



东方电气
DONGFANG ELECTRIC

DONGFANG ELECTRIC CORPORATION LIMITED

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



2023 INTERIM REPORT

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DOCUMENTS AVAILABLE FOR INSPECTION

Copy of the 2023 Interim Report signed by the Chairman of the Company

Original financial report of the Company stamped and signed by the person-in-charge of the Company, 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 2023 to 30 June 2023
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

	Secretary to the Board of Directors	Representative of securities affairs
Name	Feng Yong	Liu Zhi
Contact address	18 Xixin Road, High-Tech District (Western District), Chengdu City, Sichuan Province, the PRC	18 Xixin Road, High-Tech District (Western District), Chengdu City, Sichuan Province, the PRC
Telephone	028-87583666	028-87583666
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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, the PRC
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, the PRC
Postal code of the Company for business address	611731
Company website	http://www.dec-ltd.cn/
E-mail	dsb@dongfang.com

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

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

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 2023 (Unaudited)	For the six months ended 30 June 2022 (Unaudited)	Increase/decrease for the Reporting Period compared to the corresponding period of the previous year (%)
Total operating income	29,915,296,549.01	27,909,010,359.66	7.19
Operating income	29,345,972,781.79	27,323,411,535.87	7.40
Net profit attributable to shareholders of the Company	2,002,157,742.84	1,774,136,141.38	12.85
Net profit after non-recurring profit and loss attributable to shareholders of the Company	1,819,203,906.52	1,438,113,129.86	26.50
Net cash flow from operating activities	(2,211,996,945.61)	2,399,289,834.48	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 2023 (Unaudited)	As at 31 December 2022 (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 Company	35,825,987,515.36	34,981,476,376.39	2.41
Total assets	126,473,058,291.15	115,265,060,467.39	9.72

(II) Major financial indicators

Unit: Yuan Currency: RMB

Major accounting indicators	For the six months ended 30 June 2023 (Unaudited)	For the six months ended 30 June 2022 (Unaudited)	Increase/decrease for the Reporting Period compared to the corresponding period of the previous year (%)
Basic earnings per share <i>(RMB/share)</i>	0.64	0.57	12.28
Diluted earnings per share <i>(RMB/share)</i>	0.64	0.57	12.28
Basic earnings per share after non- recurring profit and loss <i>(RMB/share)</i>	0.58	0.46	26.09
Weighted average return on net assets (%)	5.66	5.38	Increased by 0.28 percentage point
Weighted average return on net assets after non-recurring profit and loss (%)	5.14	4.36	Increased by 0.78 percentage point

II. COMPANY PROFILE AND MAJOR FINANCIAL INDICATORS (CONTINUED)

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

Unit: Yuan Currency: RMB

Items of Non-recurring Profit or Loss	Amount	Note (if applicable)
Profit or loss from disposal of non-current assets	1,306,353.62	
Tax refund or exemption without authorized approval or official approval document or of incidental nature		
Government grants charged to profit or loss for the current period (except for those closely related to the normal operation of the Company and gained constantly at a fixed amount or quantity according to a certain standard based on state policies)	86,860,079.35	
Fund occupation fee charged to non-financial enterprises through 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		
Profit or loss of non-monetary asset swap		
Gains and losses from entrusting others with investment or asset management		
The provision for impairment of assets due to force majeure, such as natural disasters		
Gains/(losses) of debt reorganization		
Corporate restructuring costs, such as employee resettlement costs and integration costs		
Gains and losses over fair value arising from a transaction in which the transaction price is obviously unfair		

II. COMPANY PROFILE AND MAJOR FINANCIAL INDICATORS (CONTINUED)

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

Items of Non-recurring Profit or Loss	Amount	Note (if applicable)
Net gains and loss of the subsidiaries arising from the merger of enterprises under the common control from the beginning of the period to the date of merger		
Gains/(Losses) arising from matters not related to the Company's ordinary operation		
Gain or loss on change of fair value arising from trading financial assets, derivative financial assets, trading financial liabilities, derivative financial liabilities and the investment income of the disposal of trading financial assets, derivative financial assets, trading financial liabilities, derivative financial liabilities and other debt investments, other than the effective hedging business related to the Company's normal business	(17,795,340.66)	
Reversal of impairment provision on receivable and contract assets individually conducted impairment test	161,514,829.55	
Profit or loss from entrusted loans		
Profits and losses arising from changes in fair value of investment property using fair value model for subsequent measurement		
Effect of one-off adjustment to current profit or loss according to the requirements of tax and accounting laws and regulations on current profit or loss		
Custodian income from entrusted management		
Other non-operating income and expenses other than the above mentioned items	438,262.29	
Other profit and loss items falling within the definition of non-recurring profit or loss		
Impacted amount in income tax	(30,906,201.60)	
Impacted amount in non-controlling shareholders' equity (after tax)	(18,464,146.2)	
Total	<u>182,953,836.32</u>	

III. MANAGEMENT DISCUSSION AND ANALYSIS

I. Information of the Industry in which the Company Operates and the Company's Principal Business during the Reporting Period

Operating in high-end 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 the principal business of the Company during the Reporting Period.

The main business model of the Company is to develop, design, manufacture and sell advanced and green wind power, solar power, hydropower, nuclear power, gas power and clean coal power, and high-end equipment such as chemical equipment, energy saving and environmental protection, power electronics and control, hydrogen energy and to provide engineering contracting and services to global energy operators. As one of the significant Research and Development (R&D) manufacturers of high-end energy equipment and the mega enterprises for project contracting, the Company operated its production and service business covered nearly 80 countries and regions around the world, and has strong competitiveness and influence in the field of energy equipment.

III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

I. Information of the Industry in which the Company Operates and the Company's Principal Business during the Reporting Period (Continued)

The Company has a completed energy equipment research, manufacturing and service system, and is capable of mass production of 1 million kilowatt-class hydropower units, 1.35 million kilowatt-class ultra-supercritical coal-fired 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 clean coal 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, mixed-flow and pumped storage, have reached international leading level. Our 13MW class offshore wind turbine has reached leading level in China. The Company has the ability to manufacture core equipment in the petrochemical field such as chemical containers, drive turbines, shield pumps, long-haul pipeline compressors, etc., the system solution capability for waste gas and water treatment, solid waste disposal and resource utilization, the equipment and system technology capability for power electronics and industrial automation and intelligent manufacturing, and the energy storage design and integration capability to comprehensively build a hydrogen energy industrial system, and has established an overall solution for the entire industry chain for hydrogen fuel cell, hydrogen acquisition, hydrogen storage, hydrogen filling and hydrogen use.

III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

I. Information of the Industry in which the Company Operates and the Company's Principal Business during the Reporting Period (Continued)

In the first half of 2023, the international political and economic situation was complicated and the world economy showed a weak recovery. China's economy has gradually recovered, and the overall economic operation has shown a sound trend of recovery. In the first half of the year, the electricity consumption in the PRC increased by 5.0% year on year, increased in growth as compared to the corresponding period of the previous year. The power installation maintained a growth momentum. As of the end of June, the total installed power capacity in the PRC was 2,710,000 MW, representing a year-on-year increase of 10.8%. The power investment showed a significant growth, with major power generation enterprises in the PRC completing an investment in power supply projects of RMB331.9 billion, representing a year-on-year increase of 53.8%. In general, the energy equipment industry maintained a good market prospect.

III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

II. Analysis of Core Competitiveness during the Reporting Period

As one of the significant R&D manufacturers of high-end energy equipment and the mega enterprises for project contracting in the world, the Company proactively linked up and served national strategies, based on the development, design, manufacture, sales and services of high-end energy equipment, by continuously improving the industrial pattern of “Simultaneous Development of Six Types of Power” including wind power, solar power, hydropower, nuclear power, gas power and clean coal power as well as “Six Industries Synergy” including high-end petrochemical equipment, energy conservation and environmental protection, engineering and international trade, modern manufacturing services, power electronics and control, and emerging industries. The Company has the advantages of outstanding technological innovation capability with diverse and completed industrial layout, advanced manufacturing and service capability, remarkable market expansion capability, and deep cultural and brand accumulation. During the Reporting Period, there were no material changes in the Company’s core competitiveness.

III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

III. Discussion and Analysis of Operations

In the first half of 2023, the operating indicators of the Company have generally achieved the goal of “Doubling over half” and the work of each line is progressing in an orderly manner. From January to June 2023, the Company recorded a total operating revenue of RMB29,915 million, representing a year-on-year increase of 7.19%; net profit attributable to the shareholders of the Company of RMB2,002 million, representing a year-on-year increase of 12.85%; and earnings per share of RMB0.64, representing a year-on-year increase of 12.28%.

III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

III. Discussion and Analysis of Operations (Continued)

1. Significant Results in Industry Expansion

From January to June 2023, the Company realised new effective orders amounting to RMB48,857 million, representing a year-on-year growth of 33.29%. On the basis of consolidating the traditional advantaged industries, the Company has continuously made breakthroughs in new products and fields. In respect of hydropower, the Company has won a contract for the research and development of the world's largest single-machine-capacity 500 MW impact hydropower generator unit. The Company has achieved market breakthroughs in various areas, including pumped storage in variable speed applications, driving turbines in air separation fields, and hydrogen energy in heavy-duty trucks and engineering vehicles. The Company also made the first entry into the market in Saudi Arabia with waste heat boilers. The comprehensive energy sector secured a total contracting project for solar storage and comprehensive smart energy in Thailand. Among the new orders, 42.96% were for clean and efficient energy equipment, 23.65% were for renewable energy equipment, 11.70% were for engineering and trading, 9.25% were for modern manufacturing services, and 12.43% were for emerging growth industries.

III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

III. Discussion and Analysis of Operations (Continued)

2. New Achievements in Technological Innovation

Insisting on innovation as the primary momentum, the Company has actively built a “Source” of original energy equipment technology, striven to be the “Chain Leader” of the industrial chain, strengthened the construction of high-level innovation platforms, steadily built the National Key Laboratory, deepened industry-university-research cooperation, and formally established the Yangtze River Delta Innovation Research Institute. Since 2023, the Company has been continuously achieving innovative breakthroughs, with the successful engineering application of China’s first 150 MW impact hydroelectric turbine with the largest single-machine capacity; the first commercial unit of an independently-developed F-class 50MW heavy-duty combustion turbine formally put into commercial operation; the smooth shipment of the regulator of the world’s first small reactor “ACP100 (玲龍一號)” in Hainan Changjiang; the 126-metre independently-developed and world’s longest wind turbine blade rolled out of the assembly line; the world’s first successful pilot test of the in-situ direct electrolysis of desalination-free seawater for offshore wind power generation at sea; and the first grid-connected generation of solid-state hydrogen in the Mainland by an electric-hydrogen intelligent energy station, which provided the key technologies and systems.

III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

III. Discussion and Analysis of Operations (Continued)

3. Continuous Improvement in Management

The Company has solidly launched special actions to improve quality and efficiency, identified operational shortcomings and weak indicators, formulated quality and efficiency improvement plan on a “one enterprise, one policy” basis, focused on links with prominent problems, clarified work objectives, ensured the implementation of measures, and enhanced the ability to create enterprise value. The Company has continued to improve cost management, strengthened cost management organisations at all levels, strengthened internal and external benchmarking of costs, promoted the enhancement of cost control capability across the value chain, and vigorously promoted cost reduction. The Company continued to improve the production and operation management model, and insisted on coordinating the construction of core production capacity and the utilisation of social resources to achieve the target of contract compliance rate and sustained growth in the output of major products. The Company has promoted the establishment of a coordination mechanism between overseas business platforms, and a good working pattern of resource sharing and synergistic development is taking shape.

III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

III. Discussion and Analysis of Operations (Continued)

4. Steady Progress in Risk Prevention and Control

The Company has improved and perfected the rule of law system, revised relevant management system, improved the “four-in-one” operation mechanism of legislation, compliance, risk and internal control management, and promoted the continuous strengthening of the rule of law construction in enterprises. The Company has strengthened its compliance management, carried out special actions to build a compliance culture, and promoted the appointment of chief compliance officers or compliance management leaders in secondary subsidiaries. The Company has strengthened the daily risk prevention and response, identify, assess, warn and respond to key risks on a regular basis, and made every effort to ensure that no major risks occur. The Company has practically enhanced the effectiveness of audit supervision, vigorously promoted big data auditing and “online audit supervision”, and enhanced the capability of “technology-enhanced auditing”. The Company has also solidly carried out special investigation and remediation work on major accident hazards and launched thematic experience and feedback activities to resolutely prevent and curb the occurrence of various accidents, and effectively and fundamentally eliminate accidents and hidden dangers.

III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

IV. Principal Business during the Reporting Period

During the Reporting Period, the Company recorded a total operating revenue of RMB29,915 million, representing an increase of 7.19% as compared with the same period of the previous year; net profit attributable to the shareholders of the Company of RMB2,002 million, representing an increase of 12.85% as compared with the same period of the previous year; net profit attributable to the shareholders of the Company after non-recurring profit or loss of RMB1,819 million, representing an increase of 26.50% as compared with the same period of the previous year; and earnings per share of RMB0.64.

(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 2023 (Unaudited)	For the six months ended 30 June 2022 (Unaudited)	Change (%)
Operating revenue	29,345,972,781.79	27,323,411,535.87	7.40
Cost of sales	24,230,760,861.78	22,835,597,803.11	6.11
Selling expenses	688,194,497.21	707,505,965.71	-2.73
Administrative expenses	1,341,884,330.39	1,341,880,622.33	0.00
Finance costs	(78,139,575.27)	(55,233,367.99)	N/A
R&D expenditure	1,070,700,313.76	945,283,705.10	13.27
Other income	88,024,357.45	188,104,269.86	-53.20
Investment income	177,601,878.67	134,846,276.83	31.71

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)

Item	For the six months ended 30 June 2023 (Unaudited)	For the six months ended 30 June 2022 (Unaudited)	Change (%)
Gains from changes in fair values	48,639,616.41	(9,897,217.58)	N/A
Credit impairment loss	(324,271,396.48)	91,443,759.24	-454.61
Impairment loss of assets	(143,524,898.51)	(272,368,380.50)	N/A
Gains from disposal of assets	4,859,201.14	43,041,729.82	-88.71
Net cash flow from operating activities	(2,211,996,945.61)	2,399,289,834.48	N/A
Net cash flows from investing activities	4,587,865,727.41	(8,440,628,678.16)	N/A
Net cash flows from financing activities	237,037,680.05	82,597,531.87	186.98

III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

IV. Principal Business during the Reporting Period (Continued)

(I) Analysis of Principal Business (Continued)

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

- (1) Reasons for change in operating revenue: the operating revenue for the Period increased by 7.40% from the previous year, mainly due to the year-on-year increase of 16.86% in revenue of high-efficient clean energy equipment.
- (2) Reasons for change in cost of sales: the cost of sales for the Period increased by 6.11% from the previous year, mainly due to the corresponding increase as a result of the increase in sales volume.
- (3) Reasons for change in selling expenses: the selling expenses for the Period decreased by 2.73% from the previous year, mainly due to the year-on-year decrease in income of the subsidiary of the Company, Dongfang Electric Wind Power, during the Period, and the year-on-year decrease in provisions made for quality warranty based on income proportion.
- (4) Reasons for change in administrative expenses: there's only slight change in the administrative expenses for the Period.

III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

IV. Principal Business during the Reporting Period (Continued)

(I) Analysis of Principal Business (Continued)

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

- (5) Reasons for change in finance costs: the finance costs for the Period decreased by RMB23 million from the previous year, mainly due to the year-on-year increase of RMB12 million in net exchange gains.
- (6) Reasons for change in R&D expenditure: the R&D expenditure for the Period increased by 13.27% from the previous year, mainly due to the increase in the R&D investment during the Period.
- (7) Reasons for change in other income: the other income for the Period decreased by 53.20% from the previous year, mainly due to the income from debt restructuring of RMB136 million for the previous period.

III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

IV. Principal Business during the Reporting Period (Continued)

(I) Analysis of Principal Business (Continued)

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

- (8) Reasons for change in investment income: the investment income for the Period increased by 31.71% from the previous year, mainly due to the year-on-year increase in income from long-term equity investments accounted for by the equity method during the holding period.
- (9) Reasons for change in gains from changes in fair values: gains from changes in fair values for the Period increased by RMB59 million, mainly due to the floating profit on stocks and funds.
- (10) Reasons for change in credit impairment loss: the provision for credit impairment losses for the Period increased by RMB416 million from the previous year, mainly due to recovery of impairment from the reversal of bankruptcy distribution in the corresponding period of the previous year. There was no such event in the Period.

III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

IV. Principal Business during the Reporting Period (Continued)

(I) Analysis of Principal Business (Continued)

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

- (11) Reasons for change in impairment loss of assets: the impairment loss of assets for the Period decreased by RMB129 million from the previous year, mainly due to the reversal of impairment loss resulting from the recovery of contract assets retention money due for the Period.
- (12) Reasons for change in gains from disposal of assets: gains from disposal of assets for the Period decreased by 88.71% from the previous year, mainly due to disposal of idled land and attached buildings by subsidiaries in the previous year. There was no such event in the Period.
- (13) Reasons for change in the net cash flow from operating activities: the net cash flow from operating activities for the Period decreased by RMB4,611 million from the previous year, mainly due to the outflow from the interbank business carried out by DEC Finance of the Company, and the net cash outflow from operating activities amounted to RMB505 million after excluding the impact of DEC Finance of the Company, a year-on-year decrease of RMB73 million in the outflow.

III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

IV. Principal Business during the Reporting Period (Continued)

(I) Analysis of Principal Business (Continued)

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

- (14) Reasons for change in net cash flow from investing activities: the net cash flow from investing activities for the Period increased by RMB13,028 million from the previous year, mainly due to the year-on-year increase in net investment inflow of the interbank deposit certificates and other businesses of DEC Finance of the Company during the Period.
- (15) Reasons for change in net cash flows from financing activities: the net cash flows from financing activities for the Period increased by RMB154 million from the previous year, mainly due to the borrowings obtained for business needs of the subsidiary of the Company.

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 <i>RMB</i>	Cost <i>RMB</i>	Gross profit margin <i>(%)</i>	Year-on-year	Year-on-year	Year-on-year
				increase/ decrease in revenue <i>(%)</i>	increase/ decrease in cost <i>(%)</i>	increase/ decrease in gross profit margin <i>(%)</i>
By industry						
Renewable energy equipment	6,926,996,917.36	6,062,162,428.36	12.48	-14.99	-15.10	0.11
High-efficient clean energy equipment	9,972,933,051.45	8,216,962,715.10	17.61	16.86	22.13	-3.56
Engineering and trade	6,098,999,637.62	5,044,343,910.58	17.29	36.31	26.27	6.58
Modern manufacturing services business	2,410,724,064.21	1,123,262,572.15	53.41	3.51	-7.25	5.40
Emerging growth business	4,505,642,878.37	3,804,631,544.70	15.56	1.87	-0.22	1.77

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) Realising varying level of revenue growth in other segments except for renewable energy equipment, which recorded a decrease in income during the Period. Total operating revenue increased by 7.19% year on year during the Period.

(2) The revenue from renewable energy equipment for the Period decreased by 14.99% year on year, mainly due to the fierce competition in the wind power segment, representing a year-on-year decrease in revenue of 18.86%. The gross profit margin for the Period increased by 0.11 percentage point, mainly due to the increase in the gross profit margin of hydropower products.

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 operating revenue from high-efficiency clean energy equipment for the Period increased by 16.86% year on year, mainly due to the Company's ability to capture the recovery of the coal power market, representing a year-on-year increase in revenue from coal power of 18.52%. The gross profit margin decreased by 3.56 percentage points during the Period, mainly due to the decrease in the gross profit margin of nuclear power.

(4) The operating revenue from engineering and trade for the Period increased by 36.31% year on year, mainly due to the year-on-year increase in revenue from trade. The gross profit margin increased by 6.58 percentage points year on year during the Period, mainly due to the increase in the gross profit margin of engineering contracting.

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)

(5) The operating revenue from modern manufacturing services business for the Period increased by 3.51% year on year, mainly due to the year-on-year increase in revenue from power plant services. The gross profit margin for the Period increased by 5.40 percentage points year on year, mainly due to the year-on-year increase in the gross profit margin from power plant services.

2. Total operating revenue by region

Unit: Yuan Currency: RMB

Region	Total operating revenue	Year-on-year increase/decrease in operating revenue
Domestic	26,970,815,757.04	6.55
Overseas	2,944,480,791.97	13.45
Total	29,915,296,549.01	7.19

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 2023	Percentage		Change in		Explanation
		in total assets (%)	31 December 2022	in total assets (%)	proportion of balance at the end of the current period compared with the end of the prior year (%)	
Cash and cash equivalents	18,419,338,817.50	14.56	15,038,954,412.20	13.05	22.48	(1)
Funds for lending	2,072,258,000.00	1.64	30,000,000.00	0.03	6,807.53	(2)
Held-for-trading financial assets	694,245,551.19	0.55	1,031,815,888.77	0.90	-32.72	(3)
Accounts receivable	13,440,361,804.00	10.63	10,092,237,182.40	8.76	33.18	(4)
Financial assets purchased under resale agreements	2,870,000,000.00	2.27	1,390,000,000.00	1.21	106.47	(5)
Contract assets	12,404,980,106.35	9.81	10,685,404,327.66	9.27	16.09	(6)
Construction in process	454,861,013.30	0.36	375,883,613.38	0.33	21.01	(7)
Right-of-use assets	246,993,130.29	0.20	297,189,745.62	0.26	-16.89	(8)
Short-term loans	127,000,000.00	0.10	103,235,027.02	0.09	23.02	(9)
Customer deposits and deposits from banks and other financial institutions	6,145,483,561.94	4.86	4,389,305,510.35	3.81	40.01	(10)
Derivative financial liabilities	20,060,385.90	0.02	2,725,701.24	0.00	635.97	(11)
Other payables	2,279,400,500.96	1.80	1,267,004,545.61	1.10	79.90	(12)

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 cash and cash equivalents increased at the end of the Period, mainly due to the increase in deposits absorbed by DEC Finance.
- (2) The funds for lending increased at the end of the Period, mainly due to the fact that DEC Finance took the opportunity to add new businesses, under the premise of stringent risk control, in order to increase the capital operation income of the Company.
- (3) The held-for-trading financial assets decreased at the end of the Period, mainly due to the fund redemption during the Period.
- (4) The accounts receivable increased at the end of the Period, mainly due to the increase in sales revenue and the subsequent increase in accounts receivable.
- (5) The financial assets purchased under resale agreements increased at the end of the Period, mainly due to the fact that DEC Finance took the opportunity to add new businesses, under the premise of stringent risk control, in order to increase the capital operation income of the Company.

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)

- (6) The contract assets increased at the end of the Period, mainly due to the expansion of scale of sales, resulting in the increase in the contract assets.
- (7) The construction in process increased at the end of the Period, mainly due to the increase in investment in fixed assets during the Period.
- (8) The right-of-use assets decreased at the end of the Period, mainly due to the depreciation of the right-of-use assets provided during the Period.
- (9) The short-term loans increased at the end of the Period, mainly due to the increase in borrowings for business needs of the subsidiary of the Company.
- (10) The customer deposits and deposits from banks and other financial institutions increased at the end of the Period, mainly due to the increase in deposits absorbed by DEC Finance.
- (11) The derivative financial liabilities increased at the end of the Period, mainly due to losses of forward exchange settlement held during the Period.
- (12) The other payables increased at the end of the Period, mainly due to the increase in dividends payable during the Period.

III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

IV. Main Operation during the Reporting Period (Continued)

(II) Analysis on Assets and Liabilities (Continued)

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

Item	Book value	Reason for restriction
	as at the end of the Period RMB	
Cash and cash equivalents	3,628,632,306.85	Deposits in central bank, reserves and security deposits
Fixed assets	67,434,773.33	Mortgage borrowings
Intangible assets	530,332,370.66	Mortgage borrowings
Total	4,226,399,450.84	

III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

IV. Main Operation during the Reporting Period (Continued)

(II) Analysis on Assets and Liabilities (Continued)

3. Gearing ratio

Item	Amount at the end of the Period	Amount at the beginning of the year	Year-on-year increase <i>(percentage point)</i>
Gearing ratio (%)	68.53	66.49	2.04

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

The gearing ratio of the Group was 68.53% at the end of the Period, representing an increase of 2.04 percentage points as compared with the beginning of the year. The risk relating to the asset structure of the Company is in a controllable state.

(III) Analysis of Investment

1. Overall analysis on external equity investment

During the Reporting Period, the balance of the long-term equity investment amounted to RMB2,602 million. The main investment project in the first half of 2023 was to increase the capital contribution of RMB100 million to DEC Academy of Science and Technology Co., Ltd. for the formation of DEC Yangtze River Delta (Hangzhou) Innovation and Research Institute Co. Ltd.* (東方電氣長三角(杭州)創新研究院有限公司). On 12 June 2023, DEC Yangtze River Delta (Hangzhou) Innovation and Research Institute Co. Ltd.* was established.

III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

IV. Main Operation during the Reporting Period (Continued)

(III) Analysis of Investment (Continued)

1. Overall analysis on external equity investment (Continued)

(1) Financial assets at fair value

Unit: 0'000 yuan Currency: RMB

Asset type	Amount at the beginning of period	Profit or loss from change in fair value for the period	Cumulative change of fair value recorded in equity for the period	Provision of impairment for the period	Amount purchased for the period	Amount sold/ redeemed for the period	Other changes	Amount at the end of period
Trading financial assets	103,181.59	6,597.43				40,363.57		69,424.56
Other investments in equity instruments	64,331.90		(10,250.84)					54,081.06
Derivative financial liabilities	272.57	(1,733.47)						2,006.04
Total	167,786.06	4,863.96	(10,250.84)			40,363.57		125,511.66

III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

IV. Main Operation during the Reporting Period (Continued)

(III) Analysis of Investment (Continued)

1. Overall analysis on external equity investment (Continued)

(1) Financial assets at fair value (Continued)

Investment in securities

Unit: 0'000 yuan Currency: RMB

Type	Stock Code	Stock short name	Initial investment cost	Funding source	Carrying amount at the beginning of the period	Profit or loss from change in fair value for the period	Cumulative change of fair value recorded in equity for the period	Amount purchased for the period	Amount sold for the period	profit or loss for the period	Carrying amount at the end of the period	Classification in accounting
Stock	601179	China XD Electric Co., Ltd.	1,010.77	Self-owned	667.07	115.76					782.83	Trading financial assets
Stock	883	Hubei Energy Group Co., Ltd.	189.79	Self-owned	119.87	10.27					130.14	Trading financial assets
Stock	600995	Southern Power Grid Energy Storage	54,000.00	Self-owned	57,101.90		(10,250.84)			161.7	46,851.06	Other equity instrument investments
Stock	601005	Chongqing Iron & Steel	64.93	Self-owned	47.72						47.72	Trading financial assets
Stock	601328	Bank of Communications	2,302.62	Self-owned	8,106.89	2,502.07			10,497.83	(838.34)	171.13	Trading financial assets
Bonds			34,000.00	Self-owned	24,486.74	258.17			9,000.00	9.11	15,744.92	Trading financial assets
Fund			120,276.32	Self-owned	69,746.16	3,711.16			20,925.74	(2,339.68)	52,540.68	Trading financial assets
Total	/	/	211,844.43	/	160,276.35	6,597.43	(10,250.84)		40,363.57	(3,007.21)	116,268.48	/

III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

IV. Main Operation during the Reporting Period (Continued)

(III) Analysis of Investment (Continued)

1. Overall analysis on external equity investment (Continued)

(1) Financial assets at fair value (Continued)

Investment in derivatives

Unit: 0'000 yuan Currency: RMB

Item	Amount of contracts held at the end of the year	Actual profit or loss for the year	Accumulated profit and loss
Forward exchange settlement	39,474.55	(1,733.47)	(2,006.04)

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
Dongfang Electric Finance Co., Ltd.	210.58	266.64	477.22	440.67	0.09	440.77
DEC Dongfang Steam Turbine Co., Ltd.	243.10	60.21	303.31	213.47	13.21	226.68
DEC Dongfang Boiler Group Co., Ltd.	231.32	35.43	266.76	155.02	22.98	177.99
DEC Dongfang Electric Machinery Co., Ltd.	181.73	40.87	222.59	140.50	16.35	156.85
Dongfang Electric Wind Power Co., Ltd.	149.64	37.22	186.85	139.81	26.47	166.28
DEC International Cooperation Limited	72.97	6.67	79.65	50.97	6.76	57.73
Dongfang Electric (Guangzhou) Heavy Machine Co., Ltd.	34.80	7.70	42.49	23.09	2.74	25.82
Dongfang Electric Automatic Control Engineering Co., Ltd.	28.39	6.54	34.93	23.50	0.44	23.94

III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

V. Other Disclosure

(I) Possible risks

1. *Risk of international operation*

The international political and economic situation is currently complicated and the world economy showed a weak recovery, the conflict between Russia and Ukraine continues, the geopolitical situation becomes more risky, the world scientific and technological cooperation environment is deteriorating, which has led to a number of challenges to the Company's international operation and the international influence of the brand needs to be enhanced due to various factors. To address such risk, the Company will continue to strengthen the co-ordination of international markets, improve the layout of the international market, strengthen the overseas marketing capabilities, and strive to make greater breakthroughs in the international market.

III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

V. Other Disclosure (Continued)

(I) Possible risks (Continued)

2. *Price risk*

Currently, the price competition in the market is intensifying, especially the new energy and new industries such as wind power industry compete excessively at low prices, the market price continues to fall, and the profit margin of the industry has been squeezed. The Company faces certain challenges and difficulties in the development of strategic emerging industries such as wind power, and its cost control ability needs to be improved. To address such risk, the Company will increase the development of emerging industries such as wind power, scientifically formulate technical innovation strategies, improve market bidding strategies, strengthen product cost control, actively adapt to the new environment of low-price competition, and continuously improve the development quality and scale of strategic emerging industries such as wind power.

III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

V. Other Disclosure (Continued)

(I) Possible risks (Continued)

3. *Accounts receivable risk*

Although China's economy is currently showing a sound trend of recovery, the constraints imposed by the lack of domestic demand are obvious, structural problems and cyclical contradictions overlap, and some enterprises are experiencing difficulties in their operations, with more risks and hidden dangers in key areas, and even broken capital chains and difficulties in project financing, which have led to the cancellation, suspension and postponement of projects and the difficulties in recovering the remaining payments. To address such risk, the Company will strengthen the process of tracking, further refine the accounts receivable management ledger, follow up the project collection time in real time, strengthen the assessment incentives, ensure "all accounts receivable collected" and prevent the risk of payment recovery.

III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

V. Other Disclosure (Continued)

(II) Other disclosure

1. *Bank borrowings*

As of 30 June 2023, the Group had financial institution (bank) borrowings of RMB637 million due within one year and financial institution (bank) borrowings of RMB694 million due beyond one year. The Company's borrowings are mainly denominated in RMB. In particular, financial institution (bank) borrowings of RMB977 million were fixed-rate borrowings. The Group has maintained a favorable credit rating with banks and a sound financing capacity.

2. *Cash and cash equivalents*

As at 30 June 2023, the cash and cash equivalents in RMB and US dollars held by the Group accounted for 86.94% and 9.50% 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 2023, the Group had pledged bank borrowings of approximately RMB354 million (31 December 2022: RMB368 million), which were related to borrowings from financial institutions secured by franchise rights of the Company. As at 30 June 2023, net franchise rights values amounted to RMB511 million (31 December 2022: RMB506 million). As at the end of the Period, this part of borrowings was not yet due and repayable.

5. *Prospect for the second half of 2023*

In the second half of the year, the Company will attach great importance to and take solid actions for achieving the objectives and completing the tasks for the whole year, and, focusing on the building of itself into a world-class equipment manufacturing group, thoroughly implement the “leading strategy”; accelerate the development of strategic emerging industries and continue to promote the adjustment of the industrial structure; and seriously plan for the implementation of actions for reform deepening and enhancement, to further create a new impetus for development, so as to promote the high quality development of the Company with all its efforts.

IV. CORPORATE GOVERNANCE

I. Overview of General Meetings

Session of meeting	Date	Designated website for publication of resolutions	Publication date of resolutions
The 2023 first extraordinary general meeting, the 2023 first A Shares class meeting and the 2023 first H Shares class meeting	24 February 2023	www.sse.com.cn www.hkexnews.hk	24 February 2023
The 2023 second extraordinary general meeting	30 March 2023	www.sse.com.cn www.hkexnews.hk	30 March 2023
The 2023 third extraordinary general meeting	20 April 2023	www.sse.com.cn www.hkexnews.hk	20 April 2023
The 2022 annual general meeting	28 June 2023	www.sse.com.cn www.hkexnews.hk	28 June 2023

IV. CORPORATE GOVERNANCE (CONTINUED)

I. Overview of General Meetings (Continued)

On 24 February 2023, the Company held the 2023 first extraordinary general meeting, the 2023 first A Shares class meeting and the 2023 first H Shares class meeting and To Consider and Approve the Resolution on the Repurchase and Cancellation of Certain Restricted Shares and To Elect Song Zhiyuan as a Member of the Tenth Session of the Board of the Company were considered and passed.

On 30 March 2023, the Company held the 2023 second extraordinary general meeting and the Resolution on the Election of Liang Shuo as a Member of the Tenth Session of the Supervisory Committee of the Company was considered and passed.

On 20 April 2023, the Company held the 2023 third extraordinary general meeting and 16 resolutions including the Resolution on Suggesting the General Meeting to Grant the General Authorization to the Board of Directors for Issuance of Shares and the Resolution on the Eligibility of the Company to Issue A shares to Specific Targets were considered and passed.

On 28 June 2023, the Company held the 2022 annual general meeting and To Consider and Approve the Resolution on the 2022 Work Report of the Board of the Company, To Consider and Approve the Resolution on the 2022 Work Report of the Supervisory Committee of the Company and other 6 resolutions were considered and passed.

IV. CORPORATE GOVERNANCE (CONTINUED)

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

<u>Name</u>	<u>Position</u>	<u>Change situation</u>
Xu Peng	Director and President	Resignation
Song Zhiyuan	Director	Election
Gong Dan	Secretary to the Board of Directors	Resignation
Feng Yong	Secretary to the Board of Directors	Appointment
Feng Yong	Chairman of the Supervisory Committee	Resignation
Wang Zhiwen	Chairman of the Supervisory Committee	Election
Liang Shuo	Supervisor	Election
Wang Weimin	Vice President	Resignation

On 3 February 2023, Mr. Xu Peng tendered a written resignation as a director, president and member of the Strategic Development Committee of the Board of Directors of the Company due to a job transfer with effect from 3 February 2023.

On 24 February 2023, the 2023 first extraordinary general meeting of the Company was held, at which Mr. Song Zhiyuan was elected as a non-independent director of the tenth session of the Board of Directors of the Company.

IV. CORPORATE GOVERNANCE (CONTINUED)

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

On 13 March 2023, Mr. Gong Dan ceased to be the secretary to the Board of Directors of the Company and ceased to hold any other positions in the Company as he had reached the statutory retirement age, with effect from the same date.

On 13 March 2023, Mr. Feng Yong tendered a written resignation report to the Supervisory Committee of the Company to apply for his resignation as a supervisor and the chairman of the tenth session of the Supervisory Committee of the Company due to job transfer. As nominated by the Nomination Committee of the Board of Directors of the Company, at the 24th meeting of the tenth session of the Board of Directors held on 13 March 2023, the Board of Directors agreed to appoint Mr. Feng Yong as the secretary to the Board of Directors of the Company with immediate effect.

On 30 March 2023, the 2023 second extraordinary general meeting of the Company was held, at which Ms. Liang Shuo was elected as a supervisor of the tenth session of the Supervisory Committee of the Company.

On 30 March 2023, at the meeting of the Supervisory Committee of the Company, the election of Mr. Wang Zhiwen as the chairman of the tenth session of the Supervisory Committee of the Company was considered and approved.

On 9 June 2023, Mr. Wang Weimin ceased to be the vice president of the Company and ceased to hold any other positions in the Company as he had reached the statutory retirement age, with effect from 9 June 2023.

IV. CORPORATE GOVERNANCE (CONTINUED)

III. Interests and Short Positions of the Directors, Supervisors and Senior Management in Shares, Underlying Shares and Debentures

- (l) For the six months ended 30 June 2023, based on the information available to the Company and as far as the directors are aware, 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 any of its associated corporations (within the meaning under Part XV of the Securities and Futures Ordinance), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance (including interests or short positions which they were taken or deemed to have under such provisions of the Securities and Futures Ordinance), or which were required to be recorded in the register kept by the Company pursuant to section 352 of the Securities and Futures Ordinance, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code adopted by the Company.

IV. CORPORATE GOVERNANCE (CONTINUED)

III. Interests and Short Positions of the Directors, Supervisors and Senior Management in Shares, Underlying Shares and Debentures (Continued)

(II) Changes of shares held by existing directors, supervisors and members of the senior management and those who have resigned in the Reporting Period

Unit: Share

Name	Position	Number of Shares held at the beginning of the Period	Number of Shares held at the end of the Period	Increase/ decrease of shareholding during the Reporting Period	Reasons for increase/ decrease
Gao Feng	Vice president	120,500	117,500	-3,000	Decrease through centralized bidding transaction
Hu Xiukui	Vice president	67,000	65,000	-2,000	Decrease through centralized bidding transaction
Liang Shuo	Supervisor	20,000	18,000	-2,000	Decrease through centralized bidding transaction

Note: On 30 March 2023, Liang Shuo was elected as a supervisor of the Company by the general meeting of the Company. During the period from 1 January to 29 March 2023, her shareholding decreased by 2,000 shares. During this period, her holdings and trading of Company's Shares were not subject to the provisions of the Administrative Rules on Shares of Listed Company Held by Directors, Supervisors or Senior Management and Changes in Such Shareholdings (《上市公司董事、監事和高級管理人員所持本公司股份及其變動管理規則》).

