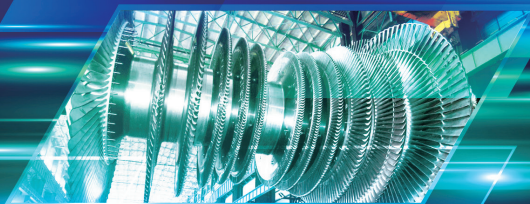




东方电气  
DONGFANG ELECTRIC

DONGFANG ELECTRIC CORPORATION LIMITED

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



2021

INTERIM REPORT

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## DOCUMENTS AVAILABLE FOR INSPECTION

Copy of the 2021 Interim Report signed by the Chairman of the Company

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

All copies of the Company's documents and original draft of the announcements publicly disclosed during the Reporting Period



## I. DEFINITIONS

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

### Definitions of Frequently Used Terms

Dongfang Electric, Company, the Company	Dongfang Electric Corporation Limited
Controlling Shareholder, DEC	Dongfang Electric Corporation
CSRC	China Securities Regulatory Commission
Reporting Period or the Period	From 1 January 2021 to 30 June 2021
SSE	Shanghai Stock Exchange
Hong Kong Stock Exchange, Stock Exchange	The Stock Exchange of Hong Kong Limited
RMB, RMB0'000, RMB100 million	Renminbi Yuan, Renminbi 0'000, Renminbi 100 million

## II. COMPANY PROFILE AND MAJOR FINANCIAL INDICATORS

### I. Company Information

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

### II. Contact Persons and Methods

	<b>Secretary to the Board of Directors</b>	<b>Representative of securities affairs</b>
Name	Gong Dan	Liu Zhi
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	028-87583550
Fax	028-87583333	028-87583333
E-mail	dsb@dongfang.com	dsb@dongfang.com

## II. COMPANY PROFILE AND MAJOR FINANCIAL INDICATORS (CONTINUED)

### III. Change of Basic Information

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

### IV. Change of Information Disclosure and Places for Inspection for Relevant Documents

Newspapers designated for disclosure of the Company's information	China Securities Journal and Shanghai Securities News
Website designated by the CSRC for publication of the Company's interim report	<a href="http://www.sse.com.cn">www.sse.com.cn</a>
Website designated by the Stock Exchange for publication of the Company's interim report	<a href="http://www.hkexnews.hk">www.hkexnews.hk</a>
Place where the Company's interim report is available for inspection	Office of the Board of the Company
Reference index for changes during the Reporting Period	Not applicable

## II. COMPANY PROFILE AND MAJOR FINANCIAL INDICATORS (CONTINUED)

### V. Company's Share Information

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

### VI. Major Accounting Data and Financial Indicators

#### (I) Major accounting data

Unit: Yuan Currency: RMB

Major accounting data	For the six months ended 30 June 2021 (Unaudited)	For the six months ended 30 June 2020 (Unaudited)	Increase/decrease for the Reporting Period compared to the corresponding period of the previous year (%)
Total operating income	22,737,085,561.92	17,752,970,500.73	28.07
Operating income	22,213,283,866.86	17,220,493,375.80	28.99
Net profit attributable to shareholders of the parent company	1,348,252,556.66	954,371,842.93	41.27
Net profit after non-recurring profit and loss attributable to shareholders of the parent company	1,227,690,947.47	982,498,415.86	24.96
Net cash flow from operating activities	(4,662,670,603.55)	972,054,379.41	N/A

## II. COMPANY PROFILE AND MAJOR FINANCIAL INDICATORS (CONTINUED)

### VI. Major Accounting Data and Financial Indicators (Continued)

#### (I) Major accounting data (Continued)

	As at 30 June 2021 (Unaudited)	As at 31 December 2020 (Audited)	Increase/decrease for the end of the Reporting Period compared to the end of the previous year (%)
Net assets attributable to shareholders of the parent company	31,707,614,049.91	30,907,668,527.78	2.59
Total assets	99,508,049,099.66	97,795,137,769.16	1.75

#### (II) Major financial indicators

Unit: Yuan Currency: RMB

Major accounting indicators	For the six months ended 30 June 2021 (Unaudited)	For the six months ended 30 June 2020 (Unaudited)	Increase/decrease for the Reporting Period compared to the corresponding period of the previous year (%)
Basic earnings per share <i>(RMB/share)</i>	0.43	0.31	38.71
Diluted earnings per share <i>(RMB/share)</i>	0.43	0.31	38.71
Basic earnings per share after non- recurring profit and loss <i>(RMB/share)</i>	0.39	0.32	21.88
Weighted average return on net assets (%)	4.27	3.19	Increased by 1.08 percentage point
Weighted average return on net assets after non-recurring profit and loss (%)	3.89	3.28	Increased by 0.61 percentage point

## II. COMPANY PROFILE AND MAJOR FINANCIAL INDICATORS (CONTINUED)

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

Unit: Yuan Currency: RMB

<u>Items of Non-recurring Profit or Loss</u>	<u>Amount</u>	<u>Note (if applicable)</u>
Gain or loss on disposal of non-current assets	226,957,476.28	
Government subsidies recognized in current period's profit or loss, except continuous government subsidies closely related to the Company's general business, in accordance with state policy, and with fixed amounts or fixed quantities	55,840,841.50	
Gains or losses of debt restructure	672,375.21	
Gain/(Loss) on changes in the fair value of financial assets held for trading, derivative financial assets, financial liabilities held for trading, derivative financial liabilities and investment income from disposal of financial assets held for trading, derivative financial assets, financial liabilities held for trading, derivative financial liabilities and other debts investments, other than the effective hedging business related to the Company's general business	(21,082,270.02)	
Reversal of provision on receivable and contract assets impairment individually conducted impairment test	71,898,550.87	
Other non-operating income and expenses other than the above mentioned items	(4,999,326.03)	
Other profit and loss items falling within the definition of non-recurring profit or loss	(171,730,451.97)	
Impacted amount in non-controlling shareholders' equity	(11,861,369.16)	
Impacted amount in income tax	(25,134,217.49)	
<b>Total</b>	<b><u>120,561,609.19</u></b>	



### **III. MANAGEMENT DISCUSSION AND ANALYSIS**

#### **I. The Company's Industry and Principal Business 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 power. 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 has production volume of power generation equipment ranking among the best in the world for several consecutive years, has power generation equipment and service business covering nearly 80 countries and regions around the world, and has strong competitiveness and influence in the field of power generation equipment.

### III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

#### I. The Company's Industry and Principal Business during the Reporting Period (Continued)

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 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 leading level. Our 10MW class offshore wind turbine has reached leading level in China. The Company has built a fuel cell product system with fully independent intellectual property rights, and has formed a comprehensive overall solution for all hydrogen acquisition, hydrogen storage, hydrogen filling and hydrogen use.

In the first half of 2021, China's economy recovered continuously and stably, and domestic electricity demand has maintained a relatively rapid growth. In the first half of the year, the electricity consumption in the PRC increased by 16.2% over the corresponding period of previous year, and the average growth rate for past two years was 7.6%, both of which were higher than the GDP growth rate. In the first half of the year, the power investment in China also maintained continuous increase. According to the statistics from the China Electricity Council, during the Period from January to June 2021, the power generation projects of major power enterprises in China completed an investment of RMB189.3 billion, representing a year-on-year increase of 8.9%, among which, the year-on-year of investment completed for each of nuclear power, thermal power and hydropower exceeded 10%, while that of wind power was slightly lower than the previous year. In general, the market demand for the energy equipment industry remained strong.

### **III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)**

#### **II. Analysis of Core Competitiveness during the Reporting Period**

Based on the development, design, manufacture and sales of large-scale energy equipment, the Company has created an industrial pattern where six power generations, namely “hydropower, thermal power, nuclear power, wind power, steam power and solar power generation”, are operated in parallel, and five businesses, namely the high-efficient clean energy equipment business, the renewable energy equipment business, the engineering and trade business, the modern manufacturing services business and the emerging growth business, are simultaneously developed in a coordinated way. The Company has the advantages of strong technological innovation capability, complete product structure, remarkable market expansion capability, high-quality workforce and strong corporate brand influence. During the Reporting Period, there was no significant change in the core competitiveness of the Company.

#### **III. Discussion and Analysis of Operations**

During the Reporting Period, based on the new development stage, the Company implemented new development concepts and adapted to the new development pattern, thus clarifying the direction and targets of operation and development, and made every effort to stabilize growth, safeguard delivery, promote transformation and control risks under plans and guidance, and thereby its high-quality development has been further consolidated and enhanced.

### III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

#### III. Discussion and Analysis of Operations (Continued)

##### 1. Continuous improvement in development quality and efficiency during the Reporting Period

In the first half of 2021, the Company recorded a total operating income of RMB22,737 million, representing an increase of 28.07% as compared with the same period of the previous year; total profit of RMB1,629 million, representing an increase of 41.74% as compared with the same period of the previous year; and new effective orders amounting to RMB34,392 million, representing an increase of 32.85% as compared with the same period of the previous year; and achieved earnings per share of RMB0.43. Production output of power generation equipment rose significantly. In the first half of 2021, the Company produced power generation equipment with total capacity of 18,956.4 MW, representing an increase of 51.72% as compared with the same period of the previous year, of which hydro-electric turbine generator accounted for 5,065.5 MW, up by 11.81% as compared with the same period of the previous year; steam turbine generators accounted for 12,375 MW, up by 75.08% as compared with the same period of the previous year; wind turbine generator accounted for 1,515.9 MW, up by 69.13% as compared with the same period of the previous year; power station boilers accounted for 11,260 MW, up by 84.85% as compared with the same period of the previous year; and power station steam turbines accounted for 9,374 MW, up by 127.39% as compared with the same period of the previous year. As of April this year, the Company has completed power generation equipment with accumulated capacity of 600,000 MW, and thus become the first domestic power equipment company which managed to exceed this benchmark.

### III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

#### III. Discussion and Analysis of Operations (Continued)

##### 2. Continuous promotion of industrial transformation

In accordance with the goals of peak carbon emissions and carbon neutrality (“Dual Carbon”), the Company carried out timely research on the direction of and strategy for industrial development, and systematically conducted multiple rounds of surveys on multiple enterprises in multiple regions, further identifying the direction of and implementation measures for industrial development. The construction of the Dongfang Hydrogen Energy Industrial Park in Pidu District, Chengdu and the new energy equipment manufacture base in Tongyu County, Baicheng City officially commenced, marking accelerated progress in the layout for industrial development. During the Reporting Period, incomes from the high-efficient clean power generation equipment, the renewable energy equipment, the modern manufacturing services business, the engineering and trade and the emerging growth business accounted for 27.22%, 34.62%, 10.40%, 11.33% and 16.43% of total operating income, respectively. The industrial structure has become more reasonable, and initial results have been achieved in the green and low-carbon transformation.

### III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

#### III. Discussion and Analysis of Operations (Continued)

##### 3. Breakthrough made in scientific and technological innovation

Focusing on the key core technologies, the Company actively coordinated and implemented important national scientific projects and major projects, and concentrated its superior resources on orderly carrying out crucial research and development of major projects, achieving a series of important results. The million-kilowatt hydropower unit in Baihetan with the world's largest single-unit capacity was successfully connected to the grid for power generation, with excellent performance in terms of various parameters. The pumped storage unit in Changlongshan with the highest water head at home was put into commercial operation and received praise from experts in the industry. "HPR1000 (華龍一號)", the first global reactor demo project, the main equipment of which was provided by the Company, was successfully launched initially in the world and connected to the grid for power generation. The Company set three records in its wind power products with the largest size on the sea, the largest size on land and the highest stand altitude, achieved mass delivery of the 10MW offshore wind turbine units with the largest and the second largest single-unit capacity in Asia and in the world, respectively, had the 6MW onshore wind turbine units with the largest single-unit capacity at home be connected to the grid, and successfully installed, by way of hoisting, the distributed 2.5MW wind power units in Zhegu, Comai County, Tibet with the highest stand altitude in the world (5,050 meters).

### III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

#### III. Discussion and Analysis of Operations (Continued)

##### 4. Continuous improvement in management level

The Company promoted the in-depth integration between comprehensive budget management and economic operation analysis, and earnestly took special action to improve quality and efficiency with “three reductions and two promotions (三降兩提高)” as the starting point. The Company fully carried out target cost management, and promoted lean cost management by type. Subsidiaries conducted pilot extension of accounting units to workshops, teams and employees, and initiated cost control along the entire value chain, introduced experience in excellent corporate management and incorporated all effective projects into target cost control. The Company conducted for the first time the evaluation of the maturity of quality culture development and was recognized and praised by the China Association for Quality and the quality awareness of all employees has been further enhanced. In the first half of the year, 0 major quality accident/major quality management issue and 0 major customer complaint were recorded. The Company implemented regular identification and dynamic management and control of major risks for the year, and continued check for risks of overseas projects, effectively improving the level of risk prevention and control.

### III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

#### IV. Main Operation during the Reporting Period

During the Reporting Period, the Company recorded a total operating revenue of RMB22,737 million, representing an increase of 28.07% as compared with the same period of last year; net profit attributable to the shareholders of the Company of RMB1,348 million, representing an increase of 41.27% 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 RMB1,228 million, representing an increase of 24.96% year on year; achieved earnings per share of RMB0.43.

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

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

Unit: Yuan Currency: RMB

Item	For the six months ended 30 June 2021 (Unaudited)	For the six months ended 30 June 2020 (Unaudited)	Change (%)
Operating revenue	22,213,283,866.86	17,220,493,375.80	28.99
Operating cost	18,209,818,438.64	13,952,748,578.34	30.51
Selling expenses	649,498,860.65	365,245,712.90	77.83
Administrative expenses	1,221,241,346.31	1,032,305,007.66	18.30
Finance costs	1,514,006.39	(36,446,341.50)	N/A
R&D expenses	1,034,076,117.49	882,438,413.90	17.18
Net cash flows from operating activities	(4,662,670,603.55)	972,054,379.41	N/A
Net cash flows from investing activities	4,014,006,063.67	(2,105,228,811.78)	N/A
Net cash flows from financing activities	(4,369,039.43)	(38,488,150.78)	N/A



### III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

#### IV. Main Operation during the Reporting Period (Continued)

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

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

1. The operating revenue for the Period increased by 28.99% from the same period of the previous year, mainly due to the increase of 267.62% in wind power segment, and the increase of 76.25% in environmental friendly products.
2. The operating costs for the Period increased by 30.51% from the same period of the previous year, mainly due to the corresponding increase in operating costs as a result of the increase in sales volume.
3. The selling expenses for the Period increased by 77.83% from the same period of the previous year, mainly due to the increase in provisions made for quality warranty based on income proportion during the Period.
4. The administrative expenses for the Period increased by 18.30% from the same period of the previous year, mainly due to the increase in provisions for the termination benefits resulted by the reform of enterprises with mixed ownership during the Period.
5. The increase in finance costs for the Period as compared with the same period of the previous year was mainly due to the increase in net foreign exchange losses during the Period.

### III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

#### IV. Main Operation during the Reporting Period (Continued)

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

1. *Analysis of changes in certain items in the financial statements (Continued)*
6. The R&D expenses for the Period increased by 17.18% from the same period of the previous year, mainly due to the increase in the research and development investment in key projects during the Period.
7. The decrease in net cash flows from operating activities for the Period as compared with the same period of the previous year was mainly due to the increase in procurement expenses for production and operation of the Company.
8. The increase in cash flows from investing activities for the Period as compared with the same period of the previous year was mainly due to the year-on-year increase in the investment inflow of the bank's wealth management products of DEC Finance of the Company during the Period.
9. The increase in cash flows from financing activities for the Period as compared with the same period of the previous year was mainly due to the increase in cash received from capital injection during the Period as compared with the same period of the previous year.

### III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

#### IV. Main Operation during the Reporting Period (Continued)

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

##### 2. Analysis of operations by industry, product or region

##### 1. Total operating revenue by industry and product

By product	Revenue	Cost	Gross profit margin (%)	Year-on-year	Year-on-year	Year-on-year
				increase/ decrease in revenue (%)	increase/ decrease in cost (%)	increase/ decrease in gross profit margin (%)
<b>By industry</b>						
High-efficient clean energy equipment	6,190,243,009.80	4,873,809,215.00	21.27	-26.79	-29.96	3.57
Renewable energy equipment	7,871,218,877.06	6,859,524,015.65	12.85	145.94	148.56	-0.92
Engineering and trade	2,575,811,954.05	2,124,922,587.05	17.50	16.56	24.45	-5.23
Modern manufacturing services business	2,364,855,456.57	1,376,188,812.50	41.81	19.90	44.19	-9.80
Emerging growth business	3,734,956,264.44	3,032,740,395.36	18.80	95.06	87.23	3.40

### III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

#### IV. Main Operation during the Reporting Period (Continued)

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

##### 2. *Analysis of operations by industry, product or region (Continued)*

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

(1) The Company sought for restructuring and upgrading proactively, optimized the allocation of resources and improved its quality control level continuously, realizing varying level of income growth in other main products except for gas turbine, thermal power and engineering, which recorded a decrease in revenue. Total operating revenue increased year-on-year by 28.07% during the Period.

(2) The operating revenue from high-efficiency clean energy equipment decreased year-on-year by 26.79%, mainly due to a decrease in the scale of sales of thermal power and gas turbine products during the Period. The gross profit margin of high-efficiency clean energy equipment increased year-on-year by 3.57 percentage points, mainly due to the change in structure of projects during the Period.

### III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

#### IV. Main Operation during the Reporting Period (Continued)

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

##### 2. *Analysis of operations by industry, product or region (Continued)*

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

- (3) The revenue from renewable energy equipment for the Period increased year-on-year by 145.94%, mainly due to the year-on-year increase of 267.62% in revenue from wind power products. The gross profit margin of renewable energy equipment for the Period remained basically steady as compared with the corresponding period of last year.
- (4) The operating revenue from engineering and trade increased year-on-year by 16.56%, mainly due to the year-on-year increase in revenue from trade. The gross profit margin of engineering and trade decreased year-on-year by 5.23 percentage points during the Period, mainly due to the decrease in the gross profit margin of engineering business.
- (5) The operating revenue from modern manufacturing services business increased year-on-year by 19.90%, mainly due to the year-on-year growth in power plant services. The gross profit margin of modern manufacturing services decreased year-on-year by 9.80 percentage points, mainly due to the year-on-year decrease in the gross profit margin of power plant services.

### III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

#### IV. Main Operation during the Reporting Period (Continued)

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

##### 2. Analysis of operations by industry, product or region (Continued)

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

- (6) The operating revenue from emerging growth business increased year-on-year by 95.06%, mainly due to the year-on-year growth in revenue from environmental protection products and energy saving products. The gross profit margin of emerging growth business for the Period increased by 3.40 percentage points as compared with the corresponding period of last year, mainly due to the higher gross profit of certain new products during the Period.

##### 2. Total operating revenue by region

*Unit: Yuan Currency: RMB*

Region	Total operating revenue	Year-on-year increase/decrease in operating revenue
Domestic	20,863,165,235.69	35.16%
Overseas	1,873,920,326.23	-19.12%
Total	22,737,085,561.92	28.07%

### III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

#### IV. Main Operation during the Reporting Period (Continued)

##### (II) Analysis on Assets and Liabilities

##### 1. Assets and liabilities

Unit: Yuan Currency: RMB

Item	30 June 2021	Percentage	31 December 2020	Percentage	Change in proportion of balance at the end of the current period compared with the same period of the end of the prior period (%)	Explanation (See note below)
		in total assets (%)		in total assets (%)		
Cash and cash equivalents	25,798,893,048.69	25.93	26,686,232,240.60	27.29	-3.33	(1)
Accounts receivable	8,096,609,999.12	8.14	7,526,238,208.54	7.70	7.58	(2)
Inventories	17,394,648,933.48	17.48	15,609,854,069.57	15.96	11.43	(3)
Contract assets	9,482,084,562.18	9.53	6,527,930,416.19	6.68	45.25	(4)
Investment properties	148,832,100.31	0.15	162,966,524.20	0.17	-8.67	(5)
Long-term equity investments	2,143,149,384.72	2.15	1,775,770,115.49	1.82	20.69	(6)
Fixed assets	4,861,865,225.55	4.89	5,242,562,925.69	5.36	-7.26	(7)
Constructions in process	237,340,275.39	0.24	204,474,620.89	0.21	16.07	(8)
Right-of-use assets	99,168,270.63	0.10	164,993,842.35	0.17	-39.90	(9)
Short-term borrowings	317,650,000.00	0.32	297,980,000.00	0.30	6.60	(10)
Contract liabilities	27,520,545,947.24	27.66	28,922,353,784.79	29.57	-4.85	(11)
Long-term borrowings	705,770,979.40	0.71	719,350,539.48	0.74	-1.89	(12)
Lease liabilities	28,253,838.16	0.03	27,531,905.94	0.03	2.62	(13)

### III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

#### IV. Main Operation during the Reporting Period (Continued)

##### (II) Analysis on Assets and Liabilities (Continued)

###### 1. Assets and liabilities (Continued)

1. The decrease in cash and cash equivalents at the end of the Period was mainly due to the increase in procurement expenses for production and operation.
2. The increase in accounts receivable at the end of the Period was mainly due to the increase in sales.
3. The increase in inventories at the end of the Period was mainly due to the increase in production and operation reserves.
4. The increase in contract assets at the end of the Period was mainly due to the increase in completed but not settled projects assets during the Period.
5. The decrease in investment properties at the end of the Period was mainly due to the decrease in the leasing of buildings and structures for lease during the Reporting Period.
6. The increase in long-term equity investments at the end of the Period was mainly due to the increase of investment of RMB336 million in Deyang Guangda Dongqi New Material Co., Ltd. (德陽廣大東汽新材料有限公司).



### III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

#### IV. Main Operation during the Reporting Period (Continued)

##### (II) Analysis on Assets and Liabilities (Continued)

1. *Assets and liabilities (Continued)*
  7. The decrease in fixed assets at the end of the Period was mainly due to the disposal of certain buildings and structures and machinery and equipment resulted from the reform of enterprises with mixed ownership during the Period.
  8. The increase in construction in progress at the end of the Period was mainly due to the increase of investments during the Period.
  9. The decrease in right-of-use assets at the end of the Period was mainly due to the provision for impairment of right-of-use assets during the Period.
  10. The increase in short-term borrowings at the end of the Period was mainly due to the increase in bank borrowings.
  11. The decrease in contract liabilities at the end of the Period was mainly due to the settlement of contracts during the Period.
  12. The decrease in long-term borrowings at the end of the Period was mainly due to the repayment of certain borrowings.

### III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

#### IV. Main Operation during the Reporting Period (Continued)

##### (II) Analysis on Assets and Liabilities (Continued)

###### 1. Assets and liabilities (Continued)

13. The increase in lease liabilities at the end of the Period was mainly due to the increase in the leasing of machinery and equipment.

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

Among cash and cash equivalents of the Group for the end of the year, restricted cash and cash equivalents totaled RMB2,226,703,311.60, which represented statutory deposit reserve with central bank from DEC Finance Co., Ltd. security deposit for letter of credit, security deposit for bank acceptance bills and performance guarantee deposits.

###### 3. Gearing ratio

Item	Amount at the end of the Period	Amount at the beginning of the year	Year-on-year decrease <i>(percentage point)</i>
Gearing ratio (%)	65.28	65.60	0.32

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

The gearing ratio of the Group was 65.28% at the end of the Period, representing a decrease of 0.32 percentage point as compared with the beginning of the year. The risk relating to the asset structure of the Company is in a controllable state.

### III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

#### IV. Main Operation during the Reporting Period (Continued)

##### (III) Analysis of Investment

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

During the Reporting Period, the Company's long-term equity investment increased by 20.69% from the beginning of the Period. Major investment projects in the first half of 2021 included the Chengdu (Pidu) Hydrogen Energy Industrial Park Project, Deyang Guangda Dongqi New Material Co., Ltd. (德陽廣大東汽新材料有限公司), etc.

Financial assets at fair value

No.	Type	Stock code	Stock short name	Initial investment cost (RMB'000)	Balance at the beginning of the Period (RMB'000)	Balance at the end of the Period (RMB'000)	Profit or Loss in the Reporting Period (RMB'000)
1	Stock	600011	Huaneng Power	53,073.26	35,453.81	33,396.23	(2,057.59)
2	Stock	601179	CHINA XD	1,010.77	667.07	596.16	(70.90)
3	Stock	000883	Hubei Energy	189.79	110.74	131.00	20.26
Total				54,273.82	36,231.62	34,123.39	(2,108.23)

### III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

#### IV. Main Operation during the Reporting Period (Continued)

##### (IV) Analysis of major controlling subsidiaries and investees

Subsidiary name	Closing balance (RMB 100 million)					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
DEC Dongfang Steam Turbine Co., Ltd.	195.18	53.23	248.41	172.35	11.13	183.48
DEC Dongfang Boiler Group Co., Ltd.	176.95	34.98	211.94	109.71	32.77	142.48
DEC Dongfang Electric Machinery Co., Ltd.	162.47	28.13	190.60	117.77	12.70	130.48
Dongfang Electric Finance Co., Ltd.	292.19	83.91	376.09	342.91	0.00	342.91
Dongfang Electric Wind Power Co., Ltd.	101.70	26.98	128.68	99.54	10.93	110.47
Dongfang Electric International Corporation Limited	56.78	6.80	63.58	31.39	11.17	42.56
Dongfang Electric Automatic Control Engineering Co., Ltd	24.83	4.14	28.97	18.79	0.41	19.19

### III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

#### V. Other Disclosure

##### (I) Possible risks

###### 1. *Risks relating to market competition*

Under the background of carbon peak emissions and carbon neutral, the traditional market space such as coal power 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, thereby achieving differentiated competition. The Company will also actively carry out market exploration work of emerging industries, so as to accelerate the transformation of the industrial structure of the Company.

### III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

#### V. Other Disclosure (Continued)

##### (I) Possible risks (Continued)

##### 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 and delivery as scheduled under contracts, which may cause adverse impact on the Company's implementation of projects, difficulties in contract performance and deliveries on schedule. The Company will continue to enhance the management of suppliers, coordinate and supervise the production planning and scheduling of suppliers, to guarantee the implementation progress of the existing projects, and at the same time expand the development of suppliers, actively cultivate new qualified suppliers to meet the Company's expanding production needs.

### III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

#### V. Other Disclosure (Continued)

##### (I) Possible risks (Continued)

###### 3. *Investment risks*

In the course of optimizing and updating the industrial layout, the Company will increase the degree of investment in such areas as new energy and environmental protection. 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 achieve the expected target. The Company will perform well in risk assessment of investment projects and evaluation of investment contracts, enhance the monitoring on the process of 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 a 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 the pandemic and opportunities, strengthen 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.

### III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

#### V. Other Disclosure (Continued)

##### (II) Other disclosure

###### 1. *Bank borrowings*

As of 30 June 2021, the Group had financial institution (bank) borrowings of RMB317 million due within one year and financial institution (bank) borrowings of RMB706 million due beyond one year. The Company's borrowings are mainly denominated in RMB. In particular, RMB1,023 million were fixed-rate loans. The Group has maintained a favorable credit rating with banks and a sound financing capacity.

###### 2. *Cash and cash equivalents*

As at 30 June 2021, the cash and cash equivalents in RMB and US dollars held by the Group accounted for 91.22% and 8.25% of the Group's cash and cash equivalents respectively.

###### 3. *Exchange risk management*

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



### III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

#### V. Other Disclosure (Continued)

##### (II) Other disclosure (Continued)

##### 4. *Pledge of assets*

As at 30 June 2021, the Group had pledged bank borrowings of approximately RMB371 million (31 December 2020: RMB384 million), which were related to borrowings from financial institutions secured by concession. As of 30 June 2021, net concession value amounted to RMB507 million (31 December 2019: RMB524 million). As at the end of the Period, this part of borrowings was not due and repayable.

##### 5. *Prospect for the Second Half of 2021*

The Company will profoundly grasp the major trends of energy equipment industry under the context of “Carbon Peak Emissions and Carbon Neutrality”, fully implement the annual work deployment. The Company will take all efforts to “promote production and ensure delivery”, strive to obtain market orders, capture profitability and develop special work, pay more attention to scientific and technological innovation, continue to deepen reform, strengthen intelligent manufacturing and information management, and focus on promoting the build-up of the talent team.

## IV. CORPORATE GOVERNANCE

### I. Overview of General Meetings

Session of Meeting	Date	Designated website for publication of resolutions	Publication date of resolutions
2020 annual general meeting and the 2021 first A Shares class meeting and the 2021 first H Shares class meeting	29 June 2021	<a href="http://www.sse.com.cn/">http://www.sse.com.cn/</a> <a href="http://www.hkexnews.hk/">http://www.hkexnews.hk/</a>	30 June 2021

At the 2020 annual general meeting, the 2021 first A Shares class meeting and the 2021 first H Shares class meeting convened on 29 June 2021, the Company considered and approved the Resolution on the 2020 Work Report of the Board of the Company, the Resolution on the 2020 Work Report of the Supervisory Committee of the Company, the Resolution on the 2020 Profit Distribution Plan of the Company, the 2020 Audited Financial Statements of the Company, the Resolution on the Appointment of the Auditor of the Company for 2021, the Resolution on the Remuneration of the Members of the Tenth Session of the Board, the Resolution on the Remuneration of the Members of the Tenth Session of the Supervisory Committee, the Resolution on Election of Mr. Zhang Jilie as the Member of the Tenth Session of the Supervisory Committee of the Company, the Resolution on Election of Mr. Feng Yong as the Member of the Tenth Session of the Supervisory Committee of the Company, the Resolution on the Repurchase and Cancellation of Certain Restricted Shares, the Resolution on Election of Directors and the Resolution on Election of Independent Directors.

## IV. CORPORATE GOVERNANCE

### II. Changes in the Directors, Supervisors and Senior Management Members of the Company

<u>Name</u>	<u>Position</u>	<u>Change situation</u>
Yu Peigen	Chairman	Election
Yu Peigen	General Manager	Resignation
Huang Wei	Director	Resignation
Zhang Yanjun	Director	Election
Zhang Yanjun	Senior Vice President	Appointment
Gu Dake	Independent Director	Resignation
Xu Haihe	Independent Director	Resignation
Huang Feng	Independent Director	Election
Ma Yongqiang	Independent Director	Election
Zhang Zhiying	Executive Vice President	Resignation
Chen Huan	Vice President	Resignation
Hu Xiukui	Vice President	Appointment

## IV. CORPORATE GOVERNANCE (CONTINUED)

### II. Changes in the Directors, Supervisors and Senior Management Members of the Company (Continued)

On 19 January 2021, 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.

On 29 April 2021, Mr. Huang Wei due to job reallocation, tendered his written resignation and ceased to hold the positions as a director of the Company and a member of the Remuneration and Assessment Committee under the Board.

On 29 April 2021, pursuant to the relevant terms of the employment agreement entered into between the Company and Mr. Chen Huan, Mr. Chen Huan ceased to hold the position as vice president of the Company, with effect from 29 April 2021.

At the 2020 annual general meeting of the Company held on 29 June 2021, Mr. Yu Peigen, Mr. Xu Peng, Mr. Bai Yong and Mr. Zhang Yanjun were elected as directors of the tenth session of the Board of the Company, Mr. Liu Dengqing, Mr. Huang Feng and Mr. Ma Yongqiang were elected as independent directors of the tenth session of the Board, and Mr. Zhang Jilie and Mr. Feng Yong were elected as supervisors of the tenth session of the Supervisory Committee of the Company; at a staff representative meeting of the Company, Mr. Wang Zhiwen was elected as a staff representative supervisor of the tenth session of the Supervisory Committee of the Company. Mr. Gu Dake and Mr. Xu Haihe have ceased to be independent directors of the Company due to the expiry of their terms of office.

On 5 July 2021, the Board, upon nomination by the Nomination Committee of the Company, approved the appointment of Mr. Hu Xiukui as vice president of the Company, with effect from the same date.

## **IV. CORPORATE GOVERNANCE (CONTINUED)**

### **II. Changes in the Directors, Supervisors and Senior Management Members of the Company (Continued)**

On 10 August 2021, the Board of the Company received a written resignation from Mr. Bai Yong, a director and chief accountant of the Company. Mr. Bai Yong has applied to the Board of the Company for resignation from his positions as a director and chief accountant due to job reallocation, and he also resigned from the position as a member of the Risk Management Committee under the Board accordingly. Upon his resignation, Mr. Bai Yong will no longer hold any position in the Company.

### **III. Interests and short positions of the Directors, Supervisors and Senior management in shares, related shares and bonds**

The new Shares granted under the Restricted A Share Incentive Scheme of the Company have been registered at the Shanghai Branch of China Securities Depository and Clearing Corporation Limited and listed on 7 January 2020. Gong Dan, Chen Huan, Gao Feng and Wang Weimin owned restricted A Shares of the Company.

Save as disclosed above, as at 30 June 2021, 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 Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance (including interests or short positions which they were taken or deemed to have under such provisions of the Securities and Futures Ordinance); or which were required to be recorded in the register kept by the Company pursuant to section 352 of the Securities and Futures Ordinance, or which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code adopted by the Company.

## IV. CORPORATE GOVERNANCE (CONTINUED)

### IV. Plan for Profit Distribution or Capitalization of Capital Reserve

#### (I) Profit distribution during the Reporting Period

Approved by the annual general meeting for 2020 on 29 June 2021, the Company paid the final dividend for 2020 to its shareholders on 25 August 2021, a dividend of RMB1.80 (inclusive of tax) per 10 shares, totaling the cash dividend of RMB561,532,703 (inclusive of tax).

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

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

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2021 (30 June 2020: Nil).

## **IV. CORPORATE GOVERNANCE (CONTINUED)**

### **V. Equity Incentive Scheme, Employee Stock Ownership Scheme or Other Employee Incentives and Effects Thereof**

On 5 February 2021, the Company repurchased and cancelled a total of 138,000 restricted A Shares granted (but had not yet been unlocked) to 4 participants who no longer qualified for the incentive. For details, please refer to the announcement of the Company dated 2 February 2021.

During the Reporting Period, as six of the participants under the first grant of the A Share Restricted Share Incentive Scheme of the Company were no longer eligible as participants due to their personal departure, three were no longer eligible as participants due to violation of relevant regulations, one was no longer eligible as a participant due to his death, and one participant was included in the employee stock ownership scheme of a subsidiary under the Group and could not continue to participate in the Company's incentive scheme in accordance with the relevant regulations of the SASAC of the State Council; and one participant of reserved grant was no longer eligible as a participant due to his transfer from the Company by organizational arrangement; at the meeting of the Board convened on 29 April 2021, it was decided to repurchase the restricted shares of 475,000 A Shares from the above 12 participants.

On 29 June 2021, the Company considered and approved the resolutions to repurchase and cancel the restricted shares totaling 475,000 A shares granted to the aforesaid 12 participants at the 2020 annual general meeting, the 2021 first A Shares class meeting and the 2021 first H Shares class meeting. The restricted shares were cancelled on 20 August 2021.

## IV. CORPORATE GOVERNANCE (CONTINUED)

### VI. Others

#### 1. Employees and remuneration policies

As at 30 June 2021, the total number of employees of the Company was 17,837. The total amount of remuneration paid to the employees during the Reporting Period was RMB1,078,010,000.

The Company has formulated management systems including total wages, performance assessment, employee remuneration distribution, medium and long-term incentives, etc., and established an internal remuneration distribution system adapting to market competition based on the position value, and with performance contribution as orientation. Employee remuneration is paid with reference to enterprise economic efficiency and individual performance.

During the Reporting Period, guided by the development strategy, the Company formulated the annual unified training plan of the Company and the annual training plan of each enterprise on management talents, core technical talents, excellent skilled talents and backbone young talents, so as to improve the professional ability of employees and boost their career development, and implemented hierarchical and classified trainings. Through the combination of online and offline trainings, independent trainings and superior trainings, the Company effectively coordinated the training resources inside and outside the Group, promoted the establishment of staff training incentive and restraint mechanism to ensure staff training hours not less than 90 hours each year, and continuously improved the position performance capacity of talents in various fields and at all levels to promote the mutual development of employees and the Company.



## IV. CORPORATE GOVERNANCE (CONTINUED)

### VI. Others (Continued)

#### 2. Share Incentive Scheme

On 22 November 2019, the Company considered and approved the Resolution regarding the Restricted A Share Incentive Scheme of the Company for 2019 (Draft Amendment) and its Summary at the Company's 2019 first extraordinary general meeting, the 2019 first A Shares class meeting and the 2019 first H Shares class meeting. On the same day, the Company held the 21st meeting of the 9th session of the Board and 14th meeting of the 9th session of Supervisory Committee, at which, the Resolution regarding the First Grant of the Restricted Shares to Participants under the Restricted A Share Incentive Scheme of the Company for 2019 was considered and approved. On 7 January 2020, 27,988,699 ordinary A Shares were directly issued to 780 participants under the Restricted A Share Incentive Scheme at the issuance price of RMB5.93 per share, and were registered at the Shanghai Branch of China Securities Depository and Clearing Corporation Limited and listed.

Details of the Restricted Incentive Scheme are as follows:

(I) *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").

(II) *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.

## IV. CORPORATE GOVERNANCE (CONTINUED)

### VI. Others (Continued)

#### 2. Share Incentive Scheme (Continued)

##### *(III) 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.

## IV. CORPORATE GOVERNANCE (CONTINUED)

### VI. Others (Continued)

#### 2. Share Incentive Scheme (Continued)

(III) *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:

<b>Unlocking Period</b>	<b>Unlocking Time</b>	<b>Unlocking ratio</b>
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

## IV. CORPORATE GOVERNANCE (CONTINUED)

### VI. Others (Continued)

#### 2. Share Incentive Scheme (Continued)

(III) *Validity Period, Lock-Up Periods and Unlocking Arrangement (Continued)*

<b>Unlocking Period</b>	<b>Unlocking Time</b>	<b>Unlocking ratio</b>
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

## IV. CORPORATE GOVERNANCE (CONTINUED)

### VI. Others (Continued)

#### 2. Share Incentive Scheme (Continued)

##### *(III) Validity Period, Lock-Up Periods and Unlocking Arrangement (Continued)*

For restricted shares held by participants who do 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.

## IV. CORPORATE GOVERNANCE (CONTINUED)

### VI. Others (Continued)

#### 2. Share Incentive Scheme (Continued)

##### *(III) 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.

## IV. CORPORATE GOVERNANCE (CONTINUED)

### VI. Others (Continued)

#### 2. Share Incentive Scheme (Continued)

(III) *Validity Period, Lock-Up Periods and Unlocking Arrangement (Continued)*

- 1) Achieving the Company's level performance appraisal targets (Continued)

<b>Unlocking Period</b>	<b>Performance targets</b>
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 $\Delta$ 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 $\Delta$ 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 $\Delta$ EVA for 2022 is positive.

## IV. CORPORATE GOVERNANCE (CONTINUED)

### VI. Others (Continued)

#### 2. Share Incentive Scheme (Continued)

##### *(IV) First Grant of Restricted Shares*

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

The unlocking of the restricted shares granted by the participants shall be subject to both the Company's level performance appraisal targets and the individual performance appraisal of the participant specified in the Restricted Share Incentive Scheme. If the restricted shares did not satisfy the unlocking conditions during the unlocking period, the Company will repurchase and cancel at the agreed repurchase price of RMB5.93 per share.



