,874.83	-59,945,801.68
Handling charges of financial institutions	35,127,210.46	22,951,572.19
Cash discount	-81,412,182.25	-82,429,763.68
Others	13,373,711.70	13,383,043.76
Total	168,473,558.29	-139,659,690.99

6.61 Other income

6.61.1 Other income

Item	Year 2020	Year 2019
Government grants	175,019,547.56	138,572,577.20
Handling charges deducted for individual income tax	435,498.04	569,004.78
Others	24,153,843.99	702,858.57
Total	199,608,889.59	139,844,440.55

6.61.2 Government grants included in other income

Item	Year 2020	Year 2019	Related to assets/income
VAT refund for three-line enterprises	22,217,142.47	27,332,451.60	Related to assets
Appropriation for scientific research	9,879,184.46	8,133,889.36	Related to assets
Appropriation for scientific research	63,283,755.46	47,152,472.21	Related to income
Finance discount	340,000.00	340,000.00	Related to assets
Finance discount	308,550.00	308,550.00	Related to income
Tax returns	6,127,592.41	7,687,485.79	Related to income
Other appropriations	26,625,754.51	3,466,666.67	Related to assets
Other appropriations	46,237,568.25	44,151,061.57	Related to income
Total	175,019,547.56	138,572,577.20	

6.62 Investment income

DONGFANG ELECTRIC CORPORATION LIMITED

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Item	Year 2020	Year 2019
Long-term equity investment income calculated by the equity method	185,295,786.09	203,802,439.98
Long-term equity investment income calculated by the cost method		
Investment income from disposal of long-term equity investments		63,389,464.99
Investment income from trading financial assets during the holding period	16,438,830.66	68,091,791.26
Investment income from disposal of trading financial assets	101,376,542.45	27,190,499.58
Interest revenue from creditor's right investment during the holding period	33,587,233.87	15,461,791.28
Investment income from the disposal of other equity instruments		
Total	336,698,393.07	377,935,987.09

6.63 Foreign exchange gains

Item	Year 2020	Year 2019
Revenue from foreign exchange	769,827.40	872,319.89
Expenditure on foreign exchange		
Total	769,827.40	872,319.89

6.64 Income from changes in fair value

Sources of income from changes in fair value	Year 2019	Year 2018
Financial assets held for trading	-138,205,491.40	-126,073,198.44
Financial liabilities held for trading		
Total	-138,205,491.40	-126,073,198.44

6.65 Losses from credit impairment

Item	Year 2020	Year 2019
Losses from bad debts of accounts receivable	57,591,252.40	-181,407,906.78
Losses from bad debts of other receivables	107,731,366.59	18,784,303.46
Losses from impairment of creditor's right investment	-62,009,486.71	18,169,602.00
Losses from bad debts of long-term receivables	76,744,889.92	-151,043,168.29
Losses from impairment of credit assets	25,302,043.47	223,261,409.28
Total	205,360,065.67	-72,235,760.33

DONGFANG ELECTRIC CORPORATION LIMITED**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED DECEMBER 31, 2020**

Losses are presented with "-".

6.66 Losses from asset impairment

Item	Year 2020	Year 2019
Loss from inventory depreciation and losses from impairment of contract performance cost	-390,233,505.18	-791,091,308.03
Loss from impairment of fixed assets	-4,485,576.41	-105,234,969.63
Losses from impairment of right-of-use assets		
Losses from impairment of intangible assets	-376,405.24	
Losses from impairment of construction in progress	-2,095,307.36	
Losses from impairment of contract assets	-169,899,776.64	46,453,735.03
Total	-567,090,570.83	-849,872,542.63

Losses are presented with "-".

6.67 Income from asset disposal

Item	Year 2020	Year 2019
Income from disposal of non-current assets	7,079,975.17	9,424,700.01
Total	7,079,975.17	9,424,700.01

6.68 Non-operating revenue

Item	Year 2020	Year 2019	Amount included in non-recurring profit or loss in the current period
Government grants	1,523,052.69	8,101,959.60	1,523,052.69
Gains from disposal of non-current assets	400,031.46	553,605.27	400,031.46
Including: gains from scrapping of fixed assets	400,031.46	553,605.27	400,031.46

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Gains from debt restructuring			
Donations received	344,830.50		344,830.50
Revenue from liquidated damages	17,556,127.48	17,982,207.54	17,556,127.48
Others	20,804,770.66	77,554,244.91	20,804,770.66
Total	40,628,812.79	104,192,017.32	40,628,812.79

Government grants included in the non-operating revenue

Subsidy Item	Year 2020	Year 2019	Related to assets/income
Subsidy for stabilizing posts		3,708,072.60	Related to income
Government award		1,000,000.00	Related to income
Bureau of Industry and Information Technology and Bureau of Finance in the economic development zone		160,000.00	Related to income
Industrial incentive fund		100,000.00	Related to income
Deyang Science and Technology Bureau and Deyang Intellectual Property Office		30,000.00	Related to income
Donative subsidies		2,600,000.00	Related to income
Finance discount		503,887.00	Related to income
Others	1,523,052.69		Related to income
Total	1,523,052.69	8,101,959.60	

6.69 Non-operating expenses

Item	Year 2020	Year 2019	Amount included in non-recurring profit or loss in the current period
Losses from disposal of non-current assets	2,496,043.34	1,038,390.54	2,496,043.34
Including: losses from scrapping of fixed assets	2,496,043.34	1,038,390.54	2,496,043.34
Losses from debt restructuring			

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Item	Year 2020	Year 2019	Amount included in non-recurring profit or loss in the current period
Donation outlay	51,156,180.02	23,625,926.24	51,156,180.02
Losses from pending litigation	646,274.10	20,000,000.00	646,274.10
Expenditure on indemnity, liquidated damages and amercement outlay	60,306,415.23	93,188,907.54	60,306,415.23
Others	19,090,718.32	10,018,748.29	19,090,718.32
Total	133,695,631.01	147,871,972.61	133,695,631.01

6.70 Income tax expenses

6.70.1 Table of income tax expenses

Item	Year 2020	Year 2019
Current income tax expenses	236,212,644.56	181,696,731.48
Including: China	235,011,961.53	179,880,564.64
India	1,197,687.58	1,815,626.20
Other regions	2,995.45	540.64
Deferred income tax expenses	-85,252,938.72	16,015,478.25
Total	150,959,705.84	197,712,209.73

6.70.2 Adjustment process of accounting profit and income tax expenses

Item	Year 2020
Total profits	2,067,223,836.63
Income tax expenses calculated at statutory [or applicable] tax rate	310,083,575.49
Effect of the application of various tax rates by subsidiaries	40,330,056.85
Effect of adjustments to the income tax for the prior years	-34,045,662.07
Effect of non-taxable income	-25,807,789.54
Effect of non-deductible costs, expenses and losses	8,836,385.80
Effect of using the deductible losses related to deferred income tax assets unrecognized in previous periods	-56,829,099.46
Effect of deductible temporary differences or losses from deferred income tax assets unrecognized in the current period	19,748,567.72
Tax preference	-111,356,328.95

DONGFANG ELECTRIC CORPORATION LIMITED**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED DECEMBER 31, 2020**

Item	Year 2020
Including: additional deduction of research and development expenditure	-111,033,305.81
Income tax expenses	150,959,705.84

6.71 Earnings per share**6.71.1 Basic earnings per share**

The basic earnings per share is calculated by dividing the consolidated net profit attributable to the common stockholder of the parent company by the weighted average of the Company's outstanding common stock:

Item	Year 2020	Year 2019
Consolidated net profit attributable to the common stockholder of the parent company	1,861,998,155.29	1,277,671,818.13
Weighted average of the Company's outstanding common stock	3,116,540,738.00	3,090,803,431.00
Basic earnings per share	0.60	0.41
Including: basic earnings per share from going concern	0.60	0.41
Basic earnings per share from discontinued operation		

Weighted average of the Company's outstanding common stock

= Beginning share capital + shares issued in the current period * months counted from the next month of share issue to the end of the reporting period / months of the reporting period

= 3,116,540,738.00

Basic earnings per share

= Consolidated net profit attributable to the common stockholder of the parent company / Weighted average of the outstanding common stock

= 1,861,998,155.29 / 3,116,540,738.00 = 0.60

6.71.2 Diluted earnings per share

The diluted earnings per share is calculated by dividing the consolidated net profit attributable to the common stockholder of the parent company (diluted) by the weighted average of the Company's outstanding common stock (diluted):

DONGFANG ELECTRIC CORPORATION LIMITED**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED DECEMBER 31, 2020**

Item	Year 2020	Year 2019
Consolidated net profit attributable to the common stockholder of the parent company (diluted)	1,861,998,155.29	1,277,671,818.13
Weighted average of the Company's outstanding common stock (diluted)	3,116,540,718.00	3,090,803,431.00
Diluted earnings per share	0.60	0.41
Including: diluted earnings per share from going concern	0.60	0.41
Diluted earnings per share from discontinued operation		

6.72 Supplementary information to the income statement where expenses are classified by nature

The operating cost (including the interest, handling charges and commission paid for the absorption of deposits), selling and distribution expenses, general and administrative expenses and research and development expenditures are classified by nature as follows:

Item	Year 2020	Year 2019
Raw material consumption	23,828,977,893.24	20,308,570,545.80
Labor costs	3,821,095,136.20	3,547,416,794.22
Outsourcing of equipment and services	4,127,038,615.31	3,350,017,817.93
Depreciation and amortization expenses	1,017,607,159.55	1,043,837,728.30
Sales and service fees	521,393,693.07	703,955,305.29
Repair charges	319,099,992.75	331,853,125.37
Travel expenses and business expenses	243,694,183.74	231,579,566.72
Testing and quality assurance expenses	99,872,598.96	160,233,126.69
Rental fees	10,234,503.74	119,431,088.92
Interest, handling charges and commission paid for the absorption of deposits	99,354,384.83	81,663,420.57
Others	673,860,052.37	718,955,033.60
Total	34,762,228,213.76	30,597,513,553.41

6.73 Items in the statement of cash flows**6.73.1 Cash received from other operating activities**

DONGFANG ELECTRIC CORPORATION LIMITED

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Item	Year 2020	Year 2019
Collection of due NCD (negotiable certificate of deposit)	3,600,000,000.00	4,109,529,161.72
Security deposit	387,765,485.27	430,854,131.81
Government grants	370,970,428.65	132,157,071.40
Appropriation	20,036,984.14	110,739,294.57
Compensation	88,143,032.56	54,255,259.86
Advance payment for collection	39,771,304.49	198,752,408.43
Project-related assets	114,483,913.93	22,145,652.38
Compensation		429,188.00
Revolving fund and deposit for house purchase		4,551,949.75
Interest income	59,442,273.82	31,053,135.46
Debt collection	35,633,059.38	28,278,499.75
Cash received from the lease of fixed assets and investment properties	13,415,637.26	95,318,008.96
Collection of imprest	13,051,946.69	16,352,884.18
Revenue from fines	13,476,168.25	68,756,608.86
Others	305,977,141.70	224,735,440.31
Recovery of guarantee deposit	44,611,026.06	
Premium subsidy	155,050,000.00	
Allocation of creditor's rights	181,892,268.59	
Total	5,443,720,670.79	5,527,908,695.44

6.73.2 Cash paid for other operating activities

Item	Year 2020	Year 2019
Purchase of NCD	8,805,351,700.00	3,583,693,900.00
Purchase under resale agreements	170,060,904.53	662,907,958.20
Operating expenses	1,517,240,897.52	868,603,138.40

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Item	Year 2020	Year 2019
Security deposit payment	505,013,340.76	334,265,241.88
Advance payment		371,421,811.45
Imprest payment	39,719,891.36	33,446,644.17
Others	162,554,839.22	353,033,440.64
Total	11,199,941,573.39	6,207,372,134.74

6.73.3 Cash received from other financing activities

Item	Year 2020	Year 2019
Overseas investment insurance of SINOSURE (Part of creditor's right)	2,771,621.17	2,927,834.64
Dividend handling fee	35,380.45	
Rent and handling charges for the leaseback under finance lease	12,606,608.00	19,543,547.30
Transition profit and loss of Rainbow Project	270,593,372.29	
Total	286,006,981.91	22,471,381.94

6.74 Supplementary information to the statement of cash flows

6.74.1 Supplementary information to the statement of cash flows

Item	Year 2020	Year 2019
1. Net profit adjusted to cash flows from operating activities		
Net profit	1,916,264,130.79	1,380,871,710.33
Plus: losses from credit impairment	-205,360,065.67	72,235,760.33
Provision for asset impairment	567,090,570.83	849,872,542.63
Depreciation of investment properties and fixed assets	740,153,164.87	801,768,258.34
Depreciation of right-of-use assets	133,475,322.72	132,666,443.06
Amortization of intangible assets	94,523,186.65	94,020,732.21
Amortization of long-term deferred expenses	49,455,485.31	15,382,294.69
Losses on disposal of fixed assets, intangible assets and other long-term assets ("- " for income)	-7,079,975.17	-9,424,700.01

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Item	Year 2020	Year 2019
Losses from scrapping of fixed assets ("-" for income)	2,096,011.88	484,785.27
Losses from changes in fair value ("-" for income)	138,205,491.40	126,073,198.44
Financial expenses ("-" for income)	240,293,500.86	-54,354,653.45
Investment losses ("-" for income)	-336,698,393.07	-377,935,987.09
Decreases in deferred income tax assets ("-" for increases)	-81,585,740.24	4,227,049.11
Increases in deferred income tax liabilities ("-" for decreases)	-3,667,198.48	11,788,429.14
Decreases in Contract assets ("-" for increases)		
Decreases in inventories ("-" for increases)	-2,467,831,390.16	448,942,775.00
Decreases in operating receivables ("-" for increases)	-3,143,098,281.19	2,641,079,120.88
Increases in operating payables ("-" for decreases)	-385,037,829.56	-5,939,027,453.58
Others		3,574,319.81
Net cash flows from operating activities	-2,748,802,008.23	202,244,625.11
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 acquired under financing lease		
3. Net changes in cash and cash equivalents		
Ending balance of cash	24,277,749,507.44	28,472,369,654.85
Less: beginning balance of cash	28,472,369,654.85	26,899,627,194.15
Plus: ending balance of cash equivalents		
Less: beginning balance of cash equivalents		
Net increase in cash and cash equivalents	-4,194,620,147.41	1,572,742,460.70

6.74.2 Breakdown of cash and cash equivalents

Item	Year 2020	Year 2019
I. Cash	24,277,749,507.44	28,472,369,654.85
Including: cash on hand	1,614,031.10	2,005,692.73
Unrestricted bank deposit	3,073,191,999.79	4,043,584,929.49

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Item	Year 2020	Year 2019
Other unrestricted cash and cash equivalents	168,250,479.74	148,310,025.30
Unrestricted deposits in central bank	2,143,229.27	25,705,108.74
Deposits in banks and other financial institutions	21,032,549,767.54	24,252,763,898.59
Loans to banks and other financial institutions		
II. Cash equivalents		
Including: bond investments maturing within three months		
III. Ending balance of cash and cash equivalents	24,277,749,507.44	28,472,369,654.85
Including: cash and cash equivalents restricted for use by the parent company or subsidiaries in the Group		

6.75 Assets with restrictions on the ownership or use right

Item	Book value as at December 31, 2020	Reason for restriction
Monetary funds	2,408,482,733.16	Deposits in central bank, reserves and security deposits
land use right	12,345,253.45	Mortgage borrowings
Intangible assets	19,962,760.79	Mortgage borrowings
fixed assets	103,440,538.16	Mortgage borrowings
Total	2,544,231,285.56	

6.76 Foreign currency monetary items

6.76.1 Foreign currency monetary items

Item	Balance in foreign currency as at December 31, 2020	Exchange rate for conversion	Balance of RMB converted as at December 31, 2020
Monetary funds			3,350,908,201.49
Including: USD	463,472,086.59	6.5249	3,024,109,017.76
EUR	27,210,662.07	8.0250	218,365,563.13
HKD	29.02	0.8416	24.42
JPY	15,294,871.04	0.0632	966,635.85

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Item	Balance in foreign currency as at December 31, 2020	Exchange rate for conversion	Balance of RMB converted as at December 31, 2020
GBP	1.21	8.8903	10.76
INR	356,853,012.68	0.0891	31,795,603.43
PKR	1,757,904.17	0.0408	71,722.49
VND	1,504,481,264.16	0.0003	774,421.18
ETB	180,124,252.21	0.1651	29,738,514.04
NPR	2,214,294.24	0.0556	123,114.76
LAK	74,636.18	0.0351	2,619.73
LKR	69,643,687.37	0.0768	5,348,635.19
BDT	40,597.40	0.8778	35,636.40
TRY	2,189,648.18	4.0968	8,970,550.65
BAM	9.01	5.1165	46.10
CAD	570,778.57	0.7962	454,453.90
SEK	25,227,129,614.05		30,151,631.70
Accounts receivable			363,750,377.68
Including: USD	54,750,697.37	6.5249	357,242,825.28
EUR	314,246.65	8.0250	2,521,829.33
INR	7,528,431.65	0.0891	670,783.26
ETB	20,078,375.59	0.1651	3,314,939.81
Other accounts receivable			46,638,544.23
Including: BAM	433,081.16	4.0968	1,774,246.91
USD	4,074,334.56	6.5249	26,584,625.60
EUR	568,403.29	8.0250	4,561,436.41
SEK	8,066,136.26	0.7962	6,422,257.69

DONGFANG ELECTRIC CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

Item	Balance in foreign currency as at December 31, 2020	Exchange rate for conversion	Balance of RMB converted as at December 31, 2020
INR	21,256,128.62	0.0891	1,893,921.06
VND	171,808,170.03	0.0003	4,512,083.65
Others	15,057,803.87		889,972.91
Accounts payable			336,212,382.52
Including: BAM	6,904.19	4.0968	28,285.08
USD	23,637,545.99	6.5249	154,232,623.81
EUR	20,500,430.96	8.025	164,515,958.49
JPY	122,182,092.09	0.0632	7,721,908.22
INR	77,544,215.82	0.0891	6,909,189.63
GBP	32,312.96	8.8903	287,271.90
VND	8,390,484,633.33	0.0003	2,517,145.39
Other payables			88,786,971.92
Including: ETB	105,344,674.02	0.1651	17,392,405.68
PKR	9,959,171.08	0.0408	406,334.18
HKD	17,867.21	0.8416	15,037.04
USD	7,588,683.25	6.5249	49,515,399.35
EUR	125,513.75	8.025	1,007,247.84
Others			18,324,651.66
INR	14,862,670.59	0.0891	1,324,263.95
VND	2,672,107,400.00	0.0003	801,632.22
Interest receivable			2,921,293.45
Including: USD	447,714.67	6.5249	2,921,293.45
Absorption of deposits			1,647,931,269.79

DONGFANG ELECTRIC CORPORATION LIMITED

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Item	Balance in foreign currency as at December 31, 2020	Exchange rate for conversion	Balance of RMB converted as at December 31, 2020
Including: HKD	9.77	0.8416	8.22
EUR	21,170,240.08	8.0250	169,891,176.64
USD	226,374,776.46	6.5249	1,477,072,778.92
JPY	15,296,545.00	0.0632	967,292.32
GBP	1.54	8.8903	13.69
Interest payable			7,146,596.06
Including:USD	1,095,280.55	6.5249	7,146,596.06
Tax payable			16,521.57
Including:USD	2,532.08	6.5249	16,521.57
Long-term borrowings			384,350,539.48
Including:USD	58,905,200.00	6.5249	384,350,539.48

6.77 Government grants

6.77.1 Asset-related government grants

Government grants Category	Year 2019	Amount included in the current profit or loss or used to offset the losses of related costs	Note
Government grants included in deferred revenue	56,456,672.41	110,129,344.11	See note 6.43 for details
Government grants included in other income	64,890,203.45	64,890,203.45	See note 6.61 for details
Government grants included in non-operating income	1,523,052.69	1,523,052.69	See note 6.68 for details
Government grants to offset the book value of related assets			
Government grants to offset costs and expenses	304,040,000.00	304,040,000.00	First set of insurance premium
Total	426,909,928.55	480,582,600.25	

DONGFANG ELECTRIC CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

6.78 Audit expense

In 2020, the audit expense was RMB 1.30 million (2018: RMB 2.55 million).