IV. CORPORATE GOVERNANCE (CONTINUED)

III. Interests and Short Positions of the Directors, Supervisors and Senior Management in Shares, Underlying Shares and Debentures (Continued)

(III) Shares granted under the Restricted A Share Incentive Scheme for 2019 to the directors, supervisors and members of the senior management during the Reporting Period

Unit: Share

Name	Position	Number of restricted shares held at the beginning of the period	Number of new restricted shares granted during the Reporting Period	Unlocked shares	Locked shares	Number of restricted shares held at the end of the period
Gao Feng	Member of the senior management	100,000	0	50,000	50,000	50,000
Hu Xiukui	Member of the senior management	50,000	0	25,000	25,000	25,000
Gong Dan	Former member of the senior management	100,000	0	50,000	50,000	50,000
Wang Weimin	Former member of the senior management	50,000	0	25,000	25,000	25,000
Total	/	300,000	0	150,000	150,000	150,000

Note: Gong Dan, the former secretary to the Board, has retired in March 2023; Wang Weimin, the former vice president, has retired in June 2023.

IV. CORPORATE GOVERNANCE (CONTINUED)

IV. Plan for Profit Distribution or Capitalization of Capital Reserve

(I) Profit distribution during the Reporting Period

Approved at the 2022 annual general meeting on 28 June 2023, the Company paid the final dividend for 2022 to its shareholders on 28 July 2023, a dividend of RMB3.35 (inclusive of tax) per 10 shares, totaling the cash dividend of RMB1,044,708,822.00 (before tax).

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

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

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2023 (30 June 2022: Nil).

IV. CORPORATE GOVERNANCE (CONTINUED)

V. Others

(I) Employees and remuneration policies

As at 30 June 2023, the total number of employees of the Company was 17,919. The total amount of remuneration paid to the employees during the Reporting Period was RMB1,257,320,000.

During the Reporting Period, the Company coordinated its efficiency and development, continued to intensify the reform of the salary determination mechanism, improving the rules of “double-linking” of the total salary to the economic efficiency and labor efficiency of the enterprise, and achieving a steady increase in the income level of employees in line with the efficiency of the enterprise. The Company fully promoted the tenure system and contractual management of the management and the assessment and distribution of the second term of the enterprise management team with stricter requirements, higher standards, and higher quality, and strictly implemented the rigid payment of the 2022 annual salary and term incentive income for 2020–2022 of enterprise management team members in accordance with the contract agreement. The Company improved special rewards policies, increased the strength of rewards in strategic emerging industries and key areas, and actively implemented middle-and long-term incentives. The Company continued to promote the performance management of all employees, established the evaluation mechanism of differentiated distribution of enterprise employees’ remuneration, tailored the quantitative standard of differentiated distribution of remuneration for different enterprises, and tilted remuneration distribution to key core talents.

IV. CORPORATE GOVERNANCE (CONTINUED)

V. Others (Continued)

(II) Employees Training Plan

During the Reporting Period, the Company actively focused on the “11256” development strategy, vigorously promoted talent leadership, prepared and released annual training plans, and established a mechanism for supervision and management of plan implementation according to the needs of talent team building and staff growth needs. With the focus on the implementation of “Six Talent Training Projects”, the Company increased efforts in the training of innovative, applied and skilled talents, orderly promoted ten talent training projects such as scientific and technological innovation talents, internationalization talents, skilled talents, financial management talents, legal and risk control talents, quality management and so on. Together with Tsinghua University, Zhejiang University, Sichuan University, Tianjin University, and other universities, the Company has organized training courses for leading youths in science and technology, training program on corporate business management targeting middle-aged and young management, and training courses for mature and internationalized talents, etc., which effectively enhanced the effectiveness of training and cultivation of various types of talents, and provided a guarantee for the high-quality development of the Company. Each enterprise under the Company constantly enriched training forms, strengthened training base construction, and created high-quality training projects by closely focusing on talent training needs, which promoted the overall improvement of the staff team’s ability and quality.

IV. CORPORATE GOVERNANCE (CONTINUED)

V. Others (Continued)

(III) Purchase, Sales or Redemption of Listed Securities of the Company

During the Reporting Period, pursuant to the Resolution on the Repurchase and Cancellation of Certain Restricted Shares approved at the Company's 2023 first extraordinary general meeting, 2023 first A Shares class meeting and 2023 first H Shares class meeting on 24 February 2023, the Restricted Shares totalling 274,000 A shares that have been granted to 13 participants yet still locked up were repurchased and cancelled. Please refer to the announcement of the Company dated 8 March 2023 for details.

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

(IV) Major Acquisition and Disposal of Subsidiaries and Associates

There were no other major acquisition and disposal of subsidiaries and associates of the Group during the six months ended 30 June 2023.

(V) 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)

V. Others (Continued)

(VI) 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 during the six months ended 30 June 2023, 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.

(VII) Audit and Review Committee

The Board has set up an audit and review committee comprising three independent non-executive directors, being Mr. Liu Dengqing, Mr. Huang Feng and Mr. Ma Yongqiang. The audit and review committee has reviewed and passed the interim results of the Group for the six months ended 30 June 2023, and agreed with the accounting treatment method adopted by the Company.

IV. CORPORATE GOVERNANCE (CONTINUED)

VI. Equity Incentive Scheme, Employee Stock Ownership Scheme or Other Employee Incentives and Effects Thereof

The second lock-up period for the First Grant under the Restricted A Share Incentive Scheme for 2019 of the Company expired on 6 January 2023, the corresponding conditions for unlocking have been satisfied, the number of participants the shares held by whom can be unlocked was 744 in total, the number of unlocked shares involved was 8,852,565 A Shares, and the unlocked shares commenced trading on 9 January 2023.

On 13 March 2023, the Company repurchased and cancelled a total of 274,000 restricted A Shares granted to 13 participants who were no longer qualified as participants but not yet unlocked.

IV. CORPORATE GOVERNANCE (CONTINUED)

VI. Equity Incentive Scheme, Employee Stock Ownership Scheme or Other Employee Incentives and Effects Thereof (Continued)

(I) Overview of the Restricted A Share Incentive Scheme for 2019

(1) *Purpose of the Scheme*

The purpose is to further perfect the corporate governance structure of the Company and improve the mid-and-long term incentive and restraint mechanism of the Company and achieve the incentive and restraint on senior and middle management and frontline leaders of the Company to more tightly align their interests with the long-term development of the Company, and take on risks while share the interests together, and fully mobilize their enthusiasm and creativity to form a long-term behavior of decision-makers and operators, and improve the motivation force of the growth of the Company as well as cohesion and competitiveness of the Company to promote the sustainable and high quality development of the Company so that the value of the Company and shareholders will be maximized. On the basis of fully safeguarding shareholders' interests, the Restricted A Share Incentive Scheme for 2019 has been formulated on the principle of aligning return with contribution to the Company and in accordance with relevant laws, regulations and regulatory documents such as the Company Law, the Securities Law, the Administrative Measures, the Trial Measures and the Notice, as well as the relevant requirements of the Articles of Association.

IV. CORPORATE GOVERNANCE (CONTINUED)

VI. Equity Incentive Scheme, Employee Stock Ownership Scheme or Other Employee Incentives and Effects Thereof (Continued)

(1) Overview of the Restricted A Share Incentive Scheme for 2019 (Continued)

(2) *Participants under the Scheme*

The Participants under the Restricted A Share Incentive Scheme for 2019 are the directors, senior management, mid-level management and frontline leaders of the Company, excluding independent directors and supervisors of the Company, as well as shareholders individually or in aggregate holding 5% or more of the shares of the Company or the de facto controllers and their spouses, parents or children.

(3) *Total Number of Shares Available for Issuance under the Scheme*

30,000,000 Restricted Shares shall be granted under the Restricted A Share Incentive Scheme for 2019, accounting for approximately 0.97% of the Company's total share capital of 3,090,803,431 shares as at the date of the announcement of the draft Restricted A Share Incentive Scheme for 2019. Specifically, 29,000,000 shares shall be granted at the initial grant (the "First Grant"), accounting for approximately 0.94% of the Company's total share capital of 3,090,803,431 shares as at the date of the announcement of the draft Restricted A Share Incentive Scheme for 2019, and accounting for approximately 96.67% of the total Restricted Shares available under the Restricted A Share Incentive Scheme for 2019; and 1,000,000 shares shall be reserved (the "Reserved Grant"), accounting for approximately 0.03% of the Company's total share capital of 3,090,803,431 shares as at the date of the announcement of the draft Restricted A Share Incentive Scheme for 2019, and accounting for approximately 3.33% of the total Restricted Shares available under the Restricted A Share Incentive Scheme for 2019.

IV. CORPORATE GOVERNANCE (CONTINUED)

VI. Equity Incentive Scheme, Employee Stock Ownership Scheme or Other Employee Incentives and Effects Thereof (Continued)

(I) Overview of the Restricted A Share Incentive Scheme for 2019 (Continued)

(4) Maximum Entitlement of each Participant under the Scheme

The total number of Restricted Shares to be granted under the Restricted A Share Incentive Scheme for 2019 to any one of the Participants during the Validity Period will not exceed 1% of the total share capital of the Company.

(5) Lock-Up Periods and Unlocking Arrangement of the Scheme

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

IV. CORPORATE GOVERNANCE (CONTINUED)

VI. Equity Incentive Scheme, Employee Stock Ownership Scheme or Other Employee Incentives and Effects Thereof (Continued)

(I) Overview of the Restricted A Share Incentive Scheme for 2019 (Continued)

(6) *Grant Price and Basis of Determination of the Grant Price of Restricted Shares*

1. Basis for determination of the Grant Price of the Restricted Shares under the First Grant

The Grant Price of the Restricted Shares granted by the Company via means of issuing additional shares shall be determined according to principle of fair market price, and shall not be lower than the higher of the following prices:

- (1) 60% of the average trading price of the underlying shares of the Company on the last trading day immediately preceding the date of announcement of the draft Restricted A Share Incentive Scheme for 2019;
- (2) 60% of one of the average trading price of the underlying shares of the Company for the last 20 trading days, 60 trading days and 120 trading days immediately preceding the date of announcement of the draft Restricted A Share Incentive Scheme for 2019.

Based on the above pricing principles, the Grant Price of the Restricted Shares under the First Grant shall be RMB5.93 per share.

IV. CORPORATE GOVERNANCE (CONTINUED)

VI. Equity Incentive Scheme, Employee Stock Ownership Scheme or Other Employee Incentives and Effects Thereof (Continued)

(I) Overview of the Restricted A Share Incentive Scheme for 2019 (Continued)

(6) *Grant Price and Basis of Determination of the Grant Price of Restricted Shares (Continued)*

2. Basis for determination of the Grant Price of the reserved Restricted Shares

Before each grant of the reserved Restricted Shares under the Restricted A Share Incentive Scheme for 2019, the Company shall hold a Board meeting to pass the relevant resolution, and shall disclose the information on such grant. The Grant Price of the Restricted Shares granted by the Company via means of issuing additional shares shall be determined according to principle of fair market price, and shall not be lower than the higher of the following prices:

- (1) 60% of the average trading price of the underlying shares of the Company on the last trading day immediately preceding the date of announcement of the Board resolution on the grant of the reserved Restricted Shares;
- (2) 60% of one of the average trading price of the underlying shares of the Company for the last 20 trading days, 60 trading days and 120 trading days immediately preceding the date of announcement of the Board resolution on the grant of the reserved Restricted Shares.

IV. CORPORATE GOVERNANCE (CONTINUED)

VI. Equity Incentive Scheme, Employee Stock Ownership Scheme or Other Employee Incentives and Effects Thereof (Continued)

(I) Overview of the Restricted A Share Incentive Scheme for 2019 (Continued)

(7) *Remaining Validity Period of the Scheme*

The Validity Period of the Restricted A Share Incentive Scheme for 2019 at the initial 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 validity period shall be from 7 January 2020 to 6 January 2026.

(8) *Accounting Treatment on Restrictive Shares*

In accordance with the requirements of the Accounting Standards for Business Enterprises No. 11-Sharebased Payments, at each balance sheet date within the Lock-up Period, the Company shall revise the number of the Restricted Shares which are expected to be unlocked according to the change in the latest available number of persons eligible to unlock the Restricted Shares, completion of the performance targets and other subsequent information, and recognize the services acquired during such period in relevant costs or expenses and capital reserve at the fair value of the Restricted Shares on the Grant Date.

IV. CORPORATE GOVERNANCE (CONTINUED)

VI. Equity Incentive Scheme, Employee Stock Ownership Scheme or Other Employee Incentives and Effects Thereof (Continued)

(I) Overview of the Restricted A Share Incentive Scheme for 2019 (Continued)

(8) Accounting Treatment on Restrictive Shares (Continued)

The fair value of the Restricted Shares was determined by the market price on the Grant Date or the subscription price paid by the Participants. On the estimation date, the fair value of share payment per Restricted Shares is equal to the market price of Shares of the Company less the Grant Price, being RMB3.83.

Under the requirements of China accounting standards, assuming the Grant Date will be late November 2019, the estimated effects of the Restricted Shares to be granted for the first time under the Scheme on the accounting costs incurred in each accounting period are as follows:

Number of Restricted Shares to be granted for the first time (0'000)	Total costs (RMB0'000)	2019 (RMB0'000)	2020 (RMB0'000)	2021 (RMB0'000)	2022 (RMB0'000)	2023 (RMB0'000)
2,900	11,107.00	334.24	4,010.86	3,856.6	2,056.85	848.45

Note: The above result does not represent the final accounting cost. The accounting cost is related not only to the Grant Date, Grant Price and number of Restricted Shares granted, but also to the actual number of the Restricted Shares that are valid and invalid. The final result of the above effects on the operating performance of the Company is subject to the annual audited report issued by the accounting firm.

IV. CORPORATE GOVERNANCE (CONTINUED)

VI. Equity Incentive Scheme, Employee Stock Ownership Scheme or Other Employee Incentives and Effects Thereof (Continued)

(I) Overview of the Restricted A Share Incentive Scheme for 2019 (Continued)

(8) Accounting Treatment on Restrictive Shares (Continued)

Status for 2023 of the Restricted A Share Incentive Scheme for 2019 – First Grant of Restricted Shares

Name	Position	Number of the Restricted Shares granted (share(s))	Shares unvested at the beginning of the Reporting Period (share(s))	Shares vested during the Reporting Period (share(s))	Shares cancelled during the Reporting Period (share(s))	Shares lapsed during the Reporting Period (share(s))	Shares not yet vested at the end of the Reporting Period (share(s))
Gong Dan	Former secretary to the Board (Retired in March 2023)	150,000	100,000	50,000	0	0	50,000
Gao Feng	Vice president	150,000	100,000	50,000	0	0	50,000
Wang Weimin	Former vice president (Retired in June 2023)	75,000	50,000	25,000	0	0	25,000
Hu Xiukui	Vice president	75,000	50,000	25,000	0	0	25,000
Total	Connected person	600,000	300,000	150,000	0	0	150,000
Mid-level management and frontline leaders (776 persons)		27,388,699	17,725,134	8,702,565	274,000	0	8,748,569
Total		27,988,699	18,025,134	8,852,565	274,000	0	8,898,569

IV. CORPORATE GOVERNANCE (CONTINUED)

VI. Equity Incentive Scheme, Employee Stock Ownership Scheme or Other Employee Incentives and Effects Thereof (Continued)

(I) Overview of the Restricted A Share Incentive Scheme for 2019 (Continued)

(8) Accounting Treatment on Restrictive Shares (Continued)

Status for 2023 of the Restricted A Share Incentive Scheme for 2019 – First Grant of Restricted Shares (Continued)

Notes: 1. The date of First Grant was 22 November 2019. For the First Grant under the Restricted A Share Incentive Scheme for 2019 (which has been granted prior or subsequent to the Reporting Period), the number of Restricted Shares granted was 27,988,699 with a purchase price of RMB5.93 and the registration date was 7 January 2020. The unlocking periods under the First Grant of Restricted Shares are 24 months, 36 months and 48 months respectively from the date of completion of registration.

2. During the Reporting Period, the weighted average closing price of the Company's A shares immediately before the vesting date of the Restricted Shares under the First Grant was RMB22.44 per share.

IV. CORPORATE GOVERNANCE (CONTINUED)

VI. Equity Incentive Scheme, Employee Stock Ownership Scheme or Other Employee Incentives and Effects Thereof (Continued)

(I) Overview of the Restricted A Share Incentive Scheme for 2019 (Continued)

(8) Accounting Treatment on Restrictive Shares (Continued)

Status for 2023 of the Restricted A Share Incentive Scheme for 2019 – Reserved Grant of Restricted Shares

Name	Position	Number of the Restricted Shares granted (share(s))	Shares unvested at the beginning of the Reporting Period (share(s))	Shares vested during the Reporting Period (share(s))	Shares cancelled during the Reporting Period (share(s))	Shares lapsed during the Reporting Period (share(s))	Shares not yet vested at the end of the Reporting Period (share(s))
Mid-level management and frontline leaders (26 persons)		972,000	598,002	0	0	0	598,002
Total		972,000	598,002	0	0	0	598,002

IV. CORPORATE GOVERNANCE (CONTINUED)

VI. Equity Incentive Scheme, Employee Stock Ownership Scheme or Other Employee Incentives and Effects Thereof (Continued)

(I) Overview of the Restricted A Share Incentive Scheme for 2019 (Continued)

(8) Accounting Treatment on Restrictive Shares (Continued)

Status for 2023 of the Restricted A Share Incentive Scheme for 2019 – Reserved Grant of Restricted Shares (Continued)

Note: The date of Reserved Grant was 24 September 2020. For the Reserved Grant under the Restricted A Share Incentive Scheme for 2019 (which has been granted prior or subsequent to the Reporting Period), the number of Restricted Shares granted was 972,000 with a purchase price of RMB6.54 and the registration date was 26 November 2020. The unlocking periods under the Reserved Grant of Restricted Shares are 24 months, 36 months and 48 months respectively from the date of completion of registration.

During the Reporting Period, there was no Restricted Shares granted under the Restricted A Share Incentive Scheme for 2019.

No restricted shares were available for grant under the Restricted A Share Incentive Scheme for 2019 as at 1 January 2023 and 30 June 2023.

IV. CORPORATE GOVERNANCE (CONTINUED)

VI. Equity Incentive Scheme, Employee Stock Ownership Scheme or Other Employee Incentives and Effects Thereof (Continued)

(I) Overview of the Restricted A Share Incentive Scheme for 2019 (Continued)

(9) *Supplementary Information for the 2022 Annual Report*

Reference is made to the Company's 2022 Annual Report and, unless otherwise defined, terms used herein shall have the same meanings as those defined in the 2022 Annual Report. Save as the information disclosed in the 2022 Annual Report, the Company would like to provide additional information in relation to the Restricted A Share Incentive Scheme for 2019 adopted by the Company to fully comply with the disclosure requirements under Rules 17.07 and 17.09 of the Listing Rules.

- (1) During the 2022 accounting year, the weighted average closing price of the Company's A Shares immediately before the vesting date of the Restricted Shares under the First Grant was RMB20.47 per share; and the weighted average closing price of the Company's A Shares immediately before the vesting date of the Restricted Shares under the Reserved Grant was RMB17.67 per share.
- (2) The Company did not grant any restricted share during the 2022 accounting year and was not involved in the issuance of shares in connection with the grant of options and awards.
- (3) The total number of shares available for issue under the Restricted A Share Incentive Scheme for 2019 of the Company was 18,623,136 shares, representing approximately 0.60% of the issued shares as at the date of the Company's 2022 Annual Report (i.e. 31 March 2023).

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 within 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	manner or not	Strictly	Description	Description
							performed in a timely	of specific reasons if not timely	of plans for next steps if not performed timely
Undertakings made in acquisition reports or equity change reports	Others	Dongfang Electric Corporation	For the outstanding entrusted loans of DEC Finance to DEC Eban Company and DEC Majji, 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 Majji 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 28 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. as per the application by Dongfang Electric Automatic Control Engineering Co., Ltd.. The inventory assets are currently being auctioned. 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.. It is currently in the process of realisation and auction. 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.. At present, there are still disputes over claims that are undergoing arbitration.

III. Material Litigation or Arbitration Events

During the six months ended 30 June 2023 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

On 31 December 2021, the Company entered into the 2022–2024 Purchase and Production Service Framework Agreement (《2022–2024採購及生產服務框架協議》), the 2022–2024 Marketing and Production Service Framework Agreement (《2022–2024銷售及生產服務框架協議》), the 2022–2024 Combined Ancillary Service Framework Agreement (《2022–2024綜合配套服務框架協議》), the 2022–2024 Property and Equipment Lessee Framework Agreement (《2022–2024物業及設備租賃承租人框架協議》) and the 2022–2024 Property and Equipment Lessor Framework Agreement (《2022–2024物業及設備租賃出租人框架協議》) with DEC in Chengdu City, Sichuan Province; Dongfang Electric Finance Co., Ltd. and DEC entered into the 2022–2024 Financial Services Framework Agreement (《2022–2024財務服務框架協議》). The validity period of these continuing connected transaction agreements is from 1 January 2022 to 31 December 2024.

On 30 September 2022, the Company entered into the 2022–2024 Finance Lease Framework Agreement with Honghua Group Limited in Chengdu City, Sichuan Province. This agreement is valid from 1 October 2022 to 31 December 2024.

V. SIGNIFICANT EVENTS (CONTINUED)

V. Material Related Party Transactions (Continued)

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

DEC is the controlling shareholder of the Company, and Honghua Group Limited is the holding subsidiary of DEC. Therefore, the agreements entered into by the Company, DEC and Honghua Group Limited, and the daily continuing transactions contemplated thereunder constituted the continuing connected transactions of the Company pursuant to the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

For details of these agreements, please refer to the announcements published by the Company at the website of the SSE on 9 December 2021 and 1 October 2022.

(II) Related party transactions from asset or equity interest acquisitions or disposals

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

At the 26th meeting of the 10th session of the Board and the 15th meeting of the 10th session of Supervisory Committee convened, the resolution on issue of A shares to specific subscribers has been considered and approved, which agrees that the Company would privately issue no more than 272,878,203 shares to 35 specific subscribers including DEC to raise funds up to RMB5,000,000,000.

For details of the aforesaid event, please refer to the announcement published by the Company at the website of the SSE on 5 April 2023.

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 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 related party	
Dongfang Electric Corporation Limited	Headquarters of the Company	16,000,000	19 January 2016	19 January 2016	19 January 2026	General guarantee	No	No	0	No	Yes	Associate
Dongfang Electric Corporation Limited	Headquarters of the Company	16,000,000	29 June 2016	29 June 2016	29 June 2026	General guarantee	No	No	0	No	Yes	Associate
Dongfang Electric Corporation Limited	Headquarters of the Company	36,000,000	27 October 2016	27 October 2016	27 October 2026	General guarantee	No	No	0	No	Yes	Associate
DEC Dongfang Steam Turbine Co., Ltd.	Wholly-owned subsidiary	24,500,000	22 September 2016	22 September 2016	Termination date of long-term service agreement	General guarantee	No	No	0	No	Yes	Joint venture

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
Guarantee provided by the Company to its subsidiaries	
Total guarantee to subsidiaries incurred during the Reporting Period	0
Total balance of guarantee to subsidiaries as at the end of the Reporting Period (B)	0
Aggregate guarantee of the Company (including those to subsidiaries)	
Aggregate guarantee (A+B)	92,500,000
Percentage of aggregate guarantee to net assets of the Company (%)	0.23
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

The Company provided 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 each of above companies and their derivative interests. The guarantees shall be valid from the effective date of the Equity Pledge Agreement until all debts under the Financial Leasing Contract are being repaid. The guarantee provided by DEC Dongfang Steam Turbine Co., Ltd. to Mitsubishi Heavy Industries Dongfang Gas Turbine (Guangzhou) Co., Ltd. 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.

Statement on guarantee

For details of the above guarantees, please refer to the 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 <i>(share)</i>
I. A Share				
1. Dongfang Electric Corporation	1,727,919,826	–	1,727,919,826	55.41%
2. Others	1,050,887,971	(274,000)	1,050,613,971	33.69%
II. H Share				
Dongfang Electric International Investment Co., Limited	858,800	–	858,800	0.03%
Other H shareholders	339,141,200	–	339,141,200	10.87%
Total	<u>3,118,807,797</u>	<u>(274,000)</u>	<u>3,118,533,797</u>	<u>100%</u>

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		New shares issued	Share donation	Increase/(decrease) of current movements (+, -)			After current movements	
	Number of shares	Percentage (%)			Conversion of reserves into share	Others	Sub-total	Number of shares	Percentage (%)
I. Shares subject to trading moratorium	772,526,199	24.77	0	0	0	-9,126,565	-9,126,565	763,399,634	24.48
1. State-owned shares	0	0	0	0	0	0	0	0	0.00
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	18,623,136	0.60	0	0	0	-9,126,565	-9,126,565	9,496,571	0.30
Including: shares owned by domestic non-state-owned legal persons	0	0	0	0	0	0	0	0	0.00
Shares owned by domestic natural persons	18,623,136	0.60	0	0	0	-9,126,565	-9,126,565	9,496,571	0.30
4. Foreign owned shares	0	0	0	0	0	0	0	0	0.00
Including: shares owned by overseas legal persons	0	0	0	0	0	0	0	0	0.00
Shares owned by overseas natural persons	0	0	0	0	0	0	0	0	0.00

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		New shares issued	Increase/(decrease) of current movements (+, -)				After current movements	
	Number of shares	Percentage (%)		Share donation	Conversion of reserves into share	Others	Sub-total	Number of shares	Percentage (%)
II. Tradable shares not subject to trading moratorium	2,346,281,598	75.23	0	0	0	+8,852,565	+8,852,565	2,355,134,163	75.52
1. RMB-denominated ordinary shares	2,006,281,598	64.33	0	0	0	+8,852,565	+8,852,565	2,015,134,163	64.62
2. Domestic listed foreign shares	0	0.00	0	0	0	0	0	0	0.00
3. Overseas listed foreign shares	340,000,000	10.90	0	0	0	0	0	340,000,000	10.90
4. Others	0	0.00	0	0	0	0	0	0	0.00
III. Total number of shares	3,118,807,797	100.00	0	0	0	-274,000	-274,000	3,118,533,797	100.00

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

I. Changes in Ordinary Shares (Continued)

(II) Table of changes in shares (Continued)

Explanation on changes in shares

The conditions for unlocking the second tranche of the First Grant under the Restricted A Share Incentive Scheme for 2019 had been fulfilled and the Company agrees to handle the unlocking arrangement of the relevant restricted shares for 744 participants who satisfied the unlocking conditions. The number of unlocked restricted shares involved was 88,525,650,000 shares, which had commenced trading on 9 January 2023.

Due to changes in the individual circumstances of the certain participants under the Restricted A Share Incentive Scheme for 2019 of the Company, the Company repurchased and cancelled a total of 274,000 restricted shares which had been granted to such participants and been granted with authorisation but not yet unlocked on 13 March 2023. For details of the above changes in shares, please refer to the relevant announcements published by the Company on the website of the SSE (<http://www.sse.com.cn>).

Impact of changes in shares between the Reporting Period and the date of this report on financial indicators such as earnings per share and net assets per share

During the Reporting Period, the Company cancelled a total of 274,000 ordinary shares, representing 0.01% of the total number of shares of the Company, due to the repurchase and cancellation of the restricted shares which had been granted to certain participants and been granted with authorisation but not yet unlocked, which basically had no impact on the main financial indicators of the Company.

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	18,623,136	9,126,565	(274,000)	9,496,571	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	772,526,199	9,126,565	(274,000)	763,399,634	/	/

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>)	100,653
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 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 (%)				
Dongfang Electric Corporation	0	1,727,919,826	55.41	753,903,063	Nil	0	State-owned legal person
Hong Kong Securities Clearing Company Limited	-4,000	337,894,369	10.84	0	Unknown	0	Overseas legal person
National Social Security Fund Portfolio 113 (全國社保基金一一三組合)	+20,830,886	34,913,498	1.12	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 (%)				
Guoshou Pension Strategy No. 4 Stock-based Pension Product (國壽養老策略4號股票型養老金產品) – Industrial and Commercial Bank of China Limited	+9,515,212	23,243,168	0.75	0	Unknown	0	Other
Basic Pension Insurance Fund Portfolio 802 (基本養老保險基金八零二組合)	+5,000,000	21,544,758	0.69	0	Unknown	0	Other
Guoxin Investment Co., Ltd. (國新投資有限公司)	+8,173,400	8,173,400	0.26	0	Unknown	0	State-owned legal person
Agricultural Bank of China Limited – BOCOM Schroders Advanced Manufacturing Mixed Securities Investment Fund (中國農業銀行股份有限公司 – 交銀施羅德先進製造混合型證券投資基金)	+8,047,459	8,047,459	0.26	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)	-645,436	7,834,964	0.25	0	Unknown	0	Other
GF Fund – Agricultural Bank – GF China Securities and Financial Assets Management Program (廣發基金 – 農業銀行 – 廣發中證金融資產管理計劃)	-830,100	7,650,300	0.25	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)	-1,029,800	7,450,600	0.24	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	337,894,369	Overseas-listed foreign shares	337,894,369
National Social Security Fund Portfolio 113 (全國社保基金一一三組合)	34,913,498	RMB ordinary shares	34,913,498
Guoshou Pension Strategy No. 4 Stock-based Pension Product (國壽養老策略4號股票型養老金產品)-Industrial and Commercial Bank of China Limited	23,243,168	RMB ordinary shares	23,243,168
Basic Pension Insurance Fund Portfolio 802 (基本養老保險基金八零二組合)	21,544,758	RMB ordinary shares	21,544,758
Guoxin Investment Co., Ltd. (國新投資有限公司)	8,173,400	RMB ordinary shares	8,173,400
Agricultural Bank of China Limited – BOCOM Schroders Advanced Manufacturing Mixed Securities Investment Fund (中國農業銀行股份有限公司—交銀施羅德先進製造混合型證券投資基金)	8,047,459	RMB ordinary shares	8,047,459

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
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)	7,834,964	RMB ordinary shares	7,834,964
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)	7,650,300	RMB ordinary shares	7,650,300
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)	7,450,600	RMB ordinary shares	7,450,600
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	50,000	24 months, 36 months and 48 months from the completion date of registration of the Restricted Shares under the grant.	50,000	See Explanation 2
3	Gao Feng	50,000	24 months, 36 months and 48 months from the completion date of registration of the Restricted Shares under the grant.	50,000	See Explanation 2
4	Wang Weimin	25,000	24 months, 36 months and 48 months from the completion date of registration of the Restricted Shares under the grant.	25,000	See Explanation 2
5	Hu Xiukui	25,000	24 months, 36 months and 48 months from the completion date of registration of the Restricted Shares under the grant.	25,000	See Explanation 2
6	Liu Hui	25,000	24 months, 36 months and 48 months from the completion date of registration of the Restricted Shares under the grant.	25,000	See Explanation 2
7	He Jianhua	25,000	24 months, 36 months and 48 months from the completion date of registration of the Restricted Shares under the grant.	25,000	See Explanation 2
8	Wu Jiandong	25,000	24 months, 36 months and 48 months from the completion date of registration of the Restricted Shares under the grant.	25,000	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		Conditions of trading moratorium
			Eligible listing time	Number of new listed shares	
9	Chen Qiang	25,000	24 months, 36 months and 48 months from the completion date of registration of the Restricted Shares under the grant.	25,000	See Explanation 2
10	Zeng Xianmao	25,000	24 months, 36 months and 48 months from the completion date of registration of the Restricted Shares under the grant.	25,000	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:

1. 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.
2. 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 SSE (<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 2023, 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 ² (%)	in the respective class of share capital ² (%)
DEC	A Share	Beneficial owner	1,727,919,826(L)	55.41	62.19
	H Share	Interest held by controlled corporation	858,800(L) ¹	0.03	0.25

(L) – long position.

Notes:

- 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 (formerly known as DongFang Electric (Hong Kong) Limited).
- The above percentage of total share capital and the percentage in the respective classes of share capital were calculated on the basis of total share capital (3,118,533,797 shares) and respective classes of share capital (including 2,778,533,797 A Shares and 340,000,000 H Shares) of the Company as at 30 June 2023.