## IV. CORPORATE GOVERNANCE (CONTINUED)

### VI. Others (Continued)

#### 2. Share Incentive Scheme (Continued)

##### *(V) Reserved Grant*

The Company has reserved 1,000,000 restricted shares for further distribution. The participants for whom the restricted shares are reserved shall be determined within 12 months from the date on which the Restricted Share Incentive Scheme was considered and passed at the general meeting held on 22 November 2019, and such restricted shares shall not be granted to such participants to whom the restricted shares have been granted under the Incentive Scheme.

On 24 September 2020, the Board considered and approved the Resolution on the Grant of Certain Reserved Restricted Shares to Participants under the Restricted A Share Incentive Scheme for 2019 of the Company, the Resolution on Repurchase and Cancellation of Certain Restricted Shares and other resolutions, granting additional 972,000 A Shares (ordinary shares) at RMB6.54 per share to the participants of such scheme, certain senior management and middle management personnel, business backbone totalling 26 persons. For details, please refer to the announcements of the Company dated 24 September 2020 and 27 November 2020.

## **IV. CORPORATE GOVERNANCE (CONTINUED)**

### **VI. Others (Continued)**

#### **3. Purchase, Sales or Repurchase of Listed Securities of the Company**

During the Reporting Period, according to the Resolution on Repurchase and Cancellation of Certain Restricted Shares approved at the 2020 second extraordinary general meeting, the 2020 second A Shares class meeting and the 2020 second H Shares class meeting of the Company, four participants involved in the repurchase and cancellation could no longer participate in the incentive scheme of the Company totaling 138,000 restricted A Shares. For details, please refer to the announcement of the Company dated 2 February 2021.

Save for the aforementioned matters, none of the Company or its subsidiaries purchased, sold or repurchased any listed securities of the Company.

#### **4. Major Acquisition and Disposal of Subsidiaries and Associates**

There were no other major acquisition and disposal of subsidiaries and associates during the six months ended 30 June 2021.

#### **5. Corporate Governance Code**

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

## **IV. CORPORATE GOVERNANCE (CONTINUED)**

### **VI. Others (Continued)**

#### **6. Model Code for Securities Transactions by Directors**

The Company has adopted a code of conduct regarding securities transactions by directors and supervisors of the Company on the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) contained in Appendix 10 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Having made specific enquiry to all directors and supervisors of the Company, the Company confirms that as of 30 June 2021, the directors and supervisors of the Company had complied with the provisions regarding the securities transactions by directors and supervisors as stipulated in the Model Code.

#### **7. Audit and Review Committee**

The Board has set up an audit and review committee comprising three independent non-executive directors, namely Mr. Liu Dengqing, Mr. Huang Feng and Mr. Ma Yongqiang. The audit and review committee has reviewed and approved the interim results of the Group for the six months ended 30 June 2021, and agreed with the accounting treatment method adopted by the Company.

#### **8. Information Disclosure**

The interim report of the Company for the Period ended 30 June 2021, which contains all information as proposed in the Disclosure of Financial Information set out in Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, will be dispatched to shareholders of the Company and published on the websites of Hong Kong Stock Exchange and the Company’s website (<http://dfem.wsfg.hk>) in due course.

## **IV. CORPORATE GOVERNANCE (CONTINUED)**

### **VI. Others (Continued)**

#### **9. Events Subsequent to the Reporting Period**

During the Reporting Period, due to the change in personal situation of the participants, the Company repurchased and cancelled a total of 475,000 A Shares authorized but yet to be released under the requirements of the incentive plan on the principle of the lower of the grant price or the market price of the Company's stock when repurchased. As the repurchase price was lower than the market price of RMB11.40/share when repurchased, the repurchase price of the restricted shares for six participants under the first grant who left due to personal reasons was RMB5.725/share, the repurchase price of the restricted shares for three participants who were no longer eligible for the incentive due to violation of relevant regulations was RMB5.725/share, the repurchase price of the restricted shares for one participant who was no longer eligible for the incentive due to death was the sum of RMB5.725/share and the bank deposit interest rate of the same period. The repurchase price of the restricted shares of one participant who was included in the employee stock ownership scheme of a subsidiary under the Group was the sum of RMB5.725/share and the bank deposit interest rate of the same period; the repurchase price of the restricted shares of one participant who was no longer eligible as a participant due to his transfer from the Company due to organizational arrangement was the sum of RMB6.54/share and the bank deposit interest rate of the same period. The repurchase price payable by the Company in respect of the repurchase of the restricted shares amounted to RMB2,802,654, all of which is the self-owned funds of the Company.

## **IV. CORPORATE GOVERNANCE (CONTINUED)**

### **VI. Others (Continued)**

#### **9. Events Subsequent to the Reporting Period (Continued)**

On 29 June 2021, the Company held the 2020 annual general meeting, the 2021 first A Shares class meeting and the 2021 first H Shares class meeting, at which, the Resolution on Repurchase and Cancellation of Certain Restricted Shares was considered and approved. Pursuant to the relevant provisions of Administrative Measures on the Share Option Incentive of Listed Companies (the “Administrative Measures”) and the Restricted A Share Incentive Scheme for 2019 (Amended Draft) (the “Incentive Scheme (Amended Draft)”) of the Company, the Board has considered and decided to repurchase and cancel all the restricted shares totalling 475,000 A shares that have been granted to the aforesaid 12 Participants yet still locked up, and the cancellation was completed on 20 August 2021.

## V. SIGNIFICANT EVENTS

### I. Performance of Undertakings

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

Background of undertakings	Type of undertakings	Party making undertakings	Contents of undertakings	Time and term of undertakings	Any term of performance	Strictly performed in a timely manner or not	Description of specific reasons if not performed timely	Description of plans for next steps if not performed timely
Undertakings made in acquisition reports or equity change reports	Lock-up of shares	Dongfang Electric Corporation	DEC shares subscribed with the Target Assets held by the Company shall not be transferred in any form within 36 months after the listing of such shares. If the closing price of DEC shares is below the issue price in the transaction for 20 consecutive trading days within 6 months from the listing of new shares from the transaction, or the closing price at the end of the six month period after the completion of the transaction is below the issue price in the transaction, the lock-up period of DEC shares obtained by the Company from the transaction will be extended by six months automatically on the basis of the original lock-up period. Shares of the listed company directly and indirectly held by the Company prior to the transaction shall not be transferred with 12 months after the listing of new shares from the transaction.	Lock-up period	Yes	Yes		

## V. SIGNIFICANT EVENTS (CONTINUED)

### I. Performance of Undertakings (Continued)

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

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

## **V. SIGNIFICANT EVENTS (CONTINUED)**

### **II. 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 and declared the bankruptcy 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 and declared 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 and declared the bankruptcy of Dongfang Electric New Energy Equipment (Hangzhou) Co., Ltd.. As of 30 June 2021, confirmation of claims, disposal of assets and other work of the above enterprises are still in legal process.

### **III. Material Litigation or Arbitration Events**

During the six months ended 30 June 2021 and up to the date of this report, the Company was not involved in any material litigation or arbitration, and as far as the Directors are aware, the Company does not have any material litigation or claims pending or threatening to the Company.

### **IV. Material Events**

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



## V. SIGNIFICANT EVENTS (CONTINUED)

### V. Material Related Party Transactions

#### (I) Related party transactions in ordinary course of business

*Events disclosed in the temporary announcements but without subsequent development or changes during implementation*

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

## V. SIGNIFICANT EVENTS (CONTINUED)

### VI. Material Contracts and Performance 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 guarantee (execution date of agreement)	Commencement date of guarantee	Expiry date of guarantee	Type of guarantee	Is the guarantee fully fulfilled	Is the guarantee overdue	Amount overdue	Any counter guarantee	Is the guarantee provided to related party
Dongfang Electric Corporation Limited	Headquarters of the Company	Inner Mongolia Energy Power-Hongjiing Wind Power Co., Ltd.	16,000,000	19 January 2016	19 January 2016	19 January 2026	General guarantee	No	No	0	No	Yes
Dongfang Electric Corporation Limited	Headquarters of the Company	Inner Mongolia Mergeng Sanshengjial Wind Power Co., Ltd.	16,000,000	29 June 2016	29 June 2016	29 June 2026	General guarantee	No	No	0	No	Yes
Dongfang Electric Corporation Limited	Headquarters of the Company	Inner Mongolia Mergeng Wulan Power Co., Ltd.	36,000,000	27 October 2016	27 October 2016	27 October 2026	General guarantee	No	No	0	No	Yes
DEC Dongfang Steam Turbine Co., Ltd.	Wholly-owned subsidiary	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

## V. SIGNIFICANT EVENTS (CONTINUED)

### VI. Material Contracts and Performance thereof (Continued)

#### (I) Guarantee (Continued)

Total guarantee incurred during the Reporting Period (excluding those provided to subsidiaries)	0
Total balance of guarantee as at the end of the Reporting Period (A) (excluding those provided to subsidiaries)	92,500,000
<b>Guarantee provided by the Company to its subsidiaries</b>	
Total guarantee to subsidiaries incurred during the Reporting Period	0
Total balance of guarantee to subsidiaries as at the end of the Reporting Period (B)	0
<b>Aggregate guarantee of the Company (including those to subsidiaries)</b>	
Aggregate guarantee (A+B)	92,500,000
Percentage of aggregate guarantee to net assets of the Company (%)	0.27
Representing:	
Amount of guarantee provided for shareholders, de facto controller and their related parties (C)	0
Amount of debts guarantee directly or indirectly provided to guaranteed parties with gearing ratio over 70% (D)	0
Excess amount of aggregate guarantee over 50% of net assets (E)	0
Aggregate amount of the above three items (C+D+E)	0

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

As of 30 June 2021, 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 in the each of above three companies amounting to RMB68 million. 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.

DEC Dongfang Steam Turbine Co., Ltd., a controlling subsidiary of the Company, provided guarantee in an amount of RMB24.5 million for its associated company Mitsubishi Heavy Industries Dongfang Gas Turbine (Guangzhou) Co., Ltd. (the "Guaranteed Entity"), which constituted a continuous guarantee 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. The Guaranteed Entity provided an equivalent guarantee to the Company.

As at the end of the Reporting Period, the aggregate guarantee of the Company amounted to RMB92.5 million, representing 0.27% of the net assets of the Company.

Statement on guarantee

For details of the above guarantees, please refer to the financing lease guarantee announcements published by the Company on the SSE website on 9 January 2016, 28 June 2016, 26 August 2016.

## VI. CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS

### I. Changes in Ordinary Shares

#### (i) 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 shares reduced	Number of shares at the end of the Reporting Period	Percentage (share)
<b>I A share</b>				
1. Dongfang Electric Corporation	1,727,919,826	–	1,727,919,826	55.39%
2. Others	1,051,844,304	(138,000)	1,051,706,304	33.71%
<b>II H shares</b>				
DongFang Electric (Hong Kong) Limited	858,800	–	858,800	0.03%
Other H shareholders	339,141,200	–	339,141,200	10.87%
<b>Total</b>	<b>3,119,764,130</b>	<b>(138,000)</b>	<b>3,119,626,130</b>	<b>100%</b>

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

### I. Changes in Ordinary Shares (Continued)

#### (II) Table of changes in shares

Unit: Share

	Prior to the current movements		Increase/(decrease) of current movements (+, -)					After current movements	
	Number of shares	Percentage (%)	New shares issued	Share donation	Conversion of reserves into share	Others	Sub-total	Number of shares	Percentage (%)
I. Shares subject to trading moratorium	782,863,762	25.09	0	0	0	-138,000	-138,000	782,725,762	25.09
1. State-owned shares	0	0.00	0	0	0	0	0	0	0
2. State-owned legal person shares	753,903,063	24.17	0	0	0	0	0	753,903,063	24.17
3. Other domestic shares	28,810,699	0.92	0	0	0	-138,000	-138,000	28,672,699	0.92
Including: shares owned by domestic non-state-owned legal persons	0	0	0	0	0	0	0	0	0
Shares owned by domestic natural persons	28,810,699	0.92	0	0	0	-138,000	-138,000	28,672,699	0.92
4. Foreign owned shares	150,000	0	0	0	0	0	0	150,000	0
Including: shares owned by overseas legal persons	0	0	0	0	0	0	0	0	0
Shares owned by overseas natural persons	150,000	0	0	0	0	0	0	150,000	0

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

### I. Changes in Ordinary Shares (Continued)

#### (II) Table of changes in shares (Continued)

	Prior to the current movements		Increase/(decrease) of current movements (+, -)					After current movements	
	Number of shares	Percentage (%)	New shares issued	Share donation	Conversion of reserves into share	Others	Sub-total	Number of shares	Percentage (%)
<b>II. Tradable shares not subject to trading moratorium</b>	2,336,900,368	74.91	0	0	0	0	0	2,336,900,368	74.91
1. RMB-denominated ordinary shares	1,996,900,368	64.01	0	0	0	0	0	1,996,900,368	64.01
2. Domestic listed foreign shares	0	0	0	0	0	0	0	0	0
3. Overseas listed foreign shares	340,000,000	10.90	0	0	0	0	0	340,000,000	10.90
4. Others	0	0	0	0	0	0	0	0	0
<b>III. Total number of shares</b>	<b>3,119,764,130</b>	<b>100</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-138,000</b>	<b>-138,000</b>	<b>3,119,626,130</b>	<b>100.00</b>

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

### **I. Changes in Ordinary Shares (Continued)**

#### **(II) Table of changes in shares (Continued)**

On 20 August 2021, the Company repurchased and canceled a total of 475,000 restricted A Shares which have been granted to 12 Participants, who were no longer eligible for the incentive scheme, and have yet been unlocked, and the total number of ordinary shares of the Company as at the disclosure date of this report was 3,119,151,130. For details, please refer to the Announcement in relation to the Implementation of Repurchase and Cancellation of Restricted Shares under the Incentive Scheme of Dongfang Electric Corporation Limited (No.: 2021-028) published by the Company on the website of the Shanghai Stock Exchange (<http://www.sse.com.cn>) and the Announcement in relation to Implementation of Repurchase and Cancellation of Certain Restricted Shares dated 17 August 2021 and published on the website of The Stock Exchange of Hong Kong Limited (<http://www.hkexnews.hk>).

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

### I. Changes in Ordinary Shares (Continued)

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

Unit: Share

Name of shareholder	Number of shares subject to selling restrictions at the beginning of the Period	Number of shares released from selling restrictions during the Reporting Period	Increased number of shares subject to selling restrictions during the Reporting Period	Number of shares subject to selling restrictions at the end of the Reporting Period	Reason for selling restrictions	Date of release from selling restrictions
Dongfang Electric Corporation Limited	753,903,063	0	0	753,903,063	Non-public issuance of shares	Note
Participants under the Restricted A Share Incentive Scheme	28,960,699	0	(138,000)	28,822,699	Incentive schemes with restricted stock as an incentive method	The lock-up periods shall be 24 months, 36 months and 48 months from the relevant completion date of registration of the restricted shares under the grant, the proportion of unlocking shares in the equity granted is 1/3
Total	782,863,762	0	(138,000)	782,725,762	/	/

Note:

The shares of Dongfang Electric which were subscribed for with the target assets owned by Dongfang Electric Corporation shall not be transferred in any way within 36 months from their listing date, i.e. 12 June 2018. 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 as at the end of the six-month period after the completion of this transaction is lower than the issue price of this transaction, the lockup period of Dongfang Electric shares obtained by the Company in this transaction will be automatically extended for 6 months from the original lockup period.



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

### II. Particulars of Shareholders

#### (I) Total number of shareholders:

Total number of shareholders of ordinary shares as of the end of the Reporting Period ( <i>shareholder</i> )	126,366
Total number of shareholders of preference shares with restoration of voting rights as at the end of Reporting Period ( <i>shareholder</i> )	0

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

*Unit: share*

Name of shareholder (Full name)	Shareholdings of top 10 shareholders			Number of shares held subject to trading moratorium	Pledged or frozen		Type of shareholder
	Increase/decrease during the Reporting Period	Number of shares held at the end of the Period	Percentage (%)		Status of shares	Number of shares	
Dongfang Electric Corporation	0	1,727,919,826	55.39	753,903,063	Nil	0	State-owned legal person
Hong Kong Securities Clearing Company Limited	+1,847,059	305,572,217	9.80	0	Unknown	0	Overseas legal person
Citigroup Inc.	+70,234	16,996,266	0.54	0	Unknown	0	Overseas legal person
Brown Brothers Harriman & Co.	-1,933,293	15,323,886	0.49	0	Unknown	0	Overseas legal person
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)	0	8,480,400	0.27	0	Unknown	0	Other
E Fund – Agricultural Bank – E Fund China Securities and Financial Assets Management Program (易方達基金—農業銀行—易方達中證金融資產管理計劃)	0	8,480,400	0.27	0	Unknown	0	Other
Dacheng Fund – Agricultural Bank–Dacheng China Securities and Financial Assets Management Program (大成基金—農業銀行—大成中證金融資產管理計劃)	0	8,480,400	0.27	0	Unknown	0	Other

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

### II. Particulars of Shareholders (Continued)

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

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

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

### II. Particulars of Shareholders (Continued)

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

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

Name of shareholder	Number of tradable shares that were not subject to trading moratorium	Type and number of shares	
		Type of shares	Number of shares
Dongfang Electric Corporation	974,016,763	RMB ordinary shares	974,016,763
Hong Kong Securities Clearing Company Limited	305,572,217	Overseas-listed foreign shares	337,892,369
Citigroup Inc.	16,996,266	Overseas-listed foreign shares	16,996,266
Brown Brothers Harriman & Co.	15,323,886	Overseas-listed foreign shares	15,323,886
Bosera Funds-Agricultural Bank-Bosera China Securities and Financial Assets Management Program (博時基金－農業銀行－博時中證金融資產管理計劃)	8,480,400	RMB ordinary shares	8,480,400
E Fund – Agricultural Bank –E Fund China Securities and Financial Assets Management Program (易方達基金－農業銀行－易方達中證金融資產管理計劃)	8,480,400	RMB ordinary shares	8,480,400
Dacheng Fund – Agricultural Bank–Dacheng China Securities and Financial Assets Management Program (大成基金－農業銀行－大成中證金融資產管理計劃)	8,480,400	RMB ordinary shares	8,480,400

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

### II. Particulars of Shareholders (Continued)

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

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

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

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

### II. Particulars of Shareholders (Continued)

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

*Unit: share*

No.	Name of holders of shares subject to trading moratorium	Number of shares held subject to trading moratorium	Listing status of shares which are subject to trading moratorium		Conditions of trading moratorium
			Eligible listing time	Number of new listed shares	
1	Dongfang Electric Corporation	753,903,063	See Explanation 1	0	See Explanation 1
2	Gong Dan	150,000	24 months, 36 months and 48 months from the completion date of registration of the Restricted Shares under the grant.	0	See Explanation 2
3	Cheng Huan	150,000	24 months, 36 months and 48 months from the completion date of registration of the Restricted Shares under the grant.	0	See Explanation 2
4	Gao Feng	150,000	24 months, 36 months and 48 months from the completion date of registration of the Restricted Shares under the grant.	0	See Explanation 2
5	Wang Weimin	75,000	24 months, 36 months and 48 months from the completion date of registration of the Restricted Shares under the grant.	0	See Explanation 2
6	Liu Hui	75,000	24 months, 36 months and 48 months from the completion date of registration of the Restricted Shares under the grant.	0	See Explanation 2

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

### II. Particulars of Shareholders (Continued)

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

No.	Name of holders of shares subject to trading moratorium	Number of shares held subject to trading moratorium	Listing status of shares which are subject to trading moratorium		Number of new listed shares	Conditions of trading moratorium
			Eligible listing time			
7	Hu Xiukui	75,000	24 months, 36 months and 48 months from the completion date of registration of the Restricted Shares under the grant.		0	See Explanation 2
8	He Jianhua	75,000	24 months, 36 months and 48 months from the completion date of registration of the Restricted Shares under the grant.		0	See Explanation 2
9	Wu Jiandong	75,000	24 months, 36 months and 48 months from the completion date of registration of the Restricted Shares under the grant.		0	See Explanation 2
10	Chen Qiang	75,000	24 months, 36 months and 48 months from the completion date of registration of the Restricted Shares under the grant.		0	See Explanation 2

Description of connected relationship or concert party relationship among the above shareholders      The Company is not aware of any connected relationship among the above-mentioned shareholders  
 Explanations:

- The shares of Dongfang Electric which were subscribed for with the target assets owned by Dongfang Electric Corporation shall not be transferred in any way within 36 months from their listing date, i.e. 12 June 2018. 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 as at the end of the six-month period after the completion of this transaction is lower than the issue price of this transaction, the lockup period of Dongfang Electric shares obtained by the Company in this transaction will be automatically extended for 6 months from the original lockup period.
- The above nine individual shareholders are the participants of the Restricted A Share Incentive Scheme of the Company. For the details of the conditions for unlocking of the restricted shares, please refer to the Restricted A Share Incentive Scheme for 2019 (Draft Amendment) of Dongfang Electric Corporation Limited published by the Company on the website of Shanghai Stock Exchange (<http://www.sse.com.cn>) on 28 September 2019.

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

### III. Interests and/or Short Position of Substantial Shareholders in the Company and Underlying Shares

To the best knowledge of the Directors, having made all reasonable enquiries, as at 30 June 2021, 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 (as 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	Percentage
				of total share capital (%)	in the respective class of share capital (%)
DEC	A share	Beneficial owner	1,727,919,826(L)	55.39(L)	62.16%(L)
	H share	Interest held by controlled corporation	858,800(L) <sup>1</sup>	0.03(L)	0.25(L)

(L) – long position.

*Note:*

- To the knowledge of the Directors of the Company, as of 30 June 2021, Dongfang Electric Corporation indirectly held the equity of 858,000 H Shares of the Company through its holding of 100% interests in Dongfang Electric International Investment Co., Limited.

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

### **III. Interests and/or Short Position of Substantial Shareholders in the Company and Underlying Shares (Continued)**

*Note: (Continued)*

Save as disclosed above, as at the end of the Reporting Period, the Company was not aware of any interests or short position held by other persons (other than the Directors, supervisors and chief executives of the Company) in the shares or underlying shares of the Company required to be recorded in the register of the Company pursuant to Section 336 of the Securities and Futures Ordinance.

**Dongfang Electric Corporation Limited**

**Yu Peigen**

*Chairman*

27 August 2021



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

# Dongfang Electric Corporation Limited

## Financial Statements and Notes

(From January 1, 2021 to June 30, 2021)

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**Dongfang Electric Corporation Limited**  
**Consolidated Balance Sheet**  
**As at June 30, 2021**  
**(Amounts are expressed in RMB unless otherwise stated)**

Assets	Note 5	Balance as at June 30,2021	Balance as at December 31, 2020
Current Assets:			
Monetary funds	5.1	25,798,893,048.69	26,686,232,240.60
Balances with clearing companies			
Loans to banks and other financial institutions			
Financial assets held for trading	5.2	1,347,257,417.87	1,292,860,471.15
Derivative financial assets			
Notes receivable	5.3	3,532,676,667.97	3,781,237,139.94
Accounts receivable	5.4	8,096,609,999.12	7,526,238,208.54
Receivables financing	5.5	1,712,625,427.51	1,946,034,819.15
Advances to suppliers	5.6	3,443,580,283.44	2,973,122,649.71
Premiums receivable			
Reinsurance accounts receivable			
Reinsurance contract reserves receivable			
Other receivables	5.7	904,033,520.54	633,416,127.20
Financial assets purchased under resale agreements	5.8	2,851,324,200.00	2,730,498,000.00
Inventories	5.9	17,394,648,933.48	15,609,854,069.57
Contract assets	5.10	9,482,084,562.18	6,527,930,416.19
Assets held for sale			
Non-current assets maturing within one year			
Other current assets	5.11	1,075,677,703.87	965,833,690.73
<b>Total Current Assets</b>		<b>75,639,411,764.67</b>	<b>70,673,257,832.78</b>
Non-current Assets:			
Disbursement of loans and advances	5.12	2,128,583,098.41	1,927,919,340.85
Creditor's right investments	5.13	5,925,466,495.77	9,946,621,270.91
Other creditor's right investments			
Long-term receivables	5.14	211,352,179.35	273,964,739.39
Long-term equity investments	5.15	2,143,149,384.72	1,775,770,115.49
Other equity instrument investments	5.16	52,300,000.00	27,544,649.47
Other non-current financial assets			
Investment properties	5.17	148,832,100.31	162,966,524.20
Fixed assets	5.18	4,861,865,225.55	5,242,562,925.69
Construction in progress	5.19	237,340,275.39	204,474,620.89
Productive biological assets			
Oil and gas assets			
Right-of-use assets	5.20	99,168,270.63	164,993,842.35
Intangible assets	5.21	1,514,990,162.50	1,599,905,484.86
Development expenditures	5.22	2,051,886.80	2,051,886.80
Goodwill			
Long-term deferred expenses	5.23	2,267,479.92	2,109,452.20
Deferred income tax assets	5.24	3,039,327,177.62	2,975,542,663.62
Other non-current assets	5.25	3,501,943,598.02	2,815,452,419.66
<b>Total non-current assets</b>		<b>23,868,637,334.99</b>	<b>27,121,879,936.38</b>

Assets	Note 5	Balance as at June 30,2021	Balance as at December 31, 2020
Total assets		99,508,049,099.66	97,795,137,769.16

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

Person in charge of the enterprise: Yu Peigen

Accounting Principal: Gong Dan

Person in

charge of the Accounting Department: Zheng Xingyi

**Dongfang Electric Corporation Limited**  
**Consolidated Balance Sheet (Continued)**  
**As at June 30, 2021**  
**(Amounts are expressed in RMB unless otherwise stated)**

Liabilities and owners' equity	Note 5	Balance as at June 30,2021	Balance as at December 31, 2020
Current liabilities:			
Short-term borrowings	5.26	317,650,000.00	297,980,000.00
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	5.27	4,366,462,802.98	4,861,679,751.95
Accounts payable	5.28	15,038,083,861.81	13,641,381,835.86
Advances from customers			
Contract liabilities	5.29	27,520,545,947.24	28,922,353,784.79
Financial assets sold under repurchase agreements			
Absorption of deposits and interbank deposits	5.30	5,850,099,307.92	5,726,841,172.92
Receivings from vicariously traded securities			
Receivings from vicariously sold securities			
Employee compensation payable	5.31	623,896,042.57	677,337,429.12
Taxes and surcharges payable	5.32	322,717,320.57	288,449,718.75
Other payables	5.33	2,421,877,947.82	1,411,657,254.42
Handling charges and commissions payable			
Reinsurance accounts payable			
Liabilities held for sale			
Non-current liabilities maturing within one year	5.34	121,260,702.26	139,954,877.02
Other current liabilities	5.35	149,297,210.17	121,286,819.72
Total current liabilities		56,731,891,143.34	56,104,965,880.37
Non-current liabilities:			
Reserves for insurance contracts			
Long-term borrowings	5.36	705,770,979.40	719,350,539.48
Bonds payable			
Including: preferred stock			
Perpetual bond			
Lease liabilities	5.37	28,253,838.16	27,531,905.94
Long-term payables	5.38	5,687,173.58	5,660,910.03
Long-term employee compensation payable	5.39	1,103,810,512.63	960,970,033.23
Estimated liabilities	5.40	5,958,951,028.43	5,896,410,937.40
Deferred income	5.41	387,867,197.98	404,283,233.21
Deferred income tax liabilities	5.24	34,364,292.43	34,364,292.43
Other non-current liabilities			
Total non-current liabilities		8,224,705,022.61	8,048,571,851.72
Total liabilities		64,956,596,165.95	64,153,537,732.09
Owner' s equity:			
Share capital	5.42	3,119,626,130.00	3,119,764,130.00
Other equity instruments			
Including: preferred stock			
Perpetual bond			
Capital reserves	5.43	11,583,467,404.17	11,584,176,034.17
Less: treasury stock	5.44	171,511,528.00	172,329,868.00
Other comprehensive income	5.45	-76,320,962.15	-67,918,065.04
Special reserves	5.46	110,308,100.67	88,508,618.58
Surplus reserves	5.47	972,805,441.29	972,805,441.29
General risk reserves			
Undistributed profits	5.48	16,169,239,463.93	15,382,662,236.78
Total equity attributable to owners of the parent company		31,707,614,049.91	30,907,668,527.78
Minority equity	5.49	2,843,838,883.80	2,733,931,509.29
Total owner's equity		34,551,452,933.71	33,641,600,037.07
Total liabilities and owners' equity		99,508,049,099.66	97,795,137,769.16

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

Person in charge of the enterprise: Yu Peigen

Accounting Principal: Gong Dan

Person in

charge of the Accounting Department: Zheng Xingyi

**Dongfang Electric Corporation Limited**  
**Parent Company's Balance Sheet**  
**As at June 30, 2021**  
**(Amounts are expressed in RMB unless otherwise stated)**

Assets	Note 15	Balance as at June 30, 2021	Balance as at December 31, 2020
Current Assets:			
Monetary funds		4,559,041,927.22	5,164,577,904.92
Financial assets held for trading		341,233,888.94	362,316,158.96
Derivative financial assets			
Notes receivable			
Accounts receivable	15.1	1,543,354,401.35	1,449,236,828.49
Receivables financing	15.2	97,656,527.26	149,335,304.88
Advances to suppliers		6,335,157,325.37	7,266,016,464.08
Other receivables	15.3	422,901,106.14	288,943,597.30
Inventories		122,858,295.49	145,791,731.71
Contract assets		3,488,226,495.00	2,938,180,073.49
Assets held for sale			
Non-current assets due maturing one year			
Other current assets		197,667,641.56	165,651,155.60
Total Current Assets		17,108,097,608.33	17,930,049,219.43
Non-current Assets:			
Creditor's right investments			
Other creditor's right investments			
Long-term receivables			
Long-term equity investments	15.4	22,754,799,129.35	22,510,739,000.97
Other equity instrument investments			
Other non-current financial assets			
Investment properties		9,535,416.61	10,092,096.74
Fixed assets		30,661,606.58	29,893,170.00
Construction in progress			
Productive biological assets			
Oil and gas assets			
Right-of-use assets		45,190,580.21	90,381,160.42
Intangible assets		113,349,400.27	123,372,143.97
Development expenditures		2,051,886.80	2,051,886.80
Goodwill			
Long-term deferred expenses			
Deferred income tax assets		248,758,706.16	248,150,155.01
Other non-current assets		601,546,889.08	586,022,001.47
Total non-current assets		23,805,893,615.06	23,600,701,615.38
Total assets		40,913,991,223.39	41,530,750,834.81

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

Person in charge of the enterprise: Yu Peigen  
charge of the Accounting Department: Zheng Xingyi

Accounting Principal: Gong Dan

Person in

**Dongfang Electric Corporation Limited**  
**Parent Company's Balance Sheet (Continued)**  
**As at June 30, 2021**  
**(Amounts are expressed in RMB unless otherwise stated)**

Liabilities and owners' equity	Balance as at June 30, 2021	Balance as at December 31, 2020
Current liabilities:		
Short-term borrowings		
Financial liabilities held for trading		
Derivative financial liabilities		
Notes payable		
Accounts payable	3,647,331,560.91	3,668,203,269.80
Advances from customers		
Contract liabilities	10,911,219,809.83	12,258,579,491.06
Employee compensation payable	21,100,939.08	28,192,005.87
Taxes and surcharges payable	3,192,110.76	5,107,368.98
Other payables	1,087,696,931.57	461,367,095.24
Liabilities held for sale		
Non-current liabilities maturing within one year	94,822,777.28	94,822,777.28
Other current liabilities		
Total current liabilities	15,765,364,129.43	16,516,272,008.23
Non-current liabilities:		
Long-term borrowings		
Bonds payable		
Including: preferred stock		
Perpetual bond		
Lease liabilities		
Long-term payables		
Long-term employee compensation payable	8,874,232.77	8,874,232.77
Estimated liabilities	458,355,501.32	467,921,129.61
Deferred income	12,297,025.05	12,193,062.50
Deferred income tax liabilities		
Other non-current liabilities		
Total non-current liabilities	479,526,759.14	488,988,424.88
Total liabilities	16,244,890,888.57	17,005,260,433.11
Owner's equity:		
Share capital	3,119,626,130.00	3,119,764,130.00
Other equity instruments		
Including: preferred stock		
Perpetual bond		
Capital reserves	13,198,066,353.32	13,198,774,983.32
Less: treasury stock	171,511,528.00	172,329,868.00
Other comprehensive income		
Special reserves		
Surplus reserves	1,261,168,557.72	1,261,168,557.72
Undistributed profits	7,261,750,821.78	7,118,112,598.66
Total owner's equity	24,669,100,334.82	24,525,490,401.70
Total liabilities and owners' equity	40,913,991,223.39	41,530,750,834.81

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



Person in charge of the enterprise: Yu Peigen  
Person in charge of the Accounting Department: Zheng Xingyi

Accounting Principal: Gong Dan

**Dongfang Electric Corporation Limited**  
**Consolidated Income Statement**  
**January- June 2021**  
(Amounts are expressed in RMB unless otherwise stated)

Item	Note 5	For the six months ended June 30, 2021	For the six months ended June 30, 2020
I. Total operating revenue	5.53	22,737,085,561.92	17,752,970,500.73
Including: operating revenue	5.53	22,213,283,866.86	17,220,493,375.80
Interest income	5.53	522,217,202.09	531,303,054.28
Premiums earned			
Income from handling charges and commissions	5.53	1,584,492.97	1,174,070.65
II. Total operating cost		21,285,174,090.41	16,342,701,521.47
Including: operating costs	5.53	18,209,818,438.64	13,952,748,578.34
Interest expenses	5.53	56,581,143.01	47,110,050.60
Handling charges and commissions expenses	5.53	785,443.91	538,467.32
Surrender value			
Net amount of compensation payout			
Net amount withdrawn for insurance contract reserves			
Policy dividend expenses			
Reinsurance costs			
Taxes and surcharges	5.54	111,658,734.01	98,761,632.25
Selling and distribution expenses	5.55	649,498,860.65	365,245,712.90
General and administrative expenses	5.56	1,221,241,346.31	1,032,305,007.66
Research and development expenditures	5.57	1,034,076,117.49	882,438,413.90
Finance expenses	5.58	1,514,006.39	-36,446,341.50
Including: interest expenses	5.58	13,819,760.24	14,328,027.89
Interest income	5.58	24,422,770.46	18,780,641.10
Plus: other income	5.59	55,973,729.36	52,270,749.46
Investment income ("-" for losses)	5.60	184,365,546.04	113,443,156.99
Including: income from investment in associates and joint ventures	5.60	140,123,305.27	72,334,525.29
Income from derecognition of financial assets measured at amortized cost			
Foreign exchange gains ("-" for losses)	5.61	231,986.54	413,609.59
Income from net exposure hedging ("-" for losses)			
Income from changes in fair value ("-" for losses)	5.62	-11,520,868.30	-110,146,758.23
Losses from credit impairment ("-" for losses)	5.63	-60,718,145.40	-295,973,409.02
Losses from asset impairment ("-" for losses)	5.64	-213,043,003.18	7,651,123.86
Income from asset disposal ("-" for losses)	5.65	227,469,625.08	4,914,531.35
III. Operating profits ("-" for losses)		1,634,670,341.65	1,182,841,983.26
Plus: non-operating revenue	5.66	12,308,505.03	23,303,528.84
Less: non-operating expenses	5.67	17,505,757.73	56,519,445.40
IV. Total profits ("-" for total losses)		1,629,473,088.95	1,149,626,066.70
Less: income tax expenses	5.68	189,729,824.63	130,091,593.13
V. Net profit ("-" for net loss)		1,439,743,264.32	1,019,534,473.57
(I) Classified by operating sustainability			
1. Net profit from continuing operations ("-" for net loss)		1,439,743,264.32	1,019,534,473.57
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)		1,348,252,556.66	954,371,842.93
2. Minority interest income ("-" for net loss)		91,490,707.66	65,162,630.64
VI. Other comprehensive income, net of tax	5.45	-8,552,373.02	3,860,709.34
Other comprehensive income, net of tax, attributable to owners of the parent company	5.45	-8,402,897.11	3,636,809.90
(I) Other comprehensive income that cannot be reclassified into profit or loss	5.45		1,158,533.99
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	5.45		1,158,533.99
4. Changes in fair value of the Company's own credit risk			
(II) Other comprehensive income that will be reclassified into profit or loss	5.45	-8,402,897.11	2,478,275.91
1. Other comprehensive income that can be transferred to profit or loss under the equity method	5.45	-145,751.22	-10,413.15
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			

Item	Note 5	For the six months ended June 30, 2021	For the six months ended June 30, 2020
5. Cash flow hedging reserves			
6. Differences arising from translation of foreign currency financial statements	5.45	-8,257,145.89	2,488,689.06
7. Others			
Other comprehensive income, net of tax, attributable to minority shareholders	5.45	-149,475.91	223,899.44
VII. Total comprehensive income		1,431,190,891.30	1,023,395,182.91
Total comprehensive income attributable to owners of the parent company		1,339,849,659.55	958,008,652.83
Total comprehensive income attributable to minority shareholders		91,341,231.75	65,386,530.08
VIII. Earnings per share:			
(I) Basic earnings per share (RMB/share)	5.69	0.43	0.31
(II) Diluted earnings per share (RMB/share)	5.69	0.43	0.31

In case of business combination under common control, the net profit realized by the combinee before the combination in the period was RMB0.00; and the net profit realized by the combinee in the previous period was RMB0.00. The accompanying notes to the financial statements form an integral part of the financial statements.

Person in charge of the enterprise: Yu Peigen  
 Person in charge of the Accounting Department: Zheng Xingyi

Accounting Principal: Gong Dan

Person in

**Dongfang Electric Corporation Limited**  
**Parent Company's Income Statement**  
**January- June 2021**  
**(Amounts are expressed in RMB unless otherwise stated)**

Item	Note 15	For the six months ended June 30, 2021	For the six months ended June 30, 2020
I. Operating revenue	15.5	5,722,218,449.73	5,674,895,166.32
Less: Operating cost	15.5	5,653,518,717.61	5,411,846,067.80
Taxes and surcharges		143,641.75	136,296.96
Selling and distribution expenses		13,448,415.67	12,365,037.96
General and administrative expenses		101,722,990.90	102,159,813.78
Research and development expenditures		85,279,323.32	62,207,566.80
Finance expenses		-15,907,471.52	-53,147,934.74
Including: interest expenses			
Interest income		26,706,297.44	34,185,702.84
Plus: other income		360,186.72	1,279,159.85
Investment income ("-" for losses)	15.6	804,283,332.86	602,389,114.58
Including: income from investment in associates and joint ventures	15.6	94,060,128.38	64,696,869.49
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)		-21,082,270.02	-106,522,889.72
Losses from credit impairment ("-" for losses)		-1,180,754.26	-33,594,539.14
Losses from asset impairment ("-" for losses)		9,515,135.81	24,072,521.01
Income from asset disposal ("-" for losses)		92,348.70	1,845,391.62
II. Operating profits ("-" for losses)		676,000,811.81	628,797,075.96
Plus: non-operating revenue		2,257,441.62	1,072,908.35
Less: non-operating expenses		7,359,356.97	37,896,523.17
III. Total profits ("-" for total losses)		670,898,896.46	591,973,461.14
Less: income tax expenses		-34,272,030.06	-7,718,257.54
IV. Net profit ("-" for net loss)		705,170,926.52	599,691,718.68
(I) Net profit from continued operation ("-" for net loss)		705,170,926.52	599,691,718.68
(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			
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			

Item	Note 15	For the six months ended June 30, 2021	For the six months ended June 30, 2020
6. Differences arising from translation of foreign-currency financial statements			
7. Others			
VI. Total comprehensive income		705,170,926.52	599,691,718.68
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.