6.79 Depreciation and amortization

Depreciation/amortization recognized in 2020 amounted to RMB1,017,607,159.55 (2019: RMB 1,043,837,728.30).

6.80 Expenditure on operating rents

In 2020, the expenditure on operating rents was RMB 10,234,503.74 (2019: RMB 129,723,999.02).

6.81 Rent revenue

In 2020, revenue from land and building leasing was RMB 26,804,305.42 (2019: RMB 33,413,690.75).

7、Changes in the scope of consolidation

7.1 Changes in scope of consolidation due to other reasons

S.N.	Name	Way of forming the right of control	Net assets as at December 31, 2020	Net profit in 2020
1	Dongfang electric motor	Established by investment	89,497,302.98	8,332,949.67
2	Dongfang Guangdong energy	Established by investment	106,167,356.43	-532,643.57
3	Dongfang Yaan hydrogen energy	Established by investment	0.00	0.00

DONGFANG ELECTRIC CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

4	Dongfang xinneng technology	Established by investment	59,598,768.80	9,013,492.66
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8、Equity in other entities

8.1 Equity in subsidiaries

8.1.1 Structure of the enterprise group

Subsidiary	Main business place	Registration place	Business nature	Shareholding ratio (%)		Method of acquisition
				Direct	Indirect	
Dongfang Turbine Co., Ltd.	Deyang, Sichuan	Deyang, Sichuan	Production	94.39		Established by investment
DongFang Boiler (Group) Co.,Ltd.	Zigong, Sichuan	Zigong, Sichuan	Production	96.79		Established by investment
Chengdu Dongfang Kwh Environmental Protection Catalysts Co., Ltd.	Chengdu, Sichuan	Chengdu, Sichuan	Production of dedicated pharmaceutical and medicinal materials		60.95	Established by investment
Henan Dongfang Boiler City Environmental Protection Equipment Co., Ltd.	Jiaozuo, Henan	Jiaozuo, Henan	Manufacturing of dedicated equipment for environmental protection		80.00	Established by investment
Eastern Boiler Control Co., Ltd.	Shenzhen, Guangdong	Shenzhen, Guangdong	General equipment manufacturing		51.00	Established by investment
Dongfang Yaan hydrogen energy	Ya'an, Sichua	Ya'an, Sichua	Service		61.00	Established by investment
Dongfang Turbine Co., Ltd.	Deyang, Sichuan	Deyang, Sichuan	Production	91.86		Established by investment
Dongdian Venezuela	Venezuela	Venezuela	Project service		99.00	Established by investment
Dongfang heavy machinery	Guangzhou, Guangdong	Guangzhou, Guangdong	Production	48.17	12.91	Established by investment
Dongfang Electric (Wuhan) Nuclear Equipment Co., Ltd.	Wuhan, Hubei	Wuhan, Hubei	Production	67.00		Established by investment
DongFangElectric (India) PrivateLimited	Calcutta, India	Calcutta, India	Service	100.00		Established by investment
PT.Dongfang Electric Indonesia Company	Jakarta, Indonesia	Jakarta, Indonesia	Service		51.00	Established by investment
Dongfang electric motor	Deyang, Sichuan	Deyang, Sichuan	Electrical machinery and		90.00	Established by investment

DONGFANG ELECTRIC CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

Subsidiary	Main business place	Registration place	Business nature	Shareholding ratio (%)		Method of acquisition
				Direct	Indirect	
			equipment manufacturing			
Dongfang Guangdong energy	Yangjiang, Guangdong	Yangjiang, Guangdong	Service		100.00	Established by investment
Dongfang Electric Wind Power Co., Ltd.	Deyang, Sichuan	Deyang, Sichuan	Production	45.12	39.16	Established by investment
Dongfang Electrical (Tianjin) Wind Power Technology Co., Ltd.	Tianjin	Tianjin	Production		100.00	Established by investment
Tianjin Dongqi Wind Turbine 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 Wind Power (Fujian) Co., Ltd.	Fujian	Fujian	Power equipment manufacturing		100.00	Established by investment
Dongfang Electric Wind Power (Shandong) Co., Ltd.	Shandong	Shandong	Power equipment manufacturing		68.75	Established by investment
Dongfang Electric Wind Power (Hinggan League) Co., Ltd.	Hinggan League	Hinggan League	Power equipment manufacturing		100.00	Established by investment
Dongfang Electric Wind Blade (Hinggan League) Co., Ltd.	Hinggan League	Hinggan League	Power equipment manufacturing		100.00	Established by investment
Dongfang xinneng technology	Chengdu, Sichuan	Chengdu, Sichuan	Wind turbine maintenance		100.00	Established by investment
Dongfang Electric Group Finance Co., Ltd.	Chengdu, Sichuan	Chengdu, Sichuan	Finance	95.00		Business combination under common control
Dongfang Electric International Corporation	Chengdu, Sichuan	Chengdu, Sichuan	International trade	100.00		Business combination under common control
Laos Namang River Power Co., Ltd.	Vientiane, Laos	Vientiane, Laos	Electricity supply		75.00	Business combination under common control
Dongfang Electric (Chengdu) Engineering & Consulting Co., Ltd.	Chengdu, Sichuan	Chengdu, Sichuan	Consulting service		100.00	Business combination under common control
Deyang Dongfang Aberle System Corporation Limited	Mianzhu, Sichuan	Mianzhu, Sichuan	Machine manufacturing		83.76	Business combination under common control

DONGFANG ELECTRIC CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

Subsidiary	Main business place	Registration place	Business nature	Shareholding ratio (%)		Method of acquisition
				Direct	Indirect	
Dongfang Electric Auto Control Engineering Co., Ltd.	Deyang, Sichuan	Deyang, Sichuan	Power unit manufacturing	46.62	49.89	Business combination under common control
Dongfang Hitachi (Chengdu) Electric Control Equipment Co., Ltd.	Chengdu, Sichuan	Chengdu, Sichuan	Production		51.00	Business combination under common control
Dongfang Electric Corporation Materials Co.	Chengdu, Sichuan	Chengdu, Sichuan	Commodity circulation	100.00		Business combination under common control
DEC Project Cargo Logistics Co., Ltd.	Chengdu, Sichuan	Chengdu, Sichuan	Transportation		100.00	Business combination under common control
Science and Technology Institute Co., Ltd. of Dongfang Electric Corporation	Chengdu, Sichuan	Chengdu, Sichuan	Technology service	100.00		Business combination under common control
Dongfang Electric (Chengdu) Hydrogen Fuel Cell Technology Co., Ltd.	Chengdu, Sichuan	Chengdu, Sichuan	Technology service	55.93		Business combination under common control

8.1.2 Major non-wholly-owned subsidiaries

Subsidiary	Shareholding ratio of minority shareholders	Profit or loss attributable to minority shareholders in the current period	Dividends declared to be distributed to minority shareholders in 2020	Ending balance of minority equity	Note
Dongfang Turbine Co., Ltd.	5.61%	17,587,022.86		343,178,170.16	
DongFang Boiler (Group) Co.,Ltd.	3.21%	8,900,034.57	7,847,712.72	213,713,696.35	
Dongfang Electric Machinery Company Limited	8.14%	32,206,756.99	11,798,936.38	480,769,474.49	
Dongfang Electric Group Finance Co., Ltd.	5.00%	15,922,632.70	8,162,839.38	170,445,802.08	
Dongfang Electric Auto Control Engineering Co., Ltd.	3.49%	2,428,532.61		27,767,046.29	
Dongfang (Guangzhou) Heavy Machinery Co., Ltd.	38.91%	-79,081,430.33		637,108,944.34	
Dongfang Electric (Wuhan) Nuclear Equipment Co., Ltd.	33.00%	7,062,210.64		72,649,863.08	

DONGFANG ELECTRIC CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

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

Table 1:

Item	Balance of RMB as at December 31, 2020			
	Dongfang Turbine Co., Ltd.	DongFang Boiler (Group) Co.,Ltd.	Dongfang Electric Machinery Company Limited	Dongfang Electric Group Finance Co., Ltd.
Current assets	19,266,340,878.97	17,348,334,717.72	15,324,116,855.58	30,015,472,929.34
Non-current assets	5,145,925,619.57	3,280,756,318.26	2,556,430,485.09	12,288,784,040.78
Total assets	24,412,266,498.54	20,629,091,035.98	17,880,547,340.67	42,304,256,970.12
Current liabilities	17,200,661,436.10	10,455,251,332.34	10,747,007,093.26	38,960,152,347.58
Non-current liabilities	999,329,296.06	3,398,517,717.26	1,218,331,616.72	187,881.96
Total liabilities	18,199,990,732.16	13,853,769,049.60	11,965,338,709.98	38,960,340,229.54
Operating revenue	8,508,189,461.75	8,210,198,515.63	7,202,060,622.39	1,098,798,989.94
Net profit	313,639,813.67	281,561,417.02	396,493,700.23	318,452,654.03
Total comprehensive income	313,489,862.84	281,561,417.02	396,493,700.13	300,205,193.56
Cash flows from operating activities	1,111,288,647.76	-621,465,980.56	481,401,480.48	-2,418,789,795.25

(CONT'S)

Item	Balance of RMB as at December 31, 2019			
	Dongfang Turbine Co., Ltd.	DongFang Boiler (Group) Co.,Ltd.	Dongfang Electric Machinery Company Limited	Dongfang Electric Group Finance Co., Ltd.
Current assets	17,273,907,567.82	17,654,294,150.62	13,518,939,387.50	33,083,103,569.53
Non-current assets	6,094,628,734.10	3,042,388,273.83	2,457,316,160.09	5,407,426,822.35
Total assets	23,368,536,301.92	20,696,682,424.45	15,976,255,547.59	38,490,530,391.88
Current liabilities	16,574,204,204.73	10,539,819,855.42	9,137,131,689.76	35,269,939,767.73
Non-current liabilities	925,581,542.87	3,492,384,567.93	1,217,466,401.79	13,622,289.60
Total liabilities	17,499,785,747.60	14,032,204,423.35	10,354,598,091.55	35,283,562,057.33
Operating revenue	9,503,325,236.43	8,010,311,415.65	6,509,950,514.38	1,109,537,413.53
Net profit	293,677,900.38	490,923,146.82	289,900,156.85	326,513,575.05
Total comprehensive	295,575,724.92	490,923,146.82	289,900,100.39	330,528,826.95

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Item	Balance of RMB as at December 31, 2019			
	Dongfang Turbine Co., Ltd.	DongFang Boiler (Group) Co.,Ltd.	Dongfang Electric Machinery Company Limited	Dongfang Electric Group Finance Co., Ltd.
income				
Cash flows from operating activities	873,297,144.37	-13,589,549.54	722,598,928.80	-65,095,684.71

Table2:

Item	Balance of RMB as at December 31, 2020			
	Dongfang Electric Auto Control Engineering Co., Ltd.	Dongfang Heavy Machinery Co., Ltd.	Dongfang Electric Nuclear Equipment Co., Ltd.	Dongfang Electric Wind Power Co., Ltd.
Current assets	2,187,441,442.41	2,676,396,790.51	424,081,293.73	10,300,805,404.96
Non-current assets	393,805,788.64	923,301,254.10	167,650,352.87	2,402,449,625.36
Total assets	2,581,247,231.05	3,599,698,044.61	591,731,646.60	12,703,255,030.32
Current liabilities	1,573,761,852.92	1,758,987,196.14	280,701,039.22	10,019,514,017.78
Non-current liabilities	41,841,845.65	203,319,575.44	90,879,507.10	938,501,124.50
Total liabilities	1,615,603,698.57	1,962,306,771.58	371,580,546.32	10,958,015,142.28
Operating revenue	2,006,450,969.43	1,066,674,928.26	204,982,901.22	7,539,240,800.91
Net profit	89,963,686.18	-203,241,918.10	21,400,638.31	148,258,674.97
Total comprehensive income	89,963,686.18	-203,241,918.10	21,400,638.31	148,258,674.97
Cash flows from operating activities	179,343,676.97	377,203,142.10	45,854,029.85	9,970,256,468.06

(CONT'S)

Item	Balance of RMB as at December 31, 2019			
	Dongfang Electric Auto Control Engineering Co., Ltd.	Dongfang Heavy Machinery Co., Ltd.	Dongfang Electric Nuclear Equipment Co., Ltd.	Dongfang Electric Wind Power Co., Ltd.
Current assets	1,734,516,804.57	2,212,380,955.99	331,950,723.51	6,627,193,968.84
Non-current assets	426,213,218.48	972,511,077.43	175,084,145.88	1,763,454,921.73
Total assets	2,160,730,023.05	3,184,892,033.42	507,034,869.39	8,390,648,890.57
Current liabilities	1,242,127,104.45	1,242,314,965.34	219,028,274.45	6,160,524,613.03

DONGFANG ELECTRIC CORPORATION LIMITED**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED DECEMBER 31, 2020**

Item	Balance of RMB as at December 31, 2019			
	Dongfang Electric Auto Control Engineering Co., Ltd.	Dongfang Heavy Machinery Co., Ltd.	Dongfang Electric Nuclear Equipment Co., Ltd.	Dongfang Electric Wind Power Co., Ltd.
Non-current liabilities	40,904,311.81	241,518,767.49	89,748,545.84	791,776,352.83
Total liabilities	1,283,031,416.26	1,483,833,732.83	308,776,820.29	6,952,300,965.86
Operating revenue	1,550,978,983.71	1,110,518,206.62	152,119,591.26	4,026,182,521.77
Net profit	34,056,079.06	1,065,410.00	9,719,999.88	61,849,766.74
Total comprehensive income	34,056,079.06	1,065,410.00	9,719,999.88	61,849,766.74
Cash flows from operating activities	7,468,226.11	47,130,760.15	13,881,065.06	1,247,362,184.43

8.2 Transactions leading to changes in the share of owners' equity in subsidiaries and still controlling the subsidiaries**8.2.1 Notes to the changes in the share of owner's equity in subsidiaries**

According to the company's relevant resolution documents and the approval of Dongfang Electric Group, Dongfang Hydrogen Energy publicly listed through Beijing Equity Exchange to solicit prospective investors, increase capital and expand shares, and enhance its strength. Among them, the company increased its capital with non-monetary assets with an estimated value of 71,861,530.00 yuan. Three Gorges Capital Holding Co., Ltd., Jiaying Zhongtian Bishui Equity Investment Partnership (Limited Partnership), Dongfang Electric (Chengdu) Hydrogen Energy Equity Investment Fund Partnership (Limited Partnership) and employee stock ownership platform all increased their capital in cash, with a total investment of 156,666,955.20 yuan. After the capital increase, the company's equity.

The fourth shareholders' meeting of Dongfang Heavy Machinery in 2020 passed a resolution, agreeing to transfer the state-allocated capital of RMB 131.07 million invested by Dongfang Electric Group in Dongfang Heavy Machinery in 2010 to increase its capital. According to the net assets (assessed value) of 1.91 yuan per share of Dongfang Heavy Machinery, the registered capital of Dongfang Heavy Machinery increased by 68.623 million yuan. After the capital increase, the company's equity ratio changed from 65.18% to 61.51%, and it still has control over Dongfang Heavy Machinery.

Dongfang Wind Power carried out the mixed ownership reform according to the relevant requirements of the Mixed Ownership Reform Plan of Dongfang Electric Wind Power Co., Ltd.. In August 2020, Dongfang Steam Turbine transferred its 13% stake in Dongfang Wind

DONGFANG ELECTRIC CORPORATION LIMITED**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED DECEMBER 31, 2020**

Power to the newly introduced three private legal persons, namely Beijing Aerospace Asian Energy Safety Technology Co., Ltd., Shandong Longma Wind Energy Equipment Co., Ltd. and Chongqing Yijianxuan Technology Partnership (Limited Partnership). The above equity transfer transaction was completed on August 13, 2020 in Beijing Equity Exchange. After the equity transfer, Dongfang Steam Turbine's shareholding ratio decreased from 40.24% to 27.24%, while the company's direct shareholding ratio was 45.12% and Dongfang Electric's shareholding ratio was 14.64%. The company held 87% of Dongfang Wind Power in total, and it still has control over Dongfang Wind Power.