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)

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

30 August 2023



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

Dongfang Electric Corporation Limited
Financial Statements and Notes
(From January 1, 2023 to June 30, 2023)

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Dongfang Electric Corporation Limited
Consolidated Balance Sheet
As at June 30, 2023
(Amounts are expressed in RMB unless otherwise stated)

Assets	Note 5	Balance as at June 30, 2023	Balance as at December 31, 2022
Current assets:			
Monetary funds	5.1	18,419,338,817.50	15,038,954,412.20
Balances with clearing companies			
Loans to banks and other financial institutions	5.2	2,072,258,000.00	30,000,000.00
Financial assets held for trading	5.3	694,245,551.19	1,031,815,888.77
Derivative financial assets			
Notes receivable	5.4	1,353,637,092.04	1,259,829,103.22
Accounts receivable	5.5	13,440,361,804.00	10,092,237,182.40
Receivables financing	5.6	1,795,894,222.01	1,553,557,305.66
Advances to suppliers	5.7	6,931,426,558.21	5,485,312,103.62
Premiums receivable			
Reinsurance accounts receivable			
Reinsurance contract reserves receivable			
Other receivables	5.8	607,009,019.51	508,367,654.26
Including: Interest receivable		95,994,517.96	44,123,162.89
Dividends receivable		24,482,648.69	24,482,648.69
Financial assets purchased under resale agreements	5.9	2,870,000,000.00	1,390,000,000.00
Inventories	5.10	19,009,339,842.03	18,455,259,894.80
Contract assets	5.11	12,404,980,106.35	10,685,404,327.66
Assets held for sale			
Non-current assets maturing within one year	5.12	784,753,927.93	931,706,413.91
Other current assets	5.13	889,535,716.63	947,426,336.84
Total current assets		81,272,780,657.40	67,409,870,623.34
Non-current assets:			
Disbursement of loans and advances	5.14	5,380,895,872.02	4,548,783,922.30
Creditor's right investments	5.15	21,101,360,607.05	25,380,129,406.70
Other creditor's right investments			
Long-term receivables	5.16	167,412,253.40	175,090,435.83
Long-term equity investments	5.17	2,602,418,809.35	2,398,321,350.77
Other equity instrument investments	5.18	540,810,632.91	643,319,010.30
Other non-current financial assets			
Investment properties	5.19	149,662,185.31	148,621,837.35
Fixed assets	5.20	4,880,990,021.32	4,876,157,932.17
Construction in progress	5.21	454,861,013.30	375,883,613.38
Productive biological assets			
Oil and gas assets			
Right-of-use assets	5.22	246,993,130.29	297,189,745.62
Intangible assets	5.23	1,763,848,104.22	1,761,826,282.17
Development expenditures	5.24	24,910,965.94	5,250,961.72
Goodwill			
Long-term deferred expenses	5.25	2,805,229.78	2,184,738.06
Deferred income tax assets	5.26	3,185,223,854.43	3,143,255,183.92
Other non-current assets	5.27	4,698,084,954.43	4,099,175,423.76
Total non-current assets		45,200,277,633.75	47,855,189,844.05
Total assets		126,473,058,291.15	115,265,060,467.39

The accompanying notes to the financial statements form an integral part of the financial statements.
Enterprise Principal: Yu Peigen Accounting Principal: Liu Zhiquan Person in charge of the Accounting Department: Zheng Xingyi

Dongfang Electric Corporation Limited
Consolidated Balance Sheet (Continued)
As at June 30, 2023
(Amounts are expressed in RMB unless otherwise stated)

Liabilities and owners' equity	Note 5	Balance as at June 30, 2023	Balance as at December 31, 2022
Current liabilities:			
Short-term borrowings	5.28	127,000,000.00	103,235,027.02
Borrowings from central bank			
Loans from banks and other financial institutions			
Financial liabilities held for trading			
Derivative financial liabilities	5.29	20,060,385.90	2,725,701.24
Notes payable	5.30	12,939,174,769.99	10,026,704,197.84
Accounts payable	5.31	20,692,894,781.90	17,349,894,192.01
Advances from customers			
Contract liabilities	5.32	33,499,003,147.40	32,191,795,772.36
Financial assets sold under repurchase agreements			
Absorption of deposits and interbank deposits	5.33	6,145,483,561.94	4,389,305,510.35
Receivings from vicariously traded securities			
Receivings from vicariously sold securities			
Employee compensation payable	5.34	652,334,789.29	842,346,003.01
Taxes and surcharges payable	5.35	400,156,692.64	330,959,977.79
Other payables	5.36	2,279,400,500.96	1,267,004,545.61
Including: Interest payable		7,177,742.39	7,526,176.87
Dividends payable		1,050,198,651.47	4,023,929.75
Handling charges and commissions payable			
Reinsurance accounts payable			
Liabilities held for sale			
Non-current liabilities maturing within one year	5.37	584,380,505.88	625,856,387.58
Other current liabilities	5.38	257,925,511.62	294,431,940.09
Total current liabilities		77,597,814,647.52	67,424,259,254.90
Non-current liabilities:			
Reserves for insurance contracts			
Long-term borrowings	5.39	992,528,894.75	951,113,407.87
Bonds payable			
Including: preferred stock			
Perpetual bond			
Lease liabilities	5.40	191,693,555.47	184,843,215.08
Long-term payables	5.41	240,000.00	240,000.00
Long-term employee compensation payable	5.42	1,120,197,625.97	1,047,826,935.57
Estimated liabilities	5.43	6,362,450,369.83	6,633,580,833.59
Deferred income	5.44	360,297,945.16	338,013,895.13
Deferred income tax liabilities	5.26	50,382,396.50	60,311,398.09
Other non-current liabilities			
Total non-current liabilities		9,077,790,787.68	9,215,929,685.33
Total liabilities		86,675,605,435.20	76,640,188,940.23
Owner's equity:			
Share capital	5.45	3,118,533,797.00	3,118,807,797.00
Other equity instruments			
Including: preferred stock			
Perpetual bond			
Capital reserves	5.46	11,569,657,749.25	11,644,956,621.11
Less: treasury stock	5.47	111,093,911.81	112,550,221.81
Other comprehensive income	5.48	-53,984,216.12	262,952.31
Special reserves	5.49	144,851,845.45	129,425,897.03
Surplus reserves	5.50	1,201,503,540.86	1,201,503,540.86
General risk reserves			
Undistributed profits	5.51	19,956,518,710.73	18,999,069,789.89
Total equity attributable to owners of the parent company		35,825,987,515.36	34,981,476,376.39
Minority equity		3,971,465,340.59	3,643,395,150.77
Total owner's equity		39,797,452,855.95	38,624,871,527.16
Total liabilities and owners' equity		126,473,058,291.15	115,265,060,467.39

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

Enterprise Principal:
Yu Peigen

Accounting Principal:
Liu Zhiquan

Person in charge of the Accounting
Department: Zheng Xingyi

Dongfang Electric Corporation Limited
Parent Company's Balance Sheet
As at June 30, 2023
(Amounts are expressed in RMB unless otherwise stated)

Assets	Note 15	Balance as at June 30, 2023	Balance as at December 31, 2022
Current assets:			
Monetary funds		6,866,149,086.78	8,293,786,594.85
Financial assets held for trading		9,129,694.00	7,869,350.00
Derivative financial assets			
Notes receivable			
Accounts receivable	15.1	2,548,022,580.36	1,397,019,667.00
Receivables financing	15.2	470,373,458.17	79,739,353.41
Advances to suppliers		3,613,543,333.70	5,684,755,314.43
Other receivables	15.3	97,517,576.55	97,138,287.44
Inventories		110,539,032.23	223,538,467.87
Contract assets		4,536,122,897.47	3,616,066,845.67
Assets held for sale			
Non-current assets due maturing one year			
Other current assets		68,528,755.87	84,366,011.93
Total current assets		18,319,926,415.13	19,484,279,892.60
Non-current assets:			
Creditor's right investments			
Other creditor's right investments			
Long-term receivables			
Long-term equity investments	15.4	23,447,354,490.04	23,224,124,927.41
Other equity instrument investments			
Other non-current financial assets			
Investment properties		7,308,696.09	7,865,376.22
Fixed assets		30,148,867.82	32,205,865.11
Construction in progress		72,280,269.22	62,280,888.60
Productive biological assets			
Oil and gas assets			
Right-of-use assets		33,517,113.51	67,034,227.03
Intangible assets		91,958,052.51	102,067,554.81
Development expenditures		3,419,811.33	3,419,811.33
Goodwill			
Long-term deferred expenses			
Deferred income tax assets		196,792,288.21	183,129,455.15
Other non-current assets		1,139,226,577.21	711,152,873.63
Total non-current assets		25,022,006,165.94	24,393,280,979.29
Total assets		43,341,932,581.07	43,877,560,871.89

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

Enterprise Principal:
Yu Peigen

Accounting Principal:
Liu Zhiquan

Person in charge of the Accounting
Department: Zheng Xingyi

Dongfang Electric Corporation Limited
Parent Company's Balance Sheet (Continued)
As at June 30, 2023
(Amounts are expressed in RMB unless otherwise stated)

Liabilities and owners' equity	Balance as at June 30, 2023	Balance as at December 31, 2022
Current liabilities:		
Short-term borrowings		
Financial liabilities held for trading		
Derivative financial liabilities		
Notes payable	120,488,668.02	279,290,272.94
Accounts payable	6,741,751,523.32	5,867,866,455.79
Advances from customers		
Contract liabilities	8,741,174,703.44	11,136,673,236.10
Employee compensation payable	29,733,974.77	48,365,317.28
Taxes and surcharges payable	7,987,350.04	7,367,247.79
Other payables	1,718,262,513.77	688,258,082.12
Liabilities held for sale		
Non-current liabilities maturing within one year	35,379,047.59	67,364,008.73
Other current liabilities		
Total current liabilities	17,394,777,780.95	18,095,184,620.75
Non-current liabilities:		
Long-term borrowings		
Bonds payable		
Including: preferred stock		
Lease liabilities		
Long-term payables		
Long-term employee compensation payable	322,071.45	1,020,566.73
Estimated liabilities	340,829,976.42	342,057,722.59
Deferred income	14,399,935.62	14,157,562.50
Deferred income tax liabilities		
Other non-current liabilities		
Total non-current liabilities	355,551,983.49	357,235,851.82
Total liabilities	17,750,329,764.44	18,452,420,472.57
Owner's equity:		
Share capital	3,118,533,797.00	3,118,807,797.00
Other equity instruments		
Including: preferred stock		
Capital reserves	13,029,679,102.27	13,030,861,412.27
Less: treasury stock	111,093,911.81	112,550,221.81
Other comprehensive income	475,130.32	475,130.32
Special reserves		
Surplus reserves	1,489,880,919.90	1,489,880,919.90
Undistributed profits	8,064,127,778.95	7,897,665,361.64
Total owner's equity	25,591,602,816.63	25,425,140,399.32
Total liabilities and owners' equity	43,341,932,581.07	43,877,560,871.89

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

Enterprise Principal:
Yu Peigen

Accounting Principal:
Liu Zhiquan

Person in charge of the Accounting
Department: Zheng Xingyi

Dongfang Electric Corporation Limited
Consolidated Income Statement
January- June 2023
(Amounts are expressed in RMB unless otherwise stated)

Item	Note 5	For the six months ended June 30, 2023	For the six months ended June 30, 2022
I. Total operating revenue	5.52	29,915,296,549.01	27,909,010,359.66
Including: operating revenue	5.52	29,345,972,781.79	27,323,411,535.87
Interest income	5.52	568,157,152.70	584,434,000.71
Premiums earned			
Income from handling charges and commissions	5.52	1,166,614.52	1,164,823.08
II. Total operating cost		27,438,020,671.19	25,997,346,352.43
Including: operating costs	5.52	24,230,760,861.78	22,835,597,803.11
Interest expenses	5.52	19,824,586.82	50,997,730.48
Handling charges and commissions expenses	5.52	777,722.29	699,886.05
Surrender value			
Net amount of compensation payout			
Net amount withdrawn for insurance contract reserves			
Policy dividend expenses			
Reinsurance costs			
Taxes and surcharges	5.53	164,017,934.21	170,614,007.64
Selling and distribution expenses	5.54	688,194,497.21	707,505,965.71
General and administrative expenses	5.55	1,341,884,330.39	1,341,880,622.33
Research and development expenditures	5.56	1,070,700,313.76	945,283,705.10
Finance expenses	5.57	-78,139,575.27	-55,233,367.99
Including: interest expenses	5.57	26,710,478.90	25,281,722.08
Interest income	5.57	24,015,239.52	17,610,455.06
Plus: other income	5.58	88,024,357.45	188,104,269.86
Investment income ("-" for losses)	5.59	177,601,878.67	134,846,276.83
Including: income from investment in associates and joint ventures	5.59	189,024,034.56	116,777,292.85
Income from derecognition of financial assets measured at amortized cost			
Foreign exchange gains ("-" for losses)	5.60	943,620.08	1,720,767.48
Income from net exposure hedging ("-" for losses)			
Income from changes in fair value ("-" for losses)	5.61	48,639,616.41	-9,897,217.58
Losses from credit impairment ("-" for losses)	5.62	-324,271,396.48	91,443,759.24
Losses from asset impairment ("-" for losses)	5.63	-143,524,898.51	-272,368,380.50
Income from asset disposal ("-" for losses)	5.64	4,859,201.14	43,041,729.82
III. Operating profits ("-" for losses)		2,329,548,256.58	2,088,555,212.38
Plus: non-operating revenue	5.65	14,889,115.44	17,321,985.17
Less: non-operating expenses	5.66	17,890,468.27	36,431,583.15
IV. Total profits ("-" for total losses)		2,326,546,903.75	2,069,445,614.40
Less: income tax expenses	5.67	230,333,499.86	204,189,356.65
V. Net profit ("-" for net loss)		2,096,213,403.89	1,865,256,257.75
(I) Classified by operating sustainability			
1. Net profit from continuing operations ("-" for net loss)		2,096,213,403.89	1,865,256,257.75
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)		2,002,157,742.84	1,774,136,141.38
2. Non-controlling shareholders profit or loss ("-" for net loss)		94,055,661.05	91,120,116.37
VI. Other comprehensive income, net of tax	5.48	-55,285,249.38	35,460,142.80
Other comprehensive income, net of tax, attributable to owners of the parent company	5.48	-54,247,168.43	34,695,519.65
(I) Other comprehensive income that cannot be reclassified into profit or loss		-84,313,676.43	
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		-84,313,676.43	
4. Changes in fair value of the Company's own credit risk			
(II) Other comprehensive income that will be reclassified into profit or loss	5.48	30,066,508.00	34,695,519.65
1. Other comprehensive income that can be transferred to profit or loss under the equity method	5.48	-37,603.92	273,511.35
2. Changes in fair value of other bond investments			
3. Amount of financial assets reclassified into other comprehensive income			

Item	Note 5	For the six months ended June 30, 2023	For the six months ended June 30, 2022
4. Provision for credit impairment of other creditor's rights investment	5.48	-672,777.16	1,685,257.82
5. Cash flow hedging reserves			
6. Differences arising from translation of foreign currency financial statements	5.48	30,776,889.08	32,736,750.48
7. Others			
Other comprehensive income, net of tax, attributable to minority shareholders	5.48	-1,038,080.95	764,623.15
VII. Total comprehensive income		2,040,928,154.51	1,900,716,400.55
Total comprehensive income attributable to owners of the parent company		1,947,910,574.41	1,808,831,661.03
Total comprehensive income attributable to minority shareholders		93,017,580.10	91,884,739.52
VIII. Earnings per share:			
(I) Basic earnings per share (RMB/share)	5.68	0.64	0.57
(II) Diluted earnings per share (RMB/share)	5.68	0.64	0.57

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.

Enterprise Principal:
Yu Peigen

Accounting Principal:
Liu Zhiquan

Person in charge of the Accounting
Department: Zheng Xingyi

Dongfang Electric Corporation Limited
Parent Company's Income Statement
January- June 2023
(Amounts are expressed in RMB unless otherwise stated)

Item	Note 15	For the six months ended June 30, 2023	For the six months ended June 30, 2022
I. Operating revenue	15.5	8,427,884,289.42	7,131,847,524.84
Less: Operating cost	15.5	7,977,300,133.67	6,995,115,382.72
Taxes and surcharges		1,081,855.93	11,551,753.92
Selling and distribution expenses		19,261,052.75	14,020,467.82
General and administrative expenses		120,484,150.01	125,552,478.63
Research and development expenditures		89,995,416.95	71,343,104.22
Finance expenses		-26,620,696.45	-67,844,309.03
Including: interest expenses			
Interest income		17,688,010.45	24,592,031.78
Plus: other income			135,934,858.92
Investment income ("-" for losses)	15.6	1,086,611,979.77	1,068,376,168.40
Including: income from investment in associates and joint ventures	15.6	123,229,562.63	92,523,783.24
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)		1,260,344.00	-1,295,992.00
Losses from credit impairment ("-" for losses)		-18,062,181.67	21,591,990.87
Losses from asset impairment ("-" for losses)		-112,439,076.29	-33,500,433.91
Income from asset disposal ("-" for losses)			
II. Operating profits ("-" for losses)		1,203,753,442.37	1,173,215,238.84
Plus: non-operating revenue		839,283.53	1,273,524.16
Less: non-operating expenses		7,084,319.65	237,524.97
III. Total profits ("-" for total losses)		1,197,508,406.25	1,174,251,238.03
Less: income tax expenses		-13,662,833.06	16,198,662.83
IV. Net profit ("-" for net loss)		1,211,171,239.31	1,158,052,575.20
(I) Net profit from continued operation ("-" for net loss)		1,211,171,239.31	1,158,052,575.20
(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			
6. Differences arising from translation of foreign-currency financial statements			
7. Others			
VI. Total comprehensive income		1,211,171,239.31	1,158,052,575.20
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.

Enterprise Principal:
Yu Peigen

Accounting Principal:
Liu Zhiquan

Person in charge of the Accounting
Department: Zheng Xingyi

Dongfang Electric Corporation Limited
Consolidated Statement of Cash Flows
January- June 2023
(Amounts are expressed in RMB unless otherwise stated)

Item	Note 5	For the six months ended June 30, 2023	For the six months ended June 30, 2022
I. Cash flows from operating activities			
Cash received from sales of goods and rendering of services		24,975,496,521.74	19,238,858,948.07
Net increase in deposits from customers and due from banks and other financial institutions		216,659,345.85	2,194,918,778.81
Net increase in borrowings from central bank			
Net increase in loans from other financial institutions		-2,039,153,718.51	1,354,638,205.12
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		97,181,705.56	290,465,994.55
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		176,717,100.46	433,837,274.14
Cash received from other operating activities	5.69	1,508,440,426.50	888,347,552.14
Sub-total of cash inflows from operating activities		24,935,341,381.60	24,401,066,752.83
Cash paid for goods purchased and services received		21,849,890,083.83	16,343,997,934.91
Net increase in loans and advances to customers		-2,271,327,582.03	742,944,486.59
Net increase in deposits with central bank and with banks and other financial institutions		180,466,874.42	119,500,970.56
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		560,405.91	755,468.24
Cash paid for policy dividends			
Cash paid to and on behalf of employees		2,206,198,125.50	1,975,518,180.15
Cash paid for taxes and surcharges		1,304,317,467.77	1,107,137,955.37
Cash paid for other operating activities	5.69	3,877,232,951.81	1,711,921,922.53
Sub-total of cash outflows from operating activities		27,147,338,327.21	22,001,776,918.35
Net cash flows from operating activities		-2,211,996,945.61	2,399,289,834.48
II. Cash flows from investing activities			
Cash received from disposal of investments		19,569,540,978.05	9,745,192,591.43
Cash received from returns on investments		2,175,998.50	157,741,935.79
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		7,352,030.76	18,148,342.46
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		19,579,069,007.31	9,921,082,869.68
Cash paid to acquire and construct fixed assets, intangible assets and other long-term assets		353,028,260.33	265,654,750.72
Cash paid for investments		14,637,931,500.00	18,096,055,647.12
Net increase in pledge loans			
Net cash paid to acquire subsidiaries and other business units			
Cash paid for other investing activities	5.69	243,519.57	1,150.00
Sub-total of cash outflows from investing activities		14,991,203,279.90	18,361,711,547.84
Net cash flows from investing activities		4,587,865,727.41	-8,440,628,678.16
III. Cash flows from financing activities			
Cash from absorption of investments		239,590,536.00	227,656,227.50
Including: cash received by subsidiaries from the absorption of minority shareholders' investments		239,590,536.00	227,656,227.50
Cash received from borrowings		182,687,809.20	50,000,000.00
Cash received from other financing activities			
Sub-total of cash inflows from financing activities		422,278,345.20	277,656,227.50
Cash paid for debt repayments		56,907,829.80	51,672,988.12
Cash paid for distribution of dividends and profits or payment of interest		112,784,018.76	78,311,259.67

Item	Note 5	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Including: dividends and profits paid to minority shareholders by subsidiaries		104,178,754.34	62,301,605.35
Cash paid for other financing activities	5.69	15,548,816.59	65,074,447.84
Sub-total of cash outflows from financing activities		185,240,665.15	195,058,695.63
Net cash flows from financing activities		237,037,680.05	82,597,531.87
IV. Effect of fluctuation in exchange rate on cash and cash equivalents		61,544,880.18	71,403,257.42
V. Net increase in cash and cash equivalents		2,674,451,342.03	-5,887,338,054.39
Plus: beginning balance of cash and cash equivalents		12,116,255,168.62	16,324,077,597.44
VI. Ending balance of cash and cash equivalents		14,790,706,510.65	10,436,739,543.05

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

Enterprise Principal:
Yu Peigen

Accounting Principal:
Liu Zhiquan

Person in charge of the Accounting
Department: Zheng Xingyi

Dongfang Electric Corporation Limited
Parent Company's Statement of Cash Flows
January- June 2023
(Amounts are expressed in RMB unless otherwise stated)

Item	For the six months ended June 30, 2023	For the six months ended June 30, 2022
I. Cash flows from operating activities		
Cash received from sales of goods and rendering of services	2,983,672,747.97	5,077,423,389.75
Refunds of taxes and surcharges	16,201,971.74	131,384,585.60
Cash received from other operating activities	489,842,599.88	175,181,329.82
Sub-total of cash inflows from operating activities	3,489,717,319.59	5,383,989,305.17
Cash paid for goods purchased and services received	5,285,928,347.69	6,522,406,389.93
Cash paid to and on behalf of employees	63,442,443.20	69,819,265.50
Cash paid for taxes and surcharges	5,667,871.08	12,716,130.99
Cash paid for other operating activities	411,223,903.28	82,298,033.13
Sub-total of cash outflows from operating activities	5,766,262,565.25	6,687,239,819.55
Net cash flows from operating activities	-2,276,545,245.66	-1,303,250,514.38
II. Cash flows from investing activities		
Cash received from disposal of investments		40,000,000.00
Cash received from returns on investments	963,382,417.14	1,003,220,773.65
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	16,195.00	36,280.00
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	963,398,612.14	1,043,257,053.65
Cash paid to acquire and construct fixed assets, intangible assets and other long-term assets	109,500.00	1,742,372.80
Cash paid for investments	100,000,000.00	264,300,000.00
Net cash paid to acquire subsidiaries and other business units		
Cash paid for other investing activities		
Sub-total of cash outflows from investing activities	100,109,500.00	266,042,372.80
Net cash flows from investing activities	863,289,112.14	777,214,680.85
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		231,288,503.89
Sub-total of cash outflows from financing activities		231,288,503.89
Net cash flows from financing activities		-231,288,503.89
IV. Effect of fluctuation in exchange rate on cash and cash equivalents	-14,381,374.55	21,662,674.64
V. Net increase in cash and cash equivalents	-1,427,637,508.07	-735,661,662.78
Plus: beginning balance of cash and cash equivalents	8,293,786,594.85	6,239,742,130.22
VI. Ending balance of cash and cash equivalents	6,866,149,086.78	5,504,080,467.44

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

Enterprise Principal:
Yu Peigen

Accounting Principal:
Liu Zhiquan

Person in charge of the Accounting
Department: Zheng Xingyi

Dongfang Electric Corporation Limited
Consolidated Statement of Changes in Shareholders' Equity
For January - June 2023
(Amounts are expressed in RMB unless otherwise stated)

Item	For the six months ended June 30, 2023													
	Share capital	Other equity instruments			Capital reserve s	Less: treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Gen era l risk reserve	Undistributed profit	Sub-total	Minority equity	Totalshareholders' equity
		Preferred stock	Perpetual bond	Others										
I. Balance as at December 31, 2022	3,118,807,797.00				11,644,956,621.11	112,550,221.81	262,952.31	129,425,897.03	1,201,503,540.86		18,999,069,789.89	34,981,476,376.39	3,643,395,150.77	38,624,871,527.16
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, 2023	3,118,807,797.00				11,644,956,621.11	112,550,221.81	262,952.31	129,425,897.03	1,201,503,540.86		18,999,069,789.89	34,981,476,376.39	3,643,395,150.77	38,624,871,527.16
III. Increases/decreases in the period ("-" for decreases)	-274,000.00				-75,298,871.86	-1,456,310.00	-54,247,168.43	15,425,948.42			957,448,920.84	844,511,138.97	328,070,189.82	1,172,581,328.79
(I) Total comprehensive income							-54,247,168.43				2,002,157,742.84	1,947,910,574.41	93,017,580.10	2,040,928,154.51
(II) Capital contributed or reduced by owners	-274,000.00				-75,298,871.86	-1,456,310.00						-74,116,561.86	309,696,201.48	235,579,639.62
1. Common stock contributed by owners	-274,000.00				-4,470,745.68	-1,456,310.00						-3,288,435.68	36,079,390.00	32,790,954.32
2. Capital invested by the holders of other equity instruments														
3. Amounts of share based payments recognized in owners' equity														
4. Others					-70,828,126.18							-70,828,126.18	273,616,811.48	202,788,685.30
(III) Profit distribution											-1,044,708,822.00	-1,044,708,822.00	-78,929,888.47	-1,123,638,710.47
1. Withdrawal of surplus reserves														
2. Withdrawal of general risk reserves														
3. Profit distributed to owners (or shareholders)											-1,044,708,822.00	-1,044,708,822.00	-78,929,888.47	-1,123,638,710.47
4. Others														
(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)														
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								15,425,948.42				15,425,948.42	4,286,296.71	19,712,245.13
1. Amount withdrawn in the period								55,485,606.20				55,485,606.20	10,084,832.87	65,570,439.07
2. Amount used in the period								-40,059,657.78				-40,059,657.78	-5,798,536.16	-45,858,193.94
(VI) Others														
IV. Balance as at June 30, 2023	3,118,533,797.00				11,569,657,749.25	111,093,911.81	-53,984,216.12	144,851,845.45	1,201,503,540.86		19,956,518,710.73	35,825,987,515.36	3,971,465,340.59	39,797,452,855.95

The accompanying notes to the financial statements form a nintegral part of the financial statements.

Enterprise Principal: Yu Peigen

Accounting Principal: Liu Zhiquan

Person incharge of the Accounting Department: Zheng Xingyi

Dongfang Electric Corporation Limited
Consolidated Statement of Changes in Shareholders' Equity (Continued)
For January - June 2023
(Amounts are expressed in RMB unless otherwise stated)

Item	For the six months ended June 30, 2022													Minority equity	Total shareholder s' equity
	Equity attributable to owners of the parent company											Sub-total			
	Share capital	Other equity instruments			Capital reserves	Less: treasury stock	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit				
	Preferred stock	Perpetual bond	Others												
I. Balance as at December 31, 2021	3,119,151,130.00				11,443,491,813.08	168,649,028.00	-68,955,596.96	109,375,113.28	1,086,931,884.63		16,976,316,664.38	32,497,661,980.41	2,886,215,244.96	35,383,877,225.37	
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, 2022	3,119,151,130.00				11,443,491,813.08	168,649,028.00	-68,955,596.96	109,375,113.28	1,086,931,884.63		16,976,316,664.38	32,497,661,980.41	2,886,215,244.96	35,383,877,225.37	
III. Increases/decreases in the period ("-" for decreases)	-150,000.00				-26,115,919.02	-54,833,441.70	34,695,519.65	25,781,608.67			1,056,765,881.48	1,145,810,532.48	117,587,174.59	1,263,397,707.07	
(I) Total comprehensive income							34,695,519.65				1,774,136,141.38	1,808,831,661.03	91,884,739.52	1,900,716,400.55	
(II) Capital contributed or reduced by owners	-150,000.00				-20,571,505.87	-54,833,441.70						34,111,935.83	83,708,296.72	117,820,232.55	
1. Common stock contributed by owners	-150,000.00				12,682,837.04							12,532,837.04	83,708,296.72	96,241,133.76	
2. Capital invested by the holders of other equity instruments															
3. Amounts of share-based payments recognized in owners' equity															
4. Others					-33,254,342.91	-54,833,441.70						21,579,098.79		21,579,098.79	
(III) Profit distribution											-717,370,259.90	-717,370,259.90	-62,301,605.35	-779,671,865.25	
1. Withdrawal of surplus reserves															
2. Withdrawal of general risk reserves															
3. Profit distributed to owners (or shareholders)											-717,370,259.90	-717,370,259.90	-62,301,605.35	-779,671,865.25	
4. Others															
(IV) Internal carry-forward of owners' equity															
1. Conversion of capital reserves into paid-in capital (or share capital)															
2. Conversion of surplus reserves into paid-in capital (or share capital)															

Item	For the six months ended June 30, 2022													
	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	Undistribute dprofit	Sub-total		
	Preferred stock	Perpetual 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								25,781,608.67				25,781,608.67	4,295,743.70	30,077,352.37
1. Amount withdrawn in the period								56,440,164.66				56,440,164.66	7,975,289.52	64,415,454.18
2. Amount used in the period								-30,658,555.99				-30,658,555.99	-3,679,545.82	-34,338,101.81
(VI) Others					-5,544,413.15							-5,544,413.15		-5,544,413.15
IV. Balance as at June 30,2022	3,119,001,130.00				11,417,375,894.06	113,815,586.30	-34,260,077.31	135,156,721.95	1,086,931,884.63		18,033,082,545.86	33,643,472,512.89	3,003,802,419.55	36,647,274,932.44

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

Enterprise Principal: Yu Peigen

Accounting Principal: Liu Zhiquan

Person in charge of the Accounting Department: Zheng Xingyi

Dongfang Electric Corporation Limited
Parent Company's Statement of Changes in Shareholders' Equity
January – June 2023
(Amounts are expressed in RMB unless otherwise stated)

Item	For the six months ended June 30, 2023										
	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, 2022	3,118,807,797.00				13,030,861,412.27	112,550,221.81	475,130.32		1,489,880,919.90	7,897,665,361.64	25,425,140,399.32
Plus: adjustments for changes in accounting policies											
Correction of accounting errors in prior periods											
Others											
II. Balance as at January 1, 2023	3,118,807,797.00				13,030,861,412.27	112,550,221.81	475,130.32		1,489,880,919.90	7,897,665,361.64	25,425,140,399.32
III. Increases/decreases in the period ("-" for decreases)	-274,000.00				-1,182,310.00	-1,456,310.00				166,462,417.31	166,462,417.31
(I) Total comprehensive income										1,211,171,239.31	1,211,171,239.31
(II) Capital contributed or reduced by owners	-274,000.00				-1,182,310.00	-1,456,310.00					
1. Common stock contributed by owners	-274,000.00				-1,182,310.00						-1,456,310.00
2. Capital invested by the holders of other equity instruments											
3. Amounts of share-based payments recognized in owners' equity											
4. Others						-1,456,310.00					1,456,310.00
(III) Profit distribution										-1,044,708,822.00	-1,044,708,822.00
1. Withdrawal of surplus reserves											
2. Profit distributed to owners (or shareholders)										-1,044,708,822.00	-1,044,708,822.00
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, 2023	3,118,533,797.00				13,029,679,102.27	111,093,911.81	475,130.32		1,489,880,919.90	8,064,127,778.95	25,591,602,816.63

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

Enterprise Principal: Yu Peigen

Accounting Principal: Liu Zhiquan

Person in charge of the Accounting Department: Zheng Xingyi

Dongfang Electric Corporation Limited
Parent Company's Statement of Changes in Shareholders' Equity (Continued)
January – June 2023
(Amounts are expressed in RMB unless otherwise stated)

Item	For the six months ended June 30, 2022										
	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, 2021	3,119,151,130.00				13,025,233,777.25	168,649,028.00	475,169.83		1,375,309,263.67	7,583,846,248.84	24,935,366,561.59
Plus: adjustments for changes in accounting policies											
Correction of accounting errors in prior periods											
Others											
II. Balance as at January 1, 2022	3,119,151,130.00				13,025,233,777.25	168,649,028.00	475,169.83		1,375,309,263.67	7,583,846,248.84	24,935,366,561.59
III. Increases/decreases in the period ("-" for decreases)	-150,000.00				-681,750.00	-54,833,441.70				440,682,315.30	494,684,007.00
(I) Total comprehensive income										1,158,052,575.20	1,158,052,575.20
(II) Capital contributed or reduced by owners	-150,000.00				-681,750.00	-54,833,441.70					54,001,691.70
1. Common stock contributed by owners	-150,000.00				-681,750.00						-831,750.00
2. Capital invested by the holders of other equity instruments											
3. Amounts of share-based payments recognized in owners' equity											
4. Others						-54,833,441.70					54,833,441.70
(III) Profit distribution											-717,370,259.90
1. Withdrawal of surplus reserves											
2. Profit distributed to owners (or shareholders)										-717,370,259.90	-717,370,259.90
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, 2022	3,119,001,130.00				13,024,552,027.25	113,815,586.30	475,169.83		1,375,309,263.67	8,024,528,564.14	25,430,050,568.59

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

Enterprise Principal: Yu Peigen

Accounting Principal: Liu
Zhiquan

Person in charge of the Accounting Department: Zheng Xingyi

Dongfang Electric Corporation Limited
Notes to the Financial Statements
for the First Half of 2023
(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 1993, upon the approval with the document TGS [1992] No. 67 and the document TGS [1993] No. 214 issued by the State Commission for Restructuring the Economic System and the document GZQHF [1993] No. 100 issued by the former State Administration of State-owned Assets, and it is a joint stock limited company established and invested by Dongfang Electrical Machinery Works as the sole sponsor through discounting its held major production operating assets authorized by the State. The Company was listed for trading in the Shanghai Stock Exchange on October 10, 1995, and was listed for trading in the Stock Exchange of Hong Kong Limited on June 6, 1994. Now it holds a business license with a unified social credit code of 915101002051154851. The registered address and headquarters address are: No. 18, Xixin Road, Western High-Tech District, Chengdu City, Sichuan Province. The controlling shareholder and ultimate controller of the Company is Dongfang Electric Corporation (hereinafter referred to as "DEC").

After the distribution of bonus shares, allotment of new shares, capitalization and issuance of new shares over the years, as of June 30, 2023, the share capital of the Company was 3,118,533,797.00 shares, in which, 772,252,199 domestic shares (A share) with restricted conditions accounted for 24.76% of the share capital; 2,006,281,598 domestic shares (A share) without restricted conditions accounted for 64.33% of the same, and 340,000,000 overseas shares (H share) without restricted conditions accounted for 10.90% of the same.

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 the Company on August 30, 2023.

1.2 Scope of the consolidated financial statement

As at June 30, 2023, 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 "DEC (Wuhan Nuclear)")
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 "Dongfang Finance")
DEC (Sichuan) Materials Co., Ltd. (hereinafter referred to as "DEC Materials")
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 Equity 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.

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 During the holding period, interest calculated using the 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, 2023, and the consolidated and the parent company’s operating results and cash flows in January to June 2023.

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 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
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:

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 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 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 polices. 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 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 methods for business combinations under common control and not under common control" and "Note 3.6 Preparation method 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 investment is accounted for under the equity method, accounting treatment should be made on the part which is originally included in other comprehensive income according to corresponding ratio by using the same basis for the investee to directly dispose of the relevant assets or liabilities when the investments are disposed of. Owner's equity recognized at the changes in the investee's other owner's equity other than net profit or loss, other comprehensive income and profit distribution shall be transferred to the current profit or loss according to the proportion, except for other comprehensive income from changes arising from the investee's re-measurement of net liabilities or net assets of defined benefit plan.

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

In the event of the loss of control over the investee due to the decrease of the Company's shareholding ratio for the partial disposal of equity investment, capital increase by other investors in the subsidiaries or for other reasons, in the preparation of the individual financial statements, the equity method will be applied for accounting purpose if the remaining shares are under the common control or significant influence of the investee; otherwise, the related provisions on financial instruments recognition and measurement standards will be applied for the accounting treatments and, the difference between the fair value and book value on the control loss date will be included in current profit or loss.

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

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.

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 (%)
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
Machinery equipment	Straight-line method or double-declining-balance method	10.00	5.00	9.50 or double-declining-balance method
Transportation equipment	Straight-line method	6.00	5.00	15.83
Instrument and apparatus	Straight-line method or double-declining-balance method	6.00	5.00	15.83 or double-declining-balance method
Electronic computer	Straight-line method or double-declining-balance method	5.00	5.00	19.00 or double-declining-balance method
Photovoltaic power generator	Straight-line method	20.00	5.00	4.75
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

(i) **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 are 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 are 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-use 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 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 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.

3.31.2 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

(i) Right-of-use assets

As at the beginning of the lease period, the Company recognizes the leases other than short-term leases and leases of low-value assets as the right-of-use assets. Right-of-use assets are initially measured at cost. Such costs include:
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;

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.

(1) Accounting treatment of operating leases

Rental from the operating lease in each stage during the rental period should be recognized as the rental income by the straight-line method. Initial direct costs relating to operating lease incurred by the Company are capitalized, and shall be included in the current profit or loss on the same basis as the recognition of lease income during the lease term. The variable lease payable that is not included in the lease receivable shall be included in the current profit or loss at the time of actual occurrence.

(2) Accounting treatment of finance lease

On the lease commencement date, the Company recognizes finance lease receivables for financial leases and derecognizes financial lease assets. When the Company conducts the initial measurement of finance lease receivables, the net lease investment is adopted as the entry value of the finance lease receivables. The net lease investment is the sum of the unguaranteed residual value and the present value of the lease payments that have not been received at the beginning of the lease term and discounted at the interest rate included in the lease.

The Company calculates and recognizes the interest expenses in each lease term based on a fixed periodic interest rate. The derecognition and impairment of finance lease receivables shall be accounted for in accordance with "3.10 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 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	3%, 5%, 6%, 9%, 11%, 13%, 16%, 17%, 18%	Dongfang Electric India's GST is 18%; part of the old tax rate exists due to upfront withholding tax to be invoiced.
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	2.5%, 10%, 15%, 22%, 25%	
Property tax	70% of the original value (or rental income) as the basis for taxation	1.2%, 12%	

Notes to disclosure of enterprises with different enterprise income tax rates:

Taxpayer name	Income tax rate (%)
The Company	15.00
DFHM	15.00
DBC	15.00
Dongfang KWH (Chengdu) Environmental Protection Technology Co., Ltd.(東方凱特瑞（成都）環保科技有限公司) (hereinafter referred to as "Dongfang KWH")	15.00
DTC	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
Dongfang Electric Advenergy (Shenzhen) Technology Co., Ltd. (東方電氣啟能（深圳）科技有限公司) (hereinafter referred to as "Dongfang Advenergy")	15.00
Dongfang Hitachi (Chengdu) Electronic Control Equipment Co., Ltd. (東方日立（成都）電控設備有限公司) (hereinafter referred to as "Dongfang Hitachi")	15.00
Dongfang Electric Zhongneng Industrial Control Network Security Technology (Chengdu) Co., Ltd. (hereinafter referred to as "Dongfang Zhongneng")	2.50, 10.00
Dongfang Hydrogen Energy	15.00
Dongfang Institute	15.00
DEC (Wuhan) Nuclear	15.00
Dongfang Electric Indonesia Co., Ltd. (hereinafter referred to as "Dongfang Indonesia Company")	22.00
Laos Nam Mang Power Company Limited (hereinafter referred to as "Nam Mang Power Company") (Remark 1)	0.00
Other companies within the scope of consolidation of the Company	25.00

Remark 1: 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. The Company

According to the Article 1 of the Announcement on Extension of Income Tax Policies for Western Development Enterprises (Announcement No. 23 of 2020 by the Ministry of Finance, the State Administration of Taxation and the National Development and Reform Commission), since January 1, 2021 to December 31, 2030, the enterprise income tax shall be levied at a reduced rate of 15.00% on the encouraged industrial enterprises located in the western region. The term "encouraged industrial enterprises" as mentioned in this article refers to enterprises whose main business is the industrial projects specified in the Catalogue of Encouraged Industries in the Western Region, and whose main business income accounts for more than 60.00% of the total enterprise income. The Company meets the said preference condition, and can enjoy such preferential tax rate of 15.00%.

2. DFHM

On December 2, 2019, it acquired the high-tech enterprise certificate of No. GR201944003468, with a valid term of 3 years. The 2022 high-tech enterprise certificate has been identified by the Ministry of Science and Technology and is at the stage of being filed for public notice. 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, and the applicable corporate income tax rate for this year 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, and the applicable corporate income tax rate for this year is 15.00%.

(2) Dongfang KWH

In 2021, it has passed the evaluation and filing publicity by the Sichuan Province Accreditation Management Institution, and the filing number of the certificate of hi-tech enterprises is GR202151003790. 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, and the applicable corporate income tax rate for this year is 15.00%.

4. DTC

On October 9, 2021, it was qualified as a hi-tech enterprise with a 3-year certificate of No. GR202151000898. 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, and the applicable corporate income tax rate for this year is 15.00%.

5. DFEM

(1) DFEM

On December 15, 2021, it was qualified as a hi-tech enterprise with a 3-year certificate of No. GR202151003466. 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, and the applicable corporate income tax rate for this year is 15.00%.

(2) DDEM* (東電電動機)

On November 2, 2022, it was qualified as a hi-tech enterprise with a 3-year certificate of No. GR202251001070. 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, and the applicable corporate income tax rate for this year is 15.00%.

6. DEWP

(1) DEWP

According to the Announcement on Extension of Income Tax Policies for Western Development Enterprises by the Ministry of Finance, the State Administration of Taxation and the National Development and Reform Commission (Announcement No. 23 of 2020 by the Ministry of Finance), since January 1, 2021 to December 31, 2030, the enterprise income tax shall be levied at a reduced rate of 15% on the encouraged industrial enterprises located in the western region. The term "encouraged industrial enterprises" as mentioned in this article refers to enterprises whose main business is the industrial projects specified in the Catalogue of Encouraged Industries in the Western Region, and whose main business income accounts for more than 60.00% of the total enterprise income. In 2022, the revenue generated from the industrial projects specified in the Catalogue of Encouraged Industries in the Western Region in the main business of DEWP for the current year accounted for more than 60.00% of the total revenue of the enterprise, and was therefore entitled to 15.00% of the enterprise income tax incentives.

