



东方电气
DONGFANG ELECTRIC

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

2021 ANNUAL REPORT



Important Notice

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

II. Particulars of absent Directors

Position of absent Director	Name of absent Director	Reason for absence	Name of the proxy
Director	Zhang Yangjun	On business trip	Yu Peigen

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

IV. Yu Peigen, the person-in-charge of the Company, Liu Zhiquan, the person-in-charge of accounting and Zheng Xingyi, the head of the accounting department (person-in-charge of accounting), warrant the truthfulness, accuracy and completeness of the financial report in this annual report.

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

As audited by Da Hua Certified Public Accountants (Special General Partnership), net profit attributable to the owners of the parent company in 2021 amounted to RMB2,289,036,817.45. The parent company realized net profit of RMB1,141,407,059.53. The company, based on 3,119,001,130 shares in the share capital as at the disclosure date of annual report, proposed to distribute a cash dividend of RMB2.30 (before tax) per 10 shares, totaling RMB717,370,259.90. The Company did not convert any capital reserve into share capital or make any bonus issue. The proposal still needs to be submitted to the 2021 shareholders' general meeting for consideration and approval.

VI. Risks disclaimer of the forward-looking statements

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

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

No

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

No

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

No

X. Material risk alert

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

XI. Others

Nil

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Documents Available for Inspection	2021 Annual Report of the Company with written signatures of the person-in-charge of the Company
	The accounting report signed and sealed by the person-in-charge of the Company, the person-in-charge of the accounting department and the person-in-charge of the accounting institution
	Articles of Association



Yu Peigen

Dear Shareholders,

In 2021, Dongfang Electric seized the strategic opportunities of “carbon peak” and “carbon neutrality”, and spared no efforts to seek growth, promote transformation, and control risks. In the first year of the “14th Five-Year Plan”, it embarked on “acceleration”. Total operating revenue for the year amounted to RMB47,819,000,000, representing a year-on-year increase of 28.26%, reaching a record high; total profit amounted to RMB2,667,000,000, representing a year-on-year increase of 29.02%. While achieving substantial growth in business scale, the Group has created greater value for the society and gather strength for the high-quality development of the enterprise.

Innovation-driven development and continuous optimization of industrial structure. Focusing on the independent control of the industrial chain and supply chain, the Company demonstrated the due responsibility undertaken to the great country. The one million kilowatt hydropower unit in Baihetan was connected to the grid for power generation, and the first batch of units achieved excellent performance and stable operation, creating an “Excellent Project”; The pumped storage unit in Changlongshan, the highest water head in China, commenced commercial operation with excellent performance in various parameters; The self-developed nuclear power equipment has been safe, stable and reliable after the world’s first reactor of “Hualong I” has been put into operation; The 13MW wind turbine with the largest single-unit capacity and the largest impeller diameter in Asia was successfully launched. The Company conducted a series of strategic research on the development of new industries, strengthened the top-level design, accelerated the transformation and upgrading of the industrial structure, and promoted the continuous formation of new industries and new business forms. The proportion of “zero-carbon” power generation equipment accounted for more than 60% of the equipment manufacturing segment.

The reform was deepened and the internal management level was continuously improved. The Company has comprehensively optimized the corporate governance system, established the authorization mechanism of the Board of Directors, and promoted the coordinated operation of governance bodies; The Company has set up the board of directors and the board of supervisors in all subsidiaries with the external directors representing the majority; The reform of the three systems was continuously deepened, achieving full coverage of contractual management of the tenure system of the management of the Company. It systematically integrated risk, compliance and internal control management systems, strengthened audit supervision, continuously improved risk prevention and control capabilities, and optimized the company-wide risk warning system. In the subsidiaries, the Company promoted lean supply chain management, full value chain cost management and other management improvement projects, and achieved remarkable results in cost reduction and profit increase.



CHAIRMAN'S STATEMENTS (CONTINUED)

The Company operated in a compliant and efficient manner to promote the growth of shareholders' value. The Company attached great importance to the realization of shareholders' value, actively made information disclosure, actively responded to investors' concerns, maintained good communication with investors, and regularly organized investor exchange activities to convey the Company's value. While continuously improving the Company's profitability and ensuring the stable operation of the Company, the Company actively implemented profit distribution to reward investors.

Looking forward to 2022, Dongfang Electric will adhere to the general tone of seeking progress while maintaining stability, fully, accurately and comprehensively implement the new development concept, serve the construction of a new development pattern, strengthen management, focus on innovation, seek development, promote green industrial transformation and digital transformation, fully complete the production and operation objectives for 2022, and promote the Company's development to a new level. The road is stretching before us, a long-term ambition will never die down. Dongfang Electric is marching toward the first class in the world, let us go all out to make it happen! I hereby express my sincere thanks to you for your trust and support!

Chairman: Yu Peigen
March 30, 2022

I. DEFINITIONS

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

Definitions of frequently-used terms

A Shares	domestic shares of the Company, with a nominal value of RMB1.00 each, which are listed on the Shanghai Stock Exchange and traded in RMB
Board of Directors or Board	the Board of Directors of the Company
DEC, Company	Dongfang Electric Corporation Limited
Controlling Shareholder, Dongfang Electric Corporation	DEC Group
Director(s)	the director(s) of the Company
Corporate Governance Code	Corporate Governance Code as set out in Appendix 14 to the Listing Rules
H Shares	overseas listed foreign shares of the Company, with a nominal value of RMB1.00 each, which are listed on the Hong Kong Stock Exchange and traded in Hong Kong dollars
Listing Rules	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
Reporting Period	From 1 January 2021 to 31 December 2021
Share(s)	ordinary shares in the capital of the Company with a nominal value of RMB1.00 each, comprising A Shares and H Shares
Shareholder(s)	holder(s) of the Share(s) of the Company
SSE	Shanghai Stock Exchange
Stock Exchange	The Stock Exchange of Hong Kong Limited
Supervisor(s)	the supervisor(s) of the Company
Supervisory Committee	the supervisory committee of the Company
RMB, RMB'0000, RMB100 million	Renminbi Yuan, Renminbi '0000, Renminbi 100 million
EPC	Engineering Procurement Construction

COMPANY PROFILE AND MAJOR FINANCIAL INDICES

I. COMPANY INFORMATION

Chinese name of the Company	東方電氣股份有限公司
Abbreviation of the Chinese name of the Company	東方電氣
English name of the Company	Dongfang Electric Corporation Limited
Abbreviation of the English name of the Company	DEC
Legal representative of the Company	Yu Peigen
Registered and business address	18 Xixin Road, High-Tech District (Western District), Chengdu City, Sichuan Province, the PRC
Postal code for registered and business address	611731
Company website	http://www.dec-ltd.cn/
E-mail	dsb@dongfang.com
Registered capital of the Company	RMB3,119,001,130



COMPANY PROFILE AND MAJOR FINANCIAL INDICES (CONTINUED)

II. CONTACT PERSONS AND CONTACT METHODS

	Secretary to the Board of Directors	Representative of securities affairs
Name	Gong Dan	Liu Zhi
Contact address	18 Xixin Road, High-Tech District (Western District), Chengdu City, Sichuan Province	18 Xixin Road, High-Tech District (Western District), Chengdu City, Sichuan Province
Telephone	028-87583666	028-87583666
Fax	028-87583333	028-87583333
E-mail	dsb@dongfang.com	dsb@dongfang.com

III. INFORMATION DISCLOSURE AND PLACES FOR INSPECTION FOR RELEVANT DOCUMENTS

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

IV. SHARE INFORMATION

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

V. OTHER INFORMATION

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

COMPANY PROFILE AND MAJOR FINANCIAL INDICES (CONTINUED)

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

(I) Major accounting data

Unit: Yuan Currency: RMB

Major accounting data	2021	2020	Year-on-year increase/decrease (%)	2019
Total operating income	47,819,166,940.47	37,282,871,287.38	28.26	32,840,321,080.22
Operating income	46,755,975,362.02	36,238,925,547.37	29.02	31,777,585,757.68
Net profit attributable to shareholders of the Company	2,289,036,817.45	1,861,998,155.29	22.93	1,277,671,818.13
Net profit after non-recurring profit or loss attributable to shareholders of the Company	1,762,974,466.73	1,528,912,992.37	15.31	1,057,975,035.54
Net cash flow from operating activities	-4,420,888,980.16	-2,748,802,008.23	N/A	202,244,625.11

	At the end of 2021	At the end of 2020	Year-on-year increase/decrease (%)	At the end of 2019
Net asset attributable to shareholders of the Company	32,497,661,980.41	30,907,668,527.78	5.14	29,454,645,749.51
Total asset	103,104,573,304.33	97,795,137,769.16	5.43	89,618,965,555.72

COMPANY PROFILE AND MAJOR FINANCIAL INDICES (CONTINUED)

(II) Major financial index

Major financial index	2021	2020	Year-on-year increase/decrease (%)	2019
Basic earnings per share (<i>RMB/share</i>)	0.73	0.60	21.67	0.41
Diluted earnings per share (<i>RMB/share</i>)	0.73	0.60	21.67	0.41
Basic earnings per share after deducting non-recurring profit or loss (<i>RMB/share</i>)	0.57	0.49	16.33	0.34
Weighted average return on net assets (%)	7.20	6.19	Increase by 1.01 percentage point	4.4
Weighted average return on net assets after non-recurring profit or loss (%)	5.55	5.08	Increase by 0.47 percentage point	3.64

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

- (1) The net profit attributable to shareholders of the Company for the year increased by 22.93% as compared with the corresponding period of last year, and the net profit after non-recurring profit or loss attributable to shareholders of the Company for the year increased by 15.31% as compared with the corresponding period of last year, which was mainly due to the increase in sales scale of the Company during the period; and the corresponding increase of gross profit.
- (2) The net cash outflow from operating activities of the Company for the year increased as compared to the corresponding period of last year, which was mainly due to the net outflow from the normal operation of DEC Finance for the year. After deducting the cash flow from financial business activities of DEC Finance, the net cash inflow from operating activities for the year was RMB705,000,000.
- (3) The basic earnings per share increased by 21.67% over last year, diluted earnings per share increased by 21.67% over last year and basic earnings per share after deducting non-recurring profit or loss increased by 16.33% over last year, which was mainly because the net profit attributable to shareholders of the Company increased by 22.93% over last year.

COMPANY PROFILE AND MAJOR FINANCIAL INDICES (CONTINUED)

VII. MAJOR FINANCIAL DATA OF 2021 BY QUARTERS

Unit: Yuan Currency: RMB

	First quarter (January to March)	Second quarter (April to June)	Third quarter (July to September)	Fourth quarter (October to December)
Operating income	10,621,877,187.26	11,591,406,679.60	10,421,851,007.96	14,120,840,487.20
Net profit attributable to shareholders of the Company	632,953,003.56	715,299,553.10	517,930,258.81	422,854,001.98
Net profit after non-recurring profit or loss attributable to shareholders of the Company	637,424,401.00	590,266,546.47	319,370,967.53	215,912,551.73
Net cash flow from operating activities	-3,714,939,510.01	-947,731,093.54	-2,282,420,016.18	2,524,201,639.57

COMPANY PROFILE AND MAJOR FINANCIAL INDICES (CONTINUED)

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

Unit: Yuan Currency: RMB

Items of Non-recurring Profit or Loss	Amount for 2021	Amount for 2020	Amount for 2019
Profit or loss from disposal of non-current assets	269,961,912.16	4,983,963.29	72,877,615.38
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)	140,101,724.20	174,108,896.61	147,243,541.58
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	-74,096.67	24,050,437.61	2,912,770.10
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	-	-	-
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	206,575,808.25	-36,828,948.95	-126,073,198.44

COMPANY PROFILE AND MAJOR FINANCIAL INDICES (CONTINUED)

Items of Non-recurring Profit or Loss	Amount for 2021	Amount for 2020	Amount for 2019
Reversal of impairment provision on receivable individually conducted impairment test	243,647,475.20	255,791,538.71	245,251,418.68
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	3,309,529.56	-89,681,731.03	-51,831,318.87
Other profit and loss items falling within the definition of non-recurring profit or loss	-171,730,451.97		
Less: impacted amount in income tax	131,056,842.88	-27,145,318.61	48,371,777.47
Impacted amount in non-controlling shareholders' equity (after tax)	34,672,707.13	26,484,311.93	22,312,268.37
Total	526,062,350.72	333,085,162.92	219,696,782.59

IX. ITEMS AT FAIR VALUE MEASUREMENT

Unit: Yuan Currency: RMB

Item	Opening Balance	Closing Balance	Changes during the periods	Impact amount of the current profit
Held for trading financial assets	1,292,860,471.15	1,466,444,004.12	173,583,532.97	279,962,645.34
Other equity instrument investments	27,544,649.47	52,300,000.00	24,755,350.53	963,689.99
Total	1,320,405,120.62	1,518,744,004.12	198,338,883.50	279,962,645.34

REPORT OF THE BOARD OF DIRECTORS

I. DISCUSSION AND ANALYSIS OF OPERATIONS

(I) The operation and development momentum was sound

In 2021, in the new stage of development, the Company fully, accurately and comprehensively implemented the new development philosophy, served the establishment of a new development pattern and spared no effort for growth, transformation and risk control, leading to a sprint in growth in the opening year of the “14th Five-Year Plan” period. The Company recorded a total operating income of RMB47,819 million, representing an increase of 28.26% as compared with last year; net profit attributable to the shareholders of parent company amounted to RMB2,289 million, representing a year-on-year increase of 22.93%; weighted average return on net assets was 7.20%, representing an increase of 1.01 percentage points as compared with the corresponding period last year.

(II) Remarkable success have been attained in marketing

The Company closely followed the new energy security strategy and the strategic goals of “peak carbon emissions and carbon neutrality” by taking the initiative to meet the construction needs of new power structure featuring with new energy as the main body and vigorously promoting market expansion. In 2021, the new orders of the Company amounted to RMB56,392 million, representing a year-on-year increase of 14.15%. High-efficient clean energy equipment efficiently accounted for 25.81% of the new effective orders, renewable energy equipment accounted for 29.40%, engineering and trade accounted for 13.46%, modern manufacturing services accounted for 12.78%, and emerging growth business accounted for 18.55%. As of the end of 2021, the Company had RMB81,600 million of orders in hand.

(III) Breakthrough made in scientific and technological innovation

The Company adheres to innovation as the primary driving force. In 2021, the Company’s R&D investment amounted to RMB2,722 million, accounting for 5.69% of the operating revenue, and was awarded second prize of the National Science and Technology Progress Award and 29 provincial and ministerial awards. Breakthrough made in key core technologies. The innovative quality projects of million-kilowatt hydropower unit in Baihetan with the world’s largest single-unit capacity achieved excellent performance and stable operation of first list of units. The pumped storage unit in Changlongshan, the highest water head in China, was put into commercial operation with excellent performance in all parameters. The self-developed nuclear power in the first global nuclear power of “HPR1000 (華龍一號)” has consistently been operating in safe and stable manners with reliable performance since putting into commercial operation. The 13MW wind turbine with the largest single-unit capacity and the largest impeller diameter in Asia was successfully launched on 22 February 2022; Baihetan hydropower unit, 50MW Heavy Gas Turbine and 10MW offshore wind turbine units were selected as major scientific and technological innovation achievements cases by the Science and Technology Innovation Bureau of the SASAC. By establishing four innovation alliances such as advanced power equipment with over 70 domestic enterprises, the technological innovation system was continuously optimized featuring on-going improvement of incentive mechanism. By virtue of formulating the management regulations on selecting competent person in terms of scientific and technological innovation, collaborative and open innovation were continuously promoted, thus improving the sharing of research and development resources.

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

I. DISCUSSION AND ANALYSIS OF OPERATIONS (CONTINUED)

(IV) Industrial development through transformation and upgrading

By focusing on the new development concept, the Company closely followed the new energy security strategy and the strategic goals of “peak carbon emissions and carbon neutrality” by taking the initiative to meet the construction needs of a new power system featuring with new energy as the main body. The Company also conducted a series of strategic research around the development of new industries by strengthening the top-level design combined with the accelerated transformation and upgrading of industrial structure, thus to promote the continuous development of new industries and new business model. In 2021, the proportions of operating revenue and new effective contracts increased to 26.4% and 23.1%, respectively, while the proportions of operating revenue of coal power industry and new effective contracts decreased to less than 20%, and the proportion of “zero-carbon” power generation equipment accounted for over 60% of the equipment manufacturing segment.

(V) Vertical advancement of deepening reform

The Company fully implemented the tasks of the three-year action plan for state-owned enterprise reform by focusing on key points, stepping up its efforts in shoring up the weaknesses, thus to improve the modern enterprise system with Chinese characteristics. The board of directors (supervisors) of all sub-subsidiaries should be fully established with best efforts, with the majority proportion of external directors. The important functions and powers of the board of directors of 12 subsidiaries such as the right to appoint (dismiss) managers, the right to review the performance of managers and the right to distribute remuneration should be implemented. The standardization of the board of directors of the subsidiaries was further improved by fully exerting their strengths. The reform of the three systems was continuously deepened by achieving all and sub-coverage of contractual management of the tenure system of the management of enterprises. By further improving the breadth and strength of medium and long-term incentives, seven enterprises, including Dongfang Electrical, implemented eight medium and long-term incentive plans such as project dividend income for key employees and excess profit sharing, and realized all kinds of medium and long-term incentives in “best effort” basis, thus effectively stimulating the innovation vitality of cadres and employees.

(VI) Effective improvement of management level

The strategic leadership and control capabilities made ongoing enhancement through establishing the Strategic Advisory Committee with aim to strengthen the development of strategic research capabilities and build a professional strategic research system of the Company to provide effective support for strengthening strategic guidance. Lean management reaped fruitful results, for which 128 lean improvement projects were organized and implemented, which effectively promoted the solving of pain points and bottlenecks in the production and operation of enterprises as well as continuously improve the efficiency of lean management. Dongfang Electric Wind Power promoted the implementation of whole value chain cost management, achieving remarkable results in cost reduction throughout the year.

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

I. DISCUSSION AND ANALYSIS OF OPERATIONS (CONTINUED)

(VII) Effective risk prevention and control

The Company systematically integrated risk by managing systems with compliance and internal control, improving the internal evaluation indicator system, optimizing the risk early warning system covering the whole company, strengthening audit supervision, forming the risk, compliance and internal control mechanism embedded in the business process for the continuous improvement of risk prevention and control capabilities. No major risk events were newly-added throughout the year. There were zero major quality incidents, major quality management issues and major quality complaints from customers throughout the year. In the overall ranking of thermal power unit reliability of the year selected by the China Electricity Council, the Company ranked first in China. There were zero major production safety accidents, major fire accidents, major sudden environmental pollution accidents and major occupational hazard accidents throughout the year.

(VIII) Compliance and efficiency of operation of listed companies

The operation of the listed company is compliant and efficient. In strict accordance with laws and regulations and the Articles of Association, the Company implemented the governance requirements for listed companies, revised the “Three Importance and One Large” decision-making management system in time, and promoted the coordinated operation of governance bodies. In compliance with the laws and regulations, the Company conducted high-quality information disclosure of listed companies. In 2021, the Company completed 227 items of information disclosure of listed companies, and was rated A by the Shanghai Stock Exchange for seven consecutive years. The Company also attached importance to corporate social responsibility by publishing ESG reports, for which, maintained the forefront of the electrical equipment industry in the third-party rating. The Company maintained good communication with investors by way of regularly organizing investor exchange activities to convey the Company’s value.

II. INDUSTRY INFORMATION OF THE COMPANY DURING THE REPORTING PERIOD

The Company belongs to the energy equipment industry, which mainly focuses on providing corresponding equipment and related services for energy production and utilization, and is closely related to energy development.

The Company is one of the largest R&D and manufacturing bases of power generation equipment and one of the mega enterprises for power-plant project contracting in the world, the Company has production volume of power generation equipment ranking among the best in the world for several consecutive years, has power generation equipment and service business covering nearly 80 countries and regions around the world, and has strong competitiveness and influence in the field of power generation equipment.



REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

II. INDUSTRY INFORMATION OF THE COMPANY DURING THE REPORTING PERIOD (CONTINUED)

At present, green and low-carbon has become the development trend of global energy transformation. China has proposed the goals of “carbon peak” and “carbon neutrality”, and accelerated the pace of energy structure transformation. With the continuous growth in power demand, the adjustment of power structure accelerated. The proportion of coal-fired power continued to decrease, and the transformation from basic power supply to basic protective and system-regulated power supply was equal; hydropower is gradually shifting from electricity supply to clean electricity and capacity support; nuclear power is being actively developed in a safe and orderly manner; peak-buffering of gas power are being enhance; new energy, represented by wind power and photovoltaic power, has become the main source of power growth.

In 2021, the global economy recovered unevenly amid the pandemic. Facing multiple challenges such as the complex and severe international environment and the spread of the national pandemic, China’s economy continued to recover steadily. As an important enterprise in the field of energy equipment, the Company actively adapted to the new situation of economic development and the general trend of energy structure adjustment, adhered to the goal of “dual carbon”, insisted on innovation as the primary driving force, accelerated the promotion of industrial transformation and upgrading, and achieved good growth in operating results.

III. THE COMPANY’S PRINCIPAL BUSINESS, OPERATING MODEL AND INDUSTRY INFORMATION DURING THE REPORTING PERIOD

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

The main business model of the Company is to develop, design, manufacture and sell advanced complete sets of clean and efficient energy power equipment such as wind power, solar power, hydropower, nuclear power, gas power and thermal power, and to provide engineering contracting and services to global energy operators.

The Company has a complete energy equipment research and development system, with a leading position in the industry in terms of thermal power generation units of 1 million KW and large circulating fluidized bed boilers. The overall level of hydropower products ranks among the top in China, and the hydropower technologies such as consistent and mixed flow have reached the world-leading level. The research and development of pumped storage units has reached the world-class level, and the 13 MW offshore wind power units have reached the Asia-leading level. The Company has formed a hydrogen energy integration plan for hydrogen acquisition, hydrogen storage, hydrogen refueling and hydrogen use, and promoted the demonstration application of the first set of 100kW hydrogen fuel cell cold and heat three-generation joint supply system in China. The Company has developed fuel cell membrane electrode, high power density reactor and testing equipment with independent intellectual property rights, built a fuel cell product system with full independent intellectual property rights, and mastered the ability of mass production, testing, quality control and after-sales service of products. The 100 hydrogen fuel buses equipped with Dongfang Electric fuel cell engine have been in operation for nearly 10 million kilometers in total, and all indicators are at the advanced level in China. The Company has completed the development of the national demonstration project of compressed air energy storage and power generation system, and has promoted the construction of the first new carbon dioxide energy storage verification project in China.

IV. ANALYSIS OF CORE COMPETITIVENESS DURING THE REPORTING PERIOD

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

1. Possessing excellent technology and innovative capability with advanced technology in the industry

Adhering to strategic guidance and independent innovation, the Company has established a top-level R&D institution for cutting-edge technology and common technology R&D, and formed a scientific and technological innovation system of multi-level interaction and internal and external coordination with product development institutions located in various regions. In 2021, the Company invested RMB2,722 million in R&D, accounting for 5.82% of operating revenue. In 2021, the Company was granted 401 patents (including 86 invention patents). As of the end of 2021, the Company had 3,045 valid patents (including 1,106 invention patents). The one million kilowatt hydropower unit in Baihetan was successfully connected to the grid for power generation, achieving a major breakthrough in high-end equipment manufacturing in China, marking the completion of a historic leap from “Made in China” to “Created in China” in the construction of large-scale hydropower projects in China; The pumped storage unit in Changlongshan, the highest water head in China, commenced commercial operation with excellent performance in various parameters; The first self-developed intellectual property class F 50MW heavy-duty gas turbine was awarded a demonstration project order; The wind power product created three records of single-unit capacity offshore, single-unit capacity onshore and installed capacity elevation. The 13MW offshore wind power unit was officially launched. The 10MW offshore wind power unit was delivered and put into operation in batches. The 7MW offshore wind power was connected to the grid in batches, and the pace of green and low-carbon transformation was accelerated; The Company’s national demonstration project of compressed air energy storage in Jintan salt cavern provided by the air turbine group was successfully connected to the grid, and the 600,000 KW hydrogen fuel cell engine was included in the catalogue of scientific and technological innovation achievements of central enterprises, which accelerated the development of strategic emerging industries.

IV. ANALYSIS OF CORE COMPETITIVENESS DURING THE REPORTING PERIOD (CONTINUED)

2. Perfect industrial structure to effectively promote transformation and upgrading

The Company has established the industrial development pattern of “simultaneous development of six types of electricity” including wind power, solar power, hydropower, nuclear power, gas power and thermal power, as well as “five industries synergy” including energy conservation and environmental protection, engineering and international trade, modern manufacturing services, power electronics and control, and emerging industries. The Company has the proprietary technology of research and development, design and manufacturing of power generation equipment products such as 1,000,000-kilowatt hydropower generating units, 1,350,000 kilowatt thermal power generating units, 1,750,000-kilowatt nuclear power generating units, 13-megawatt wind power generating units, heavy-duty gas turbine generating units and solar thermal power. After more than 60 years of development, the Company has generated a total of 625,000,000-kilowatt power generation equipment. The Company has environmental protection solutions such as atmospheric pollution control, solid waste treatment and water treatment as well as industrial energy conservation solutions, engineering EPC, comprehensive energy service business, “Intelligent +” product supply, operation and maintenance, transformation and financial support services, industrial control system products and solutions, which can provide hydrogen production and hydrogen refueling and energy storage system solutions, and have the ability to develop high-end industrial equipment. The product structure is complete and the business is diversified. By providing various products and solutions, the Company meets more and higher demands of different users, and has established long-term and stable cooperation with users, which has enhanced the market competitiveness and risk resistance ability.

The Company accurately grasped the policy orientation, actively implemented the national deployment on energy transformation, anchored the “dual carbon” goal, met the construction needs of a new power system with new energy as the main body, continued to promote the green and low-carbon transformation of the industry, vigorously developed clean energy such as wind power, hydropower, solar power and nuclear power, actively deployed and promoted new energy industries such as hydrogen energy and energy storage, effectively served the energy transformation and development situation under the background of the “dual carbon” goal with advanced energy equipment technology and products, closely followed the development trend of the industry to adjust the pace of the industry, deeply adapted to the transformation requirements from strategy to business and other levels, firmly seized the development opportunities, promoted the continuous formation of new industries and new business forms, and achieved remarkable results in the green and low-carbon transformation. The proportion of “zero carbon” power generation equipment in the equipment manufacturing segment exceeded 60%.

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

IV. ANALYSIS OF CORE COMPETITIVENESS DURING THE REPORTING PERIOD (CONTINUED)

3. Advanced manufacturing and service capabilities and accelerated digital transformation

The Company vigorously promotes the transformation project of intelligent manufacturing, and has advanced intelligent research and development capabilities for equipment products. The Company continued to promote digital transformation and upgrading, and built 7 digital workshops and 1 unmanned workshop. Among them, the first stator punch unmanned workshop in the power generation equipment industry achieved a per capita output increase of 620%, an increase in energy utilization rate of 56.6%, a decrease in labor intensity of more than 90%, and realized the transformation from traditional human-machine production and manufacturing to intelligent production and manufacturing. The Company built an unattended demonstration unit for the automation of small and medium-sized turbine blades and manufacturing of pins, and carried out the application of technologies such as online testing and automatic compensation. The Company completed the construction and application of the digital radiation detection system for welding seams in boiler containers, and formulated the first domestic standard for the detection of ultra-small diameter tube phase array. The Company realized the digital networking of wind power blade manufacturing equipment, intelligent recording and monitoring of material management system, and automatic identification of defects in the molding process. At the same time, on the basis of its own intelligent management and intelligent production, the Company has the ability to provide intelligent upgrading services for main equipment of power generation and industrial intelligent manufacturing services, so as to facilitate the transformation and upgrading of automation and intelligence in the power generation field and industrial field.

4. Sound marketing system and strong market development capability

The Company has a two-level marketing structure of the headquarters and its subsidiaries. The headquarters of the Company gives play to the role of planning and coordination, and its subsidiaries implement industrial project development, forming a marketing system with comprehensive advantages. The Company has a sound market development mechanism and strong marketing planning capabilities, equipped with a strong marketing team, continuously promoted the innovation of marketing model, increased the incentive for market development, and the marketing team has strong enthusiasm and initiative. The Company has established a complete domestic and overseas marketing network, deeply cultivated the domestic market, quickly connected with customers, and continuously consolidated the domestic business; The Company actively expanded the international market and established 55 overseas marketing agencies and outlets in 35 countries to achieve stable development of overseas business.

IV. ANALYSIS OF CORE COMPETITIVENESS DURING THE REPORTING PERIOD (CONTINUED)

5. High quality and more reasonable structure of talent team

Among the employees of the Company, 54.33% held a bachelor's degree or above, 12.0% held a master's degree or above, staff with senior professional titles account for 27.9% of the professional and technical personnel, scientific and technological talents account for 32.4%, which are 75 ranks higher than the industry. A total of 51 experts of the Company were granted special government allowances by the State Council. One of them won the China Skills Award and 17 of them were recognized as national technical experts.

6. Strong corporate culture and increasing brand influence

After more than 60 years of development and accumulation, the Company has formed a culture of "Create Together" that is widely recognized by all employees. With the mission of "Green Power, Drive the Future", the Company adheres to "quality, science and technology, brand building, and integrity building", and the employees of the Company work together and start up, give full play to the enterprise spirit of "pragmatism, innovation, people and strength", and make every effort to build the "best in China, world-class" electrical enterprise. The Company actively fulfilled its social responsibilities as a state-owned enterprise, improved the brand management system, built the brand value system, optimized the brand communication system, continuously consolidated the brand image, promoted the coordinated development of the brand and culture, and created a first-class brand image with unified and distinct characteristics and user trust. The brand awareness and recognition have been continuously improved. Two trademarks, including the "DEC and Photo", are well-known trademarks in China, registered and protected by local laws in 25 countries, including Germany, France and Russia.

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

V. KEY OPERATION INDICATORS DURING THE REPORTING PERIOD

(I) Analysis of Principal Business

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

Unit: Yuan Currency: RMB

Item	Amount for the year	Amount for previous year	Change (%)
Income statement			
Total operating income	47,819,166,940.47	37,282,871,287.38	28.26
Operating income	46,755,975,362.02	36,238,925,547.37	29.02
Operating costs	38,669,905,112.14	28,863,684,916.87	33.97
Selling expenses	1,457,513,664.15	1,176,571,933.25	23.88
Administrative expenses	2,789,577,618.34	2,619,878,388.04	6.48
Finance cost	40,178,417.47	168,473,558.29	-76.15
R&D expenditure	2,109,687,440.50	2,002,738,590.77	5.34
Gains from disposal of assets (loss is indicated by "-")	271,943,405.18	7,079,975.17	3,741.02
Gains from changes in fair values (loss is indicated by "-")	173,613,348.19	-138,205,491.40	N/A
Credit impairment loss (loss is indicated by "-")	-198,976,953.76	205,360,065.67	-196.89
Statement of cash flows			
Net increase in customer deposits and deposits from banks and other financial institutions	-2,147,715,368.31	274,373,040.74	-882.77
Net increase in borrowings from other financial institutions	-2,320,607,584.15	467,277,117.81	-596.62
Net increase in customer loans and advances	1,704,175,429.53	1,163,494,981.87	46.47
Net increase in deposits in central bank and interbank	-316,729,234.35	272,815,319.52	-216.10
Net cash flows from operating activities Including: Net operating cash flow after deducting the financial business of DEC Finance	-4,420,888,980.16	-2,748,802,008.23	N/A
	705,358,729.43	2,401,920,501.16	-70.63
Net cash flows from investing activities	-3,052,869,630.90	-680,279,207.00	N/A
Cash received from borrowings obtained	1,146,850,000.00	435,980,000.00	163.05
Net cash flows from financing activities	-378,255,038.12	-454,241,917.28	N/A

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

(I) Analysis of Principal Business (Continued)

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

Reasons for change in operating revenue for the Year: The operating revenue for the year increased by 28.26% from the previous year, mainly due to the increase of 69.77% in the revenue of wind power segment.

Reasons for change in operating costs for the Year: The operating costs for the year increased by 33.97% from the previous year, mainly due to the corresponding increase as a result of the increase in sales volume.

Reasons for change in selling expenses for the Year: The selling expenses for the year increased by 23.88% from the previous year, mainly due to the year-on-year increase in provisions made for quality warranty based on income proportion during the year.

Reasons for change in administrative expenses for the Year: The administrative expenses for the year increased by 6.84% from the previous year, mainly due to provisions for the termination benefits resulted by the reform of enterprises with mixed ownership during the year.

Reasons for change in finance costs for the Year: The finance costs for the year decreased by 76.15% from the previous year, mainly due to the year-on-year decrease in net foreign exchange losses during the year.

Reasons for change in R&D expenses for the Year: The R&D expenses for the year increased by 5.34% from the previous year, mainly due to the increase in the research and development investment in key projects during the year.

Reasons for change in gains from disposal of assets: The gains from disposal of assets for the year increased by 3,741.02% year-on-year, mainly due to the gains from disposal of assets arising from the mixed ownership reform of the subsidiaries during the year.

Reasons for change in gains from changes in fair values: The gains from changes in fair values for the year increased by RMB311 million year-on-year, mainly due to the gains from changes in fair values of shares of Huaneng Power International during the year.

Reasons for change in credit impairment loss: The credit impairment loss increased by 196.89% year-on-year (the previous year: credit impairment reversal of RMB205 million), mainly due to a substantial amount reversed resulting from the bankruptcy liquidation payment received by a subsidiary in the previous year.

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

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

(I) Analysis of Principal Business (Continued)

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

Reasons for change in net cash flows from operating activities for the Year: The decrease in net cash flows from operating activities for the year as compared with the previous year was mainly due to the net outflow from normal operation of the DEC Finance during the year. After deducting the cash flow from financial business activities of DEC Finance, net cash inflow from operating activities for the year was RMB705 million, of which:

The year-on-year decrease of RMB2,422 million in customer deposits and deposits from banks and other financial institutions was mainly due to the decrease in deposits with DEC Finance as a result of the cash outflow for matured bonds paid by Dongfang Electric Corporation during the year.

In order to improve the level of return on capital, DEC Finance actively conducted interbank lending, with a balance of RMB2,332 million as at the end of the year.

The net increase in customer loans and advances increased by RMB541 million year-on-year, mainly due to the increase in loans granted by DEC Finance.

The deposits in central bank and interbank decreased by RMB590 million year-on-year, mainly due to the decrease in reserve funds paid by DEC Finance as a result of the reduction in reserve ratio.

Reasons for change in net cash flows from investing activities for the Year: The decrease in net cash flows from investing activities for the year as compared with the previous year was mainly due to the year-on-year increase in the investment of the bank's wealth management products of DEC Finance of the Company during the year.

Reasons for change in net cash flows from financing activities for the Year: The increase in net cash flows from financing activities for the year as compared with the previous year was mainly due to the increase in bank borrowings obtained during the year.

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

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

(I) Analysis of Principal Business (Continued)

2. Analysis of Revenue and Cost

(1) Major operations by industry, product, region and sales model

Unit: Yuan Currency: RMB

Industry	By industry					
	Operating revenue (including financial business)	Operating costs (including financial business)	Gross profit margin (%)	Year-on-year increase/ decrease in operating revenue (%)	Year-on-year increase/ decrease in operating costs (%)	Year-on-year increase/decrease in gross profit margin (%)
Power generation equipment manufacturing industry	47,819,166,940.47	38,782,187,274.99	18.90	28.26	33.90	Decreased 3.42 percentage points

Product	By product					
	Operating revenue (including financial business)	Operating costs (including financial business)	Gross profit margin (%)	Year-on-year increase/ decrease in operating revenue (%)	Year-on-year increase/ decrease in operating costs (%)	Year-on-year increase/decrease in gross profit margin (%)
Renewable energy equipment	15,138,463,805.74	12,970,464,033.70	14.32	50.11	50.00	Increased 0.06 percentage point
High-efficient clean energy equipment	12,786,983,905.17	10,008,951,866.81	21.73	14.66	17.42	Decreased 1.84 percentage points
Engineering and trade services business	7,758,030,958.59	6,913,753,522.80	10.88	60.33	95.49	Decreased 16.03 percentage points
services business	3,963,328,641.64	2,120,860,489.80	46.49	-19.28	-21.86	Increased 1.77 percentage points
Emerging growth business	8,172,359,629.33	6,768,157,361.88	17.18	29.80	22.14	Increased 5.19 percentage points

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

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

(I) Analysis of Principal Business (Continued)

2. Analysis of Revenue and Cost (Continued)

(1) Major operations by industry, product, region and sales model (Continued)

Region	By region					
	Operating revenue (including financial business)	Operating costs (including financial business)	Gross profit margin (%)	Year-on-year increase/ decrease in operating revenue (%)	Year-on-year increase/ decrease in operating costs (%)	Year-on-year increase/decrease in gross profit margin (%)
Domestic	43,918,993,698.68	35,817,696,268.37	18.45	33.06	37.94	Decreased 2.88 percentage points
Overseas	3,900,173,241.79	2,964,491,006.62	23.99	-8.80	-1.05	Decreased 5.95 percentage points

Sales model	By sales model					
	Operating revenue (including financial business)	Operating costs (including financial business)	Gross profit margin (%)	Year-on-year increase/ decrease in operating revenue (%)	Year-on-year increase/ decrease in operating costs (%)	Year-on-year increase/decrease in gross profit margin (%)
Customized sales	47,819,166,940.47	38,782,187,274.99	18.90	28.26	33.90	Decreased 3.42 percentage points

Major operations by industry, product, region and sales model

- (1) During the year, the total operating revenue of the Company increased by 28.26% as compared with last year. Revenue generated from other segments increased year-on-year except for the segment of modern manufacturing services.
- (2) Renewable energy equipment revenue increased by 50.11% year on year, primarily attributable to the operating revenue of wind power products increased by 69.77% year-on-year.

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

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

(I) Analysis of Principal Business (Continued)

2. Analysis of Revenue and Cost (Continued)

(2) Capacity and sales analysis table

Major products	Capacity MW	Sales MW	Inventory MW	Capacity increase/ decrease from the previous year (%)	Sales increase/ decrease from the previous year (%)	Inventory increase/ decrease from the previous year (%)
Hydro-generating Unit	8,101	11,957	1,295	14.2	113.36	-74.86
Steam turbine generators	25,028	24,966	15,480	67.25	102.06	0.4
Wind power units	3,370	3,362	199	19.26	17.84	6.99
Power station steam turbines	23,929	18,495	20,945	56.84	69.97	17.79
Power station boilers	22,017	22,017	0	34.19	34.19	/

Description of capacity and sales volume

Hydro-generating unit: The Company's large hydropower projects including Baihetan hydropower project were completed and delivered in 2021, resulting in year-on-year growth in sales and a year-on-year decline in inventory.

Steam turbine generating unit: The year-on-year increase in production was mainly due to the increase in advanced planning and scheduling since a larger number of orders entered into by the Company for thermal power projects were scheduled for delivery in the year. The year-on-year increase in sales was mainly due to the construction of power plants was accelerated and a large number of thermal power projects were scheduled for delivery in the year.

Power station steam turbines and power station boilers: the production of small industrial machines, small capacity boiler products increased significantly year-on-year, and sales increased year-on-year correspondingly. Affected by the market and policies, the sales volume of hydro-generating unit and steam turbine generating unit increased significantly year-on-year during the year.

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

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

(I) Analysis of Principal Business (Continued)

2. Analysis of Revenue and Cost (Continued)

(3) Cost analysis

by industry

Unit: 0'000 yuan Currency: RMB

Industry	Cost composition	Amount for the period	Percentage in total costs for the period (%)	Amount for same period of last year	Percentage in total costs of same period of last year (%)	Year-on-year increase/decrease (%)	Remark
Power generation equipment manufacturing	Raw material costs (procurement cost)	3,091,681.67	79.72%	2,342,008.14	80.86	32.01	
Power generation equipment manufacturing	Labour costs	156,680.28	4.04%	92,074.36	3.18	70.17	
Power generation equipment manufacturing	Other costs	629,856.78	16.24%	462,221.43	15.96	36.27	

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

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

(I) Analysis of Principal Business (Continued)

2. Analysis of Revenue and Cost (Continued)

(3) Cost analysis (Continued)

by product

Unit: 0'000 yuan Currency: RMB

Industry	Cost composition	Amount for the period	Percentage in total costs for the period (%)	Amount for same period of last year	Percentage in total costs of same period of last year (%)	Year-on-year increase/decrease (%)	Remark
Renewable energy equipment	Raw material costs (procurement cost)	1,053,404.41	27.16	688,534.94	23.77	52.99	
Renewable energy equipment	Labour costs	75,777.03	1.95	26,286.54	0.91	188.27	
Renewable energy equipment	Other costs	167,864.96	4.33	149,857.64	5.17	12.02	
High-efficient clean energy equipment	Raw material costs (procurement cost)	847,842.88	21.86	691,843.58	23.89	22.55	
High-efficient clean energy equipment	Labour costs	39,283.02	1.01	36,406.10	1.26	7.90	
High-efficient clean energy equipment	Other costs	113,769.29	2.93	124,176.32	4.29	-8.38	
Engineering and trade	Raw material costs (procurement cost)	574,047.16	14.80	331,334.97	11.44	73.25	
Engineering and trade	Labour costs	4,084.24	0.11	4,946.06	0.17	-17.42	
Engineering and trade	Other costs	113,243.96	2.92	17,375.57	0.60	551.74	
Modern manufacturing services	Raw material costs (procurement cost)	75,774.38	1.95	136,582.21	4.72	-44.52	
Modern manufacturing services	Labour costs	7,788.96	0.20	7,259.34	0.25	7.30	
Modern manufacturing services	Other costs	128,522.71	3.31	127,585.20	4.41	0.73	
Emerging growth business	Raw material costs (procurement cost)	540,612.84	13.94	493,712.44	17.05	9.50	
Emerging growth business	Labour costs	29,747.03	0.77	17,176.32	0.59	73.19	
Emerging growth business	Other costs	106,455.87	2.74	43,226.70	1.49	146.27	

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

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

(I) Analysis of Principal Business (Continued)

2. Analysis of Revenue and Cost (Continued)

(4) Major Customers in Sales and Major Suppliers

The Company's sales to its top five customers amounted to RMB5,736.7016 million, accounting for 12.00% of the total sales for the year with the largest customer accounted for approximately 3.53% of the total sales for the year, among which, sales to related parties was RMB743.0541 million, accounting for 1.55% of the total sales for the year.

The Company's procurement from its top five suppliers amounted to RMB3,695.2978 million, accounting for 9.53% of the total procurement for the year, with the largest supplier accounted for approximately 3.51% of the total sales for the year among which, the procurement from related parties was RMB1,914.4437 million, representing 4.94% of the total procurement for the year.

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

3. Expenses

Unit: Yuan Currency: RMB

Item	Amount for current year	Amount for previous year	Change (%)
Selling expenses	1,457,513,664.15	1,176,571,933.25	23.88
Administrative expenses	2,789,577,618.34	2,619,878,388.04	6.48
R&D expenditure	2,109,687,440.50	2,002,738,590.77	5.34
Finance costs	40,178,417.47	168,473,558.29	-76.15
Income tax expenses	237,824,064.64	150,959,705.84	57.54

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

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

(I) Analysis of Principal Business (Continued)

4. R&D Expenditure

Table of R&D expenditure

Unit: Yuan Currency: RMB

Expensed R&D expenditure for the year	2,498,757,662.56
Capitalized R&D expenditure for the year	223,174,577.78
Total R&D expenditure	2,721,932,240.34
Percentage of total R&D expenditure over revenue (%)	5.82
Percentage of R&D expenditure capitalization (%)	8.20
Number of R&D personnel	4,122
Percentage of R&D personnel in the total number of employees (%)	24.29

5. Cash flow

Item	Amount for the current year	Amount for the previous year	Change (%)
Cash received from sale of goods and of rendering services	44,969,412,588.26	38,647,353,231.74	16.36
Tax refund received	375,110,655.17	215,628,100.70	73.96
Other cash received from operating activities	1,922,408,416.09	5,443,720,670.79	-64.69
Cash paid for purchase of goods and receipt of services	37,632,141,803.46	30,395,942,585.55	23.81
Other cash payments relating to operating activities	2,724,642,221.90	11,199,941,573.39	-75.67
Cash received from returns on investments	151,172,201.13	173,182,465.16	-12.71
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	182,208,104.28	6,662,676.68	2,634.76
Cash paid for investments	15,514,643,379.27	2,875,677,919.95	439.51
Cash from absorption of Investment	100,322,500.00	136,896,417.60	-26.72

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

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

(II) Analysis on assets and liabilities

1. The status of assets and liabilities

Unit: Yuan Currency: RMB

Item	Amount at the end of the year	Percentage of the amount at the end of the year in total assets (%)	Amount at the beginning of the year	Percentage of the amount at the beginning of the year in total assets (%)	Year-on-year change (%)
Cash and cash equivalents	18,721,874,434.15	18.16	26,686,232,240.60	27.29	-29.84
Funds for lending	2,331,536,400.00	2.26			
Accounts receivable financing	1,342,379,048.57	1.30	1,946,034,819.15	1.99	-31.02
Inventories	19,062,432,842.88	18.49	15,609,854,069.57	15.96	22.12
Loans and advances	3,240,998,518.16	3.14	1,927,919,340.85	1.97	68.11
Debt investments	12,660,183,476.06	12.28	9,946,621,270.91	10.17	27.28
Long-term receivables	552,276,661.97	0.54	273,964,739.39	0.28	101.59
Long-term equity investments	2,289,593,722.69	2.22	1,775,770,115.49	1.82	28.94
Constructions in process	286,478,771.81	0.28	204,474,620.89	0.21	40.10
Right-of-use assets	231,326,102.07	0.22	164,993,842.35	0.17	40.20
Other non-current assets	4,018,605,426.45	3.90	2,815,452,419.66	2.88	42.73
Short-term loans	41,830,000.00	0.04	297,980,000.00	0.30	-85.96
Customer deposits and deposits from banks and other financial institutions	3,739,754,238.51	3.63	5,726,841,172.92	5.86	-34.70
Accounts payable	13,959,367,074.05	13.54	13,641,381,835.86	13.95	2.33
Contract liabilities	30,404,986,962.19	29.49	28,922,353,784.79	29.57	5.13
Long-term loans	1,565,091,967.96	1.52	719,350,539.48	0.74	117.57
Lease liabilities	126,932,623.70	0.12	27,531,905.94	0.03	361.04

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

(II) Analysis on assets and liabilities (Continued)

1. The status of assets and liabilities (Continued)

Reasons for change in cash and cash equivalents: The cash and cash equivalents decreased by 29.84% year-on-year, mainly due to the decrease in cash and cash equivalents as a result of the normal operating activities over the centrally managed funds conducted by DEC Finance, a subsidiary of the Company.

Reasons for change in funds for lending: During the year, DEC Finance actively expanded interbank lending counterparties and improved the level of capital gains by carrying out interbank lending with a balance of RMB2,332 million as at the end of the year under the premise of strictly complying with the relevant regulations of the People's Bank of China on interbank lending.

Reasons for change in accounts receivable financing: The accounts receivable financing for the year decreased by 31.02% year-on-year, mainly due to the increase in recognition of note endorsements during the year.

Reasons for change in inventories: The inventories for the year increased by 22.12% year-on-year, mainly due to the increase in raw materials and in-process inventory as a result of the Company's increased production and response to price increases.

Reasons for change in loans and advances: The loans and advances increased by 68.11% year-on-year, mainly due to the increase in loans provided by DEC Finance to improve the overall return on funds.

Reasons for change in debt investments: The debt investments for the year increased by 27.28% year-on-year, mainly due to the increase in interbank deposit certificates of DEC Finance.

Reasons for change in long-term receivables: The long-term receivables for the year increased by 101.59% year-on-year, mainly due to the increase in installment received from sales of goods during the year.

Reasons for change in long-term equity investments: The long-term equity investments increased by 28.94% year-on-year, mainly due to a subsidiary's new investment of RMB336 million in Deyang Guangda Dongqi New Material Co., Ltd. (德陽廣大東汽新材料有限公司).

Reasons for change in constructions in process: The constructions in process for the year increased by 40.1% year-on-year, mainly due to the increase in investment in fixed assets during the year.

Reasons for change in right-of-use assets: The right-of-use assets for the year increased by 40.2% year-on-year, mainly due to the new lease contracts entered into during the year.

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

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

(II) Analysis on assets and liabilities (Continued)

1. The status of assets and liabilities (Continued)

Reasons for change in other non-current assets: The other non-current assets for the year increased by 42.73% year-on-year, mainly due to the increase in revenue scale during the year and the corresponding increase in contract assets due over one year.

Reasons for change in short-term loans: The short-term loans for the year decreased by 85.96% year-on-year, mainly due to the partial repayment of short-term loans during the year.

Reasons for change in customer deposits and deposits from banks and other financial institutions: The customer deposits and deposits from banks and other financial institutions for the year decreased by 34.70% year-on-year, mainly due to the decrease in deposits with DEC Finance as a result of the cash outflow for matured bonds paid by Dongfang Electric Corporation during the year.

Reasons for change in accounts payable: The accounts payable for the year increased by 2.33% from the previous year, mainly due to the increase in procurement by the Company.

Reasons for change in contract liabilities: The contract liabilities for the year increased by 5.13% year-on-year, mainly due to the increase in contracts in force during the year and the corresponding increase in advance payments received from customers.

Reasons for change in long-term loans: The long-term loans for the year increased by 117.57% year-on-year, mainly due to the long-term loans obtained by DEC International, a subsidiary of the Company, for operational needs during the year.

Reasons for change in lease liabilities: The lease liabilities for the year increased by 361.04% year-on-year, mainly due to the new lease contracts entered into during the year.

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

(II) Analysis on assets and liabilities (Continued)

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

- 2.1 Among cash and cash equivalents of the Company for the end of the year, restricted cash and cash equivalents totaled RMB2,397,796,836.71, mainly represented deposits in the central bank, capital reserves and guarantee deposits.
- 2.2 At the end of the year, the net intangible assets amounted to RMB507,511,683.15 used for pledge for borrowing of the Company.
- 2.3 At the end of the year, the fixed assets amounted to RMB80,261,382.65 used for pledge for borrowing of the Company.
- 2.4 Details of contingent liabilities are set out in “Commitments and Contingencies” in Note 13 to the Financial Statements.

3. The gearing ratio was 65.68% in 2021

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

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

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

(III) Analysis of investment

1. Overall analysis on external equity investment

At the end of the Reporting Period, the major equity investments of the Company are set out below:

No.	Name of investee	Principal business	Investment amount (RMB'0,000)	Shareholder and percentage of shareholding
1	DEC (Chengdu) Innovation Technology Development Co., Ltd.* (東方電氣(成都)創新科技發展有限公司)	Technical service, technology development and technical consultation; construction business of the headquarters; construction management services; park management services; corporate management consulting; convention and exhibition services	15,000	Dongfang Electric Corporation Limited holds 100%
2	DEC (Deyang) Electric Motor Technology Co., Ltd	Design and manufacture of AC/DC motors, pumps, fans, energy saving and environmental protection equipment	9,000	DEC Dongfang Electric Machinery Co., Ltd. holds 90%; Deyang Economic Development Zone Development (Holding) Group Co. Ltd holds 10%*(德陽經開區發展(控股)集團有限公司)
3	Dongfang Electric Hydrogen Energy (Chengdu) Co., Ltd.	Real estate development and operation; research and development of emerging energy technologies; sales of hydrogen refueling and hydrogen storage facilities; new energy original equipment manufacturing; sales of new energy primary equipment	5,490	DEC Dongfang Boiler Group Co., Ltd. holds 51%; Dongfang Electric International Investment Co., Limited holds 39%; Dongfang Electric (Chengdu) Hydrogen Fuel Cell Technology Co., Ltd. holds 10%

(1) Significant equity investment

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

(2) Significant non-equity investment

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

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

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

(III) Analysis of investment (Continued)

1. Overall analysis on external equity investment (Continued)

(3) Financial assets at fair value measurement

Currency: RMB

No.	Type	Stock code	Company name	Investment cost (RMB'000)	Balance at the beginning of the period (RMB'000)	Amount at the end of the period (RMB'000)	Profit or Loss in the Reporting Period (RMB'000)
1	Stock	601179	China XD Electric Co., Ltd.	1,010.77	667.07	803.09	140.36
2	Stock	000883	Hubei Energy Group Co., Ltd.	189.79	110.74	149.55	42.24
3	Stock	600011	Huaneng Power International	53,073.26	35,453.81	0.00	21,888.81
Total				54,273.82	36,231.62	952.64	22,071.41

(IV) Analysis of major controlling subsidiaries and investees

Currency: RMB

Subsidiary name	Closing balance (100 million yuan)					
	Current assets	Non-current assets	Total assets	Current Liabilities	Non-current liabilities	Total liabilities
Dongfang Electric Finance Co., Ltd.	268.55	161.27	429.82	395.34	0.08	395.42
DEC Dongfang Steam Turbine Co., Ltd.	197.89	57.31	255.20	174.21	14.18	188.39
DEC Dongfang Boiler Group Co., Ltd.	175.74	39.55	215.29	108.28	33.74	142.02
DEC Dongfang Electric Machinery Co., Ltd.	165.09	29.52	194.61	117.54	15.65	133.19
Dongfang Electric Wind Power Co., Ltd.	130.50	30.07	160.57	126.66	14.99	141.65
DEC International Cooperation Limited	58.72	8.40	67.12	32.94	14.10	47.04
Dongfang Electric (Guangzhou) Heavy Machine Co., Ltd.	25.91	8.40	34.31	16.14	1.62	17.76
Dongfang Electric Automatic Control Engineering Co., Ltd.	21.62	4.44	26.06	15.49	0.41	15.90

VI. DISCUSSION AND ANALYSIS ON FUTURE DEVELOPMENT OF THE COMPANY

(I) Structure and trend of the industry

According to the National Energy Working Conference, we will adhere to the general principle of seeking progress with stability for the energy work in 2022 by fully implementing the new energy security strategy and further promoting the energy revolution to make efforts to ensure energy safety and to firmly promote the green and low-carbon development. We will continue to exert the power of coal as “ballast”, to enhance the ability of electricity safety and supply by virtue of effectively playing a fundamental regulatory role of coal and electricity. We will accelerate the implementation of renewable energy substitution to promote the adjustment of power system. The Company will accelerate the energy technology innovation through strengthening the technology and equipment research and carrying out the technological and industrial innovation and deepening the reform for system and mechanism to expand international energy cooperation.