Person in charge of the enterprise: Yu Peigen

Accounting Principal: Gong Dan

Person in

charge of the Accounting Department: Zheng Xingyi

**Dongfang Electric Corporation Limited**  
**Consolidated Statement of Cash Flows**  
**January- June 2021**  
**(Amounts are expressed in RMB unless otherwise stated)**

Item	Note 5	For the six months ended June 30, 2021	For the six months ended June 30, 2020
<b>I. Cash flows from operating activities</b>			
Cash received from sales of goods and rendering of services		16,732,945,650.79	16,172,200,276.72
Net increase in deposits from customers and due from banks and other financial institutions		3,015,987.61	-41,088,195.39
Net increase in borrowings from central bank		-16,043,235.82	66,637,844.50
Net increase in loans from other financial institutions		718,416.64	898,516,032.88
Cash received from receiving insurance premiums of original insurance contracts			
Net cash received from reinsurance business			
Net increase in deposits and investments from policyholders			
Cash received from interests, handling charges and commissions		395,435,657.57	441,728,304.15
Net increase in loans from banks and other financial institutions			
Net capital increase in repurchase business			
Net cash received from vicariously traded securities			
Refunds of taxes and surcharges		290,702,897.27	100,426,646.68
Cash received from other operating activities	5.70	888,020,181.03	935,314,577.22
Sub-total of cash inflows from operating activities		18,294,795,555.09	18,573,735,486.76
Cash paid for goods purchased and services received		18,900,279,463.54	13,913,080,676.17
Net increase in loans and advances to customers		528,855,601.25	242,868,766.41
Net increase in deposits with central bank and with banks and other financial institutions		-139,040,090.90	144,195,998.91
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		815,668.85	553,413.78
Cash paid for policy dividends			
Cash paid to and on behalf of employees		1,842,326,350.60	1,751,922,829.78
Cash paid for taxes and surcharges		711,877,168.15	597,265,744.68
Cash paid for other operating activities	5.70	1,112,351,997.15	951,793,677.62
Sub-total of cash outflows from operating activities		22,957,466,158.64	17,601,681,107.35
Net cash flows from operating activities		-4,662,670,603.55	972,054,379.41
<b>II. Cash flows from investing activities</b>			
Cash received from disposal of investments		7,080,069,083.27	4,420,115,871.48
Cash received from returns on investments		132,581,867.27	45,278,697.96
Net cash received from disposal of fixed assets, intangible assets and other long- term assets		175,680,508.28	737,209.88
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		7,388,331,458.82	4,466,131,779.32
Cash paid to acquire and construct fixed assets, intangible assets and other long- term assets		185,299,893.85	228,069,938.14
Cash paid for investments		3,189,025,501.30	6,343,290,652.96
Net increase in pledge loans			
Net cash paid to acquire subsidiaries and other business units			
Cash paid for other investing activities			
Sub-total of cash outflows from investing activities		3,374,325,395.15	6,571,360,591.10
Net cash flows from investing activities		4,014,006,063.67	-2,105,228,811.78
<b>III. Cash flows from financing activities</b>			
Cash from absorption of investments		58,832,500.00	8,000,000.00
Including: cash received by subsidiaries from the absorption of minority shareholders' investments		58,832,500.00	8,000,000.00
Cash received from borrowings		48,050,000.00	32,380,000.00
Cash received from other financing activities			
Sub-total of cash inflows from financing activities		106,882,500.00	40,380,000.00
Cash paid for debt repayments		42,163,811.04	31,319,615.56
Cash paid for distribution of dividends and profits or payment of interest		61,524,569.07	47,548,535.22

Item	Note 5	For the six months ended June 30, 2021	For the six months ended June 30, 2020
Including: dividends and profits paid to minority shareholders by subsidiaries		39,332,126.48	27,809,488.48
Cash paid for other financing activities		7,563,159.32	
Sub-total of cash outflows from financing activities		111,251,539.43	78,868,150.78
Net cash flows from financing activities		-4,369,039.43	-38,488,150.78
IV. Effect of fluctuation in exchange rate on cash and cash equivalents		-52,526,191.04	48,539,589.79
V. Net increase in cash and cash equivalents		-705,559,770.35	-1,123,122,993.36
Plus: beginning balance of cash and cash equivalents		24,277,749,507.44	28,472,369,654.85
VI. Ending balance of cash and cash equivalents		23,572,189,737.09	27,349,246,661.49

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

Person in charge of the enterprise: Yu Peigen

Accounting Principal: Gong Dan

Person

in charge of the Accounting Department: Zheng Xingyi

**Dongfang Electric Corporation Limited**  
**Parent Company's Statement of Cash Flows**  
**January- June 2021**  
**(Amounts are expressed in RMB unless otherwise stated)**

Item	For the six months ended June 30, 2021	For the six months ended June 30, 2020
I. Cash flows from operating activities		
Cash received from sales of goods and rendering of services	3,133,087,932.45	3,138,619,836.42
Refunds of taxes and surcharges	20,285,274.97	356,021.97
Cash received from other operating activities	96,192,997.81	119,919,260.22
Sub-total of cash inflows from operating activities	3,249,566,205.23	3,258,895,118.61
Cash paid for goods purchased and services received	4,056,878,625.02	3,554,451,035.23
Cash paid to and on behalf of employees	68,025,986.28	75,372,091.33
Cash paid for taxes and surcharges	574,984.66	9,506,719.11
Cash paid for other operating activities	145,211,382.81	174,758,438.25
Sub-total of cash outflows from operating activities	4,270,690,978.77	3,814,088,283.92
Net cash flows from operating activities	-1,021,124,773.54	-555,193,165.31
II. Cash flows from investing activities		
Cash received from disposal of investments		3,945,116.50
Cash received from returns on investments	579,368,739.59	581,457,260.03
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	116,339.00	2,619.88
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	579,485,078.59	585,404,996.41
Cash paid to acquire and construct fixed assets, intangible assets and other long-term assets	6,666,804.87	7,380,876.16
Cash paid for investments	150,000,000.00	50,690,900.00
Net cash paid to acquire subsidiaries and other business units		
Cash paid for other investing activities		
Sub-total of cash outflows from investing activities	156,666,804.87	58,071,776.16
Net cash flows from investing activities	422,818,273.72	527,333,220.25
III. Cash flows from financing activities		
Cash from absorption of investments		
Cash received from borrowings		
Cash received from other financing activities		
Sub-total of cash inflows from financing activities		
Cash paid for debt repayments		
Cash paid for distribution of dividends and profits or payment of interest		
Cash paid for other financing activities		
Sub-total of cash outflows from financing activities		
Net cash flows from financing activities		
IV. Effect of fluctuation in exchange rate on cash and cash equivalents	-7,229,477.88	14,505,413.21



Item		For the six months ended June 30, 2021	For the six months ended June 30, 2020
V. Net increase in cash and cash equivalents		-605,535,977.70	-13,354,531.85
Plus: beginning balance of cash and cash equivalents		5,164,577,904.92	5,490,732,223.57
VI. Ending balance of cash and cash equivalents		4,559,041,927.22	5,477,377,691.72

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

Person in charge of the enterprise: Yu Peigen

Accounting Principal: Gong Dan

Person in

charge of the Accounting Department: Zheng Xingyi

**Dongfang Electric Corporation Limited**  
**Consolidated Statement of Changes in Shareholders' Equity**  
**For January - June 2021**  
**(Amounts are expressed in RMB unless otherwise stated)**

Item	For the six months ended June 30, 2021													
	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, 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
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, 2021	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
III. Increases/decreases in the period ("-" for decreases)	-138,000.00				708,630.00	-818,340.00	-8,402,897.11	21,799,482.09			786,577,227.15	799,945,522.13	109,907,374.51	909,852,896.64
(I) Total comprehensive income							-8,402,897.11				1,348,252,556.66	1,339,849,659.55	91,341,231.75	1,431,190,891.30
(II) Capital contributed or reduced by owners	-138,000.00				708,630.00	-818,340.00						-28,290.00	58,285,226.36	58,256,936.36
1. Common stock contributed by owners	-138,000.00				708,630.00							-846,630.00	58,285,226.36	57,438,596.36
2. Capital invested by the holders of other equity instruments														
3. Amounts of sharebased payments recognized in owners' equity														
4. Others						-818,340.00						818,340.00		818,340.00
(III) Profit distribution											-561,675,329.51	-561,675,329.51	-43,148,989.32	-604,824,318.83
1. Withdrawal of surplus reserves														
2. Withdrawal of general risk reserves														
3. Profit distributed to owners (or shareholders)											-561,532,703.40	-561,532,703.40	-43,148,989.32	-604,681,692.72
4. Others											-142,626.11	-142,626.11		-142,626.11
(IV) Internal carryforward 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)														

Item	For the six months ended June 30, 2021													
	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
	Preferr ed stock	Perpet ual bond	Other s											
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								21,799,482.09				21,799,482.09	3,429,905.72	25,229,387.81
1. Amount withdrawn in the period								41,656,474.59				41,656,474.59	6,724,820.49	48,381,295.08
2. Amount used in the period								-19,856,992.50				-19,856,992.50	-3,294,914.77	-23,151,907.27
(VI) Others														
IV. Balance as at June 30, 2021	3,119,626,130.00				11,583,467,404.17	171,511,528.00	-76,320,962.15	110,308,100.67	972,805,441.29		16,169,239,463.93	31,707,614,049.91	2,843,838,883.80	34,551,452,933.71

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

Person in charge of the enterprise: Yu Peigen  
 Department: Zheng Xingyi

Accounting Principal: Gong Dan

Person in charge of the Accounting

**Dongfang Electric Corporation Limited**  
**Consolidated Statement of Changes in Shareholders' Equity (Continued)**  
**For January - June 2021**  
(Amounts are expressed in RMB unless otherwise stated)

Item	For the six months ended June 30, 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
	Preferr ed 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 the period ("-" for decreases)	27,988,699.00				-13,378,929.29		2,651,046.06	15,496,816.98			316,005,220.12	348,762,852.87	166,241,556.28	515,004,409.15
(I) Total comprehensive income							3,636,809.90				954,371,842.93	958,008,652.83	65,386,530.08	1,023,395,182.91
(II) Capital contributed or reduced by owners	27,988,699.00				-13,378,929.29							14,609,769.71	126,923,635.00	141,533,404.71
1. Common stock contributed by owners					14,609,769.71							14,609,769.71	126,923,635.00	141,533,404.71
2. Capital invested by the holders of other equity instruments														
3. Amounts of share-based payments recognized in owners' equity	27,988,699.00				-27,988,699.00									
4. Others														
(III) Profit distribution											-639,352,386.65	-639,352,386.65	-27,809,488.48	-667,161,875.13
1. Withdrawal of surplus reserves														
2. Withdrawal of general risk reserves														
3. Profit distributed to owners (or shareholders)											-639,352,386.65	-639,352,386.65	-27,809,488.48	-667,161,875.13
4. Others														
(IV) Internal carry-forward of owners' equity							-985,763.84				985,763.84			
1. Conversion of capital reserves into paid-in capital (or share capital)														
2. Conversion of surplus reserves into paid-in capital (or share capital)														

Item	For the six months ended June 30, 2020													
	Equity attributable to owners of the parent company											Minority equity	Total shareholder's 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
	Preferr ed stock	Perpetual bond	Othe rs											
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						-985,763.84					985,763.84			
6. Others														
(V) Special reserves								15,496,816.98				15,496,816.98	1,740,879.68	17,237,696.66
1. Amount withdrawn in the period								40,646,841.63				40,646,841.63	4,693,673.78	45,340,515.41
2. Amount used in the period								-25,150,024.65				-25,150,024.65	-2,952,794.10	-28,102,818.75
(VI) Others														
IV. Balance as at June 30,2020	3,118,792,130.00				11,331,960,245.62	165,972,988.00	-21,767,001.52	91,599,565.07	907,174,974.45		14,541,621,676.76	29,803,408,602.38	2,510,028,777.36	32,313,437,379.74

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

Person in charge of the enterprise: Yu Peigen

Accounting Principal: Gong Dan

Person in charge of the Accounting

Department: Zheng Xingyi

**Dongfang Electric Corporation Limited**  
**Parent Company's Statement of Changes in Shareholders' Equity**  
**January - June 2021**  
**(Amounts are expressed in RMB unless otherwise stated)**

Item	For the six months ended June 30, 2021											
	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 31,2020	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
Plus: adjustments for changes in accounting policies												
Correction of accounting errors in prior periods												
Others												
II. Balance as at January 1, 2021	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
III. Increases/decreases in the period ( "-" for decreases)	-138,000.00				-708,630.00	-818,340.00					143,638,223.12	143,609,933.12
(I) Total comprehensive income											705,170,926.52	705,170,926.52
(II) Capital contributed or reduced by owners	-138,000.00				-708,630.00	-818,340.00						-28,290.00
1. Common stock contributed by owners	-138,000.00				-708,630.00							-846,630.00

Item	For the six months ended June 30, 2021										
	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. Capital invested by the holders of other equity instruments											
3. Amounts of share-based payments recognized in owners' equity											
4. Others						-818,340.00					818,340.00
(III) Profit distribution										-561,532,703.40	-561,532,703.40
1. Withdrawal of surplus reserves											
2. Profit distributed to owners (or shareholders)										-561,532,703.40	-561,532,703.40
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 the period											
2. Amount used in the period											
(VI) Others											
IV. Balance as at June 30, 2021	3,119,626,130.00				13,198,066,353.32	171,511,528.00			1,261,168,557.72	7,261,750,821.78	24,669,100,334.82

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

Person in charge of the enterprise: Yu Peigen  
Department: Zheng Xingyi

Accounting Principal: Gong Dan

Person in charge of the Accounting

**Dongfang Electric Corporation Limited**  
**Parent Company's Statement of Changes in Shareholders' Equity (Continued)**  
**January - June 2021**  
**(Amounts are expressed in RMB unless otherwise stated)**

Item	For the six months ended June 30, 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 the period ( "-" for decreases)	27,988,699.00				-27,988,699.00					-39,660,667.97	-39,660,667.97
(I) Total comprehensive income										599,691,718.68	599,691,718.68
(II) Capital contributed or reduced by owners											
1. Common stock contributed by owners											
2. Capital invested by the holders of other equity instruments											
3. Amounts of share-based payments recognized in owners' equity											
4. Others											
(III) Profit distribution										-639,352,386.65	-639,352,386.65
1. Withdrawal of surplus reserves											
2. Profit distributed to owners (or shareholders)										-639,352,386.65	-639,352,386.65
3. Others											
(IV) Internal carry-forward of owners' equity	27,988,699.00				-27,988,699.00						
1. Conversion of capital reserves into paid-in capital (or share capital)	27,988,699.00				-27,988,699.00						
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											

Item	For the six months ended June 30, 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							
(V) Special reserves											
1. Amount withdrawn in the period											
2. Amount used in the period											
(VI) Others											
IV. Balance as at June 30, 2020	3,118,792,130.00				13,162,300,241.34	165,972,988.00			1,195,538,090.88	7,127,130,126.33	24,437,787,600.55

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

Person in charge of the enterprise: Yu Peigen

Accounting Principal: Gong Dan

Person in charge of the

Accounting Department: Zheng Xingyi



**Dongfang Electric Corporation Limited**  
**Notes to the Financial Statements for the First Half of 2021**  
(Amounts are expressed in RMB unless otherwise stated)

**1 Company profile**

**1.1 Company overview**

Dongfang Electric Corporation Limited (hereinafter referred to as the "Company") which was formerly known as Dongfang Electric Machinery Co., Ltd. was established on December 28, 1993, upon the approval with the document TGS [1992] No. 67 and the document TGS [1993] No. 214 issued by the State Commission for Restructuring the Economic System and the document GZQHF [1993] No. 100 issued by the former State Administration of State-owned Assets, and it is a joint stock limited company established and invested by Dongfang Electrical Machinery Works as the sole sponsor through discounting its held major production and operating assets authorized by the State. Upon the approval with the document TGS [1994] No. 42 issued by the State Commission for Restructuring the Economic System on April 12, 1994, the Company publicly issued 170 million overseas listed foreign shares (H share) in Hong Kong on May 31, 1994, which were listed for trading in the Stock Exchange of Hong Kong Limited on June 6, 1994. On July 4, 1995, the Company publicly issued 60 million domestic shares (A share) within China, which were listed for trading in the Shanghai Stock Exchange on October 10, 1995. Upon the issue of the above shares, the share capital of the Company changed to 450 million shares.

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

Upon the approval with the *Circular on Approving the Assets Purchase of Dongfang Electric Machinery Co., Ltd. by Directional Issue of New Shares to Dongfang Electric Corporation* (ZJGSZ [2007] No. 172) issued by the China Securities Regulatory Commission on October 17, 2007, the Company conducted the private placement of 367 million domestic shares (A share) to DEC in November 2007, therefore, the Company obtained 273,165,244 domestic shares (A share) of Dongfang Boiler (Group) Co., Ltd. (renamed as DEC Dongfang Boiler Group Co., Ltd.) originally held by DEC (accounting for 68.05% of the original share capital of DEC) and 100% equity of DEC Dongfang Steam Turbine Co., Ltd.. According to the resolutions made in the second extraordinary general meeting in 2007, the Company was renamed as Dongfang Electric Corporation Limited on October 26, 2007.

**DONGFANG ELECTRIC CORPORATION LIMITED NOTES TO  
THE FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED JUNE 30, 2021**

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

Upon the approval with the *Official Reply to the Approval of the Private Offering of Shares by Dongfang Electric Corporation Limited* (ZJXX [2009] No. 1151) issued by the China Securities Regulatory Commission on November 6, 2009, the Company privately issued 119.93 million domestic shares (A share) to eight non-specific objects including DEC in November 2009, and the share capital of the Company changed to 1,001.93 million shares upon this private offering.

According to the resolutions made in the 2009 Annual General Meeting of the Company, the first shareholders' meeting of domestic shares in 2010 and the first shareholders' meeting of shares listed overseas in 2010 held on June 18, 2010, the Company additionally increased 10 shares for each 10 shares of all the shareholders based on the capital share base of 1,001.93 million shares on December 31, 2009, and the capital share of the Company changed to 2,003.86 million shares after such increase.

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

On March 1, 2018, the Company purchased relevant assets from Dongfang Electric Corporation with 753,903,063 shares which shall be issued on March 31, 2018 according to the *Official Reply to the Approval of Purchasing Shares from Dongfang Electric Corporation by Dongfang Electric Corporation Limited* (ZJXX [2018] No. 354) issued by the China Securities Regulatory Commission; thereafter, the share capital of the Company became 3,090,803,431 shares.

On November 22, 2019, as adopted at the First extraordinary general meeting in 2019, the First A-share general meeting in 2019 and the First H-share general meeting in 2019 of the Company, according to the resolution made at the 19th meeting of the 9th board of directors of the Company in 2019, the Company newly issued 27,988,699 shares in RMB at the price of

**DONGFANG ELECTRIC CORPORATION LIMITED NOTES TO  
THE FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED JUNE 30, 2021**

RMB5.93 per share on December 19, 2019 to the objects conforming to the *Incentive Plan for Restricted A-shares in 2019*, accounting for 0.68% of the share capital. The newly-issued shares were registered on January 7, 2020.

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.

On November 27, 2020, the Resolution regarding Repurchase and Cancellation of Certain Restricted Shares was considered and approved at the 2020 second extraordinary general meeting, the 2020 second A Shares class meeting and the 2020 second H Shares class meeting in 2020 of the Company. Since the personal circumstances of four Participants under the Incentive Scheme of the Company have changed, the Company repurchased and cancelled the restricted shares of the above four persons which have been granted but not yet unlocked in accordance with Chapter 13 of the Incentive Scheme (Amended Draft) of the Company. 138,000 restricted shares were repurchased and cancelled. Upon the completion of the repurchase and cancellation, 28,822,699 restricted shares under the equity incentives remained. The repurchase and cancellation were completed on February 5, 2021.

As at June 30, 2021, the share capital of the Company was 3,119,626,130 shares, in which, 782,725,762 domestic shares (A share) with restricted conditions accounted for 25.09% of the share capital; the 1,996,900,368 domestic shares (A share) without restricted conditions accounted for 64.01% of the same, and 340,000,000 overseas shares (H share) without restricted conditions accounted for 10.90% of the same.

The Company obtained the business license issued by Chengdu Administration for Industry and Commerce with the unified social credit code of 915101002051154851, and its registered address is at No. 18, Xixin Avenue, Western High-tech Zone, Chengdu, Sichuan Province.

Dongfang Electric Corporation is the controlling shareholder and ultimate controller of the Company. The general meeting is the Company's organ of power, executing the decision-making power of the Company's material matters, such as guideline for management, financing, investment and profit distribution, according to law. The board of directors is responsible for

**DONGFANG ELECTRIC CORPORATION LIMITED NOTES TO  
THE FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED JUNE 30, 2021**

the general meeting, executing the operational decision-making power of the Company according to law; and executives are responsible for organizing the implementation of resolutions made at the general meeting and the board meeting, and taking charge of the Company's production and operation management. The Company has 13 functional management departments, which are the board office, company office, enterprise culture department, strategic development department, investment management department, human resources department, finance department, science and technology innovation department, quality safety and environmental protection department, legal risk control department, audit and supervision department, marketing department and information technology center; 5 business divisions, which are the nuclear power business division, gas turbine business division, thermal power business division, wind power business division, and environmental protection business division; 6 organizations directly under the Company, which are institute of management, institute of nuclear equipment design, financial settlement center, information center, headquarters logistics service center, and central research institute; 1 branch company which is the international engineering branch company.

The Company belongs to the industry of power generation equipment manufacturing with a business scope covering general equipment manufacturing, electrical machinery and equipment manufacturing, nuclear power generation equipment, wind power generation equipment, renewable energy source power energy equipment and its spare parts manufacturing, sales and R&D; R&D, manufacturing and sales of industrial control and automation equipment; R&D, manufacturing and sales of environmental protection equipment (desulfurization, denitration, waste water, and solid waste), energy saving equipment, and petrochemical container; R&D, manufacturing and sales of instrument and apparatus, standard machinery and other equipment; manufacturing and sale of industrial gas 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, nuclear power generation equipment and gas power generation equipment.

The financial statements have been approved by the board of directors of the Company on August 28, 2021.

**DONGFANG ELECTRIC CORPORATION LIMITED NOTES TO  
THE FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED JUNE 30, 2021**

- 1.2** Scope of the consolidated financial statement  
As at June 30, 2021, secondary subsidiaries within the scope of the consolidated financial statements of the Company are as follows:

Name of subsidiary
DEC DongFang Boiler (Group) Co., Ltd. (hereinafter referred to as “DBC” )
DEC Dongfang Steam Turbine Co., Ltd. (hereinafter referred to as “DTC” )
Dongfang Electric Machinery Co., Ltd. (hereinafter referred to as "DFEM")
Dongfang Electric (Guangzhou) Heavy Machinery Co., Ltd. (hereinafter referred to as "DFHM")
Dongfang Electric Wind Power Co., Ltd. (hereinafter referred to as "DEWP")
Dongfang Electric Automatic Control Engineering Co., Ltd. (hereinafter referred to as “DEA” )
Dongfang Electric (Wuhan) Nuclear Equipment Co., Ltd. (hereinafter referred to as "DENE")
DongFang Electric (India) Private Limited (Hereinafter referred to as “Dongfang Electric India” )
Dongfang Electric International Corporation Limited (hereinafter referred to as “DEIC” )
Dongfang Electric Group Finance Co., Ltd. (hereinafter referred to as “DECFC” )
DEC (Sichuan) Materials Co., Ltd. ( hereinafter referred to as “DEC Materials” )
Dongfang Electric (Chengdu) Hydrogen Fuel Cell Technology Co., Ltd. (hereinafter referred to as “Dongfang Hydrogen Energy” )
Science and Technology Institute Co., Ltd. of Dongfang Electric Corporation (hereinafter referred to as “Dongfang Institute” )
Dongfang Electric (Chengdu) Innovation Technology Development Co., Ltd. (hereinafter referred to as “Dongfang Innovation Technology” )

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

**2** Basis of preparation for the financial statements

**2.1 Basis of preparation**

Based on going concern and according to actually occurred transactions and events, the Company prepares financial statements in accordance with the *Accounting Standards for Business Enterprises - Basic Standards* and all the specific accounting standards, Application Guidance to the Accounting Standards for Business Enterprises, the interpretation of the Accounting Standards for Business Enterprises and other relevant provisions (hereinafter referred to as the “Accounting Standards for Business Enterprises” ), 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 *Hong Kong Companies Ordinance*.

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**2.2** Going Concern

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

**3 Significant accounting policies and accounting estimates**

The following disclosures have covered the specific accounting policies and accounting estimates formulated by the Company according to the characteristics of its actual production and operation. For details, see Notes "3.10 Financial instruments" , "3.19 Fixed assets" and "3.29 Revenue" .

**3.1 Statement on compliance with the Accounting Standards for Business Enterprises**

The financial statements meet the requirements of the Accounting Standards for Business Enterprises issued by the Ministry of Finance, and truly and completely reflect the consolidated and the parent company' s financial position of the Company as at June 30, 2021, and the consolidated and the parent company' s operating results and cash flows in January to June 2021.

**3.2 Accounting period**

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

### **3.3 Operating cycle**

The Company's operating cycle is 12 months.

### **3.4 Functional currency**

The Company adopts RMB as its functional currency.

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

Business combination under common control: For assets and liabilities obtained through business combination by the 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.

Business combination not under common control: 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.

Expenses incurred directly relating to the business combination are included in the current profit or loss; transaction expenses incurred in issuing equity or debt securities for business combination are included in the initial recognition amount of those equity or debt securities.

### **3.6 Preparation method of consolidated financial statements**

#### **3.6.1 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.

#### **3.6.2 Procedures for consolidation**

The Company prepares the consolidated financial statements based on financial statements of itself and its subsidiaries and according to other relevant information. Upon the preparation of consolidated financial statements, the Company shall deem 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. For the subsidiaries acquired through business combination not under common control, adjustments to their financial statements are made based on the fair values of net identifiable assets on the acquisition date. For the subsidiaries

acquired through business combination under common control, adjustment to their financial statements are made based on the book values of its assets and liabilities (including goodwill formed in the acquisition of these subsidiaries by the ultimate controller) as presented in the financial statements of the ultimate controller.

The share of owners' equity, current net profit or loss and current comprehensive income of subsidiaries attributable to minority owners are respectively and separately presented under the owner's equity in the consolidated balance sheet, the net profit in the consolidated income statement, and the total comprehensive income in the consolidated income statement. If the current losses shared by a minority shareholder of a subsidiary exceed the balances arising from the shares enjoyed by the minority shareholder in the owners' equity of the subsidiary at the beginning of the period, minority equity will be written down accordingly.

(I) 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.



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

When the Company loses the control over the investee due to disposal of partial equity investment or other reasons, the remaining equity investment after the disposal 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 right of control due to the decline in its proportion of shareholding caused by the increase of investment in subsidiaries by other investors, accounting treatment should be conducted according to the above principles.

② Disposal of 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) These transactions are concluded at the same time or under the consideration of mutual effect;
- (ii) Only all these transactions as a whole can reach a complete business result;
- (iii) The occurrence of a transaction depends on the occurrence of at least one other transaction;
- (iv) A single transaction is uneconomical but it is economical when considered together with other transactions.

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

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

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the control, accounting treatment shall be made according to general treatment methods for disposal of subsidiaries.

- (III) 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 investments acquired by the Company for the purchase of minority equity 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.
- (IV) Partial disposal of long-term 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.

### 3.7 Classification and accounting treatment of joint venture arrangements

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

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

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

- (1) Assets peculiar to the Company and assets jointly owned by the Company based on shares held;
  - (2) Liabilities undertaken by the Company solely and liabilities jointly undertaken by the Company based on shares held;
  - (3) Income from selling production shares of the joint operation enjoyed by the Company;
  - (4) Income from selling the production of the joint operation recognized based on the shares held by the Company; and
  - (5) Separate costs and costs for the joint operation based on the shares held by the Company.
- See Note "3.17 Long-term equity investments" for accounting policies of the Company for investment in joint ventures.

### 3.8 Recognition criteria of cash and cash equivalents

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

### 3.9 Foreign currency transactions and translation of foreign currency statements

#### 3.9.1 Foreign currency transactions

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

### **3.9.2 Translation of foreign currency statements**

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

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

## **3.10 Financial instruments**

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

### **3.10.1 Classification of financial instruments**

According to the company's business model of managing financial assets and the characteristics of contract cash flow of financial assets, financial assets are classified at the initial recognition into: Financial assets measured at amortized cost, financial assets (debt instruments) measured at fair value through the other comprehensive income and financial assets measured at fair value through the current profit or loss.

Where the business model is for receiving contractual cash flow which is used for the payment of the principal and the 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.

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

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

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

(3) The financial liability includes embedded derivatives that need to be separately split.

### **3.10.2 Recognition basis and measurement method of financial instruments**

#### **(1) Financial assets measured at amortized cost**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**(6) Financial liabilities measured at amortized cost**

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

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

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

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

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

The principle of substance over form is adopted to determine whether the transfer of a financial asset meets the above derecognition conditions for the financial asset.

The Company classifies the transfer of a financial asset into the entire transfer and the partial transfer of financial asset. Where the entire transfer of a financial asset meets the derecognition criteria, the difference between the following two amounts shall be included in the current profit or loss:

- (1) The book value of the transferred financial asset;
- (2) The sum of consideration received from the transfer and the accumulated changes amount of fair value originally recorded in owners' equity (where the financial assets involved in the transfer are financial assets (debt instruments) measured at fair value through the other comprehensive income).

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

- (1) The book value of the derecognized part;
  - (2) The sum of the consideration for the derecognized part and the portion of derecognition corresponding to the accumulated amount of the changes in fair value originally and directly included in owners' equity (where the financial assets involved in the transfer are financial assets (debt instruments) measured at fair value through the other comprehensive income).
- If the transfer of a financial asset does not meet the derecognition criteria, the financial asset shall continue to be recognized, and the consideration received shall be recognized as a financial liability.

**3.10.4 Derecognition criteria of financial liabilities**

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

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

Where financial liabilities are 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 transferred out or new financial liabilities assumed) shall be included in the current profit or loss.

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

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

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

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

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

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

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

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

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.

**3.11 Provision for bad debts of receivables**

**3.11.1 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 as follows:

Aging	Proportion of provision for accounts receivable (%)
Within 1 year (including 1 year)	5.00
1-2 years	10.00

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2-3 years	20.00
3 - 4 years	40.00
4 - 5 years	50.00
Over 5 years	100.00

### 3.11.2 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).

### 3.12 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 though 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:



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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	70.0 - 100.00

### 3.13 Payments for purchase for resale and proceeds from sales 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 sales of these assets, including accrued interest, are listed as "proceeds from sales 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.

### 3.14 Inventories

#### 3.14.1 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.

#### 3.14.2 Measurement method of dispatched inventories

The inventories are measured at weighted average method when dispatched.

#### 3.14.3 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

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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 period is determined at the market price on the balance sheet date.

#### **3.14.4 Inventory system**

The perpetual inventory system is adopted.

#### **3.14.5 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.

#### **3.15 Contract assets**

##### **3.15.1 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.

##### **3.15.2 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.

#### **3.16 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

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completed within one year. Where the sale can be done only upon the approval of relevant authorities or regulatory authorities of the Company as required by relevant provisions, the approval has been obtained.

**3.17 Long-term equity investments**

**3.17.1 Judgment criteria for common control and significant influence**

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 the Company is able to have significant influence on an investee, the investee shall be its associate.

**3.17.2 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 investments. 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 investments. 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 investments 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

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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 investments.

For long-term equity investments 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.

**3.17.3 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 investments; 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 investments. 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 investments 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 investments 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 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 investments 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.

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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.

**3.18 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.

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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.

### 3.19 Fixed assets

#### 3.19.1 Recognition criteria of fixed assets

Fixed assets refer to the tangible assets held for the purpose of producing commodities, 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.

#### 3.19.2 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

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IV. Instrument and apparatus	Straight-line method or double-declining-balance method	6.00	5.00	15.83 or double-declining- balance method
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Type	Depreciation method	Depreciation life (year)	Residual value rate (%)	Annual depreciation rate (%)
V. Electronic computer	Straight-line method or double-declining-balance method	5.00	5.00	19.00 or double-declining-balance method
VI. Other equipment	Straight-line method or double-declining-balance method	6.00	5.00	15.83 or double-declining-balance method

### 3.20 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.

### 3.21 Borrowing costs

#### 3.21.1 Recognition criteria of capitalization of borrowing costs

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

The borrowing costs incurred to the Company and directly attributable to the acquisition and construction or production of assets eligible for capitalization should be capitalized and

recorded into relevant asset costs; other borrowing costs should be recognized as costs according to the amount incurred and be included into the current profit and loss.

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

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

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

### **3.21.2 Capitalization period for borrowing costs**

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

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

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

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

### **3.21.3 Period of suspension for capitalization**

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

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

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

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

## **3.22 Intangible assets**

### **3.22.1 Measurement method of intangible assets**

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

The costs of externally acquired intangible assets comprise their purchase prices, related taxes and surcharges and any other directly attributable expenditure incurred

to prepare the asset for its intended use. If the purchase price of intangible assets exceeds the normal credit conditions resulting deferred payment, essentially with the nature of financing, the cost of intangible assets is determined on the basis of the present value of the purchase price.

The entry value of the intangible assets, which acquired through debt restructuring from the debtor to pay debts, is determined on the basis of the fair value of the creditor' rights waived thereunder and other costs including the taxes which directly attributable to bringing the asset to its intended use, and the difference between the fair value and the carrying amount of creditor' rights waived thereunder should be included in current profit or loss.

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

#### (2) Subsequent measurement

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

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

#### **3.22.2 Specific criteria for classifying research and development stages**

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

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

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

### **3.22.3 Criteria for capitalization of qualifying expenditures during the development stage**

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

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

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

### 3.23 Impairment of long-term assets

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

Goodwill, intangible assets with uncertain useful lives and intangible assets that are not yet ready for use shall be subject to impairment test at least once at the end of each period.

The Company conducts an impairment test for the goodwill. The book value of goodwill arising from business combinations is amortized to relevant asset groups with a reasonable method since the date of acquisition; or amortized to relevant combination of asset groups if it is difficult to be amortized to relevant asset groups. When the Company allocates the carrying value of goodwill, the allocation shall be made based on the relative benefits gained from the synergy of business combination by relevant asset group or set of asset groups, based on which impairment tests for goodwill shall be carried out.

When making an impairment test on the relevant asset groups or combination of asset groups containing goodwill, if any indication shows that the asset groups or combinations of asset groups related to the goodwill may be impaired, the Company shall first conduct an impairment test on the

asset groups or combinations of asset groups not containing goodwill, calculate the recoverable amount and compare it with the relevant book value to recognize the corresponding impairment loss. Then the Company shall conduct an impairment test on the asset groups or combinations of asset groups containing goodwill, and compare the book value of these asset groups or combinations of asset groups (including the book value of the goodwill apportioned thereto) with the recoverable amount. Where the recoverable amount of the relevant asset groups or combinations of asset groups is lower than the book value thereof, the Company shall recognize the impairment loss of the goodwill.

The abovementioned impairment loss will not be reversed in the subsequent accounting periods once being recognized.

#### **3.24 Long-term deferred expenses**

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

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

#### **3.25 Contract liabilities**

The Company has presented contract assets or contract liabilities in the balance sheet based on the connection between the fulfilment of performance obligations and payment of the customers. A contract liability represents the obligation to transfer goods or services to a customer for which the Company has received a consideration or an amount of consideration that is due from the customer. A contract asset and a contract liability under the same contract are accounted for and presented on a net basis.

### **3.26 Employee compensation**

#### **3.26.1 Accounting treatment of short-term compensation**

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

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

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

#### **3.26.2 Accounting treatment of post-employment benefits**

##### **(1) Defined contribution plans**

The Company pays the basic endowment insurance premiums and unemployment insurance for employees according to the relevant provisions of the local governments.

During the accounting period when employees serve the Company, the paid amount which is calculated based on the payment base and proportion as stipulated in the provisions of the local place is recognized as liabilities and included in current profit and loss or costs associated with assets.

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



(2) Defined benefit plans

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

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

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

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

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

### **3.26.3 Accounting treatment of dismissal benefits**

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

## **3.27 Estimated liabilities**

### **3.27.1 Recognition criteria of estimated liabilities**

The Company recognizes estimated liabilities when business related to contingencies (including arbitration, debts guarantee, onerous contract and reorganization) satisfies all the following conditions:

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

### **3.27.2 Measurement methods for various estimated liabilities**

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

The Company shall comprehensively take the risks, uncertainties, time value of money and other factors relating to the contingencies into consideration in determining the best estimate.

If the time value of money is significant, the best estimates shall be determined after discount of relevant future cash outflows.

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

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

The best estimate is determined in terms of the most likely amount to occur, when there is not a continuous range (or range) of required expenditures, or where there is a continuous range but the likelihood of various outcomes occurring within that range is different. If the contingencies involve more than one item, the best estimate is calculated and determined according to various possible results and relevant probabilities.

Where all or part of the expenditure required for the liquidation of the estimated liabilities of the company is expected to be compensated by a third party, the amount of compensation shall be separately recognized as an asset when it is basically confirmed that it can be received, and the confirmed amount of compensation shall not exceed the book value of the estimated liabilities.

### **3.28 Share-based payments**

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.

#### **3.28.1 Equity-settled share-based payment and equity instrument**

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

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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 excised 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.

### **3.28.2 Cash-settled share-based payments and equity instrument**

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.

### **3.29 Revenue**

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

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

If the performance obligation is performed within a certain period of time, the company shall recognize the revenue according to the performance progress. Otherwise, the company shall recognize the revenue at a certain point when the customer obtains control over the relevant assets.

The performance progress is measured by the company's expenditure or input for the performance of the performance obligations. The progress is determined based on the proportion of the accumulated costs incurred as of the balance sheet date of each contract to the estimated total costs.

When determining the contract transaction price, if there is a variable consideration, the company shall determine the best estimate of the variable consideration according to the expected value or the most likely amount, and record it in the transaction price with the amount not exceeding the amount that will most likely not be significantly reversed in the accumulated confirmed income when the relevant uncertainty is eliminated. If there is a significant financing component in the

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contract, the company will adjust the transaction price according to the financing component in the contract. If the gap between the transfer of control and the payment of price by the customer is less than one year, the company will not consider the financing component.

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

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

The Company has the right to determine the price of the goods traded at its own discretion, that is, the Company is a principal if it controls the specified goods and other products before that goods and other products are transferred to a customer, and the revenue shall be recognised based on the

total consideration received or receivable; otherwise, the Company is an agent, and the revenue shall be recognised based on the amount of commission or handling fee that is expected to be charged, and such amount shall be determined based on the net amount of the total consideration received or receivable after deducting the prices payable to other related parties or according to the established commission amount or proportion.

### **3.30 Contract cost**

Contract cost includes contract performance cost and contract acquisition cost.

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

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

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

Assets related to contract costs are amortized on the same basis as revenue recognition of goods or services related to the asset. However, if the amortization period of the contract acquisition cost does not exceed one year, the company shall record it into the current profit and loss when it occurs.