(2) Tianjin Dongqi Blade

Tianjin Dongqi Blade passed the filing for renewal of the certificate of high-tech enterprise in December 2022 and obtained the certificate of high-tech enterprise numbered GR202212002710 jointly issued by Tianjin Science and Technology Commission, Tianjin Bureau of Finance, Tianjin State Taxation Bureau and Tianjin Local Taxation Bureau. 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, and the applicable corporate income tax rate for this year 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, and the applicable corporate income tax rate for this year is 15.00%. 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 3.00%.

(2) Dongfang Advenergy

On December 23, 2021, it acquired the high-tech enterprise certificate of No. GR202144201111, 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, and the applicable corporate income tax rate for this year is 15.00%.

(3) Dongfang Hitachi

In December 15, 2021, it acquired the hi-tech enterprise certificate of No. GR202151003373, 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, and the applicable corporate income tax rate for this year is 15.00%.

(4) Dongfang Zhongneng

According to the Announcement of the Ministry of Finance and the State Administration of Taxation on Implementing Inclusive Tax Reduction and Exemption Policies for Small and Micro Enterprises (Cai Shui [2019] No. 13) and the Announcement of the Ministry of Finance and the State Administration of Taxation on Implementing Preferential Income Tax Policies for Small and Micro Enterprises and Individual Industrial and Commercial Households (According to the Announcement No. 12 [2021] of the Ministry of Finance and the State Administration of Taxation), Dongfang Zhongneng can meet the requirements of small and low-profit enterprises (that is, to engage in non-restricted and prohibited industries, the annual taxable income does not exceed 3 million yuan, and the number of employees does not exceed 300), the total assets of not more than 50 million yuan), enjoy the small and micro enterprise income tax preferential: for the part of the annual taxable income not more than 1 million yuan, the taxable income is reduced by 12.50%, and the taxable amount is calculated according to the 20.00% tax rate (The actual tax rate is 2.50%); the part of the annual taxable income exceeding 1 million yuan but not exceeding 3 million yuan shall be included in the taxable income at a reduced rate of 50%, and the enterprise income tax shall be calculated and paid at the tax rate of 20.00% (the effective tax rate is 10.00%).

8. Dongfang Hydrogen Energy

In November 2022, it acquired the hi-tech enterprise certificate of No. GR202251003756, with a valid term of 3 years. 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, and the applicable corporate income tax rate for this year is 15.00%.

9. Dongfang Institute

In October 2021, it acquired the hi-tech enterprise certificate of No. GR202151000662, with a valid term of 3 years. 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, and the applicable corporate income tax rate for this year is 15.00%.

10. DEC (Wuhan) Nuclear

It passed the certification review of high-tech enterprises on December 14, 2022, with certificate number GR202242008075. 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, and the applicable corporate income tax rate for this year is 15.00%.

11. Dongfang Indonesia Company

According to the Indonesian local tax law, the tax rate for resident enterprises and permanent establishments is 22%, and the applicable corporate income tax rate for this year is 22.00%.

5. Notes to the items of the consolidated financial statements

5.1 Monetary funds

Item	Balance as at June 30, 2023	Balance as at December 31, 2022
Cash on hand	616,442.23	1,026,175.33
Bank deposits	16,823,618,226.98	14,015,870,297.75
Other monetary funds	1,595,104,148.29	1,022,057,939.12
Interests receivable not due		
Total	18,419,338,817.50	15,038,954,412.20
Including: total amount of deposit abroad	352,313,995.80	234,424,404.99

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, 2023	Balance as at December 31, 2022
Bank deposit reserves	2,173,466,663.73	1,988,769,156.52
L/G deposit	100,356,129.72	89,250,117.63
Performance bond	8,815,249.90	7,524,185.26
Time deposits or call deposits for guarantee	320,004,683.33	303,400,000.00
Bank acceptance deposit	1,025,989,580.17	533,755,784.17
Total	3,628,632,306.85	2,922,699,243.58

5.2 Loans to banks and other financial institutions

Item	Balance as at June 30, 2023	Balance as at December 31, 2022
Loans to non-bank financial institutions	2,072,258,000.00	30,000,000.00
Loans to domestic non-bank financial institutions	2,072,258,000.00	30,000,000.00
Including: loans to overseas non-bank financial institutions		
Sub-total	2,072,258,000.00	30,000,000.00
Less: provision for losses on loans to banks and other financial institutions		
Book value of loans to banks and other financial institutions	2,072,258,000.00	30,000,000.00

5.3 Financial assets held for trading

Item	Balance as at June 30, 2023	Balance as at December 31, 2022
Sub-total of financial assets measured at fair value through the current profit or loss	694,245,551.19	1,031,815,888.77
Debt instrument investments	157,449,150.00	244,867,410.00
Equity instrument investments	11,389,557.72	89,486,850.48
Others	525,406,843.47	697,461,628.29
Total	694,245,551.19	1,031,815,888.77

Remarks:

- (1) As at June 30, 2023, all the items of "Others" were funds amounting to RMB 525,406,843.47.
(2) As at December 31, 2022, all the items of "Others" were funds amounting to RMB 697,461,628.29.

Financial assets held for trading are analyzed as follows:

Items	Balance as at June 30, 2023	Balance as at December 31, 2022
Listed financial assets		
China (except Hong Kong)	11,318,157.72	89,415,450.48
Sub-total	11,318,157.72	89,415,450.48
Non-listed financial assets	682,927,393.47	942,400,438.29
Total	694,245,551.19	1,031,815,888.77

Remarks:

- (1) The Company holds 1,447,000.00 shares of domestic listing RMB ordinary shares (A share) without restricted circulation in China XD Electricity Co., Ltd., accounting for 0.0282% of the share capital of the investee;
(2) The Company holds 285,400.00 shares of domestic listing RMB ordinary shares (A share) without restricted circulation in Hubei Energy Group Co., Ltd., accounting for 0.0044% of the share capital of the investee;
(3) The Company holds 295,054.00 shares of domestic listing RMB ordinary shares (A share) without restricted circulation in Bank of Communications Co., Ltd., accounting for 0.000397% of the share capital of the investee;
(4) 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;
(5) For the above-mentioned trading equity instrument investments, except the fair value of the RMB71,400.00 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, 2023 are calculated and determined based on the closing price of the securities market on June 30, 2023.

5.4 Notes receivable

5.4.1 Presentation of the notes receivable by category

Item	Balance as at June 30, 2023	Balance as at December 31, 2022
Bank acceptance bills	982,712,703.15	788,513,764.45
Commercial acceptance bills	370,924,388.89	471,315,338.77
Total	1,353,637,092.04	1,259,829,103.22

5.4.2 Classified listing of expected credit losses of notes receivable

Category	Closing balance				
	Book balance		Provision for bad debts		Book value
	Amount	Proportion (%)	Amount	Proportion (%)	
Bank acceptance bills	983,362,203.14	71.52	649,499.99	0.07	982,712,703.15
Commercial acceptance bills	391,585,845.08	28.48	20,661,456.19	5.28	370,924,388.89
Total	1,374,948,048.22	100	21,310,956.18	1.55	1,353,637,092.04

(CONT'D) :

Category	Opening balance				
	Book balance		Provision for bad debts		Book value
	Amount	Proportion (%)	Amount	Proportion (%)	
Bank acceptance bills	790,161,539.65	61.63	1,647,775.20	0.21	788,513,764.45
Commercial acceptance bills	492,042,473.89	38.37	20,727,135.12	4.21	471,315,338.77
Total	1,282,204,013.54	100.00	22,374,910.32	1.75	1,259,829,103.22

5.4.3 Notes receivable endorsed or discounted by the Company as at June 30, 2023 but not expired on the balance sheet date

Item	Amount derecognized as at June 30, 2023	Amount not derecognized as at June 30, 2023
Bank acceptance bills	2,236,418,526.36	52,230,000.00
Commercial acceptance bills	35,072,505.00	53,123,138.24
Total	2,271,491,031.36	105,353,138.24

5.4.4 Notes transferred to accounts receivable as at June 30, 2023 due to the drawer's failure of performing the contract

Item	Amount transferred to accounts receivable as at June 30, 2023
Commercial acceptance bills	5,160,000.00
Bank acceptance bills	8,400,000.00
Total	13,560,000.00

5.5 Accounts receivable

5.5.1 Disclosure of accounts receivable by aging

Aging	Balance as at June 30, 2023	Balance as at December 31, 2022
Within 1 year	10,175,727,528.91	7,186,583,421.99
1 - 2 years	2,865,997,985.80	2,504,180,735.35
2 - 3 years	1,481,543,812.89	1,208,150,000.58
3 - 4 years	666,426,428.72	762,150,071.93
4 - 5 years	421,065,090.24	404,728,806.77
Over 5 years	2,672,344,966.32	2,704,602,440.71
Sub-total	18,283,105,812.88	14,770,395,477.33
Less: provision for bad debts	4,842,744,008.88	4,678,158,294.93
Total	13,440,361,804.00	10,092,237,182.40

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

Category	Balance as at June 30, 2023				
	Book balance		Provision for bad debts		Book value
	Amount	Proportion (%)	Amount	Proportion (%)	
Accounts receivable with individual provision for bad debts	2,095,166,739.32	11.46	1,949,237,012.26	93.03	145,929,727.06
Accounts receivable with provision for bad debts accrued on a portfolio basis	16,187,939,073.56	88.54	2,893,506,996.62	17.87	13,294,432,076.94
Including: accounts receivable with provision for bad debts made by portfolios with credit risk characteristics	16,187,939,073.56	88.54	2,893,506,996.62	17.87	13,294,432,076.94
Total	18,283,105,812.88	100	4,842,744,008.88	26.49	13,440,361,804.00

(CONT') :

Category	Balance as at December 31, 2022				
	Book balance		Provision for bad debts		Book value
	Amount	Proportion (%)	Amount	Proportion (%)	
Accounts receivable with individual provision for bad debts	2,238,305,646.15	15.15	2,060,205,049.37	92.04	178,100,596.78
Accounts receivable with provision for bad debts accrued on a portfolio basis	12,532,089,831.18	84.85	2,617,953,245.56	20.89	9,914,136,585.62
Including: accounts receivable with provision for bad debts made by portfolios with credit risk characteristics	12,532,089,831.18	84.85	2,617,953,245.56	20.89	9,914,136,585.62
Total	14,770,395,477.33	100.00	4,678,158,294.93	31.67	10,092,237,182.40

Individual provision for bad debts:

Name	Balance as at June 30, 2023			
	Book balance	Provision for bad debts	Proportion of provision (%)	Reason for provision
Entity 1	306,562,559.25	306,562,559.25	100.00	During bankruptcy liquidation proceedings
Entity 2	207,107,394.98	207,107,394.98	100.00	During bankruptcy liquidation proceedings
Entity 3	167,182,985.40	150,464,686.87	90.00	Facing capital shortage, expected to be difficult to recover
Entity 4	147,273,060.00	132,545,754.00	90.00	Facing capital shortage, expected to be difficult to recover
Entity 5	122,542,700.00	37,621,405.36	30.70	Facing capital shortage
Entity 6	91,249,749.04	91,249,749.04	100.00	Facing capital shortage, expected to be difficult to recover
Entity 7	85,172,824.20	76,655,541.78	90.00	Facing capital shortage, expected to be difficult to recover
Entity 8	83,026,584.11	83,026,584.11	100.00	During bankruptcy liquidation proceedings
Entity 9	72,745,660.29	72,745,660.29	100.00	During bankruptcy liquidation proceedings
Entity 10	72,082,755.00	72,082,755.00	100.00	During bankruptcy liquidation proceedings
Entity 11	66,515,900.00	59,864,310.00	90.00	Facing capital shortage, expected to be difficult to recover
Entity 12	54,322,300.00	54,322,300.00	100.00	Facing capital shortage, expected to be difficult to recover
Entity 13	44,897,735.00	44,897,735.00	100.00	Facing capital shortage, expected to be difficult to recover
Entity 14	43,488,580.22	43,488,580.22	100.00	During bankruptcy liquidation proceedings
Entity 15	39,578,000.00	39,578,000.00	100.00	Facing capital shortage, expected to be difficult to recover
Entity 16	36,600,926.18	36,600,926.18	100.00	Facing capital shortage, expected to be difficult to recover
Entity 17	31,300,000.00	31,300,000.00	100.00	Facing capital shortage, expected to be difficult to recover
Entity 18	28,485,178.00	28,485,178.00	100.00	During bankruptcy liquidation proceedings
Entity 19	27,632,480.00	24,869,232.00	90.00	Facing capital shortage, expected to be difficult to recover
Entity 20	26,236,640.50	26,236,640.50	100.00	Facing capital shortage, expected to be difficult to recover
Entity 21	25,592,879.77	23,033,591.79	90.00	Facing capital shortage, expected to be difficult to recover
Entity 22	22,113,422.65	19,902,080.39	90.00	Facing capital shortage, expected to be difficult to recover

				recover
Entity 23	21,818,776.83	21,818,776.83	100.00	Facing capital shortage, expected to be difficult to recover
Entity 24	21,420,000.00	21,420,000.00	100.00	Facing capital shortage, expected to be difficult to recover
Entity 25	19,757,743.60	17,781,969.24	90.00	Facing capital shortage, expected to be difficult to recover
Entity 26	18,583,613.96	16,725,252.56	90.00	Facing capital shortage, expected to be difficult to recover
Entity 27	18,250,000.00	18,250,000.00	100.00	During bankruptcy liquidation proceedings
Entity 28	17,319,029.55	17,319,029.55	100.00	During bankruptcy liquidation proceedings
Others	176,307,260.79	173,281,319.32	98.28	
Total	2,095,166,739.32	1,949,237,012.26	93.03	

Provision for bad debts accrued on a portfolio basis:

Name	Balance as at June 30, 2023		
	Accounts receivable	Provision for bad debts	Proportion of provision (%)
Within 1 year	9,833,096,991.92	491,654,849.90	5.00
1 - 2 years	2,602,374,778.20	260,237,477.91	10.00
2 - 3 years	1,374,374,223.52	274,874,844.69	20.00
3 - 4 years	613,981,302.51	245,592,520.99	40.00
4 - 5 years	285,928,948.77	142,964,474.49	50.00
Over 5 years	1,478,182,828.64	1,478,182,828.64	100.00
Total	16,187,939,073.56	2,893,506,996.62	17.87

5.5.3 Provision for bad debts recovered or reversed

In the current year, the Company accrued RMB283,383,113.89 as provision for bad debts, and recovered or reversed RMB117,934,110.73. 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
Entity 1	48,771,000.00	Facing capital shortage, expected not to recover on time	Better financial condition	Recovery
Entity 2	44,000,926.18	Facing capital shortage, expected not to recover on time	Better financial condition	Recovery
Entity 3	6,705,000.00	Facing capital shortage, expected	Better financial condition	Recovery

		not to recover on time		
Entity 4	6,676,745.57	Bankruptcy	Bankruptcy liquidation	Recovery
Total	106,153,671.75			

5.5.4 Accounts receivable actually charged off in the current period

Item	Amounts
Accounts receivable actually charged off	1,057,104.54

The information on important accounts receivable charged off is as follows:

Entity Name	Nature	Amounts	Reasons	Procedures performed	Yes or No for connected transaction
Zhonghe Desalination Engineering Co., Ltd.	Loans	517,728.20	Bankruptcy liquidation	General manager conference of DTC	No
Dongfang Xinjiang Branch	Loans	367,950.00	Dissolved by customer	General manager conference of DEA	No
Total		885,678.20			

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

Entity name	Balance as at June 30, 2023		
	Accounts receivable	Proportion in the total accounts receivable (%)	Provision for bad debts
Entity 1	672,318,328.59	3.68	33,780,896.43
Entity 2	464,566,854.05	2.54	104,553,095.84
Entity 3	323,100,000.00	1.77	16,155,000.00
Entity 4	306,562,559.25	1.68	306,562,559.25
Entity 5	294,625,344.32	1.61	14,731,267.22
Total	2,061,173,086.21	11.27	475,782,818.74

5.6 Receivables financing

5.6.1 Presentation of receivables financing by category

Item	Balance as at June 30, 2023	Balance as at December 31, 2022
Notes receivable	1,795,894,222.01	1,553,557,305.66
Total	1,795,894,222.01	1,553,557,305.66

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.

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

None.

5.6.3 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, 2023	Amount not derecognized as at June 30, 2023
Notes receivable endorsed or discounted but not expired	358,434,244.43	
Including: bank acceptance bills	299,209,600.51	
Commercial acceptance bills	59,224,643.92	
Total	358,434,244.43	

5.7 Advances to suppliers

5.7.1 Presentation of advances to suppliers by aging

Aging	Balance as at June 30, 2023		Balance as at December 31, 2022	
	Book balance	Proportion (%)	Book balance	Proportion (%)
Within 1 year	5,906,634,324.93	85.22	4,700,302,394.52	85.69
1 - 2 years	673,917,174.69	9.72	480,915,261.65	8.77
2 - 3 years	158,688,125.98	2.29	131,841,011.17	2.4
Over 3 years	192,186,932.61	2.77	172,253,436.28	3.14
Total	6,931,426,558.21	100	5,485,312,103.62	100

5.7.2 Top five advances to suppliers in terms of the ending balance collected by the prepaid object as at June 30, 2023

Prepaid object	Balance as at June 30, 2023	Proportion (%) in the total ending balance of advances to suppliers as at June 30, 2023
Entity 1	654,679,208.92	9.45
Entity 2	564,031,172.53	8.14
Entity 3	285,830,862.30	4.12
Entity 4	256,774,372.86	3.70
Entity 5	255,541,289.56	3.69
Total	2,016,856,906.17	29.10

5.8 Other receivables

Item	Balance as at June 30, 2023	Balance as at December 31, 2022
Interest receivable	95,994,517.96	44,123,162.89
Dividends receivable	24,482,648.69	24,482,648.69
Other receivables	486,531,852.86	439,761,842.68
Total	607,009,019.51	508,367,654.26

5.8.1 Interest receivable

Item	Balance as at June 30, 2023	Balance as at December 31, 2022
Fixed deposit	64,055,741.13	6,713,897.91
Bond investment	15,410,819.71	19,067,401.96
Interest on purchase and resale of financial assets	14,503,383.57	18,341,863.02
Others	2,024,573.55	
Sub-total	95,994,517.96	44,123,162.89
Less: provision for bad debts		
Total	95,994,517.96	44,123,162.89

5.8.2 Dividends receivable

(i) Details of dividends receivable

Item	Balance as at June 30, 2023	Balance as at December 31, 2022
Within 1 year	12,254,555.63	12,254,555.63
Over 1 year	19,517,032.10	19,517,032.10
Sub-total	31,771,587.73	31,771,587.73
Less: provision for bad debts	7,288,939.04	7,288,939.04
Total	24,482,648.69	24,482,648.69

(2) Significant dividend receivable with aging over one year

Items	Balance as at June 30, 2023	Aging	Reasons for unsuccessful recovery	Yes or No for impairment and evidence
Huadian Longkou Wind Power Co., Ltd. (Longkou Wind Power)	5,210,684.23	Over 3 years	Facing capital shortage, partial subsidies for electricity are not received	No, payment made upon the receipt of national subsidies
Inner Mongolia Energy Power Generation Hongnijing Wind Power Co., Ltd. (Hongnijing Wind Power)	7,017,408.83	Over 3 years	Facing capital shortage, partial subsidies for electricity are not received	No, payment made upon the receipt of national subsidies
Inner Mongolia Mengneng Ulan New Energy Co., Ltd. (Ulan New Energy)	3,828,807.76	Over 3 years	Facing capital shortage, partial subsidies for electricity are not received	Yes
Inner Mongolia Mengneng Sanshengtai Wind Power Generation Co., Ltd. (Sanshengtai Wind Power)	3,460,131.28	Over 3 years	Facing capital shortage, partial subsidies for electricity are not received	Yes
Total	19,517,032.10			

5.8.3 Other receivables

(i) Disclosure by aging

Aging	Balance as at June 30, 2023	Balance as at December 31, 2022
Within 1 year	366,680,235.43	395,303,973.92
1 - 2 years	142,572,417.77	70,726,322.83
2 - 3 years	18,799,274.56	7,838,073.32
3 - 4 years	9,884,934.39	20,618,544.05
4 - 5 years	16,937,870.48	5,128,437.80
Over 5 years	239,130,858.36	239,371,031.04
Sub-total	794,005,590.99	738,986,382.96
Less: Provision for bad debts	307,473,738.13	299,224,540.28
Total	486,531,852.86	439,761,842.68

(2) Disclosure by nature

Nature	Balance as at June 30, 2023	Balance as at December 31, 2022
Guarantee and quality guarantee fund	182,898,000.30	151,979,781.82
Reserve fund	97,464,826.14	113,244,907.69
Advance payment	57,588,769.87	35,646,520.72
Other operating business receivables	50,757,009.59	43,099,063.88
Others	97,823,246.96	95,791,568.57
Total	486,531,852.86	439,761,842.68

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

Category	Balance as at June 30, 2023				
	Book balance		Provision for bad debts		Book value
	Amount	Proportion (%)	Amount	Proportion of provision (%)	
Other receivables with provision for bad debts accrued on an individual basis	202,280,541.17	25.48	179,611,314.38	88.79	22,669,226.79
Other receivables with provision for bad debts accrued on a portfolio basis	591,725,049.82	74.52	127,862,423.75	21.61	463,862,626.07
Including:					
Other receivables with the provision for bad debts made on a portfolio with credit risk characteristics	591,725,049.86	74.52	127,862,423.75	21.61	463,862,626.11
Total	794,005,590.99	100.00	307,473,738.13	38.72	486,531,852.86

Continued:

Balance as at December 31, 2022					
Category	Book balance		Provision for bad debts		Book value
	Amount	Proportion (%)	Amount	Proportion of provision (%)	
Other receivables with provision for bad debts accrued on an individual basis	203,465,091.88	27.53	179,637,206.94	88.29	23,827,884.94
Other receivables with provision for bad debts accrued on a portfolio basis	535,521,291.08	72.47	119,587,333.34	22.33	415,933,957.74
Including:					
Other receivables with the provision for bad debts made on a portfolio with credit risk characteristics	535,521,291.08	72.47	119,587,333.34	22.33	415,933,957.74
Total	738,986,382.96	100.00	299,224,540.28	40.49	439,761,842.68

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

Name	Balance as at June 30, 2023			
	Book balance	Provision for bad debts	Proportion of provision (%)	Reason for provision
Entity 1	146,064,314.06	146,064,314.06	100.00	During bankruptcy liquidation proceedings
Entity 2	21,755,000.00	21,755,000.00	100.00	During the process of litigation
Entity 3	12,327,367.50			Performance guarantee due to government
Entity 4	10,180,300.00			Recovery of the land by government with a payment
Entity 5	2,845,136.58	2,845,136.58	100.00	During the execution of bankruptcy liquidation procedures
Entity 6	2,070,357.08	2,070,357.08	100.00	Expected to be difficult to recover
Entity 7	1,999,997.14	1,999,997.14	100.00	During the process of litigation
Entity 8	1,565,179.69	1,565,179.69	100.00	Expected to be difficult to recover
Entity 9	1,397,950.00	1,397,950.00	100.00	Expected to be difficult to recover
Others	2,074,939.12	1,913,379.83	92.21	Expected to be difficult to recover
Total	202,280,541.17	179,611,314.38	88.79	

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

Name	Balance as at June 30, 2023		
	Book balance	Provision for bad debts	Proportion of provision (%)
Within 1 year	364,154,352.99	18,207,717.66	5.00
1 - 2 years	98,307,416.91	9,830,741.70	10.00
2 - 3 years	18,799,274.56	3,759,854.90	20.00
3 - 4 years	9,884,934.39	3,953,973.75	40.00
4 - 5 years	16,937,870.48	8,468,935.25	50.00
Over 5 years	83,641,200.49	83,641,200.49	100.00
Total	591,725,049.82	127,862,423.75	21.61

(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, 2022	119,587,333.34		179,637,206.94	299,224,540.28
In the current period, balance as at December 31, 2022				-
- Transfer to Phase 2				-
- Transfer to Phase 3				-
- Reversal from Phase 2				-
- Reversal from Phase 1				-
Provision in the current period	8,285,870.49		-25,892.56	8,259,977.93
Reversal in the current period				
Write-off in the current period				
Charge-off in the current period				
Other changes	-10,780.08			-10,780.08
Balance as at June 30, 2023	127,862,423.75		179,611,314.38	307,473,738.13

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

(8) Top 5 of other receivables as at June 30, 2023, presented by debtor

Entity name	Nature of payment	Balance as at June 30, 2023	Aging	Proportion in the total ending balance of other receivables (%)	Ending balance of provision for bad debts
Entity 1	Investment	146,064,314.06	Over 5 years	18.40	146,064,314.06
Entity 2	Loans	21,755,000.00	1-2 years	2.74	21,755,000.00
Entity 3	Guarantee deposit and quality guarantee deposit	20,000,000.00	Within 1 year	2.52	1,000,000.00
Entity 4	Others	19,500,000.00	Over 5 years	2.46	19,500,000.00
Entity 5	Receivables from other business	13,612,842.74	Over 5 years	1.71	13,612,842.74
Total		220,932,156.80		27.83	201,932,156.80

(9) Other receivables involving government grants

Nil.

5.9 Financial assets purchased under resale agreements

Item	Balance as at June 30, 2023	Balance as at December 31, 2022
Bond	2,870,000,000.00	1,390,000,000.00
Less: provision for bad debts		
Book value of the financial assets purchased under resale agreements	2,870,000,000.00	1,390,000,000.00

5.10 Inventories

5.10.1 Classification of inventories

Item	Balance as at June 30, 2023			Balance as at December 31, 2022		
	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	4,096,469,103.46	311,499,948.12	3,784,969,155.34	3,552,972,645.93	349,258,496.18	3,203,714,149.75
Revolving materials (packaging materials, low-cost consumables, etc.)	45,598,509.34	1,466,609.47	44,131,899.87	41,668,752.15	1,512,675.97	40,156,076.18
Stock commodities (finished goods)	660,453,329.56	275,964.27	660,177,365.29	492,436,551.04	275,964.27	492,160,586.77
Contract performance cost	84,083,132.59	4,194,422.77	79,888,709.82	158,300,007.12	8,200,000.00	150,100,007.12
Self-manufactured semi-finished products and goods in process	15,369,995,745.13	929,823,033.42	14,440,172,711.71	15,652,966,230.47	1,083,837,155.49	14,569,129,074.98
Total	20,256,599,820.08	1,247,259,978.05	19,009,339,842.03	19,898,344,186.71	1,443,084,291.91	18,455,259,894.80

5.10.2 Provision for depreciation of inventories and provision for impairment of contract performance cost

Item	Balance as at December 31, 2022	Increase in January to June, 2023		Decrease in January to June, 2023			Balance as at June 30, 2023
		Provision	Others	Reversal	Write-off	Others	
Raw materials	349,258,496.18	920,644.44			38,679,192.50		311,499,948.12
Revolving materials (packaging materials, low- cost consumables, etc.)	1,512,675.97				46,066.50		1,466,609.47
Stock commodities (finished goods)	275,964.27						275,964.27
Contract performance cost	8,200,000.00				4,005,577.23		4,194,422.77
Self-manufactured semi-finished products and goods in process	1,083,837,155.49	-7,014,514.99		29,475.13	146,970,131.95		929,823,033.42
Total	1,443,084,291.91	-6,093,870.55		29,475.13	189,700,968.18		1,247,259,978.05

5.11 Contract assets

5.11.1 Breakdown of contract assets

Item	Balance as at June 30, 2023			Balance as at December 31, 2022		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Payments for completed but not settled project	7,438,582,281.28	68,506,205.01	7,370,076,076.27	6,309,097,773.39	87,753,568.97	6,221,344,204.42
Contract quality guarantee deposit	5,445,399,027.88	410,494,997.80	5,034,904,030.08	4,830,193,438.57	366,133,315.33	4,464,060,123.24
Total	12,883,981,309.16	479,001,202.81	12,404,980,106.35	11,139,291,211.96	453,886,884.30	10,685,404,327.66

5.11.2 Provision for impairment of contract assets in January to June, 2023

Item	Balance as at December 31, 2022	Provision in January to June, 2023	Reversal in January to June, 2023	Write-off/Charge-off in January to June, 2023	Others	Balance as at June 30, 2023
Payments for completed but not settled project	87,753,568.97	14,352,641.83	32,653,040.12		946,965.67	68,506,205.01
Contract quality guarantee deposit	366,133,315.33	70,126,113.52	17,130,406.37		8,634,024.68	410,494,997.80
Total	453,886,884.30	84,478,755.35	49,783,446.49		9,580,990.35	479,001,202.81

5.12 Non-current assets due within one year

Item	Balance as at June 30, 2023	Balance as at December 31, 2022
Long-term receivable reclassified to the non-current assets due within one year	784,753,927.93	931,706,413.91
Total	784,753,927.93	931,706,413.91

5.13 Other current assets

Item	Balance as at June 30, 2023	Balance as at December 31, 2022
Prepaid taxes and overpaid taxes	368,670,775.29	498,336,489.85
Disbursement of loans and advances (short-term)	453,500,000.00	406,278,516.99
Discount assets	25,012,246.87	34,116,789.04
Others	42,352,694.47	8,694,540.96
Total	889,535,716.63	947,426,336.84

5.14 Disbursement of loans and advances

5.14.1 Loans and advances, presented by individual and enterprise

Item	Balance as at June 30, 2023	Balance as at December 31, 2022
Loans and advances to enterprises	5,610,188,575.46	4,613,604,249.23
Loans	5,610,188,575.46	4,613,604,249.23
Total loans and advances	5,610,188,575.46	4,613,604,249.23
Less: provision for losses on loans	229,292,703.44	64,820,326.93
Including: provision made on individual basis		
Provision made on portfolio basis	229,292,703.44	64,820,326.93
Book value of loans and advances	5,380,895,872.02	4,548,783,922.30

5.14.2 Disbursement of loans and advances, presented by industry

Industry	Balance as at June 30, 2023	Proportion (%)	Balance as at December 31, 2022	Proportion (%)
Power equipment industry	5,610,188,575.46	100.00	4,613,604,249.23	100.00
Total loans and advances	5,610,188,575.46	100.00	4,613,604,249.23	100.00
Less: provision for losses on loans	229,292,703.44		64,820,326.93	
Including: provision made on individual basis				

Industry	Balance as at June 30, 2022	Proportion (%)	Balance as at December 31, 2021	Proportion (%)
Provision made on portfolio basis	229,292,703.44		64,820,326.93	
Book value of loans and advances	5,380,895,872.02		4,548,783,922.30	

5.14.3 Loans and advances, presented by region

Region	Balance as at June 30, 2023	Proportion (%)	Balance as at December 31, 2022	Proportion (%)
South China	665,992,156.24	11.87	660,239,512.89	14.31
Southwest China	2,545,000,000.00	45.36	2,100,000,000.00	45.52
Northwest China				
Eastern China	1,050,623,918.08	18.73	913,691,621.08	19.80
Northern China	820,595,200.00	14.63	570,264,000.00	12.36
Central China	527,977,301.14	9.41	369,409,115.26	8.01
Total loans and advances	5,610,188,575.46	100.00	4,613,604,249.23	100.00
Less: provision for losses on loans	229,292,703.44		64,820,326.93	
Including: provision made on individual basis				
Provision made on portfolio basis	229,292,703.44		64,820,326.93	
Book value of loans and advances	5,380,895,872.02		4,548,783,922.30	

5.14.4 Loans and advances, presented by guaranty style

Item	Balance as at June 30, 2023		Balance as at December 31, 2022	
	Individual	Portfolio	Individual	Portfolio
Credit loans		5,557,172,278.46		4,556,884,249.23
Guaranteed loans				
Collateral loans		53,016,297.00		56,720,000.00
Including: mortgage loans				
Pledged loans		53,016,297.00		56,720,000.00
Total loans and advances		5,610,188,575.46		4,613,604,249.23
Less: provision for losses on loans		229,292,703.44		64,820,326.93
Including: provision made on individual basis				
Provision made on portfolio basis		229,292,703.44		64,820,326.93
Book value of loans and advances		5,380,895,872.02		4,548,783,922.30

5.14.5 Provision for losses on loans

Item	Balance as at June 30, 2023		Balance as at December 31, 2022	
	Individual	Portfolio	Individual	Portfolio
Balance as at January 1, 2023		64,820,326.93		190,169,281.30
Provision in January to June, 2023		164,472,376.51		-125,348,954.37
Transfer-out in January to June, 2023				
Write-off in January to June, 2023				
Reversal in January to June, 2023				
- 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, 2023		229,292,703.44		64,820,326.93

5.15 Creditor's right investments

5.15.1 Breakdown of creditor's right investments

Item	Balance as at June 30, 2023			Balance as at December 31, 2022		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Corporate bonds	690,000,000.00	37,500,000.00	652,500,000.00	790,000,000.00	45,000,000.00	745,000,000.00
Interbank deposit certificate	19,986,360,607.05		19,986,360,607.05	24,337,025,031.70		24,337,025,031.70
Asset backed notes				22,275,000.00	1,670,625.00	20,604,375.00
Non-public debt financing instruments				100,000,000.00	7,500,000.00	92,500,000.00
Financial bonds	500,000,000.00	37,500,000.00	462,500,000.00	200,000,000.00	15,000,000.00	185,000,000.00
Sub-total	21,176,360,607.05	75,000,000.00	21,101,360,607.05	25,449,300,031.70	69,170,625.00	25,380,129,406.70
Less: creditor's right investments due within one year						
Total	21,176,360,607.05	75,000,000.00	21,101,360,607.05	25,449,300,031.70	69,170,625.00	25,380,129,406.70

5.15.2 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, 2022	69,170,625.00			69,170,625.00
In the current period, balance as at December 31, 2022				
- Transfer to Phase 2				
- Transfer to Phase 3				
- Reversal from Phase 2				

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- Reversal from Phase 1				
Provision in the current period	5,829,375.00			5,829,375.00
Reversal in the current period				
Write-off in the current period				
Charge-off in the current period				
Other changes				
Balance as at June 30, 2023	75,000,000.00			75,000,000.00

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, 2022	25,449,300,031.70			25,449,300,031.70
In the current period, balance as at December 31, 2022				0.00
- Transfer to Phase 2				0.00
- Transfer to Phase 3				0.00
- Reversal from Phase 2				0.00
- Reversal from Phase 1				0.00
Increase in the current period				0.00
Direct write-down in the current period	4,272,939,424.65			4,272,939,424.65
Derecognition in the current period				0.00
Other changes				0.00
Balance as at June 30, 2023	21,176,360,607.05			21,176,360,607.05

5.16 Long-term receivables

5.16.1 Breakdown of long-term receivables

Item	Balance as at June 30, 2023			Balance as at December 31, 2022			Range of discount rate
	Book balance	Provision for bad debts	Book value	Book balance	Provision for bad debts	Book value	
Finance lease payment	93,446,987.73	29,315,861.13	64,131,126.60	94,611,810.73	22,802,501.70	71,809,309.03	Contractual interest rate
Including: unrealized financing income	24,065,967.41		24,065,967.41	15,007,781.25		15,007,781.25	
Installment proceeds from sales of goods	109,983,605.44	6,702,478.64	103,281,126.80	109,983,605.44	6,702,478.64	103,281,126.80	
Total	203,430,593.17	36,018,339.77	167,412,253.40	204,595,416.17	29,504,980.34	175,090,435.83	

5.16.2 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, 2023	29,504,980.34			29,504,980.34
In the current period, book balance of long-term receivables as at January 1, 2023				
- Transfer to Phase 2				
- Transfer to Phase 3				
- Reversal from Phase 2				
- Reversal from Phase 1				
Provision in the current period	6,513,359.43			6,513,359.43
Reversal in the current period				
Write-off in the current period				
Charge-off in the current period				
Other changes				
Balance as at June 30, 2023	36,018,339.77			36,018,339.77

5.17 Long-term equity investments

Investee	Balance as at December 31, 2022	Increases/decreases in the current period								Balance as at June 30, 2023	Balance of provision for bad debts as at June 30, 2023	
		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. Joint ventures												
MHPS Dongfang Boiler Co., Ltd. (“Dongfang MHPS”)	209,546,035.58			6,062,856.15							215,608,891.73	
Framatome Dongfang Reactor Coolant Pumps Company Limited (“Dongfang Framatome”)	221,402,684.11			6,669,405.44							228,072,089.55	
Dongfang Electric (Xichang) Hydrogen Energy Co., Ltd. (“Dongfang (Xichang) Hydrogen Energy”)	5,660,939.78			-108,501.66							5,552,438.12	
Sub-total	436,609,659.47			12,623,759.93							449,233,419.40	
II. Associates												
Sichuan Energy Wind Power Development Co., Ltd. (Sichuan Energy Wind Power)	664,696,248.20			109,047,290.43							773,743,538.63	
Longkou Wind Power	77,012,591.39			6,842,806.75							83,855,398.14	
Hongnijing Wind Power	21,431,362.84			2,196,692.11							23,628,054.95	
China United Gas Turbine Technology Co., Ltd. (China United Gas)	131,416,807.19			4,355.68							131,421,162.87	
Sanshengtai Wind Power	13,725,971.47										13,725,971.47	13,725,971.47
Ulan New Energy	33,791,321.89			-1,530,987.78							32,260,334.11	27,120,000.00

Investee	Balance as at December 31, 2022	Increases/decreases in the current period								Balance as at June 30, 2023	Provision for bad debts as at June 30, 2023
		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		
Mitsubishi Heavy Industries Dongfang Gas Turbine (Guangzhou) Co., Ltd. (“Dongfang Mitsubishi”)	500,833,664.26			64,759,158.77						565,592,823.03	
Sichuan Dongshu New Materials Co., Ltd. (“Dongshu New Materials”)	188,996,650.01			3,953,777.81	-39,838.88		558,977.24			192,351,611.70	
Leshan Dongle Dajian Lifting Co., Ltd. (“Dongle Dajian”)	4,595,225.57			118,969.09						4,714,194.66	
Liangshan Fengguang New Energy Operation and Maintenance Co., Ltd.	2,082,170.55			9,009.98						2,091,180.53	
Hunan Ping An Environmental Protection Co., Ltd.	32,229,998.88			1,142,520.36						33,372,519.24	
Deyang Guangdong Automobile Co., Ltd. (“Deyang Guangdong Automobile”)	326,746,739.31			-10,143,318.57					15,672,240.14	332,275,660.88	
Dongfang Zhongheng (Chengdu) New Energy Technology Co., Ltd.	4,998,911.21									4,998,911.21	
Subtotal	2,002,557,662.77			176,400,274.63	-39,838.88		558,977.24		15,672,240.14	2,194,031,361.42	40,845,971.47
Total	2,439,167,322.24			189,024,034.56	-39,838.88		558,977.24		15,672,240.14	2,643,264,780.82	40,845,971.47

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5.18 Other equity instrument investments

5.18.1 Breakdown of other equity instrument investments

Item	Balance as at June 30, 2023	Balance as at December 31, 2022
Southern Sichuan Expressway Co., Ltd.	1,000,000.00	1,000,000.00
Zhejiang Yuhuan Huadian Wind Power Co., Ltd.	66,300,000.00	66,300,000.00
Harbin Nengchuang Digital Technology Co., Ltd.	5,000,000.00	5,000,000.00
China Southern Power Grid Energy Storage Co., Ltd.	468,510,632.91	571,019,010.30
Total	540,810,632.91	643,319,010.30

5.18.2 Breakdown of non-tradable equity instrument investments

Nil.