According to the forecast of the China Electricity Council, in 2022, it is expected that the annual electricity consumption of the whole society will increase by 5% to 6%, and the overall growth rate of electricity consumption of the whole society in each quarter will increase at quarterly basis. Driven by the rapid development of new energy, it is expected that the newly installed capacity will reach a record-breaking high in 2022, with an annual newly installed capacity of approximately 0.23 billion kilowatt of power generation. Among them, the installed capacity of non-fossil energy power generation is about 0.18 billion kilowatt. It is expected that by the end of 2022, the installed capacity of full-caliber power generation will reach approximately 2.6 billion kilowatt, representing a year-on-year increase of approximately 9%, and the total installed capacity of non-fossil energy power generation will reach approximately 1.3 billion kilowatt, which is expected to reach half of the total installed capacity for the first time, among which, hydropower, grid-connected wind power, grid-connected solar power, nuclear power and biomass power amounted to 0.41 billion kilowatt, 0.38 billion kilowatt, 0.40 billion kilowatt, 55.57 million kilowatt and 45.00 million kilowatt, respectively; The installed capacity of coal-fired power is approximately 1.14 billion kilowatt.

Achieving “carbon peak” and “carbon neutrality” is an inherent requirement for promoting high-quality development. We will unswervingly pursue the goal, however, it is impossible to accomplish the whole task at one stroke. The adjustment of energy structure will be based on the correct understanding and grasp of “carbon peak” and “carbon neutrality”. The gradual withdrawal of traditional energy will be established on the basis of the safe and reliable new energy substitution. The policy orientation has raised higher requirements for energy supply capacity and also higher requirements for new energy consumption capacity. The industry ushered in the development opportunities of new energy supply capacity construction represented by wind power and photovoltaic industry, the development opportunities of new energy consumption capacity construction represented by pumped storage and energy storage, and the development opportunities of clean and efficient utilization of coal represented by coal power transformation and upgrading and moderate construction. Meanwhile, the demand for green and low-carbon technology has become increasingly prominent, and it is still an important task for the industry to pay close attention to technological breakthroughs and solve the “bottleneck” problems in the energy field.

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

(I) Structure and trend of the industry (Continued)

Since 2021, China has continuously introduced policies in the energy field, with clarified planning and supporting policies for offshore wind power in coastal regions across the country in orderly manner. In particular, Guangdong, Shandong, Zhejiang, Hainan, Jiangsu, Guangxi and other regions have primarily defined their development goals for offshore wind power. According to incomplete statistics, during the “14th Five-Year Plan” period, the planned total installed capacity of offshore wind power in China exceeded 100GW featuring with the continued explosive growth trend for offshore wind power. The National Medium and Long-term Development Plan for Pumped Storage (2021–2035) issued in September 2021 clarified that, by 2025, the total output of pumped storage will reach over 62 million kilowatts, and, by 2030, the total output will reach around 120 million kilowatts; By 2035, a modern pumped storage industry will be developed to meet large-scale development needs with the high proportion of new energy, characterized with good momentum of the development trend of pumped storage. In October 2021, the National Development and Reform Commission and the National Energy Administration issued the “Implementation Plan for the Renovation and Upgrade of Coal-fired Power Generating Units in China”, which clarified that, during the “14th Five-Year Plan” period, the scale of coal-saving and consumption reduction transformation shall not be less than 350 million kilowatts, and the scale of heat supply transformation shall strive to reach 50 million kilowatts, and the existing coal-fired power generating units shall be transformed flexibly with efforts, by completing 200 million kilowatts and increasing the system adjustment capacity by 30–40 million kilowatts. In principle, new coal-fired power generating units are adopted with ultra-supercritical units with low coal consumption, and the demand for clean and efficient development of coal-fired power is obvious.

(II) The Company’s development strategy

In 2022, the key year for “14th Five-Year Plan” period, the Company will adhere to seeking progress while maintaining stability by focusing on innovation and seeking development. We will also promote the implementation of key works in all aspects such as industrial green transformation and digital transformation, operation quality improvement, technological innovation, market expansion, further reform, management improvement, human resource and risk prevention and control. The Company will comprehensively complete the targets for production and operation in 2022, thus to usher to a new level for the development of the Company.

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

(III) Business plan

In 2022, the Company will maintain steady growth in operating revenue and continuous increase in total profit, expect to complete the production of power generation equipment of 35.24 million, vigorously promote the rapid progress of new energy equipment, thus to usher to a new level for the development of the Company. The details are as follows:

1. Industrial green transformation and digital transformation

The Company will scientifically promote the “dual carbon” work by further strengthening the cooperation with central enterprises to improve the supply capacity of comprehensive solutions and accelerate the further optimization of the industrial landscape of “combination of six powers and synergy in five industries”. We organized and implemented clean process transformation to reduce resource consumption and environmental impact in the production process, and continued to promote the construction of green workshops. The Company will adhere to the systematic thinking by taking intelligent manufacturing as the main direction to orderly promote various tasks of digital transformation, promote business reform with digital technology, thus to build the new core competitiveness of the Company in the digital era.

2. Operation quality

The Company will hold firm to focus on the key tasks such as “Receivables and Inventories” reduction by strengthening operational control and fully using of methods and tools such as lean management, deeply implementing special actions to identify potential areas and enhance efficiency, so as to consolidate and improve operational quality and continue to promote the synergy growth of efficiency and scale.

3. Technological innovation

The Company will further strengthen open and collaborative innovation by continuing to strengthen the investment and precision of R&D funds as well as accelerating the breakthrough of key core technologies. We will actively create original technology sources and strive to be the leader of the industrial chain. Through further improving the system and mechanism of scientific and technological innovation, the three-year action plan for scientific and technological innovation and the ten-year plan for basic research on application will be formulated and published by the Company. We also further promote the implementation of the mechanism of “appreciation of competent person” for major projects and further strengthen the construction of innovation platforms and actively participated in the construction of national-level innovation bases such as the restructuring of national key laboratories.

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

(III) Business plan (Continued)

4. Market expansion

The Company will actively respond to and implement the national policies on pumped storage, transformation and upgrading of coal power generating units, vigorously promote the continuous innovation of new energy equipment, new business models and new business forms, and promote the high-quality, sustainable and healthy development of the Company. We will pay close attention to the development of key markets, further strengthen the acquisition of resources, and actively establish the strategic cooperation relations with the foreign countries to promote the ordered implementation of strategic cooperation matters in a pragmatic manner. We will continue to improve the performance ability by paying close attention to project delivery, strengthening the business philosophy of “integrity in business”, thus to strive for more market orders with good project execution.

5. Deepening reform

The Company made every effort to fully advance the completion of the three-year action plan for deepening reform with the effective implementation of various reform measures. We will continue to promote the reform of the three systems and accelerate the formation of a market-oriented operation mechanism. The Company will speed up the promotion of differentiated management of subsidiaries and enterprises, and form a differentiated management and control system plan based on the lists of management and control, report and supervision.

6. Management improvement

The Company will focus on solving the long-term and recurring management issues, continuously improve the ability to detect anomalies and rectify errors in timely manner to further increase the effectiveness of management. The Company shall make solid progress in the rectification of procurement bidding standards and the improvement of supply chain management. The Company will further promote the world-class management improvement action via comprehensively consolidating the management foundation, and making concerted efforts to accelerate the construction of a world-class enterprise.

7. Risk prevention and control

With the aim of improving risk management capability, we will optimize the risk identification and control mechanism, gradually promote the informatization of risk management, and realize the systematic optimization of risk prevention and control system. In terms of environmental protection, the Company will strengthen the rectification of the source of environmental protection and resolve major environmental protection risks. The Company will adhere to internal and external quality management benchmarking, strengthen supplier management, and strictly prevent material and batch quality risks. By combining with the effective management and control of the risks of the pandemic and solid barrier for pandemic prevention and control, the Company will ensure the high-quality development.

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

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

(III) Business plan (Continued)

8. Governance of listed companies

The Company will earnestly implement the requirements of high-quality development of listed companies, constantly improve the corporate governance system, and promote the scientific decision-making management. The implementation the internal control system of listed companies should be strictly carried out by deepening the standardization of internal control system to improve the effectiveness of internal control. We will strictly comply with the information disclosure standards to disclose the information of listed companies and prepare regular reports. The Company will actively and effectively carry out investor-related management and market value management to establish a good image in capital market and create greater value for shareholders.

(IV) Possible Risks

1. Pandemic prevention and control risk

The situation of pandemic prevention and control is still severe. The risks of imported cases of pandemic remain, and there are occasional occurrences of reflections of different degrees in many parts of the country. Once a pandemic occurs in the Company, the normal production and operation will be affected. In response to such risks, the Company will further improve the normal prevention and control and the transformation mechanism of emergency response, so as to maintain the effective operation of the prevention and control system.

2. Risk of international operation

The international political situation is turbulent and the ongoing global COVID-19 is not conducive to the Company's overseas market expansion. In view of this risk, the Company will take multiple measures to actively explore the international new energy market, strengthen the innovation of international market development model, vigorously seize the opportunities of green and low-carbon development of overseas energy, and strive for high-quality projects on the basis of strengthening overseas pandemic prevention and control and safety and stability.

3. Project execution risk

Due to the delay in the delivery of major and key project equipment resulting from the shortage of production capacity or the insufficient management and control ability of industrial chain and supply chain, the Company has incurred contract performance risk. For such risk, the Company will promote joint research and development and technological innovation, enhance the cultivation of suppliers, regularly conduct analysis and evaluation of product performance and coordinate all resources to fully ensure the delivery of goods in 2022.

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

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

(IV) Possible Risks (Continued)

4. Risk of market competition

The energy equipment industry will undergo profound changes under the influence of the national energy “14th Five-Year Plan”, and market competition will become increasingly fierce, bringing challenges to the Company’s market development. To address this risk, the Company will strengthen the research and marketing of integrated energy solutions around the construction of a new energy system, enhance the acquisition of resources, and use the development and utilization of relevant resources to drive the integration and leapfrog development of the whole industry of “six electricity and five industries”. At the same time, the Company will continue to conduct cost control, adopt a variety of ways to enhance the competitiveness of products, such as optimizing design, reducing costs in management and increasing efficiency in production.

VII. OTHER EVENTS

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

(I) Directors and Supervisors

Please refer to Section VIII headed “Directors, Supervisors, Senior Management and Employees” for list of members regarding the Board of Directors, the Supervisory Committee in 2021.

(II) Changes in information of the Directors

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

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

Mr. Xu Haihe has been an external director of China Aviation Supplies Holding Company (中國航空器材集團有限公司) since March 2021;

Mr. Xu Peng has been a director, the general manager and the deputy secretary of the Party Committee of Dongfang Electric Corporation since August 2021.

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

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

VII. OTHER EVENTS

(III) Share Incentive Scheme

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

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

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

(IV) Permitted Indemnity Provisions

During the Reporting Period, the Company has arranged appropriate liabilities insurance for Directors, so as to provide protection against claims arising from the lawful discharge of duties by the Directors..

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

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

(VI) Key Relationships with Persons with Significant Impact

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

(VII) Corporate Social Responsibility

For details, please refer to the Social Responsibility Report of Dongfang Electric Corporation Limited for 2021 (《東方電氣股份有限公司2021年社會責任報告》) which is published separately from this report.

VII. OTHER EVENTS (CONTINUED)

(VIII) Distributable reserves

For details of distributable reserves of the Company, please refer to Note 49 “Undistributed profit” to the financial statements.

(IX) Major acquisition or disposal

There were no major acquisition or disposal of subsidiaries and associates during the year ended 31 December 2021.

(X) Compliance with Laws and Regulations

During the Reporting Period, the Company has complied with the relevant laws and regulations including the Company Law of the People’s Republic of China, the Securities Law, the Code of Corporate Governance for Listed Companies, the Corporate Governance Code and the Article of Association of the Company that have significant impact.

(XI) Donations

For the year ended 31 December 2021, the Group made charitable and donations of approximately RMB27.277 million.

(XII) Events Subsequent to the Reporting Period

On 8 December 2021, the Board and Supervisory Committee of the Company considered and approved the Resolution on Repurchase and Cancellation of Certain Restricted Shares. According to requirements of the Incentive Scheme and relevant laws and regulations, as three of the participants under the first grant were no longer eligible as participants due to their personal departure, 1 participant was no longer eligible as participants due to unsatisfied personal performance assessment. The Board considered and decided to repurchase and cancel a total of 150,000 A Shares of the Restricted Shares granted to the above five Incentive Participants but not eligible for unlocking, with repurchase price of RMB5.545 per share.

On 28 December 2021, the Company held the 2021 first extraordinary general meeting, the 2021 second A Share class meeting and the 2021 second H Share class meeting, which approved the repurchase and cancellation of total 150,000 A Shares of all the restricted shares granted to the above five incentive participants but not yet unlocked, which were cancelled on 10 March 2022.

REPORT OF THE SUPERVISORY COMMITTEE

Dear Shareholders,

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

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

(I) Meeting of the Supervisory Committee

During the Reporting Period, a total of 7 meetings of the Supervisory Committee were convened by the Company. Upholding the principle of being responsible to all shareholders of the Company, the Supervisory Committee supervised and inspected the legal compliance of the Company's operations, financial affairs and investments of the Company and maintained the legitimate interests of the Company and its shareholders in accordance with the requirements of Company Law, the Securities Law and the Articles of Association and Rules of Procedure of the Supervisory Committee.

Details of the meetings are set out as follows:

1. The 21th meeting of the ninth session of the Supervisory Committee was held in Chengdu on 29 March 2021 with attendance by all 3 supervisors. The following resolutions were considered and approved at the meeting:
 - (1) the Resolution on the Company's 2020 Audited Financial Report;
 - (2) the Resolution on the Company's 2020 Profit Distribution Plan;
 - (3) the Resolution on the 2020 Special Report on the Placement and Use of the Proceeds of the Company;
 - (4) the Resolution on the fulfillment of performance commitment involved in the issuance of shares and acquisition of assets by the Company;
 - (5) the Resolution on the Company's 2020 Annual Report;
 - (6) the Resolution on the 2020 Appraisal Report of Internal Control and the Audit Report on Internal Control of the Company;
 - (7) the Resolution on the 2020 Work Report of the Supervisory Committee of the Company.

REPORT OF THE SUPERVISORY COMMITTEE (CONTINUED)

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

(I) Meeting of the Supervisory Committee (Continued)

2. The 22th meeting of the ninth session of the Supervisory Committee was held in Chengdu on 28 April 2021 with attendance by all 3 supervisors. The following resolutions were considered and approved at the meeting:
 - (1) the Resolution in relation to the Company's Unaudited Financial Report for the First Quarter of 2021;
 - (2) the Resolution in relation to the Company's 2021 First Quarterly Report;
 - (3) Resolution in relation to the Repurchase and Cancellation of Restricted A Shares of Certain Participants.
3. The 23th meeting of the ninth session of the Supervisory Committee was held in Chengdu on 27 May 2021 with attendance by all 3 Supervisors. The following resolutions were considered and approved at the meeting:
 1. The resolution on the nomination of candidates for non-employee representative Supervisors of the tenth session of the Supervisory Committee was considered and approved;
 2. The resolution on the remuneration plan for the tenth session of the Supervisory Committee of the Company was considered and approved.
4. The 1st meeting of the tenth session of the Supervisory Committee was held in Chengdu on 30 June 2021 with attendance by all 3 Supervisors. The resolution on the election of the Chairman of the tenth session of the Supervisory Committee of the Company was approved at the meeting

REPORT OF THE SUPERVISORY COMMITTEE (CONTINUED)

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

(I) Meeting of the Supervisory Committee (Continued)

5. The 2nd meeting of the tenth session of the Supervisory Committee was held in Chengdu on 26 August 2021 with attendance by all 3 Supervisors. The following resolutions were considered and approved at the meeting:
 - (1) the Resolution in relation to the Company's 2021 Interim Financial Report;
 - (2) the Resolution in relation to the Company's 2021 Interim Report.
6. The 3rd meeting of the tenth session of the Supervisory Committee was held in Chengdu on 28 October 2021 with attendance by all 3 Supervisors. The following resolutions were considered and approved at the meeting:
 - (1) the Resolution in relation to the Company's Financial Report (Unaudited) for the Third Quarter of 2021;
 - (2) the Resolution in relation to the Company's 2021 Third Quarterly Report of the Company.
7. The fourth meeting of the tenth session of the Supervisory Committee was held in Chengdu on 8 December 2021 with attendance by all 3 Supervisors. The following resolutions were considered and approved at the meeting:
 - (1) the resolution in relation to the adjustment to the repurchase price of the Restricted Shares under the 2019 Restricted A Share Incentive Scheme;
 - (2) the resolution in relation to the repurchase and cancellation of certain the Restricted Shares;
 - (3) the resolution in relation to the fulfillment of the conditions for unlocking the first tranche of the Restricted A Share Incentive Scheme for 2019;
 - (4) the resolution in relation to the continuing connected transactions in the ordinary course of business from 2022 to 2024;
 - (5) the resolution in relation to the adjustment to the cap amount of daily related party transactions of the Company for 2021.

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

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

In 2021, members of the Supervisory Committee of the Company attended 2 general meetings and attended 7 on-site Board meetings, the Chairman of the Supervisory Committee attended the presidential conference of the Company and supervised the legal compliance of the Company's operations. The Supervisory Committee considered that the procedures for convening and holding the general meetings and the Board meetings were in compliance with relevant laws, regulations and the relevant provisions of the Articles of Association; the Directors and senior management was capable of strictly implementing the resolutions of the general meeting and the Board meetings and the Supervisory Committee did not notice any violations of national laws and regulations, the Articles of Association and other conducts that undermined the interests of the Company and its shareholders; the preparation procedures of the Company's 2021 annual report conformed to the relevant provisions of laws, regulations and regulatory documents, the information of the reports gave true and complete picture of its actual situation, and did not contain any false statements, misleading representations or material omissions.

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

During the Reporting Period, the Supervisory Committee listened to the financial reporting of the Company on a regular basis and carefully considered the Company's financial reports, and considered that the preparation and approval procedures of the Company's 2021 financial report conformed to the relevant regulations, the standard and unqualified auditor's report issued by Da Hua Certified Public Accountants LLP objectively and truly reflected the Company's financial position and operating results.

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

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

REPORT OF THE SUPERVISORY COMMITTEE (CONTINUED)

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

(IV) The Supervisory Committee's Independent Opinions on the Internal Control Assessment Report and Internal Control Audit Report for 2021

The Supervisory Committee carefully considered the Company's the Internal Control Assessment Report and Internal Control Audit Report for 2021, and was of the opinion of that the Company had established a relatively sound internal control system which can meet the current management requirements and development needs of the Company and can be effectively executed, and the Internal Control Assessment Report and Internal Control Audit Report of the Company for 2021 truly and objectively reflected the development and operation of the internal control system of the Company.

(V) The Supervisory Committee's Independent Opinions on 2021 Annual Profit Distribution Plan

The Supervisory Committee carefully considered the 2021 profit distribution plan of the Company and the explanation of relevant opinions on the dividend distribution, and was of the opinion of that the profit distribution plan for 2021 was in compliance with the relevant laws and regulations, as well as the Articles of Association of the Company; the decision-making procedure thereof was in according with relevant regulations and in the interests of the Shareholders as a whole and met the production and operation needs of the Company.

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

During the Reporting Period, the Supervisory Committee reviewed the adjustment of repurchase price, repurchase and cancellation of the 2019 Restricted Share Incentive Scheme of the Company and the fulfillment of the unlocking conditions for the first tranche of the first grant, and considered that the Company has fulfilled the necessary internal decision-making procedures, complied with the relevant provisions of the Administrative Measures for Share Incentives of Listed Companies and the 2019 Restricted A Share Incentive Scheme (Revised Draft) of the Company, and there was no prejudice to the interests of the Company and all Shareholders.



REPORT OF THE SUPERVISORY COMMITTEE (CONTINUED)

III. WORK GUIDELINE OF THE SUPERVISORY COMMITTEE IN 2022

In 2022, the Supervisory Committee of the Company will continue to perform its supervisory duties diligently and conscientiously in strict compliance with the relevant provisions and requirements of the Company Law, the Securities Law and the Articles of Association, so as to effectively safeguard the interests of the Company and all Shareholders and promote the sustainable and healthy development of the Company. Firstly, the Board of Supervisors regularly organized meetings of the Board of Supervisors, attended meetings of the Board of Directors, attended shareholders' general meetings, and strengthened the work communication with the Board of Directors and the management. Secondly, the Board of Supervisors strengthened the supervision on major issues such as the Company's production and operation, financial management, related party transactions, construction and implementation of internal control system, as well as the legality and compliance of the performance of duties by the Company's Directors and other senior management, and exercised its functions and powers independently in accordance with the law.

The Supervisory Committee of Dongfang Electric Corporation Limited
30 March 2022

I. EXPLANATION ON MATTERS REGARDING CORPORATE GOVERNANCE

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

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

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

1. In relation to shareholders and general meetings

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

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

2. In relation to Directors and the Board of Directors

As at the date of this annual report, the tenth session of Board of Directors of the Company consists of 6 Directors, of which 3 are independent non-executive Directors. The Board has the following committees including the Strategic Development Committee, the Audit and Review Committee, the Remuneration and Assessment Committee, the Nomination Committee and the Risk Management Committee.

I. EXPLANATION ON MATTERS REGARDING CORPORATE GOVERNANCE (CONTINUED)

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

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

3. In relation to Supervisors and the Supervisory Committee

The tenth session of Supervisory Committee of the Company comprises 3 Supervisors, of which 2 are shareholders representative Supervisors and 1 is staff representative Supervisor. Upholding the principle of being responsible to all shareholders of the Company, the Supervisory Committee supervised and inspected the legal compliance of the Company's operations, financial affairs and investments of the Company and maintained the legitimate interests of the Company and all its shareholders in accordance with the Company Law, the Securities Law as well as the requirements of the Articles of Association and Rules of Procedure of the Supervisory Committee. During the Reporting Period, the Supervisory Committee held a total of 7 meetings.

4. In relation to stakeholders

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

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

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

III. DISCLOSURE OF SELF-ASSESSMENT REPORT ON INTERNAL CONTROL

For details, please refer to the overseas regulatory announcement on the Assessment Report on Internal Control of the Company disclosed on the website of the Stock Exchange.

IV. EXPLANATION OF AUDIT REPORT ON INTERNAL CONTROL

For details, please refer to the overseas regulatory announcement on the Audit Report on Internal Control of the Company disclosed on the website of the Stock Exchange.

V. CORPORATE GOVERNANCE REPORT

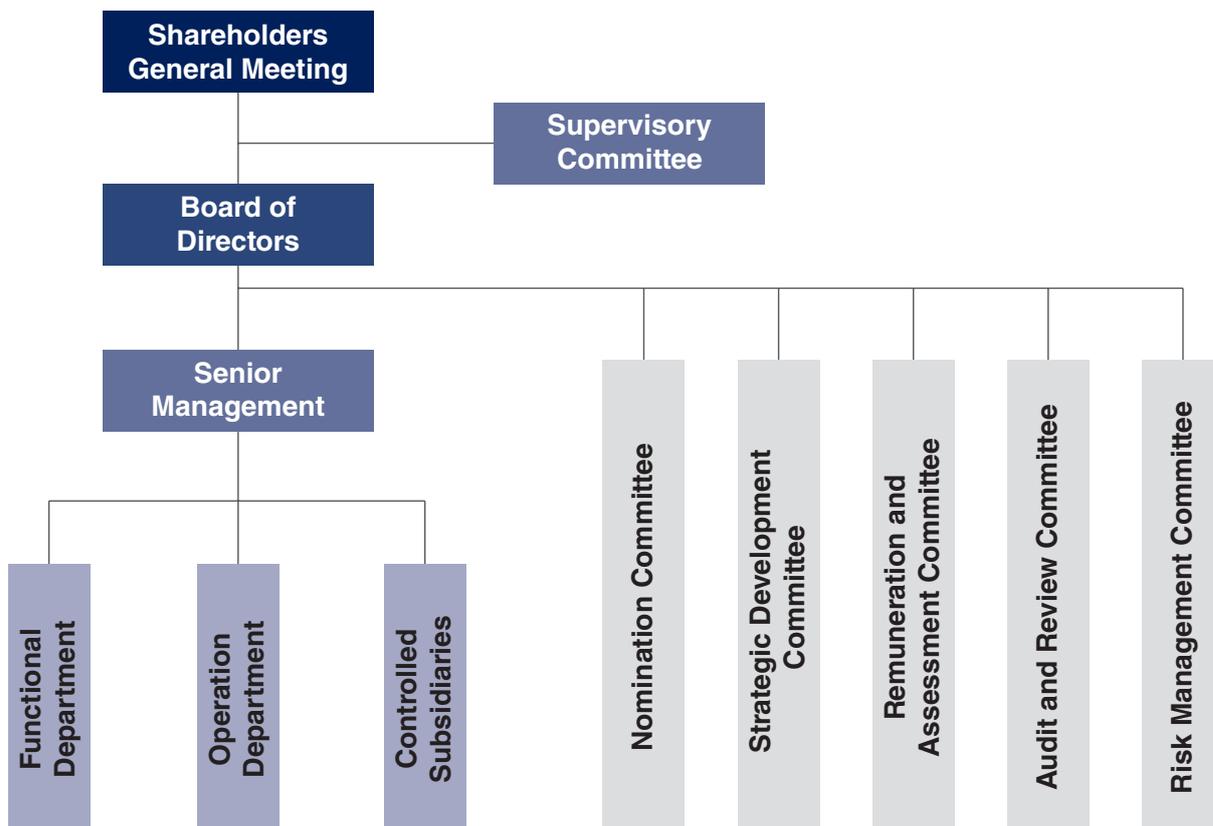
Corporate governance practices

The Company has been committed to the standardized operation of the Company and enhanced the accountability and transparency of the Company through strict implementation of corporate governance, so as to bring greater returns to the shareholders. The Board firmly believes that maintaining a good corporate governance mechanism and adopting an internationally advanced corporate governance model is one of the conditions for the Company to safeguard the interests of the shareholders, enhance corporate value, formulate business strategies and policies, and make the Company an internationally competitive enterprise. The Company has adopted all the applicable code provisions in the Corporate Governance Code as set out in Appendix 14 to the Hong Kong Listing Rules. The Directors are of the view that, during the Reporting Period, the Company has complied with all the applicable code provisions as set out in the Corporate Governance Code.

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

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

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



V. CORPORATE GOVERNANCE REPORT (CONTINUED)

Corporate governance practices (Continued)

1. General Meeting

As the highest authority of the Company, the general meeting performs its functions and power in determining the material events of the Company under the laws. The AGM or EGM provides a direct communication channel for the Board and the shareholders. Hence, the Company regards highly of the shareholders' general meetings. Notice of meetings will be delivered before convening. All Directors and members of senior management are requested to attend as far as possible. The Company encourages all shareholders to attend the shareholders' meeting and welcomes shareholders to express their opinions in the meeting. The details of the shareholders' general meeting of the Company in 2021 are as follows:

Session of Meeting	Date	Resolutions	Voting results	Designated website for publication of resolutions	Publication date of resolutions
2020 AGM	29 June 2021	The following resolution was considered at the meeting by way of ordinary resolution:		www.sse.com.cn www.hkexnews.hk	29 June 2021
		1. To consider the resolution on the 2020 work report of the Board of the Company	Approved		
		2. To consider the resolution on the 2020 work report of the Supervisory Committee of the Company	Approved		
		3. To consider the resolution on the 2020 profit distribution plan of the Company	Approved		
		4. To consider the 2020 audited financial statements of the Company	Approved		
		5. To consider the resolution on the appointment of the auditor of the Company for 2021	Approved		

CORPORATE GOVERNANCE (CONTINUED)

V. CORPORATE GOVERNANCE REPORT (CONTINUED)

Corporate governance practices (Continued)

I. General Meeting (Continued)

Session of Meeting	Date	Resolutions	Voting results	Designated website for publication of resolutions	Publication date of resolutions
		6. To consider the resolution on the remuneration of the members of the tenth session of the Board	Approved		
		7. To consider the resolution on the remuneration of the members of the tenth session of the Supervisory Committee	Approved		
		8. To elect Mr. Zhang Jilie as the member of the tenth session of the Supervisory Committee of the Company	Approved		
		9. To elect Mr. Feng Yong as the member of the tenth session of the Supervisory Committee of the Company	Approved		
		11. To consider the resolution on election of Directors	Approved		
		12. To consider the resolution on election of independent Directors	Approved		
		The following resolution was considered at the meeting by way of special resolution:			
		10. To consider the resolution on the Repurchase and Cancellation of Certain Restricted Shares	Approved		

CORPORATE GOVERNANCE (CONTINUED)

V. CORPORATE GOVERNANCE REPORT (CONTINUED)

Corporate governance practices (Continued)

I. General Meeting (Continued)

Session of Meeting	Date	Resolutions	Voting results	Designated website for publication of resolutions	Publication date of resolutions
The 2021 first A shares class meeting	29 June 2021	The following resolutions were considered at the meeting by way of special resolution: 1. To consider the resolution on the Repurchase and Cancellation of Certain Restricted Shares	Approved	www.sse.com.cn www.hkexnews.hk	29 June 2021
The 2021 first H shares class meeting	29 June 2021	The following resolutions were considered at the meeting by way of special resolution: 1. To consider the resolution on the Repurchase and Cancellation of Certain Restricted Shares	Approved	www.sse.com.cn www.hkexnews.hk	29 June 2021

CORPORATE GOVERNANCE (CONTINUED)

V. CORPORATE GOVERNANCE REPORT (CONTINUED)

Corporate governance practices (Continued)

I. General Meeting (Continued)

Session of Meeting	Date	Resolutions	Voting results	Designated website for publication of resolutions	Publication date of resolutions
The 2021 first extraordinary general meeting	28 December 2021	The following resolution was considered at the meeting by way of special resolution:		www.sse.com.cn www.hkexnews.hk	28 December 2021
		1. Resolution on the Repurchase and Cancellation of Certain Restricted Shares	Approved		
		The following resolution was considered at the meeting by way of ordinary resolution:			
		2. Resolutions on the Ordinary Continuing Related Transactions for 2022 to 2024			
		2.1 To consider and approve the 2022 Purchase and Production Services Framework Agreement	Approved		
		2.2 To consider and approve the 2022 Sales and Production Services Framework Agreement	Approved		
		2.3 To consider and approve the 2022 Combined Ancillary Services Framework Agreement	Approved		
2.4 To consider and approve the 2022 Financial Services Framework Agreement	Approved				
2.5 To consider and approve the Properties and Equipment Lessee Framework Agreement	Approved				

V. CORPORATE GOVERNANCE REPORT (CONTINUED)

Corporate governance practices (Continued)

I. General Meeting (Continued)

Session of Meeting	Date	Resolutions	Voting results	Designated website for publication of resolutions	Publication date of resolutions
The 2021 second A shares class meeting	28 December 2021	The following resolution was considered at the meeting by way of special resolution: 1. Resolution on the Repurchase and Cancellation of Certain Restricted Shares	Approved	www.sse.com.cn www.hkexnews.hk	28 December 2021
The 2021 second H shares class meeting	28 December 2021	The following resolution was considered at the meeting by way of special resolution: 1. Resolution on the Repurchase and Cancellation of Certain Restricted Shares	Approved	www.sse.com.cn www.hkexnews.hk	28 December 2021

V. CORPORATE GOVERNANCE REPORT (CONTINUED)

Corporate governance practices (Continued)

2. Board of Directors

(1) *Division of Responsibilities*

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

(2) *Composition*

As at the date of this annual report, the tenth session of Board is composed of 6 Directors, of which 3 are independent non-executive Directors, representing one half of all Directors. The three independent non-executive Directors of the Company are Mr. Liu Dengqing, Mr. Huang Feng and Mr. Ma Yongqiang; and the remaining Directors of the Company are Mr. Yu Peigen, Mr. Huang Wei, Mr. Xu Peng and Mr. Zhang Yanjun; the Chairman of the Company is Mr. Yu Peigen. This session of Board is the tenth session of the Board since the establishment of the Company, the term of which is expected to end on 28 June 2024.

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

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

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

CORPORATE GOVERNANCE (CONTINUED)

V. CORPORATE GOVERNANCE REPORT (CONTINUED)

Corporate governance practices (Continued)

2. Board of Directors (Continued)

(2) Composition (Continued)

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

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

Designation	Executive Directors (3)	Independent non-executive Directors (3)		
Gender	Male (6)	Female (0)		
Ethnicity	Han (6)			
Age	45-50 (1)	51-55 (2)	56-60 (2)	61 or above (1)
Directorship with the Company (Years)	under 3 years (5)	4-6 years (1)	10-12 years (0)	
Skills, knowledge and profession	Legal consultant (0), Accountant (1), Appraiser (1), Engineer (3) and Business administration management (!)			
Education background	Doctor (3), Master (1) and Bachelor (2)			

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

(3) Policy concerning diversity of Board members

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

V. CORPORATE GOVERNANCE REPORT (CONTINUED)

Corporate governance practices (Continued)

2. Board of Directors (Continued)

(4) *Corporate governance functions*

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

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

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

To review and monitor the Company's policies and practices on compliance with legal and regulatory requirements; and to develop, review and monitor the code of conduct and compliance code applicable to employees and Directors;

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

(5) *Directors*

The election of Directors

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

Directors' responsibilities and duties

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

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

V. CORPORATE GOVERNANCE REPORT (CONTINUED)

Corporate governance practices (Continued)

2. Board of Directors (Continued)

(5) *Directors (Continued)*

Securities transactions by Directors and supervisors

The Company has adopted a code of conduct regarding securities transactions by Directors and supervisors of the Company as set out in the Model Code. Having made specific enquiry to all Directors and Supervisors of the Company, the Company confirms that, as of 31 December 2021, all Directors and Supervisors of the Company had complied with the provisions regarding the securities transactions by Directors and Supervisors as set out in the Model Code.

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

Director's service contract

According the Articles of Association of the Company, Directors are elected on the general meeting for a term of three years. The Company has entered into separate service contracts with each Director of the tenth session of the Board. None of the Directors has a service contract with the Company which is not terminable by the Company within one year without payment of compensation (other than statutory compensation). The terms of appointments of Directors (including non-executive Directors) should refer to the section headed "Directors, Supervisors, Senior Management and Employees" of this annual report.

CORPORATE GOVERNANCE (CONTINUED)

V. CORPORATE GOVERNANCE REPORT (CONTINUED)

Corporate governance practices (Continued)

2. Board of Directors (Continued)

(6) Meeting of the Board of Directors

During the Reporting Period, 11 Board meetings were convened by the Company. Matters considered at the Board meetings include, among others:

- Post performance appraisal results of senior management of the Company;
- Matters concerning the repurchase and cancellation of certain restricted shares;
- Re-election of the members of the tenth session of the Board and rules on the implementation of remuneration of the Directors;
- Internal decision management regulations;
- Financial results announcement; and
- Matters concerning equity investment.

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

Name	Independent Director or not	Required attendance during the year	Attendance at the Board meetings				Attendance at general meetings	
			Attendance in person	Attendance by communication equipment	Attendance by proxy	Absence	Absence in person for twice consecutively	Attendance at general meetings
Yu Peigen	No	11	6	4	1	0	No	2
Xu Peng	No	11	5	4	2	0	No	0
Zhang Yanjun	No	7	2	3	2	0	No	0
Liu Dengqing	Yes	11	7	4	0	0	No	2
Huang Feng	Yes	7	4	3	0	0	No	0
Ma Yongqiang	Yes	7	2	4	1	0	No	0

Number of Board meetings convened during the year	11
Among which: number of meetings convened on-site	6
Number of meetings convened by communication equipment	4
Number of meetings convened by a combination of the above two means	1

V. CORPORATE GOVERNANCE REPORT (CONTINUED)

Corporate governance practices (Continued)

2. Board of Directors (Continued)

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

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

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

3. Special committees of the Board

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

(1) Audit and Review Committee

The main duties of the Audit and Review Committee are:

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

V. CORPORATE GOVERNANCE REPORT (CONTINUED)

Corporate governance practices (Continued)

3. Special committees of the Board (Continued)

(1) Audit and Review Committee (Continued)

The members of audit and review committee under the ninth session of the Board of the Company comprise of independent non-executive Directors of the Company, including Mr. Xu Haihe (chairman), Mr. Gu Dake and Mr. Liu Dengqing. On 29 June 2021, the first meeting of the tenth session of the Board considered and approved the Resolution on the Composition of the Specialized Committees of the Board, and the members of the Audit and Review Committee of the tenth session of the Board are Mr. Ma Yongqiang (Chairman), Mr. Huang Feng and Mr. Liu Dengqing, being independent non-executive Directors.

In 2021, the Audit and Review Committee held a total of 7 meetings, at which the Resolution on the Overall Budget for 2021, the Resolution on the Audit Work Plan for 2021, the Daily Continuing Connected Transactions for 2022 to 2024, the Resolution on the Adjustment to the Cap Amount of the Daily Continuing Connected Transactions of the Company for 2021, the Internal Control Evaluation Report and the Internal Control Audit Report for 2020, the Appointment of Auditor for 2021, the Announcement of the Financial Results of the Company, etc. were considered and approved.

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

Name	Position	Required attendance in 2021	Actual Attendance
Xu Haihe (Independent non-executive Director)	Chairman of the committee	4	4
Gu Dake (Independent non-executive Director)	Member of the committee	4	4
Liu Dengqing (Independent non-executive Director)	Member of the committee	7	7
Huang Feng (Independent non-executive Director)	Member of the committee	3	3
Ma Yongqiang (Independent non-executive Director)	Chairman of the committee	3	3

V. CORPORATE GOVERNANCE REPORT (CONTINUED)

Corporate governance practices (Continued)

3. Special committees of the Board (Continued)

(2) *Strategic Development Committee*

The main duties of the Strategic Development Committee are:

- ① to research and advise on the mid- and long-term development strategic planning of the Company;
- ② to research and advise on the material investment and financing proposals which are subject to approval by the Board as required under the Articles of Incorporation;
- ③ to research and advise on material capital operation and asset restructuring projects which are subject to approval of the Board as required under the Articles of Association;
- ④ to research and advise on significant issues that have effects on the development of the Company;
- ⑤ to review and assess the implementation of the above issues, and advise on the results of the review and assessment in writing;
- ⑥ other matters as authorized by the Board.

The members of the Strategic Development Committee under the ninth session of Board of Directors of the Company comprise of Mr. Xu Peng and Mr. Gu Dake. On 29 June 2021, the tenth session of the Board considered and approved the Resolution on the Composition of the Specialized Committees of the Board, and the members of the Strategic Development Committee of the tenth session of the Board are Mr. Yu Peigen (chairman), Chairman of the Company, Mr. Xu Peng and Mr. Zhang Yanjun, both being the Directors, and Mr. Huang Feng, independent non-executive Director

V. CORPORATE GOVERNANCE REPORT (CONTINUED)

Corporate governance practices (Continued)

3. Special committees of the Board (Continued)

(3) *Remuneration and Assessment Committee*

The main duties of the Remuneration and Assessment Committee are:

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

CORPORATE GOVERNANCE (CONTINUED)

V. CORPORATE GOVERNANCE REPORT (CONTINUED)

Corporate governance practices (Continued)

3. Special committees of the Board (Continued)

(3) Remuneration and Assessment Committee (Continued)

The members of the Remuneration and Assessment Committee under the ninth session of Board of Directors of the Company comprise of independent non-executive Directors Mr. Gu Dake (Chairman), Mr. Xu Haihe, Mr. Liu Dengqing and Director Mr. Huang Wei (Mr. Huang Wei resigned as a member of the Remuneration and Assessment Committee on 25 April 2021). On 29 June 2021, at the first meeting of the tenth session of the Board of Directors, the Resolution on the Composition of the Special Committees of the Board of Directors was considered and passed, and the members of the Remuneration and Assessment Committee under the tenth session of the Board of Directors of the Company comprises of independent non-executive Directors Mr. Huang Feng (Chairman), Mr. Liu Dengqing and Mr. Ma Yongqiang.

During the year of 2021, the Remuneration and Assessment Committee convened 5 meetings to mainly consider the Resolution on the Performance Assessment Results of the Company's Senior Executives in 2020, the Resolution on the Performance Appraisal Targets of the Company's Senior Executives in 2021, the Resolution on the Appraisal and Fulfillment of Remuneration of the Company's Senior Executives in 2020, the Resolution on the Term Incentive Income for 2019-2020 and Basic Annual Salary for 2021 and the Resolution on the Fulfillment of Conditions for Unlocking of the First Tranche of the First Grant under the Restricted A Share Incentive Scheme for 2019, etc.

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

Name	Position	Required attendance in 2021	Actual Attendance
Gu Dake (Independent non-executive Director)	Chairman of the committee	2	2
Xu Haihe (Independent non-executive Director)	Member of the committee	2	2
Liu Dengqing (Independent non-executive Director)	Member of the committee	5	5
Huang Wei (Director)	Member of the committee	1	1
Huang Feng (Independent non-executive Director)	Chairman of the committee	3	3
Ma Yongqiang (Independent non-executive Director)	Member of the committee	3	3

V. CORPORATE GOVERNANCE REPORT (CONTINUED)

Corporate governance practices (Continued)

3. Special committees of the Board (Continued)

(4) *Risk Management Committee*

The main duties of the Risk Management Committee are:

- ① to submit the Annual Report on Overall Risk Management to the Board of Directors;
- ② to consider the risk management strategies and the solutions for major risk management;
- ③ to consider the judgment criteria or the judgment mechanism related to major decision makings, major risks, major events and important business procedures, as well as the risk assessment report of major decisions;
- ④ to consider the comprehensive report on the supervision, assessment and audit of risk management submitted by the internal audit department;
- ⑤ to consider the establishment of the risk management organizations and their proposed responsibilities;
- ⑥ to handle other duties as authorised by the Board.

CORPORATE GOVERNANCE (CONTINUED)

V. CORPORATE GOVERNANCE REPORT (CONTINUED)

Corporate governance practices (Continued)

3. Special committees of the Board (Continued)

(4) Risk Management Committee (Continued)

The members of Risk Management Committee under the ninth session of Board of Directors of the Company comprise of Mr. Gu Dake, Mr. Xu Haihe and Mr. Liu Dengqing, who are all independent non-executive Directors. On 29 June 2021, at the first meeting of the tenth session of the Board of Directors, the Resolution on the Composition of the Special Committees of the Board of Directors was considered and passed, and the members of the Risk Management Committee under the tenth session of the Board of Directors comprises of the Chairman of the Board Mr. Yu Peigen (Chairman), Director Mr. Bai Yong (Mr. Bai Yong resigned as a member of the Risk Management Committee on 9 August 2021), independent non-executive Directors Mr. Huang Feng, Mr. Liu Dengqing and Mr. Ma Yongqiang.

During the year of 2021, the Risk Management Committee convened 1 meeting to consider and approve the Resolution on the Report on the Assessment of Internal Control of the Company for 2020, agreed to submit the same to the Board of Directors for consideration and heard the report on the particulars of the Internal Control of the Company for 2020.

Members of the Risk Management Committee and attendance at its meeting

Name	Position	Required attendance in 2021	Actual Attendance
Xu Haihe (Independent non-executive Director)	Chairman of the committee	1	1
Gu Dake (Independent non-executive Director)	Member of the committee	1	1
Liu Dengqing (Independent non-executive Director)	Member of the committee	1	1
Yu Peigen (Director)	Chairman of the committee	0	0
Bai Yong (Director)	Member of the committee	0	0
Huang Feng (Independent non-executive Director)	Member of the committee	0	0
Ma Yongqiang (Independent non-executive Director)	Member of the committee	0	0

V. CORPORATE GOVERNANCE REPORT (CONTINUED)

Corporate governance practices (Continued)

3. Special committees of the Board (Continued)

(5) *Nomination Committee*

The main duties of the Nomination Committee are:

- ① review the structure, composition and diversification (including but not limited to gender, age, cultural and educational background, ethnics, skills, knowledge, term of service and experience) of the Board and senior management at least once a year according to the operating activities, asset scale and shareholding structure of the Company, and make recommendations in respect of any proposed changes on the Board to be in line with the corporate strategies;
- ② study the criteria and procedures for selection of Director and senior management and make recommendations to the Board;
- ③ review the qualification of candidates for Directors and senior management and make recommendations on this regard;
- ④ formulate policy for nomination of Directors to identify individuals suitably qualified to become members of the Board, and select and nominate such individuals to serves as Directors or make recommendations to the Board on this regard. When the committee identifies suitable individuals, it shall take into account the strength of such individuals and objective criteria with due regard to the benefits of diversity on the Board;
- ⑤ assess the independence of independent non-executive Directors;
- ⑥ review the implementation of the Board diversity policy, review the diversity policy as and when appropriate, and review the measurable target set by the Board for the implementation of the Board diversity policy and its progress and make recommendations to the Board;
- ⑦ make recommendation to the Board on the appointment and re-appointment of Directors and the succession plan of Directors (in particular the Chairman and the president of the Company) in accordance with the corporate strategy of the Company, the techniques, knowledge and experience that meet future need and the diversification of the Board;
- ⑧ handle other matters as authorised by the Board.

V. CORPORATE GOVERNANCE REPORT (CONTINUED)

Corporate governance practices (Continued)

3. Special committees of the Board (Continued)

(5) *Nomination Committee (Continued)*

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

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

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

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

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

V. CORPORATE GOVERNANCE REPORT (CONTINUED)

Corporate governance practices (Continued)

3. Special committees of the Board (Continued)

(5) Nomination Committee (Continued)

The members of Nomination Committee of the ninth session of Board of Directors comprise of independent non-executive Directors Mr. Liu Dengqing (chairman), Mr. Gu Dake and Mr. Xu Haihe. On 29 June 2021, at the first meeting of the tenth session of the Board of Directors, the Resolution on the Composition of the Special Committees of the Board of Directors was considered and passed, and the members of the Nomination Committee under the tenth session of the Board of Directors comprises of independent non-executive Directors Mr. Liu Dengqing (Chairman), Mr. Huang Feng and Mr. Ma Yongqiang.

During the year of 2021, the nomination committee convened 3 meetings to consider and approve the Resolution on the Nomination of the Candidates for Independent Directors of the Tenth Session of the Board of Directors, the Resolution on the Nomination of Vice President of the Company, etc.

Members of the Nomination Committee and attendance at its meeting

Name	Position	Required attendance in 2021	Actual Attendance
Liu Dengqing (Independent non-executive Director)	Chairman of the committee	3	3
Gu Dake (Independent non-executive Director)	Member of the committee	1	1
Xu Haihe (Independent non-executive Director)	Member of the committee	1	1
Huang Feng (Independent non-executive Director)	Member of the committee	2	2
Ma Yongqiang (Independent non-executive Director)	Member of the committee	2	2

V. CORPORATE GOVERNANCE REPORT (CONTINUED)

Corporate governance practices (Continued)

4. Duties of the Management Team

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

- (1) to take charge of the management of the production and business operations of the Company, to organize the implementation of the resolutions of the Board of Directors, and to report the work to the Board of Directors;
- (2) to organize the implementation of the annual business plans and investments plans of the Company;
- (3) to propose development programs, annual production and operation plans, annual plan for financial budget and final accounts, plans for after-tax profit distributions and plans for making up losses of the Company;
- (4) to formulate plans for the establishment of the internal management organization of the Company;
- (5) to formulate the basic management system of the Company;
- (6) to formulate basic rules and regulations of the Company;
- (7) to propose to appoint or dismiss the Senior Vice President, Vice President, chief accountant and other senior management members;
- (8) to appoint or dismiss and deploy management personnel and staff other than those required to be appointed or dismissed by the Board, unless otherwise provided in the Articles of Association;
- (9) to decide on the reward and punishment, promotion and demotion, salary increment and reduction, appointment, dismissal and firing of the Company's employees;
- (10) to represent the Company externally in handling important business matters within the scope of authorization by the Board of Directors.

V. CORPORATE GOVERNANCE REPORT (CONTINUED)

Corporate governance practices (Continued)

5. Secretary to the Board and Company Secretary

- (1) The Company has a secretary to the Board who shall be appointed by the Board and acts as a senior management member of the Company;
- (2) The primary duties of the secretary to the Board are to take charge of the information disclosure, investor relationship management and shareholding management affairs, organize and make preparations for the Board meetings and shareholders' general meetings, etc.
- (3) Mr. Gong Dan is the Secretary to the Board and a company secretary of the Company. During the Reporting Period, Mr. Gong Dan has confirmed that he has received relevant professional trainings for not less than 15 hours.

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

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

7. Information Disclosure and Investor Relation

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

As for information disclosure, in order to enable the investors to understand the Company's operation conditions, the Company made meticulous organization and careful arrangement to strengthen coordination of information disclosure work, analyze and identify keys and difficulties and make effective communication with regulatory authorities. Accordingly, the Company finished the disclosure work as required. In 2021, the Company has made information disclosure for approximately 227 times in mainland China and Hong Kong, covering regular reports and temporary announcements.

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

V. CORPORATE GOVERNANCE REPORT (CONTINUED)

Corporate governance practices (Continued)

8. Responsibilities of the Directors and auditor for Preparing the Accounts

All Directors have acknowledged their responsibilities for preparing the accounts of the Group for the year ended 31 December 2021.

Da Hua Certified Public Accounts LLP, the auditor of the Company, has acknowledged its reporting responsibilities in the Auditor's Report of the financial statements prepared under the PRC accounting standards for the year ended 31 December 2021.

9. Material changes in the constitutional documents of the Company

During the Reporting Period, there were no changes to the Articles of Association.

10. Internal control

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

The Board is responsible for implementing the risk management and internal control systems of the Company and its subsidiaries and reviewing the effectiveness of such systems. The Board assesses and reviews the effectiveness of the risk management and internal control systems and procedures based on the information derived from discussions with the senior management, internal audit team and external auditor and the reports from the internal audit team. Our internal audit team regularly reviews the effectiveness of our Company's material internal controls, including financial, operational and compliance controls and risk management functions according to the audit plans and reports to the Board with its findings and makes recommendations to improve the internal controls of our Company. The audit and review committee has reviewed the comments of external auditors provided at the audit and review committee meetings. Da Hua Certified Public Accountants was engaged by the Company to review the effectiveness of internal control on the financial report as of 31 December 2021, and issued the audit report on internal control with unqualified opinion.

V. CORPORATE GOVERNANCE REPORT (CONTINUED)

Corporate governance practices (Continued)

10. Internal control (Continued)

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

For the year ended 31 December 2021, based on the assessment made by the audit and review committee, the senior management and the internal audit team, the Board reviewed the risk management and internal control systems of the Company and its subsidiaries.

Building and implementation of internal control systems during the Reporting Period

During the Reporting Period, the Company strictly implemented the Basic Standards for Internal Control of Companies, the Guidelines on Application of Enterprise Internal Control and the relevant provisions of the CSRC on the internal control of listed companies. In accordance with the work manual of the internal control system of the Company and with the objectives of “strengthening internal control, preventing risks and promoting compliance”, the Company continued to improve the internal control system led by the construction of the internal control system and the supervision system, and newly established and revised a total of 24 rules and regulations. In 2021, the Company carried out internal control activities in strict accordance with the rules and regulations, actively carried out risk identification, assessment and response, and effectively prevented and resolved various risks through the combination of regular inspections and special inspections and management, which promoted the Company’s law-based governance and standardized operation.

V. CORPORATE GOVERNANCE REPORT (CONTINUED)

Corporate governance practices (Continued)

10. Internal control (Continued)

Management of and control over subsidiaries during the Reporting Period

Pursuant to the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, the Rules Governing the Listing of Stocks on Shanghai Stock Exchange, and the Guidelines of the Shanghai Stock Exchange for Internal Control of Listed Companies and other laws, regulations and rules as well as the relevant provisions of the Articles of Association, the Company has formulated relevant management and control systems such as the Regulations on the Decision-making and Management of Three Importance and One Significance and Key Matters, the Regulations on the Management of Division of Duties and Responsibilities for Major Decision-making Matters of the Parent Company and Subsidiaries, and the Administrative Measures for the Operation of the Shareholders' Meeting and the Meetings of Board of Directors of Subsidiaries to promote the Company's management of and control over subsidiaries, standardize the internal operation mechanism of the Company, safeguard the legitimate rights and interests of the Company and investors, and promote the healthy development of the Company.

Firstly, the Company conducted overall management of and control over the operation and management of each subsidiary through comprehensive budget management, operation plan management, organization and personnel management, tenure system and contractual assessment management.

Secondly, through the Company's unified accounting system, the Company implemented unified coordination and hierarchical management on the financial management of subsidiaries, and the financial department of the Company guided and supervised the accounting and financial management of controlled subsidiaries.

Thirdly, the Company continued to improve and perfect the modern enterprise management system with Chinese characteristics. The Company guided and urged subsidiaries to strengthen the construction of their boards of directors, implemented the powers of the board of directors, and participated in the operating decision-making activities of subsidiaries through appointing shareholder representatives and full-time directors.

Fourthly, the Company established a reporting system for significant events, and relevant departments and subsidiaries timely reported significant business matters, significant financial matters and other information that may have a significant impact on the trading prices of the Company's shares and derivatives to the person in charge of the Company.