8.2.2 Effect of transactions on minority interests and equity attributable to owners of the parent company

Item	Dongfang hydrogen energy	Dongfang heavy machinery	Dongfang Wind Power
Cash	156,666,955.20	131,070,000.00	199,045,080.00
Fair value of non-cash assets			
Fair value of debt issued or assumed			
Fair value of equity securities issued			
Fair value of contingent consideration			
Fair value of equity held before the purchase date on the purchase date			
Total purchase cost/disposal consideration	156,666,955.20	131,070,000.00	199,045,080.00
Less: the share of net assets of subsidiaries calculated according to the proportion of acquired/disposed equity	143,128,501.24	113,067,841.02	143,255,832.90
Difference	13,538,453.96	18,002,158.98	55,789,247.10
Including: adjustment to capital reserves	13,538,453.96	18,002,158.98	55,789,247.10
Adjustment to surplus reserves			
Adjustment to undistributed profit			

8.3 Equity in joint venture arrangements or associates**8.3.1 Major joint ventures or associates**

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Name of joint venture/associate	Main business place	Registration place	Business nature	Shareholding ratio (%)		Accounting treatment method
				Direct	Indirect	
MHPS Dongfang Boiler Co., Ltd.	Jiaxing, Zhejiang	Jiaxing, Zhejiang	Production		50.00	Equity method
Framatome Dongfang Reactor Coolant Pumps Company Limited	Deyang, Sichuan	Deyang, Sichuan	Production	50.00		Equity method
Mitsubishi Heavy Industries Dongfang Gas Turbine (Guangzhou) Co., Ltd.	Nansha, Guangzhou	Nansha, Guangzhou	Production		49.00	Equity method
Sichuan Energy Wind Power Development Co., Ltd.	Leshan, Sichuan	Leshan City	Cargo transportation	20.00		Equity method
Sichuan Dongshu New Materials Co., Ltd.	Sichuan Province	Sichuan Province	Manufacturing		47.54	Equity method
Dongfang Electric (Xichang) Hydrogen Energy Co., Ltd.	Xichang, Sichuan	Xichang, Sichuan	Manufacturing and maintenance of hydrogen production equipment		66.00	Equity method

8.3.2 Principle financial information of major joint ventures

Item	Balance as at December 31, 2020/Year 2020	
	MHPS Dongfang Boiler Co., Ltd.	Framatome Dongfang Reactor Coolant Pumps Company Limited
Current assets	984,873,507.79	1,286,215,232.92
Including: cash and cash equivalents	83,212,432.14	479,267,569.45
Non-current assets	245,963,838.74	104,981,438.55
Total assets	1,230,837,346.53	1,391,196,671.47
Current liabilities	752,724,403.11	859,673,956.81
Non-current liabilities	77,109,363.85	137,124,864.16
Total liabilities	829,833,766.96	996,798,820.97
Minority equity		
Equity attributable to shareholders of the parent company	401,003,579.57	394,397,850.50
Net asset share calculated by shareholding ratio	200,501,789.79	197,198,925.25
Adjustments		
- Goodwill		
-Unrealized profits of internal transactions		-255,014.82

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Item	Balance as at December 31, 2020/Year 2020	
	MHPS Dongfang Boiler Co., Ltd.	Framatome Dongfang Reactor Coolant Pumps Company Limited
- Others		
Book value of the equity investment in joint ventures	200,501,789.79	196,943,910.43
Fair value of the equity investment in joint ventures with public offer		
Operating revenue	851,215,416.41	296,167,032.98
Financial expenses	6,654,758.32	-5,820,240.19
Income tax expenses	2,974,696.14	7,636,256.62
Net profit	1,317,115.31	43,272,120.84
Net profit of discontinued operation		
Other comprehensive income		
Total comprehensive income	1,317,115.31	43,272,120.84
Dividends received from joint ventures in current period	2,461,388.32	33,705,845.36

(CONT'S)

Item	Balance as at December 31, 2019/Year 2019	
	MHPS Dongfang Boiler Co., Ltd.	Framatome Dongfang Reactor Coolant Pumps Company Limited
Current assets	1,214,086,003.49	1,162,852,405.36
Including: cash and cash equivalents	224,089,354.35	567,308,947.67
Non-current assets	259,864,995.02	123,882,882.22
Total assets	1,473,950,998.51	1,286,735,287.58
Current liabilities	982,518,032.96	727,848,973.73
Non-current liabilities	82,016,460.25	164,412,756.99
Total liabilities	1,064,534,493.21	892,261,730.72
Minority equity		
Equity attributable to shareholders of the parent company	409,416,505.30	394,473,556.86
Net asset share calculated by shareholding ratio	204,708,252.65	197,236,778.43
Adjustments		
- Goodwill		

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Item	Balance as at December 31, 2019/Year 2019	
	MHPS Dongfang Boiler Co., Ltd.	Framatome Dongfang Reactor Coolant Pumps Company Limited
-Unrealized profits of internal transactions	-2,968,206.69	446,462.89
- Others		
Book value of the equity investment in joint ventures	201,740,045.96	197,683,241.32
Fair value of the equity investment in joint ventures with public offer		
Operating revenue	882,436,346.21	342,783,700.08
Financial expenses	9,089,135.49	-8,164,196.53
Income tax expenses	13,573,160.52	7,994,539.98
Net profit	7,840,267.03	43,347,827.20
Net profit of discontinued operation		
Other comprehensive income		
Total comprehensive income	7,840,267.03	43,347,827.20
Dividends received from joint ventures in current period	4,159,621.67	33,371,968.98

8.3.3 Principle financial information of major associates

Item	Balance as at December 31, 2020/Year 2020		
	Mitsubishi Heavy Industries Dongfang Gas Turbine Co., Ltd.	Sichuan Energy Wind Power Development Co., Ltd.	Sichuan Dongshu New Materials Co., Ltd.
Current assets	1,466,138,657.61	1,822,872,755.18	984,286,657.19
Including: cash and cash equivalents	357,583,990.02	5,340,409,706.24	50,713,459.93
Non-current assets	1,823,722,647.63	7,163,282,461.42	1,035,000,117.12
Total assets	870,429,399.60	1,605,377,014.97	720,170,124.35
Current liabilities		3,087,290,219.59	7,140,822.71
Non-current liabilities	870,429,399.60	4,692,667,234.56	727,310,947.06
Total liabilities		199,359,410.79	
Minority equity	953,293,248.03	2,271,255,816.07	309,429,585.01
Equity attributable to shareholders of the parent company	467,113,691.53	454,251,163.21	147,102,824.71

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Item	Balance as at December 31, 2020/Year 2020		
	Mitsubishi Heavy Industries Dongfang Gas Turbine Co., Ltd.	Sichuan Energy Wind Power Development Co., Ltd.	Sichuan Dongshu New Materials Co., Ltd.
Net asset share calculated by shareholding ratio			
Adjustments			
- Goodwill	26,137,723.75	5,040,000.00	-350,195.40
-Unrealized profits of internal transactions			
- Others	466,763,496.13	459,291,163.21	173,240,548.46
Book value of the equity investment in joint ventures			
Fair value of the equity investment in joint ventures with public offer	751,378,246.96	826,550,898.15	1,299,704,704.68
Operating revenue	150,714,685.38	402,128,924.56	36,899,919.32
Financial expenses			
Income tax expenses			
Net profit	150,714,685.38	402,128,924.56	36,899,919.32
Net profit of discontinued operation	105,972,302.00	6,288,567.98	2,377,000.00

(CONT'S)

Item	Balance as at December 31, 2019/Year 2019		
	Mitsubishi Heavy Industries Dongfang Gas Turbine Co., Ltd.	Sichuan Energy Wind Power Development Co., Ltd.	Sichuan Dongshu New Materials Co., Ltd.
Current assets	1,500,938,876.52	2,019,965,198.95	554,509,840.77
Including: cash and cash equivalents	184,558,424.93	3,228,140,346.37	49,917,591.06
Non-current assets	1,685,497,301.45	5,248,105,545.32	604,427,431.83

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Item	Balance as at December 31, 2019/Year 2019		
	Mitsubishi Heavy Industries Dongfang Gas Turbine Co., Ltd.	Sichuan Energy Wind Power Development Co., Ltd.	Sichuan Dongshu New Materials Co., Ltd.
Total assets	661,984,400.03	1,101,196,878.45	370,468,336.12
Current liabilities		2,120,298,623.39	7,114,009.67
Non-current liabilities	661,984,400.03	3,221,495,501.84	377,582,345.79
Total liabilities		158,320,122.79	
Minority equity	1,023,512,901.42	1,868,289,920.69	226,845,086.04
Equity attributable to shareholders of the parent company	501,521,321.70	373,657,984.14	107,842,153.90
Net asset share calculated by shareholding ratio			30,298,163.31
Adjustments			
- Goodwill		-3,380,000.00	
- Unrealized profits of internal transactions			
- Others	501,521,321.70	377,037,984.14	138,140,317.21
Book value of the equity investment in joint ventures			
Fair value of the equity investment in joint ventures with public offer	815,776,129.94	725,884,839.32	660,091,725.29
Operating revenue	169,065,351.53	343,415,492.40	20,352,223.52
Financial expenses			
Income tax expenses			
Net profit	169,065,351.53	343,415,492.40	20,352,223.52
Net profit of discontinued operation	84,985,968.00	9,000,000.00	50,397,276.63

8.3.4 Summary of financial information on insignificant joint ventures or associates

Item	Balance as at December 31, 2020/ Year 2020	Balance as at December 31, 2019/ Year 2019
Total book value of investment of Joint ventures	6,591,580.67	6,797,753.04
Total amounts of the following items calculated at shareholding ratio	—	—
Net profit	-206,172.37	197,753.04
Other comprehensive income		

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Item	Balance as at December 31, 2020/ Year 2020	Balance as at December 31, 2019/ Year 2019
Total comprehensive income	-206,172.37	197,753.04
Total book value of investment of Associates	272,437,626.80	294,729,419.71
Total amounts of the following items calculated at shareholding ratio	—	—
Net profit	11,802,162.27	19,443,310.87
Other comprehensive income		
Total comprehensive income	11,802,162.27	19,443,310.87

8.4 Equities of the structuring subjects not included in the scope of consolidated financial statements

None.

8.4 .1 Identification basis and income as the initiator of structured subject

None.

8.4 .2 Other important information that needs to be disclosed

None.

8.5 Enterprises whose shareholding ratio exceeds 50% not included in the scope of consolidation

Name of joint operation	Main place of business	Registration place	Shareholding proportion (%)	voting rights proportion (%)
Dongfang Electric (Xichang) Hydrogen Energy Co., Ltd.	Xichang, Sichuan	Xichang, Sichuan	66.00	66.00

Note: During the reporting period, DBC and Dongfang Hydrogen Energy, subsidiaries of the Company, jointly invested in establishment of Dongfang Electric (Xichang) Hydrogen Energy Co., Ltd. ("Xichang Hydrogen Energy") with Xichang State-owned Assets Management Co., Ltd. on February 28, 2019. After the capital contribution was completed, they held 50% and 16% respectively. The board of directors of Xichang Hydrogen Energy has four directors; two of them are dispatched by the Company. The relevant provisions of articles of association of Xichang Hydrogen Energy provide that, "Article 15. The company's business policy and investment plan decisions, review and approval of the board report,

review and approval of the annual financial budget plan and final account plan, review and approval of the company's profit distribution plan and loss recovery plan can be adopted only when they are approved by more than two-thirds (exclusive) of the shareholders with voting rights".

8.5.1 Description of significant restrictions on the ability of structured entities not included in the scope of consolidated financial statements to transfer funds to the Company

None.

8.5.2 Financial support or other payments related to structured entities not included in the scope of consolidated financial statements

None.

8.6 Others

None.

9、Risks related to financial instruments

The Company's main financial instruments include borrowings, receivables, contract assets, contract liabilities, payables, financial assets held for trading, financial liabilities held for trading, etc. For more details about financial instruments, please see Note 3 of these financial statements. Risks associated with these financial instruments, as well as the risk management policies taken by the Company to mitigate these risks are as set out below.

9.1 Credit risk

Credit risk refers to the risk that the counterparty fails to fulfill its contractual obligations, resulting in financial losses of the Company. The management has formulated appropriate credit policies and constantly monitored the exposure of credit risk.

The Company has adopted a policy of only dealing with counterparties with good credit. In addition, the company evaluates the customer's credit qualification and sets the corresponding credit period based on the customer's financial status, the possibility of obtaining guarantee from a third party, credit history and other factors such as current market conditions. Our company continuously monitors the balance of bills receivable, accounts receivable and their recovery. For customers with poor credit records, our company will adopt written dunning, shorten the credit period or cancel the credit period to ensure that our company will not face major credit losses. In addition, the Company reviews the recovery of

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financial assets on each balance sheet date to ensure that the relevant financial assets have sufficient provision for expected credit losses.

Other financial assets of the Company include monetary funds, other receivables and transactional financial assets, etc. The credit risk of these financial assets originates from the counterparty's default, and the maximum credit risk exposure is the book amount of each financial asset in the balance sheet.

The monetary funds held by the Company are mainly deposited in financial institutions such as state-controlled banks and other large and medium-sized commercial banks. The management believes that these commercial banks have high reputation and asset status, and there is no significant credit risk, and no major losses will occur due to the default of the other unit. The Company's policy is to control the amount of deposits deposited according to the market reputation, business scale and financial background of well-known financial institutions, so as to limit the amount of credit risk to any single financial institution.

As part of the credit risk asset management of the Company, the Company uses aging to assess the impairment losses of accounts receivable and other receivables. The accounts receivable and other receivables of our company involve a large number of customers, and the aging information can reflect the solvency and bad debt risk of these customers. According to historical data, the company calculated the historical actual bad debt rate in different aging periods, and adjusted the forecast of current and future economic conditions, such as national GDP growth rate, total infrastructure investment, national monetary policy and other forward-looking information to obtain the expected loss rate. For long-term receivables, the Company comprehensively considers the settlement period, the payment period agreed in the contract, the debtor's financial situation and the economic situation of the debtor's industry, and takes into account the above forward-looking information to make a reasonable assessment of the expected credit loss after adjustment.

As of December 31, 2020, the book balance and expected credit impairment losses of related assets are as follows:

Item	Book balance	Impairment reserve
Notes receivable	3,781,237,139.94	
Accounts receivable	12,416,204,162.34	4,889,965,953.80
Other receivable	1,501,224,806.68	1,158,552,878.17
Debt investment	10,030,458,411.87	83,837,140.96
Long-term receivables (including	349,793,623.70	75,828,884.31

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Item	Book balance	Impairment reserve
payments due within one year))		
Disbursement of loans and advances	1,927,919,340.85	
Total	30,006,837,485.38	6,208,184,857.24

On December 31, 2020, the amount of financial guarantee provided by the Company was RMB 92.5 million. Please refer to Note XI for details of the financial guarantee contract. According to the assessment of the management of the Company, there is no significant expected impairment provision for related financial guarantees.

9.2 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 good bank credit and higher credit rating, as at December 31, 2020, 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 contract obligations as follows:

Item	Balance as at December 31, 2020					
	Imme diate repay ment	Within 1 year	1-2 years	2-5 years	Over 5 years	Total
Financial assets						
Including: monetary funds		26,686,232,240.60				26,686,232,240.60
Financial assets held for trading		1,292,860,471.15				1,292,860,471.15

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Item	Balance as at December 31, 2020					
	Immediate repayment	Within 1 year	1-2 years	2-5 years	Over 5 years	Total
Notes receivable		3,781,237,139.94				3,781,237,139.94
Accounts receivable		7,526,238,208.54				7,526,238,208.54
Accounts receivable financing		1,946,034,819.15				1,946,034,819.15
Other receivables		633,416,127.20				633,416,127.20
Total amount of financial assets		41,866,019,006.58				41,866,019,006.58
Financial liabilities						
Including: short-term borrowings		297,980,000.00				297,980,000.00
Financial liabilities held for trading						
Notes payable		4,861,679,751.95				4,861,679,751.95
Accounts payable		13,641,381,835.86				13,641,381,835.86
Other payables		1,411,657,254.42				1,411,657,254.42
Employee compensation payable		677,337,429.12				677,337,429.12
Non-current liabilities maturing within one year		139,954,877.02				139,954,877.02
Long-term borrowings			335,000,000.00		384,350,539.48	719,350,539.48
Long-term employee compensation payable		27,531,905.94				27,531,905.94
Total amount of financial liabilities				301,413,349.17	659,556,684.06	960,970,033.23
Financial assets		21,057,523,054.31	335,000,000.00	301,413,349.17	1,043,907,223.54	22,737,843,627.02

9.3 Market risk

9.3.1 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 December 31, 2020, except for the asset and liability in USD and other foreign currencies below the table, 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 currencies may affect the business performance of the Company. For foreign currency monetary assets and liabilities held by the Company on December 31, 2020, please see Note 6.76.

9.3.2 Interest rate risk

The Company's interest rate risk arises from interest-bearing debts such as bank loans and bonds payable. The financial liabilities with floating interest rate made the Company exposed to the cash flow interest rate risks, and the financial liabilities with fixed interest rate made the Company exposed to the fair value interest rate risks. The Company determines the relative proportion of fixed-rate contracts and floating-rate contracts pursuant to the prevailing market conditions. On December 31, 2020, the Company's interest-bearing debts were mainly fixed interest rate contracts valued at RMB, amounting to RMB1,017,330,539.48 .

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.

9.3.3 Other price risks

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

9.4 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 shareholders' 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.

9.4.1 Sensitivity analysis on foreign exchange risk

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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 below:

Item	Fluctuation in foreign exchange rate	Year 2020		Year 2019	
		Impact on net profit	Effect on owners' equity	Impact on net profit	Effect on owners' equity
All foreign currencies	5% of appreciation in RMB	64,696,577.43	64,696,577.43	111,811,956.83	111,811,956.83
All foreign currencies	5% of depreciation in RMB	-64,696,577.43	-64,696,577.43	-111,811,956.83	-111,811,956.83

9.4.2 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 income 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 income or expenses; The fair value of derivative financial instruments calculated by the cash flow capitalization 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 below:

Item	Fluctuation in interest rate	Year 2020		Year 2019	
		Impact on net profit	Impact on owners' equity	Impact on net profit	Impact on owners' equity
Borrowings with floating rate	Increase by 1%	-5,793,505.39	-5,793,505.39	-6,455,938.30	-6,455,938.30
Borrowings with floating rate	Decrease by 1%	5,793,505.39	5,793,505.39	6,455,938.30	6,455,938.30

10、Disclosure of fair value

10.1 Financial instruments measured at fair value

The book value of financial asset instruments measured at fair value on December 31, 2020 is listed in three levels of fair value. When the fair value is classified into three levels as a whole, it is based on the lowest of the three levels to which all important input values used in fair value measurement belong. The three levels are defined as follows:

- The first level inputs are unadjusted quotes for the same assets or liabilities that can be obtained on the measurement date in an active market.

- The second level input value is the input value that is directly or indirectly observable for the relevant assets or liabilities except for the first level input value.

The second level input values include: 1) quotation of similar assets or liabilities in active market; 2) Quotations of the same or similar assets or liabilities in inactive markets; 3) Other observable input values except quotation, including observable interest rate and yield curve, implied volatility and credit spread during normal quotation interval; 4) Input value of market verification, etc.

- The third level inputs are unobservable inputs to related assets or liabilities.