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5.19 Investment properties

5.19.1 Investment properties measured under cost model

Item	Buildings and constructions	Land use right	Total
1. Original book value			
(1) Balance as at December 31, 2022	251,312,596.29	18,811,826.12	270,124,422.41
(2) Increase in the current period	11,719,851.18		11,719,851.18
- Outsourcing			
- Transfer-in of inventories, fixed assets and construction in progress	9,965,221.51		9,965,221.51
- Increase from business combination			
- Other changes	1,754,629.67		1,754,629.67
(3) Decrease in the current period			
- Disposal			
- Other changes			
(4) Balance as at June 30, 2023	263,032,447.47	18,811,826.12	281,844,273.59
2. Accumulated depreciation and amortization			
(1) Balance as at December 31, 2022	115,072,206.44	6,430,378.62	121,502,585.06
(2) Increase in the current period	10,272,204.30	407,298.92	10,679,503.22
- Provision or amortization	3,927,926.80	407,298.92	4,335,225.72
- Other changes	6,344,277.50		6,344,277.50
(3) Decrease in the current period			
- Disposal			
- Other changes			
(4) Balance as at June 30, 2023	125,344,410.74	6,837,677.54	132,182,088.28
3. Provision for impairment			
(1) Balance as at December 31, 2022			

(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, 2023			
4. Book value			
(1) Book value as at June 30, 2023	137,688,036.73	11,974,148.58	149,662,185.31
(2) Book value as at December 31, 2022	136,240,389.85	12,381,447.50	148,621,837.35

5.19.2 Investment properties with certificates of title uncompleted
 Nil.

5.20 Fixed assets

5.20.1 Fixed assets and disposal of fixed assets

Item	Balance as at June 30, 2023	Balance as at December 31, 2022
Fixed assets	4,880,413,184.00	4,875,793,750.16
Disposal of fixed assets	576,837.32	364,182.01
Total	4,880,990,021.32	4,876,157,932.17

5.20.2 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 January 1, 2023	17,915,996.06	6,903,485,799.84	8,538,561,877.24	311,414,012.51	1,647,592,016.70	17,418,969,702.35
(2) Increase in the current period	658,339.89	24,660,995.62	211,562,131.01	16,051,847.47	98,982,943.72	351,916,257.71
- Purchase		143,329.64	36,082,574.80	9,113,233.73	15,287,093.61	60,626,231.78
- Transfer-in of construction in progress		23,912,777.18	175,479,556.21	6,825,682.27	83,684,620.03	289,902,635.69
Translation differences of foreign currency statements						
- Other increases	658,339.89	604,888.80		112,931.47	11,230.08	1,387,390.24
(3) Decrease in the current period		32,426,349.76	51,650,598.07	3,359,926.08	39,622,198.37	127,059,072.28
- Disposal or scrapping		18,565,780.79	47,506,894.54	3,359,926.08	39,622,198.35	109,054,799.76
- Other decreases		13,860,568.97	4,143,703.53		0.02	18,004,272.52
(4) Balance as at June 30, 2023	18,574,335.95	6,895,720,445.70	8,698,473,410.18	324,105,933.90	1,706,952,762.05	17,643,826,887.78
2. Accumulated depreciation						

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(1) Balance as at January 1, 2023		3,921,257,379.28	7,032,780,415.89	246,260,799.68	1,208,325,730.14	12,408,624,324.99
(2) Increase in the current period		148,509,511.01	108,064,057.05	6,600,722.30	66,605,583.21	329,779,873.57
- Provision in the current period		148,509,511.01	108,064,057.05	6,600,722.30	66,605,583.21	329,779,873.57
- Other increases						
(3) Decrease in the current period		20,344,300.79	47,726,979.57	3,174,087.11	37,580,182.36	108,825,549.83
- Disposal or scrapping		11,738,464.00	44,697,257.42	3,174,087.11	37,580,182.36	97,189,990.89
- Other decreases		8,605,836.79	3,029,722.15			11,635,558.94
(4) Balance as at June 30, 2023		4,049,422,589.50	7,093,117,493.37	249,687,434.87	1,237,351,130.99	12,629,578,648.73
3. Provision for impairment						
(1) Balance as at January 1, 2023		86,088,944.90	41,068,461.23	109,605.82	7,284,615.25	134,551,627.20
(2) Increase in the current period						
- Provision in the current period						
- Other increases						
(3) Decrease in the current period			533,823.32	5,513.58	177,235.25	716,572.15
- Disposal or scrapping			533,823.32	5,513.58	177,235.25	716,572.15
- Other decreases						
(4) Balance as at June 30, 2023		86,088,944.90	40,534,637.91	104,092.24	7,107,380.00	133,835,055.05
4. Book value						
(1) Book value as at June 30, 2023	18,574,335.95	2,760,208,911.30	1,564,821,278.90	74,314,406.79	462,494,251.06	4,880,413,184.00
(2) Book value as at January 1, 2023	17,915,996.06	2,896,139,475.66	1,464,713,000.12	65,043,607.01	431,981,671.31	4,875,793,750.16

Remark:

1. The Company's land assets shown under the fixed assets as at June 30, 2022 refer to the land use right obtained by Dongfang Electric India within India. Other movements in land assets are movements in exchange rates.

5.20.3 Temporarily idle fixed assets

Item	Original book value	Accumulated depreciation	Provision for impairment	Book value	Remark
Buildings and constructions	17,617,465.49	10,489,851.78	658,810.15	6,468,803.56	
Machinery equipment	102,700,786.43	91,806,256.54	5,952,200.85	4,942,329.04	
Transportation equipment	4,672,688.82	4,439,054.28		233,634.54	
Instrument and apparatus	9,469,973.65	5,853,311.43	3,028,031.11	588,631.11	
Electronic equipment	3,694,727.57	3,528,633.46	29,232.11	136,862.00	
Others	14,052,947.84	13,202,553.40	112,023.21	738,371.23	
Land assets	152,208,589.80	129,319,660.89	9,780,297.43	13,108,631.48	
Total	17,617,465.49	10,489,851.78	658,810.15	6,468,803.56	

5.20.4 Fixed assets leased out through operating lease

Item	Book value as at June 30, 2023
Buildings and constructions	69,564,824.77
Machinery equipment	6,307,603.83

Transportation equipment	19,536.66
Instrument and apparatus, electronic equipment and others	764,957.98
Total	76,656,923.24

5.20.5 Fixed assets with certificates of title uncompleted

Item	Book value	Reason for failure to complete the formalities for the certificate of title
No. 2 building in Chengdu	81,773,540.96	It is going through the formalities
J-379 second staff canteen	14,038,228.53	It is going through the formalities
J-376 newly-built crafting and technology building	9,996,628.74	It is going through the formalities
J-378 staff canteen	9,468,350.34	During the filing process
Production base phrase I in Hulun Buir (Plant)	7,651,393.54	It is going through the formalities
Production base phrase I in Hulun Buir (office building)	7,651,393.54	It is going through the formalities
J-375 hydraulic laboratory	5,684,781.73	It is going through the formalities
J-373 second overspeed laboratory	3,997,606.79	It is going through the formalities
Control building of J-380110KV substation	3,483,926.23	It is going through the formalities
Hot-state plants	3,261,269.55	It is going through the formalities
Cold-state plants	1,615,492.60	It is going through the formalities
Cold-state auxiliary rooms	1,218,102.91	Construction data was missing due to 5.12 Earthquake
Total	149,840,715.46	

5.20.6 Disposal of fixed assets

Item	Balance as at June 30, 2023	Balance as at December 31, 2022
Mechanical equipment	32,573.98	232,657.98
Transportation facilities	4,449.10	3,247.86
Instruments	11,748.80	34,177.74

Electronic equipment	185,183.84	92,156.40
Others	342,881.60	1,942.03
Total	576,837.32	364,182.01

5.21 Construction in progress

5.21.1 Construction in progress and project materials

Item	Balance as at June 30, 2023	Balance as at December 31, 2022
Construction in progress	454,830,363.82	375,852,963.90
Project materials	30,649.48	30,649.48
Total	454,861,013.30	375,883,613.38

5.21.2 Breakdown of construction in progress

Item	Balance as at June 30, 2023			Balance as at December 31, 2022		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
DEC Hydrogen energy Industrial Park	69,599,536.30		69,599,536.30	54,064,952.89		54,064,952.89
Buildings and constructions of technology and innovation center	75,425,590.54		75,425,590.54	17,681,398.27		17,681,398.27
Financial sharing service system construction project (phase II)	15,835,057.20		15,835,057.20	15,420,972.29		15,420,972.29
High-temperature blade trial production project (three-stage static blade, four-stage dynamic and static blade) - Blade sub-factory project (five-coordinate continuous grinding and polishing center)	0.00		0.00	13,911,445.00		13,911,445.00

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Phase II of digitalisation -- 6300KN punching automatic production line 1	22,911,504.50		22,911,504.50	13,746,902.70	13,746,902.70
High-temperature blade trial production project (three-stage static blade, four-stage dynamic and static blade) - Blade sub-factory project (five-coordinate cradle milling machine)	0.00		0.00	8,139,364.20	8,139,364.20
Procurement of servers	0.00		0.00	6,371,660.20	6,371,660.20
Construction of independent gas source station and test platform for centrifugal compressor outlet high voltage electric heater	0.00		0.00	5,884,955.75	5,884,955.75
Vacuum furnace induction heating power supply, etc.	0.00		0.00	5,144,247.76	5,144,247.76
Server virtualisation cluster construction project (Changhong Jiahua)	5,035,398.20		5,035,398.20	5,035,398.20	5,035,398.20
714_20_JZJZ14.5 T horizontal high-speed vacuum balancing machine 1	13,162,987.68		13,162,987.68	0.00	0.00
0708_F_02091 digitalisation platform construction for Dongfang Electrical's products	7,325,345.86		7,325,345.86	2,300,185.86	2,300,185.86
Heavy second combustion engine rotor processing and manufacturing capacity enhancement project - infrastructure category	6,969,135.41		6,969,135.41	2,662,472.50	2,662,472.50
PCB workshop renovation	5,804,988.66		5,804,988.66	0.00	0.00
Reinforcement of a single span in 712_22_0101B main machine room	5,596,490.19		5,596,490.19	43,000.00	43,000.00
Quality management and					

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information sharing system (Inspur General Soft)	5,223,385.07		5,223,385.07	4,182,677.11		4,182,677.11
Others	226,408,826.82	4,467,882.61	221,940,944.21	225,731,213.78	4,467,882.61	221,263,331.17
Total	459,298,246.43	4,467,882.61	454,830,363.82	380,320,846.51	4,467,882.61	375,852,963.90

5.21.3 Changes in important projects of construction in progress in the current period

Project name	Budget (RMB '0,000)	Balance as at December 31, 2022	Increase in the current period	Amount transferred into fixed assets/intangible assets in the current period	Other decreases in the current period	Balance as at June 30, 2023	Proportion of accumulative project investments in budget (%)	Project progress (%)	Accumulated capitalization amount of interest	Including: capitalization amount of interest in the current period	Capitalization rate of interest in the current period (%)	Source of funds
DEC Hydrogen energy Industrial Park	178,540,000.00	54,064,952.89	15,534,583.41			69,599,536.30	38.98	38.98				Self-finance
Buildings and constructions of technology and innovation center	90,000,000.00	17,681,398.27	57,744,192.27			75,425,590.54	83.81	83.81				Self-finance
Financial sharing service system construction project (phase II)	30,000,000.00	15,420,972.29	414,084.91			15,835,057.20	52.78	52.78				Self-finance
High-temperature blade trial production project (three-stage static blade, four-stage dynamic and static blade) - Blade sub-factory project (five-coordinate continuous grinding and polishing center)	21,584,000.00	13,911,445.00	52,830.19	13,964,275.19		0.00	64.70	80.00				Self-finance
Phase II of digitalisation --6300KN punching automatic production line 1	25,000,000.00	13,746,902.70	9,164,601.80			22,911,504.50	91.65	91.65				Self-finance
High-temperature blade trial production project (three-stage static blade, four-stage dynamic and static blade) - Blade sub-factory project (five-coordinate cradle milling machine)	15,828,000.00	8,139,364.20	791,145.22	8,930,509.42		0.00	56.42	80.00				Self-finance

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Procurement of servers	7,500,000.00	6,371,660.20		6,371,660.20		0.00	84.96	90.00			Self-finance
Construction of independent gas source station and test platform for centrifugal compressor outlet high voltage electric heater	7,000,000.00	5,884,955.75		5,884,955.75		0.00	84.07	90.00			Self-finance
Vacuum furnace induction heating power supply, etc.	8,000,000.00	5,144,247.76	77,699.12	5,221,946.88		0.00	65.27	90.00			Self-finance
Server virtualisation cluster construction project (Changhong Jiahua)	7,000,000.00	5,035,398.20				5,035,398.20	71.93	71.93			Self-finance
714_20_JZJZ14.5 T horizontal high-speed vacuum balancing machine 1	27,000,000.00	0.00	13,162,987.68			13,162,987.68	48.75	50.00			Self-finance

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Project name	Budget (RMB '0,000)	Balance as at December 31, 2022	Increase in the current period	Amount transferred into fixed assets/intangible assets in the current period	Other decreases in the current period	Balance as at June 30, 2023	Proportion of accumulative project investments in budget (%)	Project progress (%)	Accumulated capitalization amount of interest	Including: amount of interest in the current period	Capitalization rate of interest in the current period (%)	Source of funds
0708_F_02091 digitalisation platform construction for DFEM's products	45,400,000.00	2,300,185.86	5,025,160.00			7,325,345.86	16.14	80.00				Self-finance
Heavy second combustion engine rotor processing and manufacturing capacity enhancement project - infrastructure category	142,800,000.00	2,662,472.50	4,306,662.91			6,969,135.41	4.88	4.88				Self-finance
PCB workshop renovation	5,804,988.66	0.00	5,804,988.66			5,804,988.66	100.00	100.00				Self-finance
Reinforcement of a single span in 712_22_0101B main machine room	29,000,000.00	43,000.00	5,553,490.19			5,596,490.19	19.30	50.00				Self-finance
Quality management and information sharing system (Inspur General Soft)	9,000,000.00	4,182,677.11	1,040,707.96			5,223,385.07	58.04	58.04				Self-finance
Others		225,731,213.78	677,613.04			226,408,826.82						Self-finance
Total		380,320,846.51	119,350,747.36	40,373,347.44	0.00	459,298,246.43						

5.21.4 Project materials

Item	Balance as at June 30, 2023			Balance as at December 31, 2022		
	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

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5.22 Right-of-use assets

Item	Buildings and constructions	Machinery equipment	Total
1. Original book value			
(1) Balance as at January 1, 2023	506,963,733.19	33,078,689.41	540,042,422.60
(2) Increase in the current period	6,506,076.80		6,506,076.80
- New leases	6,506,076.80		6,506,076.80
- Revaluation adjustment			0.00
(3) Decrease in the current period	1,320,715.36		1,320,715.36
- Transfer-out to fixed assets	685,763.20		685,763.20
- Expiration of leases	634,952.16		634,952.16
(4) Balance as at June 30, 2023	512,149,094.63	33,078,689.41	545,227,784.04
2. Accumulated depreciation			
(1) Balance as at January 1, 2023	219,357,713.72	23,494,963.26	242,852,676.98
(2) Increase in the current period	52,362,589.70	3,362,268.67	55,724,858.37
- Provision	52,362,589.70	3,362,268.67	55,724,858.37
(3) Decrease in the current period	342,881.60		342,881.60
- Expiration of leases	342,881.60		342,881.60
- Other reductions			

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(4) Balance as at June 30, 2023	271,377,421.82	26,857,231.93	298,234,653.75
3. Provision for impairment			
(1) Balance as at January 1, 2023			
(2) Increase in the current period			
- Provision			
(3) Decrease in the current period			
- Expiration of leases			
(4) Balance as at June 30, 2023			
4. Book value			
(1) Book value as at June 30, 2023	240,771,672.81	6,221,457.48	246,993,130.29
(2) Book value as at January 1, 2023	287,606,019.47	9,583,726.15	297,189,745.62

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5.23 Intangible assets

5.23.1 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, 2022	1,233,458,034.28	217,931,185.89	343,606,366.49	402,761,561.61	666,157,994.00	2,863,915,142.27
(2) Increase in the current period	20,319,199.80	2,330,485.68		18,129,170.33	18,418,198.72	59,197,054.53
- Purchase	20,319,199.80	309,762.80		13,804,372.68		34,433,335.28
- Transfer-in of construction in progress		2,020,722.88		4,324,797.65	18,418,198.72	24,763,719.25
- Change in exchange rate						
(3) Decrease in the current period	560.00	6,750.00				7,310.00
- Disposal	560.00	6,750.00				7,310.00
- Other changes						
(4) Balance as at June 30, 2023	1,253,776,674.08	220,254,921.57	343,606,366.49	420,890,731.94	684,576,192.72	2,923,104,886.80
2. Accumulated amortization						
(1) Balance as at December 31, 2022	267,780,573.51	77,203,910.35	332,848,089.60	268,061,103.54	155,477,287.40	1,101,370,964.40
(2) Increase in the current period	14,254,340.33	9,005,984.44	2,381,755.56	18,176,610.86	13,355,981.29	57,174,672.48
- Provision	14,254,340.33	9,005,984.44	2,381,755.56	18,176,610.86	104,546.63	43,923,237.82
- Other changes					13,251,434.66	13,251,434.66
(3) Decrease in the current period		6,750.00				6,750.00
- Disposal		6,750.00				6,750.00
- Other changes						
(4) Balance as at June 30, 2023	282,034,913.84	86,203,144.79	335,229,845.16	286,237,714.40	168,833,268.69	1,158,538,886.88

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Item	Land use right	Patent right	Non-patent technology	Software	Others	Total
3. Provision for impairment						
(1) Balance as at December 31, 2022	33,314.36		376,405.24	308,176.10		717,895.70
(2) Increase in the current period						
- Provision						
(3) Decrease in the current period						
- Disposal						
- Other changes						
(4) Balance as at June 30, 2023	33,314.36		376,405.24	308,176.10		717,895.70
4. Book value						
(1) Book value as at June 30, 2023	971,708,445.88	134,051,776.78	8,000,116.09	134,344,841.44	515,742,924.03	1,763,848,104.22
(2) Book value as at December 31, 2022	965,644,146.41	140,727,275.54	10,381,871.65	134,392,281.97	510,680,706.60	1,761,826,282.17

Remark: The item of "others" in intangible assets mainly refers to the franchise rights to the power station of Nam Mang Power Company.

**5.23.2 Land use rights with certificates of title uncompleted
Nil.**

5.24 Development expenditures

Item	Balance as at December 31, 2022	Increase in the current period		Decrease in the current period		Balance as at June 30, 2023
		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)	3,419,811.33					3,419,811.33
Software copyright for industrial control network audit and response platform driver	849,130.53	449,505.96		869,314.22		429,322.27
Research and platform construction of testing technology for 150m class wind turbine blades		17,481,239.31				17,481,239.31
Research on digital archives and platform for wind turbine units		1,292,452.83				1,292,452.83
Others	982,019.86	4,889,677.06		1,428,813.83	2,154,742.89	2,288,140.20
Total	5,250,961.72	24,112,875.16		2,298,128.05	2,154,742.89	24,910,965.94

5.25 Long-term deferred expenses

Item	Balance as at December 31, 2022	Increase in the current period	Amount amortized in the current period	Balance as at June 30, 2023
Sporadic projects	2,184,738.06	1,105,281.24	484,789.52	2,805,229.78
Total	2,184,738.06	1,105,281.24	484,789.52	2,805,229.78

5.26 Deferred income tax assets and deferred income tax liabilities

5.26.1 Deferred income tax assets without offset

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Item	Balance as at June 30, 2023		Balance as at December 31, 2022	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Provision for impairment of assets	7,367,297,056.00	1,386,704,094.04	8,635,899,523.07	1,341,290,573.33
Deductible losses	798,599,022.50	119,789,853.38	819,076,206.77	122,861,435.02
Estimated liabilities	6,227,166,159.36	1,011,819,354.57	6,561,487,463.07	1,014,912,836.30
Employee compensation payable	1,586,640,787.61	245,946,618.91	1,647,326,001.49	251,285,803.51
Unrealized profits of internal transactions	223,346,355.37	35,175,909.46	274,190,630.42	41,354,617.40
Government grants	147,741,519.67	24,894,570.64	174,610,730.40	26,916,899.05
Accounts payable	2,191,317,222.04	332,350,078.05	2,031,571,425.42	308,006,584.42
Depreciation of fixed assets	16,403,533.30	2,460,530.00	12,028,825.37	1,804,323.81
Changes in fair value	52,766,215.51	9,542,522.65	81,000,387.45	19,836,466.37
Overseas enterprise income tax to be offset	70,142,062.47	10,521,309.37	70,142,062.47	10,521,309.37
Amortization of intangible assets				
Others	23,749,931.13	6,019,013.36	29,762,235.61	4,464,335.34
Total	18,705,169,864.96	3,185,223,854.43	20,337,095,491.54	3,143,255,183.92

5.26.2 Deferred income tax liabilities before offset

Item	Balance as at June 30, 2023		Balance as at December 31, 2022	
	Taxable temporary differences	Deferred income tax liabilities	Taxable temporary differences	Deferred income tax liabilities
Depreciation of fixed assets	334,219,909.71	50,382,396.50	370,391,877.23	55,658,545.61
Returns on investments				
Changes in fair value of investments in other equity instruments			31,019,016.51	4,652,852.48
Total	334,219,909.71	50,382,396.50	401,410,893.74	60,311,398.09

5.26.3 Details of unrecognized deferred income tax assets (unrecognized timing difference)

Item	Balance as at June 30, 2023	Balance as at January 1, 2023
Losses that can be carried forward to the subsequent year	1,766,517,829.74	1,990,902,420.86
Deductible temporary difference	193,328,850.12	191,632,403.39
Total	1,959,846,679.86	2,182,534,824.25

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

Year	Balance as at June 30, 2023	Balance as at December 31, 2022	Remark
2023	38,894,089.99	11,909,954.92	
2024		27,422,248.78	
2025			
2026			
2027			
2028	98,980,923.23	98,980,923.23	
2029	86,375,249.26	86,375,249.26	
2030		27,787,644.58	
2031	23,905,204.52	294,867,324.23	
2032	457,730,604.19	382,927,317.31	
2033	1,060,631,758.55	1,060,631,758.55	
Total	1,766,517,829.74	1,990,902,420.86	

5.27 Other non-current assets

Item	Balance as at June 30, 2023			Balance as at December 31, 2022		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Contract guarantee deposit	5,497,943,077.55	802,296,037.79	4,695,647,039.76	4,624,137,892.12	567,705,302.41	4,056,432,589.71
Completed project but not settled	153,395,602.03	150,957,687.36	2,437,914.67	316,743,969.56	274,001,135.51	42,742,834.05
Subsidiary in bankruptcy liquidation	469,363,000.00	469,363,000.00		469,363,000.00	469,363,000.00	
Total	6,120,701,679.58	1,422,616,725.15	4,698,084,954.43	5,410,244,861.68	1,311,069,437.92	4,099,175,423.76

The explanation on subsidiary in bankruptcy liquidation: Dongfang Electric New Energy Equipment (Hangzhou) Co., Ltd. (“Hangzhou New Energy”) entered into the process of bankruptcy liquidation in 2017, since which the bankruptcy liquidation has not yet completed; Dongfang Electric (Tongliao) Wind Power Engineering Technology Co., Ltd. (“Tongliao Wind Power”), Dongfang Electric (Jiuquan) New Energy Co., Ltd. (“Jiuquan New Energy”) entered into the process of bankruptcy liquidation in 2018, since which the bankruptcy liquidation has not yet completed.

**DONGFANG ELECTRIC CORPORATION LIMITED NOTES TO
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5.28 Short-term borrowings

5.28.1 Classification of short-term borrowings

Item	Balance as at June 30, 2023	Balance as at December 31, 2022
Credit borrowings	127,000,000.00	103,235,027.02
Total	127,000,000.00	103,235,027.02

5.28.2 Short-term borrowings that have been due but not paid

Nil.

5.29 Derivative financial liabilities

Item	Balance as at June 30, 2023	Balance as at January 1, 2023
Forward exchange settlement	20,060,385.90	2,725,701.24
Total	20,060,385.90	2,725,701.24

5.30 Notes payable

Category	Balance as at June 30, 2023	Balance as at December 31, 2022
Bank acceptance bill	4,590,939,228.71	4,231,558,555.38
Commercial acceptance bill	8,348,235,541.28	5,795,145,642.46
Total	12,939,174,769.99	10,026,704,197.84

Remark: The Company had no due and unpaid notes payable as at June 30, 2023.

5.31 Accounts payable

5.31.1 Presentation of accounts payable

Item	Balance as at June 30, 2023	Balance as at December 31, 2022
Within 1 year (including 1 year)	17,864,372,241.64	14,584,970,836.66
1-2 years (including 2 years)	1,400,649,560.21	1,211,799,005.78
2-3 years (including 3 years)	592,694,969.51	518,486,513.10
Over 3 years	835,178,010.54	1,034,637,836.47
Total	20,692,894,781.90	17,349,894,192.01

5.31.2 Significant accounts payable with aging over one year

Item	Balance as at June 30, 2023	Reason for failure in repayment or carry-forward
Entity 1	48,724,589.98	The term of payment has not been met
Entity 2	45,931,060.86	The term of payment has not been met
Entity 3	45,802,868.05	The term of payment has not been met
Entity 4	40,779,249.92	The term of payment has not been met
Entity 5	40,720,690.17	The term of payment has not been met
Entity 6	40,334,155.47	During bankruptcy liquidation
Entity 7	39,651,000.00	The term of payment has not been met
Entity 8	36,964,399.03	The term of payment has not been met
Entity 9	36,151,114.53	The term of payment has not been met
Entity 10	35,237,137.09	The term of payment has not been met
Entity 11	35,138,365.57	The term of payment has not been met
Total	445,434,630.67	

5.32 Contract liabilities

Item	Balance as at June 30, 2023	Balance as at December 31, 2022
Within 1 year (including 1 year)	27,217,389,084.19	25,766,268,476.96
Over 1 year	6,281,614,063.21	6,425,527,295.40
Total	33,499,003,147.40	32,191,795,772.36

5.33 Absorption of deposits and interbank deposits

Item	Balance as at June 30, 2023	Balance as at December 31, 2022
Demand deposits	6,040,483,561.94	4,302,305,510.35
Company	6,040,483,561.94	4,302,305,510.35
Individuals		
Time deposits (including the call deposits)	105,000,000.00	87,000,000.00
Company	105,000,000.00	87,000,000.00
Individuals		
Security deposits received		
Other deposits (including outward remittance for individuals and remittances outstanding for enterprises)		
Total	6,145,483,561.94	4,389,305,510.35

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5.34 Employee compensation payable

5.34.1 Presentation of employee compensation payable

Item	Balance as at December 31, 2022	Increase in the current period	Decrease in the current period	Balance as at December June 30, 2023
Short-term compensation	284,927,877.66	1,688,302,120.44	1,741,924,431.73	231,305,566.37
Post-employment benefits-defined contribution plans	219,746,724.41	231,426,360.03	276,095,063.78	175,078,020.66
Dismissal benefits	337,671,400.94	94,853,187.48	186,573,386.16	245,951,202.26
Total	842,346,003.01	2,014,581,667.95	2,204,592,881.67	652,334,789.29

5.34.2 Presentation of short-term compensation

Item	Balance as at January 1, 2023	Increase in the current period	Decrease in the current period	Balance as at June 30, 2023
Salaries, bonuses, allowances and subsidies		1,249,226,766.30	1,243,990,751.30	5,236,015.00
Employee welfare fees	36,256,841.86	82,739,876.57	105,358,009.33	13,638,709.10
Social insurance premiums	63,710,630.54	129,555,297.12	144,966,930.40	48,298,997.26
Including: medical insurance premium and maternity insurance premium	236,130.82	105,680,601.54	105,792,461.66	124,270.70
Work-related injury insurance premium	71,099.81	9,061,045.84	9,069,994.65	62,151.00
Others	63,403,399.91	14,813,649.74	30,104,474.09	48,112,575.56
Housing provident fund	333,144.00	166,328,848.66	166,335,332.66	326,660.00
Labor union expenditures and employee education funds	182,650,131.38	45,017,323.20	63,872,067.19	163,795,387.39
Other short-term remuneration	1,977,129.88	15,434,008.59	17,401,340.85	9,797.62
Total	284,927,877.66	1,688,302,120.44	1,741,924,431.73	231,305,566.37

5.34.3 Presentation of defined contribution plans

Item	Balance as at December 31, 2022	Increase in the current period	Decrease in the current period	Balance as at June 30, 2023
Basic endowment insurance premium	246,399.36	214,066,458.18	214,305,091.62	7,765.92
Unemployment insurance premium	9,240.02	7,952,101.84	7,961,050.65	291.21

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Enterprise annuity payment	219,491,085.03	9,407,800.01	53,828,921.51	175,069,963.53
Total	219,746,724.41	231,426,360.03	276,095,063.78	175,078,020.66

5.35 Taxes and surcharges payable

Tax	Balance as at June 30, 2023	Balance as at January 1, 2023
Value-added tax	147,895,503.61	136,207,879.40
Enterprise income tax	175,612,728.79	109,916,862.74
Individual income tax	10,808,787.36	48,037,570.79
Urban maintenance and construction tax	14,247,234.75	13,691,242.67
House property tax	15,897,691.92	714,200.81
Land use tax	5,827,375.29	471,874.82
Educational surtax (including local educational surtax)	10,271,194.35	9,610,203.37
Others	19,596,176.57	12,310,143.19
Total	400,156,692.64	330,959,977.79

5.36 Other payables

Item	Balance as at June 30, 2023	Balance as at December 31, 2022
Interest payable	7,177,742.39	7,526,176.87
Dividends payable	1,050,198,651.47	4,023,929.75
Other payables	1,222,024,107.10	1,255,454,438.99
Total	2,279,400,500.96	1,267,004,545.61

Note: the other payables in the above table refer to other payables excluding interest payable and dividends payable.

5.36.1 Interest payable

Item	Balance as at June 30, 2023	Balance as at December 31, 2022
Interest payable on short-term borrowings	6,571,385.68	6,177,716.25
Interest payable on absorption of deposits	606,356.71	1,348,460.62
Total	7,177,742.39	7,526,176.87

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5.36.2 Dividends payable

Item	Balance as at June 30, 2023	Balance as at December 31, 2022
Ordinary share dividends	1,050,198,651.47	4,023,929.75
Total	1,050,198,651.47	4,023,929.75

5.36.3 Other payables

(1) Presentation of other payables by nature

Nature	Balance as at June 30, 2023	Balance as at January 1, 2023
Margin and deposit	396,613,126.20	425,019,859.96
Agency fund	296,271,958.08	262,517,748.08
Equity purchase price payable	260,260,801.59	262,412,707.91
Advance money payable	51,134,686.24	112,443,785.02
Lease, service and minor purchase payables	47,929,019.53	41,721,179.41
Social insurance premium and housing provident fund undertaken by individuals	32,644,069.86	18,579,558.99
Others	137,170,445.60	132,759,599.62
Total	1,222,024,107.10	1,255,454,438.99

(2) Other significant payables with aging over one year

Item	Balance as at June 30, 2023	Reason for failure in repayment or carry-forward
Entity 1	168,078,124.76	The term of payment has not been met
Entity 2	27,706,793.35	The term of payment has not been met
Entity 3	20,616,839.96	The term of payment has not been met
Entity 4	11,920,360.28	Pre-paid claims outstanding
Total	228,322,118.35	

5.37 Non-current liabilities maturing within one year

Item	Balance as at June 30, 2023	Balance as at December 31, 2022
Long-term borrowings maturing within one year	510,164,036.00	510,164,036.00
Lease liabilities maturing within one year	74,216,469.88	115,692,351.58
Total	584,380,505.88	625,856,387.58

5.38 Other current liabilities

Item	Balance as at June 30, 2023	Balance as at January 1, 2023
Provisional estimate cost	98,417,212.89	117,157,718.62
Recognized, endorsed and undue receivables financing at the end of period	130,867,832.24	163,080,671.29
Liabilities from vicarious business	10,623,331.36	5,058,595.06
Others	18,017,135.13	9,134,955.12
Total	257,925,511.62	294,431,940.09

5.39 Long-term borrowings

Item	Balance as at June 30, 2023	Balance as at December 31, 2022
Mortgage borrowings	353,879,219.52	368,151,541.84
Credit borrowings	1,148,813,711.23	1,093,125,902.03
Sub-total	1,502,692,930.75	1,461,277,443.87
Less: long-term borrowings maturing within one year	510,164,036.00	510,164,036.00
Total	992,528,894.75	951,113,407.87

5.40 Lease liabilities

Item	Balance as at June 30, 2023	Balance as at January 1, 2023
Lease payment	345,427,577.09	384,079,902.61
Less: unrecognized financing expense	79,517,551.74	83,544,335.95
Lease liabilities maturing within one year	74,216,469.88	115,692,351.58
Total	191,693,555.47	184,843,215.08

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 5.37.

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5.41 Long-term payables

Item	Balance as at June 30, 2023	Balance as at December 31, 2022
Special payables	240,000.00	240,000.00
Total	240,000.00	240,000.00

Including: special payables

Item	Balance as at December 31, 2022	Increase in the current period	Decrease in the current period	Balance as at June 30, 2023	Forming reason
Funds for energy conservation and emission reduction of the central state-owned capital management budget	140,000.00			140,000.00	
Funds allocated for urban light rail vehicle AC transmission project	100,000.00			100,000.00	
Total	240,000.00			240,000.00	

5.42 Long-term employee compensation payable

Item	Balance as at June 30, 2023	Balance as at December 31, 2022
Post-employment benefits - net liabilities of defined benefit plans		
Long-term dismissal benefits	883,760,643.01	811,389,952.61
Other long-term benefits	236,436,982.96	236,436,982.96
Less: undiscounted long-term employee compensation payable due within one year		
Total	1,120,197,625.97	1,047,826,935.57

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5.43 Estimated liabilities

Item	Balance as at January 1, 2023	Balance as at December 31, 2022	Forming reason
Pending litigation	6,370,883.02	6,718,482.46	Bills endorsement dispute not yet judged by court
Product quality guarantee deposit	3,811,808,907.63	3,506,635,199.17	Estimated expenditure on product quality guarantee deposit
Onerous contract to be performed	2,258,035,184.92	2,843,835,504.10	Onerous contract to be implemented and the expected future loss in the course of implementation
Others	286,235,394.26	276,391,647.86	Expected fines for late delivery
Total	6,362,450,369.83	6,633,580,833.59	

5.44 Deferred income

Item	Balance as at December 31, 2023	Increase in the current period	Decrease in the current period	Balance as at June 30, 2023	Forming reason
Government grants relating to assets	270,813,223.50	32,095,000.00	26,587,197.41	276,321,026.09	Particulars are set out in Table 1
Government grants relating to income	60,794,145.00	60,974,278.61	43,033,208.17	78,735,215.44	Particulars are set out in Table 1
Others	6,406,526.63		1,164,823.00	5,241,703.63	
Total	338,013,895.13	93,069,278.61	70,785,228.58	360,297,945.16	

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5.44.1 Items involving government grants:

Liability item	Balance as at December 31, 2022	New grants in 2023	Amount included in other income in 2023	Amount included in non-operating income in 2023	The amount of cost reduction in 2023	Less: other changes	Balance as at June 30, 2023	Related to assets/income
Financial subsidies	3,764,545.74						3,764,545.74	Related to assets
Appropriation for technical reform	10,647,832.84	31,540,000.00	9,477,173.58				32,710,659.26	Related to assets
Appropriation for scientific research	6,754,707.42		1,828,603.70				4,926,103.72	Related to assets
Other appropriations	10,909,750.32	555,000.00	1,145,663.38				10,319,086.94	Related to assets
VAT refund for three-line enterprises	155,046,802.44		7,050,240.70				147,996,561.74	Related to assets
Subsidy for project infrastructure construction	83,689,584.74		7,085,516.05				76,604,068.69	Related to assets
Financial subsidies	1,565,241.09		17,641.00				1,547,600.09	Related to income
Appropriation for technical reform								Related to income
Appropriation for scientific research	55,275,540.84	60,425,366.30	29,995,112.43			-12,165,475.00	73,540,319.71	Related to income
Other appropriations	3,953,363.07	548,912.31	660,111.45			-194,868.29	3,647,295.64	Related to income
Total	331,607,368.50	93,069,278.61	57,260,062.29			-12,360,343.29	355,056,241.53	

Remark: According to Notice of Tax Policies in Third-tier Enterprises during the Tenth Five Year Plan” (the fiscal and taxation No.[2001]133) issued by Treasury Department and State Administration of Taxation and Notice of Value-added Tax Related to Taxation before Refund in Third-tier Enterprises (the fiscal and taxation No. [2006]166), DTC, DBC and DFEM classifies third-tier companies’ VAT refund received during January 1, 2006 and December 31, 2008 into 2 categories according to the actual use of the VAT refund received, government subsidies either related to assets or revenue, and make accounting treatments respectively.