V. CORPORATE GOVERNANCE REPORT (CONTINUED)

Corporate governance practices (Continued)

11. Dividend Policy

(1) *Dividend Policy*

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

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

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

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

Profit Distribution Scheme for 2021: Audited by Da Hua Certified Public Accountants LLP, the net profit attributable to shareholders of the parent company is RMB2,289,036,817.45 in 2021; the parent company has procured a net profit of RMB1,141,407,059.53. The Company proposed to distribute a cash dividend of RMB2.3 (before tax) per 10 shares on the basis of 3,119,001,130 shares as at the publication date of the annual report, totaling payment of a cash dividend of RMB717,370,259.90. The Company did not convert any capital reserve into share capital nor make any bonus issue. The scheme still needs to be submitted to the 2021 annual general meeting for consideration and approval.

CORPORATE GOVERNANCE (CONTINUED)

V. CORPORATE GOVERNANCE REPORT (CONTINUED)

Corporate governance practices (Continued)

11. Dividend Policy (Continued)

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

The dividend payment proposal shall be approved by the shareholders at the annual general meeting (the “AGM”) of shareholders. If approved, the final dividend is expected to be paid to the shareholders listed on the register of members around 28 July 2022. Dividends payable to H shareholders of the Company will be paid in Hong Kong dollars. The amount payable in Hong Kong dollars will be calculated on the basis of the average value of the central parity rate between RMB and Hong Kong dollar published by the People’s Bank of China in a week preceding the announcement of the payment of final dividend (if approved) at the AGM.

Unit: Yuan Currency: RMB

Year of distribution	Number of bonus shares for every 10 shares <i>(share(s))</i>	Dividend for every 10 shares <i>(Tax inclusive)</i> <i>(Yuan)</i>	Number of scrip shares for every 10 shares <i>(share(s))</i>	Total amount of cash dividend <i>(Tax inclusive)</i>	Net profits attributable to shareholders of the Company in the consolidated financial statements for the year	Percentage of dividend to the net profits attributable to shareholders of the Company in the consolidated financial statements
						<i>(%)</i>
2021	0	2.30	0	717,370,259.90	2,289,036,817.45	31.34
2020	0	1.80	0	561,532,703.40	1,861,998,155.29	30.16
2019	0	2.05	0	639,352,386.65	1,277,671,818.13	50.04

V. CORPORATE GOVERNANCE REPORT (CONTINUED)

Corporate governance practices (Continued)

11. Dividend Policy (Continued)

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

Withholding and Payment of Income Tax

Enterprise Income Tax Withholding of Overseas Non-Resident Enterprises

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

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

V. CORPORATE GOVERNANCE REPORT (CONTINUED)

Corporate governance practices (Continued)

11. Dividend Policy (Continued)

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

Withholding and Payment of Income Tax (Continued)

Individual Income Tax Withholding of Overseas Individual Shareholders

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

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

V. CORPORATE GOVERNANCE REPORT (CONTINUED)

Corporate governance practices (Continued)

11. Dividend Policy (Continued)

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

Withholding and Payment of Income Tax (Continued)

Profit Distribution to Investors of Northbound Trading

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

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

V. CORPORATE GOVERNANCE REPORT (CONTINUED)

Corporate governance practices (Continued)

11. Dividend Policy (Continued)

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

Withholding and Payment of Income Tax (Continued)

Profit Distribution to Investors of Southbound Trading (Continued)

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

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

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

V. CORPORATE GOVERNANCE REPORT (CONTINUED)

Corporate governance practices (Continued)

12. Shareholder's Rights

(1) *Shareholder's rights*

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

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

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

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

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

V. CORPORATE GOVERNANCE REPORT (CONTINUED)

Corporate governance practices (Continued)

12. Shareholder's Rights (Continued)

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

Procedures for putting forward proposals to the shareholders' general meeting

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

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

Procedures for shareholders to propose a Director candidate

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

Procedures for shareholders to make enquiries to the board

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

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

Fax No.: 028-8758 3333

Email: dsb@dongfang.com

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

ENVIRONMENT AND SOCIAL RESPONSIBILITY

I. ENVIRONMENTAL INFORMATION

(I) Description of environmental protection efforts of the Company and its major subsidiaries which are key pollutant discharging entities announced by the environmental protection authorities

1. Pollutant discharge information

Company name	Major pollutants	Emission method	Number of discharge outlets	Emission concentration	Emission Standard Implemented	Standard Limit	Total emissions (t)	Whether exceeded or not
Dongfang Electrical	COD	Indirect emissions	1	84.85 mg/L	Class 3 standards under "Integrated Wastewater Discharge Standard" (GB8978-1996)	500mg/L	83.41	No
Dongfang Electrical	Ammonia nitrogen	Indirect emissions	1	24.06 mg/L	Class 3 standards under "Integrated Wastewater Discharge Standard" (GB8978-1996)	-	23.62	No
Dongfang Steam Turbine	COD	Continuous emission	1	38.90 mg/L	Class 3 standards under "Integrated Wastewater Discharge Standard" (GB8978-1996)	500mg/L	3.13	No
Dongfang Steam Turbine	Ammonia nitrogen	Continuous emission	1	9.95 mg/L	Class 3 standards under "Integrated Wastewater Discharge Standard" (GB8978-1996)	-	0.74	No
Dongfang Boiler	COD	Intermittent emission	5	95mg/L	Class 3 standards under "Integrated Wastewater Discharge Standard" (GB8978-1996)	500mg/L	28	No
Dongfang Boiler	Ammonia nitrogen	Intermittent emission	5	18.7mg/L	Class 3 standards under "Integrated Wastewater Discharge Standard" (GB8978-1996)	-	5.98	No
Dongfang Boiler	Noise at boundary	Intermittent emission	-	Daytime 57.0 dB(A) Night 50.2 dB(A)	Class 3 standards under "Emission Standard for Industrial Enterprises Noise at Boundary" GB12348-2008	Daytime: 65 dB(A); Night: 55 dB(A)	-	No
Dongfang Boiler	SO ₂	Intermittent emission	29	Material Balance	Class 2 under the table 2 of "Integrated Emission Standard of Air Pollutants" GB16297-1996; Period 2 Standard under "Emission Standard of Air Pollutants for Boiler" GB13271-2001	550mg/m ³ (Air) 900mg/m ³ (Boiler)	11.84	No

ENVIRONMENT AND SOCIAL RESPONSIBILITY (CONTINUED)

I. ENVIRONMENTAL INFORMATION (CONTINUED)

(I) Description of environmental protection efforts of the Company and its major subsidiaries which are key pollutant discharging entities announced by the environmental protection authorities (Continued)

1. Pollutant discharge information (Continued)

Company name	Major pollutants	Emission method	Number of discharge outlets	Emission concentration	Emission Standard Implemented	Standard Limit	Total emissions (t)	Whether exceeded or not
Dongfang Boiler	Nitrogen oxides	Intermittent emission	29	Material Balance	Class 2 under the table 2 of "Integrated Emission Standard of Air Pollutants" GB16297-1996; Period 2 Standard under "Emission Standard of Air Pollutants for Boiler" GB13271-2001	240mg/m ³	40.85	No
Dongfang KWH	COD	Indirect emissions	3	100 mg/L	Class 3 standards under "Integrated Wastewater Discharge Standard" (GB8978-1996)	500mg/L	3.0	No
Dongfang KWH	Ammonia nitrogen	Indirect emissions	3	39.7mg/L	Class 3 standards under "Integrated Wastewater Discharge Standard" (GB8978-1996)	-	0.26	No

2. Construction and operation of pollution prevention facilities

The Company strengthens the regular assessment and maintenance of environmental protection equipment and facilities to ensure the effective operation of environmental protection equipment and facilities, and control the generation and discharge of pollutants from the source and meet the discharge standards.

3. Environmental impact assessment of construction projects and other administrative licensing for environmental protection

The Company strengthened the prevention and control of pollutants from the source by strictly controlling the review of energy consumption and pollutant emission of fixed assets investment projects, and controlled the generation and emission of pollutants from the source. The Company also strictly implemented the environmental impact assessment system for construction projects and carried out the "three synchronizations" requirements for pollutant prevention and control facilities.



ENVIRONMENT AND SOCIAL RESPONSIBILITY (CONTINUED)

I. ENVIRONMENTAL INFORMATION (CONTINUED)

(I) Description of environmental protection efforts of the Company and its major subsidiaries which are key pollutant discharging entities announced by the environmental protection authorities (Continued)

4. Contingency plan for environmental emergencies

The Company has formulated and improved emergency plans for environmental emergencies by regularly carrying out drills to further improve the scientificity, pertinence and operability of emergency plans.

5. Environmental self-monitoring program

In order to further strengthen the management and control of environmental pollution risks and fully implement the corporate responsibility of pollution prevention and control, the Company spared carry out a thorough investigation and inspection of ecological and environmental protection risks by forming a list of major problems found in the investigation process, and formulated risk prevention measures and specific rectification plans and completed the rectification of relevant problems on schedule to ensure that the environmental pollution risks are under control. The Company also strengthened the operation and maintenance management of environmental protection equipment and facilities to ensure the effective operation of environmental protection equipment and facilities and the discharge of various pollutants in compliance with standards. Key pollutant discharging units have established environmental self-monitoring plans, which are regularly monitored and the monitoring results are announced in a timely manner.

6. Administrative penalties due to environmental issues during the reporting period

During the reporting period, the Company and its subsidiaries did not have any material non-compliance of environmental protection laws and regulations, nor were they reported by the competent department of ecological and environmental protection and had a significant negative impact.

7. Other environmental information that should be disclosed

(II) DESCRIPTION OF ENVIRONMENTAL PROTECTION OF COMPANIES OTHER THAN KEY POLLUTANT DISCHARGING UNITS

Not Applicable

ENVIRONMENT AND SOCIAL RESPONSIBILITY (CONTINUED)

I. ENVIRONMENTAL INFORMATION (CONTINUED)

(III) INFORMATION ON PROTECTING THE ECOLOGY, PREVENTING AND CONTROLLING POLLUTION, AND FULFILLING ENVIRONMENTAL RESPONSIBILITIES

Focusing on the new development concept, Dongfang Electric supported the comprehensive green transformation of the economy and society, by closely following the new energy security strategy and the strategic goals of “carbon peak” and “carbon neutrality”, accelerating the transformation and upgrading of the industrial structure, thus to promote the continuous optimization of the industrial structure. The Company further promoted pollution prevention and control, earnestly fulfilled the main responsibility of corporate environmental protection in accordance with the Environmental Protection Law, the Energy Conservation Law and other laws and regulations, thus to improve the organizational management system of energy conservation and ecological environmental protection at all levels.

(IV) MEASURES TAKEN TO REDUCE CARBON EMISSIONS DURING THE REPORTING PERIOD

The Company adhered to the innovation-driven development strategy by vigorously developing new energy industries such as hydropower, wind power and nuclear power to accelerate the pace of green and low-carbon transformation, as evidenced by the successful on-grid of national demonstration project of compressed air energy storage of salt cavern in Jintan, which was provided by Dongfang Electric for air turbine units. Hydrogen fuel cell engines were listed in the catalogue of scientific and technological innovation achievements of central enterprises, and the development of strategic emerging industries was accelerated. Organizing the research on the evaluation index system of the Company’s green workshop to form the evaluation standard of the Company’s green workshop. We also carried out carbon footprint and carbon management survey in conjunction with the research implementation on carbon tax and carbon footprint, thus to provide support for the realization of green and low-carbon power equipment products to better serve the “Going Global” of products.

II. SOCIAL RESPONSIBILITY WORK

For details, please refer to the 2021 Social Responsibility Report of Dongfang Electric Corporation Limited disclosed at the same time

III. CONSOLIDATING AND EXPANDING THE ACHIEVEMENTS IN POVERTY ALLEVIATION AND RURAL REVITALISATION

The year 2021 was the beginning of the 14th Five-Year Plan and the initial year to link up the consolidation and expansion of the achievements in poverty alleviation with rural revitalisation. The Company continued to help Zhaojue County and Rangtang County in Sichuan Province and Ji County in Shanxi Province as designated. The Company actively fulfilled its corporate social responsibilities, focused on the overall requirements of rural revitalization, early planned, early deployed and implemented, solidly promoting various helping initiatives, achieving remarkable results.

1. Strengthening master planning and top-level design

During the reporting period, the Company formulated the 2021 Designated Assistance Work Plan, which was a detailed breakdown of the overall planning of various designated assistance work, designated assistance work plan and related assistance projects arrangements and budgets. In 2021, Dongfang Electric invested RMB26.5 million in Zhaojue County and Ji County as assistance funds, and strictly implemented the requirement of “abstaining from shirking their responsibilities, repealing poverty alleviation policies, ceasing assistance, and stopping regulation (四個不摘·即摘帽不摘責任、摘帽不摘政策、摘帽不摘幫扶和摘帽不摘監管)”, and continued to strengthen financial guarantee. In addition to assistance funds, Dongfang Electric helped to introduce assistance funds of RMB504,000 for the areas which it offered help to as designated, achieved employment transfer for 60 persons, coordinated three training programmes for 758 persons, purchased agricultural products amounting to RMB19.188 million from areas which received help and helped sell agricultural products amounting to RMB18.05 million produced by such areas.

2. Consolidating the achievements in poverty alleviation and cementing the foundation for rural revitalization

Firstly, we invested assistance funds to support Zhaojue County to set up returning-to-poverty prevention fund, establish a long-term dynamic returning-to-poverty prevention monitoring and support mechanism, to further consolidate the achievements made in poverty alleviation and prevent the occurrence of returning-to-poverty on a large scale. The returning-to-poverty prevention fund has played a good role in protecting monitored households and consolidating households vulnerable to returning to poverty. Secondly, in order to further ensure the housing safety of people who have been lifted out of poverty, we supported Zhaojue County to carry out new (renovation) construction work on old rural houses, such as adobe houses, so as to comprehensively upgrade the quality and improve the function of rural housing, and the project was implemented in phases based on an overall programme. Thirdly, we helped to improve the local medical level by donating funds to purchase one medical negative pressure ambulance for Rangtang County to meet the regular needs by pandemic prevention and control.

III. CONSOLIDATING AND EXPANDING THE ACHIEVEMENTS IN POVERTY ALLEVIATION AND RURAL REVITALISATION (CONTINUED)

3. Contributing to the revitalisation of industries and strengthening the material foundation for rural revitalisation

In Zhaojue County, ① we actively carried out exploration of driving the industrial and economic development of the assisted areas through commercial investment models. We actively studied the feasibility of participating in the development and construction of a 1,170MW photovoltaic power generation base and a 390.6MW wind power base in Zhaojue County, and strived to help Zhaojue County develop clean energy industries to enhance the county's economic development, increase tax revenue and provide nearby jobs for it.②we supported the industrialization development of the agriculture in Zhaojue County, helped Hailiewaqu Village of Tebuluo Township with the construction of planting and breeding cycling industrial parks, and worked with the Fuzhao Industrial Park to carry out production activities such as the breeding of basic female Simmental; helped Zhaojue County build the branding of the Wujin pig industry, and helped the industry gradually go commercial and marketable.③ in conjunction with Zhaojue County's planning for the creation of a special folk-customs village in Gumo Village in Tebuluo Township, we offered support for the construction of supporting facilities for cultural tourism and research activities in the village, and completed the installation of outdoor recreational facilities in the village.

In Rangtang County: ① We supported the construction of the convenience service points for 317 comprehensive tourism industry along the national highway in Ranggu Village and the construction of the collective village economic homestay demonstration site, helping Rangtang County increase the village's collective economic income by relying on tourism resources. ② continued to support the opening of Rangbala specialty store in Deyang, helping it expand the source of agricultural products from Rangtang County to the whole Aba Prefecture, enriching product categories and sales channels, and strongly driving the development of related industries.

In Ji County: ① We helped the construction of the "Oriental Times-Children's Theme Park" in Shangdong Village, Jichang Town. The project is expected to bring more than RMB500 thousand income to the village group every year, which can increase the income of 553 households and 1483 people. The project will become a catalyst for the revitalization of village-level development, driving the development of surrounding economy and other related industries. ② In order to improve the quality of apple products and enhance market competitiveness, we have completed the transformation and upgrading of the standard demonstration garden in the old orchard in Jichang Town. ③ We helped the cooperative obtain the authorization and production qualification certificate from the Shanxi Pharmaceutical Tea Alliance, and promoted the development of the medicinal tea industry by completing the public brand and market promotion in the area of medicinal tea in Ji County,.

III. CONSOLIDATING AND EXPANDING THE ACHIEVEMENTS IN POVERTY ALLEVIATION AND RURAL REVITALISATION (CONTINUED)

4. Supporting talent revitalization and providing human resources guarantee for rural revitalization

In Zhaojue County, the Company continued to support the appraisal and commendation of scholarships and bursaries, and completed the appraisal and commendation for the 2020 school year (commending more than 1600 outstanding teachers and students in difficulties). We improved the construction of ancillary facilities at early childhood education centers and invested additional funds to improve the functions and facilities of early childhood education centers. The Company sent technicians and experts to the Technical School of Ji County to carry out teaching, improving the level of practical training and teaching, and invested RMB100,000 to set up special scholarships and bursaries, and provided RMB1000 scholarship for 100 poor students with excellent academic performance every year, so as to continuously build the bottom line against school quitting. We organized 26 cadres from various levels in Rangtang County for the investigation and study in relation to the rural revitalization in Deyang, Chengdu, Mianyang and other places, so as to increase their knowledge, broaden their horizons, and further enhance their confidence in realizing rural revitalization. We selected outstanding technical experts to carry out the 8th and 9th electrician skills training courses in Rangtang County, with a total of 85 farmers and herdsman trained to help the poor to improve their employment skills.

5. Supporting cultural revitalization and stimulating the endogenous motivation of the people

In Zhaojue County, the Company invested RMB200,000 in poverty alleviation funds, supported 7 villages in Tebuluo Town to carry out the special appraisal and commendation for transformation of customs, and commended five types of virtues, namely “Good Family”, “Respect for Teachers and Education”, “Anti-drug and Anti-AIDS”, “Enthusiastic of Public Welfare” and “Large Industrial Development Households”. The Company held an on-site dividend meeting for industrial development to distribute a dividend of RMB1,080,000 to the village’s “ex-gratia cooperatives” according to the cooperation agreement, so as to encourage advanced development, motivate future development, fully stimulate the endogenous motivation of the public, and firmly promote the rural revitalization determination of the public. In Ji County, we made good use of the “Love Supermarket” points redemption system, promoted the transformation of customs, strengthened the efforts in spiritual civilization construction activities, and strived to create a good situation of rural civilization.

III. CONSOLIDATING AND EXPANDING THE ACHIEVEMENTS IN POVERTY ALLEVIATION AND RURAL REVITALISATION (CONTINUED)

6. Supporting ecological revitalization and effectively improving rural living environment

In Zhaojue County, in combination with the overall goal of building a demonstration village for rural revitalization, we invited the design team of Shanghai Tongji University to carry out the overall planning and design of Tebuluo Village, Tebuluo Town, Zhaojue County, aiming to formulate the overall plan for rural revitalization of the village based on the analysis of the location positioning, characteristic output, humanities and culture, ecological environment and other aspects of the village. This year, Xiji County of Shanxi Province suffered a severe rainstorm disaster since the meteorological record. The Company paid close attention to the disaster situation in Ji County, immediately raised disaster relief funds and relief materials, formulated a disaster relief plan of “donation + materials donation + additional consumption assistance + party construction and disaster relief assistance”, and urgently donated disaster relief funds of RMB1 million and disaster relief materials of RMB300 thousand to support the disaster relief and help the post-disaster recovery and reconstruction in Ji County.

SIGNIFICANT EVENTS

I. PERFORMANCE OF UNDERTAKINGS

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

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

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 (Continued)

Background of undertakings	Type of undertakings	Party making undertakings	Contents of undertakings	Time and term of undertakings	Any term of performance	Strictly performed in a timely manner or not	Description of specific reasons if not performed timely	Description of plans for next steps if not performed timely
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		

SIGNIFICANT EVENTS (CONTINUED)

II. APPOINTMENT OR DISMISSAL OF THE AUDITOR

Unit: Yuan Currency: RMB

	Now engaged by
Name of the domestic auditor	Da Hua Certified Public Accountants (Special General Partnership)
Remuneration of the domestic auditor	1,795,000
Term of audit of the domestic auditor	2

	Name	Remuneration
Internal control auditor	Da Hua Certified Public Accountants (Special General Partnership)	200,000

Explanation on the appointment and dismissal of accounting firms

In view of the fact that BDO China Shu Lun Pan Certified Public Accountants LLP has provided audit services for the Company for many years, in order to ensure the independence of audit work and according to the needs of the Company's business development, Dahua Certified Public Accountants (Special General Partnership) was re-appointed as the auditor of the Company in 2020 through public bidding, which was considered and approved by the second extraordinary shareholders meeting of the Company in 2020 on 27 November 2020.

On 29 June 2021, the Company convened the 2020 annual general meeting to consider and approve the appointment of Da Hua Certified Public Accountants (Special General Partnership) as the auditor of the Company for 2021.

III. BANKRUPTCY REORGANIZATION

On 28 September 2018, the Intermediate People's Court of Jiuquan City of Gansu Province handled the application of bankruptcy and liquidation of Dongfang Electric (Jiuquan) New Energy Co., Ltd.. On 4 July 2019, the Intermediate People's Court of Hulunbuir City of Inner Mongolia Autonomous Region ruled the bankruptcy and liquidation of Dongfang Electric (Hulunbuir) New Energy Co., Ltd.. On 26 August 2019, the Intermediate People's Court of Tongliao City of Inner Mongolia Autonomous Region ruled the bankruptcy of Dongfang Electric (Tongliao) Wind Power Engineering Technology Co., Ltd. On 27 September 2020, the People's Court of Xiaoshan District, Hangzhou City ruled the bankruptcy of Dongfang Electric New Energy Equipment (Hangzhou) Co., Ltd.

On 13 September 2021, the Intermediate People's Court of Tongliao City of Inner Mongolia Autonomous Region ruled to terminate the bankruptcy of Dongfang Electric (Tongliao) Wind Power Engineering Technology Co., Ltd. The works such as confirmation of claims, disposal of assets of other bankruptcy cases are still in legal process.

SIGNIFICANT EVENTS (CONTINUED)

IV. SIGNIFICANT LITIGATION OR ARBITRATION EVENTS

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

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

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

On February 2, 2021, the Company implemented the repurchase and cancellation of restricted shares, with cancellation date on February 5, 2021. Four people were involved in the repurchase and cancellation of restricted shares, and a total of 138,000 shares were repurchased and cancelled.

On 28 April 2021, the Resolution in relation to the Repurchase and Cancellation of Certain Restricted A Shares of the Participants was considered and approved at the 22nd meeting of the ninth session of the Supervisory Committee of the Company.

On 29 April 2021, the Resolution in relation to the Repurchase and Cancellation of Certain Restricted A Shares of the Participants was considered and approved at the 37th meeting of the ninth session of the Board of the Company.

On 29 June 2021, the Resolution in relation to the Repurchase and Cancellation of Certain Restricted Shares was considered and approved at the 2020 annual general meeting, the 2021 first A Shares class meeting and the 2021 first H Shares class meeting of the Company.

On 17 August 2021, the Company repurchased and cancelled the Restricted Shares, with cancellation date on 20 August 2021. Twelve persons were involved in the repurchase and cancellation of the Restricted Shares, and a total of 475,000 shares were repurchased and cancelled.

On December 8, 2021, the Resolution in relation to the Adjustment of the Repurchase Price of the Restricted Shares under the 2019 Restricted A Share Incentive Scheme, the Resolution in relation to the Repurchase and Cancellation of Certain Restricted Shares and the Resolution in relation to the Fulfillment of the Unlocking Conditions for the First Tranche of the First Grant under the 2019 Restricted A Share Incentive Scheme were considered and approved at the 7th meeting of the tenth session of the Board and the 4th meeting of the tenth session of the Supervisory Committee of the Company.

On 28 December 2021, the Resolution in relation to the Repurchase and Cancellation of Certain Restricted Shares was considered and approved at the 2021 first extraordinary general meeting, the 2021 second A Share class meeting and the 2021 second H Share class meeting of the Company.

SIGNIFICANT EVENTS (CONTINUED)

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

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

Details of the Incentive Scheme are as follows:

1. Source and Number

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

2. Participants to be covered

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

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

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

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

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

SIGNIFICANT EVENTS (CONTINUED)

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

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

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

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

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

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

SIGNIFICANT EVENTS (CONTINUED)

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

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

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

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

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

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

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

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

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

4. Matters in Relation to Reserved Entitlements Arrangements

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

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

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

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

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

SIGNIFICANT EVENTS (CONTINUED)

VI. MATERIAL CONNECTED TRANSACTIONS

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

(I) Continuing connected transactions

1. Continuing connected transactions

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

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

The basic content of these agreements are:

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

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

VI. MATERIAL CONNECTED TRANSACTIONS (CONTINUED)

(I) Continuing connected transactions (Continued)

1. Continuing connected transactions (Continued)

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

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

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

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

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

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

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

SIGNIFICANT EVENTS (CONTINUED)

VI. MATERIAL CONNECTED TRANSACTIONS (CONTINUED)

(I) Continuing connected transactions (Continued)

1. Continuing connected transactions (Continued)

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

On 28 December 2021, the Company entered into the Supplemental Agreement to the 2019-2021 Sales and Production Services Framework Agreement with Dongfang Electric Corporation in Chengdu, Sichuan Province. The basic contents of the agreement are as follows: based on the reasonable estimation of the related party transactions in respect of the sales and production services to be incurred among the listed company and members of Dongfang Electric Corporation Limited and Dongfang Electric Corporation and members of Dongfang Electric Corporation in the fourth quarter of 2021, the cap amount of the related party transactions in respect of the sales and production services for 2021 will be adjusted to RMB800 million. For details of the revision of annual caps under the 2019-2021 Sales and Production Services Framework Agreement, please refer to the announcement of the Company dated 8 December 2021.

On 31 December 2021, the Company entered into the 2022-2024 Purchase and Production Services Framework Agreement, the 2022-2024 Sales and Production Services Framework Agreement, the 2022-2024 Combined Ancillary Services Framework Agreement, the 2022-2024 Properties and Equipment Framework Lessee Agreement, the 2022-2024 Properties and Equipment Framework Lessor Agreement with DEC Group, and the 2022-2024 Financial Services Framework Agreement with DEC Finance and DEC Group in Chengdu, Sichuan Province. For details of the aforesaid agreements, please refer to the announcement published by the Company on the website of the SSE on 9 December 2021 and the notice published on the website of the Stock Exchange on 10 December 2021.

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

These related transactions have been formally effective with the approval of the independent Directors of the Board of the Company and/or the independent shareholders of the general meeting of the Company. The specific amounts of these major continuing connected transactions as at 31 December 2021 did not exceed the annual caps approved by the Board or the general meeting.

SIGNIFICANT EVENTS (CONTINUED)

VI. MATERIAL CONNECTED TRANSACTIONS (CONTINUED)

(I) Continuing connected transactions (Continued)

(2) Continuing connected transactions as at 31 December 2021

The actual amounts of the connected transactions as at 31 December 2021 and the annual caps for 2021

Unit: '000 Yuan Currency: RMB

Name of framework agreement	Date of signing	Subject of transactions	Maximum annual cap	Amount for the year
2019–2021 Sales and Production Services Framework Agreement and supplementary agreement	31 December 2018	The Company supplies products and provides production services to Dongfang Electric Corporation	800,000	750,454.47
2019–2021 Combined Ancillary Services Framework Agreement	31 December 2018	(1) The Company provides combined ancillary services to Dongfang Electric Corporation	10,000	
		(2) Dongfang Electric Corporation provides combined ancillary services to the Company	100,000	
2019–2021 Properties and Equipment Framework Lessee Agreement	31 December 2018	Dongfang Electric Corporation leases relevant properties to the Company	200,000	116,647.20
2019–2021 Financial Services Framework Agreement	31 December 2018	The Company provides deposit taking and loans services to Dongfang Electric Corporation		
		(1) Maximum daily deposit balance and deposit interest income earned	10,000,000	8,040,817.50
		(2) Maximum daily loan balance and loan interest paid	1,050,000	792,369.46

SIGNIFICANT EVENTS (CONTINUED)

VI. MATERIAL CONNECTED TRANSACTIONS (CONTINUED)

(I) Continuing connected transactions (Continued)

3. Review and confirmation for continuing connected transactions

- (i) Pursuant to Rule 14A.56 of the Listing Rules, the auditors of the Company engaged by the Company has reported and confirmed these continuing connected transactions for 2021:
 - (1) have been approved by the Board of the Company;
 - (2) have been conducted in accordance with the company's pricing policy (if applicable);
 - (3) have been conducted in accordance with the terms of the agreements governing the transactions; and
 - (4) did not exceed the caps disclosed in the previous announcement.
- (ii) The independent non-executive Directors of the Company reviewed the continuing connected transactions and confirmed that:
 - (1) these transactions are the daily business of the Company;
 - (2) these transactions are conducted in accordance with the normal commercial terms, or the terms of the transactions are no less favourable than those obtained from or provided by the independent third parties (as the case may be) the terms if the comparable transactions are insufficient to determine whether the terms of the transactions are the normal commercial terms; and
 - (3) these transactions are conducted in accordance with the terms of the agreement in relation to the transaction, and the terms of the transaction are fair and reasonable and in the interests of the shareholders of the Company as a whole.

4. Related-party transactions

The related-party transactions entered into by the Group for the year ended 31 December 2021 are set out in Note 11 of the financial statements, of which, certain connected transactions/related party transactions also constitute continuing connected transactions. The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules in respect of such connected transactions.

SIGNIFICANT EVENTS (CONTINUED)

VII. MATERIAL CONTRACTS AND IMPLEMENTATION THEREOF

(I) Guarantee

Unit: Yuan Currency: RMB

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

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

SIGNIFICANT EVENTS (CONTINUED)

VII. MATERIAL CONTRACTS AND IMPLEMENTATION THEREOF (CONTINUED)

(I) Guarantee (Continued)

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

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

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

92,500,000

Guarantees provided by the Company and its subsidiaries to their subsidiaries

Total guarantee for subsidiaries incurred during the Reporting Period

0

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

0

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

Aggregate guarantee (A+B)

92,500,000

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

0.26

Representing:

Amount of guarantee provided for shareholders, de facto controller and their related parties (C)

0

Balance of debts guarantee directly or indirectly provided to guaranteed parties with gearing ratio over 70% (D)

0

Excess amount of aggregate guarantee over 50% of net assets (E)

0

Aggregate amount of the above three items (C+D+E)

0

VII. MATERIAL CONTRACTS AND IMPLEMENTATION THEREOF (CONTINUED)

(I) Guarantee (Continued)

Statement on the contingent joint and several liability in connection with unexpired guarantee	<p>On 31 December 2021, the Company provided financing guarantees for Inner Mongolia Energy Power Hongnijing Wind Power Co., Ltd., Inner Mongolia Mengneng Sanshengtai Wind Power Co., Ltd. and Inner Mongolia Mengneng Wulan New Energy Co., Ltd. with its 20% equity interests totaling RMB68 million in each of above companies. The guarantees shall be valid from the effective date of the equity pledge agreement until all debts under the financial leasing contract are being repaid.</p> <p>DEC Dongfang Steam Turbine Co., Ltd., a controlling subsidiary of the Company, provided guarantee in an amount of RMB24.50 million for its associated company Mitsubishi Heavy Industries Dongfang Gas Turbine (Guangzhou) Co., Ltd. (the "Guaranteed Entity"), which constituted a continuous guarantee of payment and performance of obligations. The guarantor's obligations under the guarantee should not exceed and should be limited to the scope of obligations and liabilities to be assumed by the vendor pursuant to the contract. The Guaranteed Entity provided an equivalent guarantee to the Company.</p> <p>As at the end of the Reporting Period, the aggregate guarantee of the Company amounted to RMB92.50 million, representing 0.27% of the net assets of the Company.</p>
Details of the guarantees	<p>For details on the above guarantees, please refer to the announcements on financial leasing guarantee issued the Company on the website of SSE on 9 January 2016, 28 June 2016 and 26 August 2016, respectively.</p>



SIGNIFICANT EVENTS (CONTINUED)

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

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

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

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

Profit Distribution Scheme for 2020: Audited by BDO China Shu Lun Pan Certified Public Accountants LLP, the net profit attributable to shareholders of the parent Company is RMB1,861,998,155.29 in 2020; The parent company has procured a net profit of RMB656,304,668.36. The Company intended to distribute a cash dividend of RMB1.8 (before tax) per 10 shares on the basis of 3,119,626,130 shares of its share capital as at the date of the annual report, totaling payment of a cash dividend of RMB561,532,703.40. The Company did not convert any capital reserve into share capital nor make any bonus issue. The proposal still needs to be submitted to the 2021 annual general meeting for consideration and approval.

Profit Distribution Scheme for 2021: Audited by Da Hua Certified Public Accountants LLP, the net profit attributable to shareholders of the parent Company is RMB2,289,036,817.45 in 2021; The parent company has procured a net profit of RMB1,141,407,059.53. The Company intended to distribute a cash dividend of RMB2.3 (before tax) per 10 shares on the basis of 3,119,001,130 shares of its share capital as at the date of the annual report, totaling payment of a cash dividend of RMB717,370,259.90. The Company did not convert any capital reserve into share capital nor make any bonus issue. The proposal still needs to be submitted to the 2021 annual general meeting for consideration and approval.

SIGNIFICANT EVENTS (CONTINUED)

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

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

Unit: Yuan Currency: RMB

Year of distribution	Number of bonus shares for every 10 Shares (share(s))	Dividend for every 10 shares (Tax inclusive) (RMB)	Number of scrip shares for every 10 shares (share(s))	Total amount of cash dividend (Tax inclusive)	Net profits attributable to ordinary shareholders of the Company in the consolidated financial statements during the year of distribution	Percentage of the net profits attributable to ordinary shareholders of the Company in the consolidated financial statements (%)
2021	0	2.30	0	717,370,259.90	2,289,036,817.45	31.34
2020	0	1.8	0	561,532,703.40	1,861,998,155.29	30.16
2019	0	2.05	0	639,352,386.65	1,277,671,818.13	50.04

IX. DISCLOSURE OF OTHER EVENTS

(I) Public Float

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

(II) Purchase, Sale or Redemption of Listed Securities of the Company

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

SIGNIFICANT EVENTS (CONTINUED)

IX. DISCLOSURE OF OTHER EVENTS

(III) Audit and Review Committee

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

(IV) Five-year Financial Summary

Unit: Yuan Currency: RMB

Item	2021 (31 December 2021)	2020 (31 December 2020)	2019 (31 December 2019)	2018 (31 December 2018)	2017 (31 December 2017) (Restated)
Total assets	103,104,573,304.33	97,795,137,769.16	89,618,965,555.72	91,323,329,417.78	95,300,994,111.66
Total liabilities	67,720,696,078.96	64,153,537,732.09	57,820,532,585.13	60,629,420,802.57	66,870,439,720.75
Total shareholders' equity	35,383,877,225.37	33,641,600,037.07	31,798,432,970.59	30,693,908,615.21	28,430,554,390.91
Including: Equity attributable to shareholders of the parent company	32,497,661,980.41	30,907,668,527.78	29,454,645,749.51	28,584,050,995.80	27,317,650,546.98
Non-controlling shareholders' equity	2,886,215,244.96	2,733,931,509.29	2,343,787,221.08	2,109,857,619.41	1,112,903,843.93
Operating income	47,819,166,940.47	37,282,871,287.38	32,840,321,080.22	30,706,145,358.82	33,430,264,831.72
Total profit/(loss)	2,667,047,594.90	2,067,223,836.63	1,578,583,920.06	1,275,469,723.33	1,017,278,838.50
Income tax expenses	237,824,064.64	150,959,705.84	197,712,209.73	117,204,032.48	(62,262,599.30)
Net profit/(loss)	2,429,223,530.26	1,916,264,130.79	1,380,871,710.33	1,158,265,690.85	1,079,541,437.80
Including: Net profit/(loss) attributable to the parent company	2,289,036,817.45	1,861,998,155.29	1,277,671,818.13	1,128,834,236.51	1,057,303,567.22
Non-controlling shareholders profit or loss	140,186,712.81	54,265,975.50	103,199,892.20	29,431,454.34	22,237,870.58

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

CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS

I. CHANGES IN ORDINARY SHARES CAPITAL

(I) Table of total number of ordinary shares

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

1. Table of changes in shares

	Prior to the current movements		Increase/(decrease) of current movements (+, -)		After current movements	
	Number of shares	Percentage (%)	Others	Sub-total	Number of shares	Percentage (%)
I. Shares subject to trading moratorium	782,863,762	25.09	-613,000	-613,000	782,250,762	25.08
1. State-owned shares	0	0			0	0
2. State-owned legal person shares	753,903,063	24.17			753,903,063	24.17
3. Other domestic shares	28,810,699	0.92	-613,000	-613,000	28,197,699	0.90
Including: shares owned by domestic non-state-owned legal persons	0	0			0	0
Shares owned by domestic natural persons	28,810,699	0.92	-613,000	-613,000	28,197,699	0.90
4. Foreign owned shares	150,000	0			150,000	0.005
Including: shares owned by overseas legal persons	0	0			0	0
Shares owned by overseas natural persons	150,000	0			150,000	0.005
II. Tradable shares not subject to trading moratorium	2,336,900,368	74.91			2,336,900,368	74.92
1. RMB-denominated ordinary shares	1,996,900,368	64.01			1,996,900,368	64.02
2. Domestic listed foreign shares	0	0			0	0
3. Overseas listed foreign shares	340,000,000	10.90			340,000,000	10.90
4. Others	0	0			0	0
III. Total number of shares	3,119,764,130	100	-613,000	-613,000	3,119,151,130	100.00

Note: Due to changes in the personal circumstances of four Participants under the Restricted Share Scheme of the Company, the Company repurchased and cancelled a total of 150,000 Restricted A Shares which were granted but not yet unlocked, and had completed the cancellation on 10 March 2022. As of the date of disclosure in this report, The total number of ordinary shares of the Company was 3,119,001,130.

CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS (CONTINUED)

I. CHANGES IN ORDINARY SHARES CAPITAL (CONTINUED)

(I) Table of total number of ordinary shares (Continued)

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

2. Explanation on changes in shares

Due to changes in the individual circumstances of the Participants under the Restricted Share Scheme of the Company, the Company repurchased and cancelled a total of 613,000 Restricted A Shares which were granted to certain Participants but not yet unlocked on February 5 and August 20, 2021, respectively.

(II) Changes in shares subject to trading moratorium

Name of shareholder	Number of shares subject to selling restrictions at the beginning of the year	Number of shares released from selling restrictions during the year	Increased number of shares subject to selling restrictions during the year	Number of shares subject to selling restrictions at the end of the year	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 with restricted period of three years	Note
Participants under the Restricted A Share Incentive Scheme	28,960,699	0	-613,000	28,347,699	Incentive schemes with restricted stock as an incentive method	The lock-up periods shall be 24 months, 36 months and 48 months from the relevant completion date of registration of the restricted shares under the grant, the proportion of unlocking shares in the equity granted is 1/3
Total	782,863,762	0	-613,000	782,250,762	/	/

Note: The shares of Dongfang Electric which were subscribed for with the target assets owned by Dongfang Electric Corporation shall not be transferred in any way within 36 months from their listing date, i.e. 12 June 2018. If the closing price of Dongfang Electric shares for 20 consecutive trading days is lower than the issue price of this transaction within 6 months from the listing of new shares in this transaction, or if the closing price as at the end of the six-month period after the completion of this transaction is lower than the issue price of this transaction, the lock-up period of Dongfang Electric shares obtained by the Company in this transaction will be automatically extended for 6 months from the original lock-up period.

CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS (CONTINUED)

II. PARTICULARS OF SHAREHOLDERS AND DE FACTO CONTROLLER

(I) Total number of shareholders

Total number of ordinary shareholders as of the end of the Reporting Period (shareholder)	111,576
Total number of ordinary shareholders as of the end of the month prior to the date of disclosure of the Annual Report (shareholder)	123,543

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

Shareholdings of top 10 shareholders

Unit: share

Name of shareholder (full name)	Increase/ decrease during the Reporting Period	Number of shares held at the end of the Reporting Period	Percentage (%)	Number of shares held subject to trading moratorium	Pledged, marked or frozen Status of shares	Number of shares	Type of shareholder
Dongfang Electric Corporation	0	1,727,919,826	55.40	753,903,063	Nil		State-owned legal person
HKSCC Nominees Limited	-32,289,352	305,564,017	9.80	0	Unknown		Overseas legal person
Industrial and Commercial Bank of China-Guangfa Multi-factor Flexible Allocation Hybrid Securities Investment Fund (廣發 多因數靈活配置混合型證券投資 基金)	+21,240,589	21,240,589	0.68	0	Unknown		Other
Citigroup Inc.	+16,996,266	16,996,266	0.54	0	Unknown		Overseas legal person
Brown Brothers Harriman & Co.	+15,323,886	15,323,886	0.49	0	Unknown		Overseas legal person
Bank of China Limited-Xincheng Emerging Industry Hybrid Securities Investment Fund (信誠 新興產業混合型證券投資基金)	+14,540,600	14,540,600	0.47	0	Unknown		Other
Shanghai Pudong Development Bank Co., Ltd. -Guangfa High- end Manufacturing Equity Initiative Securities Investment Fund (廣發高端製造股票型發起式 證券投資基金)	+9,175,000	9,175,000	0.29	0	Unknown		Other

CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS (CONTINUED)

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

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

Name of shareholder (full name)	Increase/ decrease during the Reporting Period	Number of shares held at the end of the Reporting Period	Percentage (%)	Number of shares held subject to trading moratorium	Pledged, marked or frozen		Type of shareholder
					Status of shares	Number of shares	
Bosera Funds-Agricultural Bank – Bosera China Securities and Financial Assets Management Program (博時基金－農業銀行－ 博時中證金融資產管理計劃)	0	8,480,400	0.27	0	Unknown		Other
E Fund – Agricultural Bank – E Fund China Securities and Financial Assets Management Program (易方達基金－農業銀 行－易方達中證金融資產管理計 劃)	0	8,480,400	0.27	0	Unknown		Other
Dacheng Fund –Agricultural Bank– Dacheng China Securities and Financial Assets Management Program (大成基金－農業銀行－ 大成中證金融資產管理計劃)	0	8,480,400	0.27	0	Unknown		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)	0	8,480,400	0.27	0	Unknown		Other
Zhong Ou Fund – Agricultural Bank– Zhong Ou China Securities and Financial Assets Management Program (中歐基 金－農業銀行－中歐中證金融資 產管理計劃)	0	8,480,400	0.27	0	Unknown		Other
China Southern Fund –Agricultural Bank– China Southern China Securities and Financial Assets Management Program (南方基 金－農業銀行－南方中證金融資 產管理計劃)	0	8,480,400	0.27	0	Unknown		Other

CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS (CONTINUED)

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

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

Particulars of shareholdings of top ten holders of shares not subject to trading moratorium

Name of shareholder	Number of tradable shares held not subject to trading moratorium	Class and number of shares	
		Class of shares	Number
Dongfang Electric Corporation	974,016,763	RMB ordinary shares	974,016,763
Hong Kong Securities Clearing Company Limited	305,564,017	Overseas-listed foreign shares	305,564,017
Industrial and Commercial Bank of China Limited – GF Multi-Factor Flexible Allocation Hybrid Securities Investment Fund (中國工商銀行股份有限公司－廣發多因子靈活配置混合型證券投資基金)	21,240,589	RMB ordinary shares	21,240,589
Citigroup Inc.	16,996,266	Overseas-listed foreign shares	16,996,266
Brown Brothers Harriman & Co.	15,323,886	Overseas-listed foreign shares	15,323,886
Bank of China Limited – Xincheng Emerging Industry Hybrid Securities Investment Fund (中國銀行股份有限公司－信誠新興產業混合型證券投資基金)	14,540,600	RMB ordinary shares	14,540,600
Shanghai Pudong Development Bank Co., Ltd. – GF High-end Manufacturing Stock Initiated Securities Investment Fund (上海浦東發展銀行股份有限公司－廣發高端製造股票型發起式證券投資基金)	9,175,000	RMB ordinary shares	9,175,000
Bosera Funds-Agricultural Bank –Bosera China Securities and Financial Assets Management Program (博時基金－農業銀行－博時中證金融資產管理計劃)	8,480,400	RMB ordinary shares	8,480,400

CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS (CONTINUED)

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

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

Particulars of shareholdings of top ten holders of shares not subject to trading moratorium

Name of shareholder	Number of tradable shares held not subject to trading moratorium	Class and number of shares Class of shares	Number
E Fund – Agricultural Bank – E Fund China Securities and Financial Assets Management Program (易方達基金－農業銀行－易方達中證金融資產管理計劃)	8,480,400	RMB ordinary shares	8,480,400
Dacheng Fund – Agricultural Bank–Dacheng China Securities and Financial Assets Management Program (大成基金－農業銀行－大成中證金融資產管理計劃)	8,480,400	RMB ordinary shares	8,480,400
GF Fund – Agricultural Bank – GF China Securities and Financial Assets Management Program (廣發基金－農業銀行－廣發中證金融資產管理計劃)	8,480,400	RMB ordinary shares	8,480,400
Zhong Ou Fund – Agricultural Bank– Zhong Ou China Securities and Financial Assets Management Program (中歐基金－農業銀行－中歐中證金融資產管理計劃)	8,480,400	RMB ordinary shares	8,480,400
China Southern Fund –Agricultural Bank– China Southern China Securities and Financial Assets Management Program (南方基金－農業銀行－南方中證金融資產管理計劃)	8,480,400	RMB ordinary shares	8,480,400

CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS (CONTINUED)

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

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

Particulars of shareholdings of top ten holders of shares not subject to trading moratorium

Name of shareholder	Number of tradable shares held not subject to trading moratorium	Class and number of shares	
		Class of shares	Number
Explanation on the special repurchase accounts under the top ten shareholders	Nil		
Explanation on the voting rights entrusted by or to, or waived by the above shareholders	Nil		
Explanation on the connected relationship or concerted actions among the aforesaid shareholders	The Company is not aware of any connected relationship or concerted actions among the top ten shareholders and top ten holders of tradable shares		
Explanation on holders of preference shares with restored voting rights and number of shares held	Nil		

CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS (CONTINUED)

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

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

Shareholdings of the top ten shareholders subject to trading moratorium and trading moratorium

Unit: share

No.	Name of holders of shares subject to trading moratorium	Number of shares held subject to trading moratorium	Shares subject to trading moratorium available for listing and trading	
			Time available for listing and trading	Number of additional shares available for listing and trading
1	Dongfang Electric Corporation	753,903,063	See Note 1	0
2	Gong Dan	150,000	24 months, 36 months and 48 months from the completion date of registration of the Restricted Shares under the grant.	0
3	Gao Feng	150,000	24 months, 36 months and 48 months from the completion date of registration of the Restricted Shares under the grant.	0
4	Chen Huan	150,000	24 months, 36 months and 48 months from the completion date of registration of the Restricted Shares under the grant.	0
5	Wang Weimin	75,000	24 months, 36 months and 48 months from the completion date of registration of the Restricted Shares under the grant.	0
6	Hu Xiukui	75,000	24 months, 36 months and 48 months from the completion date of registration of the Restricted Shares under the grant.	0
7	Liu hui	75,000	24 months, 36 months and 48 months from the completion date of registration of the Restricted Shares under the grant.	0
8	He Jianhua	75,000	24 months, 36 months and 48 months from the completion date of registration of the Restricted Shares under the grant.	0
9	Wu Jiandong	75,000	24 months, 36 months and 48 months from the completion date of registration of the Restricted Shares under the grant.	0
10	Chen Qiang	75,000	24 months, 36 months and 48 months from the completion date of registration of the Restricted Shares under the grant.	0

Explanation on the connected relationship or concerted actions among the aforesaid shareholders: The Company is not aware of any connected relationship among the above shareholders

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

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

- Notes: 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 lock-up period of Dongfang Electric shares obtained by the Company in this transaction will be automatically extended for 6 months from the original lock-up 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 Shanghai Stock Exchange (<http://www.sse.com.cn>) on 28 September 2019
3. The trading of the first tranche of unlocked shares under the First Grant under the Restricted A Share Incentive Scheme for 2019 of the Company commenced on 10 January 2022, and 50,000 A Shares held by Gong Dan was unlocked, 50,000 A Shares held by Gao Feng was unlocked, 50,000 Shares held by Chen Huan was unlocked, 25,000 A Shares held by Wang Weimin was unlocked, 25,000 A Shares held by Hu Xiukui was unlocked, 25,000 A Shares held by Liu Hui was unlocked, 25,000 A Shares held by He Jianhua was unlocked, 25,000 A Shares held by Wu Jiandong was unlocked, and 25,000 Shares held by Chen Qiang was unlocked.

CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS (CONTINUED)

III. INFORMATION OF CONTROLLING SHAREHOLDER AND DE FACTO CONTROLLER

(I) Information of Controlling Shareholder

1. Legal person

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

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

Stock account under the Controlling Shareholder of the Group also held shares of the following listed companies as at the end of 2021:

Stock Code	Company Name	Number of Shares held (shares)	Percentage of the share capital of the listed company (%)
600011	Huaneng Power International	500,000	0.003
600027	Huadian Power International	200,000	0.002
600795	GD Power	3,040,000	0.017
601985	China Nuclear Power	800,000	0.004
601991	Datang International Power Generation	17,173,679	0.09
601399	SINOMACH-HI Equipment	85,455,868	1.18

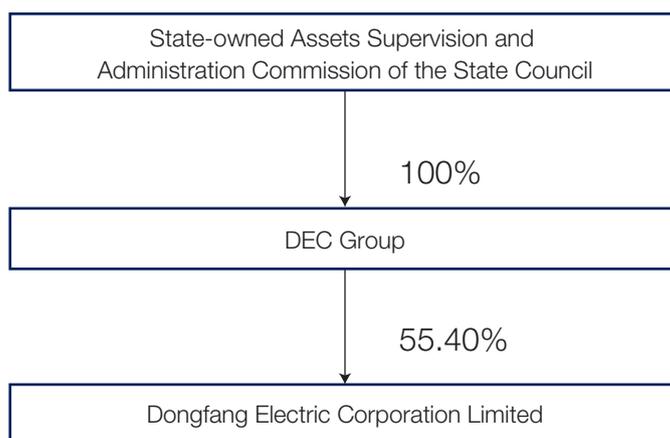
III. INFORMATION OF CONTROLLING SHAREHOLDER AND DE FACTO CONTROLLER (CONTINUED)

(II) Information of De Facto Controller

1. Legal person

Name	State-owned Assets Supervision and Administration Commission of the State Council
Person in charge or legal representative	Hao Peng

2. Framework of the property right and controlling relationship between the Company and the De Facto Controller



CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS (CONTINUED)

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

(III) INTERESTS OF SUBSTANTIAL SHAREHOLDERS

Interests of substantial shareholders

To the best knowledge of the Directors, as at 31 December 2021, the following person was recorded in the register required to be kept pursuant to Section 336 of the Hong Kong Securities and Futures Ordinance as the substantial shareholder (defined in the Hong Kong Securities and Futures Ordinance) of the Company, whose interests were as follows:

Name	Share class	Capacity	Number of shares held	Percentage of total share capital (%)	Percentage in the respective class of share capital (%)
Dongfang Electric Corporation	A Shares	Beneficial owner	1,727,919,826(L)	55.40(L)	62.16(L)
	H Shares	Interest held by controlled corporation	858,800(L)	0.03(L)	0.25(L)

(L) – Long position

Notes:

1. Dongfang Electric Corporation held 100% of interests in Dongfang Electric (HongKong) Limited, therefore, Dongfang Electric Corporation was deemed to own the interests in such H shares held by Dongfang Electric (Hong Kong) Limited pursuant to the Hong Kong Securities and Futures Ordinance.
2. The above interests held by Dongfang Electric Corporation reflected its latest disclosure of interests of substantial Shareholder under the Hong Kong Securities and Futures Ordinance.
3. The above percentage of total share capital and the percentage in the respective class of share capital were calculated on the basis of total share capital and respective class of share capital of the Company as at 31 December 2021.

Save as disclosed above, as at 31 December 2021, the Company did not record other interests (including derivative interests) or short positions in the register required to be kept pursuant to Section 336 of the Hong Kong Securities and Futures Ordinance.

DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

I. CHANGES IN THE SHAREHOLDING AND REMUNERATION

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

Unit: share

Name	Position <i>(Note)</i>	Gender	Age	Commencement of term of office	Expiry of term of office	Number of share held at the beginning of the year	Number of shares held at the end of the year	Number of shares changed during the year	Reasons for change	Total remuneration received from the Company in Reporting Period <i>(RMB'000)</i>	Whether get payment from related parties
Yu Peigen	Chairman	Male	59	29 June 2021	28 June 2024	0	0	0			Yes
Xu Peng	Director, president	Male	56	29 June 2021	28 June 2024	0	0	0			Yes
Zhang Yanjun	Director, senior vice president	Male	51	29 June 2021	28 June 2024	0	0	0			Yes
Liu Dengqing	Independent Director	Male	51	29 June 2021	28 June 2024	0	0	0		12.80	No
Huang Feng	Independent Director	Male	65	29 June 2021	28 June 2024	0	0	0		5.80	No
Ma Yongqiang	Independent Director	Male	46	29 June 2021	28 June 2024	0	0	0		5.20	No
Zhang Jilie	chairman of Supervisory Committee	Male	58	29 June 2021	28 June 2024	0	0	0			Yes
Feng Yong	Supervisor	Male	54	29 June 2021	28 June 2024	0	0	0		77.26	No
Wang Zhiwen	Supervisor	Male	54	29 June 2021	28 June 2024	0	0	0		77.23	No
Gong Dan	Secretary to the Board	Male	58	29 June 2021	28 June 2024	152,540	152,540	0		85.68	No
Gao Feng	vice president	Male	57	29 June 2021	28 June 2024	150,000	150,000	0		85.28	No
Wang Weimin	vice president	Male	58	29 June 2021	28 June 2024	75,000	75,000	0		47.60	No
Hu Xiukui	vice president	Male	54	5 July, 2021	28 June 2024	75,000	75,000	0		18.47	No
Huang Wei	Director	Male	56	29 June 2018	29 April 2021	0	0	0			Yes
Bai Yong	Director, Chief Accountant	Male	50	29 June 2018	August 10, 2021	0	0	0			Yes
Gu Dake	Independent Director	Male	67	29 June 2018	28 June 2021	0	0	0		7.00	No
Xu Haihe	Independent Director	Male	66	29 June 2018	28 June 2021	0	0	0		7.00	No
Zhang Zhiying	executive vice president	Male	61	29 June 2018	19 January 2021	0	0	0		43.55	No
Chen Huan	vice president	Male	60	29 June 2018	29 April 2021	150,000	150,000	0		49.69	No



DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES (CONTINUED)

I. CHANGES IN THE SHAREHOLDING AND REMUNERATION (CONTINUED)

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

Explanations on other matters

The Board of the Company decided to grant restricted Shares to Participants (including Gong Dan, Chen Huan, Gao Feng and Wang Weimin) under the Restricted A Share Incentive Scheme for 2019 of the Company for the first time on 22 November 2019. The new Shares granted under the Restricted A Share Incentive Scheme have been registered at the Shanghai Branch of China Securities Depository and Clearing Corporation Limited and listed on 7 January 2020.

Save as disclosed above, none of the Directors, Supervisors and senior management of the Company or their respective associates was granted by the Company or its subsidiaries any right to acquire shares or debentures of the Company nor had they exercised any such right before 31 December 2021.

Save as disclosed above, as at 31 December 2021, none of the Directors, Supervisors or chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or its associate corporations (within the meaning under Part XV of the Securities and Futures Ordinance), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance (including interests or short positions which they were taken or deemed to have under such provisions of the Securities and Futures Ordinance); or which were required to be recorded in the register kept by the Company pursuant to section 352 of the Securities and Futures Ordinance; or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies as set out in Appendix 10 to the Listing Rules ("Model Code") adopted by the Company.

DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES (CONTINUED)

I. CHANGES IN THE SHAREHOLDING AND REMUNERATION (CONTINUED)

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

Name	Principal working experience
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Yu Peigen	<p>Born in November 1962, is currently the Chairman of the Company, the secretary of the Party Committee and Chairman of the Board of Directors of Dongfang Electric Corporation. He graduated from Zhejiang University, majoring in thermal power with a bachelor's degree in engineering. He completed his postgraduate study from Renmin University of China and received a master's degree in Executive Master of Business Administration (EMBA), and is a senior engineer. Mr. Yu successively served as the deputy general manager and the general manager of Qinshan Nuclear Power Company(秦山核電公司); the head of the nuclear power department of China National Nuclear Corporation; the manager of the nuclear power department, the chief engineer on nuclear power, a member of the Party Committee and the chief engineer on nuclear power of China Power Investment Corporation (中國電力投資集團公司); the deputy general manager and a member of the Party Committee of China National Nuclear Corporation (中國核工業集團公司); the deputy general manager and a member of the Party Committee of China National Nuclear Corporation (中國核工業集團有限公司). From April 2019 to April 2021, he served as and the deputy secretary of the Party Committee, a director, the general manager Dongfang Electric Corporation. He served as a Director and the president of the Company from May 2019 to April 2021. Since April 2021, he has served as the secretary of the Party Committee and chairman of the board of directors of Dongfang Electric Corporation. Mr. Yu has served concurrently as the Chairman of the Company since April 2021.</p>
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DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES (CONTINUED)

I. CHANGES IN THE SHAREHOLDING AND REMUNERATION (CONTINUED)

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

Name	Principal working experience
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Xu Peng	<p>Born in June 1965, currently serves as a Director and president of the Company, also a director, general manager and the deputy secretary of the Party Committee of Dongfang Electric Corporation. He graduated from the Faculty of Thermophysical Engineering of Zhejiang University with a bachelor's degree of engineering in thermal power of power plant and is a senior engineer. Mr. Xu successively served as a deputy chief economist, deputy general manager, director, a standing member of the Party committee, secretary of the Party committee, general manager and chairman of Dongfang Boiler (Group) Co., Ltd. (東方鍋爐(集團)股份有限公司); and the head and secretary of Party committee of Dongfang Boiler Factory (東方鍋爐廠); the head of corporate culture department of Dongfang Electric Corporation Limited; the head of work department of Party Committee, president of Management School, vice president of the Party School of Dongfang Electric Corporation. From May 2017 to March 2018, he served as a vice president of the Company. Since August 2017, he has served as a member of the party committee of Dongfang Electric Corporation; served as a vice general manager of Dongfang Electric Corporation from September 2017 to August 2021. He has served as a Director of the Company since December 2017; served as a senior vice president of the Company from March 2018 to September 2021; served as a director, general manager and the deputy secretary of the Party Committee of Dongfang Electric Corporation in August 2021. Since September 2021, he has served as a president of the Company</p>
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DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES (CONTINUED)

I. CHANGES IN THE SHAREHOLDING AND REMUNERATION (CONTINUED)

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

Name	Principal working experience
Zhang Yanjun	<p>Born in March 1970, is currently a Director and senior vice president of the Company, a member of the Party group and the deputy general manager of Dongfang Electric Corporation. He graduated from the School of Energy and Power Engineering of Xi'an Jiaotong University with a bachelor's degree majoring in thermal energy engineering (boiler class); graduated from the College of Energy of Zhejiang University with a master's degree in engineering majoring in engineering thermophysics; and graduated from the College of Energy Engineering of Zhejiang University with a doctor's degree in engineering majoring in power engineering and engineering thermophysics. He successively served as the deputy director and director of the design division, the deputy chief engineer and chief engineer of the general manager department of Harbin Boiler Company Limited* (哈爾濱鍋爐廠有限責任公司); deputy general manager of Harbin Boiler Company Limited* (哈爾濱鍋爐廠有限責任公司); vice chairman, general manager, the deputy secretary of the Party Committee of Harbin Boiler Company Limited* (哈爾濱鍋爐廠有限責任公司); the director of the science and technology management department of Harbin Electric Corporation and Harbin Electric Company Limited as well as the director of management office of Shuangchuang base of Harbin Electric Corporation, the secretary of the Party Committee and the president of the Central Research Institute, and the chairman of Harbin Power Equipment National Engineering Research Center Co., Ltd.* (哈電發電設備國家工程研究中心有限公司); the general manager of science and technology management department (Shuangchuang office) of Harbin Electric Corporation. He has been a member of the Party group and the deputy general manager of Dongfang Electric Corporation since December 2020. Has served as a senior vice president and Director of Dongfang Electric Corporation Limited since May 2021.</p>

DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES (CONTINUED)

I. CHANGES IN THE SHAREHOLDING AND REMUNERATION (CONTINUED)

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

Name	Principal working experience
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Liu Dengqing	Born in November 1970, has been an independent non-executive Director of the Company since 29 June 2018, is a PhD degree holder in management. He had successively served China Enterprise Appraisals Consultation Co., Ltd as the chief appraiser, the vice president and chief appraiser, the senior vice president and chief appraiser, the president and chief executive officer, the secretary of the Party branch as well as the president and chief executive officer. In particular, Mr. Liu served as a member of the tenth and eleventh Issuance Verification Committee of the China Securities Regulatory Commission (“CSRC”) from May 2008 to May 2010, and a member of the fourth and fifth Merger and Reorganization Committee of CSRC from May 2012 to May 2016. He is currently an executive director of China Appraisal Society, the vice chairman of Beijing Assets Appraisal Association (北京資產評估協會). Since July 2020, Mr. Liu has been as a member of the first GEM Listing Committee of Shenzhen Stock Exchange. He is currently a member of the Party Committee of Beijing Certified Public Accountants’ Assets Appraisal Industry (北京註冊會計師資產評估行業), an executive director of China Appraisal Society, the vice chairman of Chinese Association of Mineral Resources Appraisers (中國礦業權評估師協會) and Beijing Assets Appraisal Association (北京資產評估協會). He is currently an independent director of BetterLife Holding Limited (百得利控股有限公司) and Huachuang Yang’an Co., Ltd. (華創陽安股份有限公司).
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DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES (CONTINUED)

I. CHANGES IN THE SHAREHOLDING AND REMUNERATION (CONTINUED)

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

Name	Principal working experience
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Huang Feng	Born in June 1956, has been an independent non-executive Director of the Company since 29 June 2021. He graduated from the Department of Electrical Engineering of Tsinghua University First Branch with a bachelor degree; he is a professor-level senior engineer. He has successively served as the engineer, deputy head and head of the power division of energy project department of China International Engineering Consulting Corporation* (中國國際工程諮詢有限公司); the deputy director and director of energy project department of China International Engineering Consulting Corporation*; the general manager assistant and concurrently the director of energy business department of China International Engineering Consulting Corporation* from 2008 to 2010; a member of the Party group and the deputy general manager of China International Engineering Consulting Corporation* and concurrently the deputy director of the Expert Academic Committee of the company from 2011 to 2016. He has served as the deputy director of the Expert Academic Committee of China International Engineering Consulting Corporation* since 2017. He is currently the chairman of the Study Committee of Energy System of Chinese Society for Electrical Engineering, a member of Strategy and Management Advisory Committee of China National Nuclear Corporation (中國核工業集團公司), a member of expert committee of China Southern Power Grid Co., Ltd. (中國南方電網有限公司), a member of expert committee of the southwestern energy research center of Tsinghua University, and a member of expert committee of nuclear of China Energy Research Council. He is currently the independent director of China Yangtze Power Co., Ltd. (中國長江電力股份有限公司).
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Ma Yongqiang	Born in October 1975, has been an independent non-executive Director of the Company since 29 June 2021. He holds a master's degree, and is a doctor and professor in accountant and a doctoral supervisor. He engaged in the postdoctoral research work at the Postdoctoral Studies Centre of Renmin University of China and the Postdoctoral Studies Centre of Shenzhen Stock Exchange from July 2004 to August 2006; he has been working at the School of Accounting of Southwestern University of Finance and Economics since September 2006; he served as the independent director of Sichuan Guangan AAA Public Co., Ltd.* (四川廣安愛眾股份有限公司) from October 2010 to September 2014, and the independent director of Chengdu Santai Holding Group Co., Ltd.* (成都三泰控股集團股份有限公司) from March 2012 to December 2015; he served as the independent director of Sichuan Zhongguang Lightning Protection Technologies Co., Ltd.* (四川中光防雷科技股份有限公司) from November 2013 to November 2016; he served as the independent director and the chairman of the Audit Committee of Harbin Bank Co., Ltd.* (哈爾濱銀行股份有限公司) from June 2012 to December 2015 and from July 2018 to February 2021, respectively. He is currently the independent director of Sichuan Development Lomon Company Limited* (四川發展龍蟒股份有限公司) and Sichuan Swellfun Co. Ltd.* (四川水井坊股份有限公司).
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DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES (CONTINUED)

I. CHANGES IN THE SHAREHOLDING AND REMUNERATION (CONTINUED)

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

Name	Principal working experience
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Zhang Jilie	Born in August 1963, is currently the chairman of the Supervisory Committee of the Company, and a member of the Party Committee, deputy general manager and the chief law consultant of Dongfang Electric Corporation. Mr. Zhang graduated from Wuhan Polytechnic University majoring in industrial business management with a bachelor's degree of engineering. He graduated from Southwest Jiao Tong University with a MBA degree specializing in business management. He is a senior economist and corporate law consultant. He successively held various positions including, assistant to the general manager and manufacturing head of Dongfang Electric Machinery Company Limited; and chairman of the board, general manager and secretary to Party Branch Committee of DFEM Control Equipment Company Limited; deputy factory head and executive deputy factory manager of DFEW; assistant to general manager and section head of Corporate Management Department (during which period, he received on-the-job training in Honghe Prefecture of Yunnan Province, serving as a member of the standing committee and deputy head of the Prefecture) and the secretary of the board of directors of Dongfang Electric Corporation. He concurrently served as a Director of the Company from October 2007 to September 2018, and a senior vice president of the Company from March to September 2018. He has served as the chief law consultant of Dongfang Electric Corporation since January 2007, a member of Party Committee of Dongfang Electric Corporation since August 2017 and a deputy general manager of DEC Group since September 2017. Since September 2018, he has served as the chairman of the Supervisory Committee of the Company.
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Feng Yong	Born in March 1967, is currently a Supervisor and the head of the Audit and Supervision Department of the Company, the head of the Audit and Supervision Department of Dongfang Electric Corporation. He graduated from Chengdu University of Technology majoring in accounting and obtained a bachelor's degree. He completed the MBA course jointly sponsored by Southwest Jiaotong University and University of South Australia of Australia and obtained a master's degree in MBA; and he is a senior accountant. Mr. Feng successively served as the head and Party branch secretary of Finance Department of Dongfang Electrical Machinery (東方電機廠); the deputy head of Asset and Finance Department of Dongfang Electric Corporation; the head of Finance Department of Dongfang Electric Corporation Limited; the head of Asset and Finance Department of Dongfang Electric Corporation; a director, general manager and the secretary of the Party Committee of Dongfang Electric Finance Co., Ltd (東方電氣集團財務有限公司). He has served as the head of the Audit and Supervision Department of Dongfang Electric Corporation since November 2019; a staff representative Supervisor of the Company since September 2019 and the head of the Audit and Supervision Department of the Company since November 2019; a staff representative Supervisor of the Company from September 2019 to June 2021; a non-staff representative Supervisor of the Company since June 2021.
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DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES (CONTINUED)

I. CHANGES IN THE SHAREHOLDING AND REMUNERATION (CONTINUED)

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

Name	Principal working experience
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Wang Zhiwen	Born in February 1967, currently serves as a Supervisor and the head of the Legal Risk Control Department of the Company, the head of the legal risk control department of Dongfang Electric Corporation. He graduated from the School of Energy and Power Engineering of Xi'an Jiaotong University with a bachelor's degree in thermal energy engineering (boiler) and from Sichuan University with a master's degree in law; he is a senior engineer and corporate law consultant. He successively served as the deputy head of the corporate management department, the deputy head of the legal affairs department, the head of the legal and audit department, the head of the corporate management and legal affairs department, the head of the corporate management department/legal affairs department of Dongfang Electric Corporation. He has served as the head of the legal risk control department of Dongfang Electric Corporation since November 2019. He has served as a Supervisor and the head of the Legal Risk Control Department of Dongfang Electric Corporation Limited since November 2019. He served as a non-staff representative Supervisor of the Company from February 2020 to June 2021. He has served as a staff representative Supervisor of the Company since June 2021.
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Gong Dan	Born in January 1963, currently acts as the secretary to the Board of the Company, secretary to the board of directors of Dongfang Electric Corporation, secretary of the Party Committee directly under the headquarters. He graduated from Department of Mechanics of Anhui Industrial University majoring in casting and equipment and obtained a bachelor's degree of engineering; he is a senior engineer and senior accountant. He successively served as the deputy secretary and secretary to the Youth League Committee, officer of the Young Workers' Office, and deputy head and head of Organization Department of DFEW; an executive director, deputy general manager and secretary to the board of directors of Dongfang Electric Machinery Company Limited; the chief accountant and the chief law consultant of Dongfang Electric Corporation Limited; has served as the secretary to the board of directors of Dongfang Electric Corporation since February 2018. He has served as the secretary to the Board of the Company since October 2007. He has served as the secretary of the Party committee directly under Dongfang Electric Corporation since September 2018, and served as the president of the CPC School and Dean of the Management Academy of Dongfang Electric Corporation from September 2018 to August 2021.
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DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES (CONTINUED)

I. CHANGES IN THE SHAREHOLDING AND REMUNERATION (CONTINUED)

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

Name	Principal working experience
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Gao Feng	Born in January 1964, is currently the vice president of the Company. He graduated from Electrical Engineering Department of University of Chongqing where he majored in electric machinery and obtained a bachelor degree of engineering. He obtained an MBA degree from Southwest Jiaotong University majoring in business management; he is a senior engineer. He successively served as the deputy chief economist of DFEW and general manager of Dongfang Electrical Appliance Company (東電電器公司); assistant to general manager, executive director and deputy general manager of Dongfang Electric Machinery Company Limited; assistant to general manager and general manager of Nuclear Power Division of Dongfang Electric Corporation; assistant to president and general manager of Nuclear Power Division of Dongfang Electric Corporation Limited. He has been vice president of the Company since June 2010.
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Wang Weimin	Born in May 1963, is currently the vice president of the Company. Mr. Wang graduated from Department One of School of Power Mechanical Engineering of Xi'an Jiaotong University as a thermal turbo machinery major and obtained a bachelor degree in engineering; graduated from Xi'an Jiaotong University as a mechanical engineering major and obtained a doctorate degree in engineering; and a senior engineer. Mr. Wang successively served as a deputy chief engineer, chief engineer and a member of the standing committee of the Party Committee in Dongfang Turbine Plant (東方汽輪機廠); a deputy general manager, chief engineer and a member of the standing committee of the Party Committee in Dongfang Turbine Co., Ltd.; the director of the Central Research Institute and the Party Committee secretary (assistant to the general manager of group company) of Dongfang Electric Corporation; the director of the Central Research Institute Dongfang Electric Corporation Limited; the Party Committee secretary, an executive director and the general manager of DEC Academy of Science and Technology Co., Ltd; the director of the Laboratory for Energy Equipment and Industrial Control Network Security Engineering of Dongfang Electric Co., Ltd.; and the assistant to the general manager of Dongfang Electric Corporation. Since November 2020, Mr. Wang has served as the vice president of the Company, the assistant to the general manager of Dongfang Electric Corporation and the director of the Laboratory for Energy Equipment and Industrial Control Network Security Engineering of Dongfang Electric Corporation Limited, and from November 2020 to May 2021, he concurrently served as the director of the Central Research Institute, the Party Committee secretary, an executive director and the general manager of DEC Academy of Science and Technology Co., Ltd..
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DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES (CONTINUED)

I. CHANGES IN THE SHAREHOLDING AND REMUNERATION (CONTINUED)

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

Name	Principal working experience
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Hu Xiukui	Born in October 1967, is currently a vice president of the Company. Mr. Hu graduated from the School of Energy and Power Engineering of Xi'an Jiaotong University with a bachelor's degree in thermal energy engineering, and is a senior engineer. He has successively served as the deputy director, director of the Design Division, deputy chief engineer, assistant to general manager of Dongfang Boiler (Group) Co., Ltd.; deputy general manager of Dongfang Boiler (Group) Co., Ltd.; the secretary of the Party Committee, chairman of the board of directors of DEC Dongfang Boiler Group Co., Ltd., head of Dongfang Boiler Factory, the general manager of the environmental protection division of Dongfang Electric Corporation Limited. He has served as a vice president of the Company since June 2021.
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Shares Granted under the Incentive Scheme to the Directors or Senior Management during the Reporting Period

Name	Position	Number of restricted Shares held at the beginning of the year	Number of new restricted Shares granted during the Reporting Period	Grant price of restricted Shares (Yuan)	Unlocked Shares	Locked Shares	Number of restricted Shares held at the end of the period	Market price at the end of the Reporting Period (Yuan)
Gong Dan	Secretary to the Board	150,000	0	5.93	0	150,000	150,000	21.42
Gao Feng	Vice President	150,000	0	5.93	0	150,000	150,000	21.42
Wang Weimin	Vice President	75,000	0	5.93	0	75,000	75,000	21.42
Hu Xiukui	Vice President	75,000	0	5.93	0	75,000	75,000	21.42
Total	/	450,000		/		450,000	450,000	/

Note: The trading of the first tranche of unlocked shares under the First Grant under the Restricted A Share Incentive Scheme for 2019 of the Company commenced on 10 January 2022, and 50,000 A Shares held by Gong Dan was unlocked, 50,000 A Shares held by Gao Feng was unlocked, 25,000 A Shares held by Wang Weimin was unlocked, and 25,000 A Shares held by Hu Xiukui was unlocked.

DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES (CONTINUED)

I. CHANGES IN THE SHAREHOLDING AND REMUNERATION (CONTINUED)

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

(I) Positions held in shareholders entities

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

DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES (CONTINUED)

I. CHANGES IN THE SHAREHOLDING AND REMUNERATION (CONTINUED)

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

(I) Positions held in shareholders entities (Continued)

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

The independent directors are of the view that, during the Reporting Period, the senior management of the Company who worked part-time at the controlling shareholder were diligent and responsible, properly managed the relationship between the Company and the controlling shareholder and safeguarded the interests of all shareholders, and no acts were found to be detrimental to the interests of the listed company and its minority shareholders as a result of the part-time employment arrangement.

II. REMUNERATIONS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

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

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

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

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

Remuneration payable to Directors, Supervisors and senior management

Please refer to "Particulars about changes in the shareholding and remuneration of existing Directors, Supervisors and senior management during the Reporting Period" for details.

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

During the Reporting Period, there were a total of 19 incumbent and resigned Directors, Supervisors and members of senior management. The remuneration actually received by 5 independent Directors, 2 supervisors and 6 senior management of the Company was RMB5,225,600 (before tax) in total during the Reporting Period.

DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES (CONTINUED)

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

Name	Position	Change situation	Reasons for changes
Zhang Yanjun	Director, Senior Vice President	Elected	Election of members of a new session of Board
Huang Feng	Independent Director	Elected	Election of members of a new session of Board
Ma Yongqiang	Independent Director	Elected	Election of members of a new session of Board
Huang Wei	Director	Resigned	Job reallocation
Bai Yong	Director, Chief Accountant	Resigned	Job reallocation
Gu Dake	Independent Director	Resigned	Election of members of a new session of Board
Xu Haihe	Independent Director	Resigned	Election of members of a new session of Board
Zhang Zhiying	Executive Vice President	Resigned	Retirement
Chen Huan	Vice President	Resigned	Expiry of employment agreement

Mr. Huang Wei resigned as the Director on April 2021;

Mr. Bai Yong resigned as the Director on August 2021;

Mr. Gu Dake and Mr. Xu Haihe, independent Directors, ceased to be the independent Director of the Company due to the re-election of the Board on June 2021;

Mr. Zhang Zhiying ceased to be executive vice president of the Company due to that he had reached his retirement age, with effect from 19 January 2021.

Mr. Chen Huan ceased to be vice president of the Company due to that his employment agreement has expired, with effect from 29 April 2021.

DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES (CONTINUED)

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

Nil

V. EMPLOYEES OF THE COMPANY AND PRINCIPAL SUBSIDIARIES

(I) Information on employees

	2021
The number of employees on register of the Company	358
The number of employees on register of principal subsidiaries	16,611
Total	16,969
The number of retired employees whose expenses shall be assumed by the Company and principal subsidiaries	16,741

Professional composition

Category of professional structure	2021 Headcount
Production	7,222
Technical	5,433
Administrative	4,314
Total	16,969

Background education

Category of background education	2021 Headcount
Master degree and above	2,030
Bachelor degree	7,190
Tertiary degree	7,749
Total	16,969

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

(II) Number of Employees and Remuneration

During the Reporting Period, the average number of employees at the Company was 17,064, and the average number of labor dispatch personnel was 925. The total amount of remuneration paid to the employees during the year was RMB2,786.05 million, and the total amount of remuneration paid to the labor dispatch personnel during the year was RMB84.53 million.

(III) Remuneration Policy

During the Reporting Period, the Company continued to deepen the reform of the wage determination mechanism, and continued to improve the mechanism linking total wages to the economic efficiency and labour cost effectiveness of enterprises and the adjustment mechanism linking per capita wages to labour efficiency according to different types of enterprises, promoted the management of wage filing system for mixed reform enterprises, and scientific and technological reform demonstration enterprises so that the income level of employees achieved reasonable growth in line with enterprise benefits. The Company continued to deepen the reform of the cadre system, realised the tenure system and contractual management of the managerial level, and achieved full coverage of the annual personalised performance appraisal of all levels of managerial staff, further increased the delegation of power to the enterprises which belonged to the Company, and implemented the delegation of power of performance appraisal and salary allocation for managerial staff to the boards of directors of the enterprises, with the results of performance appraisal and salary allocation for managerial staff determined by the boards of directors. The Company continued to promote the performance management of all employees, continuously improved the evaluation mechanism for the differentiated salary allocation for employees, tailored the quantitative average standard for the differentiated salary allocation for different enterprises, and promoted the tilting of salary distribution to key core backbone talents.

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

(IV) Training Programs

During the Reporting Period, taking the development strategy as the guide, closely centering on reform and development, and the needs of the talent team construction and staff growth, the Company comprehensively enhanced the professional competence and working performance of the staff; continuously improved the training system and training mechanism construction, seriously implemented the requirements under the Opinions on Further Enhancing Staff Education and Training of the Company, strengthened the management of training plans, developed a graded and progressive training arrangement for the management, professional and technical and skilled personnel of the Company. At the Company level, we have increased the training efforts on innovative, application-oriented and skilled talents to stimulate talents' innovative vitality, significantly increased the number of training participants and coverage, providing a talent guarantee for the high-quality development of the Company. The enterprises belonging to the Company closely focused on the needs of talent training, highlighting problem-oriented, constantly enriching training forms, strengthening the construction of training bases, creating high-quality training programs, and promoting the overall improvement of the ability and quality of the workforce.

VI. OTHERS

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

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

(II) Directors' and Supervisors' Service Contracts

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



FINANCIAL REPORT

DONGFANG ELECTRIC CORPORATION LIMITED

AUDITORS' REPORT

D.H.S.Z. [2022] 000432

Da Hua Certified Public Accountants (Special General Partnership)

北京注册会计师协会

业务报告统一编码报备系统

业务报备统一编码:	110101482022031005514
报告名称:	东方电气股份有限公司年度审计报告
报告文号:	大华审字[2022] 000432 号
被审(验)单位名称:	东方电气股份有限公司
会计师事务所名称:	大华会计师事务所(特殊普通合伙)
业务类型:	财务报表审计
报告意见类型:	无保留意见
报告日期:	2022年03月30日
报备日期:	2022年03月29日
签字人员:	颜新才(410000090044), 张奎(110004230076)
	
(可通过扫描二维码或登录北京注协官网输入编码的方式查询信息)	

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DONGFANG ELECTRIC CORPORATION LIMITED**AUDITORS' REPORT AND FINANCIAL STATEMENTS**

(From January 1, 2021 to December 31, 2021)

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Auditors' Report

D.H.S.Z.[2022] 000432

All shareholders of Dongfang Electric Corporation Limited:

I.Opinion

We have audited the attached financial statements of Dongfang Electric Corporation Limited (hereinafter referred to as the "Company"), which comprise the consolidated balance sheet and the parent company's balance sheet as at December 31, 2021, the consolidated income statement and the parent company's income statement, the consolidated statement of cash flows and the parent company's statement of cash flows, and the consolidated statement of changes in shareholders' equity and the parent company's statement of changes in shareholders' equity for the year then ended, as well as notes to the relevant financial statements.

In our opinion, the financial statements attached are prepared in accordance with Accounting Standards for Business Enterprises and present fairly, in all material respects, the consolidated financial position of the Company and the parent company's financial position as at December 31, 2021 and the consolidated operating results and the parent company's operating results and cash flows for the year then ended.

II.Basis for Our Opinion

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

III.Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We determine to communicate the following key audit matters in the auditors' report.

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

(I)Revenue recognition

1.Key Audit Matters

For details of the accounting policies for revenue recognition, please refer to the accounting policies described in the Notes to the Financial Statements "IV. Important

Accounting Policies and Accounting Estimates" (31) and "VI. Notes on Consolidated Financial Statements (Note 54)". For the year ended December 31, 2021, the operating revenue recognized by the Company amounted to RMB 478.19 billion. The occurrence and integrity of revenue may significantly influence the operating results of the Company; At the same time, the recognition of revenue according to the performance period involves significant management judgments and estimates, which may affect whether Dongfang Electric recognizes revenue in the appropriate accounting period according to the performance period. Therefore, we identified the relevant revenue recognition as a key audit matter.

2. Audit responses

Revenue recognition for our audit procedures implemented include:

(1) Understood and evaluated the design of internal control in the sales process from the approval of sales contracts to the record of sales revenue, and tested the effectiveness of key control process execution;

(2) Examined important sales contracts and interviewed with key management personnel. Analyzed the contracts by five-step model and judged the composition of performance obligations and the time point of control transfer, and then evaluated whether the recognition policy of sales revenue meets the requirements of enterprise accounting standards.

(3) Inspect and review the content of relevant major contracts and key contract clauses in accordance with the revenue recognition accounting policy;

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

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

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

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

IV. Other Information

The Management of the Company is responsible for other information. The other information comprises information of the 2021 annual report, but excludes the financial statements and our auditors' report.

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

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

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

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

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

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

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

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

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

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

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

on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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

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

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

Da Hua Certified Public Accountants (Special
General Partnership)

CPA of China:

(Engagement partner)

Xincai Yan

Beijing, China

CPA of China:

Kui Zhang

March 30, 2022

Dongfang Electric Corporation Limited
Consolidated Balance Sheet
As at December 31, 2021
(Amounts are expressed in RMB unless otherwise stated)

Assets	Note 6	Balance as at December 31, 2021	Balance as at December 31, 2020
Current assets:			
Monetary funds	6.1	18,721,874,434.15	26,686,232,240.60
Balances with clearing companies			
Loans to banks and other financial institutions	6.2	2,331,536,400.00	
Financial assets held for trading	6.3	1,466,444,004.12	1,292,860,471.15
Derivative financial assets			
Notes receivable	6.4	2,994,627,532.41	3,781,237,139.94
Accounts receivable	6.5	7,986,787,322.58	7,526,238,208.54
Receivables financing	6.6	1,342,379,048.57	1,946,034,819.15
Advances to suppliers	6.7	3,636,005,219.95	2,973,122,649.71
Premiums receivable			
Reinsurance accounts receivable			
Reinsurance contract reserves receivable			
Other receivables	6.8	607,440,479.81	633,416,127.20
Financial assets purchased under resale agreements	6.9	2,827,514,000.00	2,730,498,000.00
Inventories	6.10	19,062,432,842.88	15,609,854,069.57
Contract assets	6.11	7,979,898,927.87	6,527,930,416.19
Assets held for sale			
Non-current assets maturing within one year		57,404,867.28	
Other current assets	6.12	840,264,379.42	965,833,690.73
Total current assets		69,854,609,459.04	70,673,257,832.78
Non-current assets:			
Disbursement of loans and advances	6.13	3,240,998,518.16	1,927,919,340.85
Creditor's right investments	6.14	12,660,183,476.06	9,946,621,270.91
Other creditor's right investments			
Long-term receivables	6.15	552,276,661.97	273,964,739.39
Long-term equity investments	6.16	2,289,593,722.69	1,775,770,115.49
Other equity instrument investments	6.17	52,300,000.00	27,544,649.47
Other non-current financial assets			
Investment properties	6.18	157,660,075.01	162,966,524.20
Fixed assets	6.19	4,965,866,715.89	5,242,562,925.69
Construction in progress	6.20	286,478,771.81	204,474,620.89
Productive biological assets			
Oil and gas assets			
Right-of-use assets	6.21	231,326,102.07	164,993,842.35
Intangible assets	6.22	1,648,133,848.18	1,599,905,484.86
Development expenditures	6.23	4,270,168.76	2,051,886.80
Goodwill			
Long-term deferred expenses	6.24	2,267,046.54	2,109,452.20
Deferred income tax assets	6.25	3,140,003,311.70	2,975,542,663.62
Other non-current assets	6.26	4,018,605,426.45	2,815,452,419.66
Total non-current assets		33,249,963,845.29	27,121,879,936.38
Total assets		103,104,573,304.33	97,795,137,769.16

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

Enterprise Principal:

Accounting Principal:

Person in charge of the Accounting Department:

Dongfang Electric Corporation Limited
Consolidated Balance Sheet (Continued)

As at December 31, 2021

(Amounts are expressed in RMB unless otherwise stated)

Liabilities and the owners' equity	Note 6	Balance as at December 31, 2021	Balance as at December 31, 2020
Current liabilities:			
Short-term borrowings	6.27	41,830,000.00	297,980,000.00
Borrowings from central bank			16,043,235.82
Loans from banks and other financial institutions			
Financial liabilities held for trading			
Derivative financial liabilities			
Notes payable	6.28	6,254,798,141.80	4,861,679,751.95
Accounts payable	6.29	13,959,367,074.05	13,641,381,835.86
Advances from customers			
Contract liabilities	6.30	30,404,986,962.19	28,922,353,784.79
Financial assets sold under repurchase agreements			
Absorption of deposits and interbank deposits	6.31	3,739,754,238.51	5,726,841,172.92
Receivings from vicariously traded securities			
Receivings from vicariously sold securities			
Employee compensation payable	6.32	785,747,202.80	677,337,429.12
Taxes and surcharges payable	6.33	440,915,873.31	288,449,718.75
Other payables	6.34	1,406,088,437.27	1,411,657,254.42
Handling charges and commissions payable			
Reinsurance accounts payable			
Liabilities held for sale			
Non-current liabilities maturing within one year	6.35	102,152,874.33	139,954,877.02
Other current liabilities	6.36	840,444,121.90	121,286,819.72
Total current liabilities		57,976,084,926.16	56,104,965,880.37
Non-current liabilities:			
Reserves for insurance contracts			
Long-term borrowings	6.37	1,565,091,967.96	719,350,539.48
Bonds payable			
Including: preferred stock			
Perpetual bond			
Lease liabilities	6.38	126,932,623.70	27,531,905.94
Long-term payables	6.39	240,000.00	5,660,910.03
Long-term employee compensation payable	6.40	978,695,570.03	960,970,033.23
Estimated liabilities	6.41	6,668,286,020.12	5,896,410,937.40
Deferred income	6.42	359,404,573.56	404,283,233.21
Deferred income tax liabilities	6.25	45,960,397.43	34,364,292.43
Other non-current liabilities			
Total non-current liabilities		9,744,611,152.80	8,048,571,851.72
Total liabilities		67,720,696,078.96	64,153,537,732.09
Owners' equity:			
Share capital	6.43	3,119,151,130.00	3,119,764,130.00
Other equity instruments			
Including: preferred stock			
Perpetual bond			
Capital reserves	6.44	11,443,491,813.08	11,584,176,034.17
Less: treasury stock	6.45	168,649,028.00	172,329,868.00
Other comprehensive income	6.46	-68,955,596.96	-67,918,065.04
Special reserves	6.47	109,375,113.28	88,508,618.58
Surplus reserves	6.48	1,086,931,884.63	972,805,441.29
General risk reserves			
Undistributed profits	6.49	16,976,316,664.38	15,382,662,236.78
Total equity attributable to owners of the parent company		32,497,661,980.41	30,907,668,527.78
Minority equity	6.50	2,886,215,244.96	2,733,931,509.29
Total owners' equity		35,383,877,225.37	33,641,600,037.07
Total liabilities and owners' equity		103,104,573,304.33	97,795,137,769.16

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

Enterprise Principal:

Accounting Principal:

Person in charge of the Accounting Department:

Dongfang Electric Corporation Limited
Parent Company' Balance Sheet
As at December 31, 2021
(Amounts are expressed in RMB unless otherwise stated)

Assets	Note 16	Balance as at December 31, 2021	Balance as at December 31, 2020
Current assets:			
Monetary funds		6,239,742,130.22	5,164,577,904.92
Financial assets held for trading		9,526,346.00	362,316,158.96
Derivative financial assets			
Notes receivable		6,059,297.96	
Accounts receivable	16.1	1,368,453,235.14	1,449,236,828.49
Receivables financing		289,811,116.98	149,335,304.88
Advances to suppliers		5,681,690,140.30	7,266,016,464.08
Other receivables	16.2	106,986,822.96	288,943,597.30
Inventories		194,807,165.29	145,791,731.71
Contract assets		3,347,974,523.31	2,938,180,073.49
Assets held for sale			
Non-current assets maturing within one year			
Other current assets		129,785,589.69	165,651,155.60
Total current assets		17,374,836,367.85	17,930,049,219.43
Non-current assets:			
Creditor's right investments			
Other creditor's right investments			
Long-term receivables			
Long-term equity investments	16.3	22,782,012,839.24	22,510,739,000.97
Other equity instrument investments			
Other non-current financial assets			
Investment properties		8,978,736.48	10,092,096.74
Fixed assets		36,917,672.61	29,893,170.00
Construction in progress		32,761,875.52	
Productive biological assets			
Oil and gas assets			
Right-of-use assets		134,068,454.06	90,381,160.42
Intangible assets		118,756,767.52	123,372,143.97
Development expenditures		3,419,811.33	2,051,886.80
Goodwill			
Long-term deferred expenses			
Deferred income tax assets		209,773,449.17	248,150,155.01
Other non-current assets		605,543,858.34	586,022,001.47
Total non-current assets		23,932,233,464.27	23,600,701,615.38
Total assets		41,307,069,832.12	41,530,750,834.81

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

Enterprise Principal:

Accounting Principal:

Person in charge of the Accounting Department:

Dongfang Electric Corporation Limited
Parent Company' Balance Sheet (Continued)
As at December 31, 2021
(Amounts are expressed in RMB unless otherwise stated)

Liabilities and the owners' equity	Note 16	Balance as at December 31, 2021	Balance as at December 31, 2020
Current liabilities:			
Short-term borrowings			
Financial liabilities held for trading			
Derivative financial liabilities			
Notes payable			
Accounts payable		3,031,954,935.89	3,668,203,269.80
Advances from customers			
Contract liabilities		12,156,294,054.82	12,258,579,491.06
Employee compensation payable		38,476,134.58	28,192,005.87
Taxes and surcharges payable		3,690,594.10	5,107,368.98
Other payables		414,026,271.16	461,367,095.24
Liabilities held for sale			
Non-current liabilities maturing within one year		67,034,227.03	94,822,777.28
Other current liabilities			
Total current liabilities		15,711,476,217.58	16,516,272,008.23
Non-current liabilities:			
Long-term borrowings			
Bonds payable			
Including: preferred stock			
Perpetual bond			
Lease liabilities		67,034,227.03	
Long-term payables			
Long-term employee compensation payable		3,349,789.55	8,874,232.77
Estimated liabilities		575,836,011.32	467,921,129.61
Deferred income		14,007,025.05	12,193,062.50
Deferred income tax liabilities			
Other non-current liabilities			
Total non-current liabilities		660,227,052.95	488,988,424.88
Total liabilities		16,371,703,270.53	17,005,260,433.11
Owners' equity:			
Share capital		3,119,151,130.00	3,119,764,130.00
Other equity instruments			
Including: preferred stock			
Perpetual bond			
Capital reserves		13,025,233,777.25	13,198,774,983.32
Less: treasury stock		168,649,028.00	172,329,868.00
Other comprehensive income		475,169.83	
Special reserves			
Surplus reserves		1,375,309,263.67	1,261,168,557.72
Undistributed profits		7,583,846,248.84	7,118,112,598.66
Total owners' equity		24,935,366,561.59	24,525,490,401.70
Total liabilities and owners' equity		41,307,069,832.12	41,530,750,834.81

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

Enterprise Principal:

Accounting Principal:

Person in charge of the Accounting Department:

Dongfang Electric Corporation Limited
Consolidated Income Statement
Year 2021(Amounts are expressed in RMB unless otherwise stated)

Item	Note 6	Year 2021	Year 2020
I. Total operating revenue		47,819,166,940.47	37,282,871,287.38
Including: operating revenue	6.54	46,755,975,362.02	36,238,925,547.37
Interest income	6.54	1,060,766,819.24	1,040,835,178.93
Premiums earned			
Income from handling charges and commissions	6.54	2,424,759.21	3,110,561.08
II. Total operating cost		45,419,182,973.91	35,166,801,721.20
Including: operating cost	6.54	38,669,905,112.14	28,863,684,916.87
Interest expenses		110,807,636.82	98,164,043.10
Handling charges and commissions expenses		1,474,526.03	1,190,341.73
Surrender value			
Net amount of compensation payout			
Net amount withdrawn for insurance contract reserves			
Policy dividend expenses			
Reinsurance costs			
Taxes and surcharges	6.55	240,038,558.46	236,099,949.15
Selling and distribution expenses	6.56	1,457,513,664.15	1,176,571,933.25
General and administrative expenses	6.57	2,789,577,618.34	2,619,878,388.04
Research and development expenditures	6.58	2,109,687,440.50	2,002,738,590.77
Financial expenses	6.59	40,178,417.47	168,473,558.29
Including: interest expenses	6.59	33,518,711.96	35,891,626.03
Interest income	6.59	36,438,093.04	38,908,682.48
Plus: other income	6.60	133,941,228.05	199,608,889.59
Investment income ("-" for losses)	6.61	425,573,959.28	336,698,393.07
Including: income from investment in associates and joint ventures		279,625,882.45	185,295,786.09
Income from derecognition of financial assets measured at amortized cost			
Foreign exchange gains ("-" for losses)	6.62	1,188,244.23	769,827.40
Income from net exposure hedging ("-" for losses)			
Income from changes in fair value ("-" for losses)	6.63	173,613,348.19	-138,205,491.40
Losses from credit impairment ("-" for losses)	6.64	-198,976,953.76	205,360,065.67
Losses from asset impairment ("-" for losses)	6.65	-549,024,327.71	-567,090,570.83
Income from asset disposal ("-" for losses)	6.66	271,943,405.18	7,079,975.17
III. Operating profits ("-" for loss)		2,658,242,870.02	2,160,290,654.85
Plus: non-operating revenue	6.67	51,417,885.20	40,628,812.79
Less: non-operating expenses	6.68	42,613,160.32	133,695,631.01
IV. Total profits ("-" for total losses)		2,667,047,594.90	2,067,223,836.63
Less: income tax expenses	6.69	237,824,064.64	150,959,705.84
V. Net profit ("-" for net loss)		2,429,223,530.26	1,916,264,130.79
(I) Classified by operating sustainability			
1. Net profit from continuing operations ("-" for net loss)		2,429,223,530.26	1,916,264,130.79
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)		2,289,036,817.45	1,861,998,155.29
2. Minority interest income ("-" for net loss)		140,186,712.81	54,265,975.50
VI. Other comprehensive income, net of tax	6.46	-23,311,920.74	-50,001,753.27
Other comprehensive income, net of tax, attributable to owners of the parent company	6.46	-20,618,148.92	-43,672,787.61
(I) Other comprehensive income that cannot be reclassified into profit or loss			
1. Changes in re-measurement of the defined benefit plan			
2. Other comprehensive income that cannot be transferred to profit or loss under the equity method			
3. Changes in fair value of other equity instrument investments			
4. Changes in fair value of the Company's own credit risk			
(II) Other comprehensive income that will be reclassified into profit or loss	6.46	-20,618,148.92	-43,672,787.61
1. Other comprehensive income that can be transferred to profit or loss under the equity method	6.46	-1,649,817.99	-141,538.59
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		2,756,647.63	
5. Cash flow hedging reserves			
6. Differences arising from translation of foreign-currency financial statements	6.46	-21,724,978.56	-43,577,687.02
7. Others			46,438.00
Other comprehensive income, net of tax, attributable to minority shareholders	6.46	-2,693,771.82	-6,328,965.66
VII. Total comprehensive income		2,405,911,609.52	1,866,262,377.52
Total comprehensive income attributable to owners of the parent company		2,268,418,668.53	1,818,325,367.68
Total comprehensive income attributable to minority shareholders		137,492,940.99	47,937,009.84
VIII. Earnings per share:			
(I) Basic earnings per share (RMB/ share)	6.70	0.73	0.60
(II) Diluted earnings per share (RMB/ share)	6.70	0.73	0.60

In case of business combination under common control in 2021, the net profit realized by the combinee before the combination was RMB 0.00; and the net profit realized by the combinee in 2020 was RMB 0.00. The accompanying notes to the financial statements form an integral part of the financial statements.

Enterprise Principal:

Accounting Principal:

Person in charge of the Accounting Department:

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

Item	Note 16	Year 2021	Year 2020
I. Operating revenue	16.4	11,963,190,874.06	10,350,960,205.38
Less: operating cost	16.4	11,386,523,418.89	9,900,908,390.30
Taxes and surcharges		6,191,404.28	15,656,760.42
Selling and distribution expenses		5,129,070.10	14,961,977.41
General and administrative expenses		296,782,438.11	272,721,956.42
Research and development expenditures		169,579,118.01	150,928,898.96
Financial expenses		-34,869,195.64	-24,677,758.48
Including: interest expenses		24,717.76	6,067,131.96
Interest income		55,811,880.28	70,923,272.80
Plus: other income		360,186.72	9,746,041.48
Investment income ("-" for losses)	16.5	875,044,988.66	659,574,468.60
Including: income from investment in associates and joint ventures		121,273,838.27	105,689,717.09
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)		177,942,777.03	-88,906,106.70
Losses from credit impairment ("-" for losses)		-39,689,296.03	-35,994,918.99
Losses from asset impairment ("-" for losses)		11,313,970.21	88,826,099.03
Gains from disposal of assets ("-" for losses)		131,753.40	39,704,946.67
II. Operating profits ("-" for losses)		1,158,959,000.30	693,410,510.44
Plus: non-operating revenue		7,534,337.68	13,892,757.63
Less: non-operating expenses		20,373,051.52	38,054,834.32
III. Total profits ("-" for total losses)		1,146,120,286.46	669,248,433.75
Less: current income tax expenses		4,713,226.93	12,943,765.39
IV. Net profit ("-" for net loss)		1,141,407,059.53	656,304,668.36
(I) Net profit from continued operation ("-" for net loss)		1,141,407,059.53	656,304,668.36
(II) Net profit from discontinued operation ("-" for net loss)			
V. Other comprehensive income, net of tax		475,169.83	
(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		475,169.83	
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		475,169.83	
7. Others			
VI. Total comprehensive income		1,141,882,229.36	656,304,668.36
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:

Accounting Principal:

Person in charge of the Accounting Department:

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

Item	Note 6	Year 2021	Year 2020
I. Cash flows from operating activities			
Cash received from sales of goods and rendering of services		44,969,412,588.26	38,647,353,231.74
Net increase in deposits from customers and due from banks and other financial institutions		-2,147,715,368.31	274,373,040.74
Net increase in borrowings from central bank		-16,043,235.82	15,334,713.94
Net increase in loans from other financial institutions		-2,320,607,584.15	467,277,117.81
Cash received from receiving insurance premiums of original insurance contracts			
Net cash received from reinsurance business			
Net increase in deposits and investments from policyholders			
Cash received from interest, handling charges and commissions		747,074,895.86	774,020,336.55
Net increase in loans from banks and other financial institutions			
Net capital increase in repurchase business			
Net cash received from vicariously traded securities			
Refund of taxes and surcharges		375,110,655.17	215,628,100.70
Cash received from other operating activities	6.72	1,922,408,416.09	5,443,720,670.79
Sub-total of cash inflows from operating activities		43,529,640,367.10	45,837,707,212.27
Cash paid for goods purchased and services received		37,632,141,803.46	30,395,942,585.55
Net increase in loans and advances to customers		1,704,175,429.53	1,163,494,981.87
Net increase in deposits in central bank and other banks and financial institutions		-316,729,234.35	272,815,319.52
Cash paid for original insurance contract claims			
Net increase in loans to banks and other financial institutions			
Cash paid for interest, handling charges and commissions		1,510,221.99	1,242,179.16
Cash paid for policy dividends			
Cash paid to and on behalf of employees		4,546,613,777.37	4,138,366,486.37
Cash paid for taxes and surcharges		1,658,175,127.36	1,414,706,094.64
Cash paid for other operating activities	6.72	2,724,642,221.90	11,199,941,573.39
Sub-total of cash outflows from operating activities		47,950,529,347.26	48,586,509,220.50
Net cash flows from operating activities		-4,420,888,980.16	-2,748,802,008.23
II. Cash flows from investing activities			
Cash received from disposal of investments		12,846,007,114.28	2,556,724,443.13
Cash received from returns on investments		151,172,201.13	173,182,465.16
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		182,208,104.28	6,662,676.68
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		13,179,387,419.69	2,736,569,584.97
Cash paid to acquire and construct fixed assets, intangible assets and other long-term assets		717,613,671.32	541,170,872.02
Cash paid for investments		15,514,643,379.27	2,875,677,919.95
Net increase in pledge loans			
Net cash paid to acquire subsidiaries and other business units			
Cash paid for other investing activities			
Sub-total of cash outflows from investing activities		16,232,257,050.59	3,416,848,791.97
Net cash flows from investing activities		-3,052,869,630.90	-680,279,207.00
III. Cash flows from financing activities			
Cash from absorption of investments		100,322,500.00	136,896,417.60
Including: cash received by subsidiaries from the absorption of minority shareholders' investments		100,322,500.00	130,539,537.60
Cash received from borrowings		1,146,850,000.00	435,980,000.00
Cash received from other financing activities			
Sub-total of cash inflows from financing activities		1,247,172,500.00	572,876,417.60
Cash paid for debt repayments		546,724,401.76	45,515,530.84
Cash paid for distribution of dividends and profits or payment of interest		636,375,382.95	695,595,822.13
Including: dividends and profits paid to minority shareholders by subsidiaries		91,322,500.00	27,809,488.48
Cash paid for other financing activities	6.72	442,327,753.41	286,006,981.91
Sub-total of cash outflows from financing activities		1,625,427,538.12	1,027,118,334.88
Net cash flows from financing activities		-378,255,038.12	-454,241,917.28
IV. Effect of fluctuation in exchange rate on cash and cash equivalents		-101,658,260.82	-311,297,014.90
V. Net increase in cash and cash equivalents		-7,953,671,910.00	-4,194,620,147.41
Plus: beginning balance of cash and cash equivalents		24,277,749,507.44	28,472,369,654.85
VI. Ending balance of cash and cash equivalents		16,324,077,597.44	24,277,749,507.44

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

Enterprise Principal:

Accounting Principal:

Person in charge of the Accounting Department:

Dongfang Electric Corporation Limited
Parent Company's Statement of Cash Flows
Year 2021

(Amounts are expressed in RMB unless otherwise stated)

Item	Note 16	Year 2021	Year 2020
I. Cash flows from operating activities			
Cash received from sales of goods and rendering of services		10,365,614,249.87	9,327,658,903.85
Refund of taxes and surcharges		20,509,005.24	7,806,172.09
Cash received from other operating activities		137,066,215.83	214,225,023.48
Sub-total of cash inflows from operating activities		10,523,189,470.94	9,549,690,099.42
Cash paid for goods purchased and services received		9,474,815,991.81	8,572,115,606.94
Cash paid to and on behalf of employees		170,146,152.18	170,421,755.74
Cash paid for taxes and surcharges		11,574,706.18	109,996,814.32
Cash paid for other operating activities		390,191,127.73	480,708,821.06
Sub-total of cash outflows from operating activities		10,046,727,977.90	9,333,242,998.06
Net cash flows from operating activities		476,461,493.04	216,447,101.36
II. Cash flows from investing activities			
Cash received from disposal of investments		561,365,898.32	15,184,758.70
Cash received from returns on investments		907,711,375.13	593,663,126.93
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		116,339.00	841,009.88
Net cash received from disposal of subsidiaries and other business units			
Cash received from other investing activities			
Sub-total of cash inflows from investing activities		1,469,193,612.45	609,688,895.51
Cash paid to acquire and construct fixed assets, intangible assets and other long-term assets		62,711,448.97	33,851,030.59
Cash paid for investment		150,000,000.00	205,468,943.66
Net cash paid to acquire subsidiaries and other business units			
Cash paid for other investing activities			
Sub-total of cash outflows from investing activities		212,711,448.97	239,319,974.25
Net cash flows from investing activities			
III. Cash flows from financing activities		1,256,482,163.48	370,368,921.26
Cash from absorption of investments			
Cash received from borrowings			6,356,880.00
Cash received from other financing activities			
Sub-total of cash inflows from financing activities			
Cash paid for debt repayments			6,356,880.00
Cash paid for distribution of dividends and profits or payment of interest			
Cash paid for other financing activities		562,125,858.85	634,209,525.26
Sub-total of cash outflows from financing activities		89,961,164.70	270,628,752.74
Net cash flows from financing activities		652,087,023.55	904,838,278.00
IV. Effect of fluctuation in exchange rate on cash and cash equivalents		-652,087,023.55	-898,481,398.00
V. Net increase in cash and cash equivalents		-5,692,407.67	-14,488,943.27
Plus: beginning balance of cash and cash equivalents		1,075,164,225.30	-326,154,318.65
VI. Ending balance of cash and cash equivalents		5,164,577,904.92	5,490,732,223.57
I. Cash flows from operating activities		6,239,742,130.22	5,164,577,904.92

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

Enterprise Principal:

Accounting Principal:

Person in charge of the Accounting Department:

Dongfang Electric Corporation Limited
Consolidated Statement of Changes in Shareholders' Equity
Year 2021
(Amounts are expressed in RMB unless otherwise stated)