10.2 Fair value of assets and liabilities measured at fair value as at December 31, 2020

Continuous fair value measurement

Item	Book value as at December 31, 2020			
	Measured at the fair value of level 1	Measured at the fair value of level 2	Measured at the fair value of level 3	Total
I. Continuous measurement at fair value	1,292,789,071.15		71,400.00	1,292,860,471.15
Financial assets held for trading	177,416,452.50			177,416,452.50
1. Financial assets measured at fair value through current profit or loss	439,392,685.68		71,400.00	439,464,085.68

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Item	Book value as at December 31, 2020			
	Measured at the fair value of level 1	Measured at the fair value of level 2	Measured at the fair value of level 3	Total
(1) Debt instrument investment				
(2) Equity instrument investment	675,979,932.97			675,979,932.97
2. Financial assets designated to be measured at fair value through current profit or loss				
(1) Debt instrument investment				
Investment in hybrid instruments				
others				
◆ Other equity instrument investment			27,544,649.47	27,544,649.47
Derivative financial assets				
Accounts receivable financing			1,946,034,819.15	1,946,034,819.15
Other debt investment				
Investment in other equity instruments				
Other non-current financial assets				
Subtotal of investment real estate				
Leased land use right				
Leased buildings				
After holding and preparing to add value, Transferred land use right				
construction in progress				
Subtotal of biological assets				

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Item	Book value as at December 31, 2020			
	Measured at the fair value of level 1	Measured at the fair value of level 2	Measured at the fair value of level 3	Total
Consumable biological assets				
Productive biological assets				
.....				
Total asset	1,292,789,071.15		1,973,650,868.62	3,266,439,939.77
Subtotal of financial liabilities measured at fair value with changes included in current profits and losses				
Trading bonds issued				
Derivative financial liabilities				
Others				
Financial liabilities designated to be measured at fair value through current profit or loss				
Derivative financial liabilities				
Total liabilities				

10.3 Basis for recognition of the market price of items measured at fair value of Level 1 on a going and non-going concern

Where there is a financial instrument traded in the active market, the Company will determine the fair value according to quoted prices in active market.

10.4 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

None.

10.5 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

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The Company's fair value measurements on a going and non-going concern were at cost method unless the cost measurement is unreliable.

10.6 The measurement project of fair value on a going concern, the conversion between the various levels during the period, the reason for conversion and the policy of determining the conversion time

None.

10.7 Changes in valuation technology and reasons for changes occurred in current period

None.

10.8 Fair value of financial assets and financial liabilities not measured at fair value

None.

11、 Related parties and related party transactions

11.1 Parent company of the Company

Name of parent company	Registration place	Nature of business	Registered Capital: (RMB '0,000)	Shareholding ratio in the Company (%)	Voting ratio in the Company (%)
Dongfang Electric Corporation	No. 333, Shuhan Road, Jinniu District, Chengdu City, Sichuan Province	Manufacturing of generator and generator set	479,167.50	55.39	55.39

Note: The above shareholding ratio is the ratio of the equity directly held by the parent company, and the equity ratio held by Dongfang Electric International Investment Co., Ltd., a subsidiary of the parent company, is 0.028%, calculated through non-consolidation.

Description of the parent company of the company

Dongfang Electric Group was established on November 6, 1984, and is an enterprise supervised by the State-owned Assets Supervision and Administration Commission of the State Council. As of December 31, 2020, the registered capital of Dongfang Electric Group is RMB 4.792 billion, and Dongfang Electric Group holds 55.39% shares of Dongfang Electric Co., Ltd..

DONGFANG ELECTRIC CORPORATION LIMITED**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED DECEMBER 31, 2020****11.2 Subsidiaries of the Company**

See "Note 8.1 Equity in other entities" for subsidiaries of the Company.

11.3 Joint ventures and associates of the Company

See "Note 8.3 Equity in other entities" for details about major joint ventures and associates of the Company.

Other joint ventures or associates having balances from related party transactions with the Company in 2020 or in the prior period:

Name of joint venture or associate	Relationship with the Company
MHPS Dongfang Boiler Co. Ltd.	Joint venture
Framatome Dongfang Reactor Coolant Pumps Company Limited	Joint venture
Dongfang Electric (Xichang) Hydrogen Energy	Joint venture
Mitsubishi Heavy Industries Dongfang Gas Turbine	Associate
Leshan Dongle Dajian Lifting	Associate
Inner Mongolia Energy Generation Hongnijing Wind Power	Associate
Inner Mongolia Mengneng Sanshengtai Wind Power Generation	Associate
Inner Mongolia Mengneng Ulan New Energy	Associate

11.4 Other related parties

Name of other related parties	Relationship with the Company
Dongfang Electric New Energy Equipment (Hangzhou)	Subsidiaries under the state of bankruptcy and liquidation
Dongfang Electric (Hulunbeier) New Energy	Subsidiaries under the state of bankruptcy and liquidation
Dongfang Electric (Tongliao) Wind Power Engineering Technology	Subsidiaries under the state of bankruptcy and liquidation
Dongfang Electric (Jiuquan) New Energy	Subsidiaries under the state of bankruptcy and liquidation
Dongfang Electric New Energy Equipment (Hangzhou)	Subsidiaries under the state of bankruptcy and liquidation
DEC Emei Semiconductor Material	Subsidiaries under the state of bankruptcy and liquidation

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Name of other related parties	Relationship with the Company
Dongfang Electric (Yixing) MAGI Solar Power Technology	Subsidiaries under the state of bankruptcy and liquidation
Dongfang Huansheng Photovoltaic (Jiangsu)	Subsidiaries under the state of bankruptcy and liquidation
Shizuishan Tiande Photovoltaic Power Generation	Other enterprises controlled by the same parent company and ultimate controller
Dongfang Electric Jieneng Technology Chengdu	Other enterprises controlled by the same parent company and ultimate controller
Dongfang Electric (Jiuquan) Photovoltaic Power Generation Technology	Other enterprises controlled by the same parent company and ultimate controller
Dongfang Electric (Jiuquan) Solar Power	Other enterprises controlled by the same parent company and ultimate controller
Dongfang Electric Investment Management	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
Dongfang Electric International Investment	Other enterprises controlled by the same parent company and ultimate controller
DEC (Chengdu) Sharing Service	Other enterprises controlled by the same parent company and ultimate controller
Chengdu Dongfang Electric Environment Engineering	Other enterprises controlled by the same parent company and ultimate controller
Dongshu new material	Other enterprises controlled by the same parent company and ultimate controller
Emeishan Eban High Purity Material	Other enterprises controlled by the same parent company and ultimate controller
China Western Power Industrial	The investor having a significant impact
Germany ENV Catalyst	The investor having a significant impact
Wuhan Boiler Group	The investor having a significant impact
Guangdong Yudean Group	The investor having a significant impact
Directors, presidents and other senior officers of the Company	Relationship with other related parties

11.5 Related-party transactions

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11.5.1 Related-party transactions on purchase of goods, and receipt of services

Related party	Content of related-party transactions	Year 2020	Year 2019
Parent company and ultimate controller		39,955,798.79	577,400.00
Dongfang Electric Corporation	Purchase of goods		577,400.00
Dongfang Electric Corporation	Purchase of intangibles	33,099,913.00	
Dongfang Electric Corporation	Acceptance of services	3,773,584.91	
Dongfang Electric Corporation	Purchase of Materials for construction in progress	3,082,300.88	
Joint ventures and associates		494,375,771.53	897,109,636.09
MHPS Dongfang Boiler	Purchase of goods	494,375,771.53	733,929,901.58
Mitsubishi Heavy Industries Dongfang Gas Turbine	Purchase of goods		163,179,734.51
Other enterprises controlled by the same parent company and ultimate controller		529,826,858.68	53,931,593.02
Dongfang international investment	Purchase of goods	2,732,087.18	53,595,593.02
Dongfang jieneng	Purchase of goods	433,600.00	336,000.00
Dongfang jieneng	Acceptance of services	18,867.92	
Dongshu new material	Purchase of goods	522,392,350.13	
Dongfang Sharing	Acceptance of services	4,249,953.45	
Subsidiaries in bankruptcy liquidation		9,557,522.09	
Zhonghe Seawater Desalination Engineering	Purchase of goods	9,557,522.09	
The investor having a significant impact		3,612,580.76	5,580,287.89
China Western Power Industrial	Purchase of goods		2,397,200.00
Guangdong Yudean Group	Purchase of goods	3,612,580.76	3,183,087.89
合计		1,077,328,531.85	957,198,917.00

11.5.2 Related-party transactions on sales of goods, and rendering of services

Related party	Content of related-party transactions	Year 2020	Year 2019
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Parent company and ultimate controller		6,509,428.40	5,135,399.45
Dongfang Electric Corporation	Sales of goods	4,537,168.14	5,066,801.99
Dongfang Electric Corporation	Provision of labor service and kinetic energy	1,972,260.26	68,597.46
Joint ventures and associates		80,696,628.19	213,360,228.76
Framatome Dongfang Reactor Coolant Pumps Company Limited	Sales of goods	27,683,079.00	56,347,358.34
MHPS Dongfang Boiler	Sales of goods	38,801,504.40	57,975,159.14
Mitsubishi Heavy Industries Dongfang Gas Turbine	Sales of goods		59,577,835.39
Hongnijing Wind Power	Sales of goods	1,483,756.33	2,383,592.92
Sanshengtai Wind Power Generation	Sales of goods	2,439,264.66	3,404,465.87
Ulan New Energy	Sales of goods	10,289,023.80	33,671,817.10
Other enterprises controlled by the same parent company and ultimate controller		421,166.74	8,009,598.56
Dongfang Huansheng Photovoltaic	Provision of labor service and kinetic energy		5,429,593.60
Shizuishan Tiande Photovoltaic	Sales of goods	69,042.47	1,768,141.59
(Jiuquan) Photovoltaic Power	Sales of goods	164,153.17	23,362.83
(Jiuquan) Solar Power	Sales of goods	132,925.23	1,385.84
Dongfang Electric Jieneng	Sales of goods	55,045.87	2,020.36
Dongfang Electric Jieneng	Provision of labor service and kinetic energy		698,113.20
Dongfang Electric Investment	Provision of labor service and kinetic energy		86,981.14
Subsidiaries in bankruptcy liquidation			6,058,892.58
Zhonghe Seawater Desalination Engineering	Sales of goods		4,722,086.47
Zhonghe Seawater Desalination Engineering	Provision of labor service and kinetic energy		1,336,806.11
The investor having a significant impact			2,559,021.42
China Western Power Industrial	Sales of goods		2,559,021.42
合计		87,627,223.33	235,123,140.77

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11.5.3 Income and expenses of related interest

Table of interest income

Related party	Content of related-party transactions	Year 2020	Year 2019
Joint ventures and associates		3,891,560.42	2,517,535.36
MHPS Dongfang Boiler Co., Ltd.	interest income	3,891,560.42	2,517,535.36
controlled by the same parent company and ultimate controller		17,034,255.47	6,922,550.65
Shizuishan Tiande Photovoltaic Power Generation	interest income	2,846,519.90	3,075,725.89
Dongfang Electric (Jiuquan) Solar Power	interest income	1,970,054.25	2,302,862.50
Emeishan Eban High Purity Material	interest income	40,016.22	
Dongshu new material		11,052,283.02	
(Jiuquan) Photovoltaic Power	interest income	1,125,382.08	1,543,962.26
Subsidiaries in bankruptcy liquidation		0.00	21,072,541.91
Zhonghe Seawater Desalination Engineering	interest income		20,782,907.48
Dongfang Huansheng Photovoltaic	interest income		289,634.43

Table of interest expenses

Related party	Content of related-party transactions	Year 2020	Year 2019
Parent company and ultimate controller		75,789,960.19	71,818,273.61
Dongfang Electric Corporation	interest expenses	75,789,960.19	71,818,273.61
Joint ventures and associates			16,354.34
MHPS Dongfang Boiler Co., Ltd.	interest expenses		16,354.34
controlled by the same parent company and ultimate controller		2,915,814.85	3,251,568.17

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Related party	Content of related-party transactions	Year 2020	Year 2019
Dongfang Electric Investment Management	interest expenses	1,372,472.12	2,364,103.94
Dongfang Electric Environment Engineering	interest expenses	233,089.74	219,249.57
DEC Sharing Service	interest expenses	135,580.72	76,712.56
(Jiuquan) Photovoltaic Power	interest expenses	27,536.75	48,401.18
(Jiuquan) Solar Power	interest expenses	53,064.02	80,677.14
Dongshu new material	interest expenses	641,748.61	
Dongfang Jieneng Technology	interest expenses	23,312.30	10,971.75
Emei Semiconductor Materials	interest expenses	357,852.71	368,964.80
Emeishan Eban High Purity Material	interest expenses	52,749.65	70,108.68
Shizuishan Tiande Photovoltaic Power	interest expenses	18,408.23	12,378.55
Subsidiaries in bankruptcy liquidation		5,644.55	335,727.19
Guangdong dongfang power station complete equipment company	interest expenses	5,644.55	66,350.15
Zhonghe Seawater Desalination Engineering	interest expenses		38,797.34
Dongfang Huansheng Photovoltaic	interest expenses		230,547.47
Dongfang maiji	interest expenses		19.78
Tongliao wind power	interest expenses		10.47
Jiuquan new energy	interest expenses		1.41
Hulun Buir new energy	interest expenses		0.52
Hangzhou new energy	interest expenses		0.04
Emei Semiconductor Materials	interest expenses		0.01

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11.5.4 Related-party lease

The Company as the lessor

Name of lessee	Type of leased assets	Lease revenue recognized in 2020	Lease revenue recognized in 2019
Dongfang Electric Corporation	Yard	83,034.86	83,034.86
Zhonghe Seawater Desalination Engineering Co., Ltd.	House or workshop		362,317.69
Dongfang Electric Corporation	House	69,894.50	144,198.33
Dongshu new material	House	459,683.11	

The Company as the lessee

Name of lessor	Type of leased assets	Rental fees recognized in current period	Rental fees recognized in prior period
Dongfang Electric Corporation	Houses and buildings	115,514,269.39	117,111,862.38
Dongfang Electric Corporation	Machinery equipment	410,256.41	410,256.41

Notes on related-party lease: Upon deliberation at the 9th meeting of the 9th board of directors, the Company and some subsidiaries signed four framework agreements such as the "2019-2021 Agreement on Continuous Related Transaction" with Dongfang Electric Corporation. According to the 2019-2021 Framework Agreement on Property and Equipment Lessee, since January 1, 2019, the Company continued to lease property facilities such as the office buildings of Dongfang Electric Corporation, with the lease period of 3 years and the rent standards determined according to market principles.

11.5.5 Related party guarantee

The Company as the guarantor

The guaranteed	Guarantee amount (RMB '0,000)	Commencement date of guarantee	Expiration date of guarantee	Whether or not the guarantee performance has been completed
Mitsubishi Heavy Industries Dongfang	2,450.00	2016/09/22	2025/04/30	No
Hongnijing Wind Power	1,600.00	2016/01/19	2026/01/19	No

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The guaranteed	Guarantee amount (RMB '0,000)	Commencement date of guarantee	Expiration date of guarantee	Whether or not the guarantee performance has been completed
Mengneng Sanshengtai Wind Power	1,600.00	2016/06/29	2026/06/29	No
Mengneng Ulan New Energy	3,600.00	2016/10/27	2026/10/27	No
Total	9,250.00			

11.5.6 Loans from and to related parties

Loans from related parties

Related party	Lending amount	Commencement date	Expiration date	Note
Dongfang Electric Corporation	100,000,000.00	2020/11/20	2023/11/19	
Dongfang Electric Corporation	260,000,000.00	2020/12/2	2021/12/3	
Dongfang Electric Corporation	40,000,000.00	2020/12/4	2023/12/4	
Dongfang Electric Corporation	17,100,000.00	2017/12/19	2020/12/18	
Total	417,100,000.00			

Loans to related parties

Related party	Lending amount	Commencement date	Expiration date	Note
Dongshu new material	30,000,000.00	2020/9/29	2021/9/29	
Dongshu new material	40,000,000.00	2020/9/17	2021/9/17	
Dongshu new material	45,000,000.00	2020/8/28	2021/8/28	
Dongshu new material	47,000,000.00	2020/12/14	2021/12/14	
Dongshu new material	35,000,000.00	2020/6/9	2021/6/8	
Dongshu new material	25,000,000.00	2020/5/26	2021/5/25	
Dongshu new material	49,000,000.00	2020/11/16	2021/11/16	
Dongshu new material	40,000,000.00	2020/3/6	2021/3/5	
Dongshu new material	15,000,000.00	2020/4/24	2021/4/23	

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Related party	Lending amount	Commence ment date	Expiration date	Note
Dongshu new material	49,000,000.00	2020/11/30	2021/11/30	
Dongshu new material	80,000,000.00	2019/12/27	2020/12/26	
Dongshu new material	25,000,000.00	2020/3/27	2021/3/26	
Dongshu new material	100,000,000.00	2019/10/18	2020/10/17	
MHPS Dongfang Boiler Co. Ltd.	5,000,000.00	2020/11/30	2021/11/30	
MHPS Dongfang Boiler Co. Ltd.	10,000,000.00	2020/9/29	2021/9/29	
MHPS Dongfang Boiler Co. Ltd.	15,000,000.00	2020/11/25	2021/11/25	
MHPS Dongfang Boiler Co. Ltd.	20,000,000.00	2020/1/17	2021/1/16	
MHPS Dongfang Boiler Co. Ltd.	20,000,000.00	2020/7/8	2021/7/7	
MHPS Dongfang Boiler Co. Ltd.	15,000,000.00	2020/10/23	2021/10/23	
MHPS Dongfang Boiler Co. Ltd.	15,000,000.00	2020/11/10	2021/11/10	
MHPS Dongfang Boiler Co. Ltd.	10,000,000.00	2019/7/25	2020/7/24	
MHPS Dongfang Boiler Co. Ltd.	20,000,000.00	2019/8/29	2020/8/28	
MHPS Dongfang Boiler Co. Ltd.	20,000,000.00	2019/9/25	2020/9/24	
MHPS Dongfang Boiler Co. Ltd.	15,000,000.00	2019/10/30	2020/10/29	
MHPS Dongfang Boiler Co. Ltd.	15,000,000.00	2019/11/28	2020/11/27	
Zhonghe Seawater Desalination	4,840,000.00	2019/9/6	2020/9/5	
(Jiuquan) Solar Power	44,500,000.00	2012/8/22	2025/12/25	
(Jiuquan) Photovoltaic Power Generation Technology	24,000,000.00	2014/4/21	2023/4/21	
Total	833,340,000.00			

11.5.7 Remuneration of key management personnel

Item	Year 2020	Year 2019
Remuneration of key management personnel	1,690,884.00	837,670.85

(1) Remuneration of directors and supervisors in 2020

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Item	Emoluments of director or supervisor	Salaries and subsidies	Performance salary	Contributions of retirement welfare plan	Total
Directors					
Including: Gu Dake	134,000.00				134,000.00
Xu Haihe	137,000.00				137,000.00
Liu Dengqing	134,000.00				134,000.00
Supervisors					
Including: Feng Yong		214,104.00	406,949.74	32,738.26	653,792.00
Zeng Yi		241,704.00	347,328.51	43,059.49	653,092.00
Total	405,000.00	455,808.00	754,278.25	75,797.75	1,690,884.00

Note: Directors and supervisors who receive remuneration in the Company shall be determined by the remuneration committee of the Company considering their personal performance and market trends.