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

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



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

### **3.31 Government grants**

#### **3.31.1 Type**

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

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

#### **3.31.12 Timing of recognition**

Government grants are recognized when the Company is eligible for the conditions for government grants and can receive them.

#### **3.31.3 Accounting treatment**

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

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

### **3.32 Deferred income tax assets and deferred income tax liabilities**

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

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

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

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

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

### **3.33 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.

#### **3.33.1 The Company as a lessee**

(1) Right-of-use assets

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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:

The initial measurement amount of lease liabilities;

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;

The initial direct costs incurred of the Company;

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:

For fixed payments (including substantial fixed payments), if there is any lease incentive, the relevant amount of the lease incentive shall be deducted;

Variable lease payments depending on the index or ratio;

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The payments expected to be payable based on the residual value of the guarantee provided by the Company;

Exercise price of purchase option, provided that the Company reasonably determines that it will exercise the option;

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:

Any change in the estimated payable amount based on the residual value of the guarantee;

Any change in the index or ratio used to determine lease payments;

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:

Where the lease change expands the scope of the lease by adding the right to use one or more leased assets;

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.

**3.33.2 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.

(3) 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.

(4) 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 "3.10 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.

**3.33.3 Sale-and-leaseback 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 “3.10 financial instruments” for the accounting treatment for financial assets.

#### **3.33.4 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;
- (3) The component is a subsidiary acquired only for re-sale.

#### **3.34 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.

### **3.35 Other significant accounting policies and estimates**

Based on annual actual operating revenue of machinery manufacturing enterprises in the Company in the last year, the work safety 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 RMB10 million and is no more than RMB100 million;
- (3) 0.2% of business revenue which exceeds RMB100 million and is no more than RMB1 billion;
- (4) 0.1% of business revenue which exceeds RMB1 billion and is no more than RMB5 billion;
- (5) 0.05% of business revenue which exceeds RMB5 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

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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.

**3.36 Changes in significant accounting policies and accounting estimates**

The Company has no changes in significant accounting policies and accounting estimates in the period.

**4. Taxation**

4.1 Main tax types and tax rates

Tax Type	Tax basis	Tax rate	Remark
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%, 16%, 17%, 18%	Remark 1
Urban maintenance and construction tax	Levied based on the actual VAT and consumption tax paid	5%, 7%	
Enterprise income tax	Levied based on the taxable income	15%, 20%, 27.53%, 25%, 34%	
Property tax	70% of the original value (or rental income) as the basis for taxation	1.2%, 12%	

Remark 1: The goods sales services of DongFang Electric India 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 (hereinafter referred to as "Dongfang Indonesia Company" ) is 10.00%.

Notes to disclosure of enterprises with different enterprise incometax rates:

Taxpayer name	Income tax rate (%)
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Dongfang Electric Corporation Limited	15.00
DFHM	15.00
DBC	15.00
Chengdu Dongfang Kwh Environmental Protection Catalysts Co., Ltd. (hereinafter referred to as “Dongfang Kwh” )	15.00
DTC	15.00
Deyang Dongfang Aberle System Corporation Limited (hereinafter referred to as “Dongfang Aberle” )	15.00
DFEM	15.00
DEWP	15.00
Tianjin Dongqi Wind Turbine Blade Engineering Co., Ltd. (hereinafter referred to as “Tianjin Dongqi Blade” )	15.00
DEA	15.00
Shenzhen Eastern Boiler Control Co., Ltd. (hereinafter referred to as “Eastern Boiler Control” )	25.00
Dongfang Hitachi (Chengdu) Electronic Control Equipment Co., Ltd. (hereinafter referred to as “Dongfang Hitachi” )	15.00
Dongfang Hydrogen Energy	15.00
Dongfang Institute	15.00
Dongfang Electric India	27.553
Dongfang Indonesia Company (Remark 1)	25.00, 20.00
Dongfang Electric Machinery Venezuela Co., Ltd. (hereinafter referred to as “DEC Venezuela” )	34.00
Laos Nam Mang Power Company Limited (hereinafter referred to as “Nam Mang Power Company” ) (Remark 2)	0.00
Other companies within the scope of consolidation of the Company	25.00

Remark 1: Dongfang Indonesia Company shall be levied the enterprise income tax respectively according to 25% and 20% of taxable income and income from deposit interest.

Remark 2: According to *the Franchise Agreement* signed by Nam Mang Power Company and the Laos Government on January 9, 2013, the enterprise income tax rate applicable to Nam Mang Power Company is 0.00%.

(II) Tax preference

1. Dongfang Electric Corporation Limited

According to the *Notice on Extension of Income Tax Policies for Western Development Enterprises* issued by the Ministry of Finance, the State Administration of Taxation and the National Development and Reform Commission, 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, 2021 to December 31, 2030. Dongfang Electric

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Corporation Limited meets the said tax preference condition, and can enjoy such preferential tax rate of 15.00%.

2. DFHM

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, DFHM went through the application and filing 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. DBC.

(1) DBC

On December 3, 2020, it was qualified as a hi-tech enterprise with a 3-year certificate of No. GR202051003380. 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) Dongfang Kwh

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. DTC

(1) DTC

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*

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*Enterprise Income Tax*, its applicable enterprise income tax rate in 2020 is 15.00%.

(2) Dongfang Aberle

According to the *Notice on Extension of Income Tax Policies for Western Development Enterprises* issued by the Ministry of Finance, the State Administration of Taxation and the National Development and Reform Commission, 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, 2021 to December 31, 2030. Dongfang Aberle meets the said tax preference condition, and can enjoy such preferential tax rate of 15.00%.

5. DFEM

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. DEWP

(1) DEWP

On November 28, 2019, DEC Wind Power 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 Blade

On December 9, 2016, Tianjin Dongqi Blade 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 Blade 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%.

7. DEA

(1) DEA

On September 11, 2020, it was qualified as a hi-tech enterprise with a 3-year certificate of No. GR202051000158. 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%. DEA 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, DEA 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

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

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*

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*China on Enterprise Income Tax*, its applicable enterprise income tax rate in 2019 is 15.00%.

8. Dongfang Hydrogen Energy

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 2019 is 15.00%.

9. Dongfang Institute

In September 2018, it acquired the hi-tech enterprise certificate of No. GR201851000162, 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 2019 is 15.00%.

**5. Notes to the items of the consolidated financial statements**

**5.1 Monetary funds**

Item	Balance as at June 30, 2021	Balance as at December 31, 2020
Cash on hand	2,037,707.53	1,614,031.10
Bank deposits	25,501,276,596.46	26,363,886,696.70
Other monetary funds	295,578,744.70	320,731,512.80
Interest receivable not yet due		
Total	25,798,893,048.69	26,686,232,240.60
Including: total amount of deposit abroad	104,549,404.87	191,857,447.94

Remark: 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:

Item	Balance as at June 30, 2021	Balance as at December 31, 2020
Bank deposit reserves	2,075,537,302.69	2,215,224,551.18
L/G deposit	122,723,696.74	113,211,173.73
Performance bond	717,538.85	832,299.87
Court freeze		40,777,148.92
Bank acceptance deposit	27,724,773.32	38,437,559.46

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Item	Balance as at June 30, 2021	Balance as at December 31, 2020
Total	2,226,703,311.60	2,408,482,733.16

**5.2 Financial assets held for trading**

Item	Balance as at June 30, 2021	Balance as at December 31, 2020
Sub-total of financial assets measured at fair value through the current profit or loss	1,347,257,417.87	1,292,860,471.15
Debt instrument investments	153,859,700.00	177,416,452.50
Equity instrument investments	425,495,268.56	439,464,085.68
Others	767,833,890.91	675,979,932.97
Total	1,347,257,417.87	1,292,860,471.15

Remarks: (1) As at Jun 30, 2021, the item of “Others” amounting to funds of RMB767,833,890.91.

(2) As at December 31, 2020, the item of “Others” amounting of funds of RMB675,979,932.97.

**Financial assets held for trading are analyzed as follows:**

Items	Closing balance	Balance as at December 31, 2020
Listed financial assets		
China (except Hong Kong)	425,492,426.96	439,392,685.68
Sub-total	425,492,426.96	439,392,685.68
Non-listed financial assets	921,764,990.91	853,467,785.47
Total	1,347,257,417.87	1,292,860,471.15

Notes : (1) The Company holds 1,447,000 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;

(2) The Company holds 79,137,977 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 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;

(4) The Company holds 17,103,154 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 330 shares of domestic listing RMB ordinary shares (A share) without restricted circulation in Zhejiang Xinzhonggang Thermal Power Co., Ltd., accounting for 0.0000824% of the share capital of the investee;

(6) The Company holds 148 shares of domestic listing RMB ordinary shares (A share) without restricted circulation in Servyou Software Group Co., Ltd., accounting for 0.0000365% of the share capital of the investee;

(7) The Company holds 145 shares of domestic listing RMB ordinary shares (A share) without restricted circulation in Hangzhou Thermal Power Group Co., Ltd., accounting for 0.00003624% of the share capital of the investee;

(8) 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;

(9) 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 June 30, 2021 are calculated and determined based on the closing price of the securities market on June 30, 2021.

### 5.3 Notes receivable

#### 5.3.1 Presentation of the notes receivable by category

Item	Balance as at June 30, 2021	Balance as at December 31, 2020
Bank acceptance bills	1,981,615,023.17	2,274,294,460.56
Commercial acceptance bills	1,551,061,644.80	1,506,942,679.38
Total	3,532,676,667.97	3,781,237,139.94

#### 5.3.2 Notes receivable endorsed or discounted by the Company as at June 30, 2021 but not expired on the balance sheet date

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Item	Amount derecognized as at June 30, 2021	Amount not derecognized as at June 30, 2021
Bank acceptance bills	483,100,470.02	
Commercial acceptance bills	26,905,003.56	45,942,200.00
Total	510,005,473.58	45,942,200.00

**5.3.3 Notes transferred to accounts receivable as at June 30, 2021 due to the drawer's failure of performing the contract**

Item	Amount transferred to accounts receivable as at June 30, 2021
Commercial acceptance bills	8,900,000.00
Bank acceptance bills	8,682,000.00
Total	17,582,000.00

**5.4 Accounts receivable**

**5.4.1 Disclosure of accounts receivable by aging**

Aging	Balance as at June 30, 2021	Balance as at December 31, 2020
Within 1 year	5,343,223,359.54	5,130,256,766.78
1 - 2 years	1,807,461,757.14	1,690,563,764.54
2 - 3 years	1,018,414,898.21	708,575,024.69
3 - 4 years	760,951,303.05	951,541,934.99
4 - 5 years	1,090,525,551.98	1,041,298,116.42
Over 5 years	3,056,689,621.76	2,893,968,554.92
Sub-total	13,077,266,491.68	12,416,204,162.34
Less: provision for bad debts	4,980,656,492.56	4,889,965,953.80
Total	8,096,609,999.12	7,526,238,208.54

**5.4.2 Disclosure under the methods of provision for bad debts of accounts receivable by category**

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Category	Balance as at June 30, 2021				
	Book balance		Provision for bad debts		Book value
	Amount	Proportion (%)	Amount	Proportion (%)	
Individual provision for bad debts	1,910,404,805.14	14.61	1,857,706,808.74	97.24	52,697,996.40
Provision for bad debts accrued on a portfolio basis	11,166,861,686.54	85.39	3,122,949,683.82	27.97	8,043,912,002.72
Including:					
Accounts receivable with provision for bad debts made by portfolios with credit risk characteristics	11,166,861,686.54	85.39	3,122,949,683.82	27.97	8,043,912,002.72
Total	13,077,266,491.68	100.00	4,980,656,492.56		8,096,609,999.12

Category	Balance as at December 31, 2020				
	Book balance		Provision for bad debts		Book value
	Amount	Proportion (%)	Amount	Proportion (%)	
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
Total	12,416,204,162.34	100.00	4,889,965,953.80		7,526,238,208.54

**Individual provision for bad debts:**

Name	Balance as at June 30, 2021			
	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

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Name	Balance as at June 30, 2021			
	Book balance	Provision for bad debts	Proportion of provision (%)	Reason for provision
				liquidation proceedings
Entity 3	122,740,000.00	116,350,000.00	94.79	Facing capital shortage, expected to be difficult to recover
Entity 4	111,417,134.15	111,417,134.15	100.00	During bankruptcy liquidation proceedings
Entity 5	94,347,063.36	92,995,530.38	98.57	During bankruptcy liquidation proceedings
Entity 6	91,500,000.00	91,500,000.00	100.00	Facing capital shortage, expected to be difficult to recover
Entity 7	79,971,533.27	79,971,533.27	100.00	During bankruptcy liquidation proceedings
Entity 8	76,737,496.38	76,737,496.38	100.00	During bankruptcy liquidation proceedings
Entity 9	75,645,387.89	68,082,849.10	90.00	Facing capital

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Name	Balance as at June 30, 2021			
	Book balance	Provision for bad debts	Proportion of provision (%)	Reason for provision
				shortage, expected to be difficult to recover
Entity 10	72,082,755.00	72,082,755.00	100.00	Facing capital shortage, expected to be difficult to recover
Entity 11	68,902,740.00	62,012,466.00	90.00	Facing capital shortage, expected to be difficult to recover
Entity 12	60,846,000.00	54,761,400.00	90.00	Facing capital shortage, expected to be difficult to recover
Entity 13	59,400,000.00	59,400,000.00	100.00	During bankruptcy liquidation proceedings
Entity 14	51,616,598.81	51,616,598.81	100.00	During bankruptcy liquidation proceedings
Entity 15	51,469,460.00	51,469,460.00	100.00	Facing capital shortage,

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Name	Balance as at June 30, 2021			
	Book balance	Provision for bad debts	Proportion of provision (%)	Reason for provision
				expected to be difficult to recover
Entity 16	39,381,508.00	39,381,508.00	100.00	During bankruptcy liquidation proceedings
Entity 17	38,566,640.50	38,566,640.50	100.00	Facing capital shortage, expected to be difficult to recover
Entity 18	35,015,000.00	31,513,500.00	90.00	Facing capital shortage, expected to be difficult to recover
Entity 19	29,195,000.00	26,275,500.00	90.00	Facing capital shortage, expected to be difficult to recover
Entity 20	21,818,776.83	19,636,899.15	90.00	Facing capital shortage, expected to be difficult to recover
Entity 21	21,420,000.00	21,420,000.00	100.00	Facing capital

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Name	Balance as at June 30, 2021			
	Book balance	Provision for bad debts	Proportion of provision (%)	Reason for provision
				shortage, expected to be difficult to recover
Entity 22	18,250,000.00	18,250,000.00	100.00	During bankruptcy liquidation proceedings
Entity 23	17,319,029.55	17,319,029.55	100.00	Facing capital shortage, expected to be difficult to recover
Entity 24	16,920,000.00	15,228,000.00	90.00	Facing capital shortage, expected to be difficult to recover
Entity 25	11,573,813.40	11,573,813.40	100.00	Facing capital chain breaks, expected to be unable to recover
Entity 26	11,236,293.52	11,236,293.52	100.00	Facing capital shortage, expected to be difficult to recover

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Name	Balance as at June 30, 2021			
	Book balance	Provision for bad debts	Proportion of provision (%)	Reason for provision
Entity 27	11,077,400.00	11,077,400.00	100.00	Facing capital shortage, expected to be difficult to recover
Entity 28	10,000,000.00	10,000,000.00	100.00	Facing capital shortage, expected to be difficult to recover
Entity 29	9,744,000.00	8,769,600.00	90.00	Facing capital shortage, expected to be difficult to recover
Entity 30	9,268,250.00	9,268,250.00	100.00	Facing capital shortage, expected to be difficult to recover
Entity 31	8,100,000.00	8,100,000.00	100.00	Facing capital shortage, expected to be difficult to recover
Others	61,172,970.25	58,023,197.30	94.85	Expected to be difficult to recover



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Name	Balance as at June 30, 2021			
	Book balance	Provision for bad debts	Proportion of provision (%)	Reason for provision
Total	1,910,404,805.14	1,857,706,808.74	97.24	

**Provision for bad debts accrued on a portfolio basis:**

Name	Balance as at June 30, 2021		
	Accounts receivable	Provision for bad debts	Proportion of provision (%)
Within 1 year	5,256,827,098.85	262,841,355.33	5.00
1 - 2 years	1,807,110,126.97	180,711,012.87	10.00
2 - 3 years	933,823,118.38	186,764,623.66	20.00
3 - 4 years	600,155,132.05	240,062,052.86	40.00
4 - 5 years	632,751,142.48	316,375,571.29	50.00
Over 5 years	1,936,195,067.81	1,936,195,067.81	100.00
Total	11,166,861,686.54	3,122,949,683.82	

5.4.3 Provision for bad debts recovered or reversed

In the current year, the Company accrued RMB162,589,089.63 as provision for bad debts, and recovered or reversed RMB71,898,550.87. Reversal or recovery of significant amount of provision for bad debts in the current period is listed as follows:

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
	30,778,246.72	The debtor is likely to be	Smooth collection in the current year	Recovery

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Entity 1		unable to fulfill repayment obligations		through monetary funds
Entity 2	16,670,000.00	The debtor is likely to be unable to fulfill repayment obligations	Smooth collection in the current year	Recovery through monetary funds
Entity 3	6,000,000.00	The debtor is likely to be unable to fulfill repayment obligations	Smooth collection in the current year	Recovery through monetary funds
Entity 4	4,665,000.00	The debtor is likely to be unable to fulfill repayment obligations	Smooth collection in the current year	Recovery through monetary funds
Entity 5	4,000,000.00	The debtor is likely to be unable to perform the repayment obligation	Smooth collection in the current year	Recovery through monetary funds
Entity 6	3,917,686.29	The debtor is likely to be unable to perform the repayment obligation	Allocation for bankruptcy	Recovery through monetary funds
Total	66,030,933.01			

5.4.4 Accounts receivable actually charged off in the current period

None.

5.4.5 Top 5 of accounts receivable as at the end of the current period, presented by debtor

Entity name	Balance as at June 30, 2021		
	Accounts receivable	Proportion in the total accounts receivable (%)	Provision for bad debts
Entity 1	316,562,559.25	2.42	306,562,559.25
Entity 2	265,529,201.41	2.03	97,385,790.33
Entity 3	209,092,939.82	1.60	10,454,646.99
Entity 4	207,107,394.98	1.58	207,107,394.98
Entity 5	199,478,867.00	1.53	147,992,594.60
Total	1,197,770,962.46	9.16	769,502,986.15

## 5.5 Receivables financing

### 5.5.1 Presentation of receivables financing by category

Item	Balance as at June 30, 2021	Balance as at December 31, 2020
Notes receivable	1,098,799,528.72	
Including: bank acceptance bills	1,064,279,605.65	
Commercial acceptance bills	34,519,923.07	
Total	1,098,799,528.72	

Remark: 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.

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5.5.2 Pledged receivables financing of the Company as at the end of the current period

None.

5.5.3 Receivables financing endorsed or discounted by the Company as at the end of the current period but not expired on the balance sheet date

Item	Amount derecognized as at June 30, 2021	Amount not derecognized as at June 30, 2021
Notes receivable endorsed or discounted but not expired	1,098,799,528.72	
Including: bank acceptance bills	1,064,279,605.65	
Commercial acceptance bills	34,519,923.07	
Total	1,098,799,528.72	

**5.6 Advances to suppliers**

5.6.1 Presentation of advances to suppliers by aging

Aging	Balance as at June 30, 2021		Balance as at December 31, 2020	
	Book balance	Proportion (%)	Book balance	Proportion (%)
Within 1 year	2,730,813,080.37	79.30	2,249,434,244.60	75.66
1 - 2 years	421,445,882.54	12.24	440,125,023.91	14.80
2 - 3 years	137,426,321.86	3.99	113,932,237.20	3.83
Over 3 years	153,894,998.67	4.47	169,631,144.00	5.71
Total	3,443,580,283.44	100.00	2,973,122,649.71	100.00

5.6.2 Top five advances to suppliers in terms of the ending balance collected by the prepaid object as at June 30, 2020

Prepaid object	Balance as at June 30, 2021	Proportion (%) in the total ending balance of advances to suppliers as at June 30, 2021
Entity 1	130,497,275.99	3.79
Entity 2	112,420,500.77	3.26
Entity 3	104,458,594.81	3.03
Entity 4	101,156,096.42	2.94
Entity 5	99,346,436.20	2.88
Total	547,878,904.19	15.91

**5.7 Other receivables**

Item	Balance as at June 30, 2021	Balance as at December 31, 2020
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Interest receivable	344,515,700.12	236,257,055.12
Dividends receivable	30,861,752.26	54,487,143.57
Other receivables	528,656,068.16	342,671,928.51
Total	904,033,520.54	633,416,127.20

5.7.1 Interest receivable

Item	Balance as at June 30, 2021	Balance as at December 31, 2020
Fixed deposit	287,658,962.58	190,870,615.59
Bond investment	15,294,270.87	28,050,328.41
Interest on purchase and resale of financial assets	41,562,466.67	17,336,111.12
Others		
Sub-total	344,515,700.12	236,257,055.12
Less: provision for bad debts		
Total	344,515,700.12	236,257,055.12

5.7.2 Dividends receivable

(1) Details of dividends receivable

Item	Balance as at June 30, 2021	Balance as at December 31, 2020
Within 1 year		51,853,961.87
Over 1 year	30,861,752.26	2,633,181.70
Sub-total	30,861,752.26	54,487,143.57
Less: provision for bad debts		
Total	30,861,752.26	54,487,143.57

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- (2) Significant dividend receivable with aging over one year

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Item	Balance as at June 30, 2021	Aging	Reasons for non- reco- very	Whether there is impair- ment or not and its judgmen- t basis
Entity 1	13,922,222.69	1 - 2 years	The investee suffers capital shortage	No sign of impairment, and partial dividends were recovered during the current year
Entity 2	7,017,408.83	1 - 2 years	The investee suffers capital shortage	No sign of impairment, payment plans available
Entity 3	3,828,807.76	1 - 2 years	The investee suffers capital shortage	No sign of impairment, payment plans available
Entity 4	3,460,131.28	1 - 2 years	The investee suffers capital shortage	No sign of impairment, payment plans available
Entity 5	2,633,181.70	Over 3 year	The investee suffers capital shortage	No sign of impairment, gradually recovered
Total	30,861,752.26			

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**5.7.3 Other receivables**

(1) Disclosure by aging

Aging	Balance as at June 30, 2021	Balance as at December 31, 2020
Within 1 year	465,638,236.13	283,918,190.23
1 - 2 years	55,382,778.71	66,321,537.99
2 - 3 years	28,832,717.96	12,089,842.32
3 - 4 years	10,153,956.25	12,451,966.28
4 - 5 years	5,957,523.01	1,891,133.84
Over 5 years	1,120,182,814.39	1,124,552,136.02
Sub-total	1,686,148,026.45	1,501,224,806.68
Less: provision for bad debts	1,157,491,958.29	1,158,552,878.17
Total	528,656,068.16	342,671,928.51

(2) Classification according to the nature

Nature	Balance as at June 30, 2021	Balance as at December 31, 2020
Guarantee and quality guarantee fund	91,444,020.85	59,968,777.21
Reserve fund	93,340,478.86	80,310,288.83
Advance payment	36,211,904.82	30,724,804.77
Other operating business receivables	107,092,987.03	118,775,861.73



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Others	200,566,676.60	52,892,195.97
Total	528,656,068.16	342,671,928.51

(3) Disclosure under the methods of provision for bad debts by category

Category	Balance as at June 30, 2021				
	Book balance		Provision for bad debts		Book value
	Amount	Proportion (%)	Amount	Proportion of provision (%)	
Provision for bad debts accrued on an individual basis	1,226,116,048.00	72.72	1,041,207,605.80	89.95	184,908,442.20
Provision for bad debts accrued on a portfolio basis:	460,031,978.45	27.28	116,284,352.49	10.05	343,747,625.96
Including:					
Other receivables with the provision for bad debts made on a portfolio with credit risk characteristics	460,031,978.45	27.28	116,284,352.49	10.05	343,747,625.96
Total	1,686,148,026.45	100.00	1,157,491,958.29	100.00	528,656,068.16

Continued:

Balance as at December 31, 2020

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Category	Book balance		Provision for bad debts		Book value
	Amount	Proportion (%)	Amount	Proportion of provision (%)	
Provision for bad debts accrued on an individual basis	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	1,158,552,878.17		342,671,928.51

(4) Other receivables subject to provision for expected credit losses on individual basis:

Name	Balance as at June 30, 2021			
	Book balance	Provision for bad debts	Proportion of provision (%)	Reason for provision
Entity 1	871,798,550.96	871,798,550.96	100.00	During bankruptcy liquidation proceedings
Entity 2	146,064,314.06	146,064,314.06	100.00	During bankruptcy liquidation proceedings

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Entity 3	104,653,618.97				Overseas projects
Entity 4	37,616,368.38				Accounts receivable from the government, subject to quite low recovery risk
Entity 5	13,565,859.01	13,565,859.01		100.00	During bankruptcy liquidation proceedings
Entity 6	12,327,367.50				Accounts receivable from the government, subject to quite low recovery risk
Entity 7	11,713,237.17				Advances for site costs, subject to quite low recovery risk
Entity 8	9,124,371.70				Advances for site costs, subject to quite low recovery risk
Entity 9	7,695,033.75				Accounts receivable from the government, subject to quite low recovery risk
Entity 10	3,144,227.32	3,144,227.32		100.00	Expected to be difficult to recover
Entity 11	1,681,988.19	1,681,988.19		100.00	Expected to be difficult to recover
Entity 12	1,534,702.25	1,534,702.25		100.00	Expected to be difficult to recover
Entity 13	1,397,950.00	1,397,950.00		100.00	Expected to be difficult to recover
Entity 14	390,866.33	390,866.33		100.00	During bankruptcy liquidation proceedings
Entity 15	316,428.40	158,214.20		50.00	Difficult to recover
Entity 16	277,404.00	277,404.00		100.00	Expected to be difficult to recover
Entity 17	233,999.80	117,000.00		50.00	Difficult to recover

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Entity 18	233,135.21	233,135.21	100.00	Expected to be difficult to recover
Entity 19	100,633.71	100,633.71	100.00	Expected to be difficult to recover
Others	2,245,991.29	742,760.56	33.07	Difficult to recover
Total	1,226,116,048.00	1,041,207,605.80		

(5) Other receivables subject to provision for expected credit losses on portfolio basis:

Name	Balance as at June 30, 2021		
	Book balance	Provision for bad debts	Proportion of provision (%)
Within 1 year	281,541,006.52	14,070,459.45	5.00
1 - 2 years	53,561,105.14	5,356,110.51	10.00
2 - 3 years	28,569,555.80	5,713,911.16	20.00
3 - 4 years	6,949,705.70	2,779,882.29	40.00
4 - 5 years	2,093,232.49	1,046,616.28	50.00
Over 5 years	87,317,372.80	87,317,372.80	100.00
Total	460,031,978.45	116,284,352.49	

(6) Bad debt provision of other receivables

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, 2020	116,769,608.55		1,041,783,269.62	1,158,552,878.17
On June 30, 2020, balance as at December 31, 2020				-

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- Transfer to Phase 2				-
- Transfer to Phase 3				-
- Reversal from Phase 2				-
- Reversal from Phase 1				-
Provision in the current period	-485,256.06			-485,256.06
Reversal in the current period				-
Write-off in the current period				-
Charge-off in the current period				-
Other changes			-575,663.82	-575,663.82
Balance as at June 30, 2021	116,284,352.49		1,041,207,605.80	1,157,491,958.29

Changes in book balance of other receivables as follows:

Book balance	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, 2020	437,793,173.26		1,063,431,633.42	1,501,224,806.68
On June 30, 2021, balance as at December 31, 2020				

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- Transfer to Phase 2				
- Transfer to Phase 3				
- Reversal from Phase 2				
- Reversal from Phase 1				
Increase in the current period	22,238,805.19	163,295,078.42		184,923,219.77
Direct write-off in the current period				
Derecognition in the current period				
Other changes			-610,663.84	-610,663.84
Balance as at June 30, 2021	460,031,978.45	163,295,078.42	1,062,820,969.58	1,686,148,026.45

(7) Other receivables actually written off in the Reporting Period  
Nil.

(8) Top 5 of other receivables as at June 30, 2021, 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	51.70	871,798,550.96
	Others	146,064,314.06	Over 5 years	8.66	146,064,314.06

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Entity 2					
Entity 3	Others	104,653,618.97	Within 1 year	6.21	0.00
Entity 4	Receivables from other business	62,166,884.32	1-2 years	3.69	3,608,978.22
Entity 5	Receivables from other business	35,657,271.48	1-2 years	2.11	1,936,810.02
Total		1,220,340,639.79		72.37	1,023,408,653.26

(9) Other receivables involving government grants  
 Nil.

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5.8 Financial assets purchased under resale agreements

Item	Balance as at June 30, 2021	Balance as at December 31, 2020
Bond	2,851,324,200.00	2,730,498,000.00
Less: provision for bad debts		
Book value of the financial assets purchased under resale agreements	2,851,324,200.00	2,730,498,000.00



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5.9 Inventories

1. Classification of inventories

Item	Balance as at June 30, 2021			Balance as at December 31, 2020		
	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	3,227,179,391.40	427,939,236.01	2,799,240,155.39	2,506,229,759.09	496,703,157.24	2,009,526,601.85
Revolving materials (packaging materials, low-cost consumables, etc.)	33,146,390.04	1,411,864.37	31,734,525.67	26,291,324.14	1,411,864.37	24,879,459.77
Stock commodities (finished goods)	668,578,708.04	275,964.27	668,302,743.77	284,451,812.84	275,964.27	284,175,848.57
Contract performance cost	112,116,551.13	3,684,360.00	108,432,191.13	65,009,940.40		65,009,940.40
Self-manufactured semi-finished products and goods in process	14,555,106,157.07	768,166,839.55	13,786,939,317.52	14,060,162,675.55	833,900,456.57	13,226,262,218.98
Total	18,596,127,197.68	1,201,478,264.20	17,394,648,933.48	16,942,145,512.02	1,332,291,442.45	15,609,854,069.57

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**2. Provision for depreciation of inventories and provision for impairment of contract performance cost**

Item	Balance as at December 31, 2020	Increase in January to June, 2021		Decrease in January to June, 2021		Balance as at June 30, 2020
		Provision	Others	Reversal or write-off	Others	
Raw materials	496,703,157.24	4,367,371.59		73,131,292.82		427,939,236.01
Revolving materials (packaging materials, low- cost consumables, etc.)	1,411,864.37					1,411,864.37
Stock commodities (finished goods)	275,964.27					275,964.27
Contract performance cost		3,684,360.00				3,684,360.00
Self-manufactured semi-finished products and goods in process	833,900,456.57	45,243,532.64		110,977,149.66		768,166,839.55
Total	1,332,291,442.45	53,295,264.23		184,108,442.48		1,201,478,264.20

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5.10 Contract assets

1. Breakdown of Contract assets

Item	Balance as at June 30, 2021			Balance as at December 31, 2020		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Payments for completed but not settled project	5,804,731,404.17	145,441,216.62	5,659,290,187.55	3,735,549,741.91	147,829,844.46	3,587,719,897.45
Contract quality guarantee deposit	4,115,320,027.95	292,525,653.32	3,822,794,374.63	3,177,896,921.80	237,686,403.06	2,940,210,518.74
Total	9,920,051,432.12	437,966,869.94	9,482,084,562.18	6,913,446,663.71	385,516,247.52	6,527,930,416.19

2. Provision for impairment of contract assets in January to June, 2021

Item	Balance as at December 31, 2020	Provision in January to June, 2021	Reversal in January to June, 2021	Write-off/ Charge-off in January to June, 2021	Others	Balance as at June 30, 2021
Payments for completed but not settled project	147,829,844.46	-2,388,627.84	-	-	-	145,441,216.62
Contract quality guarantee deposit	237,686,403.06	54,839,250.26	-	-	-	292,525,653.32
Total	385,516,247.52	52,450,622.42	-	-	-	437,966,869.94

**5.11 Other current assets**

Item	Balance as at June 30, 2021	Balance as at December 31, 2020
Prepaid taxes and overpaid taxes	378,661,759.34	412,077,865.61
Entrusted loan		
Disbursement of loans and advances (short-term)	679,973,584.79	529,201,791.67
Discount assets	9,990,171.97	21,504,159.00
Others	7,052,187.77	3,049,874.45
<b>Total</b>	<b>1,075,677,703.87</b>	<b>965,833,690.73</b>

**5.12 Disbursement of loans and advances**

**5.12.1 Loans and advances, presented by individual and enterprise**

Item	Balance as at June 30, 2021	Balance as at December 31, 2020
Loans and advances to enterprises	2,316,149,262.97	2,117,451,071.32
- Loans	2,316,149,262.97	2,117,451,071.32
<b>Total loans and advances</b>	<b>2,316,149,262.97</b>	<b>2,117,451,071.32</b>
Less: provision for losses on loans	187,566,164.56	189,531,730.47
Including: provision made on individual basis		
Provision made on portfolio basis	187,566,164.56	189,531,730.47
<b>Book value of loans and advances</b>	<b>2,128,583,098.41</b>	<b>1,927,919,340.85</b>

**5.12.2 Disbursement of loans and advances, presented by industry**

Industry	Balance as at June 30, 2021	Proportion (%)	Balance as at December 31, 2020	Proportion (%)
Power equipment industry	2,316,149,262.97	100.00	2,117,451,071.32	100.00
<b>Total loans and advances</b>	<b>2,316,149,262.97</b>	<b>100.00</b>	<b>2,117,451,071.32</b>	<b>100.00</b>
Less: provision for losses on loans	187,566,164.56		189,531,730.47	
Including: provision made on individual basis				

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Industry	Balance as at June 30, 2021	Proportion (%)	Balance as at December 31, 2020	Proportion (%)
Provision made on portfolio basis	187,566,164.56		189,531,730.47	
Book value of loans and advances	2,128,583,098.41		1,927,919,340.85	

**5.12.3 Loans and advances, presented by region**

Region	Balance as at June 30, 2021	Proportion (%)	Balance as at December 31, 2020	Proportion (%)
South China	1,149,941,097.05	49.65	1,149,044,869.82	54.26
Southwest China	881,694,377.38	38.07	694,487,916.85	32.8
Northwest China	100,500,000.00	4.34	114,500,000.00	5.41
Eastern China	184,013,788.54	7.94	159,418,284.65	7.53
Total loans and advances	2,316,149,262.97	100.00	2,117,451,071.32	100.00
Less: provision for losses on loans	187,566,164.56		189,531,730.47	
Including: provision made on individual basis				
Provision made on portfolio basis	187,566,164.56		189,531,730.47	
Book value of loans and advances	2,128,583,098.41		1,927,919,340.85	

**5.12.4 Loans and advances, presented by guaranty style**

Item	Balance as at June 30, 2021	Balance as at December 31, 2020
Credit loans	2,200,649,262.97	2,002,951,071.32
Guaranteed loans	51,500,000.00	55,000,000.00
Collateral loans	64,000,000.00	59,500,000.00
Including: mortgage loans	13,000,000.00	19,000,000.00
Pledged loans	51,000,000.00	40,500,000.00
Total loans and advances	2,316,149,262.97	2,117,451,071.32
Less: provision for losses on loans	187,566,164.56	189,531,730.47
Including: provision made on individual basis		
Provision made on portfolio basis	187,566,164.56	189,531,730.47
Book value of loans and advances	2,128,583,098.41	1,927,919,340.85

**5.12.5 Provision for losses on loans**

Item	January to June, 2021		January to June, 2020	
	Individual	Portfolio	Individual	Portfolio
Balance as at January 1, 2021		189,531,730.47		180,909,326.08
Provision in January to June, 2021		-1,965,565.91		8,622,404.39
Transfer-out in January to June, 2021				
Charge-off in January to June, 2021				
Reversal in January to June, 2021				
- 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 June 30, 2021		187,566,164.56		189,531,730.47

## 5.13 Creditor's right investments

**5.13.1 Breakdown of creditor's right investments**

Item	Balance as at June 30, 2021			Balance as at December 31, 2020		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Medium-term notes	100,000,000.00	7,500,000.00	92,500,000.00	211,035,390.00	15,827,654.25	195,207,735.75
Interbank deposit certificate	5,084,752,495.77		5,084,752,495.77	8,912,629,865.71		8,912,629,865.71
Asset backed notes	318,880,000.00	23,916,000.00	294,964,000.00	317,595,501.00	23,819,662.57	293,775,838.43
Public bonds	390,000,000.00	29,250,000.00	360,750,000.00	489,197,655.16	36,689,824.14	452,507,831.02
Non-public debt financing instruments	100,000,000.00	7,500,000.00	92,500,000.00	100,000,000.00	7,500,000.00	92,500,000.00
Sub-total	5,993,632,495.77	68,166,000.00	5,925,466,495.77	10,030,458,411.87	83,837,140.96	9,946,621,270.91
Less: creditor's right investments due within one year						
Total	5,993,632,495.77	68,166,000.00	5,925,466,495.77	10,030,458,411.87	83,837,140.96	9,946,621,270.91

5.13.2 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, 2020	83,837,140.96			83,837,140.96
In the current period, balance as at December 31, 2020				
- Transfer to Phase 2				
- Transfer to Phase 3				
- Reversal from Phase 2				
- Reversal from Phase 1				
Provision in the current period	-15,671,140.96			-15,671,140.96
Reversal in the current period				
Write-off in the current period				
Charge-off in the current period				
Other changes				
Balance as at June 30, 2021	68,166,000.00			68,166,000.00



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Changes in the book balance of creditor's right investments 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, 2020	10,030,458,411.87			10,030,458,411.87
In the current period, balance as at December 31, 2020				
- Transfer to Phase 2				
- Transfer to Phase 3				
- Reversal from Phase 2				
- Reversal from Phase 1				
Increase in the current period	-4,036,825,916.10			-4,036,825,916.10
Direct write-down in the current period				
Derecognition in the current period				
Other changes				
Balance as at June 30, 2021	5,993,632,495.77			5,993,632,495.77

## 5.14 Long-term receivables

## 5.14.1 Breakdown of long-term receivables

Item	Balance as at June 30, 2021			Balance as at December 31, 2020			Range of discount rate
	Book balance	Provision for bad debts	Book value	Book balance	Provision for bad debts	Book value	
Finance lease payment	276,131,788.36	64,779,609.01	211,352,179.35	349,793,623.70	75,828,884.31	273,964,739.39	Contractual interest rate
Including: unrealized financing income	44,691,761.27		44,691,761.27	54,270,037.40		54,270,037.40	
Installment proceeds from sales of goods							
<b>Total</b>	<b>276,131,788.36</b>	<b>64,779,609.01</b>	<b>211,352,179.35</b>	<b>349,793,623.70</b>	<b>75,828,884.31</b>	<b>273,964,739.39</b>	

## 5.14.2 Provision for bad debts of long-term receivables

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 January 1, 2021	13,406,060.66	62,422,823.65		75,828,884.31
In the current period, book balance of long-term receivables as at January 1, 2021				
- Transfer to Phase 2				
- Transfer to Phase 3				
- Reversal from Phase 2				
- Reversal from Phase 1				
Provision in the current period				
Reversal in the current period				
Write-off in the current period	6,743,910.26	4,305,365.04		11,049,275.30
Charge-off in the current period				
Other changes				
Balance as at June 30, 2021	6,662,150.40	58,117,458.61		64,779,609.01

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**5.15 Long-term equity investments**

Investee	Balance as at December 31, 2020	Increases/decreases in the current period								Balance as at June 30, 2021	Provision for bad debts as at June 30, 2021
		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		
I. Subsidiaries											
Dongfang Electric New Energy Equipment (Hangzhou) Co., Ltd. ( "Hangzhou New Energy" )	409,363,000.00									409,363,000.00	409,363,000.00
Dongfang Electric (Tongliao) Wind Power Engineering Technology Co., Ltd. ( "Tongliao Wind Power" )	30,000,000.00									30,000,000.00	30,000,000.00
Dongfang Electric (Jiuquan) New Energy Co., Ltd. ( "Jiuquan New Energy" )	30,000,000.00									30,000,000.00	30,000,000.00

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Dongfang Electric (Hulunbeier) New Energy Co., Ltd. ( "Hulunbeier New Energy" )	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
I. Joint ventures											
MHPS Dongfang Boiler Co. Ltd. ( "Dongfang MHPS" )	200,501,789.79			3,166,874.19						203,668,663.98	
Framatome Dongfang Reactor Coolant Pumps Company Limited ( "Dongfang Framatome" )	196,943,910.43			3,335,377.42						200,279,287.85	
Dongfang Electric (Xichang) Hydrogen Energy Co., Ltd. ( "Dongfang (Xichang) Hydrogen Energy" )	6,591,580.67			-130,753.72						6,460,826.95	

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Investee	Balance as at December 31, 2020	Increases/decreases in the current period								Balance as at June 30, 2021	Provision for bad debts as at June 30, 2021
		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		
Sub-total	404,037,280.89			6,371,497.89						410,408,778.78	
II. Associates											
Sichuan Energy Wind Power Development Co., Ltd. ( "Sichuan Energy Wind Power" )	459,291,163.21			63,895,638.32						523,186,801.53	
Huadian Longkou Wind Power Co., Ltd. ( "Longkou Wind Power" )	56,849,571.33			16,296,775.87						73,146,347.20	
Inner Mongolia Energy Power Generation Hongnijing Wind Power Co., Ltd. ( "Hongnijing Wind	18,545,550.24			4,254,214.92						22,799,765.16	

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Powe” )										
China United Heavy Gas Turbine Technolog y Co., Ltd. ( “China United Heavy Gas” )	131,724,838.53			-71,410.39						131,653,428.14
Inner Mongolia Mengneng Sanshengt ai Wind Power Co., Ltd. ( “Sanshe ngtai Wind Power” )	17,522,034.07			1,782,257.61						19,304,291.68
Inner Mongolia Mengneng Ulan New Energy Co., Ltd. ( “Ulan New Energy” )	42,668,021.37			4,567,274.63						47,235,296.00
Mitsubishi Heavy Industries Dongfang Gas Turbine (Guangzho u) Co., Ltd.	466,763,496.13			30,913,698.36			108,864,132.00			388,813,062.49

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( “Dongfang Mitsubishi” )										
Sichuan Dongshu New Materials Co., Ltd. ( “Dongshu New Materials” )	173,240,548.46			16,313,138.55	-154,413.84					189,399,273.17



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Investee	Balance as at December 31, 2020	Increases/decreases in the current period								Balance as at June 30, 2021	Provision for bad debts as at June 30, 2021
		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		
Leshan Dongle Dajian Lifting Co., Ltd. ( "Dongle Dajian" )	3,085,627.12			-769,780.49						2,315,846.63	
Liangshan Fengguang New Energy Operation and Maintenance Co., Ltd.	2,041,984.14									2,041,984.14	
Deyang Guangda Dongqi New Material Co., Ltd. ( "Deyang Guangda Dongqi" )		336,274,509.80		-3,430,000.00						332,844,509.80	
Sub-total	1,371,732,834.60	336,274,509.80		133,751,807.38	-154,413.84		108,864,132.00			1,732,740,605.94	
Total	2,275,133,115.49	336,274,509.80		140,123,305.27	-154,413.84		108,864,132.00			2,642,512,384.72	499,363,000.00

- Remark: 1. Hangzhou New Energy entered the bankruptcy proceedings in 2017, and has not yet completed the bankruptcy liquidation;
2. Hulunbeier New Energy, Tongliao Wind Power and Jiuquan New Energy. have entered into bankruptcy proceedings in 2018 and have not yet completed bankruptcy liquidation.