Item	Year 2021													
	Equity attributable to owners of the parent company											Minority equity	Total shareholders' equity	
	Share capital	Other equity instruments			Capital reserves	Less: treasury stock	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit			Sub-total
	Preferred stock	Perpetual bond	Others											
I. Balance as at December 31, 2020	3,119,764,130.00				11,584,176,034.17	172,329,868.00	-67,918,065.04	88,508,618.58	972,805,441.29		15,382,662,236.78	30,907,668,527.78	2,733,931,509.29	33,641,600,037.07
Plus: adjustments for changes in accounting policies														
Correction of accounting errors in prior periods														
Business combination under common control														
Others														
II. Balance as at January 1, 2021	3,119,764,130.00				11,584,176,034.17	172,329,868.00	-67,918,065.04	88,508,618.58	972,805,441.29		15,382,662,236.78	30,907,668,527.78	2,733,931,509.29	33,641,600,037.07
III. Increases/decreases in 2021 ("-" for decreases)	-613,000.00				-140,684,221.09	-3,680,840.00	-1,037,531.92	20,866,494.70	114,126,443.34		1,593,654,427.60	1,589,993,452.63	152,283,735.67	1,742,277,188.30
(I) Total comprehensive income							-20,618,148.92				2,289,036,817.45	2,268,418,668.53	137,492,940.99	2,405,911,609.52
(II) Capital contributed or reduced by owners	-613,000.00				-140,684,221.09	-3,680,840.00						-137,616,381.09	55,215,012.04	-82,401,369.05
1. Common stock contributed by owners	-613,000.00				-6,187,997.29							-6,800,997.29	103,091,177.27	96,290,179.98
2. Capital invested by the holders of other equity instruments														
3. Amounts of share-based payments recognized in owners' equity					23,297,624.02							23,297,624.02		23,297,624.02
4. Others					-157,793,847.82	-3,680,840.00						-154,113,007.82	-47,876,165.23	-201,989,173.05
(III) Profit distribution									114,126,443.34		-675,801,772.85	-561,675,329.51	-43,148,989.33	-604,824,318.84
1. Withdrawal of surplus reserves									114,140,705.95		-114,140,705.95			
2. Withdrawal of general risk reserve														
3. Profit distributed to owners (shareholders)											-561,532,703.40	-561,532,703.40	-43,148,989.33	-604,681,692.73
4. Others									-14,262.61		-128,363.50	-142,626.11		-142,626.11
(IV) Internal carry-forward of owners' equity							19,580,617.00				-19,580,617.00			
1. Conversion of capital reserves into paid-in capital (or share capital)														
2. Conversion of surplus reserves into paid-in capital (or share capital)														
3. Surplus reserves offsetting losses														
4. Carry-forward of changes in the defined benefit plan for retained earnings														
5. Carry-forward of other comprehensive income for retained earnings							19,580,617.00				-19,580,617.00			
6. Others														
(V) Special reserves								20,866,494.70				20,866,494.70	2,724,771.97	23,591,266.67
1. Amount withdrawn in 2020								106,833,301.73				106,833,301.73	13,829,073.26	120,662,374.99
2. Amount used in 2020								-85,966,807.03				-85,966,807.03	-11,104,301.29	-97,071,108.32
(VI) Others														
IV. 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

The accompanying notes to the financial statements form an integral part of the financial statements.
Enterprise Principal: _____ Accounting Principal: _____

Person in charge of the Accounting Department: _____

Dongfang Electric Corporation Limited
Consolidated Statement of Changes in Shareholders' Equity (Continued)
Year 2021
(Amounts are expressed in RMB unless otherwise stated)

Item	Year 2020													Minority equity	Total shareholders' 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, 2019	3,090,803,431.00				11,345,339,174.91	165,972,988.00	-24,418,047.58	76,102,748.09	907,174,974.45		14,225,616,456.64	29,454,645,749.51	2,343,787,221.08	31,798,432,970.59	
Plus: adjustments for changes in accounting policies															
Correction of accounting errors in prior periods															
Business combination under common control															
Others															
II. Balance as at January 1, 2020	3,090,803,431.00				11,345,339,174.91	165,972,988.00	-24,418,047.58	76,102,748.09	907,174,974.45		14,225,616,456.64	29,454,645,749.51	2,343,787,221.08	31,798,432,970.59	
III. Increases/decreases in 2020 ("-" for decreases)	28,960,699.00				238,836,859.26	6,356,880.00	-43,500,017.46	12,405,870.49	65,630,466.84		1,157,045,780.14	1,453,022,778.27	390,144,288.21	1,843,167,066.48	
(I) Total comprehensive income							-43,672,787.61				1,861,998,155.29	1,818,325,367.68	47,937,009.84	1,866,262,377.52	
(II) Capital contributed or reduced by owners	28,960,699.00				238,836,859.26	6,356,880.00		-2,232,226.99				259,208,451.27	373,061,381.74	632,269,833.01	
1. Common stock contributed by owners	28,960,699.00				-22,603,819.00							6,356,880.00	375,539,952.26	381,896,832.26	
2. Capital invested by the holders of other equity instruments															
3. Amounts of share-based payments recognized in owners' equity					31,089,861.98	6,356,880.00						24,732,981.98		24,732,981.98	
4. Others					230,350,816.28			-2,232,226.99				228,118,589.29	-2,478,370.52	225,640,018.77	
(III) Profit distribution									65,630,466.84		-704,982,864.00	-639,352,397.16	-33,354,673.08	-672,707,070.24	
1. Withdrawal of surplus reserves									65,630,466.84		-65,630,466.84				
2. Withdrawal of general risk reserve															
3. Profit distributed to owners (shareholders)											-639,352,397.16	-639,352,397.16	-33,354,673.08	-672,707,070.24	
4. Others															
(IV) Internal carry-forward of owners' equity							172,770.15				-172,770.15				
1. Conversion of capital reserves into paid-in capital (or share capital)															
2. Conversion of surplus reserves into paid-in capital (or share capital)															
3. Surplus reserves offsetting losses															
4. Carry-forward of changes in the defined benefit plan for retained earnings															
5. Carry-forward of other comprehensive income for retained earnings							172,770.15				-172,770.15				
6. Others															
(V) Special reserves								14,638,097.48				14,638,097.48	2,493,828.71	17,131,926.19	
1. Amount withdrawn in 2020								76,748,870.92				76,748,870.92	5,657,784.55	82,406,655.47	
2. Amount used in 2020								-62,110,773.44				-62,110,773.44	-3,163,955.84	-65,274,729.28	
(VI) Others										203,259.00		203,259.00	6,741.00	210,000.00	
IV. Balance as at December 31, 2020	3,119,764,130.00				11,584,176,034.17	172,329,868.00	-67,918,065.04	88,508,618.58	972,805,441.29		15,382,662,236.78	30,907,668,527.78	2,733,931,509.29	33,641,600,037.07	

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

Enterprise Principal:

Accounting Principal:

Person in charge of the Accounting Department:

Dongfang Electric Corporation Limited
Parent Company's Statement of Changes in Shareholders' Equity
Year 2021

(Amounts are expressed in RMB unless otherwise stated)

Item	Year 2021										
	Share capital	Other equity instruments			Capital reserves	Less: treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Total shareholders' equity
		Preferred stock	Perpetual bond	Others							
I. Balance as at December 31, 2020	3,119,764,130.00				13,198,774,983.32	172,329,868.00			1,261,168,557.72	7,118,112,598.66	24,525,490,401.70
Plus: adjustments for changes in accounting policies											
Correction of accounting errors in prior periods											
Others											
II. Balance as at January 1, 2021	3,119,764,130.00				13,198,774,983.32	172,329,868.00			1,261,168,557.72	7,118,112,598.66	24,525,490,401.70
III. Increases/decreases in 2021("-" for decreases)	-613,000.00				-173,541,206.07	-3,680,840.00	475,169.83		114,140,705.95	465,733,650.18	409,876,159.89
(I) Total comprehensive income							475,169.83			1,141,407,059.53	1,141,882,229.36
(II) Capital contributed or reduced by owners	-613,000.00				-173,541,206.07	-3,680,840.00					-170,473,366.07
1. Common stock contributed by owners	-613,000.00				-2,872,050.00						-3,485,050.00
2. Capital invested by the holders of other equity instruments											
3. Amounts of share-based payments recognized in owners' equity					23,297,624.02						23,297,624.02
4. Others					-193,966,780.09	-3,680,840.00					-190,285,940.09
(III) Profit distribution									114,140,705.95	-675,673,409.35	-561,532,703.40
1. Withdrawal of surplus reserves									114,140,705.95	-114,140,705.95	
2. Profit distributed to owners (shareholders)										-561,532,703.40	-561,532,703.40
3. Others											
(IV) Internal carry-forward of owners' equity											
1. Conversion of capital reserves into paid-in capital (or share capital)											
2. Conversion of surplus reserves into paid-in capital (or share capital)											
3. Surplus reserves offsetting losses											
4. Carry-forward of changes in the defined benefit plan for retained earnings											
5. Carry-forward of other comprehensive income for retained earnings											
6. Others											
(V) Special reserves											
1. Amount withdrawn in 2021											
2. Amount used in 2021											
(VI) Others											
IV. 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

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

Enterprise Principal:

Accounting Principal:

Person in charge of the Accounting Department:

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

Item	Year 2020										
	Share capital	Other equity instruments			Capital reserves	Less: treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Total shareholders' equity
		Preferred stock	Perpetual bond	Others							
I. Balance as at December 31, 2019	3,090,803,431.00				13,190,288,940.34	165,972,988.00			1,195,538,090.88	7,166,790,794.30	24,477,448,268.52
Plus: adjustments for changes in accounting policies											
Correction of accounting errors in prior periods											
Others											
II. Balance as at January 1, 2020	3,090,803,431.00				13,190,288,940.34	165,972,988.00			1,195,538,090.88	7,166,790,794.30	24,477,448,268.52
III. Increases/decreases in 2020("-" for decreases)	28,960,699.00				8,486,042.98	6,356,880.00			65,630,466.84	-48,678,195.64	48,042,133.18
(I) Total comprehensive income										656,304,668.36	656,304,668.36
(II) Capital contributed or reduced by owners	28,960,699.00				8,486,042.98	6,356,880.00					31,089,861.98
1. Common stock contributed by owners	28,960,699.00				-22,603,819.00						6,356,880.00
2. Capital invested by the holders of other equity instruments											
3. Amounts of share-based payments recognized in owners' equity					31,089,861.98	6,356,880.00					24,732,981.98
4. Others											
(III) Profit distribution									65,630,466.84	-704,982,864.00	-639,352,397.16
1. Withdrawal of surplus reserves									65,630,466.84	-65,630,466.84	
2. Profit distributed to owners (shareholders)										-639,352,397.16	-639,352,397.16
3. Others											
(IV) Internal carry-forward of owners' equity											
1. Conversion of capital reserves into paid-in capital (or share capital)											
2. Conversion of surplus reserves into paid-in capital (or share capital)											
3. Surplus reserves offsetting losses											
4. Carry-forward of changes in the defined benefit plan for retained earnings											
5. Carry-forward of other comprehensive income for retained earnings											
6. Others											
(V) Special reserves											
1. Amount withdrawn in 2020											
2. Amount used in 2020											
(VI) Others											
IV. Balance as at December 31, 2020	3,119,764,130.00				13,198,774,983.32	172,329,868.00			1,261,168,557.72	7,118,112,598.66	24,525,490,401.70

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

Accounting Principal:

Person in charge of the Accounting Department:

**Dongfang Electric Corporation Limited
Notes to the Financial Statements
For the Year Ended December 31, 2021**

1、 Company profile

1.1 Place of registration, organizational form and address of headquarters

Dongfang Electric Corporation Limited (hereinafter referred to as the "Company") which was formerly known as Dongfang Electric Machinery Co., Ltd. was established on December , 1993, upon the approval with the document TGS [1992] No. 67 and the document TGS [1993] No. 214 issued by the State Commission for Restructuring the Economic System and the document GZQHF [1993] No. 100 issued by the former State Administration of State-owned Assets, and it is a joint stock limited company established and invested by Dongfang Electrical Machinery Works as the sole sponsor through discounting its held major production operating assets authorized by the State. The Company was listed for trading in the Shanghai Stock Exchange on October 10, 1995, and was listed for trading in the Stock Exchange of Hong Kong Limited on June 6, 1994. Now it holds a business license with a unified social credit code of 915101002051154851.

After the distribution of bonus shares, allotment of new shares, capitalization and issuance of new shares over the years, as of December 31, 2021, the company has issued a total of 311,915.11 shares with a registered capital of 311,915.11 million. Registered address: No. 18, Xixin Avenue, Western High-tech District, Chengdu, Sichuan Province. Headquarters address: No. 18, Xixin Avenue, Western High-tech District, Chengdu, Sichuan Province. The parent company is China Dongfang Electric Group Co., Ltd. (hereinafter referred to as Dongfang Electric Group).

1.2 Nature of business and main business of the enterprise

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

1.3 Approval of financial statements

The financial statements were approved by the board of directors on March 30, 2022.

DONGFANG ELECTRIC CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

2、Scope of the consolidated financial statement

A total of 57 subsidiaries were included in the scope of the consolidated financial statements this year (including the stock parent company). Secondary subsidiaries within the scope of the consolidated financial statements of the Company are as follows:

S.N	Name of subsidiary	Subsidiary type	Level	Shareholding ratio (%)	voting rights ratio (%)
1	DongFang Boiler (Group) Co.,Ltd. (hereinafter referred to as "DBC")	Holding subsidiary	Secondary	96.79	96.79
2	Dongfang Turbine Co., Ltd. (hereinafter referred to as the "DTC")	Holding subsidiary	Secondary	94.39	94.39
3	Dongfang Electric Machinery Company Limited (hereinafter referred to as the "DFEM")	Holding subsidiary	Secondary	91.86	91.86
4	Dongfang Electric Wind Power Co., Ltd. (hereinafter referred to as the "DEWP")	Holding subsidiary	Secondary	84.28	87.00
5	Dongfang Electric International Corporation (hereinafter referred to as the "DEIC")	Wholly-owned subsidiary	Secondary	100.00	100.00
6	Dongfang Electric Group Finance Co., Ltd. (hereinafter referred to as the "DECFC")	Holding subsidiary	Secondary	95.00	95.00
7	Dongfang (Guangzhou) Heavy Machinery Co., Ltd. (hereinafter referred to as the "DFHM")	Holding subsidiary	Secondary	61.09	61.51
8	Dongfang Electric Auto Control Engineering Co., Ltd. (hereinafter referred to as the "DEA")	Holding subsidiary	Secondary	96.51	99.86
9	Dongfang Electric (Wuhan) Nuclear Equipment Co., Ltd. (hereinafter referred to as the "DENE")	Holding subsidiary	Secondary	67.00	67.00
10	Dongfang Electric (Sichuan)Corporation Materials Co. (hereinafter referred to as "Dongfang Materials")	Wholly-owned subsidiary	Secondary	100.00	100.00
11	Dongfang Electric (Chengdu) Hydrogen Fuel Cell Technology Co., Ltd. (hereinafter referred to as the "Dongfang Hydrogen Energy")	Holding subsidiary	Secondary	53.32	53.32
12	Science and Technology Institute Co., Ltd. of Dongfang Electric Corporation (hereinafter referred to as the "Dongfang Institute")	Wholly-owned subsidiary	Secondary	100.00	100.00
13	DongFangElectric (India) PrivateLimited (Hereinafter referred to as the "Dongfang Electric India")	Wholly-owned subsidiary	Secondary	100.00	100.00
14	Dongfang Electric (Chengdu) Innovation Technology Development Co., Ltd. (hereinafter referred to as Dongfang Innovation Technology)	Wholly-owned subsidiary	Secondary	100.00	100.00

Compared with the previous period, the entities included in the consolidated financial statements this year increased by 22 and decreased by 0. Among them:

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

S.N	Name	Reason for change
1	Dongdian (Shandong) Energy Technology Co., Ltd.	Investment establishment
2	Dongfang Electric Hydrogen Energy (Chengdu) Co., Ltd. (hereinafter referred to as Dongguo Chengdu Hydrogen Energy)	Investment establishment

DONGFANG ELECTRIC CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

S.N	Name	Reason for change
3	Dongfang Electric Guoxin Hydrogen Energy (Deyang) Co., Ltd. (hereinafter referred to as Dongguo Deyang Hydrogen Energy)	Investment establishment
4	Dongfang Electric (Neijiang) Hydrogen Energy Co., Ltd. (hereinafter referred to as Dongguo Neijiang Hydrogen Energy)	Investment establishment
5	Dongfang Electric Hydrogen Energy (Anhui) Co., Ltd. (hereinafter referred to as Dongguo Anhui Hydrogen Energy)	Investment establishment
6	Dongfang Electric Hydrogen Energy (Guiyang) Co., Ltd. (hereinafter referred to as Dongguo Guiyang Hydrogen Energy)	Investment establishment
7	Oriental Three Gorges (Jiangsu) Smart Energy Co., Ltd. (hereinafter referred to as Oriental Jiangsu Energy)	Investment establishment
8	Dongji Energy Technology (Tongyu) Co., Ltd. (hereinafter referred to as Dongji Tongyu Energy)	Investment establishment
9	Dongji Shuanggang Wind Power (Tongyu) Co., Ltd. (hereinafter referred to as Dongji Shuanggang Wind Power)	Investment establishment
10	Jiuquan Dongsu New Energy Co., Ltd.	Investment establishment
11	Jiuquan Dongsu Mazongshan New Energy Co., Ltd.	Investment establishment
12	Dechang Dongneng New Energy Co., Ltd. (hereinafter referred to as Dechang New Energy)	Investment establishment
13	Dongfang Electric (Jiuquan) Wind Power Equipment Co., Ltd.	Investment establishment
14	Dongfang Electric (Guangdong) Wind Power Equipment Co., Ltd.	Investment establishment
15	Dongfang Electric (Guangyuan) New Energy Co., Ltd. (hereinafter referred to as Dongfang Guangyuan New Energy)	Investment establishment
16	Dongfang (Shandong) Wind Power Equipment Manufacturing Co., Ltd.	Investment establishment
17	Dongfang Electric Zhongneng Industrial Control Network Security Technology (Chengdu) Co., Ltd. (hereinafter referred to as Dongfang Zhongneng)	Investment establishment
18	Jiangsu Dongchuang Hydrogen Energy Technology Co., Ltd. (hereinafter referred to as Dongfang Jiangsu Hydrogen)	Investment establishment
19	Dongfang Electric (Beijing) Hydrogen Energy Technology Co., Ltd. (hereinafter referred to as Dongfang Beijing Hydrogen Technology)	Investment establishment
20	Dongfang Electric (Anhui) Hydrogen Fuel Cell Technology Co., Ltd. (hereinafter referred to as Dongfang Anhui Hydrogen Technology)	Investment establishment
21	Dongfang Electric (Hebei) Hydrogen Energy Technology Co., Ltd. (hereinafter referred to as Dongfang Hebei Hydrogen Technology)	Investment establishment
22	Oriental Innovation and Technology	Investment establishment

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

None.

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

3、Basis of preparation for the financial statements

3.1 Basis of preparation

Based on going concern and according to actually occurred transactions and events, the Company prepares financial statements in accordance with the Accounting Standards for Business Enterprises - Basic Standards and all the specific accounting standards, Application Guidance to the Accounting Standards for Business Enterprises, the interpretation of the Accounting Standards for Business Enterprises and other relevant provisions (hereinafter referred to as the "Accounting Standards for Business Enterprises"), as well as the disclosure provisions of the Rules for the Compilation and Submission of Information Disclosure by Companies Offering Securities to the Public No. 15 - General Requirements for Financial

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

3.2 Going Concern

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

4、 Significant accounting policies and accounting estimates

4.1 Reminders on specific accounting policies and accounting estimates

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

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

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

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

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

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

(4) The estimated useful life and expected net residual value of fixed assets.The estimated useful life and estimated net residual value is estimated to be similar to the real life of the nature and functions of fixed assets in the past and the actual residual value as a basis.In the process of using fixed assets, the economic environment, technical environment and other

environments in which they are located may have a greater impact on the service life and expected net residual value of fixed assets. If there is a difference between the estimated useful life and net residual value of fixed assets and the original estimate, the management will make appropriate adjustments to them.

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

(6) The fair value of financial assets. The company uses various valuation techniques including discounted cash flow methods to determine the fair value of financial instruments that do not have an active market. For financial assets that the law expressly restricts the company from disposing within a specific period, the fair value is based on market quotes and adjusted according to the characteristics of the instrument. In valuation, the company needs to estimate such aspects as the credit risk of itself and its counterparties, market volatility and correlation. Changes in the assumptions of these related factors will have an impact on the fair value of financial instruments.

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

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

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

(10) Revenue recognition.

(11) Determination of the scope of consolidation.

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

4.2 Statement on compliance with the Accounting Standards for Business Enterprises

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

4.3 Accounting period

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

4.4 Operating cycle

The Company's operating cycle is 12 months.

4.5 Functional currency

The Company adopts RMB as its functional currency.

4.6 Accounting treatment methods for business combinations under common control

and not under common control

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

- (1) These transactions are concluded at the same time or under the condition of considering each other's influence;
- (2) These transactions as a whole can achieve a complete business result;
- (3) The occurrence of one transaction depends on the occurrence of at least one other transaction;
- (4) A transaction is uneconomical when viewed alone, but it is economical when considered together with other transactions.

4.6.2 Business combination under common control

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

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

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

4.6.3 Business combination not under common control

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

- (1) the business combination contract or agreement has been approved by the internal authority of the company.
- (2) If the merger of enterprises needs to be examined and approved by the relevant competent department of the state, it has been approved.
- (3) The necessary formalities for transferring property rights have been handled.
- (4) The Company has paid most of the consolidated price, and has the ability and plan to pay the remaining amount.

(5) The Company has actually controlled the financial and business policies of the purchased party, and enjoyed corresponding benefits and assumed corresponding risks.

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

The Company recognizes the difference of the combination costs in excess of the fair value of the identifiable net assets acquired from the acquiree as goodwill. The Company includes the difference of the combination costs in short of the fair value of the identifiable net assets acquired from the acquiree in the current profit or loss.

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

4.6.4 The related fees incurred for combination

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

4.7 Preparation method of consolidated financial statements

4.7.1 Scope of consolidation

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

4.7.2 Procedures for consolidation

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

All the subsidiaries within the scope of consolidation for the consolidated financial statements adopt the same accounting policies and accounting periods as those of the Company. If the accounting policies or accounting periods of a subsidiary are different from those of the Company, the consolidated financial statements of the subsidiary, upon preparation, will be adjusted according to the accounting policies and accounting periods of the Company.

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

as the accounting subject, the transaction is adjusted from the perspective of enterprise group.

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

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

(1) Increase of subsidiaries or business

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

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

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

Where the Company can control the investee not under common control for additional investments, it shall re-measure equity of the acquiree held before the acquisition date at the fair value of such equity on the acquisition date and include the difference between the fair value and book value in the current investment income. Where equity of the acquiree held before the acquisition date involves in other comprehensive income accounted for under equity method and other changes in owners' equity other than net profit or loss, other comprehensive income and profit distribution, the relevant other comprehensive income and other changes in owners' equity shall be transferred to the investment income in the year which the acquisition

date falls in, except for other comprehensive income from changes arising from re-measurement of net liabilities or net assets of defined benefit plan by the investee.

(2) Disposal of subsidiaries or business

① General treatment methods

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

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

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

② Disposal of subsidiaries by stages

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

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

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

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

(3)Purchase of minority equity of subsidiaries

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

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

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

4.8 Classification and accounting treatment of joint venture arrangements

4.8.1 Classification of joint venture arrangements

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

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

4.8.2 Accounting treatment of joint venture arrangements

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

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

4.9 Recognition criteria of cash and cash equivalents

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

4.10 Foreign currency transactions and translation of foreign currency statements

4.10.1 Foreign currency transaction

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

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

4.10.2 Translation of foreign currency statements

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

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

4.11 Financial instruments

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

4.11.1 Classification of financial instruments

According to the business model of financial assets and contractual cash flow characteristics of the same, which are subject to the management of the Company, financial assets are classified at the initial recognition as: financial assets measured at the amortized cost, financial assets (debt instruments) measured at fair value through the other comprehensive income and financial assets measured at fair value through the current profit or loss.

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

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

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

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

- 1) This designation can eliminate or significantly reduce the accounting mismatch.
- 2) According to the enterprise risk management or investment strategies specified in formal written documents, the management and performance evaluation of financial liability portfolios or portfolios of financial assets and financial liabilities is carried out based on fair value, and the report to key officer in the enterprise has been made based on such management and performance evaluation.
- 3) The financial liabilities contain the embedded derivative which needs to be separated.

4.11.2 Recognition basis and measurement method of financial instruments

(1) Financial assets measured at amortized cost

Financial assets measured at amortized cost include notes receivable and accounts

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(6)Financial liabilities measured at the amortized cost

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

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

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

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

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

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

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

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

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

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

4.11.4 Derecognition criteria of financial liabilities

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

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

Where financial liabilities are derecognized is whole or in part, the difference between the book value of the financial liabilities derecognized and the consideration paid (including

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

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

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

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

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

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

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

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

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

4.12 Accounts receivable

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

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

For receivables in other categories, the Company makes assessment on whether the credit

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risk in receivables has had significant increase after the initial recognition on each balance sheet date, in case the default probability of any receivables during the estimated duration, determined on the balance sheet date is significantly higher than that determined at initial recognition, it shows that credit risk in the receivables has had significant increase. If the credit risk does not significantly increase after the initial recognition, standing at the first level, the Company will measure the loss provision based on the amount of expected credit loss within the future 12 months; if the credit risk has significantly increased after the initial recognition without any credit impairment, standing at the second level, the Company will measure the loss provision based on the amount equivalent to the expected credit loss over the whole duration; where any financial instrument has credit impairment after the initial recognition, standing at the third level, the Company will measure the loss provision based on the expected credit loss over the whole during.

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

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

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

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

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

4.13. Other receivables

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

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

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

4.14 Loans and advances to customers

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

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

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

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

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

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

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

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

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

sale price and repurchase price is recognized in the agreement period under the effective interest method and included in the item of interest expenses.

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

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

4.16 Inventories

4.16.1 Classification of inventories

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

4.16.2 Measurement method of dispatched inventories

The inventories are measured at weighted average method when dispatched.

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

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

At the end of the period, the provision for inventory depreciation reserve is made on an individual basis. For inventories with large quantity and low unit price, the provision for inventory depreciation is made on a category basis. For inventories related to the product portfolios manufactured and sold in the same area, and of which the final usage or purpose is identical or similar thereto, and which is difficult to separate from other items for measurement purposes, the provision for inventory depreciation shall be made on a portfolio basis.

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

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

4.16.4 Inventory system

The perpetual inventory system is adopted.

4.16.5 Amortization method of low-cost consumables and packing materials

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

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

4.17 Contract assets

4.17.1 Recognition method and criteria for contract assets

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

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

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

4.18 Held for sale

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

(1)According to the general practice for selling such kind of asset or disposed asset portfolio in the similar transaction, the asset or portfolio can be immediately sold in the prevailing circumstance;

(2)The sale of the asset or portfolio is very likely to happen, which means that the Company has made a resolution for one selling plan and had acquired decided purchase commitment, and it is estimated that the sale will be completed within one year. Where the sale can be done only upon the approval of relevant authorities or regulatory authorities of the Company as required by relevant provisions, the approval has been obtained.

4.19 Long-term equity investment

4.19.1 Judgment criteria for common control and significant influence

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

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

4.19.2 Determination of initial investment cost

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

Business combination under common control: if the Company pays a consideration to the combinee in cash, by transferring non-cash assets or by assuming debts and issuing equity securities, the share of book value of its owners' equity in the combinee in the consolidated financial statements of the ultimate controller shall be recognized, on the combination date, as the initial cost of the long-term equity investment. If the Company can exercise control over the investee under common control as a result of additional investment or other reasons, the share of book value of its net asset of the combinee in the consolidated financial statements of the ultimate controller shall be recognized, on the combination date, as the initial cost of the long-term equity investment. The stock premium should be adjusted at the difference between the initial investment cost of long-term equity investments on the combination date and the sum of the book value of long-term equity investments before the combination and the book value of consideration newly paid for additional shares; if there is no sufficient stock premium to be written down, the retained earnings are adjusted.

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

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

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

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

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

out and relevant taxes and surcharges payable should be recognized as the initial cost of the long-term equity investment.

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

4.19.3 Subsequent measurement and recognition of profit or loss

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

Long-term equity investments of the Company in subsidiaries are calculated under the cost method. Except for the actual price paid for acquisition of investment or the cash dividends or profits contained in the consideration which have been declared but not yet distributed, the Company recognizes the investment income in the current period at the cash dividends or profits declared by the investee.

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

The Company's long-term equity investments in its associates and joint ventures are calculated under the equity method. If the cost of initial investment is in excess of the proportion of the fair value of the net identifiable assets in the investee when the investment is made, the difference will not be adjusted to the initial cost of long-term equity investment; if the cost of initial investment is in short of the proportion of the fair value of the net identifiable assets in the investee when the investment is made, the difference will be included in the current profit or loss.

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

When recognizing the attributable shares of net profit or loss of the investee, the Company shall, based on the fair value of identifiable net asset of the investee when it obtains the investment, recognize its attributable share of the net profit or loss of the investee after the adjustment according to the Company's accounting policy and accounting period. During the holding investment period, where an investee prepares consolidated financial statements, the amount lies in the net profit, other comprehensive income and changes in other owners' equity of the consolidated financial statements which belongs to the investee shall be taken 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 4.6 Accounting treatment of business combinations under common control and not under common control" and "Note 4.7 Preparation of consolidated financial statements".

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

(3) Disposal of long-term equity investments

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

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

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

In the event of the loss of control over the investee due to the decrease of the Company's shareholding ratio for the partial disposal of equity investment, capital increase by other investors in the subsidiaries or for other reasons, in the preparation of the individual financial statements, the equity method will be applied for accounting purpose if the remaining shares

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are under the common control or significant influence of the investee; otherwise, the related provisions on financial instruments recognition and measurement standards will be applied for the accounting treatments and, the difference between the fair value and book value on the control loss date will be included in current profit or loss.

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

4.20 Investment properties

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

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

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

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

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

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

When an investment property is being disposed or permanently withdrawn from use and no future economic benefits are expected from the disposal, the investment property shall be derecognized. When an investment property is sold, transferred, retired or damaged, the

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Company shall recognize the difference of any proceeds on disposal, net of its book value and related taxes and surcharges, in the current profit or loss.

4.21 Fixed assets

4.21.1 Recognition criteria of fixed assets

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

(1) It is probable that the economic benefits relating to the fixed assets will flow into the Company; and

(2) The costs of the fixed assets can be measured reliably.

4.21.2 Depreciation method

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

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

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

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

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

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

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

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

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

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

4.22 Categories of construction in progress

The initial book values of the fixed assets are stated at necessary expenditures incurred before construction in progress reaching the serviceable condition for its intended use. For construction in progress that has reached working condition for intended use but for which the completion of settlement has not been handled, it shall be transferred into fixed assets at the estimated value according to the project budget, construction price or actual cost, etc. as of the date when it reaches the working condition for intended use, and the fixed assets shall be depreciated in accordance with the Company's policy for fixed assets depreciation; adjustment shall be made to the estimated value based on the actual cost after the completion of settlement is handled, but depreciation already provided for will not be adjusted.

4.23 Borrowing costs

4.23.1 Recognition criteria of capitalization of borrowing costs

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

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

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

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

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

(2) Borrowing costs have already been incurred; and

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

4.23.2 Capitalization period for borrowing costs

Capitalization period refers to the period from the commencement of capitalization of borrowing costs to its cessation, excluding the period of capitalization suspension of borrowing costs.

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

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

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

4.23.3 Suspension of capitalization

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

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

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

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

4.24 Intangible assets

4.24.1 The initially measurement method of intangible assets

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

For intangible assets obtained through debt restructuring that are used by debtors for offsetting debts, its book value is determined by the fair value of the abandoned creditor's right and the taxes directly attributable to the assets reaching intended use, and the difference between the fair value of the abandoned creditor's right and the book value is included into the current profit or loss.

On the premise that non-monetary assets trade is of commercial nature and the fair value of the assets traded in and out can be measured reliably, the intangible assets traded in with non-monetary assets should be recognized at the fair value of the assets traded out, unless any unambiguous evidence indicates that the fair value of the assets traded in is more reliable; as to the non-monetary assets trade not meeting the aforesaid premise, the book value of the assets traded out and related taxes and surcharges payable should be recognized as the cost of the

intangible assets, with profits or losses not recognized.

The intangible assets acquired by the enterprise under the same control are determined based on the book value of the merged party; the intangible assets acquired by the enterprises under the same control are determined at fair value.

Intangible assets developed by the company itself, whose costs include: materials used in the development of the intangible assets, labor costs, registration fees, amortization of other patents and concessions used in the development process, and interest charges to meet capitalization conditions, and other direct costs incurred to bring the intangible asset to its intended use.

4.24.2 Subsequent measurements

The useful lives of the intangible assets are analyzed and determined on their acquisition. For intangible assets with definite useful lives, the straight-line amortization method is adopted in the period when such intangible assets bring economic benefit to the enterprise; if such period cannot be forecasted, the intangible assets will be deemed as intangible assets with indefinite useful lives and will not be amortized.

4.24.3 Specific criteria for classifying research and development stages

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

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

4.24.4 Criteria for capitalization of qualifying expenditures during the development stage

Expenditures arising from development stage are determined as intangible assets when the following conditions are simultaneously satisfied:

- (1) It is technically feasible to finish intangible assets for use or sale;
- (2) The management has the intention to finish and use or sell the intangible assets;
- (3) The method that the intangible assets generate economic benefits, including the existence of a market for products produced by the intangible assets or for the intangible assets themselves, shall be proved. Or, if to be used internally, the usefulness of the assets shall be proved;
- (4) With the support of sufficient technologies, financial resources and other resources, it is able to finish the development of the intangible assets, and it is able to use or sell the intangible assets; and
- (5) The expenditures attributable to the intangible assets during their development stage can be reliably measured.

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

4.25 Impairment of long-term assets

The Company will conduct the impairment test if the evidence shows that the long-term assets, such as the long-term equity investment, investment properties measured with the cost model, fixed assets, construction in progress, right-of-use asset and intangible assets with definite useful lives, are impaired on the balance sheet date. If the result of the impairment test shows that the recoverable amount of the asset is lower than its book value, the provision for impairment shall be made and included in impairment loss. The recoverable amounts of intangible assets are the higher of their fair values less costs to sell and the present values of the future cash flows expected to be derived from the assets. Provision for assets impairment is made on individual asset basis. If it is difficult to estimate the recoverable amount of the individual asset, the Company shall estimate the recoverable amount of the asset group that the

individual asset belongs to. The asset group is the minimum asset group that can independently generate the cash inflow. Impairment tests for goodwill, intangible assets with uncertain useful lives and intangible assets not reaching serviceable condition shall be conducted every year.

The Company conducts an impairment test for the goodwill. The book value of goodwill arising from business combinations is amortized to relevant asset groups with a reasonable method since the date of acquisition; or amortized to relevant combinations of asset groups if it is difficult to be amortized to relevant asset groups. The Company allocates the book value of goodwill based on the relative benefits that the relevant asset group or combination of asset groups can obtain from the synergies of the business combination, and conducts a goodwill impairment test on this basis.

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

4.26 Contract liabilities

The Company presents contract assets or contract liabilities in the balance sheet based on the relationship between its performance of fulfillment obligations and customer payments. The obligation of transferring goods or providing services to customers for the consideration received or receivable from customers shall be presented as contract liabilities. The contract assets and contract liabilities under the same contract are presented by their net amount.

4.27 Long-term deferred expenses

Long-term deferred expenses refer to various expenses which have been already incurred but will be borne in the reporting period and in the future with an amortization period of over one year. Long-term deferred expenses are evenly amortized over the benefit period.

For long-term deferred expenses are not beneficiary to the subsequent accounting periods, the amortized value of the projects that are not amortized yet is all included in the current profit and loss.

4.28 Employee compensation

4.28.1 Accounting treatment of short-term compensation

During the accounting period where employees serve the Company, the short-term remuneration actually incurred should be recognized as a liability and included in the current profit or loss or the asset-related cost.

The social insurance premiums and the housing provident fund paid by the Company for its employees, together with the labor union expenditures and employee education drew as required are used to calculate and determine the relevant employee compensation amount based on the prescribed accrual basis and accrual proportion during the accounting period in which the employees provide services to the Company.

The non-monetary benefits of employees that can be measured reliably are measured at fair value.

4.28.2 Accounting treatment of post-employment benefits

(1) Defined contribution plan

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

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

(2) Defined benefit plans

According to the formula determined based on expected cumulative unit method, the Company will set the period that the welfare obligations deriving from the defined benefit plan, which will be included in current profit or loss or assets-related cost.

A net liability or net asset in connection with the defined benefit plan is recognized at the present value of the obligation under the defined benefit plan less the deficit or surplus arising out of the fair value of the assets under the defined benefit plan. For a surplus of defined benefit plan, the Company shall measure net assets of such defined benefit plan by the lower one between the surplus of defined benefit plan and the upper limit of assets thereof. All obligations of the defined benefit plan, including the payments expected to be paid within 12 months after the end of the annual reporting period when the employees provide services, will be discounted at the market yield rate of national debt corresponding to the period and currencies of the obligations of the defined benefit plan and that of high-quality corporate bonds active on the market on the balance sheet date.

The service costs of the defined benefit plan and net interest on the net liabilities or net assets in respect of the defined benefit plan are included in the current profit or loss or assets-related costs; changes in the re-measurement of net liabilities or net assets under the defined benefit plans should be included in other comprehensive income and should not be reversed in subsequent accounting periods. When the original defined benefit plan terminates, the portion originally included in other comprehensive income will all be transferred to the undistributed profits. When the defined benefit plan is settled, the settlement gain or loss will be measured at the balance between the present value of the obligations of the defined benefit plan and the settlement price determined on the settlement date.

4.28.3 Accounting treatment of dismissal benefits

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

4.29 Estimated liabilities

4.29.1 Recognition criteria of estimated liabilities

The Company recognizes estimated liabilities when such obligations related to contingencies including litigation, debt guarantee, onerous contracts and restructuring matters

satisfy all the following conditions:

- Such obligation is a present obligation of the Company;
- The performance of this obligation may very probably lead to the flow of economic interests out of the Company;
- The amount of the obligation can be measured reliably.

4.29.2 Measurement method of estimated liabilities

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

When determining the best estimates, the Company comprehensively considers the risks, uncertainties, time value of money, and other factors relating to the contingencies. If the time value of money is significant, the best estimates will be determined after discount of relevant future cash outflows.

The best estimates shall be treated as follows in different circumstances:

If there is continuous range (or interval) for the necessary expenses, and probabilities of occurrence of all the outcomes within this range are equal, the best estimate should be determined at the average amount of upper and lower limits within the range.

If there is no continuous range (or interval) for the necessary expenses, or probabilities of occurrence of all the outcomes within this range are unequal despite such a range exists, in case that the contingency involves a single item, the best estimate should be determined at the most likely outcome; if the contingency involves two or more items, the best estimate should be determined according to all the possible outcomes with their relevant probabilities.

When all or part of the expenses necessary for the settlement of an estimated liability of the Company are expected to be compensated by a third party, the compensation shall be separately recognized as an asset only when it is virtually certain that the compensation will be received. The amount recognized for the compensation shall not exceed the book value of the estimated liability.

4.30 Share-based payment

The Company's share-based payments are transactions in which the Company grants equity instruments or undertakes equity-instrument-based liabilities in return for services from employees [or other parties]. The Company's share-based payments include equity-settled share-based payments and cash-settled share-based payments.

4.30.1 Equity-settled share-based payment and equity instruments

The equity-settled share-based payment in return for services from employees shall be measured at the fair value of the equity instruments granted to the employees. Where the Company makes share-based payments in restricted stocks and the employee makes capital contributions to subscribe such shares, such shares should not be circulated or transferred before they reach unlocked conditions and before they are unlocked; if the unlocked conditions specified in the final equity incentive plan fail to be reached, then the Company should repurchase the shares at the price agreed in advance. When the Company received the payment of the employee for the subscription of restricted stocks, it should recognize share capital and capital reserves (share premiums) in accordance with the payment for subscription received. The Company should fully recognize a liability at the repurchase obligations and recognize treasury stock at the same time. On each balance sheet date within the waiting period, the Company will, based on the newly-acquired subsequent information such as the changes in the number of the vested employees and whether the specified performance is reached, make the

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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.

4.30.2 Cash-settled share-based payment and equity instruments

A cash-settled share-based payment shall be measured in accordance with the fair value of liabilities calculated and confirmed based on shares or other equity instruments undertaken by the Company. The initial recognition is subject to the measurement at the fair value on the grant date and in consideration of the terms and conditions on granting equity instruments. Where cash-settled share-based payments are immediately exercised after the grant, they shall be included in the relevant cost or expenses based on the fair value on the grant date, and the liability shall be added accordingly; where the right can be exercised only when the services within the vesting period come to an end or until the prescribed performance conditions are met, the services received in the current period shall be included in the relevant cost or expenses based on the best estimate on vesting conditions during the vesting period at the fair value of the liability assumed, and the liability shall be added accordingly. The Company shall, on each balance sheet date and each settlement date prior to the settlement of the relevant liabilities, re-measure the fair values of the liabilities and include the changes in the current profit or loss.

4.31 Revenue

The Company fulfills its performance obligations in the contract, that is, it recognizes the revenue when the customer obtains control of the relevant assets (goods or services). Whether the performance obligation is performed within a certain period or at a certain time point depends on the terms of the contract and relevant legal provisions. If the Company meets one of the following conditions, it is deemed to have performed the performance obligations within a certain period:

1. The customer obtains and consumes the economic benefits brought by the performance of the Company while the company is performing the obligation.
2. Customers are able to control the assets under construction in the Company's

performance process.

3.The assets produced by the Company during the performance of the contract have irreplaceable uses, and the Company has the right to receive payments for the portion of the performance that has been completed to date.

If the performance obligation is fulfilled within a certain period, the Company recognizes the revenue according to the progress of the performance. Otherwise, the Company recognizes the revenue at a certain point in time when the customer obtains control of the relevant assets. The performance of the contract is measured by the expenditure or investment incurred by the Company in fulfilling its performance obligations. The progress is determined based on the proportion of the total costs incurred by each contract as of the balance sheet date to the estimated total costs.

When determining the price of a contract transaction, if there is a variable consideration, the Company determines the best estimate of the variable consideration according to the expected value or the most likely amount, and will include it in the transaction price that does not exceed the accumulatively recognized revenue that is highly unlikely to have a major reversal when the relevant uncertainty is eliminated. If there is a major financing component in the contract, the Company will adjust the transaction price according to the financing component in the contract; if the interval between the transfer of control rights and the payment of the customer's price is less than one year, the Company does not consider the financing component.

For sales with sales return clauses, when the customer obtains the control of the related goods, the Company recognizes revenues based on the consideration amount that it is entitled to due to the transfer of the goods to the customer, and confirms the returned amount due to sales return as estimated liabilities; At the same time, the balance after deducting the estimated cost of recovering the goods (including the impairment of the value of the returned commodity) according to the estimated book value of the returned goods at the time of transfer was recognized as an asset, that is, the receivable cost of the returned goods was carried forward to costs after deducting the net amount of the above-mentioned contract costs, according to the book value of the transferred commodity at the time of transfer. On each balance sheet date, the Company re-estimated future sales returns and remeasured the above assets and liabilities.

If there are significant financing costs in the contract, the Company determines the transaction price based on the assumed amount of cash to be paid when the customer obtains control of the goods. If the nominal amount of the contract consideration is discounted to the current sale price of the goods, the difference between determined transaction price and the amount of consideration promised in the contract was amortized by adopting the effective interest method during the contract period. For the interval between the estimated acquisition of the goods control right by the customer and the payment by the customer less than one year, the Company did not consider the significant financing component in the contract.

As the Company has the right to independently determine the price of the goods traded, that is, the Company can control such product before transferring the goods and other products to the customer, the company is the main responsible person, and the revenue would be recognized based on the total consideration received or receivable. Otherwise, the Company is an agent, and the revenue would be recognized according to the amount of commission or handling fee expected to be collected. Such amount should be recognized according to the net amount of the total consideration received or receivable deducting the payables to other related parties, or according to the established amount or proportion of the commission.

4.32 Contract costs

The contract costs are divided into contract performance costs and contract acquisition

costs.

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

- 1.The costs are directly related to a current or expected contract obtained.
- 2.The costs increase the resources of the Company to fulfill its performance obligations in the future.
- 3.The costs are expected to be recovered.

If the incremental cost incurred by the Company for obtaining the contract is expected to be recovered, the contract acquisition cost is recognized as an asset.

The assets related to contract costs are amortized on the same basis as revenue recognition for goods or services related to the asset; however, if the amortization period of contract acquisition costs does not exceed one year, the Company will include them in the current profit or loss when it occurs.

If the assets related to contract costs whose carrying amount is higher than the difference between the following two items, the Company will make provision for impairment for the excess part and recognize it as loss from asset impairment:

- 1.The remaining consideration expected to be obtained due to the transfer of goods or services related to the asset;
2. Estimate the costs that will occur in order to transfer the relevant goods or services.

If the above provision for asset impairment is reversed, the book value of the asset upon the reversal shall not exceed the book value of such assets on the reversal date under the assumption that no provision for impairment is made.

4.33 Government grants

4.33.1 Type

Government grants refer to the monetary or non-monetary assets obtained by the Company from the government for free. Government grants are divided into asset-related government grants and income-related government grants.

Asset-related government grants refer to government subsidies obtained by the Company for forming long-term assets by acquisition, construction or other manners. Income-related government grants refer to those other than asset-related government grants. Where government documents fail to clearly define grant objects, the Company will make a judgement according to the aforesaid principle.

4.33.2 Recognition time

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

4.33.3 Accounting treatment

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

The income-related government grants used to compensate for relevant costs or losses which will occur in the following period in the Company shall be recognized as the deferred income, and, during the period when relevant costs or losses are recognized, be included in the current profit or loss (where income-related government grants are relevant to routine activities of the Company, such grants shall be included in the other income; where income-related government grants are irrelevant to daily activities of the Company, such grants shall be included in the non-operating revenue) or used to offset relevant costs or losses; income-related government grants used to compensate for relevant costs or losses incurred in the Company shall be included in the current profit or loss (where income-related government grants are relevant to daily activities of the Company, such grants shall be included in the other income; where income-related government grants are irrelevant to daily activities of the Company, such grants shall be included in the non-operating revenue) or used to offset relevant costs or losses.

4.34 Deferred income tax assets and deferred income tax liabilities

Deferred income tax assets are recognized for deductible temporary differences to the extent that it shall not exceed the taxable income probably obtained in future period that can be used for deducting the deductible temporary differences. For deductible losses and tax credits that can be carried forward to subsequent periods, deferred income tax assets arising therefrom are recognized to the extent of the taxable income probably obtained in future period that can be used for deducting the deductible losses and tax credits.

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

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

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

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

4.35 Lease

Lease refers to a contract in which a lessor assigns the right to use an asset to a lessee within a certain period of time in order to obtain consideration. On the contract commencement date, the Company evaluates whether the contract is a lease or includes a lease. If a party to a contract transfers the right to control the use of one or more identified assets within a certain period in exchange for consideration, the contract shall be a lease or include a lease.

If the contract contains multiple individual leases, the lessee and the lessor will split the contract and make accounting treatment over each individual lease. If the contract contains both leased and non-leased parts, the lessee and lessor will split the leased and non-leased parts.

4.35.1 The Company as the lessee

(1) Right-of-use assets

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

- a. The initial measurement amount of lease liabilities;
- b. In case of any lease incentives, relevant amount of the lease incentives enjoyed shall be deducted from the lease payment paid on or before the commencement date of the lease term;
- c. The initial direct costs incurred of the Company;
- d. The costs incurred of the Company for demolishing and removing leased assets, restoring the site where the leased assets are located, or restoring the leased assets to the state agreed in the lease terms. The Company recognizes and measures the cost in accordance with the recognition standards and measurement methods described in Note 5.42 Estimated Liabilities. Such cost is included in inventory costs incurred for the production of inventory.

The Company adopts the straight-line-method to make the provision for the depreciation of the right-of-use assets. If there is a reasonable assurance that the ownership of leased assets can be acquired when the lease period expires, the depreciation of the right-of-use assets will be made within the remaining useful life of such lease assets. If there is no reasonable assurance that the ownership of the leased assets can be acquired when the lease period expires, the depreciation of such leased assets is made within the shorter one between the lease period and the remaining useful life of the leased assets.

(2) Lease liabilities

As at the beginning of the lease period, the Company recognizes the leases other than short-term leases and leases of low-value assets as lease liabilities. Lease liabilities are initially measured at the present value of the lease payments that have not been paid. Lease payments include:

- a. For fixed payments (including substantial fixed payments), if there is any lease incentive, the relevant amount of the lease incentive shall be deducted;
- b. Variable lease payments depending on the index or ratio;
- c. The payments expected to be payable based on the residual value of the guarantee provided by the Company;
- d. Exercise price of purchase option, provided that the Company reasonably determines that it will exercise the option;
- e. The amount to be paid to exercise the lease termination option, provided that it is reflected that the Company will exercise the lease termination option during the lease period;

The Company adopts the implicit rate of lease as the discount rate, but if the implicit rate of lease cannot be reasonably determined, the incremental borrowing rate will be adopted as the discount rate.

The Company calculates the interest expenses of lease liabilities in each lease term based on a fixed periodic interest rate, and includes such expenses into the current profit or loss or the cost of related assets.

The variable lease payments not included in the measurement of lease liabilities shall be included in the current profit or loss or the costs of related assets when they actually occur.

After the commencement date of the lease period, the Company will re-measure the lease liabilities based on the present value of the lease payments after changes:

- a. Any change in the estimated payable amount based on the residual value of the guarantee;
- b. Any change in the index or ratio used to determine lease payments;
- c. Any change in the evaluation results of the purchase option, lease renewal option or lease termination option, or any inconsistency between the actual exercise of the lease renewal option or lease termination option and the original evaluation results.

When the lease liabilities are remeasured, the Company will adjust the book value of the right-of-use assets accordingly. If the book value of the right-of-use assets has been reduced to zero and further reduction of lease liabilities is still required, the Company will include the remaining amount in the current profit or loss.

(3) Short-term lease and lease of low-value assets

The Company chooses not to recognize right-of-use assets and lease liabilities for short-term leases and leases of low-value assets, and the relevant lease payments are included in the current profit or loss or the cost of related assets by straight-line method over each period within the lease term. Short-term leases refer to leases that do not exceed 12 months on the commencement date of the lease period and do not include any purchase option. Low-value asset lease refers to the lease of a single lease asset with lower value when it is brand new. For the lease asset subleased by the Company subleases or expected to be subleased, the original lease is not a lease of low-value assets.

(4) Lease changes

If the lease changes and the following conditions are met at the same time, the Company will carry out accounting treatment over the lease change as a separate lease:

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

b. Where the increase of the consideration is equivalent to the adjusted individual price of the expanded part of the lease scope according to the contract.

Where the lease change is not accounted for as a separate lease, on the effective date of the lease change, the Company will re-distribute the consideration of the contract after the change, re-determine the lease period, and re-measure lease liabilities according to the present value calculated by the changed lease payments and the revised discount rate.

4.35.2 The Company as the lessor

Leases of the Company are classified as financing lease and operating lease on the lease commence date. Lease under which almost all the risks and rewards relevant to the ownership of leased assets are materially transferred is recognized as financing lease, regardless of whether the ownership is ultimately transferred. Operating lease refers to the leases other than financing lease. When the Company is a sub-lessor, it classifies the sub-leases based on the right-of-use assets generated by the original lease.

(1) Accounting treatment of operating leases

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

(2) Accounting treatment of finance lease

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

The Company calculates and recognizes the interest expenses in each lease term based on a fixed periodic interest rate. The derecognition and impairment of finance lease receivables shall be accounted for in accordance with "4.11 Financial instruments" herein. The variable lease payable that is not included in the net lease investment for measurement shall be included

in the current profit or loss at the time of actual occurrence.

4.35.3 Sale-and-lease back deals

The Company evaluates and determines whether the transfer of assets in the sale-and-leaseback transaction is a sale in accordance with the principles described in “4.31 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 “3.11 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 “4.11 financial instruments” for the accounting treatment for financial assets.

4.36 Discontinued operations

Discontinued operations refer to the component that meets any of the following conditions, can be separately distinguished and has been disposed by the Company or classified as held for sale by the Company:

- (1)The component represents an independent major business or a sole major business area;
- (2)The component is a part of a related plan on intended disposal of an independent major business or a sole major business area; or
- (3)The component is a subsidiary acquired only for re-sale.

Operational gains and losses such as impairment losses and reversal amounts and disposal gains and losses from discontinued operations are listed in the income statement as discontinued operation gains and losses.

4.37 Segment reporting

The Company determines operating segments based on internal organization structure, management requirements and internal reporting system, determines reporting segments based on operating segments, and disclose the information of the segments.

An operating segment is a constituent part meeting the following conditions within the Company:

- (1)The constituent part can generate income and expenses in routine activities;
- (2)The Company's management is able to regularly evaluate the operating results of this constituent part so as to determine the resources allocation and assess its performance;
- (3)The Company is able to obtain the financial position, operating results, cash flows and other relevant accounting information of this constituent part.

If two or more operating segments have similar economic characteristics, and have met a certain condition, they will be merged into one operating segment.

4.38 Safety production expenses

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Based on annual actual operating revenue of machinery manufacturing enterprises in the Company in the last year, the safety production expenses shall be evenly withdrawn month by month through the excess regressive method and based on the following standards, and specially used for perfecting and improving the safety production conditions of the enterprises or projects.

- (1) 2% of business revenue which is no more than RMB 10 million;
- (2) 1% of business revenue which exceeds RMB 10 million and is no more than RMB 100 million;
- (3) 0.2% of business revenue which exceeds RMB 100 million and is no more than RMB 1 billion; and
- (4) 0.1% of business revenue which exceeds RMB 1 billion and is no more than RMB 5 billion; and
- (5) 0.05% of business revenue which exceeds RMB 5 billion.

For the machinery manufacturing enterprises which are newly built and have been put into production for less than one year, the expenses of safety production shall be withdrawn on a monthly basis based on the actual operating revenue of the current year.