(2) The top five employees with the highest remuneration

In 2020, the five top employees with the highest remuneration did not include directors (the same for the previous year), and the remuneration for the rest five members (five for the previous year) with the highest remuneration is as follows:

Item	Year 2020	Year 2019
Salaries and subsidies	7,824,493.98	4,808,092.28
Contributions of retirement welfare plan	131,609.20	179,986.40
Total	7,956,103.18	4,988,078.68

Among the Company's key officers (including directors), there were persons whose remuneration exceeded HKD 1 million in 2020 and 2019.

The number of the employees with the highest remuneration is classified as below according to the type of remuneration group (by the number of people):

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Item	Year 2020	Year 2019
HKD 1 million to 1.5 million	3	5
Above HKD 1.5 million	2	
Total	5	5

11.5.8 Receivables from and payables to related parties

(1) Absorbing monetary funds of related parties

related parties	currency	Amount as at December 31, 2020(original currency)	Amount as at December 31, 2019(original currency)	Amount as at December 31, 2020(Equivalent to RMB)	Amount as at December 31, 2019(Equivalent to RMB)
Parent company and ultimate controller				5,392,694,933.60	4,576,328,382.34
Dongfang Electric Corporation	RMB	5,267,436,604.87	4,392,429,817.16	5,267,436,604.87	4,392,429,817.16
Dongfang Electric Corporation	USD	19,196,972.93	26,360,850.42	125,258,328.67	183,898,564.70
Dongfang Electric Corporation	JPY	1	1	0.06	0.06
Dongfang Electric Corporation	EUR				
Dongfang Electric Corporation	HKD		0.47		0.42
Joint ventures and associates				97,860.86	191,342.09
MHPS Dongfang Boiler	RMB	97,860.86	191,342.09	97,860.86	191,342.09
Other enterprises controlled by the same parent company and ultimate controller				289,356,664.69	331,266,404.46
Dongfang investment	RMB	143,193,224.31	137,220,689.23	143,193,224.31	137,220,689.23
Emei Semiconductor Materials	RMB	8,069,931.09	44,452,279.43	8,069,929.35	44,452,279.43
Eban High Purity Material	RMB	45,116,222.37	19,337,599.15	45,116,222.37	19,337,599.15
Dongfang environment	RMB	15,703,628.47	15,465,476.23	15,703,628.47	15,465,476.23
Dongfang sharing	RMB		11,519,686.81		11,519,686.81
Shizuishan Tiande Photovoltaic	RMB	934,185.10	6,904,686.00	934,185.10	6,904,686.00

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Power					
Dongfang Jieneng	RMB		5,423,799.30		5,423,799.30
Dongshu new material	RMB	72,185,614.35	83,994,774.43	72,185,614.35	83,994,774.43
(Jiuquan) Solar Power	RMB	3,213,134.88	4,253,348.92	3,213,134.88	4,253,348.92
(Jiuquan)Photovoltaic Power Generation	RMB	940,725.86	2,694,064.96	940,725.86	2,694,064.96
Subsidiaries in bankruptcy liquidation				167.40	2,288,426.58
Zhonghe Seawater Desalination Engineering	RMB	79.79	1,445,368.19	79.79	1,445,368.19
Dongfang Power Station Complete Equipment	RMB		842,834.81		842,834.81
Hulun Buir new energy	RMB		134.02		134.02
Tongliao wind power	RMB	10.51	10.47	10.51	10.47
Emei Semiconductor Materials	RMB	1.74	1.74	1.74	1.74
Jiuquan new energy	RMB		1.41		1.41
Dongfang maiji	RMB		0.58		0.58
Hangzhou new energy	RMB	15.22	15.18	15.18	15.18
Hangzhou new energy	EUR	7.7	7.7	60.18	60.18

(2) Receivables

Item name	Related party	Balance as at December 31, 2020		Balance as at December 31, 2019	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
Accounts receivable		954,788,312.69	908,888,667.08	1,038,339,210.46	920,415,718.53
	Parent company and ultimate controller	103,539.82	5,176.99	1,493,234.91	76,760.25
	Dongfang Electric Corporation	103,539.82	5,176.99	1,493,234.91	76,760.25
	Joint ventures and associates	37,658,310.02	4,960,569.29	53,473,836.59	4,234,696.75
	MHPS Dongfang Boiler	32,304,430.02	2,505,590.29	48,119,956.59	2,574,974.75

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Item name	Related party	Balance as at December 31, 2020		Balance as at December 31, 2019	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
	Framatome Dongfang Reactor Coolant Pumps Company	94,770.00	94,770.00	94,770.00	94,770.00
	Hongnijing Wind Power	2,693,460.00	1,077,384.00	2,693,460.00	538,692.00
	Mengneng Sanshengtai Wind Power Generation	2,565,650.00	1,282,825.00	2,565,650.00	1,026,260.00
	Other enterprises controlled by the same parent company and ultimate controller	553,851.51	377,245.08	374,855.07	368,295.26
	Dongshu New Materials	185,901.51	9,295.08	6,905.07	345.26
	Dongfang investment	367,950.00	367,950.00	367,950.00	367,950.00
	Subsidiaries in bankruptcy liquidation	911,196,924.34	899,213,825.19	978,468,029.55	911,659,637.37
	Jiuquan new energy	316,562,559.25	306,562,559.25	368,765,795.70	306,562,559.25
	Tongliao wind power	207,107,394.98	207,107,394.98	207,174,794.98	207,174,794.98
	Emei Semiconductor	127,658,510.29	127,658,510.29	132,743,892.39	132,743,892.39
	Hulun Buir new energy	94,347,063.36	92,995,530.38	95,587,278.73	92,995,530.38
	Hangzhou new energy	83,889,219.56	83,889,219.56	83,889,219.56	83,889,219.56
	Zhonghe Seawater Desalination Engineering	74,700,080.89	74,215,796.77	80,513,951.18	78,666,236.10
	Dongfang Power Station Complete Equipment	4,936,977.89	4,789,695.84	7,797,978.89	7,632,286.59
	Dongfang maiji	1,995,118.12	1,995,118.12	1,995,118.12	1,995,118.12
	The investor having a significant impact	5,275,687.00	4,331,850.53	4,529,254.34	4,076,328.90
	China Western Power Industrial	5,275,687.00	4,331,850.53	4,529,254.34	4,076,328.90
Notes receivable		24,500,000.00		127,556,377.38	

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Item name	Related party	Balance as at December 31, 2020		Balance as at December 31, 2019	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
	Joint ventures and associates	23,500,000.00		461,931.00	
	MHPS Dongfang Boiler	23,500,000.00		461,931.00	
	Other enterprises controlled by the same parent company and ultimate controller	1,000,000.00		107,434,746.38	
	Dongshu New Materials			105,232,746.38	
	Shizuishan Tiande Photovoltaic Power	1,000,000.00		2,202,000.00	
	Subsidiaries in bankruptcy liquidation	0.00		19,659,700.00	
	Zhonghe Seawater Desalination Engineering			19,659,700.00	
Advance to suppliers		147,735.85		308,475.20	
	Parent company and ultimate controller	120,000.00		308,475.20	
	Dongfang Electric Corporation	120,000.00		308,475.20	
	Joint ventures and associates	27,735.85			
	MHPS Dongfang Boiler	27,735.85			
Other receivables		886,927,075.35	885,918,853.64	928,950,215.22	928,950,215.22
	Subsidiaries in bankruptcy liquidation	886,927,075.35	885,918,853.64	928,733,667.22	928,733,667.22
	Hangzhou new energy	14,067,238.37	14,067,238.37	13,546,631.61	13,546,631.61
	Zhonghe Seawater Desalination Engineering	1,061,286.02	53,064.31		
	Emei Semiconductor Materials	871,798,550.96	871,798,550.96	915,187,035.61	915,187,035.61
	Joint ventures and associates			216,548.00	216,548.00

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Item name	Related party	Balance as at December 31, 2020		Balance as at December 31, 2019	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
	Mitsubishi Heavy Industries Dongfang Gas Turbine (Guangzhou) Co., Ltd.			216,548.00	216,548.00
Interest receivables		810.94			
	Subsidiaries in bankruptcy liquidation	810.94			
	Zhonghe Seawater Desalination Engineering	810.94			
Contract assets		16,625,737.23	1,855,559.75	8,607,723.19	7,506,377.56
	Joint ventures and associates	10,991,696.96	549,584.85		
	MHPS Dongfang Boiler	10,991,696.96	549,584.85		
	Other enterprises controlled by the same parent company and ultimate controller	0.00	0.00	1,998,000.00	999,900.00
	Shizuishan Tiande Photovoltaic Power			1,998,000.00	999,900.00
	Subsidiaries in bankruptcy liquidation	4,545,668.38	356,168.38	5,577,266.82	5,577,266.82
	Zhonghe Seawater Desalination Engineering	4,545,668.38	356,168.38	1,833,266.82	1,833,266.82
	Emei Semiconductor Materials			3,150,000.00	3,150,000.00
	Jiuquan new energy			594,000.00	594,000.00
	The investor having a significant impact	1,088,371.89	949,806.52	1,032,456.37	929,210.74
	Huaxi energy	1,088,371.89	949,806.52	1,032,456.37	929,210.74
Entrusted loan		490,258,834.37	490,258,834.37	569,000,000.00	509,000,000.00

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Item name	Related party	Balance as at December 31, 2020		Balance as at December 31, 2019	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
	Subsidiaries in bankruptcy liquidation	490,258,834.37	490,258,834.37	569,000,000.00	509,000,000.00
	Hangzhou new energy	490,258,834.37	490,258,834.37	569,000,000.00	509,000,000.00
Disbursement of loans and advances		644,911,791.67	18,385,000.00	427,757,889.74	21,675,000.00
	Joint ventures and associates	100,000,000.00		80,000,000.00	
	MHPS Dongfang Boiler	100,000,000.00		80,000,000.00	
	Other enterprises controlled by the same parent company and ultimate controller	540,071,791.67	17,175,000.00	342,757,889.74	20,925,000.00
	(Jiuquan) Solar Power	40,500,000.00	6,075,000.00	48,500,000.00	7,275,000.00
	(Jiuquan) Photovoltaic Power Generation	19,000,000.00	2,850,000.00	29,000,000.00	4,350,000.00
	Dongshu New Materials	425,571,791.67		203,257,889.74	
	Shizuishan Tiande Photovoltaic Power	55,000,000.00	8,250,000.00	62,000,000.00	9,300,000.00
	Subsidiaries in bankruptcy liquidation	4,840,000.00	1,210,000.00	5,000,000.00	750,000.00
	Zhonghe Seawater Desalination Engineering	4,840,000.00	1,210,000.00	5,000,000.00	750,000.00
Discounted assets		20,510,568.35		19,323,364.89	
	Joint ventures and associates	9,800,000.00		6,230,000.00	
	MHPS Dongfang Boiler	9,800,000.00		6,230,000.00	
	Other enterprises controlled by the same parent company	10,710,568.35		13,093,364.89	

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Item name	Related party	Balance as at December 31, 2020		Balance as at December 31, 2019	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
	and ultimate controller				
	Eban High Purity Material	4,893,153.70			
	Dongshu New Materials	5,817,414.65		13,093,364.89	
Other non-current assets		2,640,918.44	2,640,918.44		
	Other enterprises controlled by the same parent company and ultimate controller	998,000.00	998,000.00		
	Shizuishan Tiande Photovoltaic Power	998,000.00	998,000.00		
	Subsidiaries in bankruptcy liquidation	1,642,918.44	1,642,918.44		
	Zhonghe Seawater Desalination Engineering	1,642,918.44	1,642,918.44		

(3) Payables

Item name	Related party	Book balance as at December 31, 2020	Book balance as at December 31, 2019
Accounts payable		553,621,367.92	564,228,169.06
	Parent company and ultimate controller	37,555,813.00	2,193,412.82
	Dongfang Electric Corporation	37,555,813.00	2,193,412.82
	Joint ventures and associates	308,557,053.08	377,043,104.19
	MHPS Dongfang Boiler	271,116,104.41	326,351,167.44
	Framatome Dongfang Reactor		24,961.50

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Item name	Related party	Book balance as at December 31, 2020	Book balance as at December 31, 2019
	Coolant Pumps Company Limited		
	Leshan Dongle Dajian Lifting		92,399.78
	Mitsubishi Heavy Industries Dongfang Gas Turbine (Guangzhou)	37,440,948.67	50,574,575.47
	Other enterprises controlled by the same parent company and ultimate controller	99,682,892.44	48,811,870.85
	Dongshu New Materials	99,682,892.44	48,811,870.85
	Subsidiaries in bankruptcy liquidation	107,427,199.14	135,999,747.01
	Hulun Buir new energy	2,574,624.60	6,985,974.14
	Jiuquan new energy	4,102.50	33,227,649.08
	Hangzhou new energy	103,587,721.06	91,065,628.69
	Zhonghe Seawater Desalination Engineering	1,225,000.00	4,670,007.10
	Dongfang maiji	35,750.98	50,488.00
	The investor having a significant impact	398,410.26	180,034.19
	Huaxi energy	398,410.26	180,034.19
Contract liabilities		235,549,508.44	164,871,990.18
	Parent company and ultimate controller	17,620,000.00	
	Dongfang Electric Corporation	17,620,000.00	
	Joint ventures and associates	216,064,648.64	163,789,780.18
	Mitsubishi Heavy Industries Dongfang Gas Turbine (Guangzhou) Co., Ltd.	142,592,966.76	76,706,452.01
	Framatome Dongfang Reactor Coolant Pumps Company Limited	63,396,560.76	58,763,618.08
	MHPS Dongfang Boiler	2,168,768.40	3,579,726.40

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Item name	Related party	Book balance as at December 31, 2020	Book balance as at December 31, 2019
	Hongnijing Wind Power	1,859,361.73	3,343,118.06
	Sanshengtai Wind Power Generation	6,046,990.99	8,486,255.65
	Ulan New Energy		12,910,609.98
	Other enterprises controlled by the same parent company and ultimate controller	69,816.60	58,366.80
	(Jiuquan) Solar Power	23,346.00	4,310.00
	(Jiuquan) Photovoltaic Power Generation	23,065.20	54,056.80
	Shizuishan Tiande Photovoltaic Power	23,405.40	
	Subsidiaries in bankruptcy liquidation	1,795,043.20	1,023,843.20
	Guangdong dongfang power station complete equipment company	1,647,043.20	533,843.20
	Zhonghe Seawater Desalination Engineering	148,000.00	490,000.00
Other payables		279,468,905.13	772,345,162.93
	Parent company and ultimate controller	253,455,724.64	714,344,452.98
	Dongfang Electric Corporation	253,455,724.64	714,344,452.98
	Joint ventures and associates	-	5,862,983.00
	MHPS Dongfang Boiler		200,000.00
	Sanshengtai Wind Power Generation		1,809,461.00
	Ulan New Energy		3,853,522.00
	Subsidiaries in bankruptcy liquidation	26,013,180.49	46,229,116.63
	Jiuquan new energy	10,000,000.00	28,975,720.77
	Hulun Buir new energy	1,351,532.98	2,591,748.35
	Guangdong dongfang power station	200,000.00	200,000.00

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Item name	Related party	Book balance as at December 31, 2020	Book balance as at December 31, 2019
	complete equipment company		
	Hangzhou new energy	14,461,647.51	14,461,647.51
	The investor having a significant impact		5,908,610.32
	Wuhan boiler group co., ltd		5,908,610.32
Interest payable		6,635,036.16	36,850,354.54
	Parent company and ultimate controller	6,408,879.95	35,759,875.29
	Dongfang Electric Corporation	6,408,879.95	35,759,875.29
	Other enterprises controlled by the same parent company and ultimate controller	226,156.21	1,090,479.25
	Dongfang investment	80,231.25	607,167.37
	Emei Semiconductor Materials	59,799.96	420,749.37
	Dongfang environment		4,062.50
	Dongfang sharing	86,125.00	58,500.01
Dividends payable		6,812,063.88	20,210,186.44
	Other enterprises controlled by the same parent company and ultimate controller	6,812,063.88	20,210,186.44
	Dongfang investment	6,812,063.88	20,210,186.44
Non-current liabilities maturing within one year			17,100,000.00
	Parent company and ultimate controller		17,100,000.00
	Dongfang Electric Corporation		17,100,000.00

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Item name	Related party	Book balance as at December 31, 2020	Book balance as at December 31, 2019
Long-term borrowings		140,000,000.00	
	Parent company and ultimate controller	140,000,000.00	
	Dongfang Electric Corporation	140,000,000.00	

11.5.9 Commitment of related parties

None.

12、Share-based payment**12.1 General information of share-based payment**

Total amount of all equity instruments granted by the Company in 2020	RMB6,356,880.00
Total amount of all equity instruments exercised by the Company in current period	none
Total amount of all invalid equity instruments of the Company in current period	none
Range of exercise price of restricted stock by the Company as at December 31, 2019 and the remaining contractual period	RMB 6.54 per share, and exercise period of 72months
Range of exercise price of other equity instruments of the Company as at December 31, 2019 and the remaining contractual period	none

12.2 Equity-settled share-based payment

Upon deliberation and approval at the Company's first extraordinary general meeting in 2019, the first A-share shareholders' meeting in 2019, the first H-share general meeting in 2019, and the 19th meeting of the 9th board of directors in 2019, the Company implemented the 2019 Incentive Plan for A-Share Restricted Stocks of Dongfang Electric Corporation Limited as of November 22, 2019, and the incentive objects granted are up to 800 persons, including some executives and middle-level management personnel and business backbones; The source of the stocks was private placement; the grant price was RMB 5.93 per share; the quantity of RMB common stocks (A-share) granted was 30 million shares, with the par value

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of RMB 1 per share. 29 million shares were granted for the first time, while 1 million shares were reserved for grant. Some incentive objects gave up subscription for personal reasons. The actual quantity of stocks granted was adjusted from 29 million shares to 27,988,699 shares, and the number of incentive objects was adjusted from 800 to 780.

In 2020, the Company convened the 32nd Board of Directors of the 9th Session and the 19th Board of Supervisors of the 9th Session, and reviewed and approved the Proposal on Granting Reserved Partial Restricted Stocks to Incentive Objects of the Company's 2019 A-share Restricted Stock Incentive Plan, the Proposal on Repurchase and Cancellation of Partial Restricted Stocks and other proposals. Independent directors of the company issued independent opinions, and the Board of Supervisors issued verification opinions, holding that the reservation and granting conditions of restricted stocks have been achieved, the subject qualification of the granted incentive objects is legal and valid, and the determined granting date complies with relevant regulations. On September 24, 2020, the company issued a private placement of RMB 6.54 per share, and granted 972,000 RMB ordinary shares (A shares) to 26 senior executives, middle managers and business backbones.

1. Validity period, period of restricted sales and arrangements for lifting restricted sales:

(1) The valid period of this incentive plan is from the day when the registration of the restricted stocks granted for the first time is completed to the date when the sales restrictions, purchase or cancellation on all the restricted stocks granted to incentive objects are lifted, with a maximum of 72 months.