5.16 Other equity instrument investments

**5.16.1 Breakdown of other equity instrument investments**

Item	Balance as at June 30, 2021	Balance as at December 31, 2020
Southern Sichuan Expressway Co., Ltd.	1,000,000.00	1,000,000.00
Chengdu Dongfang Electrical Environment Engineering Co., Ltd. ( “Dongfang Environment” )		744,649.47
Zhejiang Yuhuan Huadian Wind Power Co., Ltd.	51,300,000.00	25,800,000.00
<b>Total</b>	<b>52,300,000.00</b>	<b>27,544,649.47</b>

**5.16.2 Breakdown of non-tradable equity instrument investments**

Item	Dividend income recognized in the current period	Accumulated gains	Accumulated losses	Amount of other comprehensive income transferred to retained earnings	Reasons for financial assets designated to be measured at fair value through other comprehensive income	Reasons for other comprehensive income transferred to retained earnings
Dongfang Environment		102,023.36				
<b>Total</b>		<b>102,023.36</b>				

5.17 Investment properties

5.17.1 Investment properties measured under cost model

Item	Buildings and constructions	Land use right	Total
1. Original book value			
(1) Balance as at December 31, 2020	246,447,333.31	18,811,826.12	265,259,159.43
(2) Increase in the current period			
- Outsourcing			
- Transfer-in of inventories, fixed assets and construction in progress			
- Increase from business combination			
- Other changes			
(3) Decrease in the current period	12,055,676.56		12,055,676.56
- Disposal			
- Other changes	12,055,676.56		12,055,676.56
(4) Balance as at June 30, 2021	234,391,656.75	18,811,826.12	253,203,482.87
2. Accumulated depreciation and amortization			
(1) Balance as at December 31, 2020	96,748,833.60	5,543,801.63	102,292,635.23
(2) Increase in the current period	2,120,643.86	221,644.25	2,342,288.11
- Provision or amortization	2,120,643.86	221,644.25	2,342,288.11
- Other changes			
(3) Decrease in the current period	263,540.78		263,540.78
- Disposal			
- Other changes	263,540.78		263,540.78
(4) Balance as at June 30, 2021	98,605,936.68	5,765,445.88	104,371,382.56
3. Provision for impairment			
(1) Balance as at December 31, 2020			

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(2) Increase in the current period

- Provision

- Other changes

(3) Decrease in the current period

- Disposal

- Other transfer-out

(4) Balance as at June 30, 2021

4. Book value

(1) Book value as at June 30, 2021	135,785,720.07	13,046,380.24	148,832,100.31
(2) Book value as at December 31, 2020	149,698,499.71	13,268,024.49	162,966,524.20

**5.17.2 Investment properties with certificates of title uncompleted**

Nil.

5.18 Fixed assets

**5.18.1 Fixed assets and disposal of fixed assets**

Item	Balance as at June 30, 2021	Balance as at December 31, 2020
Fixed assets	4,861,396,204.87	5,241,065,489.07
Disposal of fixed assets	469,020.68	1,497,436.62
Total	4,861,865,225.55	5,242,562,925.69

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**5.18.2 Breakdown of fixed assets**

Item	Land assets	Buildings and constructions	Machinery equipment	Transportation facilities	Instrument and apparatus, electronic equipment and others	Total
1. Original book value						
(1) 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
(2) Increase in the current period		10,845,093.42	82,174,983.58	9,201,386.20	43,698,375.42	145,919,838.62
- Purchase		101,735.74	22,134,413.69	853,610.74	11,119,120.37	34,208,880.54
- Transfer-in of construction in progress		426,983.30	59,986,594.41	8,347,775.46	30,039,498.41	98,800,851.58
- Other increases		10,316,374.38	53,975.48		2,539,756.64	12,910,106.50
(3) Decrease in the current period	495,234.41	480,531,492.79	260,366,086.04	3,953,411.41	47,725,163.84	793,071,388.49
- Disposal or scrapping		480,126,884.67	260,366,086.04	3,920,653.63	47,703,414.11	792,117,038.45
- Other decreases	495,234.41	404,608.12		32,757.78	21,749.73	954,350.04
(4) Balance as at June 30, 2021	19,953,035.65	6,814,428,847.40	8,177,749,552.47	298,323,386.76	1,460,268,379.42	16,770,723,201.70
2. Accumulated depreciation						
(1) 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
(2) Increase in the current period		155,000,018.49	136,427,445.45	4,944,549.52	43,085,853.75	339,457,867.21

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- Provision	152,463,224.26	136,427,445.45	4,944,549.52	43,085,853.75	336,921,072.98
- Other increases	2,536,794.23				2,536,794.23
(3) Decrease in the current period	318,765,263.58	239,266,513.22	3,450,961.45	44,820,365.66	606,303,103.91
- Disposal or scrapping	318,704,446.47	239,266,513.22	3,443,432.41	44,814,963.03	606,229,355.13
- Other decreases	60,817.11		7,529.04	5,402.63	73,748.78
(4) Balance as at June 30, 2021	3,514,498,107.52	6,838,118,172.16	254,625,052.31	1,153,595,148.82	11,760,836,480.81
3. Provision for impairment					
(1) 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
(2) Increase in the current period					
- Provision					
- Other increases					
(3) Decrease in the current period		468,752.50		168,276.47	637,028.97

Item	Land assets	Buildings and constructions	Machinery equipment	Transportation facilities	Instrument and apparatus, electronic equipment and others	Total
- Disposal or scrapping			468,752.50		168,276.47	637,028.97
- Other decreases						

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(4) Balance as at June 30, 2021		86,088,944.90	57,173,149.05	92,446.41	5,135,975.66	148,490,516.02
4. Book value						
(1) Book value as at June 30, 2021	19,953,035.65	3,213,841,794.98	1,282,458,231.26	43,605,888.04	301,537,254.94	4,861,396,204.87
(2) 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

Remark:

1. The Company's land assets shown under the fixed assets as at June 30, 2021 refer to the land use right obtained by DEC India Company within India. Other movements in land assets are movements in exchange rates.
2. The depreciation of fixed assets of the current period is RMB336,921,072.98.

5.18.3 Temporarily idle fixed assets

Item	Original book value	Accumulated depreciation	Provision for impairment	Book value	Remark
Buildings and constructions	5,067,126.00	1,565,593.59	3,402,650.83	98,881.58	
Machinery equipment	72,463,314.15	60,033,600.39	7,765,275.56	4,664,438.20	
Transportation equipment	2,360,111.16	2,242,105.60		118,005.56	
Instrument and apparatus	9,883,316.53	8,828,451.93	482,915.69	571,948.91	
Electronic equipment	1,081,611.91	1,027,531.31		54,080.60	
Others	29,342,221.51	27,689,393.24	1,251,525.75	401,302.52	
Land assets					
Total	120,197,701.26	101,386,676.06	12,902,367.83	5,908,657.37	

5.18.4 Fixed assets leased out through operating lease

Item	Book value as at June 30, 2021
Buildings and constructions	51,146,555.41
Machinery equipment	1,713,580.67
Transportation equipment	14,316.70
Instrument and apparatus, electronic equipment and others	231,210.01
Total	53,105,662.79

5.18.5 Fixed assets with certificates of title uncompleted

Item	Book value	Reason for failure to complete the formalities for the certificate of title
32T13002Q No. 6 union workshop	102,094,208.80	It is going through the formalities.
32T13002Q 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.
Division 2016-1329. Class F 50MW gas turbine unit test system	19,565,788.66	The information is being filed.



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construction project test workshop 2		
J-379 second staff canteen	16,370,496.55	It is going through the formalities.
32t12002 No. 5 union workshop	12,987,327.10	It is going through the formalities.
J-376 new technology building	12,339,884.86	It is going through the formalities.
Wind power workshop and auxiliary room	11,365,807.14	Due to the 5.12 earthquake, some information on construction projects are missing.
J-378 staff canteen	11,339,400.40	It is going through the formalities.
J-375 hydraulic laboratory	7,016,952.40	The cancellation procedure of the original building property right certificate is being processed.
J-373 second overspeed laboratory	5,222,279.72	It is going through the formalities.
J-380110KV control building of transformer station	4,039,058.43	It is going through the formalities.
32T09001M hot workshop	3,927,347.75	It is going through the formalities.

Item	Book value	Reason for failure to complete the formalities for the certificate of title
Clapboard production plant (I)	3,499,958.25	It is going through the formalities.
Technology 2018-030. surface engineering industry upgrade	3,110,975.53	It is going through the formalities.
Other sporadic projects	11,187,838.08	It is going through the formalities.
<b>Total</b>	<b>394,252,782.16</b>	

#### 5.18.6 Disposal of fixed assets

Item	Balance as at June 30, 2021	Balance as at December 31, 2020
Buildings and constructions		562,846.93
Machinery equipment	44,933.01	573,641.55
Transportation facilities	96,315.52	130,614.62
Instrument and apparatus	35,779.64	
Electronic equipment	257,254.15	230,044.52
Others	34,738.36	289.00
<b>Total</b>	<b>469,020.68</b>	<b>1,497,436.62</b>

#### 5.19 Construction in progress

##### 5.19.1 Construction in progress and project materials

Item	Balance as at June 30, 2021	Balance as at December 31, 2020
Construction in progress	237,309,625.91	204,443,971.41
Project materials	30,649.48	30,649.48
<b>Total</b>	<b>237,340,275.39</b>	<b>204,474,620.89</b>

##### 5.19.2 Breakdown of construction in progress

Item	Balance as at June 30, 2021			Balance as at December 31, 2020		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Yangjia ng base workshop	57,135,325.51		57,135,325.51	41,223,975.65		41,223,975.65

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0708_J158 02G 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
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Item	Balance as at June 30, 2020			Balance as at December 31, 2019		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
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
Heat treatment furnace						
	7,371,743.06		7,371,743.06			
714_12_01J02 Intelligent transformation of insulation laboratory (equipment)	7,157,000.36		7,157,000.36	7,176,950.36		7,176,950.36
			7,555,000.36			
0708_S_01922 digital workshop construction phase II	6,880,000.00		6,880,000.00			
Mianzhu living base phase I	6,008,278.50	4,467,882.61	1,540,395.89			
Civil works for research and development capacity upgrading technology renovation construction project	5,568,997.52		5,568,997.52	3,735,836.50		3,735,836.50
836_19_02 transformation of video security system	4,813,100.00		4,813,100.00	3,698,000.00		3,698,000.00
Construction of independent gas source station and test platform for combustor-high outlet of centrifugal compressor	3,889,955.75		3,889,955.75			
0708_J_01580 construction of digital workshop for intelligent manufacturing of large-scale clean and efficient power generation equipment	2,791,063.72		2,791,063.72	2,621,063.72		2,621,063.72
Cloud computing platform construction phase I server	1,504,424.78		1,504,424.78	5,296,734.51		5,296,734.51
Section 2016-1329				2,816,577.87		2,816,577.87
714_18_01B16 one millimeter CNC vertical car (used)				7,962,564.00	2,095,307.36	5,867,256.64
Others	118,708,619.32		118,708,619.32	116,526,458.77	4,467,882.61	112,058,576.16
Total	241,777,508.52	4,467,882.61	237,309,625.91	211,007,161.38	6,563,189.97	204,443,971.41

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**5.19.3 Changes in important projects of construction in progress in the current period**

Project name	Budget (RMB '0,000)	Balance as at December 31, 2020	Increase in the current period	Amount transferred into fixed assets/intangi ble assets in the current period	Other decr eases in the current period	Balance as at June 30, 2021	Proportion of accumulat ive project investmen ts in budget (%)	Project progress (%)	Accumulat ed capitalizat ion amount of interest	Including: capitalizat ion amount of interest in the current period	Capitalizati on rate of interest in the current period (%)	Source of funds
Yangjiang base workshop	13,000.00	41,223,975.65	15,911,349.86			57,135,325.51	51.76	80				Self- finance
Heat treatment furnace	1,607.90		7,371,743.06			7,371,743.06	10	10				Self- finance
714_12_01J02 Intelligent transformation of insulation laboratory (equipment)		7007,176,950.36		19,950.00		7,157,000.36	102.24	95				Self- finance
Civil works for research and development capacity upgrading technology renovation construction project	634.333	735,836.50	628,771.65			4,364,608.15	71.8	99				Self- finance

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Construction of independent gas source station and test platform for combustor-high outlet of centrifugal compress	700.00		5,884,955.75		1,995,000.00	3,889,955.75	12	80			Self-finance
0708_J_01580 large-scale clean and efficient power generation equipment and intelligent manufacturing digital workshop construction	4,940.00	2,621,063.72	170,000.00			2,791,063.72	102.43	95			Self-finance
Section 2016-1296	695.09	2,409,230.77				2,409,230.77	35	90			Self-finance
Cloud computing platform construction phase I server	610.16	5,296,734.51		5,296,734.51			86.81	99			Self-finance
Automatic system for fastening pitch bearing bolts	387.00	3,082,300.88	342,477.88	3,424,778.76			90	99			Self-finance
Others		145,461,068.99	115,134,037.65	90,059,388.31	13,877,137.13	156,658,581.20					Self-finance

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Total													
		211,007,161.38	145,443,335.85	98,800,851.58	15,872,137.13	241,777,508.52							

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5.19.4 Project materials

Item	Balance as at June 30, 2021			Balance as at December 31, 2020		
	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	30,649.48		30,649.48
Total	30,649.48		30,649.48	30,649.48		30,649.48

5.20 Right-of-use assets

Item	Buildings and constructions	Machinery equipment	Total
1. Original book value			
(1) Balance as at January 1, 2021	403,908,647.20	28,738,801.82	432,647,449.02
(2) Increase in the current period	685,763.20	301,056.63	986,819.83
- New leases	685,763.20	301,056.63	986,819.83
- Increase from business combination			
- Revaluation adjustment			
(3) Decrease in the current period			
- Transfer-out to Fixed assets			
- Disposal			
(4) Balance as at June 30, 2021	404,594,410.40	29,039,858.45	433,634,268.85
2. Accumulated depreciation			
(1) Balance as at January 1, 2021	257,948,603.13	9,705,003.54	267,653,606.67
(2) Increase in the current period	63,292,704.83	3,519,686.72	66,812,391.55
- Provision	63,292,704.83	3,519,686.72	66,812,391.55
(3) Decrease in the current period			
- Transfer-out to Fixed assets			
- Disposal			



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(4) Balance as at June 30, 2021	321,241,307.96	13,224,690.26	334,465,998.22
3. Provision for impairment			
(1) Balance as at January 1, 2021			
(2) Increase in the current period			
- Provision			
(3) Decrease in the current period			
- Transfer-out to Fixed assets			
- Disposal			
(4) Balance as at June 30, 2021			
4. Book value			
(1) Book value as at June 30, 2021	83,353,102.44	15,815,168.19	99,168,270.63
(2) Book value as at January 1, 2021	145,960,044.07	19,033,798.28	164,993,842.35

**5.21 Intangible assets**

**5.21.1 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, 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) Increase in the current period				6,276,906.34		6,276,906.34
- Purchase				2,850,088.53		2,850,088.53
- Transfer-in of construction in progress				3,426,817.81		3,426,817.81

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(3) Decrease in the current period	50,729,059.49			4,413,853.91	6,155,330.82	61,298,244.22
- Disposal	50,729,059.49			4,413,853.91		55,142,913.40
- Other changes					6,155,330.82	6,155,330.82
(4) Balance as at June 30, 2021	1,012,474,553.00	181,884,539.93	343,592,335.71	262,574,556.99	682,962,607.46	2,483,488,593.09
2. Accumulated amortization						
(1) 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
(2) Increase in the current period	10,487,684.72	8,386,970.87	3,737,115.91	12,837,581.57	11,458,506.98	46,907,860.05

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Item	Land use right	Patent right	Non-patent technology	Software	Others	Total
- Provision	10,487,684.72	8,386,970.87	3,737,115.91	12,837,581.57	11,458,506.98	46,907,860.05
- Other changes						-
(3) Decrease in the current period	12,763,269.53			4,250,606.04		17,013,875.57
- Disposal	12,763,269.53			4,250,606.04		17,013,875.57
- Other changes						
(4) Balance as at June 30, 2021	241,230,267.77	51,352,413.62	322,764,374.00	215,349,224.07	116,729,575.79	947,425,855.25
3. Provision for impairment						
(1) Balance as at December 31, 2020	33,314.36		376,405.24			409,719.60
(2) Increase in the current period						
- Provision						
- Other changes						
(3) Decrease in the current period						
- Disposal						
- Other changes						

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(4) Balance as at June 30, 2021		33,314.36		376,405.24			409,719.60
4. Book value							
(1) Book value as at June 30, 2021	746,304,130.27	159,293,360.74	20,451,556.47	78,806,588.13	510,134,526.89	1,514,990,162.50	
(2) 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	

Remark: The item of “others” in intangible assets mainly refers to the franchise rights of Namang River Power.

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**5.21.2 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	22,966,609.44	The title transfer is being processed
Total	22,966,609.44	

**5.22 Development expenditures**

Item	Balance as at December 31, 2020	Increase in the current period		Decrease in the current period		Balance as at June 30, 2021
		Internal research and development expenditures	Others	Recognized as intangible assets	Transferred to the current profit or loss	
Research project to deepen the application of ERP based on financial sharing (XJCKY20002)	2,051,886.80					2,051,886.80
Total	2,051,886.80					2,051,886.80

**5.23 Long-term deferred expenses**

Item	Balance as at December 31, 2020	Increase in the current period	Amount amortized in the current period	Balance as at June 30, 2021
Sporadic projects	2,109,452.20	241,187.05	83,159.33	2,267,479.92
Total	2,109,452.20	241,187.05	83,159.33	2,267,479.92

**5.24 Deferred income tax assets and deferred income tax liabilities**

**5.24.1 Deferred income tax assets without offset**

Item	Balance as at June 30, 2021		Balance as at December 31, 2020	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Provision for impairment of assets	8,724,725,198.02	1,352,694,575.55	8,598,150,385.59	1,349,690,791.53
Deductible losses	819,279,559.06	123,935,002.43	828,125,418.58	125,261,881.36
Estimated liabilities	5,900,341,092.31	976,101,722.78	5,878,785,755.28	949,976,683.78
Employee compensation payable	1,507,013,051.97	229,098,884.93	1,415,141,495.02	215,505,173.03
Unrealized profits of internal transactions	88,014,859.21	13,364,682.24	102,815,521.85	16,797,708.65
Government grants	215,748,928.29	34,049,347.42	220,394,827.14	35,092,467.71
Accounts payable	1,632,194,042.63	240,878,397.46	1,481,084,712.80	222,162,706.93
Depreciation of	16,625,733.91	2,493,860.09	50,260,668.82	7,539,100.33

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fixed assets				
Changes in fair value	207,196,435.12	31,648,673.18	195,675,566.77	30,876,683.10
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	2,607,171.48	391,075.72
Others	183,096,020.93	13,101,183.43	4,524,127.28	678,619.09
<b>Total</b>	<b>19,440,640,575.53</b>	<b>3,039,327,177.62</b>	<b>18,921,364,133.21</b>	<b>2,975,542,663.62</b>

**5.24.2 Deferred income tax liabilities before offset**

Item	Balance as at June 30, 2021		Balance as at December 31, 2020	
	Taxable temporary differences	Deferred income tax liabilities	Taxable temporary differences	Deferred income tax liabilities
Valuation of transactional and derivative financial instruments				
Depreciation of fixed assets	192,860,219.66	29,055,699.62	192,860,219.66	29,055,699.62
Others	35,390,618.74	5,308,592.81	35,390,618.74	5,308,592.81
<b>Total</b>	<b>228,250,838.40</b>	<b>34,364,292.43</b>	<b>228,250,838.40</b>	<b>34,364,292.43</b>

**5.24.3 Details of unrecognized deferred income tax assets (unrecognized timing difference)**

Item	Balance as at June 30, 2021	Balance as at December 31, 2020
Losses that can be carried forward to the subsequent year	1,181,935,372.51	1,107,306,591.13
Deductible temporary difference	1,199,214,831.23	1,199,214,831.23
<b>Total</b>	<b>2,381,150,203.74</b>	<b>2,306,521,422.36</b>

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

Year	Balance as at June 30, 2021	Balance as at December 31, 2020	Remark
2021			
2022			
2023			
2024	70,887,203.19	83,112,441.90	
2025	283,057,742.53	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	
<b>Total</b>	<b>1,181,935,372.51</b>	<b>1,107,306,591.13</b>	

**5.25 Other non-current assets**

Item	Balance as at June 30, 2021			Balance as at December 31, 2020		
	Book balance	Provision	Book value	Book balance	Provision	Book value

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		for impairment			for impairment	
Contract assets	4,120,394,942.69	618,451,344.67	3,501,943,598.02	3,326,553,542.05	511,101,122.39	2,815,452,419.66
Total	4,120,394,942.69	618,451,344.67	3,501,943,598.02	3,825,916,542.05	1,010,464,122.39	2,815,452,419.66

Remark: The contract quality guarantee deposit with the quality guarantee period over one year has been presented as the other non-current assets upon the re-classification during the reporting period.

5.26 Short-term borrowings

**5.26.1 Classification of short-term borrowings**

Item	Balance as at June 30, 2021	Balance as at December 31, 2020
Guaranteed borrowings	6,000,000.00	2,000,000.00
Credit borrowings	311,650,000.00	295,980,000.00
Total	317,650,000.00	297,980,000.00

**5.26.2 Short-term borrowings that have been due but not paid**

None.

5.27 Notes payable

Category	Balance as at June 30, 2021	Balance as at December 31, 2020
Bank acceptance bill	660,181,609.88	875,022,096.26
Commercial acceptance bill	3,706,281,193.10	3,986,657,655.69
Total	4,366,462,802.98	4,861,679,751.95

Remark: The Company had no due and unpaid notes payable as at June 30, 2021.

5.28 Accounts payable

**5.28.1 Presentation of accounts payable**

Item	Balance as at June 30, 2021	Balance as at December 31, 2020
Within 1 year (including 1 year)	12,718,947,540.08	11,401,420,521.60
1-2 years (including 2 years)	846,743,027.79	730,111,491.10
2-3 years (including 3 years)	380,298,878.28	420,449,910.67
Over 3 years	1,092,094,415.66	1,089,399,912.49
Total	15,038,083,861.81	13,641,381,835.86

**5.28.2 Significant accounts payable with aging over one year**

Item	Balance as at June 30, 2021	Reason for failure in repayment or carry- forward
Entity 1	98,757,702.10	The counterpart is in bankruptcy liquidation.
Entity 2	83,460,140.57	The term of payment has not been met.

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Entity 3	57,771,508.17	The term of payment has not been met.
Entity 4	54,681,073.20	The term of payment has not been met.
Entity 5	50,942,193.55	The term of payment has not been met.
Entity 6	47,376,459.42	The term of payment has not been met.
Entity 7	45,952,961.85	The term of payment has not been met.
Entity 8	34,674,420.00	The term of payment has not been met.
Entity 9	34,189,095.13	The term of payment has not been met.
Entity 10	30,659,712.44	The term of payment has not been met.
Total	538,465,266.43	

**5.29 Contract liabilities**

Item	Balance as at June 30, 2021	Balance as at December 31, 2019
Within 1 year	27,520,545,947.24	28,922,353,784.79
Over 1 year		
Total	27,520,545,947.24	28,922,353,784.79

**5.30 Absorption of deposits and interbank deposits**

Item	Balance as at June 30, 2021	Balance as at December 31, 2020
Demand deposits	5,815,099,307.92	5,698,384,461.29
- Company	5,815,099,307.92	5,698,384,461.29
Time deposits (including the call deposits)	35,000,000.00	28,456,711.63
- Company	35,000,000.00	16,099,999.61
- Security deposits received		12,356,712.02
- Other deposits (including outward remittance for individuals and remittances outstanding for enterprises)		
Total	5,850,099,307.92	5,726,841,172.92

**5.31 Employee compensation payable**

**5.31.1 Presentation of employee compensation payable**

Item	Balance as at December 31, 2020	Increase in the current period	Decrease in the current period	Balance as at December June 30, 2021
Short-term compensation	214,382,644.30	1,429,823,456.61	1,408,750,927.12	235,455,173.79
Post-employment benefits - defined contribution plans	132,543,312.75	194,807,280.57	194,320,557.09	133,030,036.23
Dismissal benefits	330,411,472.07	104,806,517.98	179,807,157.50	255,410,832.55
Other benefits maturing within one year				
Total	677,337,429.12	1,729,437,255.16	1,782,878,641.71	623,896,042.57

**5.31.2 Presentation of short-term compensation**



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Item	Balance as at January 1, 2021	Increase in the current period	Decrease in the current period	Balance as at June 30, 2021
Salaries, bonuses, allowances and subsidies	183,840,786.71	1,047,221,922.94	1,030,261,660.78	200,801,048.87
Employee welfare fees	381,754.93	95,548,662.69	84,858,998.81	11,071,418.81
Social insurance premiums	22,624,412.74	65,944,062.59	66,947,438.61	21,621,036.72
Including: basic medical insurance premium	8,977.10	81,191,249.50	81,171,924.74	28,301.86
Supplementary medical insurance premium	29,117,640.14	1,154,464.73	1,762,837.63	28,509,267.24
Work-related injury insurance premium	62,223.52	8,770,834.14	8,753,744.15	79,313.51
Maternity insurance premium	121,531.66	6,938,626.24	6,927,503.59	132,654.31
Others		258,583.14	258,583.14	
Housing provident fund	336,184.00	134,190,562.64	126,876,289.66	7,650,456.98
Labor union expenditures and employee education funds	146,877,565.09	41,625,203.11	43,650,814.22	144,851,953.98
Labor protection expenses	700.00	5,155,287.91	5,155,987.91	-
Short-term profit (bonus) sharing plan				-
(8) Others	3,102,981.96	1,415,124.36	4,423,266.21	94,840.11
Total	214,382,644.30	1,429,823,456.61	1,408,750,927.12	235,455,173.79

**5.31.3 Presentation of defined contribution plans**

Item	Balance as at December 31, 2020	Increase in the current period	Decrease in the current period	Balance as at June 30, 2021
Basic endowment insurance premium	15,668.00	177,645,752.48	177,536,116.81	125,303.67
Unemployment insurance premium	10,221.37	6,343,237.38	6,341,353.84	12,104.91
Enterprise annuity payment	132,517,423.38	10,818,290.71	10,443,086.44	132,892,627.65
Total	132,543,312.75	194,807,280.57	194,320,557.09	133,030,036.23

**5.32 Taxes and surcharges payable**

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Tax	Balance as at June 30, 2021	Balance as at December 31, 2020
Value-added tax	131,525,248.93	162,077,940.56
Enterprise income tax	138,070,292.28	59,983,720.26
Individual income tax	6,305,347.09	31,818,158.33
Urban maintenance and construction tax	6,790,413.57	10,164,413.59
House property tax	16,085,801.32	675,761.26
Educational surtax (including local educational surtax)	4,646,494.07	7,064,655.99
Land use tax	5,671,415.28	469,126.51
Other taxes	13,622,308.03	16,195,942.25
Total	322,717,320.57	288,449,718.75

**5.33 Other payables**

Item	Balance as at June 30, 2021	Balance as at December 31, 2020
Interest payable	6,701,815.31	28,164,115.17
Dividends payable	571,761,766.00	13,224,263.63
Other payables	1,843,414,366.51	1,370,268,875.62
Total	2,421,877,947.82	1,411,657,254.42

**5.33.1 Interest payable**

Item	Balance as at June 30, 2021	Balance as at December 31, 2020
Interest payable on short-term borrowings	6,354,736.25	6,324,737.25
Interest payable on absorption of deposits	347,079.06	21,839,377.92
Total	6,701,815.31	28,164,115.17

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**5.33.2 Dividends payable**

Item	Balance as at June 30, 2021	Balance as at December 31, 2020
Ordinary share dividends	571,761,766.00	13,224,263.63
Total	571,761,766.00	13,224,263.63

**5.33.3 Other payables**

(1) Presentation of other payables by nature

Item	Balance as at June 30, 2021	Balance as at December 31, 2020
Equity purchase price payable	347,475,701.10	347,447,411.10
Agency fund	439,966,387.19	221,331,463.72
Margin and deposit	347,746,159.08	298,245,413.68
Lease, service and minor purchase payables	53,267,600.84	44,476,194.04
Advance money payable	276,322,076.21	94,724,120.15
Social insurance premium and housing provident fund undertaken by individuals	31,503,251.59	35,481,911.76
Others	347,133,190.50	328,562,361.17
Total	1,843,414,366.51	1,370,268,875.62

(2) Other significant payables with aging over one year

Item	Balance as at June 30, 2021	Reason for failure in repayment or carry-forward
Entity 1	178,893,349.65	The term of payment has not been met.
Entity 2	90,605,218.57	Pre-paid claims outstanding
Entity 3	18,546,669.84	Pre-paid claims outstanding
Entity 4	14,967,421.17	The term of payment has not been met
Entity 5	14,461,647.51	Bankruptcy liquidation
Entity 6	12,040,000.00	The term of payment has not been met.
Entity 7	10,000,000.00	Bankruptcy liquidation
Total	339,514,306.74	

5.34 Non-current liabilities maturing within one year

Item	Balance as at June 30, 2021	Balance as at December 31, 2020
Long-term borrowings maturing within one year	164,036.00	164,036.00
Bonds payable maturing within one year		
Long-term payables maturing within one year		
Lease liabilities maturing within one year	121,096,666.26	139,790,841.02
Total	121,260,702.26	139,954,877.02

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<b>5.35 Other current liabilities</b>		
Item	Balance as at June 30, 2021	Balance as at December 31, 2020
Provisional estimate cost	76,453,842.51	79,202,155.97
Liabilities from vicarious business	6,606,641.93	4,547,027.74
Recognized, endorsed and undue receivables financing at the end of period	45,942,200.00	23,560,000.00
Reclassification of lease liabilities	3,353,901.47	3,353,901.47
Others	16,940,624.26	10,623,734.54
<b>Total</b>	<b>149,297,210.17</b>	<b>121,286,819.72</b>

<b>5.36 Long-term borrowings</b>		
Item	Balance as at June 30, 2021	Balance as at December 31, 2020
Mortgage borrowings	370,770,979.40	384,350,539.48
Credit borrowings	335,000,000.00	335,000,000.00
<b>Total</b>	<b>705,770,979.40</b>	<b>719,350,539.48</b>

<b>5.37 Lease liabilities</b>		
Item	Balance as at June 30, 2021	Balance as at December 31, 2020
Lease payment	155,275,506.99	177,235,797.11
Less: unrecognized financing expense	5,925,002.57	9,913,050.15
Part reclassified to the non-current liabilities maturing within one year	121,096,666.26	139,790,841.02
<b>Total</b>	<b>28,253,838.16</b>	<b>27,531,905.94</b>

Remark: The Company reclassified the part within one year to the non-current liabilities maturing within one year based on liquidity. For details, see Note 5.34.

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5.38 Long-term payables

Item	Balance as at June 30, 2021	Balance as at December 31, 2020
Long-term payables		
Special payables	5,687,173.58	5,660,910.03
Total	5,687,173.58	5,660,910.03

Including: special payables

Item	Balance as at December 31, 2020	Increase in the current period	Decrease in the current period	Balance as at June 30, 2021	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	3,719,288.99			3,719,288.99	In use
Payment for water, electricity, heating and property management	1,701,621.04			1,701,621.04	In use
Monitoring patrol system		26,263.55		26,263.55	In use
Total	5,660,910.03	26,263.55		5,687,173.58	In use

5.39 Long-term employee compensation payable

Item	Balance as at June 30, 2021	Balance as at December 31, 2020

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I. Post-employment benefits - net liabilities of defined benefit plans		
II. Dismissal benefits	806,081,331.48	659,556,684.06
III. Other long-term benefits	297,729,181.15	301,413,349.17
Total	1,103,810,512.63	960,970,033.23

**5.40 Estimated liabilities**

Item	Balance as at June 30, 2021	Balance as at December 31, 2021	Forming reason
Pending litigation	278,915,885.39	281,801,968.45	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	2,467,325,470.57	2,211,869,576.09	Estimated expenditure on product quality guarantee deposit
Onerous contract	2,905,177,963.04	3,092,122,892.98	Onerous contract to be implemented and the expected future loss in the course of implementation
Expected fines for late delivery	307,531,709.43	310,616,499.88	Expected fines for late delivery
Total	5,958,951,028.43	5,896,410,937.40	

**5.41 Deferred income**

Item	Balance as at December 31, 2020	Increase in the current period	Decrease in the current period	Balance as at June 30, 2021	Forming reason
Government grants	404,283,233.21	15,003,226.69	31,419,261.92	387,867,197.98	Particulars are set out in Table 1

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Total	404,283,233.21	15,003,226.69	31,419,261.92	387,867,197.98
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**5.41.1 Items involving government grants:**

Liability item	Balance as at December 31, 2020	New grants in 2021	Amount included in non-operating income in 2021	Amount included in other income in 2021	The amount of cost reduction in 2021	Add: other changes	Balance as at June 30, 2021	Related to assets/income
VAT refund for three-line enterprises	190,199,969.72		8,841,240.78				181,358,728.94	Related to assets
Subsidy for project infrastructure construction	113,400,777.68		1,835,461.04				111,565,316.64	Related to assets
Appropriation for scientific research	8,946,952.39	173,100.00	547,682.22				8,572,370.17	Related to assets
Appropriation for technical reform	7,762,666.67						7,762,666.67	Related to assets
Government subsidies	1,586,666.67						1,586,666.67	Related to assets
Other appropriations	25,251,379.52		1,334,265.08				23,917,114.44	Related to assets
Appropriation for scientific research	52,966,163.97	13,191,403.14	11,403,661.86			-5,852,766.07	48,901,139.18	Related to income
Appropriation for technical reform	225,000.00						225,000.00	Related to income
Government subsidies								Related to income
Other appropriations	3,943,656.59	1,638,723.55	775,184.87			-829,000.00	3,978,195.27	Related to income
Total	404,283,233.21	15,003,226.69	24,737,495.85			-6,681,766.07	387,867,197.98	

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Remark: The VATrefund for three-line enterprises refers to the VATrefund 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 VATrefund for three-line enterprises, divided such VATrefund for three-line enterprises as asset-related government grants and income-related government grants, and carried out the accounting treatment respectively.

The subsidy for project infrastructure construction mainly refers to the subsidy for soft foundation of Dongfang Electrical (Tianjin) Wind Power Technology Co., Ltd. and the subsidy for project infrastructure construction of Dongfang Steam Turbine, which were allocated by the finance and government departments at all levels and received by the Company. The Company took such subsidy as the asset-related government grants, and included the same in the current non-operating revenue by stages during the asset useful lives.



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5.42 Share capital

Name of investee	Balance as at December 31, 2020		Increase in the current period	Decrease in the current period	Balance as at June 30, 2021	
	Investment amount	Proportion (%)			Investment amount	Proportion (%)
Dongfang Electric Corporation	1,727,919,826.00	55.39			1,727,919,826.00	55.39
Holder of A Shares	1,051,844,304.00	33.71		138,000.00	1,051,706,304.00	33.71
Holder of H Shares	340,000,000.00	10.90			340,000,000.00	10.90
Total	3,119,764,130.00	100.00		138,000.00	3,119,626,130.00	100.00

Remark: The decrease in share capital of 138,000 shares in the current period was due to the purchase and cancellation of a total of 138,000 restricted shares of Chen Hu, Zhong Meilang, Yang Yong and Li Liao by the Company at the consideration of RMB5.725 per share.