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

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5.45 Share capital

Name of investee	Balance as at December 31, 2022		Increase in the current period	Decrease in the current period	Balance as at June 30, 2023	
	Investment amount	Proportion (%)			Investment amount	Proportion (%)
Dongfang Electric Corporation	1,727,919,826.00	55.40			1,727,919,826.00	55.41
Holders of A Shares	1,050,887,971.00	33.70		274,000.00	1,050,613,971.00	33.69
Holders of H Shares	340,000,000.00	10.90			340,000,000.00	10.90
Total	3,118,807,797.00	100.00		274,000.00	3,118,533,797.00	100.00

Remark: On December 27, 2022, the Company convened the twelfth meeting of the tenth session of the Supervisory Committee and passed the Resolution on Repurchase and Cancellation of Certain Restricted Stocks and other resolutions. On December 28, 2022, the Company convened the twenty-first meeting of the tenth session of the Board and passed the Resolution on Repurchase and Cancellation of Certain Restricted Stocks and other resolutions. The Board considered and decided to repurchase and cancel a total of 274,000 restricted shares granted to 13 incentive participants but not yet unlocked.

5.46 Capital reserves

Item	Balance as at December 31, 2022	Increase in 2023	Decrease in 2023	Balance as at June 30, 2023
Capital (share capital) premium	11,471,979,314.36		75,298,871.86	11,396,680,442.50
Other capital reserves	172,977,306.75			172,977,306.75
Total	11,644,956,621.11		75,298,871.86	11,569,657,749.25

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Remarks:

1. On December 27, 2022, the Company convened the twelfth meeting of the tenth session of the Supervisory Committee and passed the Resolution on Repurchase and Cancellation of Certain Restricted Stocks and other resolutions. On December 28, 2022, the Company convened the twenty-first meeting of the tenth session of the Board and passed the Resolution on Repurchase and Cancellation of Certain Restricted Stocks and other resolutions. The Board considered and decided to repurchase and cancel a total of 274,000 restricted shares granted to 13 incentive participants but not yet unlocked, and the capital reserve-capital premium decreased by RMB1,182,310.00 due to the repurchase.
2. The Company increased the capital in Dongfang Institute, a subsidiary of the Company, resulting in an increase in the proportion of shareholding to 91.95%, and confirmed that the capital reserve was decreased - the capital premium was RMB3,288,435.68.
3. DBC, a subsidiary of the Company, jointly-controlled and merged with Dongfang Hydrogen, a former subsidiary of the Company, and confirmed that the capital reserve was decreased - the capital premium was RMB70,828,126.18.

5.47 Treasury share

Item	Balance as at January 1, 2023	Increase in 2022	Decrease in 2023	Balance as at June 30, 2023
Restricted stock incentive scheme and repurchase scheme	112,550,221.81		1,456,310.00	111,093,911.81
Total	112,550,221.81		1,456,310.00	111,093,911.81

Remark:

On December 27, 2022, the Company convened the twelfth meeting of the tenth session of the Supervisory Committee and passed the Resolution on Repurchase and Cancellation of Certain Restricted Stocks and other resolutions. On December 28, 2022, the Company convened the twenty-first meeting of the tenth session of the Board and passed the Resolution on Repurchase and Cancellation of Certain Restricted Stocks and other resolutions. The Board considered and decided to repurchase and cancel a total of 274,000 restricted shares granted to 13 incentive participants but not yet unlocked, and the treasury shares decreased by RMB1,456,310.00.

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5.48 Other comprehensive income

Item	Balance as at December 31, 2022	first half of Year 2023								Balance as at June 30, 2023
		Pre-tax amount incurred in 2023	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	23,525,430.61	-91,784,973.25					-84,313,676.43	-7,471,296.82		-60,788,245.82
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	23,525,430.61	-91,784,973.25					-84,313,676.43	-7,471,296.82		-60,788,245.82
4. Changes in the fair value of the Company's own credit risk										
5. Other changes										
II. Other comprehensive income that will be reclassified into profit or loss	-23,262,478.30	31,066,184.87	-5,075,980.17			-357,558.83	30,066,508.00	6,433,215.87		6,804,029.70
1. Other comprehensive income that can be transferred to profit or loss under the equity method	693,905.79	-39,838.88					-37,603.92	-2,234.96		656,301.87
2. Changes in fair value of other										

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creditor's right investment										
3. Amount of financial assets reclassified into other comprehensive income										
4. Provision for credit impairment of receivables financing	1,329,721.87	-1,030,335.99				-357,558.83	-672,777.16			656,944.71
5. Cash flow hedging reserve										
6. Translation differences of foreign currency statements	-25,286,105.96	32,136,359.74	-5,075,980.17				30,776,889.08	6,435,450.83		5,490,783.12
7. Other changes										
Total of other comprehensive income	262,952.31	-60,718,788.38	-5,075,980.17			-357,558.83	-54,247,168.43	-1,038,080.95		-53,984,216.12

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5.49 Special reserves

Item	Balance as at December 31, 2022	Increase in first half of 2023	Decrease in first half of 2023	Balance as at June 30, 2023
Work safety expenses	129,425,897.03	55,485,606.20	40,059,657.78	144,851,845.45
Total	129,425,897.03	55,485,606.20	40,059,657.78	144,851,845.45

5.50 Surplus reserves

Item	Balance as at December 31, 2022	Increase in first half of 2023	Decrease in First half of 2023	Balance as at June 30, 2023
Statutory surplus reserves	1,201,503,540.86			1,201,503,540.86
Discretionary surplus reserves				
Total	1,201,503,540.86			1,201,503,540.86

5.51 Undistributed profits

Item	First half of year 2023	First half of year 2022
Undistributed profits at the end of the previous year before adjustment	18,999,069,789.89	16,976,316,664.38
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	18,999,069,789.89	16,976,316,664.38
Plus: net profit attributable to owners of the parent company in the current period	2,002,157,742.84	2,854,650,575.05
Less: withdrawal of statutory surplus reserves		114,571,656.23
Withdrawal of discretionary surplus reserves		
Withdrawal of general risk reserves		
Common stock dividends payable	1,044,708,822.00	717,325,793.31
Common stock dividends transferred to share capital		
Plus: Carry-forward of other comprehensive income for retained earnings		
Others		
Undistributed profits at the end of the period	19,956,518,710.73	18,999,069,789.89

5.52 Operating revenue and operating costs

5.52.1 Information on operating revenue and operating costs

Item	First half of year 2023		First half of year 2022	
	Revenue	Expenses from costs/interest/expenses from handling charges and commissions	Revenue	Expenses from costs/interest/expenses from handling charges and commissions
Primary business	29,164,647,042.65	24,140,303,632.51	27,087,854,394.87	22,753,171,458.08
Other business	181,325,739.14	90,457,229.27	235,557,141.00	82,426,345.03
Interest income	568,157,152.70	19,824,586.82	584,434,000.71	50,997,730.48
Revenue from handling charges and commissions	1,166,614.52	777,722.29	1,164,823.08	699,886.05
Total	29,915,296,549.01	24,251,363,170.89	27,909,010,359.66	22,887,295,419.64

5.52.2 Revenue of modules and products

Name of module and product	Operating revenue		Operating cost	
	First half of year 2023	First half of year 2022	First half of year 2023	First half of year 2022
Renewable energy equipment	6,926,996,917.36	8,148,581,783.36	6,062,162,428.36	7,140,410,744.28
Including: wind power	5,589,753,902.55	6,889,221,596.17	5,013,966,733.37	6,074,345,807.29
Hydroelectric power	1,066,728,240.48	1,253,904,700.01	854,321,966.61	1,060,580,728.87
Clean and efficient energy equipment	9,972,933,051.45	8,534,207,636.55	8,216,962,715.10	6,728,081,596.25
Including: nuclear power	1,206,446,881.10	1,090,610,780.96	1,016,914,929.59	728,865,229.31
Gas turbine	1,419,291,021.05	1,244,524,372.32	1,250,668,483.94	1,244,349,350.14
Thermal power	7,347,195,149.30	6,199,072,483.27	5,949,379,301.57	4,754,867,016.80
Engineering and trade	6,098,999,637.62	4,474,351,406.28	5,044,343,910.58	3,994,886,869.51
Including: EPC	1,432,627,014.51	1,180,487,468.94	732,479,542.87	927,673,555.10
Trade	4,565,974,794.39	3,289,204,787.56	4,256,120,059.05	3,064,363,614.64
Modern manufacturing service industry	2,410,724,064.21	2,328,945,346.08	1,123,262,572.15	1,211,010,200.05
Including: power station service	1,509,373,851.20	1,456,053,426.28	790,100,713.59	887,664,843.64
Financial service	573,549,610.70	592,131,849.33	20,602,309.11	52,508,544.54
Emerging growth industry	4,505,642,878.37	4,422,924,187.39	3,804,631,544.70	3,812,906,009.55
Total	29,915,296,549.01	27,909,010,359.66	24,251,363,170.89	22,887,295,419.64

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5.53 Taxes and surcharges

Item	First half of year 2023	First half of year 2022
Urban maintenance and construction tax	41,083,205.87	49,822,102.74
House property tax	39,415,632.94	38,891,484.86
Educational surtax	17,866,579.33	21,378,062.48
Stamp duty	31,188,029.46	31,878,572.10
Land use tax	21,189,526.49	21,514,258.80
Local educational surtax	11,842,209.98	14,356,136.07
Other taxes	1,432,750.14	-7,226,609.41
Total	164,017,934.21	170,614,007.64

Note: Other taxes for the prior period amounted to RMB-7,226,609.41, mainly due to the reversal of the by-products reconciliation fund accrued in previous years by DBC, a subsidiary.

5.54 Selling and distribution expenses

Item	First half of year 2023	First half of year 2022
Sales and service fees	404,703,986.31	492,403,087.22
Employee compensation	181,276,450.46	136,173,164.96
Travel expenses	36,528,992.99	23,356,974.29
Others	65,685,067.45	55,572,739.24
Total	688,194,497.21	707,505,965.71

5.55 General and administrative expenses

Item	First half of year 2023	First half of year 2022
Employee compensation	712,207,998.72	768,875,554.69
Repair charges	217,451,965.25	199,619,827.59
Depreciation costs	120,327,729.15	126,591,709.03
Work safety expenses	63,102,311.04	64,117,266.48
Rental fees	15,235,458.18	8,354,440.15
Travel expenses	31,078,727.12	19,596,639.95
Others	182,480,140.93	154,725,184.44
Total	1,341,884,330.39	1,341,880,622.33

5.56 Research and development expenditure

Item	First half of year 2023	First half of year 2022
Employee compensation	581,850,352.57	522,715,153.14
Materials expenses	117,225,976.52	72,427,850.57
Testing and quality assurance expenses	81,154,932.64	85,772,782.12
External commission fees	23,128,138.10	19,157,191.16
Depreciation expenses	62,441,855.36	54,584,782.75
Others	204,899,058.57	190,625,945.36
Total	1,070,700,313.76	945,283,705.10

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5.57

Finance expenses

Item	First half of year 2023	First half of year 2022
Interest expenses	26,710,478.90	25,281,722.08
Including: lease liability interest expenses	4,260,558.57	4,566,016.67
Less: interest revenue	24,015,239.52	17,610,455.06
Profit or loss on exchange	-75,706,811.51	-63,250,087.39
Handling charges of financial institutions	31,848,284.33	17,697,600.82
Cash discount	-41,382,063.06	-21,717,537.49
Others	4,405,775.59	4,365,389.05
Total	-78,139,575.27	-55,233,367.99

5.58 Other income

Source of other income	First half of year 2023	First half of year 2022
Government grants	86,746,866.96	51,285,245.28
Handling charges for withholding, collecting and taxation on behalf of tax authorities	816,874.33	1,050,853.19
Gain on debt restructuring		135,649,171.95
Others	460,616.16	118,999.44
Total	88,024,357.45	188,104,269.86

Government grants included in other income:

Subsidy	First half of year 2023	First half of year 2022	Related to assets/income
VAT refund for three-line enterprises	7,050,240.70	8,589,081.73	Related to assets
Appropriation for scientific research	8,914,119.75	3,421,258.14	Related to assets
Appropriation for scientific research	34,243,852.89	11,648,162.74	Related to income
Financial subsidies			
Financial subsidies			
Tax returns	3,448,856.81	3,975,411.25	Related to income
Other appropriations	10,789,596.50	4,059,021.99	Related to assets
Other appropriations	22,300,200.31	19,592,309.43	Related to income
Total	86,746,866.96	51,285,245.28	

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5.59 Investment income

Item	First half of year 2023	First half of year 2022
Long-term equity investment income calculated by the equity method	189,024,034.56	116,777,292.85
Investment income from financial assets held for trading during the holding period		6,117,923.67
Investment income from disposal of financial assets held for trading	-33,410,080.29	-10,301,597.94
Investment income from creditor's right investment during the holding period	21,627,983.87	22,252,658.25
Investment income from the disposal of creditor's right investment		
Others	359,940.53	
Total	177,601,878.67	134,846,276.83

5.60 Foreign exchange gains

Item	First half of year 2023	First half of year 2022
Revenue from foreign exchange	943,620.08	1,720,767.48
Expenditure on foreign exchange		
Total	943,620.08	1,720,767.48

5.61 Income from changes in fair value

Sources of income from changes in fair value	First half of year 2023	First half of year 2022
Financial assets held for trading	48,639,616.41	-9,897,217.58
Financial liabilities held for trading		
Total	48,639,616.41	-9,897,217.58

5.62 Losses from credit impairment

Item	First half of year 2023	First half of year 2022
Losses from bad debts of accounts receivable	-165,257,201.33	550,258.56
Losses from bad debts of note receivables	1,063,954.14	33,681,625.25
Losses from bad debts of accounts receivable financing	672,777.16	-1,703,214.22
Losses from bad debts of other receivables	-8,259,977.93	-9,133,811.73
Losses from impairment of creditor's right investment	-5,829,375.00	13,479,075.00
Losses from bad debts of long-term receivables	-6,513,359.43	-36,661,707.20
Losses from impairment of credit assets	-147,980,991.72	-3,700,786.34
Bad debt losses on entrusted loans	7,832,777.63	94,932,319.92
Total	-324,271,396.48	91,443,759.24

Remark: Losses are presented with "-"

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5.63 Losses from asset impairment

Item	First half of year 2023	First half of year 2022
Loss from inventory depreciation and losses from impairment of contract performance cost	6,123,345.68	-58,197,079.52
Loss from impairment of fixed assets		
Losses from impairment of right-of-use assets		
Losses from impairment of intangible assets		
Losses from impairment of construction in progress		
Losses from impairment of contract assets	-37,964,956.96	-119,880,335.95
Losses from impairment of other non-current assets	-111,683,287.23	-94,290,965.03
Total	-143,524,898.51	-272,368,380.50

Remark: Losses are presented with "-"

5.64 Income from asset disposal

Item	First half of year 2023	First half of year 2022
Income from disposal of non-current assets	4,859,201.14	43,041,729.82
Total	4,859,201.14	43,041,729.82

5.65 Non-operating revenue

Item	First half of year 2023	First half of year 2022	Amount included in non-recurring profit or loss in the current period
Government grants	113,212.39	268,470.00	113,212.39
Gains from disposal of non-current assets		32,106.19	
Including: gains from scrapping of fixed assets		32,106.19	
Donations received			
Revenue from liquidated damages	3,829,189.29	5,067,849.82	3,829,189.29
Others	10,946,713.76	11,953,559.16	10,946,713.76
Total	14,889,115.44	17,321,985.17	14,889,115.44

Government grants included in the non-operating revenue

Subsidy	First half of year 2023	First half of year 2022	Related to asset/income
Others	113,212.39	268,470.00	Related to income
Total	113,212.39	268,470.00	

**DONGFANG ELECTRIC CORPORATION LIMITED NOTES TO
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5.66 Non-operating expenses

Item	First half of year 2023	First half of year 2022	Amount included in non-recurring profit or loss in the current period
Losses from disposal of non-current assets	3,552,847.52	1,741,057.07	3,552,847.52
Including: losses from scrapping of fixed assets	3,552,847.52	1,741,057.07	3,552,847.52
Donation outlay	13,754,525.62	10,062,217.72	13,754,525.62
Losses from pending litigation			
Expenditure on indemnity, liquidated damages and amercement outlay	528,010.80	19,289,448.93	528,010.80
Others	55,084.33	5,338,859.43	55,084.33
Total	17,890,468.27	36,431,583.15	17,890,468.27

5.67 Income tax expenses

5.67.1 Table of income tax expenses

Item	First half of year 2023	First half of year 2022
Current income tax expenses	271,493,563.83	332,680,097.28
Including: China	268,826,133.29	329,382,565.30
India	5,117.77	1,495,918.35
Other regions	2,662,312.77	1,801,613.63
Deferred income tax expenses	-41,160,063.97	-128,490,740.63
Total	230,333,499.86	204,189,356.65

5.67.2 Adjustment process of accounting profit and income tax expenses

Item	First half of year 2023
Total profits	2,326,546,903.75
Income tax expenses calculated at statutory/applicable tax rate	348,982,035.56
Effect of the application of different tax rates by subsidiaries	132,727,456.13
Effect of adjustments to the income tax for the prior periods	-13,974,253.01
Effect of non-taxable income	-165,154,973.33
Effect of non-deductible costs, expenses and losses	10,941,264.00
Effect of using the deductible losses related to deferred income tax assets unrecognized in previous periods	-6,274,079.09
Effect of deductible temporary differences or losses from deferred income tax assets unrecognized in the current period	-3,228,661.47
Tax preference	-73,685,288.93
Including: additional deduction of research and development expenditure	-73,423,335.18
Income tax expenses	230,333,499.86

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5.68 Earnings per share

5.68.1 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 2023	First half of year 2022
Consolidated net profit attributable to the common stockholder of the parent company	2,002,157,742.84	1,774,136,141.38
Weighted average of the Company's outstanding common stock	3,118,807,797.00	3,119,076,130.00
Basic earnings per share	0.64	0.57
Including: basic earnings per share from going concern	0.64	0.57
Basic earnings per share from discontinued operation		

Weighted average of the Company's outstanding common stock

= Beginning share capital + change in shares during the current period * months counted from the next month of change in shares to the end of the reporting period / months of the reporting period = 3,118,807,797.00

Basic earnings per share

= Consolidated net profit attributable to the common stockholder of the parent company / Weighted average of the outstanding common stock

= 2,002,157,742.84 / 3,118,807,797.00

= 0.64

5.68.2 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 2023	First half of year 2022
Consolidated net profit attributable to the common stockholder of the parent company (diluted)	2,002,157,742.84	1,774,136,141.38
Weighted average of the Company's outstanding common stock (diluted)	3,118,807,797.00	3,119,076,130.00
Diluted earnings per share	0.64	0.57
Including: diluted earnings per share from going concern	0.64	0.57
Diluted earnings per share from discontinued operation		

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5.69 Items in the statement of cash flows

5.69.1 Cash received from other operating activities

Item	First half of year 2023	First half of year 2022
Security deposit	735,461,100.99	511,372,132.71
Interest income	102,026,006.22	43,649,447.71
Government grants	246,454,406.02	35,232,274.00
Compensation	49,523,388.67	18,668,191.09
Premiums compensation	56,004,257.70	23,292,680.08
Advance payment for collection	23,530,740.56	8,833,919.73
Cash received from operating lease of fixed assets and investment properties	4,509,319.46	4,355,127.32
Funds related to the project	84,809,894.55	32,804,772.18
Recovery of the arrears	8,082,386.71	4,039,670.86
Fund allocation for bankruptcy		796,160.83
Purchase under resale agreements		122,817,755.22
Others	198,038,925.62	82,485,420.41
Total	1,508,440,426.50	888,347,552.14

5.69.2 Cash paid for other operating activities

Item	First half of year 2023	First half of year 2022
Purchase under resale agreements	1,449,689,191.75	
Operating expenses	938,599,042.61	752,426,691.02
Security deposit payment	1,196,578,055.44	798,938,462.79
Imprest payment	70,999,748.89	23,047,073.72
Others	221,366,913.12	137,509,695.00
Total	3,877,232,951.81	1,711,921,922.53

5.69.3 Cash received from other investing activities

Nil.

5.69.4 Cash paid for other investing activities

Item	First half of year 2023	First half of year 2022
Others	243,519.57	1,150.00
Total	243,519.57	1,150.00

5.69.5 Cash received from other financing activities

Nil.

5.69.6 Cash paid for other financing activities

Item	First half of year 2023	First half of year 2022
Long-term lease rentals and handling charges	15,548,816.59	64,774,447.84
Deposit bank acceptance margin		300,000.00
Total	15,548,816.59	65,074,447.84

**DONGFANG ELECTRIC CORPORATION LIMITED NOTES TO
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5.70 Supplementary information to the statement of cash flows

5.70.1. Supplementary information to the statement of cash flows

Item	First half of Year 2023	First half of Year 2022
1. Net profit adjusted to cash flows from operating activities		
Net profit	2,096,213,403.89	1,865,256,257.75
Plus: losses from credit impairment	324,271,396.48	-91,443,759.24
Provision for asset impairment	143,524,898.51	272,368,380.50
Depreciation of fixed assets and investment properties	340,459,376.79	320,576,248.92
Depreciation of right-of-use assets	55,724,858.37	75,203,168.10
Amortization of intangible assets	43,923,237.82	53,788,335.18
Amortization of long-term deferred expenses	484,789.52	254,278.15
Losses on disposal of fixed assets, intangible assets and other long-term assets ("-" for income)	-4,859,201.14	-43,041,729.82
Losses from scrapping of fixed assets ("-" for income)	3,552,847.52	1,708,950.88
Losses from changes in fair value ("-" for income)	-48,639,616.41	9,897,217.58
Finance expenses ("-" for income)	-43,858,527.18	-45,552,486.56
Investment losses ("-" for income)	-177,601,878.67	-134,846,276.83
Decreases in deferred income tax assets ("-" for increases)	-41,968,670.51	-129,927,629.10
Increases in deferred income tax liabilities ("-" for decreases)	-9,929,001.59	-2,313,137.50
Decreases in contract assets		
Decreases in inventories ("-" for increases)	-554,079,947.23	1,637,942,014.17
Decreases in operating receivables ("-" for increases)	-13,173,248,867.04	-4,560,784,327.75
Increases in operating payables ("-" for decreases)	8,834,033,955.26	3,170,204,330.05
Others		
Net cash flows from operating activities	-2,211,996,945.61	2,399,289,834.48
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		

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3. Net changes in cash and cash equivalents		
Ending balance of cash	14,790,706,510.65	10,436,739,543.05
Less: beginning balance of cash	12,116,255,168.62	16,324,077,597.44
Plus: ending balance of cash equivalents		
Less: beginning balance of cash equivalents		
Net increase in cash and cash equivalents	2,674,451,342.03	-5,887,338,054.39

5.70.2 Net cash received from disposal of subsidiaries in 2023

Nil.

5.70.3 Breakdown of cash and cash equivalents

Item	Balance as at June 30, 2023	Balance as at January 1, 2023
I. Cash	14,790,706,510.65	12,116,255,168.62
Including: cash on hand	616,442.23	1,026,175.33
Unrestricted bank deposit	3,892,374,291.25	3,280,280,084.00
Other unrestricted cash and cash equivalents	139,938,505.17	90,189,629.75
Unrestricted deposits in central bank	28,972,131.56	246,595,533.42
Deposits in banks and other financial institutions	10,728,805,140.44	8,498,163,746.12
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	14,790,706,510.65	12,116,255,168.62
Including: cash and cash equivalents restricted for use by the parent company or subsidiaries in the Group		

5.71 Assets with restrictions on the ownership or use right

Item	Book value as at June 30, 2023	Reason for restriction
Monetary funds	3,628,632,306.85	Deposits in central bank, reserves and security deposits
Fixed assets	67,434,773.33	Mortgage borrowings
Intangible assets	530,332,370.66	Mortgage borrowings
Total	4,226,399,450.84	

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5.72 Foreign currency monetary items

Item	Balance in foreign currency as at June 30, 2023	Exchange rate for conversion	Balance of RMB converted as at June 30, 2023
Monetary funds			2,040,636,925.13
Including: USD	203,138,230.85	7.2258	1,467,836,228.48
HKD	143.83	0.9220	132.61
JPY	151,177.51	5.0094	757,308.62
EUR	48,971,663.50	7.8771	385,754,690.53
GBP	1.17	9.1432	10.70
CAD	9.01	5.4721	49.30
INR	824,543,693.39	0.0885	72,937,486.03
VND	1,810,437.38	0.3066	555,068.67
ETB	35,350,543.45	0.1312	4,637,991.30
CNYLKR	13,659,988.50	0.0235	320,736.53
LKR	11,665,656.20	0.0672	783,815.44
Rupiah	26,966,438.76	0.4840	13,051,756.36
Others	91,889,872,749.55		94,001,650.56
Accounts receivable			626,025,285.50
Including: USD	78,382,170.79	7.2258	566,373,889.70
EUR	51,841.24	7.8771	408,358.60
INR	83,530,072.12	0.0885	7,388,903.12
ETB	24,345,788.17	0.1300	3,165,195.92
Rupiah	97,337,808.90	0.4840	47,111,499.51
Others	29,983,627.76		1,577,438.65
Other accounts receivable			27,108,724.11
Including: USD	2,905,499.08	7.2258	20,994,555.24
SEK	3,544.34	0.6675	2,365.85
INR	30,484,554.36	0.0885	2,696,602.71
Rupiah	5,063,008.10	0.4840	2,450,495.92
Others	82,867,046.76		964,704.39
Accounts payable			198,048,324.68
Including: USD	4,495,399.18	7.2258	32,482,855.42
HKD	2,663,277.44	0.9220	2,455,541.80
JPY	2,820,350.67	5.0094	14,128,264.63
EUR	17,248,735.46	7.8771	135,870,014.10
GBP	39,735.11	9.1432	363,306.09
CHF	146,710.96	8.0614	1,182,695.73
CAD	1,115,117.98	5.4721	6,102,037.08
Others	421,386,926.00		5,463,609.83
Other payables			40,528,322.97
Including: USD	5,275,663.10	7.2258	38,120,886.43
HKD	17,867.20	0.9220	16,473.56
EUR	93,029.54	7.8771	732,802.99
INR	16,043,663.77	0.0885	1,419,190.41

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Rupiah	210,859.71	0.4840	102,056.10
Others	10,459,528.00		136,913.48
Absorption of deposits			163,955,127.24
Including: EUR		7.8771	39,342,581.12
USD	15,445,364.27	7.2258	111,605,113.12
JPY	2,596,604.98	5.0094	13,007,433.00
Long-term borrowings			353,879,219.52
Including: USD	48,974,400.00	7.2258	353,879,219.52

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5.73 Government grants

5.73.1 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	93,069,278.61	57,260,062.29	
Government grants included in other income	86,746,866.96	86,746,866.96	
Government grants included in non-operating revenue	113,212.39	113,212.39	
Government grants to offset the book value of related assets			
Government grants to offset costs and expenses	131,600,000.00	131,600,000.00	
Total	311,529,357.96	275,720,141.64	

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	Dongnengsheng Wind Power (Heihe) Co., Ltd.	Established by investment	0	0
2	Fujian Dongfu New Energy Co., Ltd.	Established by investment	0	0
3	Dongfang Electric Wind Power (Hami) Co., Ltd.	Established by investment	0	0
4	Dongfang Electric Wind Power (Guiyang) Co., Ltd.	Established by investment	0	0
5	Dongfang Electric Wind Power (Baotou) Co., Ltd.	Established by investment	0	0
6	Dongfang Electric Yangtze River Delta (Hangzhou) Innovation Research Institute Co., Ltd.	Established by investment	40,000,000.00	0

**6.2.2 Subsidiaries subject to
cancellation or liquidation**

Nil.

6.2.3 Merger of subsidiaries

According to the relevant resolution documents of the Company and the approval of DEC, DBC, a subsidiary of the Company, has increased its capital to its subsidiary Dongfang Hydrogen Energy. The capital increase amounted to RMB459,999,997.50, which has been paid in June 2023. Upon the completion of capital increase, Dongfang Hydrogen Energy is controlled by DBC.

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	91.30		Established by investment
DBC	Zigong, Sichuan	Zigong, Sichuan	Production	95.35		Established by investment
Dongfang KWH	Chengdu, Sichuan	Chengdu, Sichuan	Production of dedicated pharmaceutical and medicinal materials		60.81	Established by investment

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Subsidiary	Main business place	Registration place	Business nature	Shareholding ratio (%)		Method of acquisition
				Direct	Indirect	
Henan Dongfang Boiler City Environmental Protection Equipment Co., Ltd.	Jiaozuo, Henan	Jiaozuo, Henan	Manufacturing of dedicated equipment for environmental protection		80.00	Established by investment
Dongfang Advenergy	Shenzhen, Guangdong	Shenzhen, Guangdong	General equipment manufacturing industry		80.00	Established by investment
Dongfang Electric Hydrogen Energy (Ya'an) Co., Ltd.	Ya'an, Sichuan	Ya'an, Sichuan	Service industry		66.00	Established by investment
DFEM	Deyang, Sichuan	Deyang, Sichuan	Production	91.86		Established by investment
DFHM	Guangzhou, Guangdong	Guangzhou, Guangdong	Production	48.17	12.72	Established by investment
DEC (Wuhan) Nuclear	Wuhan, Hubei	Wuhan, Hubei	Production	100.00		Established by investment
Dongfang Electric India	Calcutta, India	Calcutta, India	Service	100.00		Established by investment

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Dongfang Indonesia Company	Jakarta, Indonesia	Jakarta, Indonesia	Service		51.00	Established by investment
Dongfang Electric (Deyang) Motor Technology Co., Ltd.	Deyang, Sichuan	Deyang, Sichuan	Electrical machinery and equipment manufacturing		90.00	Established by investment
Dongfang Electric (Guangdong) Energy Technology Co., Ltd.	Yangjiang, Guangdong	Yangjiang, Guangdong	Service		100.00	Established by investment
DEWP	Deyang, Sichuan	Deyang, Sichuan	Production	41.19	34.99	Established by investment
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

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Dongfang Electric Wind Power (Shandong) Co., Ltd.	Shandong	Shandong	Power equipment manufacturing		55.00	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 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
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

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Deyang Dongfang Aberle System Corporation Limited (hereinafter referred to as the 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	49.36	Business combination under common control
Dongfang Hitachi (Chengdu) Electronic Control Equipment Co., Ltd. (hereinafter referred to as Dongfang Hitachi)	Chengdu, Sichuan	Chengdu, Sichuan	Production		51.00	Business combination under common control
DEC Materials	Chengdu, Sichuan	Chengdu, Sichuan	Commodity circulation	100.00		Business combination under common control
DEC Cargo Logistics Co., Ltd.	Chengdu, Sichuan	Chengdu, Sichuan	Transportation		100.00	Business combination under common control
Dongfang Institute	Chengdu, Sichuan	Chengdu, Sichuan	Technology service	91.95		Business combination under common control
Dongfang Electric (Chengdu) Hydrogen Fuel Cell Technology Co., Ltd. (hereinafter referred to as Dongfang Hydrogen Energy)	Chengdu, Sichuan	Chengdu, Sichuan	Technology service	26.58	26.82	Business combination under common control
Dongfang Innovation Technology	Chengdu, Sichuan	Chengdu, Sichuan	Service	100.00		Established by investment

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Jiangsu Dongchuang Hydrogen Energy Technology Co., Ltd.	Suzhou, Jiangsu	Suzhou, Jiangsu	Electrical machinery and equipment manufacturing		60.00	Established by investment
Dongfang Electric (Beijing) Hydrogen Energy Technology Co., Ltd.	Beijing	Beijing	Electrical machinery and equipment manufacturing		100.00	Established by investment
Dongfang Electric (Anhui) Hydrogen Fuel Cell Technology Co., Ltd.	Fuyang, Anhui	Fuyang, Anhui	Electrical machinery and equipment manufacturing		100.00	Established by investment
Dongfang Electric (Hebei) Hydrogen Energy Technology Co., Ltd.	Tangshan, Hebei	Tangshan, Hebei	Electrical machinery and equipment manufacturing		100.00	Established by investment
Dongfang Electric Hydrogen Energy (Anhui) Co., Ltd.	Fuyang, Anhui	Fuyang, Anhui	Thermal production and supply		90.00	Established by investment
Dongfang Electric (Neijiang) Hydrogen Energy Co., Ltd.	Neijiang, Sichuan	Neijiang, Sichuan	Thermal production and supply		51.00	Established by investment
Dongfang Electric Hydrogen Energy (Chengdu) Co., Ltd.	Chengdu, Sichuan	Chengdu, Sichuan	Thermal production and supply		83.23	Established by investment
Dongfang Electric Hydrogen Energy (Guiyang) Co., Ltd.	Guiyang, Guizhou	Guiyang, Guizhou	Thermal production and supply		100.00	Established by investment

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Dongfang Electric (Shandong) Energy Technology Co., Ltd.	Deyang, Sichuan	Deyang, Sichuan	Power equipment and power unit manufacturing		100.00	Established by investment
Oriental Three Gorges (Jiangsu) Smart Energy Co., Ltd.	Nantong, Jiangsu	Nantong, Jiangsu	Power equipment and power unit manufacturing		68.05	Established by investment
Dongfang Electric (Guangdong) Wind Power Equipment Co., Ltd.	Yangjiang, Guangdong	Yangjiang, Guangdong	Power equipment and power unit manufacturing		100.00	Established by investment
Dongfang Electric (Guangyuan) New Energy Co., Ltd.	Guangyuan, Sichuan	Guangyuan, Sichuan	Power equipment and power unit manufacturing		100.00	Established by investment
Dongfang (Shandong) Wind Power Equipment Co., Ltd.	Binzhou, Shandong	Binzhou, Shandong	Power equipment and power unit manufacturing		100.00	Established by investment
Dongfang Electric Guoxin Hydrogen Energy (Deyang) Co., Ltd.	Deyang, Sichuan	Deyang, Sichuan	Thermal production and supply		51.00	Established by investment
Dongji Energy Technology (Tongyu) Co., Ltd.	Baicheng, Jilin	Baicheng, Jilin	Power equipment and power unit manufacturing		100.00	Established by investment
Dongji Shuanggang Wind Power (Tongyu) Co., Ltd.	Baicheng, Jilin	Baicheng, Jilin	Power equipment and power unit manufacturing		100.00	Established by investment

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Jiuquan Dongsu New Energy Co., Ltd.	Jiuquan, Gansu	Jiuquan, Gansu	Power equipment and power unit manufacturing		100.00	Established by investment
Jiuquan Dongsu Mazongshan New Energy Co., Ltd.	Jiuquan, Gansu	Jiuquan, Gansu	Power equipment and power unit manufacturing		100.00	Established by investment
Dechang Dongneng New Energy Co., Ltd.	Dechang, Sichuan	Dechang, Sichuan	Power equipment and power unit manufacturing		100.00	Established by investment
Fuyang Dongfang Electronic Hydrogen Energy Co., Ltd.	Fuyang, Anhui	Fuyang, Anhui	Thermal production and supply		77.27	Established by investment
Dongfang Electronic Shihua Hydrogen Energy (Liangshan) Co., Ltd.	Liangshan, Sichuan	Liangshan, Sichuan	Thermal production and supply		50.00	Established by investment
Dongfang Electric (Yanyuan) New Energy Equipment Co., Ltd.	Liangshan, Sichuan	Liangshan, Sichuan	Power equipment and power unit manufacturing		65.00	Established by investment
Dongfang Wind Power (Liangshan) New Energy Co., Ltd.	Liangshan, Sichuan	Liangshan, Sichuan	Power equipment and power unit manufacturing		100.00	Established by investment
Xinjiang Dongfang Wind Power New Energy Co., Ltd.	Changji, Xinjiang	Changji, Xinjiang	Power equipment and power unit manufacturing		100.00	Established by investment