Safety production costs withdrawn are included in the current profit or loss and included in the item of "special reserves" at the same time, and separately listed in the item of "owner's equity". When withdrawn safe production costs are used within the prescribed range and belong to expenses, such costs shall be directly deducted from special reserves. Where fixed assets form, incurred expenses are accumulated under the item "construction in progress" and are recognized as fixed assets when the safe project is completed and reaches the working conditions for its intended; meanwhile, special reserves shall be offset according to the costs of fixed assets and the accumulated depreciation of the same amount shall be recognized. The balance of specific reserves withdrawn should be directly included in the current profit or loss.

4.39 Changes in significant accounting policies and accounting estimates

4.39.1 Changes in significant accounting policies

The Company has no changes in significant accounting policies in 2021.

4.39.2 Changes in significant accounting estimates

According to Article 12 of "Accounting Standards for Business Enterprises No. 13 - Contingencies": An enterprise shall review the book value of estimated liabilities on the balance sheet date. If there is conclusive evidence that the book value cannot truly reflect the current best estimate, the book value shall be adjusted according to the current best estimate.

The company reviewed the accrual ratio of the hydrogen fuel cell quality guarantee fee. In view of the changes in the hydrogen fuel cell quality assurance situation, in order to more objectively and truly reflect the hydrogen energy business situation and provide more reliable accounting information, the hydrogen energy product quality assurance fee needs to be changed.

The board of directors agrees that starting from October 1, 2021, the proportion of quality assurance fees for hydrogen fuel cells based on the quality assurance period is: 0 years < quality assurance period ≤ 1 year, and the accrual rate is 1%; 1 year < quality assurance period ≤ 5 Years, the accrual rate is 5%; 5 years < warranty period ≤ 8 years, the accrual rate is 8%.

After auditing, this accounting estimate change will increase the company's 2021 sales expenses by 865,400 yuan and reduce the company's 2021 net profit by 865,400 yuan.

5、Taxation

5.1 Main tax types and tax rates

Tax Type	Tax basis	Tax rate	note
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Tax Type	Tax basis	Tax rate	note
Value-added tax ("VAT")	Value-added tax payable shall be the difference obtained by the output taxes calculated on the basis of the revenue from the sale of goods and taxable services calculated by tax laws less the input taxes allowed to be deducted for the current period	3%、5%、6%、9%、11%、13%、16%、17%、18%	East India Company 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 business tax, VAT and consumption tax paid	5%、7%	
Enterprise income tax	Levied based on the taxable income	2.5%、10%、15%、22%、25%、34%	
Property tax	The property for personal use shall be levied based on 70% of the original value and the leased property shall be levied based on income	1.2%、12%	

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

Taxpayer name	Income tax rate (%)
Dongfang Electric Corporation Limited	15.00
Dongfang (Guangzhou) Heavy Machinery Co., Ltd.	15.00
DongFang Boiler (Group) Co.,Ltd.	15.00
Chengdu Dongfang Kwh Environmental Protection Catalysts Co., Ltd.	15.00
Dongfang Turbine Co., Ltd.	15.00
Deyang Dongfang Aberle Sysrem Corporation Limited	15.00
Dongfang Electric Machinery Company Limited	15.00
Tianjin Dongqi Wind Turbine Blade Engineering Co., Ltd.	15.00
Dongfang Electric Auto Control Engineering Co., Ltd.	15.00
DongfangBoiler Control Co., Ltd.	15.00
Dongfang Hitachi (Chengdu) Electric Control Equipment Co., Ltd.	15.00
Dongfang Zhongneng	2.50、10.00
Dongfang Electric (Chengdu) Hydrogen Fuel Cell Technology Co., Ltd.	15.00
Science and Technology Institute Co., Ltd. of Dongfang Electric Corporation	15.00
Dongfang Electric Indonesia Company	22.00
Dongfang Electric Venezuela Co., Ltd.	34.00
NamMang1 Power Company Limited (注 1)	0.00
Other companies within the scope of consolidation of the Company	25.00

Note 1: According to *the Franchise Agreement* signed by NamMang1 Power Company Limited and the Laos Government on January 9, 2013, the enterprise income tax rate applicable to NamMang1 Power Company Limited is 0.00%.

5.2 Tax preference

1.The company

According to Article 1 of the "Announcement on Continuing the Enterprise Income Tax Policy for the Great Western Development" (Announcement No. 23 [2020] of the Ministry of Finance, State Administration of Taxation, National Development and Reform Commission), from January 1, 2021 to December 31, 2030, the Enterprises in encouraged industries located in the western region will be levied corporate income tax at a reduced rate of 15%. 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% of the total enterprise income. The company complies with the preferential conditions and implements the preferential tax rate at 15.00%.

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

On December 2, 2019, it was qualified as a hi-tech enterprise with a 3-year certificate of No. GR201944003468. According to the preferential tax policies for hi-tech enterprises as stated in Law of the people's Republic of China on Enterprise Income Tax, its applicable enterprise income tax rate in 2020 is 15.00%.

3.DongFang Boiler (Group) Co.,Ltd.

(1) DongFang Boiler (Group) Co.,Ltd.

On December 4, 2017, it was qualified as a hi-tech enterprise with a 3-year certificate of No. GR201751000961. According to the preferential tax policies for hi-tech enterprises as stated in Law of the people's Republic of China on Enterprise Income Tax, its applicable enterprise income tax rate in 2020 is 15.00%.

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

On December 3, 2018, after approved by the Science and Technology Department of Sichuan Province, Sichuan Provincial Finance Department, Sichuan Provincial Tax Services, STA. and the Local Taxation Bureau of Sichuan Province, it was qualified as a hi-tech enterprise with a 3-year certificate of No. GR201851001669, and can apply the enterprise income tax rate of 15.00% in 2020.

4.Dongfang Turbine Co., Ltd.

On September 14, 2018, after approved by the Science and Technology Department of Sichuan Province, Sichuan Provincial Finance Department, Sichuan Provincial Tax Services, STA. and the Local Taxation Bureau of Sichuan Province, it was qualified as a hi-tech enterprise with a 3-year certificate of No. GR201851000343. According to the preferential tax policies for hi-tech enterprises as stated in *Law of the people's Republic of China on Enterprise Income Tax*, its applicable enterprise income tax rate in 2020 is 15.00%.

5.Dongfang Electric Machinery Company Limited

On December 3, 2018, it was qualified as a hi-tech enterprise with a 3-year certificate of No. GR201851001296. According to the preferential tax policies for hi-tech enterprises as stated in *Law of the people's Republic of China on Enterprise Income Tax*, its applicable enterprise income tax rate in 2020 is 15.00%.

6.Dongfang Electric Wind Power Co., Ltd.

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(1) Dongfang Electric Wind Power Co., Ltd.

On November 28, 2019, Dongfang Electric Wind Power Co., Ltd. acquired the 3-year High-tech Enterprise Certificate of No. GR201951001691, jointly issued by the Science and Technology Department of Sichuan Province, Sichuan Provincial Finance Department, and Sichuan Provincial Tax Services, STA. According to the preferential tax policies for hi-tech enterprises as stated in *Law of the people's Republic of China on Enterprise Income Tax*, its applicable enterprise income tax rate in 2020 is 15.00%.

(2) Tianjin Dongqi Wind Turbine Blade Engineering Co., Ltd.

On December 9, 2016, Tianjin Dongqi Wind Turbine Blade Engineering Co., Ltd. acquired the 3-year High-tech Enterprise Certificate of No. GR201612000990, jointly issued by Tianjin Science and Technology Commission, Tianjin Finance Bureau, Tianjin Tax Services, STA., and Tianjin Municipal Local Taxation Bureau. After expiration of the certificate, Tianjin Dongqi Wind Turbine Blade Engineering Co., Ltd. has gone through the application and filling procedures and received a renewed certificate of No. GR201912001714. According to the preferential tax policies for hi-tech enterprises as stated in *Law of the people's Republic of China on Enterprise Income Tax*, its applicable enterprise income tax rate in 2020 is 15.00%.

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

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

On September, 2020, it was qualified as a hi-tech enterprise with a 3-year certificate of No. GR202051000158. According to the preferential tax policies for hi-tech enterprises as stated in *Law of the people's Republic of China on Enterprise Income Tax*, its applicable enterprise income tax rate in 2019 is 15%. Dongfang Electric Auto Control Engineering Co., Ltd. and its subsidiaries have obtained the *Computer Software Copyright Registration Certificate* issued by the National Copyright Administration of the People's Republic of China. According to the relevant provisions of the *Circular on Value-added Tax Policy on Software Products* (CS [2011] No. 100) issued by the Ministry of Finance and the State Administration of Taxation, Dongfang Electric Auto Control Engineering Co., Ltd. and its subsidiaries can enjoy the preferential policy on VAT collection and refund for the part of actual tax burden on sales of self-developed and produced software products that exceeds 3%.

(2) Eastern Boiler Control Co., Ltd.

On October 23, 2021, it was qualified as a hi-tech enterprise with a 3-year certificate of No. GR202144201111. According the preferential tax policies for hi-tech enterprises as stated in *Law of the people's Republic of China on Enterprise Income Tax*, its applicable enterprise income tax rate in 2021 is 15.00%.

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

In December 2018, it acquired the hi-tech enterprise certificate of No. GR201851000689, with a valid term of 3 years. According the preferential tax policies for hi-tech enterprises as stated in *Law of the People's Republic of China on Enterprise Income Tax*, its applicable enterprise income tax rate in 2020 is 15.00%.

(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 Zhong 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

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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 12.5%, and the taxable amount is calculated according to the 20% tax rate (The actual tax rate is 2.5%); 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% (the effective tax rate is 10%).).

8.Dongfang Electric (Chengdu) Hydrogen Fuel Cell Technology Co., Ltd.

In October 2019, it acquired the hi-tech enterprise certificate of No. GR201951000324, with a valid term of 3 years. According the preferential tax policies for hi-tech enterprises as stated in *Law of the People's Republic of China on Enterprise Income Tax*, its applicable enterprise income tax rate in 2021 is 15.00%.

9.Science and Technology Institute Co., Ltd. of Dongfang Electric Corporation

In October 2021, it acquired the hi-tech enterprise certificate of No. GR202151000662, with a valid term of 3 years. According the preferential tax policies for hi-tech enterprises as stated in *Law of the People's Republic of China on Enterprise Income Tax*, its applicable enterprise income tax rate in 2021 is 15.00%.

10.Dongfang Electric Indonesia Company

According to the Indonesian local tax law, the tax rate for resident enterprises and permanent establishments in 2021 is 22%, and the applicable corporate income tax rate for this year is 22.00%.

6、Notes to the items of the consolidated financial statements

(In addition to the special note, the unit of amount is CNY,Opening balance is January 1,2021)

6.1 Monetary funds

Items	Closing balance	Opening balance
Cash on hand	1,321,721.01	1,614,031.10
Bank deposits	18,160,589,159.40	26,363,886,696.70
Other monetary funds	559,963,553.74	320,731,512.80
Interest receivable not yet due		
Total	18,721,874,434.15	26,686,232,240.60
Including:total amount of deposit abroad	185,098,996.3	191,857,447.94

Note: The item of "Bank deposits" includes the deposits in central bank and the deposits in banks and other financial institutions.

Monetary funds restricted for use due to mortgage, pledge or freezing, or placed overseas with restrictions on fund repatriation are as follows:

Items	Closing balance	Opening balance
Bank deposit reserves	2,197,006,256.43	2,215,224,551.18
L/G deposit	79,282,739.69	113,211,173.73
Performance bond	9,535,564.36	832,299.87
Court freeze		40,777,148.92
Bank acceptance deposit	111,972,276.23	38,437,559.46

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Items	Closing balance	Opening balance
Total	2,397,796,836.71	2,408,482,733.16

6.2 Loans to banks and other financial institutions

Items	Closing balance	Opening balance
Loans to other banks		
Including: loans to domestic banks		
Loans to non-bank financial institutions	2,331,536,400.00	
Including: loans to domestic non-bank financial institutions	2,331,536,400.00	
Sub-total	2,331,536,400.00	
Less: provision for losses on loans to banks and other financial institutions		
Book value of loans to banks and other financial institutions	2,331,536,400.00	

6.3 Financial assets held for trading

Items	Closing balance	Opening balance
Financial assets measured at fair value through the current profit or loss	1,466,444,004.12	1,292,860,471.15
Debt instrument investments	349,230,660.00	177,416,452.50
Equity instrument investments	89,074,453.40	439,464,085.68
Others	1,028,138,890.72	675,979,932.97
Total	1,466,444,004.12	1,292,860,471.15

Notes to Financial assets held for trading:

- As at January 1, 2021, the item of "Others" amounting to funds of RMB675,979,932.97.
- As at December 31, 2021, the item of "Others" amounting to funds of RMB 1,028,138,890.72.

Financial assets held for trading are analyzed as follows:

Items	Closing balance	Opening balance
Listed financial assets		
China (except Hong Kong)	89,003,053.40	439,392,685.68
Sub-total	89,003,053.40	439,392,685.68
Non-listed financial assets	1,377,440,950.72	853,467,785.47
Total	1,466,444,004.12	1,292,860,471.15

Note:

1.The Company holds 1,447,000.00 shares of domestic listing RMB ordinary shares (A-share) without restricted circulation in China XD Electricity Co., Ltd., accounting for 0.0282% of the share capital of the investee;

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 17,103,154.00 shares of domestic listing RMB ordinary shares (A-share) without restricted circulation in Bank of Communications Co., Ltd., accounting for 0.0230% of the share capital of the investee;

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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 RMB 71,400.00 equity held by Great Wall West China Bank Co., Ltd. its determined based on the investment cost, the fair values of the rest investments on December 31, 2021 are calculated and determined based on the closing price of the securities market on December 31, 2021.

6.4 Notes receivable

6.4.1 Presentation of the notes receivable by category

Items	Closing balance	Opening balance
Bank acceptance bills	2,027,626,050.57	2,274,294,460.56
Commercial acceptance bills	967,001,481.84	1,506,942,679.38
Total	2,994,627,532.41	3,781,237,139.94

6.4.2 Classified listing of expected credit losses of notes receivable

Category	Closing balance				Book value
	Book balance		Provision for bad debts		
	Amount	Proportion (%)	Amount	Proportion of provision (%)	
Bank acceptance bills	2,028,204,953.47	65.91	578,902.90	0.03	2,027,626,050.57
Commercial acceptance bills	1,049,231,239.20	34.09	82,229,757.36	7.84	967,001,481.84
Total	3,077,436,192.67	100.00	82,808,660.26	2.69	2,994,627,532.41

(CONT'D) :

Category	Opening balance				Book value
	Book balance		Provision for bad debts		
	Amount	Proportion (%)	Amount	Proportion of provision (%)	
Bank acceptance bills	2,274,294,460.56	60.15			2,274,294,460.56
Commercial acceptance bills	1,506,942,679.38	39.85			1,506,942,679.38
Total	3,781,237,139.94	100.00			3,781,237,139.94

6.4.3 Notes receivable endorsed or discounted by the Company as at December 31, 2020 but not expired on the balance sheet date

Items	Amount derecognized as at December 31, 2021	Amount not derecognized as at December 31, 2021
Bank acceptance bills	1,929,112,557.96	275,837,550.00
Commercial acceptance bills	59,547,176.00	411,037,284.11
Total	1,988,659,733.96	686,874,834.11

6.4.4 Notes transferred to accounts receivable as at December 31, 2019 due to the drawer's failure of performing the contract

Items	Amount transferred to accounts receivable as at December 31, 2021
Bank acceptance bills	8,900,000.00

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Items	Amount transferred to accounts receivable as at December 31, 2021
Commercial acceptance bills	8,682,000.00
Total	17,582,000.00

6.5 Accounts receivable

6.5.1 Disclosure of accounts receivable by aging

Aging	Closing balance	Opening balance
Within 1 year	5,482,435,246.56	5,130,256,766.78
1 - 2 years	1,843,505,123.39	1,690,563,764.54
2 - 3 years	1,189,263,023.78	708,575,024.69
3 - 4 years	624,912,548.77	951,541,934.99
4 - 5 years	571,247,657.81	1,041,298,116.42
Over 5 years	3,171,917,400.95	2,893,968,554.92
Sub-total	12,883,281,001.26	12,416,204,162.34
Less: provision for bad debts	4,896,493,678.68	4,889,965,953.80
Total	7,986,787,322.58	7,526,238,208.54

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

Category	Closing balance				Book value
	Book balance		Provision for bad debts		
	Amount	Proportion (%)	Amount	Proportion of provision (%)	
Individual provision for bad debts	2,067,578,479.70	16.05	1,894,495,348.97	91.63	173,083,130.72
Provision for bad debts accrued on a portfolio basis	10,815,702,521.56	83.95	3,001,998,329.71	27.76	7,813,704,191.86
Including:					
Accounts receivable with provision for bad debts made by portfolios with credit risk characteristics	10,815,702,521.56	83.95	3,001,998,329.71	27.76	7,813,704,191.86
Total	12,883,281,001.26		4,896,493,678.68		7,986,787,322.58

(CONT'D) :

Category	Opening balance				Book value
	Book balance		Provision for bad debts		
	Amount	Proportion (%)	Amount	Proportion of provision (%)	
Individual provision for bad debts	1,960,917,041.99	15.79	1,906,603,620.79	97.23	54,313,421.20
Provision for bad debts accrued on a portfolio basis	10,455,287,120.35	84.21	2,983,362,333.01	28.53	7,471,924,787.34
Including:					
Accounts receivable with provision for bad debts made by portfolios with credit risk characteristics	10,455,287,120.35	84.21	2,983,362,333.01	28.53	7,471,924,787.34
Total	12,416,204,162.34	100.00	4,889,965,953.80		7,526,238,208.54

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6.5.3 Individual provision for bad debts

Name	Closing balance			Reason for provision
	Book balance	Provision for bad debts	Proportion of 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	151,253,553.53	28,345,866.83	18.74	Facing capital shortage, expected to be difficult to recover
Entity4	114,740,000.00	114,740,000.00	100.00	Facing capital shortage, expected to be difficult to recover
Entity5	81,342,300.00	81,342,300.00	100.00	Facing capital shortage, expected to be difficult to recover
Entity6	79,971,533.27	79,971,533.27	100.00	During bankruptcy liquidation proceedings
Entity7	73,684,278.55	73,684,278.55	100.00	During bankruptcy liquidation proceedings
Entity8	72,082,755.00	72,082,755.00	100.00	During bankruptcy liquidation proceedings
Entity9	71,266,000.00	64,139,400.00	90.00	Facing capital shortage, expected to be difficult to recover
Entity10	51,770,055.83	51,770,055.83	100.00	During bankruptcy liquidation proceedings
Entity11	51,469,460.00	51,469,460.00	100.00	During bankruptcy liquidation proceedings
Entity12	50,122,111.64	50,122,111.64	100.00	During bankruptcy liquidation proceedings
Entity13	47,255,000.00	42,529,500.00	90.00	Facing capital shortage, expected to be difficult to recover
Entity14	46,011,209.00	46,011,209.00	100.00	Facing capital shortage, expected to be difficult to recover
Entity15	45,935,160.00	41,341,644.00	90.00	Facing capital shortage, expected to be difficult to recover
Entity16	43,174,551.30	38,857,096.17	90.00	Facing capital shortage, expected to be difficult to recover
Entity17	39,578,000.00	35,620,200.00	90.00	Facing capital shortage, expected to be difficult to recover
Entity18	39,381,508.00	39,381,508.00	100.00	During bankruptcy liquidation proceedings
Entity19	35,776,640.50	35,776,640.50	100.00	Facing capital shortage, expected to be difficult to recover
Entity20	34,015,138.13	30,613,624.32	90.00	Facing capital shortage, expected to be difficult to recover
Entity21	33,640,000.00	30,276,000.00	90.00	Facing capital shortage, expected to be difficult to recover
Entity22	32,260,133.56	29,034,120.20	90.00	Facing capital shortage, expected to be difficult to recover
Entity23	29,195,000.00	29,195,000.00	100.00	Facing capital shortage, expected to be difficult to recover
Entity24	28,515,000.00	28,515,000.00	100.00	Facing capital shortage, expected to be difficult to recover
Entity25	27,632,480.00	24,869,232.00	90.00	Facing capital shortage, expected to be difficult to recover
Entity26	24,245,205.13	21,820,684.62	90.00	Facing capital shortage, expected to be difficult to recover
Entity27	21,818,776.83	19,636,899.15	90.00	Facing capital shortage, expected to be difficult to recover
Entity28	21,420,000.00	21,420,000.00	100.00	Facing capital shortage, expected to be difficult to recover

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Name	Closing balance			Reason for provision
	Book balance	Provision for bad debts	Proportion of provision (%)	
Entity29	18,250,000.00	18,250,000.00	100.00	During bankruptcy liquidation proceedings
Entity30	17,319,029.55	17,319,029.55	100.00	During bankruptcy liquidation proceedings
Entity31	15,395,704.15	13,856,133.74	90.00	Facing capital shortage, expected to be difficult to recover
Entity32	14,156,800.00	12,741,120.00	90.00	Facing capital shortage, expected to be difficult to recover
Entity33	13,720,000.00	12,348,000.00	90.00	Facing capital shortage, expected to be difficult to recover
Entity34	11,573,813.40	11,573,813.40	100.00	Facing capital shortage,
Others	115,937,328.10	112,171,178.97	96.75	Expected to be difficult to recover
Total	2,067,578,479.70	1,894,495,348.97	91.63	

6.5.4 Provision for bad debts accrued on a portfolio basis

Aging	Closing balance		
	Book balance	Provision for bad debts	Proportion of provision (%)
Within 1 year	5,296,748,409.56	264,837,420.63	5.00
1 - 2 years	1,676,034,212.91	167,603,421.45	10.00
2 - 3 years	1,050,120,634.26	210,024,126.79	20.00
3 - 4 years	468,596,527.80	187,442,819.84	40.00
4 - 5 years	304,224,392.07	152,112,196.04	50.00
Over 5 years	2,019,978,344.96	2,019,978,344.96	100.00
Total	10,815,702,521.56	3,001,998,329.71	27.76

6.5.5 Provision for bad debts recovered or reversed

In 2021, the Company accrued RMB 394,556,536.57 as provision for bad debts, and recovered or reversed RMB 243,050,138.86. Reversal or recovery of significant amount of provision for bad debts in 2021 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	42,873,418.74	The debtor is likely to be unable to fulfill repayment obligations	Bankruptcy distribution	Recovered
Entity 2	36,060,649.10	The debtor is likely to be unable to fulfill repayment obligations	The collection effect is good this year	Recovered
Entity 3	30,778,246.72	The debtor is likely to be unable to fulfill repayment obligations	The collection effect is good this year	Recovered
Entity4	20,670,822.00	The debtor is likely to be unable to fulfill repayment obligations	The collection effect is good this year	Recovered
Entity5	19,388,791.00	The debtor is likely to be unable to fulfill repayment obligations	The collection effect is good this year	Recovered
Entity6	15,228,000.00	The debtor is likely to be unable to fulfill repayment obligations	The collection effect is good this year	Recovered
Entity7	15,201,000.00	The debtor is likely to be unable to fulfill repayment obligations	The collection effect is good this year	Recovered
Entity8	10,048,500.00	The debtor is likely to be unable to fulfill repayment obligations	The collection effect is good this year	Recovered
Total	190,249,427.56			

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6.5.6 Accounts receivable actually charged off in 2021

Item	Amount charged off
Accounts receivable actually charged off	145,762,550.08

Charge-off of significant accounts receivable:

Entity name	Nature of accounts receivable	Amount charged off	Reason for charge-off	Charge-off procedures performed	Whether it is due to related party transactions
Dongfang Electric Group Emei Semiconductor Materials Co., Ltd. (hereinafter referred to as Eban Company)	payment	111,417,134.15	bankruptcy	approval by DEA Board of Directors	Yes
Eban Company	payment	16,061,992.89	bankruptcy	approval by DTC Board of Directors	Yes
Sichuan Dongke Power Engineering Co., Ltd.	Completion payment, warranty money	7,181,650.00	bankruptcy	approval by DBC Board of Directors	No
Total		134,660,777.04			

6.5.7 Top 5 of accounts receivable as at December 31, 2021, presented by debtor

Entity name	Closing balance	Proportion in the total accounts receivable (%)	Provision for bad debts
Entity 1	306,562,559.25	2.38	306,562,559.25
Entity 2	267,508,499.98	2.08	13,375,425.00
Entity 3	266,899,313.52	2.07	27,601,571.37
Entity 4	248,537,399.80	1.93	80,609,355.94
Entity 5	207,107,394.98	1.61	207,107,394.98
Total	1,296,615,167.53	10.07	635,256,306.54

6.6 Receivables financing

6.6.1 Presentation of receivables financing by category

Items	Closing balance	Opening balance
Notes receivable	1,342,379,048.57	1,946,034,819.15
Including: bank acceptance bills	1,302,805,028.55	1,829,982,986.65
Commercial acceptance bills	39,574,020.02	116,051,832.50
Total	1,342,379,048.57	1,946,034,819.15

Note: The Company classifies the notes receivable in the management business mode of receiving contract cash flow and sale or transfer as the financial assets measured at fair value through other comprehensive income.

6.6.2 Pledged receivables financing of the Company as at December 31, 2021

None.

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6.6.3 Receivables financing endorsed or discounted by the Company as at December 31, 2021 but not expired on the balance sheet date

Item	Amount derecognized as at December 31, 2021	Amount not derecognized as at December 31, 2021
Notes receivable endorsed or discounted but not expired	2,640,547,238.19	
Including: bank acceptance bills	2,605,956,269.10	
Commercial acceptance bills	34,590,969.09	
Total	2,640,547,238.19	

6.7 Advances to suppliers

6.7.1 Presentation of advances to suppliers by aging

Aging	Closing balance		Opening balance	
	Book balance	Proportion (%)	Book balance	Proportion (%)
Within 1 year	2,949,222,009.57	81.11	2,249,434,244.60	75.66
1 - 2 years	308,611,691.97	8.49	440,125,023.91	14.80
2 - 3 years	207,225,711.15	5.70	113,932,237.20	3.83
Over 3 years	170,945,807.26	4.70	169,631,144.00	5.71
Total	3,636,005,219.95	100.00	2,973,122,649.71	100.00

6.7.2 Top 5 of advances to suppliers as at December 31, 2020, presented by supplier

Entity name	Closing balance	Proportion in the total advances to suppliers (%)
Entity 1	215,937,233.33	5.94
Entity 2	212,645,061.68	5.85
Entity 3	205,034,369.38	5.64
Entity 4	127,451,557.22	3.51
Entity 5	95,136,224.69	2.62
Total	856,204,446.30	23.56

6.8 Other receivables

Items	Closing balance	Opening balance
Interest receivable	215,623,964.55	236,257,055.12
Dividends receivable	29,522,398.50	54,487,143.57
Others	362,294,116.76	342,671,928.51
Total	607,440,479.81	633,416,127.20

Note: Other receivables in the above table refer to other receivables after deducting interest receivable and dividend receivable.

6.8.1 Interest receivable

Items	Closing balance	Opening balance
Time deposit	168,010,352.43	190,870,615.59
Bond investment	18,596,565.57	28,050,328.41

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Items	Closing balance	Opening balance
Interest on financial assets purchased under resale agreements	28,980,356.14	17,336,111.12
Others	36,690.41	
Sub-total	215,623,964.55	236,257,055.12
Less: provision for bad debts		
Total	215,623,964.55	236,257,055.12

6.8.2 Dividends receivable

(1) Details of dividends receivable

Items	Closing balance	Opening balance
Within 1 year		51,853,961.87
Over 1 year	29,522,398.50	2,633,181.70
Sub-total	29,522,398.50	54,487,143.57
Less: provision for bad debts		
Total	29,522,398.50	54,487,143.57

(2) Significant dividends receivable with aging over one year

Item	Balance as at December 31, 2021	Aging	Reason for non-recovery	Whether impairment or not and the judgment basis
Deyang Dongqi Real Estate Co., Ltd.	1,293,827.94	Over 3 years	The invested unit is short-term in funding, and will be repaid in accordance with the agreement in 2020	No, part of the dividend will be recovered this year
Huadian Longkou Wind Power Co., Ltd. (hereinafter referred to as Longkou Wind Power)	13,922,222.69	Over 1 years	The company's funds are tight, and it has not yet entered the list of electricity subsidies	No, paid upon receipt of state subsidy
Inner Mongolia Energy Power Generation Hongnijing Wind Power Co., Ltd. (hereinafter referred to as Hongnijing Wind Power)	7,017,408.83	Over 1 years	The company's funds are tight, and it has not yet entered the list of electricity subsidies	No, paid upon receipt of state subsidy
Inner Mongolia Mengneng Wulan New Energy Co., Ltd. (hereinafter referred to as Wulan New Energy)	3,828,807.76	Over 1 years	The company's funds are tight, and it has not yet entered the list of electricity subsidies	No, paid upon receipt of state subsidy
Inner Mongolia Mengneng Sanshengtai Wind Power Co., Ltd. (hereinafter referred to as Sanshengtai Wind Power)	3,460,131.28	Over 1 years	The company's funds are tight, and it has not yet entered the list of electricity subsidies	No, paid upon receipt of state subsidy
Total	29,522,398.50			

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6.8.3 Other receivables

(1) Disclosure by aging

Aging	Closing balance	Opening balance
Within 1 year	335,106,633.72	283,918,190.23
1 - 2 years	39,415,318.04	66,321,537.99
2 - 3 years	25,599,500.29	12,089,842.32
3 - 4 years	9,231,760.54	12,451,966.28
4 - 5 years	11,297,006.85	1,891,133.84
Over 5 years	241,355,086.70	1,124,552,136.02
Sub-total	662,005,306.14	1,501,224,806.68
Less: provision for bad debts	299,711,189.38	1,158,552,878.17
Total	362,294,116.76	342,671,928.51

(2) Classification according to the nature

Nature of payment	Closing balance	Opening balance
Guarantee and quality guarantee fund	102,513,379.83	59,968,777.21
Reserve fund	91,231,341.55	80,310,288.83
Advance payment	38,804,015.78	30,724,804.77
Other operating business receivables	70,119,500.17	118,775,861.73
Others	59,625,879.43	52,892,195.97
Total	362,294,116.76	342,671,928.51

(3) Disclosure by category

Category	Closing balance				Book value
	Book balance		Provision for bad debts		
	Amount	Proportion (%)	Amount	Proportion of provision (%)	
Individual provision for bad debts	212,550,662.03	32.11	187,620,973.64	88.27	24,929,688.39
Provision for bad debts accrued on a portfolio basis	449,454,644.11	67.89	112,090,215.74	24.94	337,364,428.37
Including:					
Other receivables with the provision for bad debts made on a portfolio with credit risk characteristics	449,454,644.11	67.89	112,090,215.74	24.94	337,364,428.37
Total	662,005,306.14	100.00	299,711,189.38	45.27	362,294,116.76

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Category	Opening balance				Book value
	Book balance		Provision for bad debts		
	Amount	Proportion (%)	Amount	Proportion of provision (%)	
Individual provision for bad debts	1,063,431,633.42	70.84	1,041,783,269.62	97.96	21,648,363.80
Provision for bad debts accrued on a portfolio basis	437,793,173.26	29.16	116,769,608.55	26.67	321,023,564.71
Including:					
Other receivables with the provision for bad debts made on a portfolio with credit risk characteristics	437,793,173.26	29.16	116,769,608.55	26.67	321,023,564.71
Total	1,501,224,806.68	100.00	1,158,552,878.17		342,671,928.51

(4) Individual provision for bad debts

Name	Closing balance			Reason for provision
	Book balance	Provision for bad debts	Proportion of provision (%)	
Entity 1	146,064,314.06	146,064,314.06	100.00	During bankruptcy liquidation proceedings
Entity 2	21,855,000.00	10,927,500.00	50.00	Litigation stage
Entity 3	12,874,178.02	12,874,178.02	100.00	During bankruptcy liquidation proceedings
Entity 4	12,327,367.50			Performance bond paid to the government
Entity 5	11,293,267.56	11,293,267.56	100.00	During bankruptcy liquidation proceedings
Entity 6	1,872,243.46	1,872,243.46	100.00	Expected to be difficult to recover
Entity 7	1,565,179.69	1,565,179.69	100.00	Expected to be difficult to recover
Entity 8	1,397,950.00	1,397,950.00	100.00	Expected to be difficult to recover
Others	3,301,161.74	1,626,340.85	49.27	Expected to be difficult to recover
Total	212,550,662.03	187,620,973.64	88.27	

(5) Provision for bad debts accrued on a portfolio basis

Ages	Closing balance		
	Book balance	Provision for bad debts	Proportion of provision (%)
Within 1 year	288,114,391.96	14,405,719.58	5.00
1 - 2 years	39,098,889.64	3,909,888.98	10.00
2 - 3 years	25,599,500.29	5,119,900.08	20.00
3 - 4 years	8,956,262.67	3,582,505.06	40.00
4 - 5 years	5,226,795.05	2,613,397.54	50.00
Over 5 years	82,458,804.50	82,458,804.50	100.00
Total	449,454,644.11	112,090,215.74	24.94

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(6) Provision for bad debts

Provision for bad debts	Phase 1	Phase 2	Phase 3	Total
	Expected credit losses in the next 12 months	Expected credit loss for the entire duration (no credit impairment)	Expected credit loss for the entire duration (credit impairment)	
Balance as at December 31, 2020	116,769,608.55		1,041,783,269.62	1,158,552,878.17
In 2019, balance as at December 31, 2020				
- Transfer to Phase 2				
- Transfer to Phase 3				
- Reversal from Phase 2				
- Reversal from Phase 1				
Provision in 2021	-2,747,897.79		19,886,102.74	17,138,204.95
Reversal in 2021	1,462,255.33		1,223,726.74	2,685,982.07
Write-off in 2021				
Charge-off in 2021	469,239.69		872,824,671.98	873,293,911.67
Other changes				
Balance as at December 31, 2021	112,090,215.74		187,620,973.64	299,711,189.38

Changes in the book balance of other receivables are as follows:

Book balance	Phase 1	Phase 2	Phase 3	Total
	Expected credit losses in the next 12 months	Expected credit loss for the entire duration (no credit impairment)	Expected credit loss for the entire duration (credit impairment)	
Balance as at December 31, 2020	437,793,173.26		1,063,431,633.42	1,501,224,806.68
In 2019, balance as at December 31, 2020				
- Transfer to Phase 2				
- Transfer to Phase 3				
- Reversal from Phase 2				
- Reversal from Phase 1				
Increase in 2021	89,603,624.86		34,383,197.80	123,986,822.66
Direct write-down in 2021	77,472,914.32		12,439,497.21	89,912,411.53
Derecognition in 2021	469,239.69		872,824,671.98	873,293,911.67
Other changes				
Balance as at December 31, 2021	449,454,644.11		212,550,662.03	662,005,306.14

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(7) Other receivables actually charged off in 2021

Item	Amount charged off
Other receivables actually written off	873,293,911.67

Write-off of significant amount of other receivables:

Entity name	Nature of other receivables	Amount written off	Reason for write-off	Write-off procedures performed	Whether it is due to related party transactions
Eban Company	Others (Note 1)	872,824,671.98	bankruptcy	approval by DTC Board of Directors	No
Jiangsu Huachuang Optoelectronics Technology Co., Ltd.	advance payment	352,898.33	bankruptcy	approval by DBC Board of Directors	No
Total		873,177,570.31			

Note 1: The other receivables were brought in by Dongfang Steam Turbine, a subsidiary of the company, in 2018 through the merger and absorption of Dongqi Investment and Development. The amount was formed by Dongqi Investment and Development's performance of guarantee obligations to Eban Company to repay the loan. Before entering the listed company The original value of the current account has been fully accrued for bad debts, and the book value is zero. Due to the completion of the bankruptcy and liquidation of Eban Company, it has been written off with the approval of decision-making.

(8) Top 5 of other receivables as at December 31, 2021, presented by debtor

Entity name	Nature of payment	Balance as at December 31, 2021	Aging	Proportion in the total ending balance of other receivables (%)	Ending balance of provision for bad debts
Entity 1	Investment funds	146,064,314.06	Over 5 years	22.06	146,064,314.06
Entity 2	Other operating business receivables	65,844,279.76	1-2years	9.95	3,742,047.40
Entity 3	Payment	21,855,000.00	Within 1 year	3.30	10,927,500.00
Entity 4	Others	19,500,000.00	Over 5 years	2.95	19,500,000.00
Entity 5	Others	16,256,250.00	Within 1 year	2.46	812,812.50
Total		269,519,843.82		40.72	181,046,673.96

(9) Other receivables involving government grants

None.

6.9 Financial assets purchased under resale agreements

Items	Closing balance	Opening balance
Bond	2,827,514,000.00	2,730,498,000.00
Less: provision for bad debts		
Book value of the financial assets purchased under resale agreements	2,827,514,000.00	2,730,498,000.00

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6.10 Inventories

6.10.1 Classification of inventories

Items	Closing balance			Opening balance		
	Book balance	Provision for depreciation of inventories/ provision for impairment of contract performance cost	Book value	Book balance	Provision for depreciation of inventories/ provision for impairment of contract performance cost	Book value
Raw materials	3,069,003,779.32	387,897,201.70	2,681,106,577.62	2,506,229,759.09	496,703,157.24	2,009,526,601.85
Revolving materials (packaging materials, low-cost consumables, etc.)	41,400,712.79	1,423,860.71	39,976,852.08	26,291,324.14	1,411,864.37	24,879,459.77
Stock commodities (finished goods)	309,157,314.71	275,964.27	308,881,350.44	284,451,812.84	275,964.27	284,175,848.57
Contract performance cost	106,907,583.63	5,000,000.00	101,907,583.63	65,009,940.40		65,009,940.40
Self-manufactured semi-finished products and goods in process	17,033,145,400.53	1,102,584,921.42	15,930,560,479.11	14,060,162,675.55	833,900,456.57	13,226,262,218.98
Total	20,559,614,790.98	1,497,181,948.10	19,062,432,842.88	16,942,145,512.02	1,332,291,442.45	15,609,854,069.57

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

Items	Opening balance	Increase in 2021		Decrease in 2021			Closing balance
		Provision	Others	Reversal	Write-off	Others	
Raw materials	496,703,157.24	73,732,071.28	-17,093,891.35	3,034,426.26	162,409,709.21		387,897,201.70
Revolving materials (packaging materials, low-cost consumables, etc.)	1,411,864.37	11,996.34					1,423,860.71
Stock commodities (finished goods)	275,964.27						275,964.27
Contract performance cost		5,000,000.00					5,000,000.00
Self-manufactured semi-finished products and goods in process	833,900,456.57	250,880,494.41	163,031,627.61	1,824,971.59	143,402,685.58		1,102,584,921.42
Total	1,332,291,442.45	329,624,562.03	145,937,736.26	4,859,397.85	305,812,394.79		1,497,181,948.10

Note: The company has carried out a comprehensive cleaning and impairment test on the backlog of materials. This year, the provision for inventory depreciation was 330 million yuan, which was reversed to 50 million yuan.

6.11 Contract assets

6.11.1 Breakdown of Contract assets

Items	Closing balance			Opening balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Payments for completed but not settled project	4,836,297,691.35	167,026,024.01	4,669,271,667.34	3,735,549,741.91	147,829,844.46	3,587,719,897.45
Contract quality guarantee	3,607,264,694.70	296,637,434.17	3,310,627,260.53	3,177,896,921.80	237,686,403.06	2,940,210,518.74

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Items	Closing balance			Opening balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
deposit						
Total	8,443,562,386.05	463,663,458.18	7,979,898,927.87	6,913,446,663.71	385,516,247.52	6,527,930,416.19

6.11.2 Provision for impairment of contract assets in 2021

Items	Balance as at December 31, 2020	Provision in 2021	Reversal in 2021	Write-off/ Charge-off in 2021	Others	Balance as at December 31, 2021
Payments for completed but not settled project	147,829,844.46	19,196,179.55				167,026,024.01
Contract quality guarantee deposit	237,686,403.06	58,971,583.81	20,552.70			296,637,434.17
Total	385,516,247.52	78,167,763.36	20,552.70			463,663,458.18

6.12 Other current asset

Items	Closing balance	Opening balance
Prepaid taxes and overpaid taxes	347,272,737.19	412,077,865.61
Disbursement of loans and advances (short-term)	442,857,284.39	529,201,791.67
Discount assets	46,837,900.06	21,504,159.00
Others	3,296,457.78	3,049,874.45
Total	840,264,379.42	965,833,690.73

Note: The amount of impairment provision for loans and advances issued within one year is 47,306,663.79 yuan.

6.13 Disbursement of loans and advances

6.13.1 Loans and advances, presented by individual and enterprise

Items	Closing balance	Opening balance
Loans and advances to enterprises	3,431,167,799.46	2,117,451,071.32
Loans	3,431,167,799.46	2,117,451,071.32
Total loans and advances	3,431,167,799.46	2,117,451,071.32
Less: provision for losses on loans	190,169,281.30	189,531,730.47
Including: individual provision		
Provision made on portfolio basis	190,169,281.30	189,531,730.47
Book value of loans and advances	3,240,998,518.16	1,927,919,340.85

6.13.2 Loans and advances, presented by industry

Items	Closing balance	Proportion (%)	Opening balance	Proportion (%)
Power equipment industry	3,431,167,799.46	100.00	2,117,451,071.32	100.00
Total loans and advances	3,431,167,799.46	100.00	2,117,451,071.32	100.00
Less: provision for losses on loans	190,169,281.30		189,531,730.47	

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Items	Closing balance	Proportion (%)	Opening balance	Proportion (%)
Including: individual provision				
Provision made on portfolio basis	190,169,281.30		189,531,730.47	
Book value of loans and advances	3,240,998,518.16		1,927,919,340.85	

6.13.3 Loans and advances, presented by region

Region	Closing balance	Proportion (%)	Opening balance	Proportion (%)
South China	1,362,360,208.67	39.71	1,149,044,869.82	54.26
Southwest China	1,641,159,969.71	47.83	694,487,916.85	32.80
Northwest China	86,500,000.00	2.52	114,500,000.00	5.41
Eastern China	341,147,621.08	9.94	159,418,284.65	7.53
Total loans and advances	3,431,167,799.46	100.00	2,117,451,071.32	100.00
Less: provision for losses on loans	190,169,281.30		189,531,730.47	
Including: individual provision				
Provision made on portfolio basis	190,169,281.30		189,531,730.47	
Book value of loans and advances	3,240,998,518.16		1,927,919,340.85	

6.13.4 Loans and advances, presented by guaranty style

Items	Closing balance	Opening balance
Credit loans	3,297,947,799.46	2,002,951,071.32
Guaranteed loans	48,000,000.00	55,000,000.00
Collateral loans	85,220,000.00	59,500,000.00
Including: mortgage loans	7,000,000.00	19,000,000.00
Pledged loans	78,220,000.00	40,500,000.00
Total loans and advances	3,431,167,799.46	2,117,451,071.32
Less: Allowance for loan losses	190,169,281.30	189,531,730.47
Including: individual provision		
Provision made on portfolio basis	190,169,281.30	189,531,730.47
Book value of loans and advances	3,240,998,518.16	1,927,919,340.85

6.13.5 Provision for losses on loans

Items	Closing balance		Opening balance	
	Individual	Portfolio	Individual	Portfolio
Balance as at January 1, 2021		189,531,730.47		180,909,326.08
Provision in 2021		637,550.83		8,622,404.39
Transfer-out in 2021				
Charge-off in 2021				
Reversal in 2021				
- Reversal due to recovery of loans and advances				

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Items	Closing balance		Opening balance	
	Individual	Portfolio	Individual	Portfolio
originally written off				
- Reversal due to increase in discounted value of loans and advances				
- Reversal due to other factors				
Balance as at December 31, 2021		190,169,281.30		189,531,730.47

6.14 Creditor's right investments

6.14.1 Breakdown of creditor's right investments

Items	Closing balance			Opening balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Medium term notes	100,000,000.00	7,500,000.00	92,500,000.00	211,035,390.00	15,827,654.25	195,207,735.75
Interbank deposit certificate	11,872,308,801.06		11,872,308,801.06	8,912,629,865.71		8,912,629,865.71
Asset backed notes	246,351,000.00	18,476,325.00	227,874,675.00	317,595,501.00	23,819,662.57	293,775,838.43
Corporate bonds	390,000,000.00	15,000,000.00	375,000,000.00	489,197,655.16	36,689,824.14	452,507,831.02
Private Targeted Debt Financing Instrument	100,000,000.00	7,500,000.00	92,500,000.00	100,000,000.00	7,500,000.00	92,500,000.00
subtotal	12,708,659,801.06	48,476,325.00	12,660,183,476.06	10,030,458,411.87	83,837,140.96	9,946,621,270.91
Less: Debt investments due within one year						
Total	12,708,659,801.06	48,476,325.00	12,660,183,476.06	10,030,458,411.87	83,837,140.96	9,946,621,270.91

6.14.2 Provision for impairment of creditor's right investments

Provision for impairment	Phase 1	Phase 2	Phase 3	Total
	Expected credit losses in the next 12 months	Expected credit loss for the entire duration (no credit impairment)	Expected credit loss for the entire duration (credit impairment)	
Balance as at December 31, 2020	83,837,140.96			83,837,140.96
In 2019, balance as at December 31, 2020	83,837,140.96			83,837,140.96
- Transfer to Phase 2				
- Transfer to Phase 3				
- Reversal from Phase 2				
- Reversal from Phase 1				
Provision in 2021	35,360,815.96			35,360,815.96
Reversal in 2021				
Write-off in 2021				
Charge-off in 2021				
Other changes	48,476,325.00			48,476,325.00

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6.14.3 Changes in the book balance of creditor's right investments are as follows

Book balance	Phase 1	Phase 2	Phase 3	Total
	Expected credit losses in the next 12 months	Expected credit loss for the entire duration (no credit impairment)	Expected credit loss for the entire duration (credit impairment)	
Balance as at December 31, 2020	10,030,458,411.87			10,030,458,411.87
In 2019, balance as at December 31, 2020	10,030,458,411.87			10,030,458,411.87
- Transfer to Phase 2				
- Transfer to Phase 3				
- Reversal from Phase 2				
- Reversal from Phase 1				
Increase in 2021	2,678,201,389.19			2,678,201,389.19
Direct write-down in 2021				
Derecognition in 2021				
Other changes				
Balance as at December 31, 2021	12,708,659,801.06			12,708,659,801.06

6.15 Long-term receivables

Item	Closing balance			Opening balance			Range of discount rate
	Book balance	Provision for bad debts	Book value	Book balance	Provision for bad debts	Book value	
Finance lease payment	203,015,018.66	30,452,252.79	172,562,765.87	349,793,623.70	75,828,884.31	273,964,739.39	
Including: unrealized financing income	36,023,047.64		36,023,047.64	54,270,037.40		54,270,037.40	
Less: Reclassified to non-current assets due within one year (Note)	57,404,867.28		57,404,867.28				
Installment proceeds from sale of goods	461,813,983.88	24,695,220.50	437,118,763.38				
Total	607,424,135.26	55,147,473.29	552,276,661.97	349,793,623.70	75,828,884.31	273,964,739.39	

Note: The non-current assets due within one year were RMB 57,404,867.28 at the end of the year, all of which were reclassified as long-term receivables from finance leases.

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6.15.1 Provision for bad debts of long-term receivables

Provision for impairment	Phase 1	Phase 2	Phase 3	Total
	Expected credit losses in the next 12 months	Expected credit loss for the entire duration (no credit impairment)	Expected credit loss for the entire duration (credit impairment)	
Balance as at December 31, 2020	13,406,060.66	62,422,823.65		75,828,884.31
In 2021, balance as at December 31, 2020				
- Transfer to Phase 2				
- Transfer to Phase 3				
- Reversal from Phase 2				
- Reversal from Phase 1				
Provision in 2021	24,695,220.50			24,695,220.50
Reversal in 2021	13,406,060.66	31,970,570.86		45,376,631.52
Write-off in 2021				
Charge-off in 2021				
Other changes				
Balance as at December 31, 2021	24,695,220.50	30,452,252.79		55,147,473.29

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6.16 Long-term equity investments

Investee	Balance as at December 31, 2020	Increases/decreases in 2021							Balance as at December 31, 2021	Provision for bad debts as at December 31, 2021
		Additional investment	Decrease Investment	Profit or loss on investments recognized under the equity method	Adjustment to other comprehensive income	Other equity changes	Cash dividends or profit declared to be distributed	Provision for impairment made		
一、 Joint ventures										
MHPS Dongfang Boiler Co. Ltd.	200,501,789.79			5,906,052.91		269,979.36	4,311,250.00			202,366,572.06
Framatome Dongfang Reactor Coolant Pumps Company Limited	196,943,910.43			26,475,901.12						223,419,811.55
Dongfang Electric (Xichang) Hydrogen Energy Co., Ltd.	6,591,580.67			-460,958.35						6,130,622.32
Sub-total	404,037,280.89			31,920,995.68		269,979.36	4,311,250.00			431,917,005.93
二、 Associates										
Sichuan Energy Wind Power Development Co., Ltd.	459,291,163.21			78,259,809.66						537,550,972.87
Huadian Longkou Wind Power Co., Ltd.	56,849,571.33			18,545,450.75						75,395,022.08
Inner Mongolia Energy Power Generation Hongnijing Wind Power Co., Ltd.	18,545,550.24			4,890,399.76						23,435,950.00
China United Heavy Gas Turbine Technology Co., Ltd.	131,724,838.53			-326,043.15						131,398,795.38
Inner Mongolia Mengneng Sanshengtai Wind Power Co., Ltd.	17,522,034.07			-2,619,426.54						14,902,607.53
Inner Mongolia Mengneng Ulan New Energy Co., Ltd.	42,668,021.37			-3,952,253.33						38,715,768.04
Mitsubishi Heavy Industries Dongfang Gas Turbine (Guangzhou) Co., Ltd.	466,763,496.13			145,849,997.90			108,864,132.00		85,109.07	503,834,471.10
Sichuan Dongshu New Materials Co., Ltd.	173,240,548.46			35,714,014.46	-1,747,873.71					207,206,689.21
Leshan Dongle Dajian Lifting Co., Ltd.	3,085,627.12			-146,301.43						2,939,325.69
Liangshan Fengguang New Energy Operation and Maintenance Co., Ltd.	2,041,984.14			20,266.17						2,062,250.31
Hunan Ping An Environmental Protection Co., Ltd.		29,190,000.00								29,190,000.00
Deyang Guangda Dongqi New Material Co., Ltd. (hereinafter referred to as Deyang Guangda)		336,274,509.80		-28,531,027.48					-16,698,617.77	291,044,864.55

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Investee	Balance as at December 31, 2020	Increases/decreases in 2021								Balance as at December 31, 2021	Provision for bad debts as at December 31, 2021
		Additional investment	Decrease Investment	Profit or loss on investments recognized under the equity method	Adjustment to other comprehensive income	Other equity changes	Cash dividends or profit declared to be distributed	Provision for impairment made	Others		
Dongqi)											
Sub-total	1,371,732,834.60	365,464,509.80		247,704,886.77	-1,747,873.71		108,864,132.00		-16,613,508.70	1,857,676,716.76	
Total	1,775,770,115.49	365,464,509.80		279,625,882.45	-1,747,873.71	269,979.36	113,175,382.00		-16,613,508.70	2,289,593,722.69	

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6.17 Other equity instrument investments

6.17.1 Breakdown of other equity instrument investments

Items	Closing balance	Opening balance
Southern Sichuan Expressway Co., Ltd.	1,000,000.00	1,000,000.00
Chengdu Dongfang Electrical Environment Engineering Co., Ltd.		744,649.47
Zhejiang Yuhuan Huadian Wind Power Co., Ltd.	51,300,000.00	25,800,000.00
Total	52,300,000.00	27,544,649.47

6.17.2 Breakdown of non-tradable equity instrument investments

Item	Reasons for financial assets designated to be measured at fair value through other comprehensive income	Dividend income recognized in the current period	Accumulated gains	Accumulated losses	Amount of other comprehensive income transferred to retained earnings	Reasons for other comprehensive income transferred to retained earnings
Chengdu Dongfang Electric Environmental Engineering Co., Ltd.	Judgment based on management intention			142,626.11		
Sichuan Huadian Yibin Power Generation Co., Ltd.	Judgment based on management intention				19,580,617.00	Business has been cancelled
Total				142,626.11	19,580,617.00	

6.18 Investment properties

6.18.1 Investment properties measured under cost model

Item	Buildings and constructions	Land use right	Construction in progress	Total
1. Original book value				
(1) Balance as at December 31, 2020	246,447,333.31	18,811,826.12		265,259,159.43
(2) Increase in 2021	8,523,300.71			8,523,300.71
- Outsourcing				
- Transfer-in of inventories, fixed assets and construction in progress	8,523,300.71			8,523,300.71
- Increase from business combination				
- Other changes				
(3) Decrease in 2021	4,782,505.27			4,782,505.27
- Disposal	359,500.00			359,500.00
- Other changes	4,423,005.27			4,423,005.27
(4) Balance as at December 31, 2021	250,188,128.75	18,811,826.12		268,999,954.87
2. Accumulated depreciation and amortization				
(1) Balance as at December 31, 2020	96,748,833.60	5,543,801.63		102,292,635.23
(2) Increase in 2021	8,708,690.46	443,288.50		9,151,978.96
- Provision or amortization	8,033,596.92	443,288.50		8,476,885.42

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Item	Buildings and constructions	Land use right	Construction in progress	Total
- Other changes	675,093.54			675,093.54
(3) Decrease in 2021	104,734.33			104,734.33
- Disposal	104,734.33			104,734.33
- Other changes				
(4) Balance as at December 31, 2021	105,352,789.73	5,987,090.13		111,339,879.86
3. Provision for impairment				
(1) Balance as at December 31, 2020				
(2) Increase in 2021				
- Provision				
- Other changes				
(3) Decrease in 2021				
- Disposal				
- Other transfer-out				
(4) Balance as at December 31, 2021				
4. Book value				
(1) Book value as at December 31, 2021	144,835,339.02	12,824,735.99		157,660,075.01
(2) Book value as at December 31, 2020	149,698,499.71	13,268,024.49		162,966,524.20

6.18.2 Investment properties with certificates of title uncompleted

None.