5.43 Capital reserves

Item	Balance as at December 31, 2020	Increase in 2021	Decrease in 2021	Balance as at June 30, 2021
Capital (share capital) premium	11,416,484,216.56		708,630.00	11,415,775,586.56
Other capital reserves	167,691,817.61			167,691,817.61
Total	11,584,176,034.17		708,630.00	11,583,467,404.17

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Remark: The decrease of RMB708,630.00 in capital reserve - capital premium in 2021 was due to the repurchase and cancellation of a total of 138,000 restricted shares of Chen Hu, Zhong Meilang, Yang Yong and Li Liao by the Company at the consideration of RMB5.725 per share.

5.44 Treasury stock

Item	Balance as at December 31, 2020	Increase in 2021	Decrease in 2021	Balance as at June 30, 2021
Repurchase plan for restricted stock incentive	172,329,868.00		818,340.00	171,511,528.00
Total	172,329,868.00		818,340.00	171,511,528.00

Remark: The decrease of RMB818,340.00 in treasury shares during the period was due to the repurchase and cancellation of a total of 138,000 restricted shares of Chen Hu, Zhong Meilang, Yang Yong and Li Liao at the consideration of RMB5.725 per share, as well as the cancellation of the repurchase obligations corresponding to the above four individuals upon distribution of cash dividends.

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5.45 Other comprehensive income

Item	Balance as at December 31, 2020	Pre-tax amount incurred in 2021	First half of Year 2021							Less: amount previously included in the other comprehensive income and currently transferred to retained earnings	Balance as at June 30, 2021
			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 financial assets measured at the amortized cost	Less: Hedging reserves transferred to the relevant asset or liability	Less: income tax expenses	Amount after tax attributable to the parent company	Amount after tax attributable to minority shareholders	Less: amount transferred to changes in re-measurement of the defined benefit plan		
I. Other comprehensive income that cannot be reclassified into profit or loss	-20,275,144.67										-20,275,144.67
Changes in re- measurement of the defined benefit plan											
Other comprehensive income that cannot be transferred to profit or loss under the equity method											
Changes in fair value of other equity instrument investments	-20,275,144.67										-20,275,144.67

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Item	Balance as at December 31, 2020	First half of Year 2021						Balance as at June 30, 2021
		Pre-tax amount incurred in 2021	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	
Changes in the fair value of the Company's own credit risk								
Other changes								
II. Other comprehensive income that will be reclassified into profit or loss	-47,642,920.37	-8,552,373.02					-8,402,897.11	-149,475.91
Other comprehensive income that can be transferred to profit or loss under the equity method	2,263,795.09	-154,413.84					-145,751.22	-8,662.62

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		-11,032.05				-10,413.15	-618.90	1,780,943.43
Changes in fair value of other creditor's right investment								
Amount of financial assets reclassified into other								

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Item	Balance as at December 31, 2020	First half of Year 2021						Balance as at June 30, 2021
		Pre-tax amount incurred in 2021	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	
Comprehensive income								
Provision for Credit impairment of other creditor's right investment								
Cash flow hedging reserve								
Translation differences of foreign currency statements								
Other changes	-49,953,153.46	-8,397,959.18					-8,257,145.89	-140,813.29
Total of other comprehensive income	-67,918,065.04	-8,552,373.02					-8,402,897.11	-149,475.91

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**5.46 Special reserves**

Item	Balance as at December 31, 2020	Increase in First half of 2021	Decrease in First half of 2021	Balance as at June 30, 2021
Work safety expenses	88,508,618.58	41,656,474.59	19,856,992.50	110,308,100.67
Total	88,508,618.58	41,656,474.59	19,856,992.50	110,308,100.67

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

5.47 Surplus reserves

Item	Balance as at December 31, 2020	Increase in first half of 2021	Decrease in First half of 2021	Balance as at June 30, 2021
Statutory surplus reserves	972,805,441.29			972,805,441.29
Discretionary surplus reserves				
Total	972,805,441.29			972,805,441.29

5.48 Undistributed profits

Item	First half of Year 2021	First half of Year 2020
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)		
Undistributed profits at the beginning of the year after adjustment	14,225,616,456.64	13,324,105,405.23
Plus: net profit attributable to owners of the parent company in the current period	954,371,842.93	729,692,676.27
Less: withdrawal of statutory surplus reserves		
Withdrawal of discretionary surplus reserves		
Withdrawal of general risk reserves		
Common stock dividends payable	561,532,703.40	639,352,386.65
Common stock dividends transferred to share capital		
Plus: Carry-forward of other comprehensive income for retained earnings		985,763.84
Others	-142,626.11	
Undistributed profits at the end of the period	16,169,239,463.93	14,541,621,676.76

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5.49 Minority equity

Subsidiary	Proportion of minority interest (%)	Amount for the current period	Balance as at December 31, 2020
Dongfang Heavy Machinery	38.91	642,379,770.34	637,108,944.34
Dongfang Electric Machinery	8.14	488,635,470.58	480,769,474.49
Dongfang Steam Turbine	5.61	363,807,886.11	343,178,170.16
Dongfang Boiler	3.21	217,802,470.64	213,713,696.35
Dongfang Finance	5	165,908,054.47	170,445,802.08
Dongfang Kwh	38.58	110,851,735.58	113,729,570.08
Eastern Boiler Control	42	90,836,747.42	83,461,880.95
Dongfang Hitachi	49	68,877,800.66	72,373,071.31
Laos Namang River Power Co., Ltd.	25	67,731,533.36	67,731,533.36
Dongfang WuhanNuclear	33	77,166,455.44	72,649,863.08
Dongfang Tianjin Blade	15	55,490,434.88	53,868,242.89
Dongfang Automatic Control	3.49	28,775,003.39	27,767,046.29
Dongfang Aberle	16.24	7,832,794.53	7,671,125.76
Dongfang Electric Venezuela	1	0.01	0.01
Dongfang Electric Wind Power (Shandong) Co., Ltd. (hereinafter referred to as the "Dongfang Shandong Wind Power")	37.99	58,318,725.40	58,002,710.88
Dongfang Wind Power	15.72	221,982,503.90	195,257,775.07
Dongfang Indonesia Company	49	14,813,415.45	14,813,415.45



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Henan Dongfang Boiler City Environmental Protection Equipment Co., Ltd. (hereinafter referred to as the "Dongfang Boiler City")	20	6,304,249.17	2,971,006.84
Dongfang Hydrogen	44.07	108,600,833.13	109,468,449.60
Dongfang Motor	10	9,011,505.29	8,949,730.30
Oriental Three Gorges (Jiangsu) Smart Energy Co., Ltd.	24.59	1,499,484.84	
Dongfang Electric Zhongneng Industrial Control Network Security Technology (Chengdu) Co., Ltd. (hereinafter referred to as the "Dongfang Zhongneng")	34	3,915,932.62	
Dongfang Electric Hydrogen Energy (Chengdu) Co., Ltd. (hereinafter referred to as the "Dongfang Chengdu Hydrogen Energy ")	37.13	32,465,944.17	
Dongfang Electric Hydrogen Energy (Deyang) Co., Ltd.	49	489,876.70	
Dongfang Electrical Hydrogen Energy (Yanan) Co., Ltd.	34	340,255.72	
Total		2,843,838,883.80	2,733,931,509.29

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**5.50 Net current assets**

Item	Amount as at June 30, 2021	Amount as at December 31, 2020
Current assets	75,639,411,764.67	70,673,257,832.78
Less: current liabilities	56,731,891,143.34	56,104,965,880.37
Net current assets	18,907,520,621.33	14,568,291,952.41

**5.51 Total assets less current liabilities**

Item	Amount as at June 30, 2021	Amount as at December 31, 2020
Total assets	99,508,049,099.66	97,795,137,769.16
Less: current liabilities	56,731,891,143.34	56,104,965,880.37
Total assets less current liabilities	42,776,157,956.32	41,690,171,888.79

**5.52 Debit and credit**

**5.52.1 Information of debit and credit of the Company**

Item	Amount as at June 30, 2021	Amount as at December 31, 2020
Short-term borrowings	317,650,000.00	297,980,000.00
Non-current liabilities maturing within one year (Partial borrowings)	164,036.00	164,036.00
Long-term borrowings	705,770,979.40	719,350,539.48
Total	1,023,585,015.40	1,017,494,575.48

**5.52.2 Analysis on debit and credit**

Item	Amount as at June 30, 2021	Amount as at December 31, 2020
Bank borrowings	617,420,979.40	615,330,539.48
Including: borrowings required to be repaid within five years	246,650,000.00	230,980,000.00
Sub-total	617,420,979.40	615,330,539.48
Other borrowings and payables	406,164,036.00	402,164,036.00
Total	1,023,585,015.40	1,017,494,575.48

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**5.52.3 Analysis on the debit and credit on the due date**

Item	Amount as at June 30, 2021	Amount as at December 31, 2020
Repay as required or within 1 year	317,814,036.00	298,144,036.00
1-2 years	195,000,000.00	195,000,000.00
2-5 years	140,000,000.00	140,000,000.00
Over 5 years	370,770,979.40	384,350,539.48
Total	1,023,585,015.40	1,017,494,575.48

**5.53 Operating revenue and operating costs**

**5.53.1 Information on operating revenue and operating costs**

Item	First half of Year 2021		First Half of Year 2020	
	Revenue	Expenses from costs/interest / Expenses from handling charges and commissions	Revenue	Expenses from costs/interest / Expenses from handling charges and commissions
Primary business	21,933,804,310.86	18,096,962,917.96	16,971,221,005.09	13,815,417,335.42
Other business	279,479,556.00	112,855,520.68	249,272,370.71	137,331,242.92
Interest income	522,217,202.09	56,581,143.01	531,303,054.28	47,110,050.60
Revenue from handling charges and commissions	1,584,492.97	785,443.91	1,174,070.65	538,467.32
Total	22,737,085,561.92	18,267,185,025.56	17,752,970,500.73	14,000,397,096.26

**5.53.2 Revenue from contracts**

Name of module and product	Operating revenue		Operating cost	
	First half of Year 2021	First half of Year 2020	First half of Year 2021	First half of Year 2020
<b>Efficient and clean energy equipment</b>	6,190,243,009.80	8,455,535,717.65	4,873,809,215.00	6,959,009,656.70
Including: thermal power	4,246,530,986.08	5,750,303,381.42	3,101,142,984.46	4,642,321,042.09
Nuclear power	1,050,393,354.81	751,771,718.67	965,680,761.60	620,724,277.43
Gas turbine	893,318,668.91	1,953,460,617.56	806,985,468.94	1,695,964,337.18
<b>Renewable energy equipment</b>	7,871,218,877.06	3,200,435,990.79	6,859,524,015.65	2,759,676,709.49
Including: hydroelectric power	1,440,686,308.44	1,339,954,486.64	1,174,336,441.98	1,117,985,728.48
Wind power	6,395,981,149.82	1,739,825,790.95	5,656,700,021.43	1,545,620,815.28
<b>Engineering International and trade</b>	2,575,811,954.05	2,209,839,088.11	2,124,922,587.05	1,707,443,047.05
Including: EPC	539,730,900.83	565,598,544.31	278,239,404.75	336,890,260.93
Trade	2,018,228,719.14	1,635,500,622.37	1,832,599,012.94	1,368,355,888.22
<b>Modern manufacturing service industry</b>	2,364,855,456.57	1,972,341,354.37	1,376,188,812.50	954,444,057.52
Including: power station service	1,452,165,281.27	931,015,091.82	991,634,786.01	517,836,175.50

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Financial service	534,060,568.56	532,477,124.93	58,206,322.03	47,110,050.60
<b>Emerging growth industry</b>	3,734,956,264.44	1,914,818,349.81	3,032,740,395.36	1,619,823,625.50
Total	22,737,085,561.92	17,752,970,500.73	18,267,185,025.56	14,000,397,096.26

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**5.54 Taxes and surcharges**

Item	First half of Year 2021	First half of Year 2020
Urban maintenance and construction tax	16,085,648.73	16,769,274.33
House property tax	42,813,432.33	34,570,593.93
Educational surtax	7,014,789.99	7,231,754.26
Stamp duty	18,277,358.31	13,842,431.65
Land use tax	20,105,485.40	20,347,947.86
Local educational surtax	4,501,096.44	4,720,846.75
Other taxes	2,860,922.81	1,278,783.47
Total	111,658,734.01	98,761,632.25

**5.55 Selling and distribution expenses**

Item	First half of Year 2021	First half of Year 2020
Sales and service fees	435,203,453.89	177,541,379.22
Employee compensation	112,047,526.84	105,569,328.76
Travel expenses	26,167,399.52	13,645,925.20
Others	76,080,480.40	68,489,079.72
Total	649,498,860.65	365,245,712.90

**5.56 General and administrative expenses**

Item	First half of Year 2021	First half of Year 2020
Employee compensation	715,566,803.56	468,894,340.35
Repair charges	152,048,162.15	115,700,038.86
Work safety expenses	48,998,807.13	46,622,052.73
Rental fees	8,397,530.38	52,611,150.81
Travel expenses	23,014,406.54	13,141,045.21
Insurance premium	3,782,360.08	124,324,582.38
Others	269,433,276.47	211,011,797.32
Total	1,221,241,346.31	1,032,305,007.66

**5.57 Research and development expenditure**

Item	First half of Year 2021	First half of Year 2020
Employee compensation	430,610,433.91	372,344,921.38
Materials expenses	174,990,643.27	186,531,653.96
External commission fees	156,609,500.52	95,451,101.36
Testing and quality assurance expenses	66,751,830.24	56,019,204.19
Depreciation expenses	53,371,037.96	49,910,350.94
Others	151,742,671.59	122,181,182.07
Total	1,034,076,117.49	882,438,413.90

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**5.58 Finance expenses**

Item	First half of Year 2021	First half of Year 2020
Interest expenses	13,819,760.24	14,328,027.89
Including: lease liability interest expenses	676,863.94	531,768.86
Less: interest revenue	24,422,770.46	18,780,641.10
Profit or loss on exchange	26,952,236.13	-21,363,769.14
Handling charges of financial institutions	24,072,586.98	17,106,078.98
Cash discount	-44,029,642.06	-32,769,693.74
Others	5,121,835.56	5,033,655.61
Total	1,514,006.39	-36,446,341.50

**5.59 Other income**

Item	First half of Year 2021	First half of Year 2020
Government grants	54,698,561.05	52,253,882.80
Handling charges deducted for individual income tax	419,205.40	
Others	855,962.91	16,866.66
Total	55,973,729.36	52,270,749.46

Government grants included in other income

Subsidy	First half of Year 2021	First half of Year 2020	Related to assets/income
VAT refund for three-line enterprises	8,841,240.78	10,841,147.91	Related to assets
Appropriation for scientific research	547,682.22	553,829.36	Related to assets
Appropriation for scientific research	17,417,243.85	19,924,128.66	Related to income
Finance discount		340,000.00	Related to assets
Finance discount		154,275.00	Related to income
Tax returns	1,483,762.05	3,846,638.64	Related to income
Other appropriations	2,863,668.52	3,406,242.85	Related to assets
Other appropriations	23,544,963.63	13,187,620.38	Related to income
Total	54,698,561.05	52,253,882.80	

**5.60 Investment income**

Item	First half of Year 2021	First half of Year 2020
Long-term equity investment income calculated by the equity method	140,123,305.27	72,334,525.29
Income from long-term equity investments calculated under cost method		

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Investment income from disposal of long-term equity investments		
Investment income from trading financial assets during the holding period	312,396.14	13,824,254.29

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Item	First half of Year 2021	First half of Year 2020
Investment income from disposal of trading financial assets	24,101,072.09	18,339,720.05
Investment income from creditor's right investment during the holding period	19,913,002.54	8,944,657.36
Investment income from the disposal of Creditor's right instruments	-84,230.00	
Investment income from the disposal of other equity instruments		
Total	184,365,546.04	113,443,156.99

**5.61 Foreign exchange gains**

Item	First half of Year 2021	First half of Year 2020
Revenue from foreign exchange	231,986.54	413,609.59
Expenditure on foreign exchange		
Total	231,986.54	413,609.59

**5.62 Income from changes in fair value**

Sources of income from changes in fair value	First half of Year 2021	First half of Year 2020
Financial assets held for trading	-11,520,868.30	-110,146,758.23
Including: income from changes in fair value arising from derivative financial instruments		
Other non-current financial assets		
Financial liabilities held for trading		
Total	-11,520,868.30	-110,146,758.23

**5.63 Losses from credit impairment**

Item	First half of Year 2021	First half of Year 2020
Losses from bad debts of notes receivable		-46,200.00
Losses from bad debts of accounts receivable	-90,627,109.73	-284,349,585.93
Losses from bad debts of other receivables	999,943.38	-5,340,632.44
Losses from impairment of creditor's right investment	15,671,140.96	-22,422,345.75
Losses from bad debts of long-term receivables		15,703,156.83
Losses from credit impairment of long-term receivables from leasing	11,272,314.08	
Losses from impairment of credit assets	1,965,565.91	482,198.27
Total	-60,718,145.40	-295,973,409.02

Losses are presented with "-".



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5.64 Losses from asset impairment

Item	First half of Year 2021	First half of Year 2020
Loss from inventory depreciation and losses from impairment of contract performance cost	-53,295,264.23	-214,254,727.16
Loss from impairment of fixed assets		
Losses from impairment of right-of-use assets		
Losses from impairment of intangible assets		
Losses from impairment of contract assets	-159,747,738.95	221,905,851.02
<b>Total</b>	<b>-213,043,003.18</b>	<b>7,651,123.86</b>

Losses are presented with "-".

5.65 Income from asset disposal

Item	First half of Year 2021	First half of Year 2020
Income from disposal of non-current assets	227,469,625.08	4,914,531.35
<b>Total</b>	<b>227,469,625.08</b>	<b>4,914,531.35</b>

5.66 Non-operating revenue

Item	First half of Year 2021	First half of Year 2020	Amount included in non-recurring profit or loss in the current period
Government grants	539,487.35	3,654,292.55	539,487.35
Gains from disposal of non-current assets	414,529.60	2,079.02	414,529.60
Including: gains from scrapping of fixed assets	414,529.60	2,079.02	414,529.60
Gains from debt restructuring			
Donations received			
Revenue from liquidated damages	7,967,808.84	4,630,575.74	7,967,808.84
Others	3,386,679.24	15,016,581.53	3,386,679.24
<b>Total</b>	<b>12,308,505.03</b>	<b>23,303,528.84</b>	<b>12,308,505.03</b>

Government grants included in the non-operating revenue

Subsidy	First half of Year 2021	First half of Year 2020	Related to asset/income
Government award	36,000.00		Related to income
Tax returns	-	924.96	Related to income
Other funding	503,487.35	3,653,367.59	Related to income
<b>Total</b>	<b>539,487.35</b>	<b>3,654,292.55</b>	

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5.67 Non-operating expenses

Item	First half of Year 2021	First half of Year 2020	Amount included in non-recurring profit or loss in the current period
Losses from disposal of non-current assets	973,797.01	695,332.48	973,797.01
Including: losses from scrapping of fixed assets	973,797.01	695,332.48	973,797.01
Losses from debt restructuring			
Donation outlay	12,297,934.00	41,349,713.28	12,297,934.00
Losses from pending litigation			
Expenditure on indemnity, liquidated damages and amercement outlay	2,789,150.70	10,048,328.76	2,789,150.70
Others	1,444,876.02	4,426,070.88	1,444,876.02
Total	17,505,757.73	56,519,445.40	17,505,757.73

5.68 Income tax expenses

5.68.1 Table of income tax expenses

Item	First half of Year 2021	First half of Year 2020
Current income tax expenses	252,313,652.11	163,260,092.88
Including: China	250,380,350.50	163,257,245.17
India	1,796,905.37	

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Item	First half of Year 2021	First half of Year 2020
Other regions	136,396.24	2,847.71
Deferred income tax expenses	-62,583,827.48	-33,168,499.75
Total	189,729,824.63	130,091,593.13

**5.68.2 Adjustment process of accounting profit and income tax expenses**

Item	First half of Year 2021
Total profits	1,629,473,088.95
Income tax expenses calculated at statutory/applicable tax rate	244,420,963.34
Effect of the application of different tax rates by subsidiaries	-42,825,599.82
Effect of adjustments to the income tax for the prior periods	41,509,062.20
Effect of non-taxable income	
Effect of non-deductible costs, expenses and losses	16,560,965.62
Effect of use of deductible losses against which no deferred income tax assets have been recognized in previous periods	-54,563,108.00
Effect of deductible temporary differences or losses against which no deferred income tax assets have been recognized in the current period	22,250,812.00
Tax preference	-37,623,270.72
Including: additional deduction of research and development expenditure	-37,609,331.79
Income tax expenses	189,729,824.63

**5.69 Earnings per share**

**5.69.1 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	First half of Year 2021	First half of Year 2020
Consolidated net profit attributable to the common stockholder of the parent company	1,348,252,556.66	954,371,842.93
Weighted average of the Company's outstanding common stock	3,119,672,130.00	3,090,803,431.00
Basic earnings per share	0.43	0.31
Including: basic earnings per share from going concern	0.43	0.31
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

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= 3,119,672,130.00

Basic earnings per share

= Consolidated net profit attributable to the common stockholder of the parent company / Weighted average of the outstanding common stock

=1,348,252,556.66/ 3,119,672,130.00=0. 43

5.69.2 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):

Item	First half of Year 2021	First half of Year 2020
Consolidated net profit attributable to the common stockholder of the parent company (diluted)	1,348,252,556.66	954,371,842.93
Weighted average of the Company' s outstanding common stock (diluted)	3,119,672,130.00	3,090,803,431.00
Diluted earnings per share	0.43	0.31
Including: diluted earnings per share from going concern	0.43	0.31
Diluted earnings per share from discontinued operation		

5.70 Items in the statement of cash flows

**5.70.1 Cash received from other operating activities**

Item	First half of Year 2021	First half of Year 2020
Security deposit	422,097,966.00	155,101,578.26
Others	285,912,359.96	189,261,076.61
Interest income	51,468,557.30	72,853,557.40
Government grants	34,560,356.78	72,255,913.39
Compensation	27,832,673.12	26,639,875.03
Premiums subsidies	27,560,000.00	145,990,000.00
Recovery of advance payment for	31,927,800.77	158,830,885.69

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Item	First half of Year 2021	First half of Year 2020
Cash received from the lease of fixed assets and investment properties	5,919,288.08	11,495,578.18
Revolving funds for purchasing house and deposit in security	518,140.24	19,449,230.48
Fund allocation for bankruptcy	223,038.78	83,436,882.18
Total	888,020,181.03	935,314,577.22

**5.70.2 Cash paid for other operating activities**

Item	First half of Year 2021	First half of Year 2020
Purchase under resale agreements	103,668,953.04	29,529,899.34
Operating expenses	531,975,067.05	658,710,394.01
Security deposit payment	345,442,400.91	227,672,367.59
Others	108,096,520.28	8,306,700.00
Imprest payment	23,169,055.87	27,574,316.68
Total	1,112,351,997.15	951,793,677.62

**5.70.3 Cash received from other investing activities**

Nil.

**5.70.4 Cash paid for other investing activities**

Nil

**5.70.5 Cash received from other financing activities**

Nil

**5.70.6 Cash paid for other financing activities**

Item	First half of Year 2021	First half of Year 2020
Rent and handling charges for the leaseback under finance lease	7,563,159.32	
Total	7,563,159.32	

**5.71 Supplementary information to the statement of cash flows**

**5.71.1 Supplementary information to the statement of cash flows**

Item	First half of Year 2021	First half of Year 2020
1. Net profit adjusted to cash flows from operating activities		
Net profit	1,439,743,264.32	1,019,534,473.57
Plus: losses from credit impairment	60,718,145.40	295,973,409.02
Provision for asset impairment	213,043,003.18	-7,651,123.86
Depreciation of investment properties and fixed assets	339,263,361.09	377,368,528.01
Depreciation of right-of-use assets	66,812,391.55	64,760,945.31
Amortization of intangible assets	46,907,860.05	50,184,337.51
Amortization of long-term deferred expenses	83,159.33	10,778,665.47
Losses on disposal of fixed assets, intangible assets and other long-term assets ("-" for income)	-227,469,625.08	-4,914,531.35
Losses from scrapping of fixed assets ("-" for income)	559,267.41	693,253.46
Losses from changes in fair value ("-" for income)	11,520,868.30	110,146,758.23
Finance expenses ("-" for income)	26,952,236.13	-54,133,462.88
Investment losses ("-" for income)	-184,365,546.04	-113,443,156.99
Decreases in deferred income tax assets ("-" for increases)	-63,784,514.00	-32,569,751.30
Increases in deferred income tax liabilities ("-" for decreases)	0.00	-598,748.45
Decreases in contract assets		
Decreases in inventories ("-" for increases)	-1,784,794,863.91	-616,216,656.03
Decreases in operating receivables ("-" for increases)	-4,579,966,291.53	-2,503,202,386.73

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Item	First half of Year 2020	First half of Year 2019
Increases in operating payables ("-" for decreases)	-27,893,319.75	2,375,343,826.42
Others		
Net cash flows from operating activities	-4,662,670,603.55	972,054,379.41
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	23,572,189,737.09	27,349,246,661.49
Less: beginning balance of cash	24,277,749,507.44	28,472,369,654.85
Plus: ending balance of cash equivalents		
Less: beginning balance of cash equivalents		
Net increase in cash and cash equivalents	-705,559,770.35	-1,123,122,993.36

5.71.2 Net cash received from disposal of subsidiaries in 2021

Nil

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5.71.3 Breakdown of cash and cash equivalents

Item	Balance as at June 30, 2021	Balance as at December 31, 2020
I. Cash	23,572,189,737.09	24,277,749,507.44
Including: cash on hand	2,037,707.53	1,614,031.10
Unrestricted bank deposit	3,657,603,949.58	3,073,191,999.79
Other unrestricted cash and cash equivalents	144,412,735.79	168,250,479.74
Unrestricted deposits in central bank	29,874,374.23	2,143,229.27
Deposits in banks and other financial institutions	19,738,260,969.96	21,032,549,767.54
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	23,572,189,737.09	24,277,749,507.44
Including: cash and cash equivalents restricted for use by the parent company or subsidiaries in the Group		

5.72 Assets with restrictions on the ownership or use right

Item	Book value as at June 30, 2021	Reason for restriction
Monetary funds	2,226,703,311.60	Deposits in central bank, reserves and security deposits
Long-term equity investments	89,339,352.84	Equity pledge
Intangible assets	506,885,799.40	Mortgage borrowings
Total	2,822,928,463.84	

5.73 Foreign currency monetary items

Item	Balance in foreign currency as at June 30, 2021	Exchange rate for conversion	Balance of RMB converted as at June 30, 2021
Monetary funds			2,266,174,992.04
Including: USD	329,271,496.79	6.4601	2,127,126,796.42
HKD	29.36	0.8321	24.43
JPY	8802447	0.0584	514309.37
EUR	8,582,588.63	7.6862	65,967,492.70
GBP	1.17	8.9410	10.46
CAD	9.01	5.2097	46.94



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SEK	573,120.09	0.7579	434,367.72
INR	407,571,571.92	0.0870	35,446,499.61
PKR	1,374,195.47	0.0417	57,358.92
VND	780,210,164.05	0.0003	218,770.93
BAM	49,341.28	3.9956	197,148.51
ETB	73,314,415.73	0.1478	10,832,204.92
NPR	826,375.64	0.0541	44,739.97

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Item	Balance in foreign currency as at June 30, 2021	Exchange rate for conversion	Balance of RMB converted as at June 30, 2021
LKR	40,313,100.48	0.0324	1,304,128.80
BDT	64,378,808.36	0.0759	4,888,926.71
TRY	48011.15	0.7415	35601.71
MVR	107,794.40	0.4217	45,454.74
Other currencies	15,372,690,176.88		19,061,109.18
Accounts receivable			256,775,994.68
Including:			
USD	35,862,095.92	6.4601	231,672,725.88
EUR	325,939.65	7.6862	2,505,237.31
INR	116,856,526.96	0.0870	10,163,012.15
ETB	24,345,788.19	0.1478	3,597,090.21
Other currencies	11,355,039,519.19		8,837,929.13
Other accounts receivable			160,826,182.38
Including:			
USD	22,268,045.07	6.4601	143,853,797.96
EUR	568,403.29	7.6862	4,368,861.37
SEK	8,066,136.27	0.7579	6,113,324.68
INR	20,370,709.78	0.0870	1,771,640.63
VND	12,748,559,664.76	0.0003	3,574,696.13
BAM	217,386.79	3.9956	868,592.83
Other currencies	584,777,266.00		275,268.78
Accounts payable			345,582,498.65
Including:			
USD	18,743,033.53	6.4601	121,081,870.93
HKD	117,354.10	0.8321	97,650.35
JPY	113,460,101.71	0.0584	6,626,069.94
EUR	26,920,078.28	7.6862	206,913,105.68
GBP	77,346.04	8.9410	691,550.98
CHF	558,966.66	7.0134	3,920,256.78
CAD			
BAM	1,171,283.77	5.2097	6,102,037.08
Others	6,904.27	3.9956	27,586.78
Other payables	233,200,275.52		122,370.13
Including:			
USD	9,439,511.69	6.4601	60,980,189.49
EUR	17,867.20	0.8321	14,867.30
HKD	125,623.87	7.6862	965,570.22
INR	15,674,708.87	0.0870	1,363,229.43
PKR	15,971,391.00	0.0417	666,645.86
VND	6,981,483,059.91	0.0003	1,957,607.85

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Other currencies	2,148,374,970.05		22,509,827.64
Absorption of deposits			228,683,250.66

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Item	Balance in foreign currency as at June 30, 2021	Exchange rate for conversion	Balance of RMB converted as at June 30, 2021
Including: EUR	873.92	7.6862	6,717.12
USD	35,398,296.23	6.4601	228,676,533.48
JPY	1.00	0.0584	0.06
Long-term borrowings			370,770,979.40
Including: USD	57,394,000.00	6.4601	370,770,979.40

#### 5.74 Government grants

##### 5.74.1. Basic information on government grants

Type	Amount for the period	Amount included in the current profit or loss or used to offset the losses of related costs	Note
Government grants included in deferred income	15,003,226.69	24,737,495.85	
Government grants included in other income	54,698,561.05	54,698,561.05	
Government grants included in non- operating revenue	539,487.35	539,487.35	
Government grants to offset the book value of related assets			
Government grants to offset costs and expenses	7,650,000.00	7,650,000.00	
Total	77,891,275.09	87,625,544.25	

#### 6. Changes in the scope of consolidation

##### 6.1 Disposal of subsidiaries

Nil.

##### 6.2 Changes in scope of consolidation due to other reasons

###### 6.2.1. Newly-built subsidiaries

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S.N.	Name	Way of forming the right of control	Net assets at the end of the current period	Net profit for the current period
1	Dongfang Chengdu Hydrogen Energy	Established by investment	87,439,505.59	117,005.59
2	Dongfang Electronic Guoxin Hydrogen Energy (Deyang) Co., Ltd.	Established by investment	999,748.37	-251.63
3	Dongfang Electronic (Neijiang) Hydrogen Energy Co., Ltd.(hereinafter referred to as “Dongfang Neijiang Hydrogen Energy” )	Established by investment		
4	Dongfang Three Gorges (Jinagsu) Intelligent Energy Co., Ltd.	Established by investment	6,097,905.00	-2,095.00
5	Dongfang Zhongneng	Established by investment	11,517,448.88	-482,551.12
6	Dongfang Innovation Technology	Established by investment	150,149,925.25	149,925.25
7	Jiangsu Dongchuang Hydrogen Energy Technology Co., Ltd.(hereinafter referred to as “Dongchuang Hydrogen Energy” )	Established by investment		

**6.2.2. Subsidiaries subject to cancellation or liquidation**

Nil.

**7. Equity in other entities**

**7.1 Equity in subsidiaries**

**7.1.1. Structure of the enterprise group**

Subsidiary	Main business place	Registration place	Business nature	Shareholding ratio (%)		Method of acquisition
				Direct	Indirect	
DTC	Deyang, Sichuan	Deyang, Sichuan	Production	94.39		Established by investment
DBC	Zigong, Sichuan	Zigong, Sichuan	Production	96.79		Established by investment
Dongfang Kwh	Chengdu, Sichuan	Chengdu, Sichuan	Production of dedicated pharmaceutic al and medicinal materials		60.95	Established by investment

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Subsidiary	Main business place	Registration place	Business nature	Shareholding ratio (%)		Method of acquisition
				Direct	Indirect	
Dongfang Boiler City	Jiaozuo, Henan	Jiaozuo, Henan	Manufacturing of dedicated equipment for environmental protection		80.00	Established by investment
Eastern Boiler Control	Shenzhen, Guangdong	Shenzhen, Guangdong	General equipment manufacturing		51.00	Established by investment
Dongfang Yaan Hydrogen Energy	Yaan, Sichuan	Yaan, Sichuan	Service		66.00	Established by investment
Dongfang Chengdu Hydrogen Energy	Chengdu, Sichuan	Chengdu, Sichuan	Service		62.87	Established by investment
Dongfang Deyang Hydrogen Energy	Deyang, Sichuan	Deyang, Sichuan	Service		51.00	Established by investment
Dongfang Neijiang Hydrogen Energy	Neijiang, Sichuan	Neijiang, Sichuan	Service		51.00	Established by investment
DFEM	Deyang, Sichuan	Deyang, Sichuan	Production	91.86		Established by investment
DEC Venezuela	Venezuela	Venezuela	Project service		99.00	Established by investment
DFHM	Guangzhou, Guangdong	Guangzhou, Guangdong	Production	48.17	12.91	Established by investment
DENE	Wuhan, Hubei	Wuhan, Hubei	Production	67.00		Established by investment
Dongfang Electric India	Calcutta, India	Calcutta, India	Service	100.00		Established by investment
Dongfang Indonesia Company	Jakarta, Indonesia	Jakarta, Indonesia	Service		51.00	Established by investment
Dongfang Electric Motor	Deyang, Sichuan	Deyang, Sichuan	Electrical machinery and equipment manufacturing		90.00	Established by investment
Dongfang Guangdong Energy	Yangjiang, Guangdong	Yangjiang, Guangdong	Service		100.00	Established by investment
DEWP	Deyang, Sichuan	Deyang, Sichuan	Production	45.12	39.16	Established by investment

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Subsidiary	Main business place	Registration place	Business nature	Shareholding ratio (%)		Method of acquisition
				Direct	Indirect	
Dongfang Electrical (Tianjin) Wind Power Technology Co., Ltd.	Tianjin	Tianjin	Production		100.00	Established by investment
Tianjin Dongqi Blade	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 Shandong Wind Electric	Shandong	Shandong	Power equipment manufacturing		62.01	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 Electric New Energy Science & Technology (Chengdu) Co., Ltd.*	Chengdu, Sichuan	Chengdu, Sichuan	Wind turbine maintenance		100.00	Established by investment
Dongfang Three Gorges (Jinagsu) Intelligent Energy Co., Ltd.	Nantong, Jiangsu	Nantong, Jiangsu	Power equipment manufacturing		75.41	Established by investment
Dongfang Zhongneng	Chengdu, Sichuan	Chengdu, Sichuan	Service		66.00	Established by investment
Dongfang Innovation Technology	Chengdu, Sichuan	Chengdu, Sichuan	Service	100.00		Established by investment
Dongchuang Hydrogen Energy	Suzhou, Jiangsu	Suzhou, Jiangsu	Service		60.00	Established by investment
Dongfang Finance	Chengdu, Sichuan	Chengdu, Sichuan	Finance	95.00		Business combination under common control
DEIC	Chengdu, Sichuan	Chengdu, Sichuan	International trade	100.00		Business combination under common control

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Subsidiary	Main business place	Registration place	Business nature	Shareholding ratio (%)		Method of acquisition
				Direct	Indirect	
Nam Mang Power Company	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
Dongfang Aberle	Mianzhu, Sichuan	Mianzhu, Sichuan	Machine manufacturing		83.76	Business combination under common control
DEA	Deyang, Sichuan	Deyang, Sichuan	Power unit manufacturing	46.62	49.89	Business combination under common control
Dongfang Hitachi	Chengdu, Sichuan	Chengdu, Sichuan	Production		51.00	Business combination under common control
Dongfang Materials	Chengdu, Sichuan	Chengdu, Sichuan	Commodity circulation	100.00		Business combination under common control
DEC Cargo Logistics	Chengdu, Sichuan	Chengdu, Sichuan	Transportation		100.00	Business combination under common control
Dongfang Institute	Chengdu, Sichuan	Chengdu, Sichuan	Technology service	100.00		Business combination under common control
Dongfang Hydrogen Energy	Chengdu, Sichuan	Chengdu, Sichuan	Technology service	55.93		Business combination under common control

**7.1.2. Major non-wholly-owned subsidiaries**

Subsidiary	Shareholding ratio of minority	Profit or loss attributable to minority	Dividends declared to be distributed to	Ending balance of minority equity



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	shareholders	shareholders in the current period	minority shareholders in the current period	
DTC	5.61%	19,030,572.77	3,670,166.01	363,807,886.11
DBC	3.21%	8,554,973.14	7,965,165.30	217,802,470.64
DFEM	8.14%	23,803,256.65	16,103,378.49	488,635,470.58
DEWP	15.72%	6,382,309.20	1,500,000.00	221,982,503.90
Dongfang Finance	5.00%	6,814,347.09	7,961,316.35	165,908,054.47
DEA	3.49%	983,294.14	5,948,963.17	28,775,003.39
DFHM	38.91%	4,781,848.66		642,379,770.34
DENE	33.00%	4,438,268.40		77,166,455.44

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

Subsidiary	Balance as at June 30, 2021					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
DTC	19,518,383,507.76	5,322,758,081.72	24,841,141,589.48	17,235,299,548.38	1,113,020,189.48	18,348,319,737.86
DBC	17,695,385,230.19	3,498,413,209.40	21,193,798,439.59	10,971,433,024.75	3,276,743,447.81	14,248,176,472.56
DFEM	16,246,576,589.30	2,812,983,264.83	19,059,559,854.13	11,777,344,802.05	1,270,310,787.83	13,047,655,589.88
DEWP	10,170,401,308.50	2,697,714,895.79	12,868,116,204.29	9,954,177,444.04	1,093,090,687.09	11,047,268,131.13
Dongfang Finance	29,218,886,412.87	8,390,535,643.58	37,609,422,056.45	34,291,073,084.83	187,881.96	34,291,260,966.79
DEA	2,483,109,985.69	414,221,162.76	2,897,331,148.45	1,878,708,632.43	40,549,879.50	1,919,258,511.93
DFHM	2,468,345,225.10	877,500,173.40	3,345,845,398.50	1,487,237,112.94	207,670,813.63	1,694,907,926.57
DENE	484,162,774.92	171,480,943.57	655,643,718.49	329,825,975.34	91,979,999.38	421,805,974.72

Subsidiary	Balance as at December 31, 2020					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
DTC	19,266,340,878.97	5,145,925,619.57	24,412,266,498.54	17,200,661,436.10	999,329,296.06	18,199,990,732.16
DBC	17,348,334,717.72	3,280,756,318.26	20,629,091,035.98	10,455,251,332.34	3,398,517,717.26	13,853,769,049.60
DFEM	15,324,116,855.58	2,556,430,485.09	17,880,547,340.67	10,747,007,093.26	1,218,331,616.72	11,965,338,709.98
DEWP	10,300,805,404.96	2,402,449,625.36	12,703,255,030.32	10,019,514,017.78	938,501,124.50	10,958,015,142.28
Dongfang Finance	30,015,472,929.34	12,288,784,040.78	42,304,256,970.12	38,960,152,347.58	187,881.96	38,960,340,229.54
DEA	2,187,441,442.41	393,805,788.64	2,581,247,231.05	1,573,761,852.92	41,841,845.65	1,615,603,698.57
DFHM	2,676,396,790.51	923,301,254.10	3,599,698,044.61	1,758,987,196.14	203,319,575.44	1,962,306,771.58
DENE	424,081,293.73	167,650,352.87	591,731,646.60	280,701,039.22	90,879,507.10	371,580,546.32

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Subsidiary	Amount for the period				Amount for the same period of the previous year			
	Operating revenue	Net profit	Total comprehensive income	Cash flows from operating activities	Operating revenue	Net profit	Total comprehensive income	Cash flows from operating activities
DTC	4,504,559,209.62	339,480,731.07	339,326,317.23	-427,596,154.33	4,698,900,960.29	209,574,917.76	209,563,885.71	785,740,956.87
DBC	5,006,051,046.99	270,321,638.69	270,321,638.69	-133,854,228.96	4,350,884,479.53	180,528,081.27	180,528,081.27	-711,987,154.39
DFEM	4,205,578,426.31	292,434,290.21	292,434,290.20	-734,300,574.51	3,649,627,352.70	262,347,068.64	262,347,068.64	-577,041,181.43
DEWP	5,968,851,291.02	51,754,014.33	51,754,014.33	-936,289,606.83	2,005,345,420.25	15,088,508.68	15,088,508.68	1,220,329,951.62
Dongfang Finance	534,512,531.97	136,286,941.87	133,470,676.10	-4,999,974,935.41	560,821,313.74	166,322,572.27	170,509,819.10	1,267,304,129.15
DEA	1,085,891,645.74	37,907,020.45	37,907,020.45	-186,003,615.64	782,882,485.69	42,508,132.11	42,508,132.11	30,451,945.10
DFHM	707,179,570.38	12,289,510.82	12,289,510.82	-355,789,852.91	530,427,566.16	554,520.52	554,520.52	-129,574,119.29
DENE	130,698,375.30	13,449,298.19	13,449,298.19	34,257,569.34	78,034,717.99	7,865,160.66	7,865,160.66	19,293,823.94

**7.2 Transactions leading to changes in the share of owners' equity in subsidiaries and still controlling the subsidiaries**

**7.2.1. Notes to the changes in the share of owner's equity in subsidiaries**

Nil.