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Mulei Dongxin New Energy Co., Ltd.	Changji, Xinjiang	Changji, Xinjiang	Power equipment and power unit manufacturing	100.00	Established by investment
Dongfang Electric Wind Power (Nanjing) Co., Ltd.	Nanjing, Jiangsu	Nanjing, Jiangsu	Power equipment and power unit manufacturing	50.00	Established by investment
Yumen Dongyu New Energy Co., Ltd.	Jiuquan, Gansu	Jiuquan, Gansu	Power equipment and power unit manufacturing	100.00	Established by investment
Inner Mongolia Dongfang Wind Power New Energy Co., Ltd.	Inner Mongolia	Inner Mongolia	Power equipment and power unit manufacturing	100.00	Established by investment
Dongfang Electric Azerbaijan Co., Ltd.	Azerbaijan	Azerbaijan	Production	100.00	Established by investment
Uzbekistan Solar Energy Project Co., Ltd.	Uzbekistan	Uzbekistan	Production	100.00	Established by investment
Dongfang Electric (Fujian) Hydrogen Energy Technology Co., Ltd.	Fuzhou, Fujian	Fuzhou, Fujian	Thermal production and supply	100.00	Established by investment
Dongfang Electric (Fujian) Innovation Research Institute Co., Ltd.	Fuzhou, Fujian	Fuzhou, Fujian	Technical service	100.00	Established by investment

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Dongfang Electric (Jiuquan) Wind Power Equipment Co., Ltd.	Jiuquan, Gansu	Jiuquan, Gansu	Power equipment and power unit manufacturing		100.00	Established by investment
Dongfang Electric Zhongneng Industrial Control Network Security Technology (Chengdu) Co., Ltd.	Chengdu, Sichuan	Chengdu, Sichuan	Internet information service		66.00	Established by investment
Dongnengsheng Wind Power (Heihe) Co., Ltd.	Heihe, Heilongjiang	Heihe, Heilongjiang	Wind power generation		100.00	Established by investment
Fujian Dongfu New Energy Co., Ltd.	Fuzhou, Fujian	Fuzhou, Fujian	Wind power generation		100.00	Established by investment
Dongfang Electric Wind Power (Hami) Co., Ltd.	Hami, Xinjiang	Hami, Xinjiang	Wind power generation		100.00	Established by investment
Dongfang Electric Wind Power (Guiyang) Co., Ltd.	Guiyang, Guizhou	Guiyang, Guizhou	Wind power generation		100.00	Established by investment
Dongfang Electric Wind Power (Baotou) Co., Ltd.	Baotou, Inner Mongolia	Baotou, Inner Mongolia	Wind power generation		100.00	Established by investment
Dongfang Electric Yangtze River Delta (Hangzhou) Innovation Research Institute Co., Ltd.	Hangzhou, Zhejiang	Hangzhou, Zhejiang	Other industry		100.00	Established by investment

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7.1.2 Major non-wholly-owned subsidiaries

Subsidiary	Shareholding ratio of minority shareholders	Profit or loss attributable to minority shareholders in the current period	Dividends declared to be distributed to minority shareholders in the current period	Ending balance of minority equity
DBC	4.65	19,532,973.37		378,871,264.45
DEA	3.70	1,705,973.62	52,899.72	34,878,256.03
Dongfang Finance	5.00	8,044,227.21	8,605,264.42	183,986,995.69
DTC	8.70	37,227,242.85	35,549,257.58	665,973,999.33
DFEM	8.14	31,641,453.87	26,780,940.60	533,514,741.03
DEWP	23.83	-6,160,952.67		393,309,493.52
DFHM	39.11	6,420,373.41	6,513,911.30	648,757,754.80

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

Subsidiary	Balance as at June 30, 2023					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
DTC	24,309,926,011.53	6,020,673,260.80	30,330,599,272.33	21,346,831,536.31	1,321,288,825.38	22,668,120,361.69
DBC	23,132,493,121.70	3,543,487,500.97	26,675,980,622.67	15,501,601,790.19	2,297,691,098.80	17,799,292,888.99
DFEM	18,172,616,073.69	4,086,788,815.24	22,259,404,888.93	14,050,022,165.52	1,634,734,908.46	15,684,757,073.98
DEWP	14,963,562,185.37	3,721,804,409.07	18,685,366,594.44	13,981,422,142.30	2,646,732,538.22	16,628,154,680.52
Dongfang Finance	21,057,620,110.96	26,664,047,337.34	47,721,667,448.30	44,067,339,977.16	9,274,252.08	44,076,614,229.24
DEA	2,839,013,561.06	653,553,212.13	3,492,566,773.19	2,349,776,183.46	43,935,490.86	2,393,711,674.32
DFHM	3,479,742,507.85	769,508,095.20	4,249,250,603.05	2,308,873,538.67	273,521,313.96	2,582,394,852.63
Subsidiary	Balance as at December 31, 2022					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
DTC	22,063,079,373.35	5,901,613,790.40	27,964,693,163.75	18,883,346,452.95	1,442,405,082.61	20,325,751,535.56
DBC	20,767,778,019.47	3,522,215,708.63	24,289,993,728.10	13,831,994,659.25	2,536,565,777.18	16,368,560,436.43
DFEM	17,247,066,647.14	3,946,288,679.99	21,193,355,327.13	12,940,254,365.39	1,648,698,733.75	14,588,953,099.14
DEWP	13,693,448,640.50	3,511,622,335.33	17,205,070,975.83	12,715,729,170.45	2,393,384,926.32	15,109,114,096.77
Dongfang Finance	16,982,453,210.87	30,100,135,329.40	47,082,588,540.27	43,391,608,194.86	11,706,672.79	43,403,314,867.65
DEA	3,057,527,912.03	482,479,085.55	3,540,006,997.58	2,412,521,308.36	50,973,357.59	2,463,494,665.95
DFHM	3,167,983,288.31	795,666,342.10	3,963,649,630.41	2,043,434,577.19	255,273,504.97	2,298,708,082.16

**DONGFANG ELECTRIC CORPORATION LIMITED NOTES TO
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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	6,003,477,139.20	427,632,418.89	427,592,580.01	1,422,164,986.72	5,550,942,345.62	482,696,222.73	482,985,990.02	1,384,220,569.56
DBC	7,015,514,094.22	402,658,438.30	402,658,438.30	1,256,156,523.31	6,015,172,992.38	426,829,427.98	426,829,427.98	1,071,931,299.25
DFEM	5,414,635,840.94	389,520,519.45	297,735,546.20	126,013,916.82	5,256,023,121.62	386,241,832.82	386,241,832.82	804,326,704.86
DEWP	5,502,955,309.70	-46,658,681.19	-46,658,681.19	-589,570,664.16	6,757,731,698.06	19,006,906.79	19,006,906.79	-1,782,717,832.71
Dongfang Finance	601,552,485.48	160,884,544.27	172,571,529.76	-2,782,481,931.32	605,052,358.43	171,935,619.30	186,543,835.53	1,872,199,472.44
DEA	1,521,835,549.85	57,471,948.26	57,471,948.26	-325,852,728.70	1,161,541,969.86	57,258,313.80	58,102,697.00	31,172,215.55
DFHM	902,735,474.68	16,416,193.83	16,416,193.83	-141,030,896.71	786,350,877.03	18,210,583.66	18,210,583.66	5,277,895.64

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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

According to the relevant resolution documents of the Company and the approval of DEC, DBC, a subsidiary of the Company, has increased its capital to its subsidiary Dongfang Hydrogen Energy. The capital increase amounted to RMB459,999,997.50, which has been paid in June 2023. Upon the completion of capital increase, Dongfang Hydrogen Energy is controlled by DBC.

7.3 Equity in joint venture arrangements or associates

7.3.1. Major joint ventures or associates

Name of joint venture or associate	Main business place	Registration place	Business nature	Shareholding ratio (%)		Accounting treatment method
				Direct	Indirect	
Dongfang MHPS	Jiaxing, Zhejiang	Jiaxing, Zhejiang	Production		50.00	Equity method
Dongfang Framatome	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, Sichuan	Cargo transportation	20.00		Equity method
Dongshu New Materials	Deyang, Sichuan	Deyang, Sichuan	Manufacturing		47.54	Equity method

7.3.2 Principle financial information of major joint ventures

Item	Balance as at June 30, 2023/amount for the current period		Balance as at December 31, 2022/amount for the same period of the previous year	
	Dongfang MHPS	Dongfang Framatome	Dongfang MHPS	Dongfang Framatome
Current assets	1,753,639,774.42	879,174,891.44	1,254,754,795.15	1,191,371,513.04
Including: cash and cash equivalents	326,083,711.12	378,591,329.42	162,022,312.52	427,148,155.86
Non-current assets	211,529,998.24	67,578,584.55	219,376,539.32	69,190,225.78
Total assets	1,965,169,772.66	946,753,475.99	1,474,131,334.47	1,260,561,738.82
Current liabilities	1,478,127,382.92	457,070,545.22	987,921,197.96	782,958,980.82
Non-current liabilities	64,414,107.45	33,676,078.16	67,118,065.36	34,797,389.79
Total liabilities	1,542,541,490.37	490,746,623.38	1,055,039,263.32	817,756,370.61

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Item	Balance as at June 30, 2023/amount for the current period		Balance as at December 31, 2022/amount for the same period of the previous year	
	Dongfang MHPS	Dongfang Framatome	Dongfang MHPS	Dongfang Framatome
Minority equity				
Equity attributable to shareholders of the parent company	422,628,282.29	456,006,852.61	419,092,071.15	442,805,368.21
Net asset share calculated by shareholding ratio	215,608,891.73	228,003,426.31	209,546,035.58	221,402,684.11
Adjustments				
- Goodwill				
- Unrealized profits of Internal transactions				
- Others				
Book value of the equity investment in joint ventures	215,608,891.73	228,003,426.31	209,546,035.58	221,402,684.11
Fair value of the equity investment in joint ventures with public offer				
Operating revenue	607,847,423.92	98,651,531.37	554,472,282.41	119,422,597.60
Finance expenses	4,572,633.91	-2,952,551.45	4,751,815.13	640,362.33
Income tax expenses	-312,388.51	3,592,408.13	392,466.40	2,502,285.16
Net profit	12,125,712.29	20,356,979.43	12,015,371.05	14,251,691.82
Net profit from discontinued operation				
Other comprehensive income				
Total comprehensive income	12,125,712.29	20,356,979.43	12,015,371.05	14,251,691.82
Dividends received from joint ventures in current period				21,712,801.41

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7.3.3 Principle financial information of major associates

Item	Balance as at June 30, 2023/amount for the current period			Balance as at December 31, 2022/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	1,581,159,847.23	3,194,592,674.12	1,391,118,858.38	1,369,299,772.77	2,852,474,062.37	1,197,588,840.16
Non-current assets	265,115,847.15	6,320,568,807.04	374,168,855.14	269,355,044.49	6,122,057,706.31	358,389,707.06
Total assets	1,846,275,694.38	9,515,161,481.16	1,765,287,713.52	1,638,654,817.26	8,974,531,768.68	1,555,978,547.22
Current liabilities	676,228,671.71	1,154,686,981.91	1,255,408,532.15	602,266,133.41	1,275,399,431.17	1,059,638,403.70
Non-current liabilities	14,906,384.59	4,029,927,443.34	2,716,381.13	14,279,166.15	3,857,580,292.03	1,506,498.57
Total liabilities	691,135,056.30	5,184,614,425.25	1,258,124,913.28	616,545,299.56	5,132,979,723.20	1,061,144,902.27
Minority equity		488,306,386.96	152,430,213.06		518,070,804.46	
Equity attributable to shareholders of the parent company	1,155,140,638.08	3,842,240,668.95	354,732,587.18	1,022,109,517.70	3,323,481,241.02	494,833,644.95
Net asset share calculated by shareholding ratio	566,018,912.66	768,448,133.79	192,351,611.70	500,833,663.67	664,696,248.20	235,243,914.81
Adjustments						
- Goodwill						
- Unrealized profits of Internal transactions	426,089.63	5,295,404.84				

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Item	Balance as at June 30, 2023/Amount for the current period			Balance as at December 31, 2022/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	565,592,823.03	773,743,538.63	192,351,611.70	500,833,664.26	664,696,248.20	188,996,650.01
Fair value of the equity investment in associates with public offer						
Operating revenue	291,688,371.85	888,847,540.73	1,185,883,024.28	247,501,220.61	1,132,527,505.27	820,527,421.61
Net profit	100,000,000.00	571,631,014.13	13,669,274.56	72,000,000.00	492,892,080.05	-1,241,007.89
Net profit of discontinued operation						
Other comprehensive income						
Total comprehensive income	100,000,000.00	571,631,014.13	13,669,274.56	72,000,000.00	492,892,080.05	-1,241,007.89
Dividends received from associates in the current period			558,977.24	131,146,215.00		

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7.3.4 Summary of financial information on other joint ventures and associates

Item	Balance as at June 30, 2023/Amount for the current period	Balance as at December 31, 2022/Amount for the same period of the previous year
Total book value of investment of joint ventures	6,244,324.64	4,288,590.74
Total amounts of the following items calculated at shareholding ratio		
Net profit	-174,230.40	-87,517.29
Other comprehensive income		
Total comprehensive income	-174,230.40	-87,517.29
Total book value of investment of associates		
Total amounts of the following items calculated at shareholding ratio	619,406,236.06	607,185,128.83
Net profit	16,752,008.71	15,626,189.03
Other comprehensive income		
Total comprehensive income	16,752,008.71	15,626,189.03

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: 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, the Company held 66%. 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, 2023, the book balance and expected credit impairment losses of related assets are as follows:

Aging	Book balance	Impairment reserve
Notes receivable	1,374,948,048.22	21,310,956.18
Receivable financing	1,795,894,222.01	
Accounts receivable	18,283,105,812.88	4,842,744,008.88
Other receivable	921,771,696.68	314,762,677.17
Debt investment	21,176,360,607.05	75,000,000.00
Long-term receivables (including payments due within one year)	1,048,301,655.43	96,135,474.10
Disbursement of loans and advances	5,610,188,575.46	229,292,703.44
Total	50,210,570,617.73	5,579,245,819.77

On June 30, 2023, the amount of financial guarantee provided by the Company was RMB92.5 million. Please refer to Note XII 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

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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, 2023, 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, 2023					
	Immediate repayment	Within 1 year	1-2 years	2-5 years	Over 5 years	Total
Financial assets						
Including: monetary funds		18,419,338,817.50				18,419,338,817.50
Financial assets held for trading		694,245,551.19				694,245,551.19
Notes receivable		1,353,637,092.04				1,353,637,092.04

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Item	Balance as at June 30, 2023					
	Immediate repayment	Within 1 year	1-2 years	2-5 years	Over 5 years	Total
Accounts receivable		13,440,361,804.00				13,440,361,804.00
Accounts receivable financing		1,795,894,222.01				1,795,894,222.01
Other receivables		607,009,019.51				607,009,019.51
Total amount of financial assets		36,310,486,506.25				36,310,486,506.25
Financial liabilities						
Including: short-term borrowings		127,000,000.00				127,000,000.00
Derivative financial liabilities		20,060,385.90				20,060,385.90
Notes payable		12,939,174,769.99				12,939,174,769.99
Accounts payable		20,692,894,781.90				20,692,894,781.90
Other payables		2,279,400,500.96				2,279,400,500.96
Employee compensation payable		652,334,789.29				652,334,789.29
Non-current liabilities maturing within one year		584,380,505.88				584,380,505.88
Long-term borrowings			193,800,000.00	260,000,000.00	538,728,894.75	992,528,894.75
Lease liabilities		191,693,555.47				191,693,555.47
Long-term employee compensation payable		1,120,197,625.97				1,120,197,625.97
Total amount of financial liabilities		38,607,136,915.36	193,800,000.00	260,000,000.00	538,728,894.75	39,599,665,810.11

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, 2023, except for the asset and liability in USD and other foreign currencies in the foreign currency monetary items (see Note 5.72), 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.

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, 2023, the Company's interest-bearing debts were mainly fixed interest rate contracts valued at RMB, amounting to RMB1,895,602,956.10.

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.

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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	96,867,997.02	96,867,997.02	85,176,351.35	85,176,351.35
All foreign currencies	5% of depreciation in RMB	-96,867,997.02	-96,867,997.02	-85,176,351.35	-85,176,351.35

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.

Item	Fair value as at June 30, 2023			
	Level 1	Level 2	Level 3	Total
Subtotal of financial assets measured at fair value through current profit or loss	694,174,151.19		71,400.00	694,245,551.19
Debt instrument investment	157,449,150.00			157,449,150.00
Equity instrument investment	11,318,157.72		71,400.00	11,389,557.72
Others	525,406,843.47			525,406,843.47
Other equity instrument investment	468,510,632.91		72,300,000.00	540,810,632.91
Receivable financing			1,795,894,222.01	1,795,894,222.01
Total assets	1,162,684,784.10		1,868,265,622.01	3,030,950,406.11
Derivative financial liabilities	20,060,385.90			20,060,385.90
Total liabilities	20,060,385.90			20,060,385.90

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Based on the above assumptions, under the circumstance that other variables are unchanged, the after-tax effect of the rational change in interest rate on the current profit or loss and equity is as below:

Item	Fluctuation in interest rate	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%	-3,538,792.20	-3,538,792.20	-3,649,095.56	-3,649,095.56
Borrowings with floating rate	Decrease by 1% rate	3,538,792.20	3,538,792.20	3,649,095.56	3,649,095.56

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, 2023 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, 2023

9.2.1 Continuous fair value measurement

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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

Monetary Unit: RMB '0,000

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	504,696.03	55.40	55.40

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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
Sichuan Energy Wind Power	Associate
Deyang Guangdong Automobile	Associate
Dongfang Mitsubishi	Associate
Dongle Dajian	Associate
Dongshu New Materials	Associate
Hongnijing Wind Power	Associate
Hunan Ping An Environmental Protection Co., Ltd.	Associate
Longkou Wind Power	Associate
Sanshengtai Wind Power	Associate
Ulan New Energy	Associate
China United Gas	Associate
Dongfang Zhongheng (Chengdu) New Energy Technology Co., Ltd.	Associate
Liangshan Fengguang New Energy Operation and Maintenance Co., Ltd.	Associate
Dongfang Framatome	Joint venture
Dongfang MHPS	Joint venture
Dongfang (Xichang) Hydrogen Energy	Joint venture

10.4 Other related parties

Name of other related parties	Relationship with the Company
Dongfang Electric Corporation	Parent company and ultimate controller
Dongfang Electric Investment Management (hereinafter referred to as Dongfang Management)	Other enterprise controlled by the same parent company and ultimate controller
Dongfang Electric (Jiuquan) Photovoltaic Power Generation Technology Co., Ltd. (hereinafter referred to as Jiuquan Photovoltaic Technology)	Other enterprise controlled by the same parent company and ultimate controller
Quzhou Huijie New Energy Technology Co., Ltd. (hereinafter referred to as Quzhou Huijie New Energy)	Other enterprise controlled by the same parent company and ultimate controller
Quzhou Huihe New Energy Technology Co., Ltd.	

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(hereinafter referred to as Quzhou Huihe New Energy)	Other enterprise controlled by the same parent company and ultimate controller
Dongyao New Energy (Zhangbei County) Co., Ltd. (hereinafter referred to as Dongyao Zhangbei New Energy)	Other enterprise controlled by the same parent company and ultimate controller
Dongfang Electric (Zhenjiang) Solar Power Co., Ltd.	Other enterprise controlled by the same parent company and ultimate controller
Dongfang Electric (Jiuquan) Integrated Smart Energy Technology Co., Ltd. (hereinafter referred to as Dongfang Jiuquan Smart Energy)	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 (Leshan) Eban High Purity Material Co. Ltd. (hereinafter referred to as Dongfang Eban High Purity)	Other enterprise controlled by the same parent company and ultimate controller
Dongfang International Investment	Other enterprise controlled by the same parent company and ultimate controller
Dongfang Electric El 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
Dongfang Electric Clean Energy Technology Chengdu Co., Ltd. (hereinafter referred to as Dongfang Clean Energy)	Other enterprise controlled by the same parent company and ultimate controller
Dongfang Electric Group (Chengdu) Shared Services Co., Ltd. (hereinafter referred to as Dongfang Sharing)	Other enterprise controlled by the same parent company and ultimate controller
Luquan Dongfang Electric Solar Power Co., Ltd.	Other enterprise controlled by the same parent company and ultimate controller
Dongyao New Energy (Tangshan) Co., Ltd.	Other enterprise controlled by the same parent company and ultimate controller
Dongfang Feiyuan (Shandong) Electronic Materials Co., Ltd.	Other enterprise controlled by the same parent company and ultimate controller
Honghua Group Limited (hereinafter referred to as Dongfang Honghua)	Other enterprise controlled by the same parent company and ultimate controller
Honghua Holdings Limited	Other enterprise controlled by the same parent company and ultimate controller
Honghua Oil & Gas Engineering Services Limited	Other enterprise controlled by the same parent company and ultimate controller
Honghua America, LLC.	Other enterprise controlled by the same parent company and ultimate controller
Honghua Golden Coast Equipment FZE	Other enterprise controlled by the same parent company and ultimate controller
Honghua Financial Leasing (Shanghai) Co., Ltd.	Other enterprise controlled by the same parent company and ultimate controller
Honghua Huyi Financial Leasing (Shanghai) Co., Ltd.	Other enterprise controlled by the same parent company and ultimate controller
Newco (H.K.) Limited	Other enterprise controlled by the same parent company and ultimate controller
Hanzheng Testing Technology Co., Ltd. (hereinafter referred to as Hanzheng Testing)	Other enterprise controlled by the same parent company and ultimate controller
Honghua Drilling Technology Co., Ltd.	Other enterprise controlled by the same parent company and ultimate controller
Honghua Energy Equipment Co., Ltd.	Other enterprise controlled by the same parent company and ultimate controller
Honghua (China) Investment Co., Ltd.	Other enterprise controlled by the same parent company and ultimate controller

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Sichuan Honghua Petroleum Equipment Co., Ltd. (hereinafter referred to as Sichuan Honghua)	Other enterprise controlled by the same parent company and ultimate controller
Honghua Offshore Oil & Gas Equipment (Jiangsu) Co., Ltd. (hereinafter referred to as Honghua Offshore)	Other enterprise controlled by the same parent company and ultimate controller
Shanghai Zhuangju Offshore Engineering Co., Ltd.	Other enterprise controlled by the same parent company and ultimate controller
Hong Kong Tank Tek Limited	Other enterprise controlled by the same parent company and ultimate controller
Honghua Oil & Gas Engineering Technology Service Co., Ltd.	Other enterprise controlled by the same parent company and ultimate controller
Sichuan Honghua International Co., Ltd.	Other enterprise controlled by the same parent company and ultimate controller
Sichuan Honghua Electric Co., Ltd. (hereinafter referred to as Honghua Electric)	Other enterprise controlled by the same parent company and ultimate controller
Gansu Hongteng Oil & Gas Equipment Co., Ltd.	Other enterprise controlled by the same parent company and ultimate controller
Honghua International Ukraine Limited	Other enterprise controlled by the same parent company and ultimate controller
Emei Semiconductor Materials Research Institute (hereinafter referred to as Emei Institute)	Former subsidiary controlled by the same parent company and ultimate controller
Dongfang Electric (Hulunbeier) New Energy Co., Ltd.	Former subsidiary controlled by the same parent company and ultimate controller
Chengdu Dongfang Electric Technology Industry Co., Ltd.	Former subsidiary controlled by the same parent company and ultimate controller
DEC Emei Semiconductor Material Co., Ltd. (hereinafter referred to as Eban Company)	Former subsidiary controlled by the same parent company and ultimate controller
Dongfang Electric (Yixing) Maiji Solar Power Technology Co. Ltd.	Former subsidiary controlled by the same parent company and ultimate controller
Hangzhou New Energy	Subsidiary controlled by the same parent company and ultimate controller and under the state of bankruptcy and liquidation
Dongfang Electric (Tongliao) Wind Power Engineering Technology Co. Ltd.	Subsidiary controlled by the same parent company and ultimate controller and under the state of bankruptcy and liquidation
Dongfang Electric (Jiuquan) New Energy Co., Ltd.	Subsidiary controlled by the same parent company and ultimate controller and under the state of bankruptcy and liquidation
Zhonghe Desalination Engineering Co., Ltd.	Subsidiary controlled by the same parent company and ultimate controller and under the state of bankruptcy and liquidation
Touhey Motor Oil & Gas Service Co., Ltd.	Subsidiary controlled by the same parent company and ultimate controller and under the state of bankruptcy and liquidation
China Western Power Industrial Co., Ltd. (hereinafter referred to as China Western Power)	Investor with significant influence
Guangdong Yudean Group Co., Ltd. (hereinafter referred to as Guangdong Yudean Group)	Investor with significant influence
Directors, presidents and other senior officers of the Company	Relationship with other related parties

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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
Parent company and ultimate controller		4,497,315.75	3,274,336.28
Including: Dongfang Electric Corporation	Purchase of goods		3,274,336.28
Dongfang Electric Corporation	Acceptance of services	4,497,315.75	
Joint ventures and associates		455,487,007.89	480,549,015.85
Including: Dongfang MHPS	Purchase of goods	396,691,578.01	328,996,272.48
Dongfang Mitsubishi	Purchase of goods	58,795,429.88	151,552,743.37
Other enterprises controlled by the same parent company and ultimate controller		377,775,108.01	152,954,491.39
Including: Dongfang Jieneng	Purchase of goods	1,455,752.21	2,088,495.57
Dongshu New Materials	Purchase of goods	306,742,399.22	150,865,995.82
Sichuan Honghua	Purchase of goods	38,617,488.56	
Honghua Electric	Purchase of goods	16,814,159.29	
Honghua Offshore	Acceptance of services	13,633,785.25	
Hanzheng Testing	Acceptance of services	511,523.48	

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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
Parent company and ultimate controller			798,704.68
Including: Dongfang Electric Corporation	Sales of goods		798,704.68
Joint ventures and associates		139,357,687.69	106,355,875.37
Including: Dongfang Framatome		57,805,549.99	34,823,043.58
	Sales of goods		
Dongfang MHPS	Sales of goods	72,538,221.50	41,504,386.05
Dongfang Mitsubishi	Sales of goods	69,823.01	14,042,777.93
Deyang Guangdong Automobile	Provision of labor service	8,944,093.19	15,985,667.81
Other enterprises controlled by the same parent company and ultimate controller		441,111,277.93	104,366,807.96
Including: Jiuquan Photovoltaic Technology	Sales of goods	27,643.37	32,832.75
Dongshu New Materials	Sales of goods	206,383,661.58	31,328,284.96
Dongfang Jiuquan Smart Energy	Sales of goods	1,127,696.68	73,005,690.25
Newco (H.K.) Limited	Sales of goods	94,155,279.40	
Dongyao Zhangbei New Energy	Provision of labor service	24,237,035.62	
Honghua Electric	Sales of goods	1,969,026.55	
Honghua Offshore	Sales of goods	18,188,264.52	
Gansu Hongteng Oil & Gas Equipment Co., Ltd.	Sales of goods	6,049,576.15	
Sichuan Honghua	Sales of goods	86,080,094.06	
Sichuan Honghua International Co., Ltd.	Sales of goods	2,893,000.00	
Former subsidiary controlled by the same parent company and ultimate controller			39,289.38
Including: Shizuishan Photovoltaic	Sales of goods		39,289.38

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
Joint ventures and associates		2,236,975.90	2,441,745.28
Dongfang MHPS	Interest income	2,236,975.90	2,441,745.28
Other enterprises controlled by the same parent company and ultimate controller		12,417,517.24	5,598,682.52
Including: Jiuquan Photovoltaic Technology	Interest income	271,855.35	426,346.96
Dongshu New Materials	Interest income	6,290,104.32	4,236,466.38
Quzhou Huijie New Energy	Interest income	1,139,852.41	935,869.18
Honghua (China) Investment Co., Ltd.	Interest income	4,664,570.23	
Sichuan Honghua	Interest income	51,134.93	
Former subsidiaries controlled by the same parent company and ultimate controller			2,556,010.62
Including: Shizuishan Photovoltaic	Interest income		1,440,165.10
Jiuquan Solar Power Generation	Interest income		1,115,845.52

Table of interest expenses

Related party	Content of related-party transactions	Amount for the period	Amount for the same period of the previous year
Parent company and ultimate controller		15,923,796.49	24,732,077.01
Including: Dongfang Electric Corporation	Interest expenses	15,923,796.49	24,732,077.01
Other enterprises controlled by the same parent company and ultimate controller		678,944.11	774,347.87
Including: Dongfang Investment	Interest expenses	64,076.41	154,720.81
DEC Sharing	Interest expenses	159,734.12	163,948.66
Jiuquan Photovoltaic Technology	Interest expenses	14,654.50	7,963.00
Dongfang Jieneng	Interest expenses	10,743.48	16,298.38
Emei Institute	Interest expenses		61,368.39

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	35,908.21	26,240.47
Dongshu New Materials	Interest expenses	102,409.91	215,383.97
Dongfang Jiuquan Smart Energy	Interest expenses	55,752.06	88,494.91
Quzhou Huihe New Energy	Interest expenses	10,053.77	39,929.28
Sichuan Honghua	Interest expenses	0.11	
Honghua Electric	Interest expenses	0.22	
Sichuan Honghua International Co., Ltd.	Interest expenses	0.09	
Honghua (China) Investment Co., Ltd.	Interest expenses	0.12	
Dongyao Zhangbei New Energy	Interest expenses	168,428.11	
Dongfang Feiyuan (Shandong) Electronic Materials Co., Ltd.	Interest expenses	688.50	
DEC Smart Light Energy Co., Ltd.	Interest expenses	56,494.50	
Joint ventures and associates		1,876.05	
Dongfang MHPS	Interest expenses	1,876.05	
Former subsidiaries controlled by the same parent company and ultimate controller			77,343.84
Including: Shizuishan Photovoltaic	Interest expenses		28,357.49
Jiuquan Solar Power Generation	Interest expenses		48,986.35

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10.5.3 Related-party lease

The Company as the lessor

Nil

The Company as the lessee

Name of lessor	Type of leased assets	Simplified treatment of rental fees		Rental fees paid		Interest expense on lease liabilities	
		Amount for the period	Amount for previous period	Amount for the period	Amount for previous period	Amount for the period	Amount for previous period
Dongfang Electric Corporation	Buildings			34,089,470.74	36,528,835.60		

Name of lessor	Type of leased assets	Increased right-of-use assets		Depreciation of right-of-use assets	
		Amount for the period	Amount for previous period	Amount for the period	Amount for previous period
Dongfang Electric Corporation	Buildings			31,984,961.14	48,580,640.25

Notes on related-party lease: Upon consideration and approval at the 2021 first extraordinary general meeting, the Company and some subsidiaries signed six framework agreements such as the "2022-2024 Agreement on Continuous Related Transaction" with Dongfang Electric Corporation. According to the 2022-2024 Framework Agreement on Property and Equipment Lessee, since January 1, 2022, 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.

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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
Dongfang Mitsubishi	2,450.00	2016/9/22	Termination date of long term service agreement	No
Hongnijing Wind Power	1,600.00	2016/1/19	2026/1/19	No
Sanshengtai Wind Power	1,600.00	2016/6/29	2026/6/29	No
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
Loan to			
Quzhou Huihe New Energy	53,016,297.00	2021/6/30	2036/6/30
Dongshu New Materials	50,000,000.00	2022/10/10	2023/10/10
Dongshu New Materials	40,000,000.00	2022/12/26	2023/12/26
Dongshu New Materials	40,000,000.00	2023/1/16	2024/1/16
Dongshu New Materials	50,000,000.00	2023/3/24	2024/3/24
Dongshu New Materials	25,000,000.00	2023/3/28	2024/3/28
Dongshu New Materials	50,000,000.00	2023/5/22	2024/5/22
Dongshu New Materials	10,000,000.00	2023/5/26	2024/5/26
Dongfang MHPS	50,000,000.00	2023/1/4	2024/1/4
Dongfang MHPS	50,000,000.00	2023/1/12	2024/1/12
Dongfang MHPS	40,000,000.00	2023/3/15	2024/3/15
Dongfang MHPS	30,000,000.00	2023/6/21	2024/6/21
Dongfang MHPS	30,000,000.00	2023/6/29	2024/6/29
Jiuquan Photovoltaic Technology	15,000,000.00	2022/9/26	2023/9/26
Honghua (China) Investment Co., Ltd.	445,000,000.00	2023/3/13	2026/3/13
Loan from			
Dongfang Electric Corporation	5,000,000.00	2021/12/1	2024/12/1
Dongfang Electric Corporation	153,800,000.00	2021/9/29	2024/9/30
Dongfang Electric Corporation	20,000,000.00	2022/9/6	2025/9/6
Dongfang Electric Corporation	20,000,000.00	2022/12/31	2025/12/31
Dongfang Electric Corporation	50,000,000.00	2022/9/6	2025/9/6
Dongfang Electric Corporation	50,000,000.00	2022/12/22	2025/12/22

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10.6 Receivables from and payables to related parties

10.6.1 Receivables

Item name	Related party	Balance as at June 30, 2023		Balance as at December 31, 2023	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
Accounts receivable		1,004,580,714.11	689,180,001.75	803,708,053.41	688,231,348.21
	Parent company and ultimate controller	5,130,000.00	513,000.00	5,130,000.00	508,500.00
	Dongfang Electric Corporation	5,130,000.00	513,000.00	5,130,000.00	508,500.00
	Joint ventures and associates	108,625,505.74	8,899,497.57	66,272,696.72	6,255,769.93

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Item name	Related party	Balance as at June 30, 2022		Balance as at December 31, 2023	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
	Dongfang MHPS	80,405,270.53	7,328,771.20	38,883,294.81	4,682,135.02
	Dongfang Framatome	3,002,670.16	240,165.01	236,143.00	101,838.65
	Hongnijing Wind Power	154,146.00	77,199.00	153,894.00	76,947.00
	Sanshengtai Wind Power			252.00	252.00
	Longkou Wind Power	979,200.00	48,960.00	21,025.00	1,051.25
	China United Gas	1,491,725.00	74,586.25	3,281,795.00	164,089.75
	Deyang Guangdong Automobile	21,876,093.26	1,093,996.07	21,046,847.25	1,079,452.02
	Dongfang Mitsubishi	716,400.79	35,820.04	2,649,445.66	150,004.24
	Other enterprises controlled by the same parent company and ultimate controller	222,038,256.47	11,414,528.02	53,335,843.07	3,120,419.73
	Dongshu New Materials	88,317,218.96	4,415,860.95	21,461,896.89	1,073,094.85
	Dongfang Investment			367,950.00	367,950.00
	Quzhou Huihe New Energy	4,149,425.00	207,471.25	4,513,687.50	225,684.38
	Jiuquan Integrated Smart Energy	21,350,593.40	1,067,529.67	21,350,593.40	1,067,529.67
	Honghua Electric	2,372,714.00	118,635.70	770,214.00	38,510.70
	Sichuan Honghua	89,787,428.07	4,801,986.60	4,871,501.28	347,650.13
	Honghua Offshore	9,224,855.98	461,242.80		
	Gansu Hongteng Oil & Gas Equipment	6,836,021.06	341,801.05		
	Subsidiaries controlled by the same parent company and ultimate controller and in bankruptcy liquidation	660,605,774.89	660,605,774.89	664,270,618.32	664,270,618.32
	Dongfang Electric (Jiuquan) New Energy	306,562,559.25	306,562,559.25	306,562,559.25	306,562,559.25
	Tongliao Wind Power	207,107,394.98	207,107,394.98	207,107,394.98	207,107,394.98
	Hangzhou New Energy	83,026,584.11	83,026,584.11	84,310,255.67	84,310,255.67
	Zhonghe Desalination	63,909,236.55	63,909,236.55	66,290,408.42	66,290,408.42
	Subsidiaries previously controlled by the same parent company and ultimate controller	1,995,118.12	1,995,118.12	8,512,836.41	8,512,836.41
	Dongfang Maiji	1,995,118.12	1,995,118.12	1,995,118.12	1,995,118.12
	Chengdu Dongfang Electric Technology Industry Co., Ltd.			6,517,718.29	6,517,718.29
	Investor with significant influence	6,186,058.89	5,752,083.15	6,186,058.89	5,563,203.82
	Huaxi Energy	6,186,058.89	5,752,083.15	6,186,058.89	5,563,203.82
Notes receivable		79,738,674.86	1,353,011.20	152,942,136.83	3,387,230.91
	Joint ventures and associates	54,457,465.09	1,353,011.20	103,334,098.73	3,387,230.91
	Dongfang MHPS	32,886,278.60	1,045,000.00	34,632,533.66	1,360,293.35
	Deyang Guangdong Automobile	21,571,186.49	308,011.20	68,701,565.07	2,026,937.56

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	Other enterprises controlled by the same parent company and ultimate controller	25,281,209.77		49,608,038.10	
	Dongshu New Materials	23,594,101.77		49,608,038.10	
	Sichuan Honghua	945,850.00			
	Honghua Electric	741,258.00			
Advances to suppliers		350,437,317.41		344,934,616.13	
	Joint ventures and associates	256,774,372.86		231,443,961.64	
	Dongfang Mitsubishi			24,643,558.37	
	Deyang Guangdong Automobile			77,852,184.93	
	Dongfang MHPS	256,774,372.86		128,948,218.34	
	Other enterprises controlled by the same parent company and ultimate controller	93,662,944.55		113,490,654.49	
	Dongshu New Materials	38,449,851.00		81,873,500.00	
	Honghua Offshore	740,851.80		1,016,337.49	
	Sichuan Honghua	48,125,460.00		30,600,817.00	
	Honghua Electric	6,346,781.75			
Other receivables		8,624,657.21	3,290,854.32	3,913,563.32	3,055,299.62
	Parent company and ultimate controller	4,058,659.53	202,932.98		
	Dongfang Electric Corporation	4,058,659.53	202,932.98		
	Subsidiaries controlled by the same parent company and ultimate controller and in bankruptcy liquidation	3,913,563.32	3,055,299.62	3,913,563.32	3,055,299.62
	Hangzhou New Energy	2,845,136.58	2,845,136.58	2,845,136.58	2,845,136.58
	Zhonghe Desalination	1,068,426.74	210,163.04	1,068,426.74	210,163.04
	Other enterprises controlled by the same parent company and ultimate controller	83,828.44	4,191.42		