6.19 Fixed assets

Items	Closing balance	Opening balance
Fixed assets	4,965,639,834.01	5,241,065,489.07
Disposal of fixed assets	226,881.88	1,497,436.62
Total	4,965,866,715.89	5,242,562,925.69

Note: The fixed assets in the above table refer to the fixed assets after deduction of fixed assets.

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6.19.1 Fixed assets

(1) Breakdown of fixed assets

Item	Land assets	Buildings and constructions	Machinery equipment	Transportation facilities	Instrument and apparatus, electronic equipment and others	Total
1.Original book value						
(1) Balance as at December 31, 2020	20,448,270.06	7,284,115,246.77	8,355,940,654.93	293,075,411.97	1,464,295,167.84	17,417,874,751.57
(2) Increase in 2021		200,231,378.30	249,455,722.67	33,083,943.79	189,679,842.06	672,450,886.82
- Purchase		74,563,124.73	54,672,789.45	15,278,898.30	54,487,909.24	199,002,721.72
-Transfer-in of construction in progress		108,946,304.86	194,782,933.22	17,771,822.17	135,125,182.82	456,626,243.07
- Other increases		16,721,948.71		33,223.32	66,750.00	16,821,922.03
(3) Decrease in 2021	2,532,274.00	568,527,736.74	268,202,713.86	13,285,443.73	97,049,182.06	949,597,350.39
-Disposal or scrapping		554,079,321.89	267,924,072.62	13,228,630.60	97,017,763.88	932,249,788.99
- Other decreases	2,532,274.00	14,448,414.85	278,641.24	56,813.13	31,418.18	17,347,561.40
(4) Balance as at December 31, 2021	17,915,996.06	6,915,818,888.33	8,337,193,663.74	312,873,912.03	1,556,925,827.84	17,140,728,288.00
2.Accumulated depreciation						
(1) Balance as at December 31, 2020		3,678,263,352.61	6,940,957,239.93	253,131,464.24	1,155,329,660.73	12,027,681,717.51
(2) Increase in 2021		302,033,671.90	236,880,599.76	10,097,974.23	106,313,171.97	655,325,417.86
- Provision		302,033,671.90	236,880,599.76	10,097,974.23	106,313,171.97	655,325,417.86
- Other increases						
(3) Decrease in 2021		319,308,897.44	238,796,722.26	12,155,158.20	90,457,745.45	660,718,523.35
-Disposal or scrapping		316,241,316.02	238,555,893.97	12,155,158.20	90,457,745.45	657,410,113.64
- Other decreases		3,067,581.42	240,828.29			3,308,409.71
(4) Balance as at December 31, 2021		3,660,988,127.07	6,939,041,117.43	251,074,280.27	1,171,185,087.25	12,022,288,612.02

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Item	Land assets	Buildings and constructions	Machinery equipment	Transportation facilities	Instrument and apparatus, electronic equipment and others	Total
3. Provision for impairment						
(1) Balance as at December 31, 2020		86,088,944.90	57,641,901.55	92,446.41	5,304,252.13	149,127,544.99
(2) Increase in 2021			1,771,860.99	19,621.45	4,370,601.55	6,162,083.99
- Provision			1,771,860.99	19,621.45	4,370,601.55	6,162,083.99
- Other increases						
(3) Decrease in 2021			2,100,360.32		389,426.69	2,489,787.01
-Disposal or scrapping			2,100,360.32		389,426.69	2,489,787.01
- Other decreases						
(4) Balance as at December 31, 2021		86,088,944.90	57,313,402.22	112,067.86	9,285,426.99	152,799,841.97
4. Book value						
(1) Book value as at December 31, 2021	17,915,996.06	3,168,741,816.36	1,340,839,144.09	61,687,563.90	376,455,313.60	4,965,639,834.01
(2) Book value as at December 31, 2020	20,448,270.06	3,519,762,949.26	1,357,341,513.45	39,851,501.32	303,661,254.98	5,241,065,489.07

Notes:

1. The land assets in the fixed assets of the Company on December 31, 2020 are the land ownership obtained by Indian companies in India, and other changes in land assets are exchange rate changes.

2. Other changes this year (except land assets) are mainly the reclassification changes of Dongfang Steam Turbine and Dongfang Electric Machinery due to the change of asset use.

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(2) Temporarily idle fixed assets

Item	Original book value	Accumulated depreciation	Provision for impairment	Book value	Notes
Buildings and constructions	22,545,764.56	11,262,041.00	4,203,692.77	7,080,030.79	
Machinery equipment	47,674,370.33	42,212,168.94	3,475,536.50	1,986,664.89	
Transportation facilities	2,320,742.36	2,204,705.22		116,037.14	
Instrument and apparatus	16,725,395.18	12,785,611.85	3,398,723.19	541,060.14	
Office equipment	552,011.08	524,410.52		27,600.56	
Others	36,071,912.73	33,647,597.89	1,648,824.01	775,490.83	
Land assets					
Total	125,890,196.24	102,636,535.42	12,726,776.47	10,526,884.35	

(3) Fixed assets leased out through operating lease

Item	Book value as at December 31, 2021
Buildings and constructions	66,662,806.79
Machinery equipment	5,931,773.98
Transportation facilities	27,745.21
Land assets	375,246.45
Total	72,997,572.43

(4) Fixed assets with certificates of title uncompleted

Item	Book value	Reason for failure to complete the formalities for the certificate of title
No. 6 union workshop	95,594,089.48	It is going through the formalities.
No. 2 building in Chengdu	84,615,879.40	It is going through the formalities.
350T high speed dynamic balance and nuclear power plan	46,935,068.50	It is going through the formalities.
Nuclear power plant	27,726,038.67	It is going through the formalities.
Test Workshop II of F-class 50MW Gas Turbine Test System Construction Project	18,513,260.01	The information is being filed.
J-379 second staff canteen	15,787,429.54	It is going through the formalities.
No. 5 union workshop	12,062,973.86	It is going through the formalities.
J-376 new technology building	11,754,070.83	It is going through the formalities.
J-378 staff canteen	10,871,637.88	It is going through the formalities.
Wind power workshop and auxiliary room	9,877,349.92	Due to the 5.12 earthquake, some information on construction projects are missing.
Hulunbuir Production Base Phase I (Office Building)	8,076,885.67	It is going through the formalities.
J-375 hydraulic laboratory	6,683,909.73	It is going through the formalities.
J-373 second overspeed laboratory	4,916,111.48	It is going through the formalities.
Others	23,529,217.23	It is going through the formalities.
Total	376,943,922.20	

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6.19.2 Disposal of fixed assets

Items	Closing balance	Opening balance
Buildings and constructions		562,846.93
Transportation facilities	7,865.99	130,614.62
Instrument and apparatus	218,726.89	230,044.52
Machinery equipment		573,641.55
Others	289.00	289.00
Total	226,881.88	1,497,436.62

6.20 Construction in progress

Items	Closing balance	Opening balance
Construction in progress	286,448,122.33	204,443,971.41
Project materials	30,649.48	30,649.48
Total	286,478,771.81	204,474,620.89

Note: The construction in progress in the above table refers to the construction in progress after deducting engineering materials.

6.20.1 Construction in progress

6.20.1.1 Breakdown of construction in progress

Items	Closing balance			Opening balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
CNC gantry boring and milling machine	31,383,778.86		31,383,778.86			
Horizontal turning and milling compound machining center	12,585,183.69		12,585,183.69			
High temperature blade trial production project	11,913,032.66		11,913,032.66			
Dongfang Hydrogen Energy Industrial Park	11,674,629.28		11,674,629.28			
0708_J15806G Stator punching intelligent manufacturing and production line and supporting equipment (national dial)	9,980,000.00		9,980,000.00	9,980,000.00		9,980,000.00
Financial Shared Service System Construction Project (Phase II)	9,291,999.98		9,291,999.98			
712_20_TD01 Special Power Plant (Technical Transformation Project of Nuclear Main Pump Base)	8,005,838.53		8,005,838.53	16,569.01		
Server purchase	6,371,660.20		6,371,660.20			
704_21_DD12 motor test device (test station upgrade) 1 item	6,141,592.84		6,141,592.84			
-26G50 burner independent gas source station and test platform construction -- centrifugal compressor outlet high-voltage electric heater	5,884,955.75		5,884,955.75			
0708_J15806G stator punching intelligent manufacturing production line and supporting	87,000.00		87,000.00	9,969,000.00		9,969,000.00

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Items	Closing balance			Opening balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
equipment (national dial)						
Yangjiang base workshop building				41,223,975.65		41,223,975.65
714_18_01B 16m CNC vertical lathe (used) 1 set				7,962,564.00	2,095,307.36	5,867,256.64
714_12_01J02 Intelligent transformation of insulation laboratory (equipment)				7,176,950.36		7,176,950.36
Cloud computing platform construction phase I server				5,296,734.51		5,296,734.51
Civil engineering of technological transformation construction project with improved research capability				3,735,836.50		3,735,836.50
Transformation of 836_19_02 video security system				3,698,000.00		3,698,000.00
Section 2016-1329				2,816,577.87		2,816,577.87
0708_J_01580 Large-scale clean and efficient power generation equipment and intelligent manufacturing digital workshop construction				2,621,063.72		2,621,063.72
Others	177,596,333.15	4,467,882.61	173,128,450.54	116,509,889.76	4,467,882.61	112,058,576.16
Total	290,916,004.94	4,467,882.61	286,448,122.33	211,007,161.38	6,563,189.97	204,443,971.41

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6.20.1.2 Changes in the current period of important projects under construction

Project name	Budget	Balance as at December 31, 2020	Increase in 2021	Amount transferred into fixed assets/ intangible assets in 2021	Other decreases in the current period	Balance as at December 31, 2021	Proportion of cumulative 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
CNC gantry boring and milling machine	2,744.00		31,383,778.86			31,383,778.86	114.00	90.00				Self-finance
Horizontal turning and milling compound machining center	1,057.00		12,585,183.69			12,585,183.69	119.00	92.00				Self-finance
High temperature blade trial production project	7,180.00		11,913,032.66			11,913,032.66	16.59	40.00				Self-finance
Dongfang Hydrogen Energy Industrial Park	17,940.95		11,674,629.28			11,674,629.28	6.50	5.00				Self-finance
0708_J15806G Stator punching intelligent manufacturing and production line and supporting equipment (national dial)	1,050.00	9,980,000.00				9,980,000.00	95.05	95.00				State dial
Financial Shared Service System Construction Project (Phase II)	3,000.00		9,291,999.98			9,291,999.98	30.97	30.00				Self-finance
712_20_TD01 Special Power Plant (Technical Transformation Project of Nuclear Main Pump Base)	2,300.00	16,569.01	8,921,127.92	931,858.40		8,005,838.53	38.86	65.00				Self-finance
Server purchase	750.00		6,371,660.20			6,371,660.20	84.96	90.00				Self-finance
704_21_DD12 motor test device (test station upgrade) 1 item	995.00		6,141,592.84			6,141,592.84	61.72	90.00				Self-finance
-26G50 burner independent gas source station and test platform construction -- centrifugal compressor outlet high-voltage electric heater	700.00		5,884,955.75			5,884,955.75	84.07	90.00				Self-finance
714_12_01J02 Intelligent Transformation of Insulation Laboratory (Equipment)	750.00	7,176,950.36		7,176,950.36			95.69	100.00				Self-finance
Others		193,833,642.01	488,066,692.92	448,517,434.31	55,699,567.47	177,683,333.15						Self-finance
Total		211,007,161.38	592,234,654.10	456,626,243.07	55,699,567.47	290,916,004.94						

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6.20.2 Project materials

Item	Closing balance			Opening balance		
	Book balance	Provision for impairment of project materials	Book value	Book balance	Provision for impairment of project materials	Book value
Spare parts	30,649.48		30,649.48	30,649.48		30,649.48
Total	30,649.48		30,649.48	30,649.48		30,649.48

6.21 Right-of-use assets

Item	Buildings and constructions	Machinery equipment	Total
1. Original book value			
(1) Balance as at January 1, 2021	403,908,647.20	28,738,801.82	432,647,449.02
(2) Increase in 2021	200,185,694.00	1,423,541.54	201,609,235.54
- New leases	200,185,694.00	1,423,541.54	201,609,235.54
- Increase from business combination			
- Revaluation adjustment			
Other Increase			
(3) Decrease in 2020	277,060,373.19		277,060,373.19
- Transfer-out to Fixed assets			
- Disposal	277,060,373.19		277,060,373.19
Other Decrease			
(4) Balance as at December 31, 2021	327,033,968.01	30,162,343.36	357,196,311.37
2. Accumulated depreciation			
(1) Balance as at January 1, 2021	257,948,603.13	9,705,003.54	267,653,606.67
(2) Increase in 2021	129,546,254.89	5,730,720.93	135,276,975.82
- Provision	129,546,254.89	5,730,720.93	135,276,975.82
(3) Decrease in 2021	277,060,373.19		277,060,373.19
- Transfer-out to Fixed assets			
- Disposal	277,060,373.19		277,060,373.19
(4) Balance as at December 31, 2021	110,434,484.83	15,435,724.47	125,870,209.30
3. Provision for impairment			
(1) Balance as at January 1, 2021			
(2) Increase in 2021			
(3) Decrease in 2021			
- Disposal			
(4) Balance as at December 31, 2021			
4. Book value			
(1) Book value as at December 31, 2021	216,599,483.18	14,726,618.89	231,326,102.07
(2) Book value as at January 1, 2021	145,960,044.07	19,033,798.28	164,993,842.35

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6.22 Intangible assets

6.22.1 Breakdown of intangible assets

Item	Land use right	Patent right	Non-patent technology	Software	Others	Total
1. Original book value						
(1) Balance as at December 31, 2020	1,038,296,771.89	210,645,774.36	343,592,335.71	292,292,759.77	633,019,433.50	2,517,847,075.23
(2) Increase in 2021	139,912,545.84	31,588.12	14,030.78	57,267,349.85	807,910.97	198,033,425.56
- Purchase	139,912,545.84	31,588.12	14,030.78	24,715,805.95	807,910.97	165,481,881.66
- Transfer-in of construction in progress				32,551,543.90		32,551,543.90
(3) Decrease in 2021	50,729,059.49			4,413,853.91	24,010,913.42	79,153,826.82
- Disposal	50,729,059.49			4,413,853.91	9,838,454.16	64,981,367.56
- Other changes					14,172,459.26	14,172,459.26
(4) Balance as at December 31, 2021	1,127,480,258.24	210,677,362.48	343,606,366.49	345,146,255.71	609,816,431.05	2,636,726,673.97
2. Accumulated amortization						
(1) Balance as at December 31, 2020	243,505,852.58	42,965,442.75	319,027,258.09	206,762,248.54	105,271,068.81	917,531,870.77
(2) Increase in 2021	20,373,459.23	16,774,725.80	7,433,827.76	30,290,333.12	22,323,043.14	97,195,389.05
- Provision	20,373,459.23	16,774,725.80	7,433,827.76	30,290,333.12	22,323,043.14	97,195,389.05
- Other changes						
(3) Decrease in 2021	12,763,269.53			4,250,606.04	9,838,454.16	26,852,329.73
- Disposal	12,763,269.53			4,250,606.04	9,838,454.16	26,852,329.73
- Other changes						
(4) Balance as at December 31, 2021	251,116,042.28	59,740,168.55	326,461,085.85	232,801,975.62	117,755,657.79	987,874,930.09
3. Provision for impairment						

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Item	Land use right	Patent right	Non-patent technology	Software	Others	Total
(1) Balance as at December 31, 2020	33,314.36		376,405.24			409,719.60
(2) Increase in 2021				308,176.10		308,176.10
- Provision						
- Other changes						
(3) Decrease in 2021						
- Disposal						
- Other changes						
(4) Balance as at December 31, 2021	33,314.36		376,405.24	308,176.10		717,895.70
4. Book value						
(1) Book value as at December 31, 2021	876,330,901.60	150,937,193.93	16,768,875.40	112,036,103.99	492,060,773.26	1,648,133,848.18
(2) Book value as at December 31, 2020	794,757,604.95	167,680,331.61	24,188,672.38	85,530,511.23	527,748,364.69	1,599,905,484.86

Notes: The item of “others” in intangible assets mainly refers to the franchise rights of Laos Namang River Power Co., Ltd.

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6.22.2 Land use rights with certificates of title uncompleted

Item	Book value	Reason for failure to complete the formalities for the certificate of title
Hulunbuir Economic Development Zone Starting Area	7,488,860.55	The area of the license is inconsistent with the area retained by the local land transaction center, and it needs to be re-measured and then transferred
Total	7,488,860.55	

6.23 Development expenditure

Item	Opening balance	Increase in 2021		Decrease in 2021		Closing balance
		Internal development expenditure	Other	Recognized as intangible assets	Transferred into current profits and losses	
ERP Deepening Application Scientific Research Project Based on Financial Sharing (XJCKY20002)	2,051,886.80	1,367,924.53				3,419,811.33
PLM system R&D capital expenditure		169,911.50				169,911.50
Independent research and development of automatic welding equipment and applications		6,192.00				6,192.00
Industrial control network audit analysis platform user interface software		402,414.32				402,414.32
Other		31,726,561.28		807,910.97	30,646,810.70	271,839.61
Total	2,051,886.80	33,673,003.63		807,910.97	30,646,810.70	4,270,168.76

6.24 Long-term deferred expenses

Item	Opening balance	Increase in 2021	Amount amortized in 2021	Other reductions	Closing balance
Sporadic projects	2,109,452.20	630,820.88	473,226.54		2,267,046.54
Total	2,109,452.20	630,820.88	473,226.54		2,267,046.54

6.25 Deferred income tax assets and deferred income tax liabilities

6.25.1 Deferred income tax assets without offset

Item	Closing balance		Opening balance	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Provision for impairment of assets	9,051,134,431.24	1,398,678,577.24	8,598,150,385.59	1,349,690,791.53
Deductible losses	904,297,221.38	135,644,583.21	828,125,418.58	125,261,881.36
Estimated liabilities	6,572,462,579.26	1,037,552,568.78	5,878,785,755.28	949,976,683.78

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Item	Closing balance		Opening balance	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Employee compensation payable	1,526,342,290.32	233,474,699.47	1,415,141,495.02	215,505,173.03
Unrealized profits of internal transactions	135,457,768.18	20,224,652.13	102,815,521.85	16,797,708.65
Government grants	193,388,661.47	30,651,069.48	220,394,827.14	35,092,467.71
Accounts payable	1,671,521,498.06	250,753,156.05	1,481,084,712.80	222,162,706.93
Depreciation of fixed assets	18,521,057.73	2,778,158.66	50,260,668.82	7,539,100.33
Changes in fair value	22,246,434.93	5,313,677.84	195,675,566.77	30,876,683.10
Overseas enterprise income tax to be offset	124,928,045.27	18,739,206.79	143,798,482.60	21,569,772.39
Amortization of intangible assets	2,607,171.48	391,075.72	2,607,171.48	391,075.72
Others	38,679,242.17	5,801,886.33	4,524,127.28	678,619.09
Total	20,261,586,401.49	3,140,003,311.70	18,921,364,133.21	2,975,542,663.62

6.25.2 Deferred income tax liabilities before offset

Item	Closing balance		Opening balance	
	Taxable temporary differences	Deferred income tax liabilities	Taxable temporary differences	Deferred income tax liabilities
Valuation of transactional and derivative financial instruments				
Depreciation of fixed assets	286,596,229.05	43,306,101.03	192,860,219.66	29,055,699.62
Investment income	17,695,309.37	2,654,296.40	35,390,618.74	5,308,592.81
Total	304,291,538.42	45,960,397.43	228,250,838.40	34,364,292.43

6.25.3 Details of unrecognized deferred income tax assets

Item	Closing balance	Opening balance
Losses that can be carried forward to the subsequent year	1,000,107,727.91	1,107,306,591.13
deductible temporary difference	163,300,948.43	1,199,214,831.23
Total	1,163,408,676.34	2,306,521,422.36

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

Year	Closing balance	Opening balance	Note
2023			
2024		83,112,441.90	
2025	172,117,301.12	196,203,722.44	
2026	58,735,684.56	58,735,684.56	
2027	55,492,724.93	55,492,724.93	
2028	474,157,171.38	474,157,171.38	
2029	239,604,845.92	239,604,845.92	
Total	1,000,107,727.91	1,107,306,591.13	

6.26 Other non-current assets

Item	Closing balance			Opening balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Contract warranty fund	4,169,802,294.20	439,451,205.75	3,730,351,088.45	3,153,849,370.11	439,959,972.82	2,713,889,397.29
Completed but not settled	499,003,374.05	210,749,036.05	288,254,338.00	172,704,171.94	71,141,149.57	101,563,022.37
Subsidiary in bankruptcy	499,363,000.00	499,363,000.00		499,363,000.00	499,363,000.00	
Total	5,168,168,668.25	1,149,563,241.80	4,018,605,426.45	3,825,916,542.05	1,010,464,122.39	2,815,452,419.66

Bankruptcy and liquidation of subsidiaries: Dongfang Electric New Energy Equipment (Hangzhou) Co., Ltd. (hereinafter referred to as Hangzhou New Energy) entered bankruptcy proceedings in 2017, and has not yet completed bankruptcy and liquidation; Dongfang Electric (Hulun Buir) New Energy Co., Ltd. (hereinafter referred to as Hulun Buir New Energy), Dongfang Electric (Tongliao) Wind Power Engineering Technology Co., Ltd. (hereinafter referred to as Tongliao Wind Power), and Dongfang Electric (Jiuquan) New Energy Co., Ltd. (hereinafter referred to as Jiuquan New Energy) entered bankruptcy proceedings in 2018, and have not yet completed bankruptcy and liquidation.

6.27 Short-term borrowings

Classification of short-term borrowings

Item	Closing balance	Opening balance
Guaranteed borrowings		2,000,000.00
Credit borrowings	41,830,000.00	295,980,000.00
Total	41,830,000.00	297,980,000.00

6.28 Notes payable

Category	Closing balance	Opening balance
Bank acceptance bill	1,531,732,231.95	875,022,096.26
Commercial acceptance bill	4,723,065,909.85	3,986,657,655.69
Total	6,254,798,141.80	4,861,679,751.95

6.29 Accounts payable

Item	Closing balance	Opening balance
Within 1 year (including 1 year)	11,232,232,094.80	11,401,420,521.60
1-2 years (including 2 years)	1,284,148,929.82	730,111,491.10
2-3 years (including 3 years)	344,635,046.35	420,449,910.67
Over 3 years	1,098,351,003.08	1,089,399,912.49
Total	13,959,367,074.05	13,641,381,835.86

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Significant accounts payable with aging over one year

Entity name	Closing balance	Reason for failure in repayment or carry-forward
Entity 1	159,800,444.70	The counterpart is in bankruptcy liquidation
Entity 2	61,035,865.46	The term of payment has not been met
Entity 3	50,692,193.55	The term of payment has not been met
Entity 4	49,502,677.46	The term of payment has not been met
Entity 5	46,703,501.17	The term of payment has not been met
Entity 6	39,554,290.53	The term of payment has not been met
Entity 7	34,674,420.00	The term of payment has not been met
Entity 8	34,189,095.13	The term of payment has not been met
Entity 9	30,659,714.94	The term of payment has not been met
Total	506,812,202.94	

6.30 Contract liabilities

Item	Closing balance	Opening balance
Within 1 year (including 1 year)	16,523,715,297.73	28,922,353,784.79
Over 1 year	13,881,271,664.46	
Total	30,404,986,962.19	28,922,353,784.79

6.31 Absorption of deposits and interbank deposits

Item	Closing balance	Opening balance
Demand deposits	3,713,754,238.51	5,698,384,461.29
Company	3,713,754,238.51	5,698,384,461.29
individual		
Time deposits (including the call deposits)	26,000,000.00	28,456,711.63
Company	26,000,000.00	16,099,999.61
individual		
Security deposits received		12,356,712.02
Other deposits (including outward remittance for individuals and remittances outstanding for enterprises)		
Total	3,739,754,238.51	5,726,841,172.92

6.32 Employee compensation payable

6.32.1 Presentation of employee compensation payable

Item	Balance as at December 31, 2020	Increase in 2021	Decrease in 2021	Balance as at December 31, 2021
Short-term compensation	214,382,644.30	3,833,827,709.17	3,792,629,858.28	255,580,495.19
Post-employment benefits - defined contribution plans	132,543,312.75	597,396,964.79	525,515,860.87	204,424,416.67
Dismissal benefits	330,411,472.07	338,668,069.69	343,337,250.82	325,742,290.94
Other benefits maturing within one year				
Others				
Total	677,337,429.12	4,769,892,743.65	4,661,482,969.97	785,747,202.80

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6.32.2 Presentation of short-term compensation

Item	Balance as at December 31, 2020	Increase in 2021	Decrease in 2021	Balance as at December 31, 2021
Salaries, bonuses, allowances and subsidies		2,847,121,543.27	2,847,121,543.27	
Employee welfare fees	34,754,840.83	303,019,747.36	302,048,504.25	35,726,083.94
Social insurance premiums	29,310,372.42	255,532,835.24	227,620,138.97	57,223,068.69
Including: medical insurance premium	8,977.10	163,370,371.67	163,376,193.85	3,154.92
Work-related injury insurance premium	29,117,640.14	59,752,773.34	31,833,766.50	57,036,646.98
Maternity insurance premium	62,223.52	18,434,579.43	18,434,651.95	62,151.00
Supplementary medical insurance premium	121,531.66	13,975,110.80	13,975,526.67	121,115.79
Others				
Housing provident fund	336,184.00	281,970,817.09	274,719,548.09	7,587,453.00
Labor union expenditures and employee education funds	146,877,565.09	100,066,738.31	94,365,119.52	152,579,183.88
Labor protection expenses	700.00	40,905,360.09	40,906,060.09	
Short-term profit sharing plan				
Others	3,102,981.96	5,210,667.81	5,848,944.09	2,464,705.68
Total	214,382,644.30	3,833,827,709.17	3,792,629,858.28	255,580,495.19

6.32.3 Presentation of defined contribution plans

Item	Balance as at December 31, 2020	Increase in 2021	Decrease in 2021	Balance as at December 31, 2021
Basic endowment insurance premium	15,668.00	361,299,046.30	361,305,087.58	9,626.72
Unemployment insurance premium	10,221.37	13,330,178.43	13,330,450.31	9,949.49
Enterprise annuity payment	132,517,423.38	222,767,740.06	150,880,322.98	204,404,840.46
Total	132,543,312.75	597,396,964.79	525,515,860.87	204,424,416.67

6.33 Taxes and surcharges payable

Tax Item	Closing balance	Opening balance
Value-added tax	178,954,800.91	162,077,940.56
Enterprise income tax	187,375,327.00	59,983,720.26
Individual income tax	39,558,861.72	31,818,158.33
Urban maintenance and construction tax	10,971,219.42	10,164,413.59
House property tax	675,473.57	675,761.26
Educational surtax including Local educational surtax	7,571,270.95	7,064,655.99
Land use tax	469,126.55	469,126.51
Other taxes	15,339,793.19	16,195,942.25
Total	440,915,873.31	288,449,718.75

6.34 Other payables

Item	Closing balance	Opening balance
Interest payable	6,950,944.06	28,164,115.17
Dividends payable	3,740,681.09	13,224,263.63
Other payables	1,395,396,812.12	1,370,268,875.62
Total	1,406,088,437.27	1,411,657,254.42

Note: Other payables in the above table refer to other payables after deducting interest payable and dividend payable.

6.34.1 Interest payable

Item	Closing balance	Opening balance
Interest payable on short-term borrowings	244,174.46	6,324,737.25
Interest payable on absorption of deposits	6,706,769.60	21,839,377.92
Total	6,950,944.06	28,164,115.17

6.34.2 Dividends payable

Item	Closing balance	Opening balance	Reasons for non-payment for more than one year
Ordinary share dividends	3,740,681.09	13,224,263.63	
Preferred stock \ perpetual bond dividends classified as equity instruments			
Total	3,740,681.09	13,224,263.63	

6.34.3 Other payables

(1) Presentation of other payables by nature

Item	Closing balance	Opening balance
Equity purchase price payable	328,795,028.00	347,447,411.10
Agency fund	224,813,029.16	221,331,463.72
Margin and deposit	392,122,989.66	298,245,413.68
Lease, service and minor purchase payables	29,190,762.21	44,476,194.04
Advance money payable	64,572,927.66	94,724,120.15
Social insurance premium and housing provident fund undertaken by individuals	18,096,903.74	35,481,911.76
Others	337,805,171.69	328,562,361.17
Total	1,395,396,812.12	1,370,268,875.62

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(2) Other significant payables with aging over one year

Entity name	Closing balance	Reason for failure in repayment or carry-forward
Entity 1	149,300,000.00	The time for settlement has not been due.
Entity 2	87,704,218.57	Pre-compensation is not closed
Entity 3	30,944,040.29	Pre-compensation is not closed
Entity 4	28,465,553.60	The time for settlement has not been due.
Entity 5	25,077,552.94	The time for settlement has not been due.
Entity 6	14,334,407.51	Bankruptcy liquidation
Entity 7	10,000,000.00	The time for settlement has not been due
Total	345,825,772.91	

6.35 Non-current liabilities maturing within one year

Item	Closing balance	Opening balance
Long-term borrowings maturing within one year	164,036.00	164,036.00
Bonds payable maturing within one year		
Long-term payables maturing within one year		
Lease liabilities maturing within one year	101,988,838.33	139,790,841.02
Other Long-term liabilities within one year		
Total	102,152,874.33	139,954,877.02

6.36 Other current liabilities

Item	Closing balance	Opening balance
Provisional estimate cost	89,581,391.17	79,202,155.97
Liabilities from vicarious business	8,233,559.05	4,547,027.74
Recognized, endorsed and undue receivables financing at the end of period	727,343,368.31	23,560,000.00
Reclassification of lease liabilities		3,353,901.47
Others	15,285,803.37	10,623,734.54
Total	840,444,121.90	121,286,819.72

6.37 Long-term borrowings

Item	Closing balance	Opening balance
Mortgage borrowings	356,291,967.96	384,350,539.48
Credit borrowings	1,208,800,000.00	335,000,000.00
Total	1,565,091,967.96	719,350,539.48

6.38 Lease liabilities

Item	Closing balance	Opening balance
Lease payment	241,981,708.73	177,235,797.11

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Item	Closing balance	Opening balance
Less: unrecognized financing expense	13,060,246.70	9,913,050.15
Reclassified to the non-current liabilities maturing within one year	101,988,838.33	139,790,841.02
Total	126,932,623.70	27,531,905.94

6.39 Long-term payable

Item	Closing balance	Opening balance
Long-term payables		
Special payables	240,000.00	5,660,910.03
Total	240,000.00	5,660,910.03

Note: Long-term payables in the above table refer to long-term payables after deducting special payables.

Special payables

Item	Balance as at December 31, 2020	Increase in 2021	Decrease in 2021	Balance as at December 31, 2021	Forming reason
Funds for energy conservation and emission reduction of the central state-owned capital management budget	140,000.00			140,000.00	In use
Funds allocated for urban light rail vehicle AC transmission project	100,000.00			100,000.00	In use
Tax reimbursement for three-line enterprises	3,719,288.99		3,719,288.99		
Payment for water, electricity, heating and property management	1,701,621.04		1,701,621.04		
Total	5,660,910.03		5,420,910.03	240,000.00	

6.40 Long-term employee compensation payable

Item	Closing balance	Opening balance
Post-employment benefits - net liabilities of defined benefit plans		
Dismissal benefits	715,975,614.18	659,556,684.06
Other long-term benefits	262,719,955.85	301,413,349.17
Less: undiscounted long-term employee compensation due within one year		
Total	978,695,570.03	960,970,033.23

6.41 Estimated liabilities

Item	Closing balance	Opening balance	Forming reason
Pending litigation	240,974,420.77	281,801,968.45	Estimated tax, overdue fine, amercement outlay and other estimated expenditure on lawsuit from the disputes between the Company and the local tax authority on account of the collection of property tax

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Item	Closing balance	Opening balance	Forming reason
			regarding projects.
Product quality guarantee deposit	2,920,975,972.05	2,211,869,576.09	Estimated expenditure on product quality guarantee deposit
Onerous contract	3,054,815,955.35	3,092,122,892.98	Onerous contract to be implemented and the expected future loss in the course of implementation
Expected fines for late delivery	451,519,671.95	310,616,499.88	Expected fines for late delivery
Total	6,668,286,020.12	5,896,410,937.40	

Note 1: In the pending litigation, RMB 15 million is due to the non-acceptance of notes receivable of Dongfang Boiler Company, a subsidiary, and the enterprise may be recourse.

Note 2: In the pending lawsuit, RMB 20 million is due to product quality problems for compensation of Dongfang Boiler Company, a subsidiary.

6.42 Deferred income

Item	Balance as at December 31, 2020	Increase in 2021	Decrease in 2021	Balance as at December 31, 2021	Forming reason
Government grants related to asset	347,148,412.65	5,540,000.00	39,998,871.87	312,689,540.78	See table 1 for details
Government grants related to income	57,134,820.56	38,116,733.24	48,536,521.02	46,715,032.78	See table 1 for details
Total	404,283,233.21	43,656,733.24	88,535,392.89	359,404,573.56	

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1. Items involving government grants

Liability item	Balance as at December 31, 2020	New grants in 2021	Amount included in the current profit or loss in 2021	Amount included in the other income in 2021	Cost expense amount offset in current period	Other changes	Balance as at December 31, 2021	Related to assets/income
VAT refund for three-line enterprises	190,199,969.72		170,508.00	17,828,768.91			172,200,692.81	Related to assets
Subsidy for project infrastructure construction	113,400,777.68			14,746,424.72			98,654,352.96	Related to assets
Appropriation for scientific research	8,946,952.39			1,096,122.73			7,850,829.66	Related to assets
Appropriation for technical reform	7,762,666.67	5,540,000.00		3,293,885.22			10,008,781.45	Related to assets
Government subsidies	1,586,666.67			340,000.00			1,246,666.67	Related to assets
Other appropriations	25,251,379.52			2,523,162.29			22,728,217.23	Related to assets
Appropriation for scientific research	52,966,163.97	29,975,909.69		33,929,266.24		8,008,474.69	41,004,332.73	Related to income
Technical transformation appropriation	225,000.00			150,000.00			75,000.00	Related to income
Government subsidies		2,673,100.00		598,575.00			2,074,525.00	Related to income
Other appropriations	3,943,656.59	5,467,723.55	60,609.00	4,595,464.13		1,194,131.96	3,561,175.05	Related to income
Total	404,283,233.21	43,656,733.24	231,117.00	79,101,669.24		9,202,606.65	359,404,573.56	

Note: The VAT refund for three-line enterprises refers to the VAT refund for three-line enterprises received by DTC, DBC and DFEM for the period from January 1, 2006 to December 31, 2008, in accordance with the Circular on Matters concerning Tax Policies for Three-line Enterprises during the Period for the Tenth Five-year Plan (CS [2001] No. 133) issued by the Ministry of Finance and the State Taxation Administration, and the Circular on the Refund upon Collection Policy for Value-Added Tax of Three-line Enterprises (CS [2006] No. 166) issued by the Ministry of Finance and the State Taxation Administration. The Company, according to the specification on VAT refund for three-line enterprises, divided such VAT refund for three-line enterprises as asset-related government grants and income-related government grants, and carried out the accounting treatment respectively.

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6.43 Share capital

Item	Opening balance		Increase in 2021	Decrease in 2021	Closing balance	
	investment amount	Proportion (%)			investment amount	Proportion (%)
Dongfang Electric Group	1,727,919,826.00	55.39			1,727,919,826.00	55.40
A shares	1,051,844,304.00	33.71		613,000.00	1,051,231,304.00	33.70
H shares	340,000,000.00	10.90			340,000,000.00	10.90
Total	3,119,764,130.00	100.00		613,000.00	3,119,151,130.00	100.00

Explanation of changes in share capital

1. On November 27, 2020, the Company's 2020 Second Extraordinary Shareholders' Meeting, 2020 Second A Shareholders Class Meeting and 2020 Second H Shareholders Class Meeting reviewed and approved the "Repurchase and Cancellation of Partial Restricted Shares motion". The repurchase and cancellation of restricted shares involved 4 persons including Chen Hu, Zhong Meilang, Yang Yong, and Li Liao, with a total of 138,000 restricted shares repurchased and cancelled. After the completion of the repurchase and cancellation, the registered capital will be reduced by RMB 138,000.00, the registered capital after the change will be RMB 3,119,626,130.00, and the paid-in share capital will be RMB 3,119,626,130.00.

2. On April 29, 2021, the company held the thirty-seventh meeting of the ninth session of the board of directors and passed the "Proposal on Repurchase and Cancellation of Some Restricted Stocks" and other proposals. The board of directors deliberated and decided to repurchase and cancel 12 incentive objects that have been granted but not yet released. A total of 475,000 shares of all restricted shares were restricted. After the completion of the cancellation, the registered capital was reduced by RMB 475,000.00, the registered capital after the change was RMB 3,119,151,130, and the paid-in share capital was RMB 3,119,151,130.

6.44 Capital reserves

Item	Opening balance	Increase in 2021	Decrease in 2021	Closing balance
Capital (share capital) premium	11,416,484,216.56	35,911,619.25	200,154,777.38	11,252,241,058.43
Other capital reserves	167,691,817.61	23,558,937.04		191,250,754.65
Transfer of capital reserve from original system				
Total	11,584,176,034.17	59,470,556.29	200,154,777.38	11,443,491,813.08

Explanation of changes in capital reserves

1. The external minority shareholders of Dongfang Hydrogen Energy, a subsidiary of the company, increased capital. After the capital increase, the company held 53.32% of the equity of Dongfang Hydrogen Energy, and it was confirmed that the capital reserve was reduced - the capital premium was RMB 3,315,947.29;

2. On November 27, 2020, the Company's 2nd Extraordinary General Meeting of Shareholders in 2020, the 2nd A Shareholders Class Meeting in 2020 and the 2nd H Shareholders Class Meeting in

2020 reviewed and approved the "Repurchase and Cancellation of Partial Restricted Shares". motion". The repurchase and cancellation of restricted shares involved Chen Hu, Zhong Meilang, Yang Yong, Li Liao and other 4 people. A total of 138,000 restricted shares were repurchased and cancelled. After the completion of the repurchase and cancellation, the registered capital was reduced by RMB 138,000.00. On April 29, 2021, the company held the thirty-seventh meeting of the ninth session of the board of directors and passed the "Proposal on Repurchase and Cancellation of Some Restricted Shares" and other proposals. The board of directors deliberated and decided to repurchase and cancel 12 incentive objects that have been granted but have not been released. A total of 475,000 shares of all restricted stocks are restricted. After the cancellation is completed, the registered capital will be reduced by RMB 475,000.00. Due to the above-mentioned repurchase and cancellation of restricted shares, the capital company-capital premium decreased by RMB 2,872,050.00;

3. According to the Supplementary Agreement to the Agreement of Issuance of Shares to Purchase Assets Entered into Effect between Dongfang Electric Co., Ltd. and China Dongfang Electric Group Co., Ltd., after the 13 projects of Dongfang International have been fully performed and the corresponding rights and obligations have been lost, the delivery will be delayed according to the expected As for the actual performance of the fine items, the company needs to compensate Dongfang Electric Group for the difference. In 2021, the company will recognize the consideration that may be paid to Dongfang Electric Group in the future as estimated liabilities, and at the same time reduce the capital reserve-capital premium by RMB 193,966,780.09;

4. The company's subsidiary Dongfang Automation purchased equity from the minority shareholders controlled by the subsidiary Dongguo this year, and the company confirmed the increase in capital reserve according to the shareholding ratio - a capital premium of 35,911,619.25 yuan;

5. This year, the company confirmed the share-based payment expenses and increased other capital reserves by RMB 23,297,624.02;

6. Dongfang Boiler, a subsidiary of the Company, increased other capital reserves by RMB 261,313.02 according to the equity method due to changes in the special reserves of joint ventures.

6.45 Treasury stock

Item	Opening balance	Increase in 2021	Decrease in 2021	Closing balance
Repurchase plan for restricted stock incentive	172,329,868.00		3,680,840.00	168,649,028.00
Total	172,329,868.00		3,680,840.00	168,649,028.00

Explanation of changes in Treasury stock:

On November 27, 2020, the Company's 2020 Second Extraordinary General Meeting of Shareholders, 2020 Second A Shareholders Class Meeting and 2020 2020 Second H Shareholders Class Meeting reviewed and approved the "Repurchase and Cancellation of Partial Restricted Shares". motion". The repurchase and cancellation of restricted shares involved Chen Hu, Zhong Meilang, Yang Yong, Li Liao and other 4 people. A total of 138,000 restricted shares were repurchased and cancelled.

After the completion of the repurchase and cancellation, the registered capital was reduced by RMB 138,000.00. On April 29, 2021, the company held the thirty-seventh meeting of the ninth session of the board of directors and passed the "Proposal on Repurchase and Cancellation of Some Restricted Shares" and other proposals. The board of directors deliberated and decided to repurchase and cancel 12 incentive objects that have been granted but have not been released. A total of 475,000 shares of all restricted stocks are restricted. After the cancellation is completed, the registered capital will be reduced by RMB 475,000.00. Due to the above repurchase and cancellation of restricted shares, treasury shares decreased by RMB 3,680,840.00 this year.

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6.46 Other comprehensive income

Item	Balance as at December 31, 2020	Year 2021									Balance as at December 31, 2021
		Pre-tax amount incurred in 2020	Less: amount previously included in the other comprehensive income and currently transferred to the profit or loss	Less: amount previously included in the other comprehensive income and currently transferred to the retained earnings	Less: Hedging reserves are transferred to related assets or liabilities	Less: income tax expenses	Amount after tax attributable to the parent company	Amount after tax attributable to minority shareholders	Pre-tax amount incurred in 2020	Less: amount previously included in the other comprehensive income and currently transferred to the profit or loss	
1. Other comprehensive income that cannot be reclassified into profit or loss	-20,275,144.67									-19,580,617.00	-694,527.67
Including: changes in re-measurement of the defined benefit plan											
Other comprehensive income that cannot be transferred to profit or loss under the equity method											
Changes in fair value of other equity instrument investments	-20,275,144.67									-19,580,617.00	-694,527.67
Changes in the fair value of the Company's own credit risk											
Other changes											
2. Other comprehensive income that will be reclassified into profit or loss	-47,642,920.37	-21,256,255.90	1,477,331.53			578,333.31	-20,618,148.92	-2,693,771.82			-68,261,069.29
Including: other comprehensive income that can be transferred to profit or loss under the equity method	2,263,795.09	-1,747,873.71					-1,649,817.99	-98,055.72			613,977.10

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Changes in fair value of other creditor's right investment										
Amount of financial assets reclassified into other comprehensive income										
Receivables financing credit impairment allowance		3,421,133.23			578,333.31	2,756,647.63	86,152.29			2,756,647.63
Cash flow hedging reserve										
Translation differences of foreign currency financial statements	-49,953,153.46	-22,929,515.42	1,477,331.53			-21,724,978.56	-2,681,868.39			-71,678,132.02
Other changes	46,438.00									46,438.00
Total of other comprehensive income	-67,918,065.04	-21,256,255.90	1,477,331.53		578,333.31	-20,618,148.92	-2,693,771.82		-19,580,617.00	-68,955,596.96

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6.47 Special reserves

Item	Opening balance	Increase in 2021	Decrease in 2021	Closing balance
Work safety expenses	88,508,618.58	106,833,301.73	85,966,807.03	109,375,113.28
Total	88,508,618.58	106,833,301.73	85,966,807.03	109,375,113.28

6.48 Surplus reserves

Item	Opening balance	Increase in 2021	Decrease in 2021	Closing balance
Statutory surplus reserves	972,805,441.29	114,140,705.95	14,262.61	1,086,931,884.63
Discretionary surplus reserves				
Total	972,805,441.29	114,140,705.95	14,262.61	1,086,931,884.63

6.49 Undistributed profits

Item	Year 2021	Year 2020
Undistributed profits at the end of the previous year before adjustment	15,382,662,236.78	14,225,616,456.64
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	15,382,662,236.78	14,225,616,456.64
Plus: net profit attributable to owners of the parent company in the current period	2,289,036,817.45	1,861,998,155.29
Other adjustment factors		
Less: withdrawal of statutory surplus reserves	114,140,705.95	65,630,466.84
Withdrawal of discretionary surplus reserves		
Withdrawal of general risk reserves		
Common stock dividends payable	561,532,703.40	639,352,397.16
Preferred stock dividend		
Preferred stock dividend		
Other distribution to shareholders		
Return of profits to investment		
Other profit distribution		
Plus: surplus reserve to cover losses		
Defined benefit plans changes carry forward retained earnings		
Carry-forward of other comprehensive income for retained earnings	-19,580,617.00	-172,770.15
Other internal carry-forward of owner's equity		
Others	-128,363.50	203,259.00
Undistributed profits at the end of the period	16,976,316,664.38	15,382,662,236.78

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6.50 Minority equity

Subsidiary	Proportion of minority interest (%)	Amount as at December 31, 2021	Amount as at December 31, 2020
Dongfang (Guangzhou) Heavy Machinery Co., Ltd.	38.91	643,913,659.09	637,108,944.34
Dongfang Electric Machinery Company Limited	8.14	499,262,004.37	480,769,474.49
Dongfang Turbine Co., Ltd.	5.61	369,461,028.43	343,178,170.16
DongFang Boiler (Group) Co.,Ltd.	3.21	230,022,942.46	213,713,696.35
Dongfang Electric Group Finance Co., Ltd.	5.00	175,280,431.63	170,445,802.08
Chengdu Dongfang Kwh Environmental Protection Catalysts Co., Ltd.	39.20	111,066,514.69	113,729,570.08
Eastern Boiler Control Co., Ltd.	20.00	43,563,876.07	83,461,880.95
Dongfang Hitachi (Chengdu) Electric Control Equipment Co., Ltd.	49.00	76,000,809.87	72,373,071.31
Laos Namang River Power Co., Ltd.	25.00	72,612,767.27	67,731,533.36
Dongfang Electric (Wuhan) Nuclear Equipment Co., Ltd.	33.00	79,282,624.24	72,649,863.08
Tianjin Dongqi Wind Turbine Blade Engineering Co., Ltd.	15.00	57,146,443.08	53,868,242.89
Dongfang Electric Auto Control Engineering Co., Ltd.	3.49	31,321,570.26	27,767,046.29
Deyang Dongfang Aberle System Corporation Limited	16.24	7,983,978.85	7,671,125.76
Dongfang Electric Venezuela Co., Ltd.	1.00	0.01	0.01
Dongfang Electric Wind Power (Shandong) Co., Ltd.	45.00	81,304,211.77	58,002,710.88
Dongfang Electric Wind Power Co., Ltd.	15.72	231,529,961.76	195,257,775.07
PT.Dongfang Electric Indonesia Company	49.00	16,366,062.96	14,813,415.45
Henan Dongfang Boiler City Environmental Protection Equipment Co., Ltd.	20.00	6,930,215.39	2,971,006.84
Dongfang hydrogen energy	46.68	95,473,815.11	109,468,449.60
Dongfang Electric (Deyang) Motor Technology Co., Ltd. (hereinafter referred to as Dongfang Motor)	5.00	9,191,857.20	8,949,730.30
Dongfang Electric Hydrogen Energy (Ya'an) Co., Ltd. (hereinafter referred to as Dongguo Ya'an Hydrogen Energy)	34.00	342,636.19	
Dongguo Chengdu Hydrogen Energy	37.13	32,529,931.24	
Dongguo Deyang Hydrogen Energy	49.00	491,891.81	
Dongguo Neijiang Hydrogen Energy	49.00	490,067.48	
Dongfang Zhongneng	34.00	7,145,152.48	
Dongguo Guiyang Hydrogen Energy	49.00		
Dongguo Anhui Hydrogen Energy	10.00	100,038.61	
Dongfang Jiangsu Energy	54.00	5,407,695.65	
Dongfang Jiangsu Hydrogen Science	40.00	1,993,056.99	
Total	—	2,886,215,244.96	2,733,931,509.29

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6.51 Net current assets

Item	Amount as at December 31, 2021	Amount as at December 31, 2020
Current assets	69,854,609,459.04	70,673,257,832.78
Less: current liabilities	57,976,084,926.16	56,104,965,880.37
Net current assets	11,878,524,532.88	14,568,291,952.41

6.52 Total assets less current liabilities

Item	Amount as at December 31, 2021	Amount as at December 31, 2020
Total assets	103,104,573,304.33	97,795,137,769.16
Less: current liabilities	57,976,084,926.16	56,104,965,880.37
Total assets less current liabilities	45,128,488,378.17	41,690,171,888.79

6.53 Debit and credit

6.53.1 Information of debit and credit of the Company

Item	Amount as at December 31, 2021	Amount as at December 31, 2020
Short-term borrowings	41,830,000.00	297,980,000.00
Non-current liabilities maturing within one year (Partial borrowings)	164,036.00	164,036.00
Long-term borrowings	1,565,091,967.96	719,350,539.48
Total	1,607,086,003.96	1,017,494,575.48

6.53.2 Analysis on debit and credit

Item	Amount as at December 31, 2021	Amount as at December 31, 2020
Bank borrowings	898,121,967.96	615,330,539.48
Including: borrowings required to be repaid within five years	541,830,000.00	230,980,000.00
Sub-total	898,121,967.96	615,330,539.48
Other borrowings and payables	708,964,036.00	402,164,036.00
Total	1,607,086,003.96	1,017,494,575.48

6.53.3 Analysis on the debit and credit on the due date

Item	Amount as at December 31, 2021	Amount as at December 31, 2020
Repay as required or within 1 year	41,994,036.00	298,144,036.00
1-2 years	640,000,000.00	195,000,000.00
2-5 years	568,800,000.00	140,000,000.00
Over 5 years	356,291,967.96	384,350,539.48
Total	1,607,086,003.96	1,017,494,575.48

6.54 Operating revenue and operating costs

6.54.1 Information on operating revenue and operating costs

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Item	Year 2021		Year 2020	
	Revenue	Expenses from costs/interest / Expenses from handling charges and commissions	Revenue	Expenses from costs/interest / Expenses from handling charges and commissions
Primary business	46,208,592,919.03	38,364,531,787.64	35,841,635,457.48	28,658,398,531.51
Other business	547,382,442.99	305,373,324.50	397,290,089.89	205,286,385.36
Interest income	1,060,766,819.24	110,807,636.82	1,040,835,178.93	98,164,043.10
Revenue from handling charges and commissions	2,424,759.21	1,474,526.03	3,110,561.08	1,190,341.73
Total	47,819,166,940.47	38,782,187,274.99	37,282,871,287.38	28,963,039,301.70

6.54.2 Revenue of modules and products

Name of module and product	Operating revenue		Operating cost	
	Year 2021	Year 2020	Year 2021	Year 2020
Renewable energy equipment	15,138,463,805.74	12,970,464,033.70	10,085,174,688.16	8,646,791,164.87
Including: hydroelectric power	12,618,196,953.87	10,909,184,198.58	7,432,449,885.46	6,451,554,537.33
Wind power	2,476,242,339.05	2,017,069,669.05	2,481,193,499.75	2,067,142,695.60
Efficient and clean energy equipment	12,786,983,905.17	10,008,951,866.82	11,152,332,807.94	8,524,259,969.87
Including: thermal power	2,229,149,481.97	1,651,545,425.31	1,804,730,016.79	1,445,673,970.30
Nuclear power	1,734,014,232.90	1,400,674,464.39	2,019,357,502.68	1,689,822,255.87
Gas turbine	8,823,820,190.30	6,956,731,977.12	7,328,245,288.47	5,388,763,743.70
Engineering and trade	7,758,030,958.59	6,913,753,522.80	4,838,854,024.63	3,536,566,040.24
Including: EPC	1,638,830,808.92	1,103,379,120.55	1,266,026,922.82	766,300,948.29
Trade	6,074,395,423.41	5,779,005,304.19	3,548,403,570.84	2,751,942,923.21
Modern manufacturing service industry	3,963,328,641.64	2,120,860,489.80	4,910,246,778.17	2,714,267,517.28
Including: power station service	2,350,734,822.25	1,475,701,574.95	2,962,785,730.34	1,914,441,775.17
Financial service	1,082,554,585.83	114,216,398.72	1,043,945,740.01	99,354,384.83
Emerging growth industry	8,172,359,629.33	6,768,157,361.87	6,296,262,988.48	5,541,154,609.44
Total	47,819,166,940.47	38,782,187,274.99	37,282,871,287.38	28,963,039,301.70

6.55 Taxes and surcharges

Item	Year 2021	Year 2020
Urban maintenance and construction tax	55,175,855.46	57,520,557.40
House property tax	60,759,624.33	57,774,420.65
Educational surtax	23,720,284.07	25,196,673.96
Stamp duty	46,871,168.65	49,244,413.56
Land use tax	32,511,777.90	27,221,368.80
Local educational surtax	15,849,251.55	16,022,689.63
Other taxes	5,150,596.50	3,119,825.15
Total	240,038,558.46	236,099,949.15

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6.56 Selling and distribution expenses

Item	Year 2021	Year 2020
Sales and service fees	803,383,967.79	521,393,693.07
Employee compensation	438,843,035.01	388,021,065.33
Travel expenses	57,145,223.14	44,963,705.28
Others	158,141,438.21	222,193,469.57
Total	1,457,513,664.15	1,176,571,933.25

6.57 General and administrative expenses

Item	Year 2021	Year 2020
Employee compensation	1,668,649,580.00	1,607,052,980.87
Repair charges	307,794,879.62	311,278,904.49
Depreciation costs	249,438,660.51	255,253,056.55
Work safety expenses	120,973,782.82	89,320,622.76
Rental fees	13,009,055.26	8,792,020.88
Travel expenses	53,802,972.60	49,203,532.75
Insurance premium	15,704,868.25	24,163,668.01
Property management fees	60,099,003.95	58,966,007.94
Amortization of intangible assets	34,659,951.44	34,870,077.29
Hydroelectric power cost	28,733,398.96	27,226,135.72
Cost of hiring intermediaries	19,588,954.38	20,170,908.18
Transportation costs	23,528,316.91	20,241,970.53
Others	193,594,193.64	113,338,502.07
Total	2,789,577,618.34	2,619,878,388.04

6.58 Research and development expenditure

Item	Year 2021	Year 2020
Employee compensation	1,193,999,584.91	905,277,597.30
Materials expenses	208,445,658.88	408,896,508.21
Testing and quality assurance expenses	158,295,976.73	98,097,740.57
External commission fees	57,181,819.76	191,818,436.20
Depreciation expenses	104,255,150.33	99,319,664.36
Tooling fees	51,725,589.06	43,596,544.13
Amortization of intangible assets	46,584,925.46	38,356,278.36
Travel expenses	25,058,130.76	22,011,664.82
Hydroelectric power cost	14,734,285.52	17,769,166.60
Others	249,406,319.09	177,594,990.22
Total	2,109,687,440.50	2,002,738,590.77

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6.59 Financial expenses

Item	Year 2021	Year 2020
Interest expenses	33,518,711.96	35,891,626.03
Including: lease liability interest expenses	2,771,432.55	9,683,130.52
Less: interest revenue	36,438,093.04	38,908,682.48
Profit or loss on exchange	58,757,463.24	204,401,874.83
Handling charges of financial institutions	40,933,312.38	35,127,210.46
Cash discount	-75,479,203.21	-81,412,182.25
Others	18,886,226.14	13,373,711.70
Total	40,178,417.47	168,473,558.29

6.60 Other income

6.60.1 Other income

Item	Year 2021	Year 2020
Government grants	132,625,035.86	175,019,547.56
Handling charges deducted for individual income tax	734,121.44	435,498.04
Others	582,070.75	24,153,843.99
Total	133,941,228.05	199,608,889.59

6.60.2 Government grants included in other income

Item	Year 2021	Year 2020	Related to assets/income
VAT refund for three-line enterprises	17,707,283.21	22,217,142.47	Related to assets
Appropriation for scientific research	16,296,547.45	9,879,184.46	Related to assets
Appropriation for scientific research	40,076,520.84	63,283,755.46	Related to income
Finance discount	340,000.00	340,000.00	Related to assets
Finance discount		308,550.00	Related to income
Tax returns	6,932,980.80	6,127,592.41	Related to income
Other appropriations	3,108,057.22	26,625,754.51	Related to assets
Other appropriations	48,163,646.34	46,237,568.25	Related to income
Total	132,625,035.86	175,019,547.56	

6.61 Investment income

Item	Year 2021	Year 2020
Long-term equity investment income calculated by the equity method	279,625,882.45	185,295,786.09
Long-term equity investment income calculated by the cost method		
Investment income from disposal of long-term equity investments		
Investment income from trading financial assets during the holding period	19,744,193.68	16,438,830.66

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Item	Year 2021	Year 2020
Investment income from disposal of trading financial assets	86,605,103.47	101,376,542.45
Interest revenue from creditor's right investment during the holding period	39,683,009.68	33,587,233.87
Investment income from the disposal of other equity instruments	-84,230.00	
Total	425,573,959.28	336,698,393.07

6.62 Foreign exchange gains

Item	Year 2021	Year 2020
Revenue from foreign exchange	1,188,244.23	769,827.40
Expenditure on foreign exchange		
Total	1,188,244.23	769,827.40

6.63 Income from changes in fair value

Sources of income from changes in fair value	Year 2021	Year 2020
Financial assets held for trading	173,613,348.19	-138,205,491.40
Financial liabilities held for trading		
Total	173,613,348.19	-138,205,491.40

6.64 Losses from credit impairment

Item	Year 2021	Year 2020
Losses from bad debts of accounts receivable	-151,506,397.71	57,591,252.40
Losses from bad debts of note receivables	-82,808,660.26	
Losses from bad debts of accounts receivable financing	-3,421,133.23	
Losses from bad debts of other receivables	-14,664,638.31	107,731,366.59
Losses from impairment of creditor's right investment	35,360,815.96	-62,009,486.71
Losses from bad debts of long-term receivables	21,700,610.63	76,744,889.92
Losses from impairment of credit assets	-3,637,550.84	25,302,043.47
Total	-198,976,953.76	205,360,065.67

Losses are presented with "-".