**7.3 Equity in joint venture arrangements or associates**

**7.3.1. Major joint ventures or associates**

Name of joint venture/associate	Main business place	Registration place	Business nature	Shareholding ratio (%)		Accounting treatment method for investments in joint ventures or associates
				Direct	Indirect	
MHPS Dongfang	Jiaxing, Zhejiang	Jiaxing, Zhejiang	Production		50.00	Equity method
Framatome Dongfang	Deyang, Sichuan	Deyang, Sichuan	Production	50.00		Equity method
Dongfang Mitsubishi	Nansha, Guangzhou	Nansha, Guangzhou	Production		49.00	Equity method
Sichuan Energy Wind Power	Leshan, Sichuan	Leshan City	Cargo transportation	20.00		Equity method
Dongshu New Materials	Sichuan Province	Sichuan Province	Manufacturing		47.54	Equity method
Dongfang Xichang Hydrogen Energy	Xichang, Sichuan	Xichang, Sichuan	Manufacturing and maintenance of hydrogen production equipment		66.00	Equity method

**7.3.2. Principle financial information of major joint ventures**

Item	Balance as at June 30, 2021/Amount for the current period		Balance as at December 31, 2020/Amount for the same period of the previous year	
	MHPS Dongfang	Framatome Dongfang	MHPS Dongfang	Framatome Dongfang
Current assets	1,190,747,361.30	1,189,036,908.17	984,873,507.79	1,286,215,232.92
Including: cash and cash equivalents	196,932,167.88	372,187,749.33	83,212,432.14	479,267,569.45
Non-current assets	237,478,894.04	98,795,485.62	245,963,838.74	104,981,438.55
Total assets	1,428,226,255.34	1,287,832,393.79	1,230,837,346.53	1,391,196,671.47
Current liabilities	944,478,549.69	751,572,496.83	752,724,403.11	859,673,956.81
Non-current liabilities	75,862,592.13	135,701,321.26	77,109,363.85	137,124,864.16

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Item	Balance as at June 30, 2021/Amount for the current period		Balance as at December 31, 2020/Amount for the same period of the previous year	
	MHPS Dongfang	Framatome Dongfang	MHPS Dongfang	Framatome Dongfang
Total liabilities	1,020,341,141.82	887,273,818.09	829,833,766.96	996,798,820.97
Minority equity				
Equity attributable to shareholders of the parent company	407,885,113.52	400,558,575.70	401,003,579.57	394,397,850.50
Net asset share calculated by shareholding ratio	203,942,556.76	200,279,287.85	200,501,789.79	197,198,925.25
Adjustments	-273,892.78			-255,014.82
- Goodwill				
- Unrealized profits of Internal transactions	-273,892.78			-255,014.82
- Others				
Book value of the equity investment in joint ventures	203,668,663.98	200,279,287.85	200,501,789.79	196,943,910.43
Fair value of the equity investment in joint ventures with public offer				
Operating revenue	516,802,777.21	60,624,956.20	426,113,671.96	81,415,996.19
Finance expenses	4,673,609.29	-2,160,165.45	3,520,907.88	-284,491.45
Income tax expenses	109,768.05	1,060,101.75	-130,193.08	89,811.97
Net profit	6,333,748.39	6,007,243.22	1,407,026.46	508,934.51
Net profit from discontinued operation				
Other comprehensive income				
Total comprehensive income	6,333,748.39	6,007,243.22	1,407,026.46	508,934.51
Dividends received from joint ventures in current period		22,375,391.31		

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**7.3.3. Principle financial information of major associates**

Item	Balance as at June 30, 2021/Amount for the current period			Balance as at December 31, 2020/Amount for the same period of the previous year		
	Dongfang Mitsubishi	Sichuan Energy Wind Power	Dongshu New Materials	Dongfang Mitsubishi	Sichuan Energy Wind Power	Dongshu New Materials
Current assets	1,434,626,102.04	2,202,681,100.99	1,182,153,647.29	1,466,138,657.61	1,822,872,755.18	984,286,657.19
Non-current assets	346,419,211.67	5,591,477,116.50	73,220,129.67	357,583,990.02	5,340,409,706.24	50,713,459.93
Total assets	1,781,045,313.71	7,794,158,217.49	1,255,373,776.96	1,823,722,647.63	7,163,282,461.42	1,035,000,117.12
Current liabilities	997,346,606.52	1,188,215,103.93	857,191,661.51	870,429,399.60	1,605,377,014.97	720,170,124.35
Non-current liabilities	2,523,879.05	3,669,491,221.24	8,810,732.78		3,087,290,219.59	7,140,822.71
Total liabilities	999,870,485.57	4,857,706,325.17	866,002,394.29	870,429,399.60	4,692,667,234.56	727,310,947.06
Minority equity		320,517,884.66			199,359,410.79	
Equity attributable to shareholders of the parent company	781,174,828.14	2,615,934,007.66	389,371,382.67	953,293,248.03	2,271,255,816.07	309,429,585.01
Net asset share calculated by shareholding ratio	382,775,665.79	523,186,801.53	185,107,155.32	467,113,691.53	454,251,163.21	147,102,824.71
Adjustments	6,037,396.70		4,292,117.85	26,137,723.75	5,040,000.00	-350,195.40
- Goodwill						
- Unrealized profits of Internal transactions	6,037,396.70		4,292,117.85	26,137,723.75	5,040,000.00	-350,195.40

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Item	Balance as at June 30, 2021/Amount for the current period			Balance as at December 31, 2020/Amount for the same period of the previous year		
	Dongfang Mitsubishi	Sichuan Energy Wind Power	Dongshu New Materials	Dongfang Mitsubishi	Sichuan Energy Wind Power	Dongshu New Materials
- Others						
Book value of the equity investment in associates	388,813,062.49	523,186,801.53	189,399,273.17	466,763,496.13	459,291,163.21	173,240,548.46
Fair value of the equity investment in associates with public offer						
Operating revenue	227,548,613.36	688,675,944.47	1,045,694,792.63	163,457,564.96	467,166,670.41	522,510,612.86
Net profit	52,065,517.21	400,924,047.06	29,886,700.61	20,216,205.03	271,089,700.11	13,877,873.91
Net profit of discontinued operation						
Other comprehensive income						
Total comprehensive income	52,065,517.21	400,924,047.06	29,886,700.61	20,216,205.03	271,089,700.11	13,877,873.91
Dividends received from associates in the current period	108,864,132.00					

**7.3.4. Summary of financial information on other joint ventures and associates**

Item	Balance as at June 30, 2021/Amount for the current period	Balance as at December 31, 2020/Amount for the same period of the previous year
Total book value of investment of joint ventures	6,460,826.95	6,591,580.67
Total amounts of the following items calculated at shareholding ratio	—	—
Net profit	-130,753.72	-206,172.37
Other comprehensive income		
Total comprehensive income	-130,753.72	-206,172.37
Total book value of investment of associates	631,341,468.75	272,437,626.80
Total amounts of the following items calculated at shareholding ratio	—	—
Net profit	22,629,332.15	11,802,162.27
Other comprehensive income		
Total comprehensive income	22,629,332.15	11,802,162.27

**7.4 Enterprises whose shareholding ratio exceeds 50% not included in the scope of consolidation**

Name of joint operation	Main place of business	Registration place	Business nature	Shareholding proportion/share (%)	
				Direct	Indirect
Dongfang Xichang Hydrogen Energy	Xichang, Sichuan	Xichang, Sichuan	New energy technology development		66.00

Remark:

During the reporting period, DBC and Dongfang Hydrogen Energy, subsidiaries of the Company, jointly invested in establishment of Dongfang 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 Dongfang Xichang Hydrogen Energy has four directors; two of them are dispatched by the Company. The relevant provisions of articles of association of Dongfang 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".

"Article 16 Amendment to the company's articles of association, investment and external guarantees, mergers and divisions, profit distribution, dissolution, liquidation or change of company form may be adopted only when they are approved by all shareholders" . According to the articles of association, the Company has no control over Dongfang Xichang Hydrogen Energy, so Dongfang Xichang Hydrogen Energy is not included in the scope of consolidation.

#### **7.5 Equities of the structuring subjects not included in the scope of consolidated financial statements**

Nil.

### **8. Risks related to financial instruments**

The Company's major financial instruments include monetary funds, equity investments, creditor's right investments, borrowings, receivables, payables and financial assets held for trading and financial liabilities held for trading. The Company has exposure to risks associated with various financial instruments in its daily activities, including credit risk, liquidity risk and market risk. 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:

#### **8.1 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. The Company continuously monitors the balance of bills receivable, accounts receivable and their recovery. For customers with poor credit records, the Company will adopt written dunning, shorten the credit period or cancel the credit period to ensure that the Company will not face major credit losses. In addition, the Company reviews the recovery of financial assets on each balance sheet date to ensure that the relevant financial assets have sufficient provision for expected credit losses.

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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 the 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 June 30, 2021, the book balance and expected credit impairment losses of related assets are as follows:

Aging	Book balance	Impairment reserve
Notes receivable	3,532,676,667.97	
Accounts receivable	13,077,105,091.68	4,980,495,092.56
Other receivable	1,686,148,026.45	1,157,491,958.29
Debt investment	5,993,632,495.77	68,166,000.00
Long-term receivables (including payments due within one year)	276,131,788.36	64,779,609.01
Disbursement of loans and advances	2,316,149,262.97	187,566,164.56

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Aging	Book balance	Impairment reserve
Total	26,881,843,333.20	6,458,498,824.42

On June 30, 2021, 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.

### 8.2 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 June 30, 2021, 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 June 30, 2021					
	Immediate repayment	Within 1 year	1-2 years	2-5 years	Over 5 years	Total
Financial assets						
Including:						
monetary funds		25,798,893,048.69				25,798,893,048.69
Financial assets held for trading		1,347,257,417.87				1,347,257,417.87
Notes receivable		3,532,676,667.97				3,532,676,667.97

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Item	Balance as at June 30, 2021					
	Immediate repayment	Within 1 year	1-2 years	2-5 years	Over 5 years	Total
Accounts receivable		8,096,609,999.12				8,096,609,999.12
Accounts receivable financing		1,712,625,427.51				1,712,625,427.51
Other receivables		904,033,520.54				904,033,520.54
Total amount of financial assets		41,392,096,081.70				41,392,096,081.70
Financial liabilities						0.00
Including: short-term borrowings		317,650,000.00				317,650,000.00
Financial liabilities held for trading						0.00
Notes payable		4,366,462,802.98				4,366,462,802.98
Accounts payable		15,038,083,861.81				15,038,083,861.81
Other payables		2,421,877,947.82				2,421,877,947.82
Employee compensation payable		623,896,042.57				623,896,042.57
Non-current liabilities maturing within one year		121,260,702.26				121,260,702.26
Long-term borrowings			195,000,000.00	140,000,000.00	370,770,979.40	705,770,979.40
Lease liabilities		28,253,838.16				28,253,838.16
Long-term employee compensation payable				444,253,828.57	659,556,684.06	1,103,810,512.63
Total amount of financial liabilities		22,917,485,195.60	195,000,000.00	584,253,828.57	1,030,327,663.46	24,727,066,687.63

### 8.3 Market risk

### **8.3.1 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 June 30, 2021, 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 June 30, 2021, please see Note5.73.

### **8.3.2 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 June 30, 2021, the Company's interest-bearing debts were mainly fixed interest rate contracts valued at RMB, amounting to RMB1,023,420,979.40.

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

### **8.3.3 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.

## **8.4 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.

#### 8.4.1 Sensitivity analysis on foreign exchange risk

Assumption of sensitivity analysis on foreign exchange risk: all hedges of net investment in an overseas operation and cash flow hedges are highly effective.

Based on the above assumption, under the circumstance that other variables are unchanged, the after-tax effect of the rational change in exchange rate on the current profit or loss and equity is as below:

Item	Fluctuation in foreign exchange rate	Amount for the period		Amount for the same period of the previous year	
		Impact on net profit	Effect on owners' equity	Impact on net profit	Effect on owners' equity
All foreign currencies	5% of appreciation in RMB	69,961,022.59	69,961,022.59	1,068,188.46	1,068,188.46
All foreign currencies	5% of depreciation in RMB	-69,961,022.59	-69,961,022.59	-1,068,188.46	-1,068,188.46

#### 8.4.2 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:

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Item	Fluctuation in interest rate	Amount for the period		Amount for the same period of the previous year	
		Impact on net profit	Impact on owners' equity	Impact on net profit	Impact on owners' equity
Borrowings with floating rate	Increase by rate 1%	-5,999,053.32	-5,999,053.32	-6,592,619.40	-6,592,619.40
Borrowings with floating rate	Decrease by 1%	5,999,053.32	5,999,053.32	6,592,619.40	6,592,619.40

## 9. Disclosure of fair value

### 9.1 Financial instruments measured at fair value

The book value of financial asset instruments measured at fair value on June 30, 2021 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.

### 9.2 Fair value measurement as at June 30, 2021

#### 9.2.1 Continuous fair value measurement

Item	Fair value as at June 30, 2021			
	Level 1	Level 2	Level 3	Total
Subtotal of financial assets measured at fair value through current profit or loss	1,347,186,017.87		71,400.00	1,347,257,417.87

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Item	Fair value as at June 30, 2021			
	Level 1	Level 2	Level 3	Total
Debt instrument investment	153,859,700.00			153,859,700.00
Equity instrument investment	425,492,426.96		71,400.00	425,563,826.96
Derivative financial assets				0.00
Others	767,833,890.91			767,833,890.91
Subtotal of financial assets designated to be measured at fair value through current profit or loss				
Debt instrument investment				
Investment in hybrid instruments				
others				
Other equity instrument investment			52,300,000.00	52,300,000.00
Derivative financial assets				
Accounts receivable financing			1,712,625,427.51	1,712,625,427.51
Other debt investment				
Investment in other equity instruments				
Other non-current financial assets				
Subtotal of investment real estate				
Leased land use right				
Leased buildings				



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Item	Fair value as at June 30, 2021			
	Level 1	Level 2	Level 3	Total
Land use right held for transfer upon appreciation				
Construction in progress				
Subtotal of biological assets				
Consumable biological assets				
Productive biological assets				
.....				
Total asset	1,347,186,017.87		1,764,996,827.51	3,112,182,845.38
Subtotal of financial liabilities measured at fair value with changes included in current profit or loss				
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				

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**9.3 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.

**9.4 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**

Nil.

**9.5 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**

The Company's fair value measurements on a going and non-going concern were at cost method unless the cost measurement is unreliable.

**9.6 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**

Nil.

**9.7 Changes in valuation technology and reasons for changes occurred in current period**

Nil.

**9.8 Fair value of financial assets and financial liabilities not measured at fair value**

Nil.

**10. Related parties and related party transactions**

**10.1 Parent company of the Company**

<b>Monetary Unit: RMB '0,000</b>					
Name of parent company	Registration place	Nature of business	Registered Capital	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

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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.

### 10.2 Subsidiaries of the Company

See "Note 7 Equity in other entities" for details of the Company's subsidiaries.

### 10.3 Joint ventures and associates of the Company

See "Note 7 Equity in other entities" for details about major joint ventures and associates of the Company.

Other joint ventures or associates having balances from related party transactions with the Company in the current period or in the prior period:

Name of joint venture or associate	Relationship with the Company
MHPS Dongfang	Joint venture
Framatome Dongfang	Joint venture
Dongfang Xichang Hydrogen Energy	Joint venture
Mitsubishi Heavy Industries Dongfang Gas Turbine	Assocaite
Leshan Dongle Dajian Lifting	Assocaite
Inner Mongolia Energy Generation Hongnijing Wind Power	Assocaite
Inner Mongolia Mengneng Sanshengtai Wind Power Generation	Assocaite
Inner Mongolia Mengneng Ulan New Energy	Assocaite
Deyang Guangda Dongqi	Assocaite

### 10.4 Other related parties

Name of other related parties	Relationship with the Company
Dongfang Electric New Energy Equipment (Hangzhou)	Subsidiary under the state of bankruptcy and liquidation
Dongfang Electric (Hulunbeier) New Energy	Subsidiary under the state of bankruptcy and liquidation
Dongfang Electric (Tongliao) Wind Power Engineering Technology	Subsidiary under the state of bankruptcy and liquidation
Dongfang Electric (Jiuquan) New Energy	Subsidiary under the state of bankruptcy and liquidation
Shizuishan Tiande Photovoltaic Power Generation Co., Ltd. ( "Shizuishan Photovoltaic" )	Other enterprise controlled by the same parent company and ultimate controller
Dongfang Electric Jieneng Technology Chengdu Co.,	Other enterprise controlled by the same parent company and

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Name of other related parties	Relationship with the Company
Ltd. ( “Dongfang Jieneng” )	ultimate controller
Dongfang Electric (Jiuquan) Photovoltaic Power Generation Technology Co., Ltd. ( “Jiuquan Photovoltaic Technology” )	Other enterprise controlled by the same parent company and ultimate controller
Dongfang Electric (Jiuquan) Solar Power Generation Co., Ltd. ( “Jiuquan Solar Power Generation” )	Other enterprise controlled by the same parent company and ultimate controller
Dongfang Electric Investment Management Co., Ltd. ( “Dongfang Investment” )	Other enterprise controlled by the same parent company and ultimate controller
Quzhou Huijie New Energy Technology Co., Ltd.	Other enterprise controlled by the same parent company and ultimate controller
Quzhou Huihe New Energy Technology Co., Ltd. ( “Quzhou Huihe New Energy” )	Other enterprise controlled by the same parent company and ultimate controller
Emei Semiconductor Materials Research Institute ( “Emei Institute” )	Other enterprise controlled by the same parent company and ultimate controller
Dongfang Electric International Investment Co., Ltd. ( “Dongfang International Investment” )	Other enterprise controlled by the same parent company and ultimate controller
DEC (Chengdu) Sharing Service Co., Ltd. ( “DEC Sharing” )	Other enterprise controlled by the same parent company and ultimate controller
Emeishan Eban High Purity Material Co., Ltd. ( “Eban High Purity” )	Other enterprise controlled by the same parent company and ultimate controller
Dongshu New Materials	Other enterprise controlled by the same parent company and ultimate controller
Dongfang Electric Salvador Co., Ltd.	Other enterprise controlled by the same parent company and ultimate controller
Dongfang Electric Ecuador Co., Ltd.	Other enterprise controlled by the same parent company and ultimate controller
DEC Environment	Enterprise under the control of the ultimate party in the previous years which has currently been deregistered
Dongfang Electric (Yixing) MAGI Solar Power Technology Co., Ltd. ( “Dongfang MAGI” )	Enterprise under the control of the ultimate party in the previous years and currently in the state of bankruptcy and liquidation
Zhonghe Seawater Desalination Engineering Co., Ltd. ( “Zhonghe Seawater Desalination” )	Enterprise under the control of the ultimate party in the previous years and currently in the state of bankruptcy and liquidation
DEC Emei Semiconductor Material Co., Ltd. ( “DEC Emei Semi” )	Enterprise under the control of the ultimate party in the previous years and currently in the state of bankruptcy and liquidation
China Western Power Industrial Co., Ltd.	An investor having a significant impact
Germany ENV Catalyst Co., Ltd.	An investor having a significant impact
Wuhan Boiler Group Co., Ltd.	An investor having a significant impact
Guangdong Yudean Group Co., Ltd.	An investor having a significant impact
Directors, presidents and other senior officers of the Company	Other related parties

## 10.5 Related-party transactions

### 10.5.1 Related-party transactions on purchase or sales of goods, and rendering or receipt of services

Table of purchase of goods/receipt of services

Related party	Content of related-party transactions	Amount for the period	Amount for the same period of the previous year
<b>Parent company and ultimate controller</b>		1,755,605.61	1,129,989.47
Including: Dongfang Electric Corporation	Purchase of goods	668,718.32	
Dongfang Electric Corporation	Acceptance of services	1,086,887.29	1,129,989.47
<b>Joint ventures and associates</b>		429,419,600.70	327,354,247.61
Including: MHPS Dongfang Boiler	Purchase of goods	345,223,883.90	277,124,250.77
Mitsubishi Heavy Industries Dongfang Gas Turbine	Purchase of goods	84,195,716.80	50,229,996.84
<b>Other enterprises controlled by the same parent company and ultimate controller</b>		366,000.00	169,600.00
Including: Dongfang Jieneng	Purchase of goods	366,000.00	169,600.00
<b>Enterprises under the control of the ultimate party in the previous years and currently in the state of bankruptcy and liquidation</b>			9,557,522.09
Including: Zhonghe Seawater Desalination	Purchase of goods		9,557,522.09

Table of sales of goods/rendering of services

Related party	Content of related-party transactions	Amount for the period	Amount for the same period of the previous year
<b>Parent company and ultimate</b>		38,723.23	2,009,557.92
Including: Dongfang Electric Corporation	Sales of goods	38,723.23	18,112.25
Dongfang Electric Corporation	Provision of labor service		1,991,445.67
<b>Joint ventures and associates</b>		59,679,290.00	34,673,324.44

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Related party	Content of related-party transactions	Amount for the period	Amount for the same period of the previous year
Including: Framatome Dongfang Reactor Coolant Pumps Company Limited	Sales of goods		27,683,079.00
MHPS Dongfang Boiler	Sales of goods		6,990,245.44
Mitsubishi Heavy Industries Dongfang Gas Turbine	Sales of goods	13,441,489.79	
Deyang Guangda Dongqi	Sales of goods	7,953,606.63	
Deyang Guangda Dongqi	Provision of labor service	38,284,193.58	
<b>Other enterprises controlled by the same parent company and ultimate controller</b>		13,853.98	142,521.43
Including: Jiuquan Photovoltaic Technology	Sales of goods		79,133.10
Jiuquan Solar Power Generation	Sales of goods		3,814.16
Dongfang International Investment	Sales of goods	13,853.98	
Dongfang Investment	Provision of labor service		4,528.30
Dongfang Jieneng	Provision of labor service		55,045.87
<b>Enterprises under the control of the ultimate party in the previous years and currently in the state of bankruptcy and liquidation</b>			814,800.16
Including: Zhonghe Seawater Desalination	Provision of labor service		814,800.16

**10.5.2 Income and expenses of related interest**

Table of interest income

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Related party	Content of related-party transactions	Amount for the period	Amount for the same period of the previous year
<b>Other enterprises controlled by the same parent company and ultimate controller</b>		2,454,987.16	4,029,113.59
Including: Shizuishan Photovoltaic	Interest income	1,225,441.56	1,458,058.17
Jiuquan Solar Power Generation	Interest income	835,721.70	1,027,093.16
Jiuquan Photovoltaic Technology	Interest income	393,823.90	1,543,962.26
<b>Enterprises under the control of the ultimate party in the previous years and currently in the state of bankruptcy and liquidation</b>			289,634.43
Zhonghe Seawater Desalination	Interest income		289,634.43

Table of interest expenses

Related party	Content of related-party transactions	Amount for the period	Amount for the same period of the previous year
<b>Parent company and ultimate controller</b>		45,524,692.79	34,825,631.33
Including: Dongfang Electric Corporation	Interest expenses	45,524,692.79	34,825,631.33
<b>Other enterprises controlled by the same parent company and ultimate controller</b>		1,061,629.65	1,050,664.47
Including: Dongfang Investment	Interest expenses	394,858.12	665,892.42
DEC Sharing	Interest expenses	89,597.63	65,240.50
Jiuquan Photovoltaic Technology	Interest expenses	2,551.86	7,525.85
Jiuquan Solar Power Generation	Interest expenses	16,047.62	31,978.95
Dongfang Jieneng	Interest expenses	14,397.43	11,606.36
Emei Institute	Interest expenses	94,362.20	228,220.63

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Related party	Content of related-party transactions	Amount for the period	Amount for the same period of the previous year
Eban High Purity	Interest expenses	62,660.85	32,047.56
Shizuishan Photovoltaic	Interest expenses	2,120.95	8,152.20
Dongshu New Materials	Interest expenses	384,800.75	
Quzhou Huihe New Energy	Interest expenses	232.24	
<b>Enterprises under the control of the ultimate party in the previous years which have currently been deregistered</b>		28,549.91	120,227.40
DEC Environment	Interest expenses	28,549.91	120,227.40
<b>Enterprises under the control of the ultimate party in the previous years and currently in the state of bankruptcy and liquidation</b>			16,921.29
Zhonghe Seawater Desalination	Interest expenses		16,921.29

### 10.5.3 Related-party lease

The Company as the lessor

Name of lessee	Type of leased assets	Lease revenue recognized in the current period	Lease revenue recognized in the same period of the previous year
Zhonghe Seawater Desalination	House		69,894.50

The Company as the lessee

Name of lessor	Type of leased assets	Rental fees recognized in the current period	Rental fees recognized in the same period of the previous year
Dongfang Electric Corporation	Houses and buildings	53,986,297.01	57,104,274.00
Dongfang Electric Corporation	Machinery and equipment	615,384.96	

Notes on related-party lease: Upon deliberation at the 9th meeting of the 9th board of directors, the



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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.

**10.5.4 Related party guarantee**

The Company as the guarantor:

Monetary unit: RMB '0,000

The guaranteed party	Guarantee amount	Commencement date of guarantee	Expiration date of guarantee	Whether or not the guarantee performance has been completed
Mitsubishi Heavy Industries Dongfang	2,450.00	2016/9/22	2025/4/30	No
Hongnijing Wind Power	1,600.00	2016/1/19	2026/1/19	No
Mengneng Sanshengtai Wind Power	1,600.00	2016/6/29	2026/6/29	No
Mengneng Ulan New Energy	3,600.00	2016/10/27	2026/10/27	No

**10.5.5 Loans from and to related parties**

Related party	Lending amount	Commencement date	Expiration date
<b>Loan to</b>			
Dongshu New Materials	30,000,000.00	2020/9/29	2021/9/29
Dongshu New Materials	40,000,000.00	2020/9/17	2021/9/17
Dongshu New Materials	45,000,000.00	2020/8/28	2021/8/28
Dongshu New Materials	47,000,000.00	2020/12/14	2021/12/14
Dongshu New Materials	49,000,000.00	2020/11/16	2021/11/16
Dongshu New Materials	49,000,000.00	2020/11/30	2021/11/30
Dongshu New Materials	50,000,000.00	2021/1/27	2022/1/27
Dongshu New Materials	45,000,000.00	2021/2/8	2022/2/8
Dongshu New Materials	45,000,000.00	2021/2/26	2022/2/26
Dongshu New Materials	25,000,000.00	2021/3/23	2022/3/23
Dongshu New Materials	30,000,000.00	2021/5/28	2022/5/28
Dongshu New Materials	15,000,000.00	2021/6/18	2022/6/18
Dongshu New Materials	35,000,000.00	2020/6/9	2021/6/8
Dongshu New Materials	25,000,000.00	2020/5/26	2021/5/25
Dongshu New Materials	40,000,000.00	2020/3/6	2021/3/5

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Related party	Lending amount	Commencement date	Expiration date
Dongshu New Materials	15,000,000.00	2020/4/24	2021/4/23
Dongshu New Materials	25,000,000.00	2020/3/27	2021/3/26
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	2020/7/8	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.	20,000,000.00	2021/1/13	2022/1/13
MHPS Dongfang Boiler Co. Ltd.	20,000,000.00	2021/3/12	2022/3/12
MHPS Dongfang Boiler Co. Ltd.	20,000,000.00	2021/3/23	2022/3/23
MHPS Dongfang Boiler Co. Ltd.	20,000,000.00	2020/1/17	2021/1/16
Zhonghe Seawater Desalination	4,840,000.00	2019/9/6	2020/9/5
Jiuquan Solar Power Generation	36,000,000.00	2012/8/22	2025/12/25
Jiuquan Photovoltaic Technology	13,000,000.00	2014/4/21	2023/4/21
Shizuishan Photovoltaic	38,000,000.00	2012/9/21	2025/12/25
Shizuishan Photovoltaic	13,500,000.00	2015/6/16	2025/12/15
Quzhou Huihe New Energy	15,000,000.00	2021/6/30	2036/6/30
<b>Loan from</b>			
Dongfang Electric Corporation	100,000,000.00	2020/11/20	2023/10/20
Dongfang Electric Corporation	260,000,000.00	2020/12/4	2021/12/4
Dongfang Electric Corporation	40,000,000.00	2020/12/4	2023/12/4

**10.6 Receivables from and payables to related parties**

**10.6.1 Receivables**

Item name	Related party	Balance as at June 30, 2021		Balance as at December 31, 2020	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
Accounts receivable		969,917,585.89	906,628,115.35	954,788,312.69	908,888,667.08
	<b>Parent company and ultimate controller</b>				
	Dongfang Electric Corporation	5,100,000.00	255,000.00	103,539.82	5,176.99
	<b>Joint ventures and associates</b>				
	MHPS Dongfang Boiler	36,924,356.43	3,535,318.91	32,304,430.02	2,505,590.29
	Framatome Dongfang Reactor Coolant Pumps Company	157,141.00	97,888.85	94,770.00	94,770.00
	Hongnijing Wind Power	2,693,460.00	1,077,384.00	2,693,460.00	1,077,384.00

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Item name	Related party	Balance as at June 30, 2021		Balance as at December 31, 2020	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
	Mengneng Sanshengtai Wind Power Generation	2,565,650.00	1,282,825.00	2,565,650.00	1,282,825.00
	Deyang Guangda Dongqi	3,672,151.90	183,607.60		
	<b>Other enterprises controlled by the same parent company and ultimate controller</b>	6,602,879.40	4,909,811.43	5,490,829.40	5,166,940.92
	Dongshu New Materialss	1,665,901.51	83,295.08	185,901.51	9,295.08
	DEC Sharing	4,936,977.89	4,826,516.35	4,936,977.89	4,789,695.84
	Dongfang Investment			367,950.00	367,950.00
	<b>Subsidiaries in bankruptcy liquidation</b>	697,988,550.86	686,637,017.88	701,906,237.15	690,554,704.17
	Jiuquan New Energy	316,562,559.25	306,562,559.25	316,562,559.25	306,562,559.25
	Tongliao Wind Power	207,107,394.98	207,107,394.98	207,107,394.98	207,107,394.98
	Hulun Buir New Energy	94,347,063.36	92,995,530.38	94,347,063.36	92,995,530.38
	Hangzhou New Energy	79,971,533.27	79,971,533.27	83,889,219.56	83,889,219.56
	<b>Enterprises under the control of the final party in the previous year and currently in the state of bankruptcy and liquidation</b>	208,763,709.30	204,319,256.76	204,353,709.30	203,869,425.18
	DEC Eban Company	127,658,510.29	127,658,510.29	127,658,510.29	127,658,510.29
	Zhonghe Seawater Desalination	79,110,080.89	74,665,628.35	74,700,080.89	74,215,796.77
	Dongfang MAGI	1,995,118.12	1,995,118.12	1,995,118.12	1,995,118.12
	<b>The investor having a significant impact</b>	5,449,687.00	4,513,612.52	5,275,687.00	4,331,850.53
	China Western Power Industrial	5,449,687.00	4,513,612.52	5,275,687.00	4,331,850.53
Notes receivable		1,266,700.00		24,500,000.00	
	<b>Joint ventures and associates</b>	266,700.00		23,500,000.00	
	MHPS Dongfang Boiler	266,700.00		23,500,000.00	
	<b>Other enterprises controlled by the same parent company and ultimate controller</b>	1,000,000.00		1,000,000.00	
	Shizuishan Photovoltaic	1,000,000.00		1,000,000.00	
Advance to suppliers		3,773,585.05		147,735.85	
	<b>Parent company and ultimate controller</b>			120,000.00	

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Item name	Related party	Balance as at June 30, 2021		Balance as at December 31, 2020	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
	Dongfang Electric Corporation			120,000.00	
	<b>Other enterprises controlled by the same parent company and ultimate controller</b>	3,773,585.05			
	DEC Sharing	3,773,585.05			
	<b>Joint ventures and associates</b>			27,735.85	
	MHPS Dongfang Boiler			27,735.85	
Other receivables		988,510,938.59	882,637,835.88	886,927,075.35	885,918,853.64
	<b>Parent company and ultimate controller</b>	104,653,618.97			
	Dongfang Electric Corporation	104,653,618.97			
	<b>Other enterprises controlled by the same parent company and ultimate controller</b>	269,619.49	13,480.97		
	Dongshu New Materials	269,619.49	13,480.97		
	<b>Subsidiaries in bankruptcy liquidation</b>	10,720,722.43	10,720,722.43	14,067,238.37	14,067,238.37
	Hangzhou New Energy	10,720,722.43	10,720,722.43	14,067,238.37	14,067,238.37
	<b>Enterprises under the control of the final party in the previous year and currently in the state of bankruptcy and liquidation</b>	872,866,977.70	871,903,632.48	872,859,836.98	871,851,615.27
	DEC Eban Company	871,798,550.96	871,798,550.96	871,798,550.96	871,798,550.96
	Zhonghe Seawater Desalination	1,068,426.74	105,081.52	1,061,286.02	53,064.31
Interest receivables		1,579.16		810.94	
	<b>Enterprises under the control of the final party in the previous year and currently in the state of bankruptcy and liquidation</b>	1,579.16		810.94	
	Zhonghe Seawater Desalination	1,579.16		810.94	
Contract assets		17,896,869.83	2,090,720.92	16,625,737.23	1,855,559.75
	<b>Joint ventures and associates</b>	12,262,829.56	781,950.25	10,991,696.96	549,584.85
	MHPS Dongfang Boiler	12,262,829.56	781,950.25	10,991,696.96	549,584.85

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Item name	Related party	Balance as at June 30, 2021		Balance as at December 31, 2020	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
	<b>Enterprises under the control of the final party in the previous year and currently in the state of bankruptcy and liquidation</b>	4,545,668.38	356,168.38	4,545,668.38	356,168.38
	Zhonghe Seawater Desalination	4,545,668.38	356,168.38	4,545,668.38	356,168.38
	<b>The investor having a significant impact</b>	1,088,371.89	952,602.29	1,088,371.89	949,806.52
	China Western Power Industrial	1,088,371.89	952,602.29	1,088,371.89	949,806.52
Entrusted loan		490,258,834.37	490,258,834.37	490,258,834.37	490,258,834.37
	<b>Subsidiaries in bankruptcy liquidation</b>	490,258,834.37	490,258,834.37	490,258,834.37	490,258,834.37
	Hangzhou New Energy	490,258,834.37	490,258,834.37	490,258,834.37	490,258,834.37
Disbursement of loans and advances		716,683,584.79	18,385,000.00	644,911,791.67	18,385,000.00
	<b>Joint ventures and associates</b>	100,000,000.00		100,000,000.00	
	MHPS Dongfang Boiler	100,000,000.00		100,000,000.00	
	<b>Other enterprises controlled by the same parent company and ultimate controller</b>	611,843,584.79	17,175,000.00	540,071,791.67	17,175,000.00
	Jiuquan Solar Power Generation	36,000,000.00	6,075,000.00	40,500,000.00	6,075,000.00
	Jiuquan Photovoltaic Technology	13,000,000.00	2,850,000.00	19,000,000.00	2,850,000.00
	Dongshu New Materials	496,343,584.79		425,571,791.67	
	Shizuishan Photovoltaic	51,500,000.00	8,250,000.00	55,000,000.00	8,250,000.00
	Quzhou Huihe New Energy	15,000,000.00			
	<b>Enterprises under the control of the final party in the previous year and currently in the state of bankruptcy and liquidation</b>	4,840,000.00	1,210,000.00	4,840,000.00	1,210,000.00
	Zhonghe Seawater Desalination	4,840,000.00	1,210,000.00	4,840,000.00	1,210,000.00
Discounted assets		33,473,231.64		20,510,568.35	
	<b>Joint ventures and associates</b>	9,800,000.00		9,800,000.00	

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Item name	Related party	Balance as at June 30, 2021		Balance as at December 31, 2020	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
	MHPS Dongfang Boiler	9,800,000.00		9,800,000.00	
	<b>Other enterprises controlled by the same parent company and ultimate controller</b>	23,673,231.64		10,710,568.35	
	Eban High Purity			4,893,153.70	
	Dongshu New Materials	23,673,231.64		5,817,414.65	
Other noncurrent assets		2,640,918.44	2,640,918.44	2,640,918.44	2,640,918.44
	<b>Other enterprises controlled by the same parent company and ultimate controller</b>	998,000.00	998,000.00	998,000.00	998,000.00
	Shizuishan Photovoltaic	998,000.00	998,000.00	998,000.00	998,000.00
	<b>Enterprises under the control of the final party in the previous year and currently in the state of bankruptcy and liquidation</b>	1,642,918.44	1,642,918.44	1,642,918.44	1,642,918.44
	Zhonghe Seawater Desalination	1,642,918.44	1,642,918.44	1,642,918.44	1,642,918.44