(2) The periods of restricted sales granted in this incentive plan are respectively 24 months, 36 months or 48 months from the date when the registration of the restricted stocks corresponding to the granted part is completed. The restricted stocks granted by incentive objects under this incentive plan shall not be transferred, used to guarantee or repay for debts before the sales restrictions are lifted.

After the period of restricted sales expires, the Company handles the lifting of restricted sales for the incentive objects eligible for lifting the restricted sales. Restricted stocks held by the incentive objects not eligible for lifting the restricted sales will be repurchased and cancelled by the Company.

(3) The time of lifting restricted sales of the restricted stocks granted for the first time and reserved for grant under the incentive plan and the time of lifting restricted sales in various periods are shown in the table below:

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Unlocking period	Time of unlocking	Proportion of unlocking
The first unlocking period for the first time and reserved	From the first trading day after 24 months from the completion of registration of restricted stocks of the corresponding part to the last trading day within 36 months from the completion of registration of restricted stocks of the corresponding part	1/3
The second unlocking period for the first time and reserved	From the first trading day after 36 months from the completion of registration of restricted stocks of the corresponding part to the last trading day within 48 months from the completion of registration of restricted stocks of the corresponding part	1/3
The third unlocking period for the first time and reserved	From the first trading day after 48 months from the completion of registration of restricted stocks of the corresponding part to the last trading day within 60 months from the completion of registration of restricted stocks of the corresponding part	1/3

The Company will repurchase and cancel the restricted stocks in principles stipulated in the incentive plans, provided that the restricted sales for restricted stocks cannot be lifted within the above-mentioned agreed period. The restricted stocks obtained by incentive objects, are restricted for sales together with the shares obtained from conversion of capital reserves into share capital, stock dividends or stock split, may not be sold in the secondary market or transferred otherwise. The unlocking period of such shares is the same as that of restricted stocks. If the Company repurchases restricted stocks that have not been lifted, the stocks will be repurchased and cancelled together.

(4)The incentive objects entitled to unlock restricted stocks, when trying to unlock and sell the restricted stocks granted to them, shall not only meet the relevant requirements consistent with the granting conditions, but also meet the following conditions:

1) The Company's performance assessment requires that the restricted stocks reserved for granting in this incentive plan will be granted in 2020, and the annual performance appraisal targets of the reserved part are shown in the following table:

Unlocking period	Performance assessment objectives
The first unlocking period	(1) The compound growth rate of net profit in 2021, calculated based on the net profit in 2018, is not less than 10% as well as the peer industry's performance average; (2) The ROE in 2021 is not less than 4% as well as the peer industry's performance average; (3) The Δ EVA in 2021 is positive.
The second unlocking period	(1) The compound growth rate of net profit in 2022, calculated based on the net profit in 2018, is not less than 10% as well as the peer industry's performance average; (2) The ROE in 2022 is not less than 4.5% as well as the peer industry's performance average; (3) The Δ EVA in 2022 is positive.

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The third unlocking period	(1) The compound growth rate of net profit in 2023, calculated based on the net profit in 2018, is not less than 10% as well as the peer industry's performance average; (2) The ROE in 2023 is not less than 5% as well as the peer industry's performance average; (3) The Δ EVA in 2023 is positive.
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Note: ① The above-mentioned "net profit" indicators refer to the net profit attributable to shareholders of listed companies; "Return on net assets" refers to weighted average return on net assets.

② During the validity period of the equity incentive plan, if the company has additional issuance, share allotment and other matters that lead to changes in net assets, the amount of changes in net assets caused by the matters and the corresponding income amount generated will be excluded during the assessment (if the corresponding income amount cannot be accurately calculated, it can be calculated and determined by multiplying the actual financing amount after deducting the financing cost by the interest rate of the national debt in the same period).

The incentive cost generated by this incentive plan will be charged in the administrative expenses. If the company's performance appraisal target for a certain period of lifting the restricted sale of restricted stocks has not been achieved, all restricted stocks of the incentive object in the current period cannot be lifted, and the company will repurchase and cancel it according to this incentive plan at the lower of the grant price and the stock market price at the time of repurchase (the average trading price of the company's underlying stocks one trading day before the announcement of the resolution of the board of directors considering repurchase).

2) Personal performance appraisal requires that during the validity period of this incentive plan, the personal performance appraisal of all incentive objects shall be based on the current performance of the company.

2. A total of 972,000 restricted shares were granted for registration this time, and they were registered in Shanghai Branch of China Securities Depository and Clearing Co., Ltd. on November 26, 2020. According to the annual assessment management measures.

12.2 Cash-settled share-based payment

None.

12.3 Adjustment to and termination of share-based payment

None.

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 December 31, 2020

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A commitment on capital expenditure which has been signed and yet confirmed in the financial statements

Item	Amount as at December 31, 2020	Amount as at December 31, 2019
Capital construction	160,494,600.00	124,165,700.00
Equipment	168,108,100.00	125,599,400.00
Total	328,602,700.00	249,765,100.00

As at December 31, 2020, the total agreed significant foreign investment expenditures of the Company with contract on which has not been paid amounted to RMB328,602,700. The details are as follows:

Commitment unit	Name of investment project	Contracted investment amount	Investment amount paid	Investment amount unpaid	Expected investment period
The Company and its subsidiaries	Capital construction	296,675,200.00	136,180,600.00	160,494,600.00	2021-2023 年
The Company and its subsidiaries	Equipment	330,795,300.00	162,687,300.00	168,108,100.00	2021-2023 年
Total		627,470,500.00	298,867,900.00	328,602,700.00	

(2) Signed lease contracts being performed or to be performed and their financial effects

As at December 31, 2020, the total payment for future minimum rents payable required for irrevocable operating leases of the Company as a lessee are listed in the following periods:

Period	Amount in 2020
Within one year	10,235,762.41
1-2 years	1,188,335.93
Total	11,424,098.34

13.1.2 Commitment on stock lock-up

In 2018, through issuing shares, the Company acquired eight target companies and some fixed assets and intangible assets from the parent company Dongfang Electric Corporation. Dongfang Electric Corporation promised to "take the Company's equity in Dongfang Finance, DEIC, Dongfang Autocontrol, Dongfang Hitachi and Materials Company (now renamed as "Dongfang Electric Corporation Materials Co." or shortly as "Dongfang Materials"), DECPROJECT Cargo Logistics Co., Ltd, Qingneng Technologies (now renamed as "Dongfang Electric (Chengdu) Hydrogen Fuel Cell Technology Co., Ltd.") and Intelligent Technologies (now renamed as "Science and Technology Institute Co., Ltd. of Dongfang Electric Corporation"), as well as the Dongfang Electric's shares acquired through some intangible assets such as equipment assets and intellectual property rights owned by Dongfang Electric Corporation. Such shares shall not be transferred in any way (including but not limited to public transfer, block trade or agreement transfer through the securities market, as well as repurchase by Dongfang Electric, except for repurchased by Dongfang Electric due to the performance of profit compensation responsibility) within 36 months from such shares' listing date. After the completion of this transaction, if the closing price of Dongfang Electric shares for 20 consecutive trading days is lower than the issue price of this transaction within 6 months from the listing of new shares in this transaction, or if the closing price on December 31, 2018 is lower than the issue price of this transaction within 6 months after the completion of this transaction, the lockup period of Dongfang Electric shares obtained in this transaction will be automatically extended for 6 months from the original lockup period. The shares of the listed company directly and indirectly held by the Company before this transaction shall not be transferred within 12 months after the completion of this transaction (since the listing of new shares in this transaction). During the above-mentioned trading-restricted period, the Company's Dongfang Electric shares increased due to Dongfang Electric's bonus share, share capital conversion and other reasons shall also be locked according to the commitments for the above-mentioned lockup period. "

13.1.3 Commitment to compensation for the “Rainbow Project” profit forecast

On August 31, 2017, Dongfang Electric and Dongfang Electric Corporation signed the 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

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The profit compensation period is the year of the completion of the transaction and the following two fiscal years, namely 2018, 2019, and 2020.

For the relevant performance commitment and results, please refer to the Special Statement on the Profit Forecast Realization Result Involved in the Related Transactions of Issuing Shares to Purchase Assets by Dongfang Electric Corporation Limited, and the Impairment Test Report on Underlying Assets Involved in the Related Transactions of Issuing Shares to Purchase Assets by Dongfang Electric Corporation Limited.

(2) Compensation arrangement

For the 100% equity of DEIC, one of the underlying assets of the transaction, the appraisal institution uses the income method to evaluate the underlying assets and adopts the same as the pricing reference. According to the Restructuring Management Measures and the relevant provisions of the China Securities Regulatory Commission, the asset appraisal institution adopts the income method, hypothetical development method and other valuation methods based on future income expectations to evaluate the assets to be purchased and uses the same as the 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 2017, 2018 and 2019 (If the share issue and asset purchase failed to be completed before December 31, 2017, the profit compensation period of Dongfang Electric Corporation would be postponed accordingly). Since the final transaction was completed on March 31, 2018, DEIC promised that the profit realization period will be 2018, 2019 and 2020.

Dongfang Electric Corporation promises that the sum of the actual net profits of DEIC in the profit compensation period and those in the previous one or two fiscal years will not be lower than the sum of the estimated net profits attributable to owners of the parent company after deduction of non-recurring profit or loss in the current year and those in the previous one or two fiscal years within the profit compensation period as stated in the asset assessment report, and the final accumulated net profits of the commitment shall be subject to amount of the compensation of DEIC within the profit compensation period as stated in the asset assessment report filed by the State-owned Assets Supervision and Administration Commission of the State Council. The specific compensation method is stipulated in the

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Supplementary Agreement of the Profit Forecast Compensation Agreement by Dongfang Electric Corporation 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 shall hire an accounting firm with securities qualification to conduct impairment test on DEIC and issue a special audit report. If the impairment amount of DEIC is greater than the sum of the amount of the total number of the shares compensated through the method of shares within the profit compensation period multiplied this issue price and the amount of cash compensation, then the counterparty needs to make compensations separately. If the A-shares of a listed company subscribed for with 100% equity of DEIC are insufficient to compensate, the counterparty shall compensate the listed company with cash. Both parties to the transaction confirm that the total amount of profit compensation and impairment test compensation will not exceed the transaction amount of 100% equity of DEIC.

For the patents, proprietary technologies and software products and trademark rights of Dongfang Autocontrol, the patents, proprietary technologies and copyright and trademark rights of Dongfang Hitachi, and the trademark rights of Bairui of Dongfang Materials, the appraisal institution adopted the income method for evaluation and used the same as pricing reference. Dongfang Electric Corporation undertakes that in the year after the completion of this transaction and the two subsequent fiscal years (i.e., the profit compensation period), the sum of the actual net profits from the patents, proprietary technologies and software products and trademark rights of Dongfang Autocontrol, the patents, proprietary technologies, copyrights and trademark rights of Dongfang Hitachi, the trademark right of Bairui of Dongfang Materials in the year and those in the previous one or two accounting years within the profit compensation period will not be less than the sum of the estimated net profits from the patents, proprietary technologies and software products and trademark rights of Dongfang Autocontrol, the patents, proprietary technologies, copyrights and trademark rights of Dongfang Hitachi, the trademark right of Bairui of DECMC in the year and those in the previous one or two accounting years within the profit compensation period as stated in the Assets Appraisal Report. The amount of the final promised net profits is determined based on the estimated net profits from patents, proprietary technologies and software products and trademark rights of Dongfang Autocontrol, the patents, proprietary technologies and copyrights and trademark rights of Dongfang Hitachi and the trademark rights of Bairui of Dongfang Materials within the profit compensation period as stated in the Asset Appraisal Report filed by the State-owned Assets Supervision and Administration Commission of the State Council. If, during the profit compensation period, the accumulated net profits from the patents, proprietary technologies and software products and trademark rights of Dongfang

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Autocontrol, the patents, proprietary technologies, copyrights and trademark rights from Dongfang Hitachi, and the trademark right of Bairui of Dongfang Materials are less than the accumulated net profits promised, compensation shall be made to the asset purchaser for the insufficient section. The specific compensation methods are agreed between Dongfang Electric Corporation and Dongfang Electric in accordance with the Restructuring Management Measures and other relevant provisions in the Supplementary Agreement to the Profit Forecast Compensation Agreement.

For 95% of the equity of DECFC, one of the underlying assets of this transaction, the appraisal institution adopts the market method to evaluate the underlying asset and uses the same as the pricing reference. The listed company will hire an accounting firm with securities business qualification to conduct an impairment test on DECFC and issue a special auditors' report during the impairment test of each annual audit period (the impairment test period is the same as the profit compensation period as agreed in the Profit Forecast Compensation Agreement). If the amount of impairment of DECFC at the end of the period is greater than the amount of "total number of shares actually compensated by shares during the impairment test period multiplied by current issue price and then plus the amount of cash compensation", the counterparty of the transaction shall compensate the listed company with A shares.

If the A-shares of a listed company subscribed by the counterparty with 95% equity of DECFC are insufficient to compensate, the counterparty shall compensate the listed company with cash. Both parties to the transaction confirm that the total amount of share compensation and cash compensation does not exceed the transaction amount of 95% equity of DECFC. The aforementioned impairment amount is 95% of the pricing of DECFC minus 95% of the valuation of DECFC at the end of the period after deducting the impact of shareholder capital increase, capital reduction, donation received and profit distribution of DECFC during the profit compensation period.

Regarding the profits realized during the above performance commitment period, BDO CHINA Shu Lun Pan Certified Public Accountants LLP has audited and issued a special auditors' report. After audit, the relevant profit commitments were completed in 2018 and cumulatively to 2019.

(3) Payment arrangements for specific accounts receivable and estimated liabilities

The overseas business of DEIC is mainly in Southeast Asia. The relevant regional policies and market conditions are relatively complex with certain uncertainties. Therefore, a number of accounts receivable and estimated liabilities are generated during the historical operation of DEIC. For the purpose of ensuring the equity of the listed company would not be

subject to the above influences and giving consideration to the uncertainty of reducing state-owned equity, in the process of reorganization, in addition to provision for bad debts of accounts receivable and estimated liabilities accrued in accordance with the normal judgment of the audit agency, the Supplementary Agreement to the Agreement on the Issuance of Shares to Purchase Assets signed by the listed company and Dongfang Electric Corporation reached corresponding agreements on specific accounts receivable and estimated liabilities of DEIC. (Please refer to the Report of Dongfang Electric Corporation Limited on Share Issue to Purchase Assets and the Implementation of Reconstructing of Related Transactions and the Announcement on the Listing of Shares issued on June 14, 2018 for details. Up to now, the specific estimated accounts receivable and estimated liabilities have not yet reached the overall settlement conditions.

In addition to the above-mentioned events, the Company has no other significant commitments needing to be disclosed.

13.2 Important Contingent Events on the Balance Sheet Date

13.2.1 Contingent liabilities arising from pending litigation or arbitration

(1) China Energy Construction Group Shanxi Electric Power Survey and Design Institute co., Ltd. ("Shanxi institute"), on behalf of itself and the consortium formed by Northern Heavy Industries Group co., ltd. International Trade Branch (formerly known as "Northern Heavy Industries"), and Dongfang Electric Group International Cooperation co., Ltd. ("dongfang International") signed the "contract for design and equipment supply of some auxiliary systems of 2X600MW steam turbine island in Weng' an, Vietnam" in May 2010. In September 2020, Shanxi Institute applied to Maozhong for arbitration on the grounds that Dongfang International violated the relevant provisions of the "Consortium Supply Contract" and defaulted on the contract price and tax refund, requiring Dongfang International to pay all the arrears and bear the responsibility for overdue payment breach; Dongfang International made a counterclaim in this case, asking Shanxi Institute to bear the expenses related to the project, such as eliminating defects, purchasing on behalf of the company, upstream deduction, delivery delay penalty, etc. The amount of the subject matter in this case is RMB 40,777,100 yuan, which has not yet been opened.

(2) Final tax of Indonesia Longwan and Pacitan project (FINAL TAX)

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, the final tax will be levied according to

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the fixed ratio of contract revenue (2%-6%); 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, DEIC, a subsidiary of the Company, signed a contract with the Indonesian State Power Corporation PLN for the construction contract (EPC) of the Longwan and Pacitan coal-fired power stations in Indonesia. The total contract amount was USD 880,235,465.00 and IDR 3,119,882,434 thousand. In accordance with the adjusted final tax policy of the Indonesian government, DEIC, as an enterprise that has not obtained the LPJK certificate, shall pay the final tax at a rate of 4%. The final tax shall be calculated according to the revenue of DEIC recognized after 2009 (The FOB part is equivalent to RMB 3.679 billion) and the tax rate of 4%. DEIC shall pay the final tax approximately RMB 147 million.

In November 2016 and December 2016, the Indonesian Taxation Court ruled two similar tax disputes of other two Chinese-funded enterprises, and determined that the final tax shall be levied for the entire revenue of the EPC contract in Indonesia at a rate of 3%. DEIC, based on the relevant judgments made by the above-mentioned Indonesia tax court, calculated the final tax payable according to the revenue of Indonesia Longwan and Pacitan projects after January 1, 2009 and at the rate of 3%, and calculated the corresponding late payment fee and fine according to the regulations of Indonesia. The sum of the final tax, late payment fee and fine expected to be paid by DEIC amounted to RMB 323 million, and the estimated litigation agency fee to be paid amounted to RMB 1 million.

In October 2018, the Indonesia Tax Court made judgments on the final tax dispute in 2009, and most of them maintained the tax audit determination, that is, the EPC contract revenue shall be subject to the final income tax at 3% in Indonesia. In January 2019, DEIC paid the corresponding taxes and late fees in accordance with the judgment of the tax court, and submitted an application for judicial review to the Supreme Court of Indonesia.

In October 2018, the Indonesia Tax Court made a ruling on the final tax of the Indonesia EPC project in 2009, and determined that the Indonesia EPC project of Dongfang Electric International Cooperation Company needs to pay the final Indonesian income tax according to 3% the EPC contract revenue in 2009. In January 2019, the Company paid taxes amounting to IDR 210,912,506,434.00, equivalent to RMB 102,773,613.88. (exchange rate: RMB 0.00049 / IDR 1).

In August 2018, the Indonesia Tax Court gave a ruling on the final tax disputes in 2010 and accepted all the appeals of DEIC. In October 2018, the Indonesia tax department was dissatisfied with the ruling to the benefits of DEIC made by the tax court and filed a judicial

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review application with the Supreme Court of Indonesia. In September 2019, the Supreme Court of Indonesia rejected the favorable ruling made by the Indonesia Tax Court against DEIC and maintained the conclusion of the tax audit, that is, it was determined that the EPC contract revenue for the year 2010 should be subject to final income tax in Indonesia at a rate of 4%. According to the ruling of the Supreme Court of Indonesia, DEIC paid the year 2010 corresponding taxes and late fees amounting to IDR 162,828,751,900.00 in January 2020, equivalent to RMB 81,740,033.45 (exchange rate: RMB 0.000502 / IDR 1). At the same time, as the rulings made by the Supreme Court were contradictory, DEIC submitted the second judicial review request accordingly. At present, the Supreme Court has not yet ruled on the second judicial review application.