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Item name	Related party	Balance as at June 30, 2022		Balance as at December 31, 2023	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
	Dongshu New Materials	83,828.44	4,191.42		
	Joint ventures and associates	568,605.92	28,430.30		
	Dongfang Mitsubishi	425,384.42	21,269.22		
	Deyang Guangdong Automobile	143,221.50	7,161.08		
Interest receivables				9,500.00	
	Other enterprises controlled by the same parent company and ultimate controller			9,500.00	
	Dongshu New Materials			9,500.00	
Contract assets		18,270,952.62	351,714.99	22,224,999.32	1,425,668.47
	Other enterprises controlled by the same parent company and ultimate controller	11,769,152.92	26,625.00	12,359,330.73	15,500.00
	Sichuan Honghua	310,000.00	15,500.00	310,000.00	15,500.00
	Quzhou Huihe New Energy	11,236,652.92		12,049,330.73	
	Honghua Electric	222,500.00	11,125.00		
	Joint ventures and associates	6,501,799.70	325,089.99	9,687,668.59	1,249,968.47
	Dongfang MHPS	6,501,799.70	325,089.99	9,687,668.59	1,249,968.47
	Investor with significant influence			178,000.00	160,200.00
	Huaxi Energy			178,000.00	160,200.00
Entrusted loan		395,326,514.45	395,326,514.45	395,326,514.45	395,326,514.45
	Subsidiaries controlled by the same parent company and ultimate controller and in bankruptcy liquidation	395,326,514.45	395,326,514.45	395,326,514.45	395,326,514.45
	Hangzhou New Energy	395,326,514.45	395,326,514.45	395,326,514.45	395,326,514.45
Disbursement of loans and advances		498,016,297.00		56,720,000.00	
	Other enterprises controlled by the same parent company and ultimate controller	498,016,297.00		56,720,000.00	
	Honghua (China) Investment Co, Ltd.	445,000,000.00			
	Quzhou Huihe New Energy	53,016,297.00		56,720,000.00	
Other current assets		480,000,000.00		405,000,000.00	
	Joint ventures and associates	200,000,000.00		60,000,000.00	
	Dongfang MHPS	200,000,000.00		60,000,000.00	
	Other enterprises controlled by the same parent company and ultimate controller	280,000,000.00		345,000,000.00	

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	Jiuquan Photovoltaic Technology	15,000,000.00		15,000,000.00
	Dongshu New Materials	265,000,000.00		330,000,000.00
Discounted assets		9,552,790.00		21,574,671.97
	Joint ventures and associates			
		8,500,000.00		9,226,666.66
	Dongfang MHPS	8,500,000.00		9,226,666.66
	Other enterprises controlled by the same parent company and ultimate controller			
		1,052,790.00		12,348,005.31
	Dongshu New Materials	1,052,790.00		12,348,005.31

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10.6.2 Payables

Item name	Related party	Book balance as at June 30, 2023	Book balance as at December 31, 2023
Accounts payable		593,217,280.00	421,842,269.21
	Parent company and ultimate controller	36,181,526.40	23,704,371.70
	Dongfang Electric Corporation	36,181,526.40	23,704,371.70
	Joint ventures and associates	265,228,780.01	207,898,303.97
	Dongfang MHPS	177,521,331.78	172,785,904.36
	Deyang Guangdong Automobile	75,130,055.19	35,095,007.92
	Dongfang Framatome	4,130.00	17,391.69
	Dongfang Mitsubishi	12,573,263.04	
	Other enterprises controlled by the same parent company and ultimate controller	243,136,183.69	141,926,073.53
	Dongshu New Materials	156,924,809.29	92,220,354.41
	Dongfang Clean Energy	1,055,550.00	2,008,800.00
	Hanzheng Testing	1,744,885.63	334,381.62
	Honghua Offshore	6,741,613.34	3,303,950.24
	Honghua Electric	20,442,328.79	24,585,287.15
	Sichuan Honghua	55,909,206.64	19,473,300.11
	Gansu Hongteng Oil & Gas Equipment	317,790.00	
	Subsidiaries controlled by the same parent company and ultimate controller and in bankruptcy liquidation	45,464,801.16	45,464,801.16
	Hangzhou New Energy	44,239,801.16	44,239,801.16
	Zhonghe Desalination	1,225,000.00	1,225,000.00
	Subsidiaries previously controlled by the same parent company and ultimate controller	2,610,375.58	2,610,375.58
	Hulunbeier New Energy	2,574,624.60	2,574,624.60
	Dongfang Maiji	35,750.98	35,750.98
	Investor with significant influence	595,613.16	238,343.27
	Huaxi Energy	595,613.16	238,343.27
Contract liabilities		498,450,615.47	483,557,651.62
	Joint ventures and associates	425,080,646.61	406,207,280.11
	Dongfang Mitsubishi	263,561,101.24	232,420,043.03
	Dongfang Framatome	54,946,112.00	111,313,601.00
	Dongfang MHPS	10,757,048.81	2,350,186.90
	China United Gas	86,719,977.45	51,027,042.07
	Hongnijing Wind Power	1,859,361.73	1,859,361.73
	Sanshengtai Wind Power	4,615,459.20	4,615,459.20

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Item name	Related party	Book balance as at June 30, 2023	Book balance as at December 31, 2023
	Ulan New Energy	2,621,586.18	2,621,586.18
	Other enterprises controlled by the same parent company and ultimate controller	73,286,775.86	77,350,371.51
	Jiuquan Integrated Smart Energy	2,472,686.91	3,600,383.59
	Dongyao New Energy (Zhangbei County)	70,442,790.83	73,422,105.00
	Honghua Offshore		327,882.92
	Newco (H. K.)	366,898.12	
	Sichuan Honghua	4,400.00	
	Investor with significant influence	83,193.00	
	Huaxi Energy	83,193.00	
Other payables		218,218,205.67	203,750,824.00
	Parent company and ultimate controller	217,530,965.67	203,123,584.00
	Dongfang Electric Corporation	217,530,965.67	203,123,584.00
	Other enterprises controlled by the same parent company and ultimate controller	560,000.00	500,000.00
	Dongfang Sharing		500,000.00
	Sichuan Honghua	560,000.00	
	Subsidiaries controlled by the same parent company and ultimate controller and in bankruptcy liquidation	127,240.00	127,240.00
	Hangzhou New Energy	127,240.00	127,240.00
Interest payable		6,784,072.96	7,526,176.87
	Parent company and ultimate controller	6,555,003.57	7,069,019.23
	Dongfang Electric Corporation	6,555,003.57	7,069,019.23
	Other enterprises controlled by the same parent company and ultimate controller	229,069.39	457,157.64
	Dongshu New Materials	77,763.87	49,958.32
	Dongfang Investment		230,793.75
	Dongfang Sharing	151,305.52	176,405.57
Lease liabilities		23,798,869.94	25,458,120.76
	Parent company and ultimate controller	23,798,869.94	25,458,120.76
	Dongfang Electric Corporation	23,798,869.94	25,458,120.76
Non-current liabilities due within one year		46,641,636.10	86,977,661.24
	Parent company and ultimate controller	46,641,636.10	86,977,661.24
	Dongfang Electric Corporation	46,641,636.10	86,977,661.24
Long-term borrowings		298,800,000.00	298,800,000.00
	Parent company and ultimate controller	298,800,000.00	298,800,000.00
	Dongfang Electric Corporation	298,800,000.00	298,800,000.00

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10.6.3 Monetary funds absorbed from related parties

Name of related party	Currency type	Amount as at June 30, 2023 (original currency)	Amount as at June 30, 2023 (Converted into RMB)	Amount as at December 31, 2022 (original currency)	Amount as at December 31, 2022 (Converted into RMB)
Parent company and ultimate controller			5,618,319,286.16		4,114,630,027.69
Dongfang Electric Corporation	RMB	5,525,399,242.43	5,525,399,242.43	4,025,073,408.29	4,025,073,408.29
Dongfang Electric Corporation	USD	12,859,481.82	92,920,043.73	12,858,831.72	89,556,619.40
Joint ventures and Associate			472,273.81		1,341,593.21
Dongfang MHPS	RMB	472,273.81	472,273.81	1,341,592.21	1,341,593.21
Other enterprises controlled by the same parent company and ultimate controller			221,806,097.43		253,707,587.92
Dongfang Investment	RMB	6,471,017.75	6,471,017.75	19,846,893.16	19,846,894.16
Dongfang Clean Energy	RMB	8,755,077.51	8,755,077.51	7,410,394.29	7,410,394.29
Dongshu New Materials	RMB	12,632,719.53	12,632,719.53	23,773,579.73	23,773,579.73
Eban High Purity	RMB	23,510,147.72	23,510,147.72	33,400,559.66	33,400,559.66
Dongfang Sharing	RMB	26,124,663.91	26,124,663.91	29,370,614.47	29,370,615.47
Jiuquan Photovoltaic Technology	RMB	9,723,517.22	9,723,517.22	11,246,450.42	11,246,450.42
Quzhou Huihe New Energy	RMB	6,156,170.77	6,156,170.77	8,152,741.46	8,152,742.46
Jiuquan Integrated Smart Energy	RMB	68,829,350.16	68,829,350.16	39,949,955.05	39,949,955.05
Dongyao New Energy (Zhangbei County)	RMB	59,602,830.13	59,602,830.13	80,556,093.62	80,556,094.62
Honghua Oil & Gas Engineering Technology Services Limited	RMB	1.00	1.00	1.00	1.00
Honghua Electric	RMB	200.24	200.24	100.02	100.02
Honghua International Co., Ltd.	RMB	101.09	101.09	1.00	1.00
Honghua (China) Investment Co., Ltd.	RMB	100.15	100.15	100.02	100.02
Honghua Offshore	RMB	100.14	100.14	100.02	100.02
Sichuan Honghua	RMB	100.11	100.11		
Subsidiaries previously controlled by the same parent company and ultimate controller					2.23
Emei Institute	USD			0.32	2.23
Subsidiaries controlled by the same parent company and ultimate controller and in bankruptcy liquidation			26.97		26.96
Tongliao Wind Power	RMB	10.6	10.6	10.59	10.59
Dongfang Maiji	RMB	1.13	1.13	1.13	1.13
Hangzhou New Energy	RMB	15.24	15.24	15.24	15.24

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11. Share-based payment

11.1 General information of share-based payment

Total amount of all equity instruments granted by the Company in 2021	none
Total amount of all invalid equity instruments of the Company in current period	274,000.00
Range of exercise price of restricted stock by the Company as at December 31, 2022 and the remaining contractual period	RMB5.93-6.54 per share, and exercise period of 48 months
Range of exercise price of other equity instruments of the Company as at December 31, 2022 and the remaining contractual period	none

11.2 Equity-settled share-based payment

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.

- (1) 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

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The Company will repurchase and cancel the restricted stocks in principles stipulated in the incentive plans, provided that the restricted sales for restricted stocks cannot be lifted within the above-mentioned agreed period. The restricted stocks obtained by incentive objects, are restricted for sales together with the shares obtained from conversion of capital reserves into share capital, stock dividends or stock split, may not be sold in the secondary market or transferred otherwise. The unlocking period of such shares is the same as that of restricted stocks. If the Company repurchases restricted stocks that have not been lifted, the stocks will be repurchased and cancelled together.

(4) The incentive objects entitled to unlock restricted stocks, when trying to unlock and sell the restricted stocks granted to them, shall not only meet the relevant requirements consistent with the granting conditions, but also meet the following conditions:

1) The Company's performance assessment requirements

Restricted shares firstly granted under the incentive plan shall be assessed and unlock by year in the three fiscal years from 2021 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.

The reserved part will be sold in 2020, and the annual performance assessment targets of the reserved part are shown in the following table:

Unlocking period	Performance assessment objectives
The first unlocking period	(1) The compound growth rate of net profit in 2021, calculated based on the net profit in 2018, is not less than 10% as well as the peer industry's performance average; (2) The ROE in 2021 is not less than 4.5% as well as the peer industry's performance average; (3) The □EVA in 2021 is positive.
The second unlocking period	(1) The compound growth rate of net profit in 2022, calculated based on the net profit in 2018, is not less than 10% as well as the peer industry's performance average; (2) The ROE in 2022 is not less than 5% as well as the peer industry's performance average; (3) The □EVA in 2022 is positive.
The third unlocking period	(1) The compound growth rate of net profit in 2023, calculated based on the net profit in 2018, is not less than 10% as well as the peer industry's performance average; (2) The ROE in 2023 is not less than 5.5% as well as the peer industry's performance average; (3) The □EVA in 2023 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

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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).

- 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.

11.2.2. Unlocking of restricted shares for the current period

On December 27, 2022, the Company held the twelfth meeting of the tenth session of the supervisory committee and considered and passed the Resolution on the Fulfillment of the Conditions for the Second Unlocking Period under the First Grant under the Restricted A Share Incentive Scheme for 2019. On December 28, 2022, the Company held the twenty-first meeting of the tenth session of the board of directors and considered and passed the Resolution on the Fulfillment of the Conditions for the Second Unlocking Period under the First Grant under the Restricted A Share Incentive Scheme for 2019. After consideration, the conditions of unlocking the second period of the first grant of the Company's Restricted A Share Incentive Scheme for 2019 had been accomplished, and the Company agreed to handle the relevant matters relating to unlocking the restricted stock for 744 incentive participants who met the unlocking conditions. The number of restricted shares released from locking was 8,852,565 shares, and the date for circulation of restricted shares was January 9, 2023.

11.3 Cash-settled share-based payment

None.

11.4 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, 2023

A commitment on capital expenditure which has been signed and yet confirmed in the financial statements

Item	Amount as at June 30, 2023	Amount as at December 31, 2022
Capital construction	279,285,583.37	221,130,639.32
Equipment	425,337,904.89	356,611,657.34
Outbound Investment Commitment		
Total	704,623,488.26	577,742,296.66

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As at June 30, 2023, the total agreed significant foreign investment expenditures of the Company with contract on which has not been paid amounted to RMB704,623,488.26. 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	620,144,902.07	340,859,318.70	279,285,583.37	2023-2024
The Company and its subsidiaries	Equipment	688,867,889.94	263,529,985.05	425,337,904.89	2023-2024
Total		1,309,012,792.01	604,389,303.75	704,623,488.26	

(2) Signed lease contracts being performed or to be performed and their financial effects

As at June 30, 2023, 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 as at June 30, 2023
Within one year	5,066,222.33
1-2 years	1,855,671.32
2-3 years	1,929,899.12
3-4 years	1,939,873.70
Total	10,791,666.47

12.1.2 Save for the above-mentioned events, the Company has no other significant commitments needing to be disclosed.

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, 2023, the information on the letter of guarantee opened by the Company is as follows

Entity name	Business type	Currency	Balance as at June 30, 2023
The Company	Letter of guarantee	RMB	7,520,958,797.28
DFEM	Letter of guarantee	RMB	2,978,864,802.25
DFEM	Letter of guarantee	USD	545,075,060.85

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Entity name	Business type	Currency	Balance as at June 30, 2023
DFEM	Letter of guarantee	Bolivia Bissau	63,998,201.94
DTC	Letter of guarantee	RMB	2,483,730,240.13
DTC	Letter of guarantee	USD	247,784.59
DTC	Letter of guarantee	EUR	12,983,602.23
DBC	Letter of guarantee	RMB	2,928,129,479.10
DBC	Letter of guarantee	USD	4,507,743.07
DEWP	Letter of guarantee	RMB	3,370,864,783.00
DEA	Letter of guarantee	RMB	15,680,422.75
DFHM	Letter of guarantee	RMB	531,417,721.76
DFHM	Letter of guarantee	EUR	33,704.00
DEIC	Letter of guarantee	RMB	4,170,005,100.00

(2) Unsettled letter of credit

As at June 30, 2023, the information of the irrevocable Letter of credit opened by the Company is as follows:

Entity name	Business type	Currency	Balance as at June 30, 2023
DFEM	Letter of credit	USD	15,301,283.63
DFEM	Letter of credit	EUR	35,827,981.08
DFEM	Letter of credit	YEN	54,032,194.91
DFEM	Letter of credit	Franc	7,050,526.24
DTC	Letter of credit	USD	54,142,003.85
DTC	Letter of credit	EUR	501,227,640.41
DTC	Letter of credit	YEN	1,941,543,310.86
DTC	Letter of credit	Franc	9,142,700.00
DBC	Letter of credit	USD	
DBC	Letter of credit	EUR	
DEIC	Letter of credit	RMB	1,239,821,700.00

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(3) Provision of guarantees for other entities

As at June 30, 2023, the Company provides guarantee for other entities as follows

Name of guarantee entity	Type of guarantee	Amount	Expiry date	Remark
Dongfang Mitsubishi	Performance guarantee	24,500,000.00	Termination date of long-term service agreement	
Hongnijing Wind Power	Credit guarantee	16,000,000.00	2026/1/19	
Sanshengtai Wind Power	Credit guarantee	16,000,000.00	2026/6/29	
Ulan 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. 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
None.

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.

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14. Other significant events

14.1 Debt restructuring

None.

14.2 Asset replacement

There was no significant asset replacement incurred during the reporting period.

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 2023

Item	Renewable energy equipment	Clean and efficient energy equipment	Engineering and trade	Modern manufacturing services industry	Emerging growth industry	Summary	Offset	Total
Operating revenue	8,110,730,345.74	18,334,502,178.99	6,762,030,647.05	2,784,413,334.15	6,182,985,116.81	42,174,661,622.74	12,259,365,073.73	29,915,296,549.01
Including: revenue from foreign transactions	6,926,996,917.36	9,972,933,051.45	6,098,999,637.62	2,410,724,064.21	4,505,642,878.37	29,915,296,549.01		29,915,296,549.01
Revenue from inter-segment transactions	1,183,733,428.38	8,361,569,127.54	663,031,009.43	373,689,269.94	1,677,342,238.44	12,259,365,073.73	12,259,365,073.73	
Operating cost	7,243,940,968.63	16,895,767,418.76	6,059,385,987.57	1,698,720,715.41	5,184,384,876.28	37,082,199,966.65	12,830,836,795.76	24,251,363,170.89
Offset of cost	1,181,778,540.27	8,678,804,703.66	1,015,042,076.99	575,458,143.26	1,379,753,331.58	12,830,836,795.76		12,830,836,795.76
Perfor expenses						2,836,023,670.98	-186,615,895.11	3,022,639,566.09
Operating profits (losses)	864,834,489.00	1,755,970,336.35	1,054,655,727.04	1,287,461,492.06	701,011,333.67	5,663,933,378.12	3,334,385,121.54	2,329,548,256.58
Total assets						209,264,595,092.54	82,791,536,801.39	126,473,058,291.15
Including: the amount of a single asset with significant impairment loss								
Total liabilities						147,395,658,533.85	60,720,053,098.65	86,675,605,435.20
Supplementary information								
Capital expenditure								

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Impairment losses recognized in the current period						-446,369,429.73	21,426,865.26	-467,796,294.99
Including: allocation of goodwill impairments								
Depreciation and amortization costs						440,592,262.50		440,592,262.50
Other non-cash expenses excluding impairment loss, depreciation and amortization								

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Reportable segment in from January to June 2022

Item	Renewable energy equipment	Clean and efficient energy equipment	Engineering and trade	Modern manufacturing services industry	Emerging growth industry	Summary	Offset	Total
Operating revenue	9,579,800,238.13	15,105,288,599.59	5,098,404,109.00	2,732,654,189.67	6,002,145,672.66	38,518,292,809.05	10,609,282,449.39	27,909,010,359.66
Including: revenue from foreign transactions	8,148,581,783.36	8,534,207,636.55	4,474,351,406.28	2,328,945,346.08	4,422,924,187.39	27,909,010,359.66		27,909,010,359.66
Revenue from inter-segment transactions	1,431,218,454.77	6,571,080,963.04	624,052,702.72	403,708,843.59	1,579,221,485.27	10,609,282,449.39	10,609,282,449.39	
Operating cost	8,576,828,189.34	13,584,749,762.90	4,549,027,525.39	1,930,859,565.35	5,149,334,264.95	33,790,799,307.93	10,903,503,888.29	22,887,295,419.64
Offset of cost	1,436,417,445.06	6,856,668,166.65	554,140,655.88	719,849,365.30	1,336,428,255.40	10,903,503,888.29	10,903,503,888.29	
Period expenses						2,646,967,043.50	-292,469,881.65	2,939,436,925.15
Operating profits (losses)	1,002,972,048.79	1,520,538,836.69	549,376,583.61	801,794,624.32	852,811,407.71	4,727,493,501.12	2,638,938,288.74	2,088,555,212.38
Total assets						193,254,878,511.22	83,359,514,131.06	109,895,364,380.16
Including: the amount of a single asset with significant impairment loss								
Total liabilities						135,319,753,104.33	62,071,663,656.61	73,248,089,447.72
Supplementary information								
Capital expenditure								

**DONGFANG ELECTRIC CORPORATION LIMITED NOTES TO
THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2023**

Impairment losses recognized in the current period						-159,059,229.90	21,865,391.36	-180,924,621.26
Including: allocation of goodwill impairments								
Depreciation and amortization costs						449,822,030.35		449,822,030.35
Other non-cash expenses excluding impairment loss, depreciation and amortization								

DONGFANG ELECTRIC CORPORATION LIMITED NOTES TO
THE FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED JUNE 30, 2023

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, 2023	Balance as at December 31, 2022
Within one year	2,026,935,285.96	721,928,760.39
1-2 years	304,790,484.71	360,730,938.89
2-3 years	256,688,836.26	276,624,129.13
3-4 years	129,110,442.63	238,775,790.87
4-5 years	130,610,575.74	43,929,443.61
Over 5 years	70,414,434.09	107,673,175.01
Sub-total	2,918,550,059.39	1,749,662,237.90
Less: provision for bad debts	370,527,479.03	352,642,570.90
Total	2,548,022,580.36	1,397,019,667.00

**DONGFANG ELECTRIC CORPORATION LIMITED NOTES TO
THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2023**

15.1.2 Disclosure under the methods of provision for bad debts by category

Category	Balance as at June 30, 2023				
	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	2,918,550,059.39	100	370,527,479.03	12.70	2,548,022,580.36
Including:					
Accounts receivable with the provision for bad debts made on a portfolio with credit risk characteristics	2,918,550,059.39	100	370,527,479.03	12.70	2,548,022,580.36
Total	2,918,550,059.39	100	370,527,479.03	12.70	2,548,022,580.36
Category	Balance as at December 31, 2022				
	Book balance		Provision for bad debts		Book value
	Amount	Proportion (%)	Amount	Proportion of provision (%)	

**DONGFANG ELECTRIC CORPORATION LIMITED NOTES TO
THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2023**

Provision for bad debts accrued on an individual basis					
Provision for bad debts accrued on a portfolio basis	1,749,662,237.90	100	352,642,570.90	20.15	1,397,019,667.00
Including:					
Accounts receivable with the provision for bad debts made on a portfolio with credit risk characteristics	1,749,662,237.90	100	352,642,570.90	20.15	1,397,019,667.00
Total	1,749,662,237.90	100	352,642,570.90	20.15	1,397,019,667.00

**DONGFANG ELECTRIC CORPORATION LIMITED NOTES TO
THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2023**

Provision for bad debts accrued on a portfolio basis:

Name	Balance as at June 30, 2023		
	Accounts receivable	Provision for bad debts	Proportion of provision (%)
Within one year	2,026,935,285.96	101,346,764.30	5
1-2 years	304,790,484.71	30,479,048.47	10
2-3 years	256,688,836.26	51,337,767.25	20
3-4 years	129,110,442.63	51,644,177.05	40
4-5 years	130,610,575.74	65,305,287.87	50
Over 5 years	70,414,434.09	70,414,434.09	100
Total	2,918,550,059.39	370,527,479.03	

15.1.3 Provision, reversal or recovery of provision for bad debts in the current period

Category	Balance as at December 31, 2022	Amount of change in current period			Balance as at June 30, 2023
		Provision	Recovery or reversal	Write-off or charge-off	
Accounts receivable with significant single amount and individual provision for bad debts					
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	352,642,570.90	17,884,908.13			370,527,479.03
Total	352,642,570.90	17,884,908.13			370,527,479.03

**DONGFANG ELECTRIC CORPORATION LIMITED NOTES TO
THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2023**

15.1.4 Top 5 of accounts receivable as at June 30, 2023, presented by debtor

Debtor	Book balance	Proportion in the total accounts receivables (%)	Provision for bad debts
Entity 1	340,214,011.52	11.66	38,560,333.53
Entity 2	323,100,000.00	11.07	16,155,000.00
Entity 3	271,033,364.55	9.29	13,551,668.23
Entity 4	190,297,700.00	6.52	9,514,885.00
Entity 5	146,695,902.97	5.03	7,336,865.30
Total	1,271,340,979.04	43.56	85,118,752.06

15.2 Receivables financing

15.2.1 Presentation of receivables financing by category

Item	Balance as at June 30, 2023	Balance as at December 31, 2022
Notes receivable	470,373,458.17	79,739,353.41
Including: bank acceptance bill	425,585,877.45	62,010,253.41
Commercial acceptance bill	44,787,580.72	17,729,100.00
Total	470,373,458.17	79,739,353.41

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.

15.2.2 Receivables financing pledged by the Company as at June 30, 2023

None.

15.2.3 Receivables financing endorsed or discounted by the Company as at June 30, 2023 but not expired on the balance sheet date

Item	Amount derecognized as at June 30, 2023	Amount not derecognized as at June 30, 2023
Notes receivable endorsed or discounted but not expired	245,718,070.29	
Including: Bank acceptance bill	221,227,559.19	
Commercial acceptance bill	24,490,511.10	
Total	245,718,070.29	

15.3 Other receivables

Item	Balance as at June 30, 2023	Balance as at December 31, 2022
Interest receivable	1,929,850.57	1,297,726.89
Dividends receivable	24,482,648.69	24,482,648.69
Other receivables	71,105,077.29	71,357,911.86
Total	97,517,576.55	97,138,287.44

**DONGFANG ELECTRIC CORPORATION LIMITED NOTES TO
THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2023**

15.3.1 Interest receivable Classification of interest receivable

Item	Balance as at June 30, 2023	Balance as at December 31, 2022
Time deposits	1,929,850.57	1,297,726.89
Entrusted loan		
Bond investments		
Sub-total	1,929,850.57	1,297,726.89
Less: provision for bad debts		
Total	1,929,850.57	1,297,726.89

15.3.2 Dividends receivable

(1) Details of dividends receivable

Item (or Investee)	Balance as at June 30, 2023	Balance as at December 31, 2022
Within one year	12,254,555.63	12,254,555.63
Over one year	19,517,032.10	19,517,032.10
Sub-total	31,771,587.73	31,771,587.73
Less: provision for bad debts	7,288,939.04	7,288,939.04
Total	24,482,648.69	24,482,648.69

(2) Significant dividends receivable with aging over one year

Item (or investee)	Balance as at June 30, 2023	Aging	Reason for non-recovery	Whether impairment or not and the judgment basis
Longkou Wind Power	5,210,684.23	Over 3 years	The company's funds are tight	No, paid upon receipt of state subsidy
Hongnijing Wind Power	7,017,408.83	Over 3 years	The company's funds are tight	No, paid upon receipt of state subsidy
Ulan New Energy	3,828,807.76	Over 3 years	The company's funds are tight	Yes
Sanshengtai Wind Power	3,460,131.28	Over 3 years	The company's funds are tight	Yes
Total	19,517,032.10			

15.3.3 Other receivables

(1) Disclosure by aging:

**DONGFANG ELECTRIC CORPORATION LIMITED NOTES TO
THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2023**

Aging	Balance as at June 30, 2023	Balance as at December 31, 2022
Within one year	8,561,874.67	8,171,844.59
1-2 years	11,313,683.67	12,016,075.89
2-3 years	7,844,572.41	8,554,727.90
3-4 years	3,372,579.56	2,678,268.17
4-5 years	379,550.78	55,729.18
Over 5 years	50,240,072.17	50,311,248.56
Sub-total	81,712,333.26	81,787,894.29
Less: provision for bad debts	10,607,255.97	10,429,982.43
Total	71,105,077.29	71,357,911.86

(2) Disclosure by classification

Category	Balance as at June 30, 2023				
	Book balance		Provision for bad debts		Book value
	Amount	Proportion (%)	Amount	Proportion of provision (%)	
Provision for bad debts accrued on an individual basis	44,300,000.00	54.21			44,300,000.00
Provision for bad debts accrued on a portfolio basis	37,412,333.26	45.79	10,607,255.97	28.35	26,805,077.29
Including:					
Other accounts receivable with the provision for bad debts made on a portfolio with credit risk characteristics	37,412,333.26	45.79	10,607,255.97	28.35	26,805,077.29
Total	81,712,333.26	100.00	10,607,255.97		71,105,077.29

**DONGFANG ELECTRIC CORPORATION LIMITED NOTES TO
THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2023**

(CONT' D)

Category	Balance as at December 31, 2022				
	Book balance		Provision for bad debts		Book value
	Amount	Proportion (%)	Amount	Proportion of provision (%)	
Provision for bad debts accrued on an individual basis	44,331,667.89	54.20			44,331,667.89
Provision for bad debts accrued on a portfolio basis	37,456,226.40	45.80	10,429,982.43	27.85	27,026,243.97
Including:					
Other accounts receivable with the provision for bad debts made on a portfolio with credit risk characteristics	37,456,226.40	45.80	10,429,982.43	27.85	27,026,243.97
Total	81,787,894.29	100.00	10,429,982.43	12.75	71,357,911.86

Provision for bad debts accrued on an individual basis:

Name	Amount as at June 30, 2023			
	Book balance	Provision for bad debts	Proportion of provision (%)	Reason for provision
Entity 1	44,300,000.00			To be converted into equity capital increase
Total	44,300,000.00			

**DONGFANG ELECTRIC CORPORATION LIMITED NOTES TO
THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2023**

Provision for bad debts accrued on a portfolio basis:

Name	Amount as at June 30, 2023			Amount as at December 31, 2022		
	Book balance	Provision for bad debts	Proportion of provision (%)	Book balance	Provision for bad debts	Proportion of provision (%)
Within one year	8,561,874.67	428,093.74	5	8,140,176.70	407,008.85	5
1-2 years	11,313,683.67	1,131,368.38	10	12,016,075.89	1,201,607.59	10
2-3 years	7,844,572.41	1,568,914.48	20	8,554,727.90	1,710,945.57	20
3-4 years	3,372,579.56	1,349,031.81	40	2,678,268.17	1,071,307.27	40
4-5 years	379,550.78	189,775.39	50	55,729.18	27,864.59	50
Over 5 years	5,940,072.17	5,940,072.17	100	6,011,248.56	6,011,248.56	100
Total	37,412,333.26	10,607,255.97		37,456,226.40	10,429,982.43	

(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, 2022	10,429,982.43			10,429,982.43
In the current period, balance as at December 31, 2022				
- Transfer to Phase 2				
- Transfer to Phase 3				
- Reversal from Phase 2				
- Reversal from Phase 1				
Provision for the current period	177,273.54			177,273.54

**DONGFANG ELECTRIC CORPORATION LIMITED NOTES TO
THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2023**

Reversal for the current period				
Write-off for the current period				
Charge-off for the current period				
Other changes				
Balance as at June 30, 2022	10,607,255.97			10,607,255.97

**DONGFANG ELECTRIC CORPORATION LIMITED NOTES TO
THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2023**

(4) Provision, reversal or recovery of provision for bad debts in the current period

Category	Balance as at December 31, 2022	Amount of change in the current period			Balance as at June 30, 2023
		Provision	Recovery or reversal	Write-off or charge-off	
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	10,429,982.43	177,273.54			10,607,255.97
Other receivables with individually insignificant amount and individual provision for bad debts					
Total	10,429,982.43	177,273.54			10,607,255.97

**DONGFANG ELECTRIC CORPORATION LIMITED NOTES TO
THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2023**

(5) Other receivables actually written off in the current period

None.

(6) Top 5 of other receivables as at June 30, 2023, presented by debtor:

Debtor	Nature of payment	Book balance	Aging	Proportion in total other receivables (%)	Provision for bad debts
Entity 1	Investment fund and advance payment	44,654,114.90	Over 5 years	54.65	18,978.37
Entity 2	Advance payment	11,487,710.73	1-5 years	14.06	2,157,991.35
Entity 3	Advance payment	5,493,181.74	1-4 years	6.72	1,085,137.79
Entity 4	Guarantee	5,199,746.91	1-2 years	6.36	519,974.69
Entity 5	Advance payment	3,844,176.91	1-5 years	4.70	2,286,799.15
Total		70,678,931.19		86.49	6,068,881.35

**DONGFANG ELECTRIC CORPORATION LIMITED NOTES TO
THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2023**

15.4 Long-term equity investments

Item	Balance as at June 30, 2023			Balance as at January 1, 2023		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Investments in subsidiaries	22,201,493,911.79		22,201,493,911.79	22,101,493,911.79		22,101,493,911.79
Investments in associates	1,058,634,460.17	40,845,971.47	1,017,788,488.70	942,074,302.98	40,845,971.47	901,228,331.51
Investments in joint ventures	228,072,089.55		228,072,089.55	221,402,684.11		221,402,684.11
Total	23,488,200,461.51	40,845,971.47	23,447,354,490.04	23,264,970,898.88	40,845,971.47	23,224,124,927.41

**DONGFANG ELECTRIC CORPORATION LIMITED NOTES TO
THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2023**

15.4.1 Investments in subsidiaries

Investee	Initial investment cost	Balance as at January 1, 2023	Increase in the current period	Decrease in the current period	Balance as at June 30, 2023	Provisi on for impairm ent in the current period	Balance of provision for impairmen t as at June 30, 2023
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		
DFHM	155,787,400.00	589,459,392.37			589,459,392.37		
DTC	2,542,003,999.71	6,010,766,999.71			6,010,766,999.71		
DFEM	2,000,000,000.00	3,164,000,000.00			3,164,000,000.00		
DBC	1,591,511,223.83	5,192,395,417.83			5,192,395,417.83		
Dongfang Electric India	7,999,200.00	129,504,712.22			129,504,712.22		
DEC (Wuhan) Nuclear	131,560,000.00	346,360,000.00			346,360,000.00		
DEC Materials	110,805,368.69	409,061,568.69			409,061,568.69		
DEA	46,036,083.55	394,083,121.44			394,083,121.44		
DEWP	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	171,119,812.19	100,000,000.00		271,119,812.19		
Dongfang Innovation Technology	150,000,000.00	300,000,000.00			300,000,000.00		
Total	11,402,267,445.31	22,101,493,911.79	100,000,000.00		22,201,493,911.79		

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

15.4.2 Investments in associates and joint ventures

Investee	Balance as at December 31, 2022	Increase/decrease in the current period								Balance as at June 30, 2023	Balance of provision for impairment as at June 30, 2023
		Additional investment	Decrease in investment	Profit or loss on investments recognized by the equity method	Adjustment to other comprehensive income	Other change s in equitie s	Cash dividends or profits declared to be distributed	Provision for impairment	Others		
1. Joint ventures											
Dongfang Framatome	221,402,684.11			6,669,405.44						228,072,089.55	
Sub-total	221,402,684.11			6,669,405.44						228,072,089.55	
2. Associates											
Sichuan Energy Wind Power	664,696,248.20			109,047,290.43						773,743,538.63	
Longkou Wind Power	77,012,591.39			6,842,806.75						83,855,398.14	
China United Heavy Gas	131,416,807.19			4,355.68						131,421,162.87	

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

Hongnijing Wind Power	21,431,362.84			2,196,692.11						23,628,054.95	
Sanshengtai Wind Power	13,725,971.47									13,725,971.47	13,725,971.47
Ulan New Energy	33,791,321.89			-1,530,987.78						32,260,334.11	27,120,000.00
Sub-total	942,074,302.98			116,560,157.19						1,058,634,460.17	40,845,971.47
Total	1,163,476,987.09			123,229,562.63						1,286,706,549.72	40,845,971.47

**DONGFANG ELECTRIC CORPORATION LIMITED NOTES TO
THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2023**

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	8,425,997,107.98	7,976,291,520.19	7,131,429,246.29	6,994,558,702.59
Other business	1,887,181.44	1,008,613.48	418,278.55	556,680.13
Total	8,427,884,289.42	7,977,300,133.67	7,131,847,524.84	6,995,115,382.72

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	963,382,417.14	975,029,052.86
Income from long-term equity investments calculated under equity method	123,229,562.63	92,523,783.24
Investment income from disposal of long-term equity investments		
Investment income from financial assets held for trading during the holding period		46,304.00
Others		777,028.30
Total	1,086,611,979.77	1,068,376,168.40

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	1,306,353.62	
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)	86,860,079.35	
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
THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2023**

Gains or losses from non-monetary asset exchange		
Gains or losses from entrusting the investments or management of asset		
Provision for impairment of various assets for force majeure such as natural calamities		
Gains or losses from debt restructuring		
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	-17,795,340.66	
Reversal of provision for impairment of receivables and contract assets subject to separate impairment test	161,514,829.55	
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	438,262.29	
Other items of gains and losses subject to the definition of non-recurring gains and losses		
Sub-total	232,324,184.15	
Affected amount of income tax	-30,906,201.60	
Affected amount of minority equity (after tax)	-18,464,146.22	
Total	182,953,836.32	

**DONGFANG ELECTRIC CORPORATION LIMITED NOTES TO
THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2023**

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	5.66	0.64	0.64
Net profit attributable to ordinary shareholders of the Company after deducting the non-recurring gains and losses	5.14	0.58	0.58

Dongfang Electric Corporation Limited

August 30, 2023