**10.6.2 Payables**

Item name	Related party	Book balance as at June 30, 2021	Book balance as at December 31, 2020
Accounts payable		834,837,870.74	553,621,367.92
	<b>Parent company and ultimate controller</b>	35,164,282.30	37,555,813.00
	Dongfang Electric Corporation	35,164,282.30	37,555,813.00
	<b>Joint ventures and associates</b>	328,347,893.63	308,557,053.08
	MHPS Dongfang Boiler	265,448,646.64	271,116,104.41
	Leshan Dongle Dajian Lifting	1,530,991.00	
	Mitsubishi Heavy Industries Dongfang Gas Turbine (Guangzhou)	21,897,198.36	37,440,948.67
	Deyang Guangda Dongqi	39,471,057.63	
	<b>Other enterprises controlled by the same parent company and ultimate controller</b>	98,202,159.25	99,682,892.44
	Dongshu New Materials	98,202,159.25	99,682,892.44
	<b>Subsidiaries in bankruptcy liquidation</b>	371,784,374.32	106,166,448.16
	Hulun Buir New Energy	2,574,624.60	2,574,624.60

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Item name	Related party	Book balance as at June 30, 2021	Book balance as at December 31, 2020
	Jiuquan New Energy	4,102.50	4,102.50
	Hangzhou New Energy	369,205,647.22	103,587,721.06
	<b>Enterprises under the control of the final party in the previous year and currently in the state of bankruptcy and liquidation</b>	1,260,750.98	1,260,750.98
	Zhonghe Seawater Desalination	1,225,000.00	1,225,000.00
	Dongfang MAGI	35,750.98	35,750.98
	<b>The investor having a significant impact</b>	78,410.26	398,410.26
	China Western Power Industrial	78,410.26	398,410.26
Contract liabilities		279,315,606.13	235,549,508.44
	<b>Parent company and ultimate controller</b>		17,620,000.00
	Dongfang Electric Corporation		17,620,000.00
	<b>Joint ventures and associates</b>	277,520,562.93	216,064,648.64
	Mitsubishi Heavy Industries Dongfang	189,069,491.37	142,592,966.76
	Framatome Dongfang	72,930,664.26	63,396,560.76
	MHPS Dongfang Boiler	4,992,468.40	2,168,768.40
	Hongnijing Wind Power	1,859,361.73	1,859,361.73
	Sanshengtai Wind Power Generation	6,046,990.99	6,046,990.99
	Ulan New Energy	2,621,586.18	
	<b>Other enterprises controlled by the same parent company and ultimate controller</b>	1,647,043.20	1,716,859.80
	DEC Sharing	1,647,043.20	1,647,043.20
	Jiuquan Solar Power Generation		23,346.00
	Jiuquan Photovoltaic Technology		23,065.20
	Shizuishan Photovoltaic		23,405.40
	<b>Enterprises under the control of the final party in the previous year and currently in the state of bankruptcy and liquidation</b>	148,000.00	148,000.00
	Zhonghe Seawater Desalination	148,000.00	148,000.00
Other payables		278,200,699.44	279,468,905.13
	<b>Parent company and ultimate controller</b>	246,069,553.70	253,455,724.64
	Dongfang Electric Corporation	246,069,553.70	253,455,724.64
	<b>Other enterprises controlled by the same parent company and ultimate controller</b>	200,000.00	200,000.00
	DEC Sharing	200,000.00	200,000.00
	<b>Subsidiaries in bankruptcy liquidation</b>	25,813,180.49	25,813,180.49
	Jiuquan New Energy	10,000,000.00	10,000,000.00

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Item name	Related party	Book balance as at June 30, 2021	Book balance as at December 31, 2020
	Hulun Buir New Energy	1,351,532.98	1,351,532.98
	Hangzhou New Energy	14,461,647.51	14,461,647.51
	<b>The investor having a significant impact</b>	6,117,965.25	
	Wuhan Boiler Group Co., Ltd.	6,117,965.25	
Interest payable		6,524,795.31	6,635,036.16
	<b>Parent company and ultimate controller</b>	6,338,852.27	6,408,879.95
	Dongfang Electric Corporation	6,338,852.27	6,408,879.95
	<b>Other enterprises controlled by the same parent company and ultimate controller</b>	185,943.04	226,156.21
	Dongfang Investment	117,768.75	80,231.25
	Emei Institute	32,640.95	59,799.96
	DEC Sharing	35,533.34	86,125.00
Dividends payable		311,025,568.68	6,812,063.88
	<b>Parent company and ultimate controller</b>	311,025,568.68	
	Dongfang Electric Corporation	311,025,568.68	
	<b>Other enterprises controlled by the same parent company and ultimate controller</b>		6,812,063.88
	Dongfang Investment		6,812,063.88
Long-term borrowings		140,000,000.00	140,000,000.00
	<b>Parent company and ultimate controller</b>	140,000,000.00	140,000,000.00
	Dongfang Electric Corporation	140,000,000.00	140,000,000.00

**10.6.3 Monetary funds absorbed from related parties**

Name of related party	Currency type	Amount as at June 30, 2021 (original currency)	Amount as at December 31, 2020 (original currency)	Amount as at June 30, 2021 (Converted into RMB)	Amount as at December 31, 2020 (Converted into RMB)
<b>Parent company and ultimate controller</b>		5,231,205,212.38	5,286,633,578.80	5,424,482,407.66	5,392,694,933.60
Including: Dongfang Electric Corporation	RMB	5,195,807,105.81	5,267,436,604.87	5,195,807,105.81	5,267,436,604.87
Dongfang Electric Corporation	USD	35,398,105.57	19,196,972.93	228,675,301.79	125,258,328.67



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Name of related party	Currency type	Amount as at June 30, 2021 (original currency)	Amount as at December 31, 2020 (original currency)	Amount as at June 30, 2021 (Converted into RMB)	Amount as at December 31, 2020 (Converted into RMB)
Dongfang Electric Corporation	YEN	1.00	1.00	0.06	0.06
<b>Joint ventures and associates</b>		196,166.20	97,860.86	196,166.20	97,860.86
MHPS Dongfang Boiler	RMB	196,166.20	97,860.86	196,166.20	97,860.86
<b>Other enterprises controlled by the same parent company and ultimate controller</b>		217,105,440.43	273,653,037.96	217,105,440.43	273,653,036.22
Dongfang Investment	RMB	75,287,874.72	143,193,224.31	75,287,874.72	143,193,224.31
Emei Institute	RMB	26,154,386.97	8,069,931.09	26,154,386.97	8,069,929.35
Eban High Purity	RMB	20,701,956.09	45,116,222.37	20,701,956.09	45,116,222.37
DEC Sharing	RMB	20,918,964.02		20,918,964.02	
Shizuishan Photovoltaic	RMB	919,560.22	934,185.10	919,560.22	934,185.10
Dongfang Jieneng	RMB	6,797,571.71		6,797,571.71	
Dongshu New Materials	RMB	63,766,262.58	72,185,614.35	63,766,262.58	72,185,614.35
Jiuquan Solar Power Generation	RMB	1,838,484.17	3,213,134.88	1,838,484.17	3,213,134.88
Jiuquan Photovoltaic Technology	RMB	720,379.95	940,725.86	720,379.95	940,725.86
<b>Subsidiaries in bankruptcy liquidation</b>		167.75	33.43	219.23	85.87
Hulun Buir New Energy	RMB	134.28		134.28	
Tongliao Wind Power	RMB	10.53	10.51	10.53	10.51
Hangzhou New Energy	RMB	15.24	15.22	15.24	15.18
Hangzhou New Energy	EUR	7.70	7.70	59.18	60.18
<b>Enterprises under the control of the final party in the previous year and currently having been written off</b>			15,703,628.47		15,703,628.47
DEC Environment	RMB		15,703,628.47		15,703,628.47
<b>Enterprises under the control of the final party in the previous year and</b>		82.82	81.53	82.82	81.53

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Name of related party	Currency type	Amount as at June 30, 2021 (original currency)	Amount as at December 31, 2020 (original currency)	Amount as at June 30, 2021 (Converted into RMB)	Amount as at December 31, 2020 (Converted into RMB)
<b>currently in the state of bankruptcy and liquidation</b>					
DEC Eban Company	RMB	1.74	1.74	1.74	1.74
Dongfang MAGI	RMB	1.13		1.13	
Zhonghe Seawater Desalination	RMB	79.95	79.79	79.95	79.79

## 11. Share-based payment

### 11.1 General information of share-based payment

Total amount of all equity instruments granted by the Company as at June 30, 2021: RMB28,822,699 (shares).

Total amount of all equity instruments exercised by the Company: none.

Total amount of all invalid equity instruments of the Company: none.

Range of exercise price of restricted stock by the Company as at June 30, 2021 and the remaining contractual period: being no more than RMB6.54 per share, and maximum exercise period of no more than 72 months.

Range of exercise price of other equity instruments of the Company as at June 30, 2021 and the remaining contractual period: none.

The amortization amount of share-based payment expenses incurred in current period was RMB0.

### 11.2 Equity-settled share-based payment

Upon consideration and approval at the Company's 2019 first extraordinary general meeting, the 2019 first A Shares class meeting, the 2019 first H Shares class meeting, and the 19th meeting of the 9th session of the Board in 2019, the Company implemented the 2019 Incentive Plan for A-Share Restricted Stocks of Dongfang Electric Corporation Limited as of November 22, 2019, issued a private placement of RMB 5.93 per share, and granted a number of RMB27,988,699 ordinary shares (A Shares) to 780 senior executives, middle managers and business backbones.

In 2020, the Company convened the 32nd Board meeting of the 9th Session and the 19th Supervisory Committee meeting 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

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Plan, the Proposal on Repurchase and Cancellation of Partial Restricted Stocks and other proposals. Independent directors of the Company issued independent opinions, and the Supervisory Committee 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.

On November 27, 2020, the Company held 2020 second extraordinary general meeting, the 2020 second A Shares class meeting and the 2020 second H Shares class meeting, at which, the Resolution on Repurchase and Cancellation of Certain Restricted Shares was considered and passed. As the personal circumstances of four Participants under the Incentive Scheme of the Company have changed. Two Participants, Chen Hu and Zhong Meilang, have resigned due to personal reasons and are no longer qualified as Participants, and another two Participants, Yang Yong and Li Liao, have been included in the Employee Stock Ownership Scheme of the subsidiaries. In accordance with the relevant provisions of State-owned Assets Supervision and Administration Commission of the State Council, they can no longer participate the Incentive Scheme of the Company. The Company repurchased and cancelled 138,000 restricted shares of the above four persons. Upon the completion of the repurchase and cancellation, 28,822,699 restricted shares under the equity incentives remained. The cancellation of the restricted shares was completed on February 5, 2021.

On June 29, 2021, the Company held the 2020 annual general meeting, the 2021 first A Shares class meeting and the 2021 first H Shares class meeting, at which, the Resolution on Repurchase and Cancellation of Certain Restricted Shares was considered and approved. As six Participants under the First Grant have resigned due to personal reasons and are no longer qualified as Participants; three Participants have breached relevant regulations and no longer qualified as Participants; one Participant has passed away and is no longer qualified as a Participant; one Participant has been included in the Employee Stock Ownership Scheme of the subsidiaries of the Group and therefore could no longer participate in the Incentive Scheme of the Company in accordance with the relevant provisions of the SASAC of the State Council; and one Participant under the Reserved Grant, has been transferred away from the Company due to organizational arrangements and is no longer qualified as a Participant. The Company repurchased all the restricted shares totalling 475,000 shares of the aforesaid 12 Participants, which have not been cancelled currently. Upon the completion of the repurchase and cancellation, 28,347,699 restricted shares under the equity incentives remained.

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11.2.1. 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:

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.

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(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 requirements

Restricted shares firstly granted under the incentive plan shall be assessed and unlock by year in the three fiscal years from 2020 to 2022 to achieve the Company's performance assessment objectives, so as to satisfy the unlocking condition for the incentive objects.

Unlocking period	Performance assessment objectives
The first unlocking period	(1) The compound growth rate of net profit in 2020, 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 2020 is not less than 4% as well as the peer industry's performance average; (3) The EVA in 2020 is positive.
The second 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 4.5% as well as the peer industry's performance average; (3) The EVA in 2021 is positive.
The third 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 5% as well as the peer industry's performance average; (3) The EVA in 2022 is positive.

Notes: 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 considering repurchase).

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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.

11.3 Adjustment to and termination of share-based payment  
None.

12 Commitments and contingencies

**12.1 Significant commitments**

**12.1.1 Significant commitments existed on the balance sheet date**

**(1) The Company's commitment on capital expenditure as at June 30, 2021**

A commitment on capital expenditure which has been signed and yet confirmed in the financial statements

Item	Amount as at June 30, 2021	Amount as at December 31, 2020
Capital construction	194,277,155.79	160,494,600.00
Equipment	267,299,522.57	168,108,100.00
Total	461,576,678.36	328,602,700.00

As at June 30, 2021, the total agreed significant foreign investment expenditures of the Company with contract on which has not been paid amounted to RMB461,576,678.36. 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	912,812,276.85	718,535,121.06	194,277,155.79	2021-2023
The Company and its subsidiaries	Equipment	629,941,467.67	362,641,945.10	267,299,522.57	2021-2023
Total		1,542,753,744.52	1,081,177,066.16	461,576,678.36	

(2) Signed lease contracts being performed or to be performed and their

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**financial effects**

As at June 30, 2021, 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 2021
Within one year	5,796,352.29
1-2 years	110,138.45
Total	5,906,490.74

12.1.2 Commitment on stock lock-up

D. In 2018, through issuing shares, the Company acquired eight target companies and some fixed assets and intangible assets from the parent company DEC. DEC promised to “take the Company’s equity in Dongfang Finance, DEIC, Dongfang Autocontrol, Dongfang Hitachi and Dongfang Materials (now renamed as” Dongfang Electric Corporation Materials Co., Ltd.”), 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.”

E.

12.1.3 Save for the above-mentioned events, the Company has no other significant commitments needing to be disclosed.

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12.2 Contingencies

12.2.1 Significant contingencies existing on balance sheet date

See Note 7 Equity in other entities for details of relevant contingent liabilities of joint ventures or associates.

(1) Unsettled letter of guarantee

As at June 30, 2021, the information on the letter of guarantee opened by the Company is as follows

Entity name	Business type	Currency	Balance as at June 30, 2021
Dongfang Electric Corporation Limited	Letter of guarantee	RMB	9,026,898,423.48
Dongfang Electric Corporation Limited	Letter of guarantee	USD	96,274,990.19
Dongfang Electric Corporation Limited	Letter of guarantee	EUR	7,465,971.60
Dongfang Electric Machinery	Letter of guarantee	RMB	3,194,616,501.59
Dongfang Electric Machinery	Letter of guarantee	USD	81,730,802.50
Dongfang Electric Machinery	Letter of guarantee	BOP	253,940,252.68
DEC Steam Turbine	Letter of guarantee	RMB	783,248,373.26
DEC Steam Turbine	Letter of guarantee	EUR	130,255.00
Dongfang Boiler	Letter of guarantee	RMB	1,086,909,020.78
DEC Heavy Machinery	Letter of guarantee	RMB	97,647,057.10
DEC Heavy Machinery	Letter of guarantee	EUR	33,704.00
DEC India	Letter of guarantee	INR	155,525,701.10
Dongfang Materials	Letter of guarantee	RMB	22,403,188.74
DEC Wind Power	Letter of guarantee	RMB	2,524,321,215.20
DEIC	Letter of guarantee	RMB	2,575,527,500.00
Dongfang Autocontrol	Letter of guarantee	RMB	107,002,127.65
Dongfang Autocontrol	Letter of guarantee	USD	243,183.50



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(2) Unsettled letter of credit

As at June 30, 2021, the information of the irrevocable L/C opened by the Company is as follows

Entity name	Business type	Currency	Balance as at June 30, 2021
Dongfang Electric Machinery	Letter of credit	USD	562,120.60
Dongfang Electric Machinery	Letter of credit	EUR	3,092,836.80

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Entity name	Business type	Currency	Balance as at June 30, 2020
Dongfang Electric Machinery	Letter of credit	JPY	542,923,740.00
Dongfang Electric Machinery	Letter of credit	Swiss Franc	978,471.36
DEC Steam Turbine	Letter of credit	USD	3,462,262.00
DEC Steam Turbine	Letter of credit	EUR	14,094,385.97
DEC Steam Turbine	Letter of credit	JPY	2,117,037,300.00
Dongfang Boiler	Letter of credit	USD	30,122,707.25
Dongfang Boiler	Letter of credit	EUR	2,376,467.44
Dongfang Electric Corporation Limited	Letter of credit	EUR	20,119,434.82
Dongfang Electric Corporation Limited	Letter of credit	JPY	17,520,000.00
DEIC	Letter of credit	RMB	1,558,589,100.00
Dongfang Materials	Letter of credit	EUR	500,000.00

(3) Provision of guarantees for other entities

As at June 30, 2021, the Company provides guarantee for other entities as follows

Name of guaranteed entity	Type of guarantee	Amount	Expiry date	Remark
Dongfang Mitsubishi	Performance guarantee	24,500,000.00	2025/04/30	
Hongnijing Wind Power	Credit guarantee	16,000,000.00	2026/1/19	
Sanshengtai Wind Power	Credit guarantee	16,000,000.00	2026/6/29	
Wulan New Energy	Credit guarantee	36,000,000.00	2026/10/27	
Total		92,500,000.00		

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Remarks: Dongfang Mitsubishi 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 (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. 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, and Dongfang Mitsubishi 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.

(4) Contingent liabilities arising from pending litigation or arbitration

① 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 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 Indonesia 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.

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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 the rate of 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 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%. At the same time, as the rulings made by the Supreme Court were contradictory, DEIC submitted the second judicial review request accordingly.

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, which was equivalent to RMB 81,740,033.45 (exchange rate: RMB 0.000502 / IDR 1). The amount payable for 2019 was RMB103,157,185.82, and the amount payable for 2020 was RMB104,214,118.43, which have both been paid. 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.

② 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 DEIC 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 above situation and in accordance with the principle of prudence, when evaluating the tax dispute on December 31, 2020, 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.

In March 2021, DEIC received a ruling from the Supreme Court of Indonesia in response to the request for judicial review of the tax dispute in 2009. According to the conclusion of the judicial review ruling by the Supreme Court of Indonesia, the decision made by the Indonesia Tax Court against DEIC was overturned. In May 2021, the Indonesia tax authority refunded the tax equivalent of approximately RMB105 million that had been paid by DEIC in January 2019, according to the ruling made by the Supreme Court of Indonesia.

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,

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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, DEC (or the Company designated by DEC then) 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, DEC 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.

12.2.2 Others

Apart from the above items, the Company has no other significant contingencies required to be disclosed as at the date of financial statements.

**13 Post balance sheet events**

**13.1 Significant non-adjusting events**

None.

13.2 Profit distribution

None.

13.3 Assets and disposal group classified as held-for-sale

None.

13.4 Notes to other post-balance sheet events

None.

14 Other significant events

**14.1 Debt restructuring**

There was no significant debt restructuring incurred during the reporting period.

14.2 Asset replacement

There was no significant asset replacement incurred during the reporting period.

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14.3 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.

14.4 Discontinued operations

None.

14.5 Segment information

**14.5.1 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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14.5.2 Financial information of reportable segments

Reportable segment from January to June 2021

Item	Clean and efficient energy equipment	Renewable energy equipment	Engineering and trade	Modern manufacturing services industry	Emerging growth industry	Summary	Offset	Total
Operating revenue	10,801,421,379.00	9,389,128,264.49	3,171,963,245.28	2,693,663,954.46	5,457,736,134.32	31,513,912,977.55	8,776,827,415.63	22,737,085,561.92
Including: revenue from foreign transactions	6,190,243,009.80	7,871,218,877.06	2,575,811,954.05	2,364,855,456.57	3,734,956,264.44	22,737,085,561.92		22,737,085,561.92
Revenue from inter-segment transactions	4,611,178,369.20	1,517,909,387.43	596,151,291.23	328,808,497.89	1,722,779,869.88	8,776,827,415.63	8,776,827,415.63	0.00
Operating cost	9,710,262,479.78	8,398,172,054.20	2,789,488,479.50	2,004,468,342.49	4,467,350,597.76	27,369,741,953.73	9,102,556,928.17	18,267,185,025.56
Offset of cost	4,836,453,264.78	1,538,648,038.55	664,565,892.45	628,279,529.99	1,434,610,202.40	9,102,556,928.17	9,102,556,928.17	0.00
Period expenses						2,616,184,619.14	-290,145,711.70	2,906,330,330.84
Operating profits (losses)	1,091,158,899.22	990,956,210.29	382,474,765.78	689,195,611.97	990,385,536.56	1,527,986,404.68	-106,683,936.97	1,634,670,341.65
Total assets						172,367,058,430.68	72,859,009,331.02	99,508,049,099.66
Including: the amount of a single asset with significant impairment loss								
Total liabilities						117,149,017,830.85	52,192,421,664.90	64,956,596,165.95
Supplementary information								
Capital expenditure								
Impairment losses recognized in the current period						368,308,897.25	94,547,748.67	273,761,148.58

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Including: allocation of goodwill impairme nts								
Depreciation and amortization costs						453,066,772.02		453,066,772.02
Other non- cash expenses excluding impairment loss, depreciatio n and amortizatio n								

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Reportable segment in from January to June 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	13,592,185,112.09	4,564,167,843.68	2,699,927,065.90	2,166,157,270.73	2,153,252,377.20	25,175,689,669.60	7,422,719,168.87	17,752,970,500.73
Including: revenue from foreign transactions	8,455,535,717.65	3,200,435,990.79	2,209,839,088.11	1,972,341,354.37	1,914,818,349.81	17,752,970,500.73		17,752,970,500.73
Revenue from inter-segment transactions	5,136,649,394.44	1,363,731,852.89	490,087,977.79	193,815,916.36	238,434,027.39	7,422,719,168.87	7,422,719,168.87	
Operating cost	6,959,009,656.70	2,759,676,709.49	1,707,443,047.05	954,444,057.52	1,619,823,625.50	14,000,397,096.26	7,321,691,430.47	6,678,705,665.79
Offset of cost	5,223,350,012.65	1,279,454,842.75	489,404,505.95	148,817,783.74	180,664,285.38	7,321,691,430.47	7,321,691,430.47	
Period expenses						1,887,208,401.86	-356,334,391.10	2,243,542,792.96
Operating profits (losses)	6,633,175,455.39	1,804,491,134.19	992,484,018.85	1,211,713,213.21	533,428,751.70	9,288,084,171.48	8,105,242,188.22	1,182,841,983.26
Total assets						165,447,668,703.87	72,711,302,029.02	92,736,366,674.85
Including: the amount of a single asset with significant impairment loss								
Total liabilities						112,382,067,139.28	51,959,137,844.17	60,422,929,295.11
Supplementary information								
Capital expenditure								
Impairment losses recognized in the current period						252,951,055.57	18,042,937.30	234,908,118.27

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Including: allocation of goodwill impairme nts								
Depreciati on and amortizati on costs						503,092,476.30		503,092,476.30
Other non- cash 193xpe nse excludin g impairme nt loss, depreciati on and amortizati on								

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15 Notes to the main items of the parent company' s financial statements

15.1 Accounts receivable

15.1.1 Disclosure of accounts receivable by aging

Aging	Balance as at June 30, 2021	Balance as at December 31, 2020
Within one year	853,002,360.85	865,498,214.79
1-2 years	373,888,601.74	411,708,659.16
2-3 years	327,054,787.45	127,553,964.66
3-4 years	99,466,123.60	78,013,634.51
4-5 years	150,357,825.74	246,640,421.20
Over 5 years	187,326,616.64	163,628,460.18
Sub-total	1,991,096,316.02	1,893,043,354.50
Less: provision for bad debts	447,741,914.67	443,806,526.01
Total	1,543,354,401.35	1,449,236,828.49

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**15.1.2 Disclosure under the methods of provision for bad debts by category**

Category	Balance as at June 30, 2021				
	Book balance		Provision for bad debts		Book value
	Amount	Proportion (%)	Amount	Proportion of provision (%)	
Provision for bad debts accrued on an individual basis					
Provision for bad debts accrued on a portfolio basis	1,991,096,316.02	100.00	447,741,914.67	22.49	1,543,354,401.35
Including:					
Accounts receivable with the provision for bad debts made on a portfolio with credit risk characteristics	1,991,096,316.02	100.00	447,741,914.67	22.49	1,543,354,401.35
<b>Total</b>	<b>1,991,096,316.02</b>	<b>100.00</b>	<b>447,741,914.67</b>	<b>22.49</b>	<b>1,543,354,401.35</b>
Category	Balance as at December 31, 2020				
	Book balance		Provision for bad debts		Book value
	Amount	Proportion (%)	Amount	Proportion of provision (%)	

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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:					
Accounts receivable with the provision for bad debts made on a portfolio with credit risk characteristic	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

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Provision for bad debts accrued on a portfolio basis:

Name	Balance as at June 30, 2021		
	Accounts receivable	Provision for bad debts	Proportion of provision (%)
Within one year	853,002,360.85	42,650,118.06	5.00
1-2 years	373,888,601.74	37,388,860.17	10.00
2-3 years	327,054,787.45	65,410,957.48	20.00
3-4 years	99,466,123.60	39,786,449.45	40.00
4-5 years	150,357,825.74	75,178,912.87	50.00
Over 5 years	187,326,616.64	187,326,616.64	100.00
Total	1,991,096,316.02	447,741,914.67	



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15.1.3 Provision, reversal or recovery of provision for bad debts in the current period

Category	Balance as at December 31, 2020	Amount of change in 2021			Balance as at June 30, 2021
		Provision	Recovery or reversal	Write-off or charge-off	
Accounts receivable with significant single amount and individual provision for bad debts	30,778,246.72		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	413,028,279.29	34,713,635.38			447,741,914.67
Total	443,806,526.01	34,713,635.38	30,778,246.72		447,741,914.67

15.1.4 Top 5 of accounts receivable as at June 30, 2021, presented by debtor

Debtor	Book balance	Proportion in the total accounts receivables (%)	Provision for bad debts
China Huadian Engineering Co., Ltd.	175,978,151.70	8.84	8,798,907.59
China Energy Engineering Group Guangdong Electric Power Design Institute Co., Ltd.	124,290,033.07	6.24	24,644,213.50
PowerChina Construction Group Chengdu Engineering Corporation Limited	119,506,375.00	6.00	47,874,590.05
Huadian Power International Corporation Limited Qingyuan Branch	102,522,816.74	5.15	6,901,965.33
Shenhua Guoneng Ningxia Yuanyanghu Power Generation Co., Ltd.* (神華國能寧夏鴛鴦湖發電有限公	87,408,547.01	4.39	8,740,854.70

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司)			
Total	609,705,923.52	30.62	96,960,531.17

**15.2 Receivables financing**

**15.2.1 Presentation of receivables financing by category**

Item	Balance as at June 30, 2021	Balance as at December 31, 2020
Notes receivable	97,656,527.26	149,335,304.88
Including: bank acceptance bill	97,656,527.26	141,130,061.74
Commercial acceptance bill		8,205,243.14
Total	97,656,527.26	149,335,304.88

Remark: The Company classifies the notes receivable subject to the management business model of collecting contractual cash flows and sales and transfer as a financial asset measured at fair value through the other comprehensive income.

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15.2.2 Receivables financing pledged by the Company as at June 30, 2021  
None.

15.2.3 Receivables financing endorsed or discounted by the Company as at June 30, 2021 but not expired on the balance sheet date

Item	Amount derecognized as at June 30, 2021	Amount not derecognized as at June 30, 2021
Notes receivable endorsed or discounted but not expired	197,236,423.07	
Including: bank acceptance bill	162,716,500.00	
Commercial acceptance bill	34,519,923.07	
Total	197,236,423.07	

**15.3 Other receivables**

Item	Balance as at June 30, 2021	Balance as at December 31, 2020
Interest receivable	1,955,250.00	1,277,718.75
Dividends receivable	314,193,805.45	183,290,406.60
Other receivables	106,752,050.69	104,375,471.95
Total	422,901,106.14	288,943,597.30

**15.3.1 Interest receivable**

Classification of interest receivable

Item	Balance as at June 30, 2021	Balance as at December 31, 2020
Time deposits	1,955,250.00	1,277,718.75
Entrusted loan		
Bond investments		
Sub-total	1,955,250.00	1,277,718.75
Less: provision for bad debts		
Total	1,955,250.00	1,277,718.75

**15.3.2 Dividends receivable**

(1) Details of dividends receivable

Item (or Investee)	Balance as at June 30, 2021	Balance as at December 31, 2020
Within one year	154,528,790.16	51,853,961.87
Over one year	159,665,015.29	131,436,444.73
Sub-total	314,193,805.45	183,290,406.60
Less: provision for bad debts		
Total	314,193,805.45	183,290,406.60

(2) Significant dividends receivable with aging over one year

Item (or investee)	Balance as at June 30, 2021	Aging	Reason for non-recovery	Whether impairment or not and the judgment basis

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Dongfang Electric Machinery	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			

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15.3.3 Other receivables

(1) Disclosure by aging:

Aging	Balance as at June 30, 2021	Balance as at December 31, 2020
Within one year	44,101,510.59	44,317,270.63
1-2 years	18,291,200.33	15,831,268.85
2-3 years	1,900,961.31	2,334,101.85
3-4 years	4,533,147.53	4,544,141.97
4-5 years	1,937,905.92	1,910,488.89
Over 5 years	84,868,156.52	87,073,665.70
Sub-total	155,632,882.20	156,010,937.89
Less: provision for bad debts	48,880,831.51	51,635,465.94
Total	106,752,050.69	104,375,471.95

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(2) Disclosure by classification

Category	Balance as at June 30, 2021				
	Book balance		Provision for bad debts		Book value
	Amount	Proportion (%)	Amount	Proportion of provision (%)	
Provision for bad debts accrued on an individual basis	79,862,946.15	51.31	10,720,722.43	13.42	69,142,223.72
Provision for bad debts accrued on a portfolio basis	75,769,936.05	48.69	38,160,109.08	50.36	37,609,826.97
Including:					
Other accounts receivable with the provision for bad debts made on a portfolio with credit risk characteristics	75,769,936.05	48.69	38,160,109.08	50.36	37,609,826.97
Total	155,632,882.20	100.00	48,880,831.51		106,752,050.69

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Category	Balance as at December 31, 2020				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
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

**DONGFANG ELECTRIC CORPORATION LIMITED NOTES TO  
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Provision for bad debts accrued on an individual basis:

Name	Amount as at June 30, 2021			
	Book balance	Provision for bad debts	Proportion of provision (%)	Reason for provision
DEC Wuhan Nuclear	44,300,000.00			To be converted into equity capital increase
Hangzhou New Energy	10,720,722.43	10,720,722.43	100.00	High risk on collection
Wind Power Project Associate in Cuba	20,836,987.70			Low risk on site charges collection
DEIC	4,004,614.85			Low risk on collection
Total	79,862,946.15	10,720,722.43		

Provision for bad debts accrued on a portfolio basis:

Name	Amount as at June 30, 2021			Amount as at December 31, 2020		
	Book balance	Provision for bad debts	Proportion of provision (%)	Book balance	Provision for bad debts	Proportion of provision (%)
Within one year	19,259,286.87	962,964.34	5.00	23,826,953.76	1,191,347.66	5.00
1-2 years	18,291,200.33	1,829,120.02	10.00	15,831,268.85	1,583,126.89	10.00
2-3 years	1,824,573.08	364,914.63	20.00	2,022,965.11	404,593.03	20.00
3-4 years	1,553,982.86	621,593.15	40.00	931,107.60	372,443.03	40.00
4-5 years	918,751.98	459,376.01	50.00	1,048,740.78	524,370.41	50.00
Over 5 years	33,922,140.93	33,922,140.93	100.00	36,337,483.13	36,337,483.13	100.00
Total	75,769,936.05	38,160,109.08		79,998,519.23	40,413,364.15	



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(3) 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, 2020	918,751.98	459,376.01	50.00	1,048,740.78
In the current period, balance as at December 31, 2020				
- Transfer to Phase 2				
- Transfer to Phase 3				
- Reversal from Phase 2				
- Reversal from Phase 1				
Provision for the current period	-2,253,255.07			-2,253,255.07
Reversal for the current period				
Write-off for the current period				
Charge-off for the current period				
Other changes			-501,379.36	-501,379.36
Balance as at June 30, 2021	38,160,109.08		10,720,722.43	48,880,831.51

(4) Provision, reversal or recovery of provision for bad debts in the current period

Category	Balance as at December 31, 2020	Amount of change in the current period			Balance as at June 30, 2021
		Provision	Recovery or reversal	Write-off or charge-off	

**DONGFANG ELECTRIC CORPORATION LIMITED NOTES TO  
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Other receivables with significant single amount and individual provision for bad debts					
Other receivables with the provision for bad debts made on a portfolio with credit risk characteristics	40,413,364.15	-2,253,255.07			38,160,109.08
Other receivables with individually insignificant amount and individual provision for bad debts	11,222,101.79		501,379.36		10,720,722.43
Total	51,635,465.94	-2,253,255.07	501,379.36		48,880,831.51

**DONGFANG ELECTRIC CORPORATION LIMITED NOTES TO  
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(5) Other receivables actually written off in the current period

None.

(6) Top 5 of other receivables as at June 30, 2021, presented by debtor:

Debtor	Nature of payment	Book balance	Aging	Proportion in total other receivables (%)	Provision for bad debts
DEC Wuhan Nuclear	Investment fund	44,300,000.00	Over 5 years	28.46	
Dongfang Electric Machinery	Advances	30,511,731.50	1-5 years	19.60	29,574,106.56
Wind Power Project Associate in Cuba	Others	11,713,237.17	Within one year	7.53	
Hangzhou New Energy	Others	10,720,722.43	2-5 years and over 5 years	6.89	10,720,722.43
SUMEC Complete Equipment & Engineering Co., Ltd. (江蘇蘇美達成套設備工程有限公司)	Others	9,124,371.70	Within one year	5.86	
Total		106,370,062.80		68.34	40,294,828.99

15.4 Long-term equity investments

Item	Balance as at June 30, 2021			Balance as at January 1, 2021		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value

**DONGFANG ELECTRIC CORPORATION LIMITED NOTES TO  
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Investments in subsidiaries	21,737,193,911.79		21,737,193,911.79	21,587,193,911.79		21,587,193,911.79
Investments in associates	817,325,929.71		817,325,929.71	726,601,178.75		726,601,178.75
Investments in joint ventures	200,279,287.85		200,279,287.85	196,943,910.43		196,943,910.43
Total	22,754,799,129.35		22,754,799,129.35	22,510,739,000.97		22,510,739,000.97

**15.4.1 Investments in subsidiaries**

Investee	Initial investment cost	Balance as at January 1, 2021	Increase in the current period	Decrease in the current period	Balance as at June 30, 2021	Provision for impairment in the current period	Balance of provision for impairment as at June 30, 2021
DEIC	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 ELECTRIC CORPORATION LIMITED NOTES TO  
THE FINANCIAL STATEMENTS  
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Investee	Initial investment cost	Balance as at January 1, 2021	Increase in the current period	Decrease in the current period	Balance as at June 30, 2021	Provision for impairment in the current period	Balance of provision for impairment as at June 30, 2021
Dongfang Steam Turbine	2,542,003,999.71	6,010,766,999.71			6,010,766,999.71		
Dongfang Electric 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	131,560,000.00	232,060,000.00			232,060,000.00		
Dongfang Materials	110,805,368.69	409,061,568.69			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	8,445,843.46	110,307,373.46			110,307,373.46		
Dongfang Institute	11,119,812.19	71,119,812.19			71,119,812.19		
Dongfang Innovation							
Total		21,305,332,381.79	60,000,000.00		21,365,332,381.79		



**DONGFANG ELECTRIC CORPORATION LIMITED NOTES TO  
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Hongnijing Wind Power	18,545,550.24			4,254,214.92						22,799,765.16	
Sanshengtai Wind Power	17,522,034.07			1,782,257.61						19,304,291.68	

**DONGFANG ELECTRIC CORPORATION LIMITED NOTES TO  
THE FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED JUNE 30, 2021**

Investee	Balance as at December 31, 2020	Increase/decrease in the current period								Balance as at June 30, 2021	Balance of provision for impairment as at June 30, 2021
		Additional investment	Decrease in investment	Profit or loss on investments recognized by the equity method	Adjustment to other comprehensive income	Other changes in equities	Cash dividends or profits declared to be distributed	Provision for impairment	Others		
				4,567,274.63							
	726,601,178.75			90,724,750.96							
Ulan New Energy	42,668,021.37 726,601,178.75			4,567,274.63 90,724,750.96						47,235,296.00	
Sub-total	42,668,021.37			4,567,274.63						817,325,929.71	
Total	726,601,178.75			90,724,750.96						1,017,605,217.56	



**DONGFANG ELECTRIC CORPORATION LIMITED NOTES TO  
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FOR THE SIX MONTHS ENDED JUNE 30, 2021**

**15.5 Operating revenue and operating costs**

Item	Amount for the current period		Amount for the same period of the previous year	
	Revenue	Cost	Revenue	Cost
Primary business	5,697,277,728.11	5,649,744,976.44	5,668,180,834.60	5,408,312,988.37
Other business	24,940,721.62	3,773,741.17	6,714,331.72	3,533,079.43
Total	5,722,218,449.73	5,653,518,717.61	5,674,895,166.32	5,411,846,067.80

**15.6 Investment income**

Source of investment income	Amount for the current period	Amount for the same period of the previous year
Income from long-term equity investments calculated under cost method	709,364,228.44	536,342,862.07
Income from long-term equity investments calculated under equity method	94,060,128.38	64,696,869.49
Investment income from disposal of long-term equity investments		
Investment income from financial assets held for trading during the holding period	43,410.00	72,350.00
Others	815,566.04	1,277,033.02
Total	804,283,332.86	602,389,114.58

**16 Supplementary information**

**16.1 Breakdown of non-recurring profit or loss in the current period**

Item	Amount	Remarks
Profit or loss from disposal of non-current assets	226,957,476.28	
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)	55,840,841.50	
Expenses for using funds charged from non-financial enterprises and included in the current profit or loss		
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		

**DONGFANG ELECTRIC CORPORATION LIMITED NOTES TO  
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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		

**DONGFANG ELECTRIC CORPORATION LIMITED NOTES TO  
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Item	Amount	Remarks
Gains or losses from debt restructuring	672,375.21	
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	-21,082,270.02	
Reversal of provision for impairment of receivables and contract assets subject to separate impairment test	71,898,550.87	
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	-4,999,326.03	
Other items of gains and losses subject to the definition of non-recurring gains and losses	-171,730,451.97	
Sub-total	157,557,195.84	
Affected amount of income tax	-25,134,217.49	
Affected amount of minority equity (after tax)	-11,861,369.16	
Total	120,561,609.19	

**DONGFANG ELECTRIC CORPORATION LIMITED NOTES TO  
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**16.2 Rate of return on net assets and earnings per share**

Profit during the reporting period	Weighted average return on net assets (%)	Earnings per share (RMB)	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to ordinary shareholders of the Company	4.27	0.43	0.43
Net profit attributable to ordinary shareholders of the Company after deducting the non-recurring gains and losses	3.89	0.39	0.39

Dongfang Electric Corporation Limited

August 28, 2021