Although the Supreme Court of Indonesia rejected the ruling made by the Indonesia Tax Court and maintained the tax audit affirmation of determining that the final income tax for the period from January to November 2010 was required to be paid in accordance with 4% of EPC contract revenue, for the final ruling made by the Supreme Court of Indonesia on the tax rate of 3% in 2009 and the fact that the Supreme Court maintained the ruling made by the tax court in December 2010, the Company believed that the ruling of the Supreme Court of Indonesia on the dispute in 2010 was contradictory, so it filed a second judicial review application with the Supreme Court. The Company believed that the final actual tax rate was 3%. Therefore, the expected fines and late fees have not been reconfirmed.

(3) Profit tax of Indonesia branches

In 2016, the Indonesian local tax authority conducted an on-site audit over the income tax payment of DEIC in 2011 in accordance with Indonesian tax policies, and requested that the Indonesia branch of DEIC should pay the branch profit tax and the late fee for the profits in 2011 at the tax rate of 20%, approximately RMB 86 million, and it is not allowed to make up for the losses in previous years. DEIC filed an objection to the Indonesian tax authority in March 2017 and appealed. If the objection is rejected, an additional 50% fine approximately RMB 43 million will be required to be paid. DEIC withheld profits tax, late fees and fines approximately RMB 130 million from Indonesian branch.

In October 2019, the Indonesia Tax Court gave a ruling on the dispute of DEIC concerning the branch profit tax in 2011 and accepted all the appeals of Deciding December 2019, the Indonesia tax department was dissatisfied with the ruling made by the tax court and filed a judicial review application with the Supreme Court of Indonesia. Although DEIC won the case in the tax court stage, considering that the Indonesian tax authority filed an application for judicial review and the case was at the tax court hearing stage, not all judges accepted the appeal application from DEIC and partial judges were against that. Based on the

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above situation and in accordance with the principle of prudence, when evaluating the tax dispute on December 31, 2019, DEIC judged that there was still the possibility of losing the case in the Supreme Court, and therefore, it did not adjust this part of estimated liabilities.

The Company and Dongfang Electric Corporation confirmed that after the completion of the transfer of 100% equity of DEIC involved in the Rainbow Project, if the sum of the taxes, late fees, fines and other expenses paid by DEIC to the Indonesian tax authority due to the final tax dispute in Indonesia and Indonesian branch profit tax dispute was actually greater than the amount of the estimated taxes, late fee and fine for Indonesia projects under this contract, Dongfang Electric Corporation should pay the difference between the total amount of taxes, late fees, fines and other expenses actually paid and the accrued amount with cash to the Company (or DEIC designated by the Company as the receiving entity at that time). The aforesaid difference shall be paid within 15 working days from the date of the issuance of the Company's annual audit report for the year of the final judgment / resolution of the final tax dispute in Indonesia and Indonesian branch profit tax dispute.

The Company and Dongfang Electric Corporation confirmed that after the completion of the transfer of 100% equity of DEIC involved in the Rainbow Project, if the sum of the taxes, late fees, fines and other expenses paid by DEIC to the Indonesian tax authority due to the final tax dispute in Indonesia and Indonesian branch profit tax dispute was actually less than the amount of the estimated taxes, late fee and fine for Indonesia projects under this contract, the Company (or DEIC designated by the Company at that time) should pay the difference between the total amount of taxes, late fees, fines and other expenses actually paid and the accrued amount with cash to Dongfang Electric Corporation. Within 15 working days from the date of the issuance of the Company's annual audit report for the year of the final judgment / resolution of the final tax dispute in Indonesia and Indonesian branch profit tax dispute, the Company shall pay the aforesaid difference after deducting the estimated tax, late fees and fines for Indonesia projects that have not incurred in fact but been included in the estimated value and recognized as deferred income tax assets on December 31, 2016, to Dongfang Electric Corporation in cash.

13.2.2 Provision of guarantees for other entities

As at December 31, 2020, the Company provides guarantee for other entities:

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Name	Type of guarantee	amount	term	note
Mitsubishi Heavy Industries Dongfang Gas Turbine (Guangzhou) Co., Ltd.	Performance guarantee	24,500,000.00	Termination date of long-term service agreement	
Inner Mongolia Energy Generation Hongnijing Wind Power Co., Ltd.	Pledge	16,000,000.00	2026/1/19	
Inner Mongolia Mengneng Sanshengtai Wind Power Generation Co., Ltd.	Pledge	16,000,000.00	2026/6/29	
Inner Mongolia Mengneng Ulan New Energy Co., Ltd.	Pledge	36,000,000.00	2026/10/27	
Total		92,500,000.00		

Note: Mitsubishi Heavy Industries Dongfang Gas Turbine (Guangzhou) Co., Ltd. (hereinafter referred to as "Dongfang Mitsubishi Gas Turbine Company) intends to sign the Agreement on Long-term Management of M701F Gas Turbine Component, Repair of Component and Technical Consulting Service (hereinafter referred to as the Agreement on Long-term Service of Gas Turbine) with CNOOC Zhuhai Gas Power Generation Co., Ltd., Zhongshan Jiaming Electric Power Co., Ltd., CNOOC Fujian Gas Power Co., Ltd. and Guangdong Huizhou LNG Power Co., Ltd. (hereinafter collectively referred to as the "client"). The Agreement on Long-term Service of Gas Turbine involves 12 units, and the client requests the parent company of the Dongfang Mitsubishi Gas Turbine Company (Mitsubishi Hitachi Power Systems, Ltd. and the Company) to sign the Guarantee Agreement of Parent Company for providing the guarantee for the performance of Dongfang Mitsubishi Gas Turbine Company. The total guarantee amount of the long-term service agreement is RMB 50 million. The Company provides a guarantee amount of RMB 24.5 million in accordance with the shareholding ratio of the Dongfang Mitsubishi Gas Turbine Company, and Dongfang Mitsubishi Gas Turbine Company provides the same amount of counter guarantee to the Company. Guarantee period: after the expiration or termination of the Agreement on Long-term Service of Gas Turbine, the guarantee liability shall have full effect within the scope of the obligation or responsibility of the seller hereunder until the seller's obligations and responsibilities (including but not limited to the warranty obligation) hereunder or related hereto have been performed without defect.

13.2.3 Issuing letter of guarantee and letter of credit

(1) Unsettled letter of guarantee : As at December 31, 2020, the information on the letter of guarantee opened by the Company is as follows:

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Entity name	Business type	Currency	Balance as at December 31, 2020
Dongfang Electric Corporation Limited	Letter of guarantee	RMB	7,594,712,255.58
Dongfang Electric Corporation Limited	Letter of guarantee	EUR	9,814,011.60
Dongfang Electric Corporation Limited	Letter of guarantee	USD	45,691,616.30
Dongfang India Co.	Letter of guarantee	Rupee	88,783,546.00
Dongfang boiler	Letter of guarantee	RMB	1,311,361,433.98
Dongfang kaiterui	Letter of guarantee	RMB	36,208,271.60
Dongfang electric machinery	Letter of guarantee	USD	86,730,802.50
Dongfang electric machinery	Letter of guarantee	RMB	3,244,078,809.49
Dongfang electric machinery	Letter of guarantee	Bolivia Bissau	253,940,252.68
Dongfang electric machinery	Letter of guarantee	RMB	750,000.00
Dongfang electric machinery	Letter of guarantee	RMB	2,396,272,059.18
Dongfang Tianjin Leaf	Letter of guarantee	RMB	5,267,611.54
Dongfang international	Letter of guarantee	RMB	2,433,652,300.00
Dongfang heavy machinery	Letter of guarantee	RMB	94,190,171.76
Dongfang Materials	Letter of guarantee	RMB	2,644,710.62
Dongfang automatic control	Letter of guarantee	RMB	95,916,482.21
Dongfang automatic control	Letter of guarantee	USD	243,183.50
Dongfang steam turbine	Letter of guarantee	RMB	714,126,618.02

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Entity name	Business type	Currency	Balance as at December 31, 2020
Dongfang steam turbine	Letter of guarantee	USD	297,568.29

(2) Unsettled letter of credit: As at December 31, 2020, the information of the irrevocable L/C opened by the Company is as follows:

Entity name	Business type	Currency	Balance as at December 31, 2020
Dongfang Electric Corporation Limited	Letter of credit	USD	204,550.00
Dongfang Electric Corporation Limited	Letter of credit	JPY	17,520,000.00
Dongfang Electric Corporation Limited	Letter of credit	EUR	22,696,433.76
Dongfang electric machinery	Letter of credit	USD	978,030.00
Dongfang electric machinery	Letter of credit	EUR	1,791,541.60
Dongfang electric machinery	Letter of credit	JPY	380,691,100.00
Dongfang electric machinery	Letter of credit	Franc	935,398.64
Dongfang boiler	Letter of credit	USD	45,532,674.48
Dongfang boiler	Letter of credit	EUR	15,849,795.31
Dongfang boiler	Letter of credit	JPY	35,880,000.00
Dongfang steam turbine	Letter of credit	USD	2,861,400.85
Dongfang steam turbine	Letter of credit	EUR	3,854,693.33
Dongfang steam turbine	Letter of credit	JPY	1,967,151,000.00

13.2.4 loan commitment

None.

13.2.5 Product quality assurance clauses

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None.

13.2.6 Contingent assets

Apart from the above items, the Company has no other significant contingencies required to be disclosed as at the date of financial statements.

14、 Post balance sheet events

14.1 Significant non-adjusting events

None.

14.2 Profit distribution

Profits or dividends to be distributed	561,532,703.40
Profit or dividend declared to be distributed upon deliberation and approval	561,532,703.40

Note: The Company held the thirty-sixth meeting of the ninth Board of Directors on March 30, 2020, and approved the profit distribution plan for 2020. Based on the Company's total share capital of 3,119,626,130 shares at the time of the board meeting on March 30, 2020, RMB 561,532,703.40 of cash dividends were distributed, RMB 1.80 for every 10 shares (before tax).

14.3 Notes to other post-balance sheet events

None.

15、 Other significant events

15.1 Early accounting errors

None.

15.2 Debt restructuring

None.

15.3 Asset replacement

None.

15.4 Annuity plan

According to the Official Reply to the Trial Implementation of Enterprise Annuity System by Dongfang Electric Corporation (GZFP [2007] No. 1201), the annuity expenses are disbursed from balance of gross wage and costs for the current year according to the method of mutual payment by enterprise and employee. The annuity accrued every year will be paid to the special account of the social security office of Dongfang Electric Corporation, and then entrusted by Dongfang Electric Corporation to China Life Pension Company Limited for operation and management.

15.5 Discontinued operations

None.

15.6 Other important transactions and matters that have an impact on the decision-making of investors

None.

15.7 Segment information

15.7.1 Determination basis and accounting policies for reportable segments

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 services provided by each reportable segment of the Company are clean and efficient energy equipment, renewable energy sources equipment, engineering and trade, modern manufacturing services and emerging growth industries.

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.

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15.7.2 Financial information of reportable segments

Reportable segment in 2020

Item	Clean and efficient energy equipment	Renewable energy equipment	Engineering and trade	Modern manufacturing services industry	Emerging growth industry	Summary	Offset	Total
Operating revenue	20,620,579,004.88	12,860,816,343.11	5,671,400,462.18	5,754,973,385.58	7,508,886,207.58	52,416,655,403.33	15,133,784,115.95	37,282,871,287.38
Including: revenue from foreign transactions	11,152,332,807.94	10,085,174,688.16	4,838,854,024.63	4,910,246,778.17	6,296,262,988.48	37,282,871,287.38		37,282,871,287.38
Revenue from inter-segment transactions	9,468,246,196.94	2,775,641,654.95	832,546,437.55	844,726,607.41	1,212,623,219.10	15,133,784,115.95	15,133,784,115.95	
Operating cost	18,270,014,654.69	11,375,662,989.01	4,418,978,849.27	4,144,995,125.80	6,692,257,799.76	44,901,909,418.53	15,938,870,116.83	28,963,039,301.70
Offset of cost	9,745,754,684.82	2,728,871,824.14	882,412,809.03	1,430,727,608.52	1,151,103,190.32	15,938,870,116.83	15,938,870,116.83	
Period expenses						5,310,820,744.87	-656,841,725.48	5,967,662,470.35
Operating profits (losses)	2,628,072,838.07	1,438,383,523.29	1,302,287,984.39	2,195,979,260.89	755,108,379.04	2,601,968,403.48	441,677,748.63	2,160,290,654.85
Total assets						173,890,023,177.13	76,094,885,407.97	97,795,137,769.16
Including: the amount of a single asset with significant impairment loss								
Total liabilities						119,641,921,684.65	55,488,383,952.56	64,153,537,732.09
Supplementary information								
Capital expenditure								
Impairment losses recognized in the current period						-404,120,517.68	-42,390,012.52	-361,730,505.16

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Including: allocation of goodwill impairments								
Depreciation and amortization costs						1,017,607,159.55		1,017,607,159.55
Other non-cash expenses excluding impairment loss, depreciation and amortization								

Reportable segment in 2019

Item	Clean and efficient energy equipment	Renewable energy equipment	Engineering and trade	Modern manufacturing services industry	Emerging growth industry	Summary	Offset	Total
Operating revenue	25,717,015,292.60	7,546,273,108.24	4,849,216,487.01	4,739,997,637.34	3,829,695,024.89	46,682,197,550.08	13,841,876,469.86	32,840,321,080.22
Including: revenue from foreign transactions	15,511,358,033.23	5,921,352,862.59	4,430,612,539.73	3,876,251,271.37	3,100,746,373.30	32,840,321,080.22		32,840,321,080.22
Revenue from inter-segment transactions	10,205,657,259.37	1,624,920,245.65	418,603,947.28	863,746,365.97	728,948,651.59	13,841,876,469.86	13,841,876,469.86	
Operating cost	21,866,585,340.00	6,856,213,784.92	4,194,573,904.10	3,275,138,606.29	3,276,915,839.92	39,469,427,475.23	14,449,326,165.13	25,020,101,310.10
Offset of cost	10,139,674,344.99	1,645,241,506.56	666,413,738.02	1,393,423,438.48	604,573,137.08	14,449,326,165.13	14,449,326,165.13	
Period expenses						4,906,101,391.84	-531,651,160.48	5,437,752,552.32
Operating profits (losses)	3,784,447,038.22	710,380,584.23	902,452,373.65	1,994,536,103.56	428,403,670.46	2,456,696,729.83	834,432,854.48	1,622,263,875.35
Total assets						162,039,943,325.15	72,420,977,769.43	89,618,965,555.72
Including: the amount of a single asset with significant impairment loss								
Total liabilities						109,791,079,903.37	51,970,547,318.24	57,820,532,585.13

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Item	Clean and efficient energy equipment	Renewable energy equipment	Engineering and trade	Modern manufacturing services industry	Emerging growth industry	Summary	Offset	Total
Supplementary information								
Capital expenditure								
Impairment losses recognized in the current period						442,839,662.05	-479,268,640.91	922,108,302.96
Including: allocation of goodwill impairments								
Depreciation and amortization costs						1,043,837,728.30		1,043,837,728.30
Other non-cash expenses excluding impairment loss, depreciation and amortization								

The accounting policies of each business segment of the Company are the same as those described in "Significant Accounting Policies and Accounting Estimates".

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The total revenue from foreign transactions at home and in other countries and regions are listed as follows:

Revenue from foreign transactions	Year 2020	Year 2019
Within the territory of China (except for Hong Kong)	33,006,237,995.42	28,519,300,050.31
Other overseas areas	4,276,633,291.96	4,321,021,029.91
Total	37,282,871,287.38	32,840,321,080.22

16. Notes to the main items of the parent company's financial statements

16.1 Accounts receivable

16.1.1 Disclosure of accounts receivable by aging

Aging	Closing balance	Opening balance
Within one year	865,498,214.79	367,861,082.81
1-2 years	411,708,659.16	299,678,145.63
2-3 years	127,553,964.66	161,889,763.11
3-4 years	78,013,634.51	425,092,933.66
4-5 years	246,640,421.20	162,872,114.79
Over 5 years	163,628,460.18	58,436,097.66
Sub-total	1,893,043,354.50	1,475,830,137.66
Less: provision for bad debts	443,806,526.01	410,106,690.48
Total	1,449,236,828.49	1,065,723,447.18

16.1.2 Disclosure under the methods of provision for bad debts by category

Category	Closing balance				
	Book balance		Provision for bad debts		Book value
	Amount	Proportion (%)	Amount	Proportion of provision (%)	
Provision for bad debts accrued on an individual basis	34,040,696.71	1.8	30,778,246.72	90.42	3,262,449.99
Provision for bad debts accrued on a portfolio basis	1,859,002,657.79	98.2	413,028,279.29	22.22	1,445,974,378.50
Including:					

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Category	Closing balance				
	Book balance		Provision for bad debts		Book value
	Amount	Proportion (%)	Amount	Proportion of provision (%)	
Accounts receivable with the provision for bad debts made on a portfolio with credit risk characteristics	1,859,002,657.79	98.2	413,028,279.29	22.22	1,445,974,378.50
Total	1,893,043,354.50	100	443,806,526.01		1,449,236,828.49

(CONT'D) :

Category	Opening balance				
	Book balance		Provision for bad debts		Book value
	Amount	Proportion (%)	Amount	Proportion of provision (%)	
Provision for bad debts accrued on an individual basis	34,611,838.84	2.35	31,123,738.84	89.92	3,488,100.00
Provision for bad debts accrued on a portfolio basis	1,441,218,298.82	97.65	378,982,951.64	26.30	1,062,235,347.18
Including:					
Accounts receivable with the provision for bad debts made on a portfolio with credit risk characteristics	1,441,218,298.82	97.65	378,982,951.64	26.30	1,062,235,347.18
Total	1,475,830,137.66	100.00	410,106,690.48		1,065,723,447.18

16.1.3 Provision for bad debts accrued on an individual basis

Name	Closing balance			
	Book balance	Provision for bad debts	Proportion of provision (%)	Reason for provision
VIETNAMELECTRICITY	34,040,696.71	30,778,246.72	90.42	Facing capital shortage, expected to be difficult to recover
Total	34,040,696.71	30,778,246.72		

16.1.4 Provision for bad debts accrued on a portfolio basis

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Aging	Closing balance		
	Accounts receivable	Provision for bad debts	Proportion of provision (%)
Within one year	865,498,214.79	43,274,910.75	5
1-2 years	411,708,659.16	41,170,865.91	10
2-3 years	123,794,620.11	24,758,924.02	20
3-4 years	69,912,333.48	27,964,933.39	40
4-5 years	224,460,370.07	112,230,185.04	50
Over 5 years	163,628,460.18	163,628,460.18	100
Total	1,859,002,657.79	413,028,279.29	

16.1.5 Provision, reversal or recovery of provision for bad debts in 2020

Category	Balance as at December 31, 2019	Amount of change in 2020				Balance as at December 31, 2020
		Provision	Recovery or reversal	Write-off or charge-off	Other changes	
Accounts receivable with significant single amount and individual provision for bad debts	31,123,738.84	-345,492.12				30,778,246.72
Accounts receivable with individually insignificant amount and individual provision for bad debt						
Accounts receivable with the provision for bad debts made on a portfolio with credit risk characteristics	378,982,951.64	34,045,327.65				413,028,279.29
Total	410,106,690.48	33,699,835.53				443,806,526.01

16.1.6 Top 5 of accounts receivable as at December 31, 2019, presented by debtor

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Debtor	Book balance	Proportion in the total accounts receivables (%)	Provision for bad debts
Entity 1	136,046,488.91	7.19	8,472,424.45
Entity 2	121,872,989.93	6.44	6,093,649.50
Entity 3	99,496,581.20	5.26	4,974,829.06
Entity 4	94,159,014.00	4.97	41,497,986.00
Entity 5	90,437,400.92	4.78	4,521,870.05
Total	542,012,474.96	28.64	65,560,759.06

16.2 Other receivables

Item	Closing balance	Opening balance
Interest receivable	1,277,718.75	28,462,251.79
Dividends receivable	183,290,406.60	165,142,290.09
Other receivables	104,375,471.95	219,846,077.30
Total	288,943,597.30	413,450,619.18

Note: Other receivables in the above table refer to other receivables after deducting interest receivable and dividend receivable.

16.2.1 Interest receivable

Classification of interest receivable

Item	Closing balance	Opening balance
Time deposits	1,277,718.75	28,462,251.79
Entrusted loan		
Bond investments		
Sub-total	1,277,718.75	28,462,251.79
Less: provision for bad debts		
Total	1,277,718.75	28,462,251.79

16.2.2 Dividends receivable

(1) Details of dividends receivable

Ages	Closing balance	Opening balance
Within one year	51,853,961.87	33,705,845.36
Over one year	131,436,444.73	131,436,444.73

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Ages	Closing balance	Opening balance
Sub-total	183,290,406.60	165,142,290.09
Less: provision for bad debts		
Total	183,290,406.60	165,142,290.09

(2) Significant dividends receivable with aging over one year

Item (or investee)	Balance as at December 31, 2019	Aging	Reason for non-recovery	Whether impairment or not and the judgment basis
Dongfang Electric Machinery Company Limited	131,436,444.73	Over 1 year	Not yet paid	No impairment has occurred, and the operating condition of the investee is good
Total	131,436,444.73			

16.2.3 Other receivables

(1) Disclosure by aging

Ages	Closing balance	Opening balance
Within one year	44,317,270.63	57,425,149.74
1-2 years	15,831,268.85	117,375,071.95
2-3 years	2,334,101.85	4,605,649.27
3-4 years	4,544,141.97	2,034,576.22
4-5 years	1,910,488.89	4,663,759.14
Over 5 years	87,073,665.70	83,082,253.45
Sub-total	156,010,937.89	269,186,459.77
Less: provision for bad debts	51,635,465.94	49,340,382.47
Total	104,375,471.95	219,846,077.30

(2) Disclosure by classification

Category	Closing balance				Book value
	Book balance		Provision for bad debts		
	Amount	Proportion (%)	Amount	Proportion of provision (%)	
Provision for bad debts accrued on an individual basis	76,012,418.66	48.72	11,222,101.79	14.76	64,790,316.87

DONGFANG ELECTRIC CORPORATION LIMITED

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FOR THE YEAR ENDED DECEMBER 31, 2020

Category	Closing balance				
	Book balance		Provision for bad debts		Book value
	Amount	Proportion (%)	Amount	Proportion of provision (%)	
Provision for bad debts accrued on a portfolio basis	79,998,519.23	51.28	40,413,364.15	50.52	39,585,155.08
Including:					
Other accounts receivable with the provision for bad debts made on a portfolio with credit risk characteristics	79,998,519.23	51.28	40,413,364.15	50.52	39,585,155.08
Total	156,010,937.89	100.00	51,635,465.94		104,375,471.95

(CONT'D) :

Category	Opening balance				
	Book balance		Provision for bad debts		Book value
	Amount	Proportion (%)	Amount	Proportion of provision (%)	
Provision for bad debts accrued on an individual basis	190,243,800.33	70.67	10,701,495.03	5.63	179,542,305.30
Provision for bad debts accrued on a portfolio basis	78,942,659.44	29.33	38,638,887.44	48.95	40,303,772.00
Including:					
Other accounts receivable with the provision for bad debts made on a portfolio with credit risk characteristics	78,942,659.44	29.33	38,638,887.44	48.95	40,303,772.00
Total	269,186,459.77	100.00	49,340,382.47		219,846,077.30

(3) Provision for bad debts accrued on an individual basis

Entity name	Closing balance			
	Book balance	Provision for bad debts	Proportion of provision (%)	Reason for provision
Entity 1	11,222,101.79	11,222,101.79	100.00	Bankruptcy liquidation
Entity 2	7,399,051.80			There is no bad debt risk for prepaid field

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Entity name	Closing balance			
	Book balance	Provision for bad debts	Proportion of provision (%)	Reason for provision
				expenses
Entity 3	13,091,265.07			There is no bad debt risk for prepaid field expenses
Entity 4	44,300,000.00			subsidiary is expected to have a lower recovery risk
Total	76,012,418.66	11,222,101.79		

(4)Provision for bad debts accrued on a portfolio basis

Ages	Closing balance		
	Book balance	Provision for bad debts	Proportion of provision (%)
Within one year	23,826,953.76	1,191,347.66	5.00
1-2 years	15,831,268.85	1,583,126.89	10.00
2-3 years	2,022,965.11	404,593.03	20.00
3-4 years	931,107.60	372,443.03	40.00
4-5 years	1,048,740.78	524,370.41	50.00
Over 5 years	36,337,483.13	36,337,483.13	100.00
Total	79,998,519.23	40,413,364.15	

(5)Provision for bad debts

Provision for bad debts	Phase 1	Phase 2	Phase 3	Total
	Expected credit losses in the next 12 months	Expected credit losses for the entire duration (no credit impairment)	Expected credit losses for the entire duration (credit impairment)	
Balance as at December 31, 2019	38,638,887.44	0.00	10,701,495.03	49,340,382.47
In 2020, balance as at December 31, 2019				
- Transfer to Phase 2				
- Transfer to Phase 3				

DONGFANG ELECTRIC CORPORATION LIMITED

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	Phase 1	Phase 2	Phase 3	Total
Provision for bad debts	Expected credit losses in the next 12 months	Expected credit losses for the entire duration (no credit impairment)	Expected credit losses for the entire duration (credit impairment)	
- Reversal from Phase 2				
- Reversal from Phase 1				
Provision in 2020	1,774,476.71		520,606.76	2,295,083.47
Reversal in 2020				
Write-off in 2020				
Charge-off in 2020				
Other changes				
Balance as at December 31, 2020	40,413,364.15		11,222,101.79	51,635,465.94

(6) Top 5 of other receivables as at December 31, 2019, presented by debtor

Debtor	Nature of payment	Book balance	Aging	Proportion in total other receivables (%)	Provision for bad debts
Entity 1	Investment fund	44,300,000.00	Over 5 years	28.40	-
Entity 2	Advances	30,583,834.96	1-5year	19.60	29,340,539.01
Entity 3	Others	13,091,265.07	Within one year	8.39	
Entity 4	Others	11,222,101.79	2-5year	7.19	11,222,101.79
Entity 5	Reserve fund	6,288,786.10	1-5year	4.03	1,433,720.00
Total		112,885,039.72		59.22	41,996,360.80

16.3 Long-term equity investments

Item	Closing balance			Opening balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Investments in subsidiaries	21,587,193,911.79		21,587,193,911.79	21,305,332,381.79		21,305,332,381.79

DONGFANG ELECTRIC CORPORATION LIMITED

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FOR THE YEAR ENDED DECEMBER 31, 2020

Item	Closing balance			Opening balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Investments in associates	726,601,178.75		726,601,178.75	666,330,045.24		666,330,045.24
Investments in joint ventures	196,943,910.43		196,943,910.43	197,683,241.32		197,683,241.32
Total	22,510,739,000.97		22,510,739,000.97	22,169,345,668.35		22,169,345,668.35

16.3.1 Investments in subsidiaries

Investee	Initial investment cost	Balance as at December 31, 2019	Increase in 2020	Decrease in 2020	Balance as at December 31, 2020	Provision for impairment in 2020	Balance of provision for impairment as at December 31, 2020
Dongfang International	1,409,966,967.29	1,409,966,967.29			1,409,966,967.29		
Dongfang Finance	2,867,031,546.59	2,867,031,546.59			2,867,031,546.59		
Dongfang Heavy Machinery	155,787,400.00	589,459,392.37			589,459,392.37		
Dongfang Turbine	2,542,003,999.71	6,010,766,999.71			6,010,766,999.71		
Dongfang Machinery	2,000,000,000.00	3,164,000,000.00			3,164,000,000.00		
DongFang Boiler	1,591,511,223.83	5,192,395,417.83			5,192,395,417.83		
DongFang (India)	7,999,200.00	129,504,712.22			129,504,712.22		
Dongfang (Wuhan) Nuclear Equipmen	131,560,000.00	232,060,000.00			232,060,000.00		

DONGFANG ELECTRIC CORPORATION LIMITED

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FOR THE YEAR ENDED DECEMBER 31, 2020

Investee	Initial investment cost	Balance as at December 31, 2019	Increase in 2020	Decrease in 2020	Balance as at December 31, 2020	Provision for impairment in 2020	Balance of provision for impairment as at December 31, 2020
Dongfang Materials	110,805,368.69	259,061,568.69	150,000,000.00		409,061,568.69		
Dongfang Auto Control	46,036,083.55	394,083,121.44			394,083,121.44		
Dongfang Wind Power	370,000,000.00	1,007,437,000.00			1,007,437,000.00		
Dongfang Hydrogen Fuel Cell Technology	8,445,843.46	38,445,843.46	71,861,530.00		110,307,373.46		
Science and Technology Institute of Dongfang	11,119,812.19	11,119,812.19	60,000,000.00		71,119,812.19		
Total	11,252,267,445.31	21,305,332,381.79	281,861,530.00		21,587,193,911.79		

16.3.2 Investments in associates and joint ventures

Investee	Balance as at December 31, 2019	Increase/decrease in 2020			
		Additional investment	Decrease in investment	Profit or loss on investments recognized by the equity method	Adjustment to other comprehensive income
1. Joint ventures					
Dongfang Framatome	197,683,241.32			21,636,060.42	
Sub-total	197,683,241.32			21,636,060.42	
2. Associates					
Sichuan Energy Wind Power	377,037,984.14	16,600,000.00		71,941,747.05	
Huadian Longkou Wind Power	69,411,440.90			7,225,737.74	
China United Heavy Gas Turbine Technology	131,727,987.41			-3,148.88	
Hongnijing Wind Power	24,089,758.61			1,473,200.46	

DONGFANG ELECTRIC CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

Investee	Balance as at December 31, 2019	Increase/decrease in 2020			
		Additional investment	Decrease in investment	Profit or loss on investments recognized by the equity method	Adjustment to other comprehensive income
Sanshengtai Wind Power	20,507,393.99			474,771.36	
Ulan New Energy	43,555,480.19			2,941,348.94	
Sub-total	666,330,045.24	16,600,000.00		84,053,656.67	
Total	864,013,286.56	16,600,000.00		105,689,717.09	

(CONT'D) :

Investee	Increase/decrease in 2020				Balance as at December 31, 2020	Balance of provision for impairment as at December 31, 2020
	Other changes in equities	Cash dividends or profits declared to be distributed	Provision for impairment	Others		
1. Joint ventures						
Dongfang Framatome		-22,375,391.31			196,943,910.43	
Sub-total		-22,375,391.31			196,943,910.43	
2. Associates						
Sichuan Energy Wind Power		-6,288,567.98			459,291,163.21	
Huadian Longkou Wind Power		-19,787,607.31			56,849,571.33	
China United Heavy Gas Turbine Technology					131,724,838.53	
Hongnijing Wind Power		-7,017,408.83			18,545,550.24	
Sanshengtai Wind Power		-3,460,131.28			17,522,034.07	
Ulan New Energy		-3,828,807.76			42,668,021.37	
Sub-total		-40,382,523.16			726,601,178.75	
Total		-62,757,914.47			923,545,089.18	

16.4 Operating revenue and operating costs

DONGFANG ELECTRIC CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

Item	Year 2020		Year 2019	
	Revenue	Cost	Revenue	Cost
Primary business	10,336,226,766.70	9,893,126,234.83	9,863,997,325.95	9,567,599,595.17
Other business	14,733,438.68	7,782,155.47	5,761,975.02	2,520,960.63
Total	10,350,960,205.38	9,900,908,390.30	9,869,759,300.97	9,570,120,555.80

16.5 Investment income

Source of investment income	Year 2020	Year 2019
Income from long-term equity investments calculated under cost method	105,689,717.09	106,354,621.73
Income from long-term equity investments calculated under equity method	536,342,862.07	312,310,167.95
Investment income from disposal of long-term equity investments		66,615,443.14
Investment income from financial assets held for trading during the holding period	10,971,966.90	8,661,005.70
Investment income from disposal of held for trading	4,929,828.20	
Others	1,640,094.34	1,292,898.32
Total	659,574,468.60	495,234,136.84

16.6 Cash flows

16.6 .1 Net profit adjusted to cash flows from operating activities

Supplementary information	Year 2020	Year 2019
1. Net profit adjusted to cash flows from operating activities		
Net profit	656,304,668.36	359,018,076.48
Plus: losses from credit impairment	-88,826,099.03	-84,148,530.96
Provision for asset impairment	35,994,918.99	87,529,697.17
Depreciation of investment properties and fixed assets	9,490,132.56	12,390,436.82
Depreciation of right-of-use assets	24,871,675.65	26,154,050.42

DONGFANG ELECTRIC CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

Supplementary information	Year 2020	Year 2019
Amortization of intangible assets	90,381,160.43	
Amortization of long-term deferred expenses		
Losses on disposal of fixed assets, intangible assets and other long-term assets ("- " for income)	-39,704,946.67	-40,333.98
Losses from scrapping of fixed assets ("- " for income)	69,514.39	
Losses from changes in fair value ("- " for income)	88,906,106.70	138,417,677.60
Financial expenses ("- " for income)	-54,136,380.24	-21,822,232.02
Investment losses ("- " for income)	-659,574,468.60	-495,234,136.84
Decreases in deferred income tax assets ("- " for increases)	12,943,765.39	14,262,980.79
Increases in deferred income tax liabilities ("- " for decreases)		-7,035,254.75
Decreases in inventories ("- " for increases)	262,807,806.26	-577,843,437.69
Decreases in Contract assets ("- " for increases)	100,894,317.46	
Decreases in operating receivables ("- " for increases)	-92,068,079.33	2,221,906,499.13
Increases in operating payables ("- " for decreases)	-131,906,990.96	-3,927,812,920.48
Others		
Net cash flows from operating activities	216,447,101.36	-2,254,257,428.31
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 acquired under financing lease		
3. Net changes in cash and cash equivalents		
Ending balance of cash	5,164,577,904.92	5,490,732,223.57
Less: beginning balance of cash	5,490,732,223.57	8,033,458,852.09
Plus: ending balance of cash equivalents		

DONGFANG ELECTRIC CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

Supplementary information	Year 2020	Year 2019
Less: beginning balance of cash equivalents		
Net increase in cash and cash equivalents	-326,154,318.65	-2,542,726,628.52

16.6 .2 Breakdown of cash and cash equivalents

Item	Year 2020	Year 2019
I. Cash	5,164,577,904.92	5,490,732,224.27
Including: cash on hand	1,152,766.55	1,282,948.32
Unrestricted bank deposit	5,088,429,264.64	5,436,880,170.32
Other unrestricted cash and cash equivalents	74,995,873.73	52,569,105.63
Unrestricted deposits in central bank		
Deposits in banks and other financial institutions		
Loans to banks and other financial institutions		
II. Cash equivalents		
Including: bond investments maturing within three months		
III. Ending balance of cash and cash equivalents	5,164,577,904.92	5,490,732,224.27
Including: cash and cash equivalents restricted for use by the parent company or subsidiaries in the Group		

17、 Supplementary information

17.1 Breakdown of non-recurring profit or loss in 2019

Item	Amount	Note
Profit or loss from disposal of non-current assets	4,983,963.29	
Tax returns, deduction and exemption approved beyond the authority or without official approval documents		
Government grants included in the current profit or loss (except for government grants closely related to the enterprise business, or obtained by quota or quantity at unified state standards)	174,108,896.61	
Expenses for using funds charged from non-financial enterprises and included in the current profit or loss		

DONGFANG ELECTRIC CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

Item	Amount	Note
Gains from the difference between the investment costs of acquisition of subsidiaries, associates and joint ventures and share in the net fair value of the identifiable assets of the investee when investing		
Gains or losses from non-monetary asset exchange		
Gains or losses from entrusting the investments or management of asset		
Impairment provision for force majeure such as natural calamities		
Gains or losses from debt restructuring	24,050,437.61	
Restructure expenses, such as the compensation for employee relocation and integration costs		
Profit or loss on transactions made at unfair transaction price in excess of their fair value		
Current net gains and losses of the subsidiaries from enterprise merger under the same control from the beginning of the period to the merger date		
Profit or loss on contingent matter irrelevant to normal business operation of the Company		
Except for effective hedging business related to the normal business of the company, profits or losses from fair value changes in financial assets held for trading, derivative financial assets, financial liabilities held for trading and 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 creditor's right investments	-36,828,948.95	
Reversal of provision for impairment of receivables and contract assets subject to separate impairment test	255,791,538.71	
Profits or losses from entrusted loans		
Profits or losses on changes in fair value of investment property subsequently measured by adopting the fair value mode		
Impact on the current profit or loss due to one-off adjustment thereon according to requirements of laws and regulations on taxation or accounting		
Custodian income from entrusted management		
Other non-operating revenue and expenses except for the above-mentioned items	-89,681,731.03	
Other items of gains and losses subject to the definition of non-recurring gains and losses		
Affected amount of income tax	-27,145,318.61	
Affected amount of minority equity (after tax)	26,484,311.93	
Total	333,085,162.92	

17.2 Rate of return on net assets and earnings per share

DONGFANG ELECTRIC CORPORATION LIMITED

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Profit during the reporting period	Weighted average return on net assets (%)	Earnings per share (RMB)	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to ordinary shareholders of the Company	6.19	0.60	0.60
Net profit attributable to ordinary shareholders of the Company after deducting the non-recurring gains and losses	5.08	0.49	0.49

Dongfang Electric Corporation Limited

March 30, 2021