6.65 Losses from asset impairment

Item	Year 2021	Year 2020
Loss from inventory depreciation and losses from impairment of contract performance cost	-324,767,579.21	-390,233,505.18
Loss from impairment of fixed assets	-6,162,083.99	-4,485,576.41
Losses from impairment of right-of-use assets		
Losses from impairment of intangible assets	-308,176.10	-376,405.24

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Item	Year 2021	Year 2020
Losses from impairment of construction in progress		-2,095,307.36
Losses from impairment of contract assets	-217,786,488.41	-169,899,776.64
Total	-549,024,327.71	-567,090,570.83

Losses are presented with "-".

6.66 Income from asset disposal

Item	Year 2021	Year 2020
Income from disposal of non-current assets	271,943,405.18	7,079,975.17
Total	271,943,405.18	7,079,975.17

6.67 Non-operating revenue

Item	Year 2021	Year 2020	Amount included in non-recurring profit or loss in the current period
Government grants	7,476,688.34	1,523,052.69	7,476,688.34
Gains from disposal of non-current assets	562,311.06	400,031.46	562,311.06
Including: gains from scrapping of fixed assets	562,311.06	400,031.46	562,311.06
Gains from debt restructuring		344,830.50	
Donations received	22,279,087.73	17,556,127.48	22,279,087.73
Revenue from liquidated damages	21,099,798.07	20,804,770.66	21,099,798.07
Others	51,417,885.20	40,628,812.79	51,417,885.20

Government grants included in the non-operating revenue

Subsidy Item	Year 2021	Year 2020	Related to assets/income
Three for one industry	5,591,418.03		Related to income
Others	1,885,270.31	1,523,052.69	Related to income
Total	7,476,688.34	1,523,052.69	

6.68 Non-operating expenses

Item	Year 2021	Year 2020	Amount included in non-recurring profit or loss in the current period
Losses from disposal of non-current assets	2,543,804.08	2,496,043.34	2,543,804.08
Including: losses from scrapping of fixed assets	2,543,804.08	2,496,043.34	2,543,804.08
Donation outlay	27,613,488.13	51,156,180.02	27,613,488.13
Losses from pending litigation	-100,000.00	646,274.10	-100,000.00
Expenditure on indemnity, liquidated damages and amercement outlay	3,386,358.13	60,306,415.23	3,386,358.13
Others	9,169,509.98	19,090,718.32	9,169,509.98

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Item	Year 2021	Year 2020	Amount included in non-recurring profit or loss in the current period
Total	42,613,160.32	133,695,631.01	42,613,160.32

6.69 Income tax expenses

6.69.1 Table of income tax expenses

Item	Year 2021	Year 2020
Current income tax expenses	390,688,607.72	236,212,644.56
Including: China	386,563,737.78	235,011,961.53
India	2,896,055.61	1,197,687.58
Other regions	1,228,814.33	2,995.45
Deferred income tax expenses	-152,864,543.08	-85,252,938.72
Total	237,824,064.64	150,959,705.84

6.69.2 Adjustment process of accounting profit and income tax expenses

Item	Year 2021
Total profits	2,667,047,594.90
Income tax expenses calculated at statutory [or applicable] tax rate	400,057,139.24
Effect of the application of various tax rates by subsidiaries	52,860,418.34
Effect of adjustments to the income tax for the prior years	1,931,794.48
Effect of non-taxable income	-3,963,674.28
Effect of non-deductible costs, expenses and losses	10,448,131.91
Effect of using the deductible losses related to deferred income tax assets unrecognized in previous periods	-133,911,521.75
Effect of deductible temporary differences or losses from deferred income tax assets unrecognized in the current period	114,535,829.47
Tax preference	-204,134,052.77
Including: additional deduction of research and development expenditure	-204,134,052.77
Income tax expenses	237,824,064.64

6.70 Earnings per share

6.70.1 Basic earnings per share

The basic earnings per share is calculated by dividing the consolidated net profit attributable to the common stockholder of the parent company by the weighted average of the Company's outstanding common stock:

Item	Year 2021	Year 2020
Consolidated net profit attributable to the common stockholder of the parent company	2,289,036,817.45	1,861,998,155.29
Weighted average of the Company's outstanding common stock	3,119,490,796.67	3,116,540,738.00

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Item	Year 2021	Year 2020
Basic earnings per share	0.73	0.60
Including: basic earnings per share from going concern	0.73	0.60
Basic earnings per share from discontinued operation		

Weighted average of the Company's outstanding common stock

= Beginning share capital + shares issued in the current period * months counted from the next month of share issue to the end of the reporting period/months of the reporting period

=3,119,490,796.67

Basic earnings per share

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

=2,289,036,817.45/3,119,490,796.67=0.73

6.70.2 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	Year 2021	Year 2020
Consolidated net profit attributable to the common stockholder of the parent company (diluted)	2,289,036,817.45	1,861,998,155.29
Weighted average of the Company's outstanding common stock (diluted)	3,119,490,796.67	3,116,540,738.00
Diluted earnings per share	0.73	0.60
Including: diluted earnings per share from going concern	0.73	0.60
Diluted earnings per share from discontinued operation		

6.71 Supplementary information to the income statement where expenses are classified by nature

The operating cost (including the interest, handling charges and commission paid for the absorption of deposits), selling and distribution expenses, general and administrative expenses and research and development expenditures are classified by nature as follows:

Item	Year 2021	Year 2020
Raw material consumption	31,125,262,339.08	23,828,977,893.24
Labor costs	4,868,294,983.07	3,821,095,136.20
Outsourcing of equipment and services	5,655,774,538.24	4,127,038,615.31
Depreciation and amortization expenses	897,422,988.23	1,017,607,159.55
Depreciation and amortization expenses	803,383,967.79	521,393,693.07
Sales and service fees	319,512,267.06	319,099,992.75
Repair charges	181,695,430.22	243,694,183.74
Travel expenses and business expenses	159,806,405.31	99,872,598.96
Testing and quality assurance expenses	24,028,509.70	10,234,503.74

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Rental fees	112,282,162.85	99,354,384.83
Interest, handling charges and commission paid for the absorption of deposits	991,502,406.43	673,860,052.37
Total	45,138,965,997.98	34,762,228,213.76

6.72 Items in the statement of cash flows

6.72.1 Cash received from other operating activities

Item	Year 2021	Year 2020
Collection of due NCD (negotiable certificate of deposit)		3,600,000,000.00
Security deposit	746,817,034.58	387,765,485.27
Government grants	119,224,106.02	370,970,428.65
Appropriation	2,731,931.64	20,036,984.14
Compensation	183,952,480.14	88,143,032.56
Advance payment for collection	62,204,228.37	39,771,304.49
Project-related assets	154,287,145.38	114,483,913.93
Interest income	159,061,224.19	59,442,273.82
Debt collection	29,635,341.00	35,633,059.38
Cash received from the lease of fixed assets and investment properties	8,295,285.62	13,415,637.26
Collection of imprest	29,240,770.75	13,051,946.69
Revenue from fines	733,075.72	13,476,168.25
Others	234,014,074.08	305,977,141.70
Recovery of guarantee deposit	164,651,718.60	44,611,026.06
Premium subsidy	27,560,000.00	155,050,000.00
Allocation of creditor's rights		181,892,268.59
Total	1,922,408,416.09	5,443,720,670.79

6.72.2 Cash paid for other operating activities

Item	Year 2021	Year 2020
Purchase of NCD		8,805,351,700.00
Purchase under resale agreements	44,271,537.80	170,060,904.53
Operating expenses	1,743,758,103.83	1,517,240,897.52
Security deposit payment	727,032,649.91	505,013,340.76
Imprest payment	45,758,119.37	39,719,891.36
Others	163,821,810.99	162,554,839.22
Total	2,724,642,221.90	11,199,941,573.39

The net cash flow from operating activities this year was -4.421 billion yuan. After deducting the cash flow from Dongfang Finance's financial business activities, the net cash flow from operating activities this year was 705 million yuan.

6.72.3 Cash received from other financing activities

Item	Year 2021	Year 2020
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Item	Year 2021	Year 2020
Overseas investment insurance of SINOSURE (Part of creditor's right)	2,440,341.76	2,771,621.17
Dividend handling fee	221,513.33	35,380.45
Rent and handling charges for the leaseback under finance lease	139,365,898.32	12,606,608.00
Transition profit and loss of Rainbow Project		270,593,372.29
Deposit bank acceptance margin	300,300,000.00	
Total	442,327,753.41	286,006,981.91

6.73 Supplementary information to the statement of cash flows

6.73.1 Supplementary information to the statement of cash flows

Item	Year 2021	Year 2020
1. Net profit adjusted to cash flows from operating activities		
Net profit	2,429,223,530.26	1,916,264,130.79
Plus: losses from credit impairment	198,976,953.76	-205,360,065.67
Provision for asset impairment	549,024,327.71	567,090,570.83
Depreciation of investment properties and fixed assets	664,477,396.82	740,153,164.87
Depreciation of right-of-use assets	135,276,975.82	133,475,322.72
Amortization of intangible assets	97,195,389.05	94,523,186.65
Amortization of long-term deferred expenses	473,226.54	49,455,485.31
Losses on disposal of fixed assets, intangible assets and other long-term assets ("- for income)	-271,943,405.18	-7,079,975.17
Losses from scrapping of fixed assets ("- for income)	1,981,493.02	2,096,011.88
Losses from changes in fair value ("- for income)	-173,613,348.19	138,205,491.40
Financial expenses ("- for income)	99,690,775.62	240,293,500.86
Investment losses ("- for income)	-425,573,959.28	-336,698,393.07
Decreases in deferred income tax assets ("- for increases)	-164,460,648.08	-81,585,740.24
Increases in deferred income tax liabilities ("- for decreases)	11,596,105.00	-3,667,198.48
Decreases in Contract assets ("- for increases)		
Decreases in inventories ("- for increases)	-3,452,578,773.31	-2,467,831,390.16
Decreases in operating receivables ("- for increases)	-2,698,028,967.11	-3,143,098,281.19
Increases in operating payables ("- for decreases)	-1,422,606,052.61	-385,037,829.56
Others		
Net cash flows from operating activities	-4,420,888,980.16	-2,748,802,008.23
2. Significant investing and financing activities not involving cash receipts and payments		
Conversion of debt into capital		
Convertible corporate bonds maturing within one year		
Fixed assets acquired under financing lease		
3. Net changes in cash and cash equivalents		

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Item	Year 2021	Year 2020
Ending balance of cash	16,324,077,597.44	24,277,749,507.44
Less: beginning balance of cash	24,277,749,507.44	28,472,369,654.85
Plus: ending balance of cash equivalents		
Less: beginning balance of cash equivalents		
Net increase in cash and cash equivalents	-7,953,671,910.00	-4,194,620,147.41

6.73.2 Breakdown of cash and cash equivalents

项目	期末余额	期初余额
I. Cash	16,324,077,597.44	24,277,749,507.44
Including: cash on hand	1,321,721.01	1,614,031.10
Unrestricted bank deposit	1,816,058,159.40	3,073,191,999.79
Other unrestricted cash and cash equivalents	359,172,973.46	168,250,479.74
Unrestricted deposits in central bank	160,117,906.97	2,143,229.27
Deposits in banks and other financial institutions	13,987,406,836.60	21,032,549,767.54
Loans to banks and other financial institutions		
II. Cash equivalents		
Including: bond investments maturing within three months		
III. Ending balance of cash and cash equivalents	16,324,077,597.44	24,277,749,507.44
Including: cash and cash equivalents restricted for use by the parent company or subsidiaries in the Group		

6.74 Assets with restrictions on the ownership or use right

Item	Book value as at December 31, 2021	Reason for restriction
Monetary funds	2,397,796,836.71	Deposits in central bank, reserves and security deposits
fixed assets	80,261,382.65	Mortgage borrowings
Intangible assets	507,511,683.15	Mortgage borrowings
Total	2,985,569,902.51	

6.75 Foreign currency monetary items

Item	Balance in foreign currency as at December 31, 2021	Exchange rate for conversion	Balance of RMB converted as at December 31, 2021
Monetary funds			1,146,934,957.98
Including: USD	152,974,836.24	6.3757	975,321,663.39
HKD	61.13	0.8176	49.98
JPY	35,902,068.00	0.0554	1,989,513.10
EUR	12,699,694.09	7.2197	91687981.42

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Item	Balance in foreign currency as at December 31, 2021	Exchange rate for conversion	Balance of RMB converted as at December 31, 2021
GBP	1.17	8.6068	10.07
SEK	237,560.40	0.7050	167,484.83
INR	546,982,185.14	0.0826	45,202,607.71
PKR	454,436.28	0.0366	16,614.19
VND	593,718,428.54	0.0022	1,295,659.75
ETB	117,414,309.39	0.1301	15,277,949.94
LAK	761,451,011.00	0.0006	435,287.48
NPR	826,375.64	0.0535	44,194.57
CNYLKR	95,050.48	0.0315	2,992.19
LKR	20,158,950.53	0.0752	1,516,557.85
BDT	40,941.14	0.4840	19,815.51
MVR	419,494.40	0.4143	173,788.14
Rupiah	23,371,197,838.80	0.0004	10,401,067.12
Others	297,413,774.23	0.0114	3,381,675.65
Accounts receivable			271,102,995.42
Including: USD	38,753,206.71	6.3757	247,078,820.02
EUR	343,115.57	7.2197	2,477,191.50
INR	45,067,938.84	0.0826	3,724,414.46
ETB	24,345,788.19	0.1301	3,167,873.96
NPR	7,627,010.90	0.0535	407,892.55
Rupiah	32,012,566,211.32	0.0004	14,246,802.93
Other accounts receivable			57,671,198.53
Including: USD	6,905,773.22	6.3757	44,029,138.34
EUR	568,403.29	7.2197	4,103,701.24
SEK	8,065,907.45	0.7050	5,686,626.07
INR	42,227,662.94	0.0826	3,489,694.06
VND	89,714,040.11	0.0022	195,781.14
Rupiah	139,100,018.31	0.0004	61,904.77
Others	7,562.08	13.7995	104,352.91
Accounts payable			165,513,034.36
Including: USD	11,410,038.25	6.3757	72,746,980.85
HKD	119,435.09	0.8176	97,650.35
JPY	106,508,684.92	0.0554	5,902,178.78
EUR	7,551,531.60	7.2197	54,519,792.71
CHF	197,518.16	6.8682	1,356,603.17

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Item	Balance in foreign currency as at December 31, 2021	Exchange rate for conversion	Balance of RMB converted as at December 31, 2021
C\$	914,006.00	6.6761	6,102,037.08
KM	6,904.27	3.7004	25,548.22
Rupiah	279,015,001.05	0.0004	124,172.23
Others	17,316,828.34	1.4228	24,638,070.97
Other payables			65,095,220.82
Including: USD	6,319,189.75	6.3757	40,289,258.09
HKD	17,867.16	0.8176	14,608.22
EUR	22,734.52	7.2197	164,136.45
INR	23,909,178.88	0.0826	1,975,854.54
PKR	18,271,391.00	0.0366	668,002.04
ETB	105,351,055.09	0.1301	13,708,279.29
VND	41,341,183.13	0.0022	90,218.03
Others	567,086,134.70	0.0144	8,184,864.16
Interest receivable			460,972.74
Including:USD	72,301.51	6.3757	460,972.74
Absorption of deposits			152,639,283.84
Including: EUR	873.92	7.2197	6,309.44
USD	23,939,796.50	6.3757	152,632,960.55
JPY	17.05	0.0554	0.94
GBP	1.50	8.6068	12.91
Interest payable			159,138.06
Including:USD	24,960.09	6.3757	159,138.06
Long-term borrowings			356,291,967.96
Including:USD	55,882,800.00	6.3757	356,291,967.96

6.76 Government grants

6.76.1 Asset-related government grants

Government grants Category	Year 2021	Amount included in the current profit or loss or used to offset the losses of related costs	Note
Government grants included in deferred revenue	43,656,733.24	79,332,786.24	
Government grants included in other income	132,625,035.86	132,625,035.86	
Government grants included in non-operating income	7,476,688.34	7,476,688.34	
Government grants to offset the book value of related assets			
Government grants to offset costs and expenses	126,979,505.03	126,979,505.03	First set of insurance premium

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Government grants Category	Year 2021	Amount included in the current profit or loss or used to offset the losses of related costs	Note
Total	310,737,962.47	346,414,015.47	

6.77 Audit expense

In 2021, the audit expense was RMB 1.795 million (2020: RMB 1.30 million).

6.78 Depreciation and amortization

Depreciation/amortization recognized in 2021 amounted to RMB897,422,988.23 (2020: RMB1,017,607,159.55).

6.79 Expenditure on operating rents

In 2021, the expenditure on operating rents was RMB 24,028,509.70 (2020: RMB 10,234,503.74).

6.80 Rent revenue

In 2021, revenue from land and building leasing was RMB 23,789,431.50 (2020: RMB 26,804,305.42).

7、Changes in the scope of consolidation

7.1 Changes in scope of consolidation due to other reasons

S.N.	Name	Way of forming the right of control	Net assets as at December 31, 2021	Net profit in 2021
1	Dongfang Jiangsu Hydrogen Science	Established	4,982,642.48	-17,357.52
2	Dongfang Beijing Hydrogen Science	Established	2,000,033.33	33.33
3	Dongfang Anhui Hydrogen Science	Established		
4	Dongfang Hebei Hydrogen Science	Established	1,999,758.29	-241.71
5	Dongfang Innovation and Technology	Established	149,936,945.04	-63,054.96
6	Dongguo Anhui Hydrogen Energy	Established	1,000,411.97	411.97
7	Dongguo Neijiang Hydrogen Energy	Established	1,001,377.15	1,377.15
8	Dongguo Chengdu Hydrogen Energy	Established	87,611,838.11	289,338.11
9	Dongguo Guiyang Hydrogen Energy	Established		
10	Dongdian (Shandong) Energy Technology Co., Ltd.	Established		
11	Dongfang Jiangsu Energy	Established	10,014,251.21	14,251.21
12	Dongfang Electric (Guangdong) Wind Power Equipment Co., Ltd.	Established		
13	Dongfang Electric (Guangyuan) New Energy Co., Ltd.	Established		
14	Dongfang (Shandong) Wind Power Equipment Manufacturing Co., Ltd.	Established		
15	Dongfang Electric Guoxin Hydrogen Energy (Deyang) Co., Ltd.	Established	1,003,860.84	3,860.84

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S.N.	Name	Way of forming the right of control	Net assets as at December 31, 2021	Net profit in 2021
16	Dongji Tongyu Energy	Established		
17	Dongji Shuanggang Wind Power	Established		
18	Jiuquan Dongsu New Energy Co., Ltd.	Established		
19	Jiuquan Dongsu Mazongshan New Energy Co., Ltd.	Established		
20	Dechang New Energy	Established		
21	Dongfang Electric (Jiuquan) Wind Power Equipment Co., Ltd.	Established	7,528,964.32	597,231.01
22	Dongfang Zhongneng	Established	21,015,154.35	15,154.35

8、Equity in other entities

8.1 Equity in subsidiaries

8.1.1 Structure of the enterprise group

Subsidiary	Main business place	Registration place	Business nature	Shareholding ratio (%)		Method of acquisition
				Direct	Indirect	
Dongfang Turbine Co., Ltd.	Deyang, Sichuan	Deyang, Sichuan	Production	94.39		Established by investment
DongFang Boiler (Group) Co.,Ltd.	Zigong, Sichuan	Zigong, Sichuan	Production	96.79		Established by investment
Chengdu Dongfang Kwh Environmental Protection Catalysts Co., Ltd.	Chengdu, Sichuan	Chengdu, Sichuan	Production of dedicated pharmaceutical and medicinal materials		60.95	Established by investment
Henan Dongfang Boiler City Environmental Protection Equipment Co., Ltd.	Jiaozuo, Henan	Jiaozuo, Henan	Manufacturing of dedicated equipment for environmental protection		80.00	Established by investment
Dongfang Boiler Control Co., Ltd.	Shenzhen, Guangdong	Shenzhen, Guangdong	General equipment manufacturing		80.00	Established by investment
Dongguo Yaan hydrogen energy	Ya'an, Sichua	Ya'an, Sichua	Service		61.00	Established by investment
Dongfang Electric	Deyang, Sichuan	Deyang, Sichuan	Production	91.86		Established by investment
Dongdian Venezuela	Venezuela	Venezuela	Project service		99.00	Established by investment
Dongfang heavy machinery	Guangzhou, Guangdong	Guangzhou, Guangdong	Production	48.17	12.91	Established by investment
Dongfang Electric (Wuhan) Nuclear Equipment Co., Ltd.	Wuhan, Hubei	Wuhan, Hubei	Production	67.00		Established by investment
DongFangElectric (India) PrivateLimited	Calcutta, India	Calcutta, India	Service	100.00		Established by investment
PT.Dongfang Electric Indonesia Company	Jakarta, Indonesia	Jakarta, Indonesia	Service		51.00	Established by investment

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Subsidiary	Main business place	Registration place	Business nature	Shareholding ratio (%)		Method of acquisition
				Direct	Indirect	
Dongfang electric motor	Deyang, Sichuan	Deyang, Sichuan	Electrical machinery and equipment manufacturi		90.00	Established by investment
Dongfang Guangdong energy	Yangjiang, Guangdong	Yangjiang, Guangdong	Service		100.00	Established by investment
Dongfang Electric Wind Power Co., Ltd.	Deyang, Sichuan	Deyang, Sichuan	Production	45.12	39.16	Established by investment
Dongfang Electrical (Tianjin) Wind Power Technology Co., Ltd.	Tianjin	Tianjin	Production		100.00	Established by investment
DongfangTianjin Blade	Tianjin	Tianjin	Production		85.00	Established by investment
Dongfang Electric Wind Power (Liangshan) Co., Ltd.	Liangshan, Sichuan	Liangshan, Sichuan	Production		100.00	Established by investment
Dongfang Electric Wind Power (Fujian) Co., Ltd.	Fujian	Fujian	Power equipment manufacturing		100.00	Established by investment
Dongfang Electric Wind Power (Shandong) Co., Ltd.	Shandong	Shandong	Power equipment manufacturing		68.75	Established by investment
Dongfang Electric Wind Power (Hinggan League) Co., Ltd.	Hinggan League	Hinggan League	Power equipment manufacturing		100.00	Established by investment
Dongfang Electric Wind Blade (Hinggan League) Co., Ltd.	Hinggan League	Hinggan League	Power equipment manufacturing		100.00	Established by investment
Dongfang xinneng technology	Chengdu, Sichuan	Chengdu, Sichuan	Wind turbine maintenance		100.00	Established by investment
Dongfang Electric Group Finance Co., Ltd.	Chengdu, Sichuan	Chengdu, Sichuan	Finance	95.00		Business combination under common control
Dongfang Electric International Corporation	Chengdu, Sichuan	Chengdu, Sichuan	International trade	100.00		Business combination under common control
Laos Namang River Power Co., Ltd.	Vientiane, Laos	Vientiane, Laos	Electricity supply		75.00	Business combination under common control
Dongfang Electric (Chengdu) Engineering & Consulting Co., Ltd.	Chengdu, Sichuan	Chengdu, Sichuan	Consulting service		100.00	Business combination under common control
Deyang Dongfang Aberle Sysrem Corporation Limited	Mianzhu, Sichuan	Mianzhu, Sichuan	Machine manufacturing		83.76	Business combination under common control
Dongfang Electric Auto Control Engineering Co., Ltd.	Deyang, Sichuan	Deyang, Sichuan	Power unit manufacturing	46.62	49.89	Business combination under common control

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Subsidiary	Main business place	Registration place	Business nature	Shareholding ratio (%)		Method of acquisition
				Direct	Indirect	
Dongfang Hitachi (Chengdu) Electric Control Equipment Co., Ltd.	Chengdu, Sichuan	Chengdu, Sichuan	Production		51.00	Business combination under common control
Dongfang Electric Corporation Materials Co.	Chengdu, Sichuan	Chengdu, Sichuan	Commodity circulation	100.00		Business combination under common control
DEC Project Cargo Logistics Co., Ltd.	Chengdu, Sichuan	Chengdu, Sichuan	Transportation		100.00	Business combination under common control
Dongfang Research Institute	Chengdu, Sichuan	Chengdu, Sichuan	Technical Services	100.00		Business combination under common control
Dongfang Hydrogen	Chengdu, Sichuan	Chengdu, Sichuan	Technical Services	53.32		Business combination under common control
Dongfang Innovation and Technology	Chengdu, Sichuan	Chengdu, Sichuan	Service	100.00		Established by investment
Dongfang Jiangsu Hydrogen Science	Suzhou Jiangsu	Suzhou Jiangsu	Electrical machinery and equipment manufacturing		60.00	Established by investment
Dongfang Beijing Hydrogen Science	Beijing	Beijing	Electrical machinery and equipment manufacturing		100.00	Established by investment
Dongfang Anhui Hydrogen Science	Fuyang, Anhui	Fuyang, Anhui	Electrical machinery and equipment manufacturing		100.00	Established by investment
Dongfang Hebei Hydrogen Science	Tangshan, Hebei	Tangshan, Hebei	Electrical machinery and equipment manufacturing		100.00	Established by investment
Dongguo Anhui Hydrogen Energy	Fuyang, Anhui	Fuyang, Anhui	Heat production and supply		90.00	Established by investment
Dongguo Neijiang Hydrogen Energy	Neijiang, Sichuan	Neijiang, Sichuan	Heat production and supply		51.00	Established by investment
Dongguo Chengdu Hydrogen Energy	Chengdu, Sichuan	Chengdu, Sichuan	Heat production and supply		52.56	Established by investment
Dongguo Guiyang Hydrogen Energy	Guiyang, Guizhou	Guiyang, Guizhou	Heat production and supply		51.00	Established by investment

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Subsidiary	Main business place	Registration place	Business nature	Shareholding ratio (%)		Method of acquisition
				Direct	Indirect	
Dongdian (Shandong) Energy Technology Co., Ltd.	Deyang, Sichuan	Deyang, Sichuan	Generator and Generating Set Manufacturing		100.00	Established by investment
Dongfang Jiangsu Energy	Nantong, Jiangsu	Nantong, Jiangsu	Generator and Generating Set Manufacturing		46.00	Established by investment
Dongfang Electric (Guangdong) Wind Power Equipment Co., Ltd.	Yangjiang, Guangdong	Yangjiang, Guangdong	Generator and Generating Set Manufacturing		100.00	Established by investment
Dongfang Electric (Guangyuan) New Energy Co., Ltd.	Guangyuan, Sichuan	Guangyuan, Sichuan	Generator and Generating Set Manufacturing		100.00	Established by investment
Dongfang (Shandong) Wind Power Equipment Manufacturing Co., Ltd.	Binzhou, Shandong	Binzhou, Shandong	Generator and Generating Set Manufacturing		100.00	Established by investment
Dongfang Electric Guoxin Hydrogen Energy (Deyang) Co., Ltd.	Deyang, Sichuan	Deyang, Sichuan	Heat production and supply		51.00	Established by investment
Dongji Tongyu Energy	Baicheng, Jilin	Baicheng, Jilin	Generator and Generating Set Manufacturing		100.00	Established by investment
Dongji Shuanggang Wind Power	Baicheng, Jilin	Baicheng, Jilin	Generator and Generating Set Manufacturing		100.00	Established by investment
Jiuquan Dongsu New Energy Co., Ltd.	Jiuquan, Gansu	Jiuquan, Gansu	Generator and Generating Set Manufacturing		100.00	Established by investment
Jiuquan Dongsu Mazongshan New Energy Co., Ltd.	Jiuquan, Gansu	Jiuquan, Gansu	Generator and Generating Set Manufacturing		100.00	Established by investment
DechangNew Energy	Dechang, Sichuan	Dechang, Sichuan	Generator and Generating Set Manufacturing		100.00	Established by investment
Dongfang Electric (Jiuquan) Wind Power Equipment Co., Ltd.	Jiuquan, Gansu	Jiuquan, Gansu	Generator and Generating Set Manufacturing		100.00	Established by investment
DongfangZhongneng	Chengdu, Sichuan	Chengdu, Sichuan	Internet Information Service		66.00	Established by investment

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8.1.2 Major non-wholly-owned subsidiaries

Subsidiary	Shareholding ratio of minority shareholders	Profit or loss attributable to minority shareholders in the current period	Dividends declared to be distributed to minority shareholders in 2021	Ending balance of minority equity	Note
DongFang Boiler (Group) Co.,Ltd.	3.21	20,847,838.08	7,965,165.30	230,022,942.46	
Dongfang Electric Auto Control Engineering Co., Ltd.	3.49	2,919,658.99	5,948,963.17	31,321,570.26	
Dongfang Electric Group Finance Co., Ltd.	5.00	13,120,238.47	7,961,316.35	175,280,431.63	
Dongfang Turbine Co., Ltd.	5.61	30,163,681.34	3,670,166.02	369,461,028.43	
Dongfang Electric Machinery Company Limited	8.14	34,230,907.71	16,103,378.49	499,262,004.37	
Dongfang Wind Power	15.72	14,282,835.42	1,500,000.00	231,529,961.76	
Dongfang Electric (Wuhan) Nuclear Equipment Co., Ltd.	33.00	7,024,664.64		79,282,624.24	
Dongfang (Guangzhou) Heavy Machinery Co., Ltd.	38.91	6,804,714.75		643,913,659.09	

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

Table 1:

Item	Balance of RMB as at December 31, 2021			
	Dongfang Turbine Co., Ltd.	DongFang Boiler (Group) Co.,Ltd.	Dongfang Electric Machinery Company Limited	Dongfang Electric Group Finance Co., Ltd.
Current assets	19,789,306,774.39	17,574,329,328.41	16,508,974,924.28	26,854,926,504.10
Non-current assets	5,730,616,966.77	3,955,076,485.45	2,952,455,280.38	16,127,420,782.45
Total assets	25,519,923,741.16	21,529,405,813.86	19,461,430,204.66	42,982,347,286.55
Current liabilities	17,420,605,912.06	10,828,064,741.72	11,754,237,520.05	39,534,370,470.33
Non-current liabilities	1,418,229,061.88	3,373,501,697.32	1,564,560,970.02	7,367,484.69
Total liabilities	18,838,834,973.94	14,201,566,439.04	13,318,798,490.07	39,541,737,955.02
Operating revenue	8,709,553,892.46	10,216,305,938.53	8,533,588,636.31	1,109,027,875.90
Net profit	537,677,029.19	649,465,360.71	420,527,121.72	262,404,769.32
Total comprehensive income	535,929,155.48	651,760,360.71	420,527,121.69	255,918,917.97
Cash flows from operating activities	814,186,506.61	194,747,383.29	250,772,850.68	-3,413,991,206.65

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(CONT'S)

Item	Balance of RMB as at December 31, 2020			
	Dongfang Turbine Co., Ltd.	DongFang Boiler (Group) Co.,Ltd.	Dongfang Electric Machinery Company Limited	Dongfang Electric Group Finance Co., Ltd.
Current assets	19,266,340,878.97	17,348,334,717.72	15,324,116,855.58	30,015,472,929.34
Non-current assets	5,145,925,619.57	3,280,756,318.26	2,556,430,485.09	12,288,784,040.78
Total assets	24,412,266,498.54	20,629,091,035.98	17,880,547,340.67	42,304,256,970.12
Current liabilities	17,200,661,436.10	10,455,251,332.34	10,747,007,093.26	38,960,152,347.58
Non-current liabilities	999,329,296.06	3,398,517,717.26	1,218,331,616.72	187,881.96
Total liabilities	18,199,990,732.16	13,853,769,049.60	11,965,338,709.98	38,960,340,229.54
Operating revenue	8,508,189,461.75	8,210,198,515.63	7,202,060,622.39	1,098,798,989.94
Net profit	313,639,813.67	281,561,417.02	396,493,700.23	318,452,654.03
Total comprehensive income	313,489,862.84	281,561,417.02	396,493,700.13	300,205,193.56
Cash flows from operating activities	1,111,288,647.76	-621,465,980.56	481,401,480.48	-2,418,789,795.25

Table2:

Item	Balance of RMB as at December 31, 2021			
	Dongfang Electric Auto Control Engineering Co., Ltd.	Dongfang Heavy Machinery Co., Ltd.	Dongfang Electric Nuclear Equipment Co., Ltd.	Dongfang Electric Wind Power Co., Ltd.
Current assets	2,162,236,154.50	2,590,910,297.17	435,135,432.74	13,050,467,910.60
Non-current assets	443,344,661.32	839,603,788.17	219,269,869.71	3,006,910,041.40
Total assets	2,605,580,815.82	3,430,514,085.34	654,405,302.45	16,057,377,952.00
Current liabilities	1,549,466,648.94	1,613,988,846.07	360,666,132.77	12,666,067,908.01
Non-current liabilities	40,578,243.85	161,645,621.98	53,488,793.16	1,498,701,211.34
Total liabilities	1,590,044,892.79	1,775,634,468.05	414,154,925.93	14,164,769,119.35
Operating revenue	2,527,979,208.77	1,430,132,796.23	280,402,779.32	12,530,590,519.89
Net profit	83,657,850.83	17,488,344.26	21,286,862.54	90,857,731.68
Total comprehensive income	83,685,650.83	17,488,344.26	21,286,862.54	90,857,731.68
Cash flows from operating activities	-125,376,832.36	42,499,301.87	30,992,963.57	221,020,925.70

(CONT'S)

Item	Balance of RMB as at December 31, 2020			
	Dongfang Electric Auto Control Engineering Co., Ltd.	Dongfang Heavy Machinery Co., Ltd.	Dongfang Electric Nuclear Equipment Co., Ltd.	Dongfang Electric Wind Power Co., Ltd.
Current assets	2,187,441,442.41	2,676,396,790.51	424,081,293.73	10,300,805,404.96
Non-current assets	393,805,788.64	923,301,254.10	167,650,352.87	2,402,449,625.36
Total assets	2,581,247,231.05	3,599,698,044.61	591,731,646.60	12,703,255,030.32
Current liabilities	1,573,761,852.92	1,758,987,196.14	280,701,039.22	10,019,514,017.78

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Item	Balance of RMB as at December 31, 2020			
	Dongfang Electric Auto Control Engineering Co., Ltd.	Dongfang Heavy Machinery Co., Ltd.	Dongfang Electric Nuclear Equipment Co., Ltd.	Dongfang Electric Wind Power Co., Ltd.
Non-current liabilities	41,841,845.65	203,319,575.44	90,879,507.10	938,501,124.50
Total liabilities	1,615,603,698.57	1,962,306,771.58	371,580,546.32	10,958,015,142.28
Operating revenue	2,006,450,969.43	1,066,674,928.26	204,982,901.22	7,539,240,800.91
Net profit	89,963,686.18	-203,241,918.10	21,400,638.31	148,258,674.97
Total comprehensive income	89,963,686.18	-203,241,918.10	21,400,638.31	148,258,674.97
Cash flows from operating activities	179,343,676.97	377,203,142.10	45,854,029.85	9,970,256,468.06

8.2 Transactions leading to changes in the share of owners' equity in subsidiaries and still controlling the subsidiaries

8.2.1 Notes to the changes in the share of owner's equity in subsidiaries

According to the company's relevant resolution documents and the approval of Dongfang Electric Group, Dongfang Hydrogen Energy publicly listed through Beijing Equity Exchange to solicit prospective investors, increase capital and expand shares, and enhance its strength. Among them, the company increased its capital with non-monetary assets with an estimated value of 71,861,530.00 yuan. Three Gorges Capital Holding Co., Ltd., Jiaxing Zhongtian Bishui Equity Investment Partnership (Limited Partnership), Dongfang Electric (Chengdu) Hydrogen Energy Equity Investment Fund Partnership (Limited Partnership) and employee stock ownership platform all increased their capital in cash, with a total investment of 5,940,000.00 yuan. After the capital increase, the company's equity changed from 55.93% to 53.32%, and it still has control over Dongfang Hydrogen Energy.

8.2.2 Effect of transactions on minority interests and equity attributable to owners of the parent company

Item	Dongfang hydrogen energy
Cash	5,940,000.00
Total purchase cost/disposal consideration	5,940,000.00
Less: the share of net assets of subsidiaries calculated according to the proportion of acquired/disposed equity	9,255,947.29
Difference	-3,315,947.29
Including: adjustment to capital reserves	-3,315,947.29

8.3 Equity in joint venture arrangements or associates

8.3.1 Major joint ventures or associates

Name of joint venture/associate	Main business place	Registration place	Business nature	Shareholding ratio (%)		Accounting treatment method
				Direct	Indirect	

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Name of joint venture/associate	Main business	Registration place	Business nature	Shareholding ratio (%)		Accounting treatment
MHPS Dongfang Boiler Co., Ltd.	Jiaxing, Zhejiang	Jiaxing, Zhejiang	Production		50.00	Equity method
Framatome Dongfang Reactor Coolant Pumps Company Limited	Deyang, Sichuan	Deyang, Sichuan	Production	50.00		Equity method
Mitsubishi Heavy Industries Dongfang Gas Turbine (Guangzhou) Co., Ltd.	Nansha, Guangzhou	Nansha, Guangzhou	Production		49.00	Equity method
Sichuan Energy Wind Power Development Co., Ltd.	Leshan, Sichuan	Leshan City	Cargo transportation	20.00		Equity method
Sichuan Dongshu New Materials Co., Ltd.	Sichuan Province	Sichuan Province	Manufacturing		47.54	Equity method

8.3.2 Principle financial information of major joint ventures

Item	Balance as at December 31, 2021/Year 2021	
	MHPS Dongfang Boiler Co., Ltd.	Framatome Dongfang Reactor Coolant Pumps Company Limited
Current assets	1,186,819,506.80	1,207,599,760.96
Including: cash and cash equivalents	118,477,861.43	453,440,106.81
Non-current assets	230,132,256.74	77,374,143.57
Total assets	1,416,951,763.54	1,284,973,904.53
Current liabilities	940,642,799.01	794,763,164.17
Non-current liabilities	71,575,820.41	43,371,117.26
Total liabilities	1,012,218,619.42	838,134,281.43
Minority equity		
Equity attributable to shareholders of the parent company	404,733,144.12	446,839,623.10
Net asset share calculated by shareholding ratio	202,366,572.06	223,419,811.55
Adjustments		
- Goodwill		
- Unrealized profits of internal transactions		
- Others		
Book value of the equity investment in joint ventures	202,366,572.06	223,419,811.55
Fair value of the equity investment in joint ventures with public offer		
Operating revenue	1,020,735,580.30	190,060,658.48
Financial expenses	8,649,879.40	-6,558,409.83
Income tax expenses	248,023.74	9,227,345.42
Net profit	12,433,795.61	52,288,290.62
Net profit of discontinued operation		
Other comprehensive income		
Total comprehensive income	12,433,795.61	52,288,290.62
Dividends received from joint ventures in current period	4,311,250.00	22,375,391.31

(CONT'S)

Item	Balance as at December 31, 2020/Year 2020	
	MHPS Dongfang Boiler Co., Ltd.	Framatome Dongfang Reactor Coolant Pumps Company Limited

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Item	Balance as at December 31, 2020/Year 2020	
	MHPS Dongfang Boiler Co., Ltd.	Framatome Dongfang Reactor Coolant Pumps Company Limited
Current assets	984,873,507.79	1,286,215,232.92
Including: cash and cash equivalents	83,212,432.14	479,267,569.45
Non-current assets	245,963,838.74	104,981,438.55
Total assets	1,230,837,346.53	1,391,196,671.47
Current liabilities	752,724,403.11	859,673,956.81
Non-current liabilities	77,109,363.85	137,124,864.16
Total liabilities	829,833,766.96	996,798,820.97
Minority equity		
Equity attributable to shareholders of the parent company	401,003,579.57	394,397,850.50
Net asset share calculated by shareholding ratio	200,501,789.79	197,198,925.25
Adjustments		
- Goodwill		
-Unrealized profits of internal transactions		-255,014.82
- Others		
Book value of the equity investment in joint ventures	200,501,789.79	196,943,910.43
Fair value of the equity investment in joint ventures with public offer		
Operating revenue	851,215,416.41	296,167,032.98
Financial expenses	6,654,758.32	-5,820,240.19
Income tax expenses	2,974,696.14	7,636,256.62
Net profit	1,317,115.31	43,272,120.84
Net profit of discontinued operation		
Other comprehensive income		
Total comprehensive income	1,317,115.31	43,272,120.84
Dividends received from joint ventures in current period	2,461,388.32	33,705,845.36

8.3.3 Principle financial information of major associates

Item	Balance as at December 31, 2021/Year 2021		
	Mitsubishi Heavy Industries Dongfang Gas Turbine Co., Ltd.	Sichuan Energy Wind Power Development Co., Ltd.	Sichuan Dongshu New Materials Co., Ltd.
Current assets	1,443,777,235.24	2,374,109,066.80	1,107,971,781.36
Including: cash and cash equivalents	876,826,759.05	664,783,624.67	64,059,550.86
Non-current assets	313,863,427.94	6,112,544,548.22	99,572,814.66
Total assets	1,757,640,663.18	8,486,653,615.02	1,207,544,596.02
Current liabilities	719,603,468.68	1,596,090,056.11	829,543,536.35

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Item	Balance as at December 31, 2021/Year 2021		
	Mitsubishi Heavy Industries Dongfang Gas Turbine Co., Ltd.	Sichuan Energy Wind Power Development Co., Ltd.	Sichuan Dongshu New Materials Co., Ltd.
Non-current liabilities	9,282,339.80	3,782,143,633.60	5,102,388.31
Total liabilities	728,885,808.48	5,378,233,689.71	834,645,924.66
Minority equity		420,665,060.94	
Equity attributable to shareholders of the parent company	1,028,754,854.70	2,687,754,864.37	372,898,671.36
Net asset share calculated by shareholding ratio	504,089,878.80	537,550,972.87	177,276,028.36
Adjustments			
- Goodwill			
- Unrealized profits of internal transactions	504,975.09		
- Others			
Book value of the equity investment in joint ventures	503,584,903.71	537,550,972.87	177,276,028.36
Fair value of the equity investment in joint ventures with public offer			
Operating revenue	953,781,260.81	1,132,527,505.27	2,012,674,530.49
Financial expenses	-27,806,659.21	173,113,916.60	19,121,495.46
Income tax expenses	100,364,834.76	37,978,143.47	5,460,264.59
Net profit	299,645,543.77	492,892,080.05	63,070,239.32
Net profit of discontinued operation			
Current assets			
Including: cash and cash equivalents	299,645,543.77	492,892,080.05	63,070,239.32
Non-current assets	108,864,132.00		

(CONT'S)

Item	Balance as at December 31, 2020/Year 2020		
	Mitsubishi Heavy Industries Dongfang Gas Turbine Co., Ltd.	Sichuan Energy Wind Power Development Co., Ltd.	Sichuan Dongshu New Materials Co., Ltd.
Current assets	1,466,138,657.61	1,822,872,755.18	984,286,657.19
Including: cash and cash equivalents	357,583,990.02	5,340,409,706.24	50,713,459.93
Non-current assets	1,823,722,647.63	7,163,282,461.42	1,035,000,117.12
Total assets	870,429,399.60	1,605,377,014.97	720,170,124.35
Current liabilities		3,087,290,219.59	7,140,822.71
Non-current liabilities	870,429,399.60	4,692,667,234.56	727,310,947.06
Total liabilities		199,359,410.79	

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Item	Balance as at December 31, 2020/Year 2020		
	Mitsubishi Heavy Industries Dongfang Gas Turbine Co., Ltd.	Sichuan Energy Wind Power Development Co., Ltd.	Sichuan Dongshu New Materials Co., Ltd.
Minority equity	953,293,248.03	2,271,255,816.07	309,429,585.01
Equity attributable to shareholders of the parent company	467,113,691.53	454,251,163.21	147,102,824.71
Net asset share calculated by shareholding ratio	-350,195.40	5,040,000.00	26,137,723.75
Adjustments			
- Goodwill	-350,195.40	5,040,000.00	26,137,723.75
-Unrealized profits of internal transactions			
- Others	466,763,496.13	459,291,163.21	173,240,548.46
Book value of the equity investment in joint ventures			
Fair value of the equity investment in joint ventures with public offer	751,378,246.96	826,550,898.15	1,299,704,704.68
Operating revenue	150,714,685.38	402,128,924.56	36,899,919.32
Financial expenses			
Income tax expenses			
Net profit	150,714,685.38	402,128,924.56	36,899,919.32
Net profit of discontinued operation	105,972,302.00	6,288,567.98	2,377,000.00

8.3.4 Summary of financial information on insignificant joint ventures or associates

Item	Balance as at December 31, 2021/ Year 2021	Balance as at December 31, 2020/ Year 2020
Total book value of investment of Joint ventures	4,615,969.94	6,591,580.67
Total amounts of the following items calculated at shareholding ratio	—	—
Net profit	-498,500.36	-206,172.37
Other comprehensive income		
Total comprehensive income	-498,500.36	-206,172.37
Total book value of investment of Associates	609,084,583.58	272,437,626.80
Total amounts of the following items calculated at shareholding ratio	—	—
Net profit	66,140,874.41	11,802,162.27
Other comprehensive income		
Total comprehensive income	66,140,874.41	11,802,162.27

8.4 Equities of the structuring subjects not included in the scope of consolidated financial statements

None.

8.4 .1 Identification basis and income as the initiator of structured subject

None.

8.4 .2 Other important information that needs to be disclosed

None.

8.5 Enterprises whose shareholding ratio exceeds 50% not included in the scope of consolidation

Name of joint operation	Main place of business	Registration place	Shareholding proportion (%)	voting rights proportion (%)
Dongfang Electric (Xichang) Hydrogen Energy Co., Ltd.	Xichang, Sichuan	Xichang, Sichuan	66.00	66.00

Note: During the reporting period, DBC and Dongfang Hydrogen Energy, subsidiaries of the Company, jointly invested in establishment of Dongfang Electric (Xichang) Hydrogen Energy Co., Ltd. ("Xichang Hydrogen Energy") with Xichang State-owned Assets Management Co., Ltd. on February 28, 2019. After the capital contribution was completed, they held 50% and 16% respectively. The board of directors of Xichang Hydrogen Energy has four directors; two of them are dispatched by the Company. The relevant provisions of articles of association of Xichang Hydrogen Energy provide that, "Article 15. The company's business policy and investment plan decisions, review and approval of the board report, review and approval of the annual financial budget plan and final account plan, review and approval of the company's profit distribution plan and loss recovery plan can be adopted only when they are approved by more than two-thirds (exclusive) of the shareholders with voting rights".

8.5.1 Description of significant restrictions on the ability of structured entities not included in the scope of consolidated financial statements to transfer funds to the Company

None.

8.5.2 Financial support or other payments related to structured entities not included in the scope of consolidated financial statements

None.

8.6 Others

None.

9、Risks related to financial instruments

The Company's main financial instruments include borrowings, receivables, contract assets, contract liabilities, payables, financial assets held for trading, financial liabilities held for trading, etc. For more details about financial instruments, please see Note 3 of these financial statements. Risks associated with these financial instruments, as well as the risk management policies taken by the Company to mitigate these risks are as set out below.

9.1 Credit risk

Credit risk refers to the risk that the counterparty fails to fulfill its contractual obligations, resulting in financial losses of the Company. The management has formulated appropriate credit policies and constantly monitored the exposure of credit risk.

The Company has adopted a policy of only dealing with counterparties with good credit. In addition, the company evaluates the customer's credit qualification and sets the corresponding credit period based on the customer's financial status, the possibility of

obtaining guarantee from a third party, credit history and other factors such as current market conditions. Our company continuously monitors the balance of bills receivable, accounts receivable and their recovery. For customers with poor credit records, our company will adopt written dunning, shorten the credit period or cancel the credit period to ensure that our company will not face major credit losses. In addition, the Company reviews the recovery of financial assets on each balance sheet date to ensure that the relevant financial assets have sufficient provision for expected credit losses.

Other financial assets of the Company include monetary funds, other receivables and transactional financial assets, etc. The credit risk of these financial assets originates from the counterparty's default, and the maximum credit risk exposure is the book amount of each financial asset in the balance sheet.

The monetary funds held by the Company are mainly deposited in financial institutions such as state-controlled banks and other large and medium-sized commercial banks. The management believes that these commercial banks have high reputation and asset status, and there is no significant credit risk, and no major losses will occur due to the default of the other unit. The Company's policy is to control the amount of deposits deposited according to the market reputation, business scale and financial background of well-known financial institutions, so as to limit the amount of credit risk to any single financial institution.

As part of the credit risk asset management of the Company, the Company uses aging to assess the impairment losses of accounts receivable and other receivables. The accounts receivable and other receivables of our company involve a large number of customers, and the aging information can reflect the solvency and bad debt risk of these customers. According to historical data, the company calculated the historical actual bad debt rate in different aging periods, and adjusted the forecast of current and future economic conditions, such as national GDP growth rate, total infrastructure investment, national monetary policy and other forward-looking information to obtain the expected loss rate. For long-term receivables, the Company comprehensively considers the settlement period, the payment period agreed in the contract, the debtor's financial situation and the economic situation of the debtor's industry, and takes into account the above forward-looking information to make a reasonable assessment of the expected credit loss after adjustment.

As of December 31, 2021, the book balance and expected credit impairment losses of related assets are as follows:

Item	Book balance	Impairment reserve
Notes receivable	3,077,436,192.67	82,808,660.26
Receivables Financing	1,342,379,048.57	
Accounts receivable	12,883,281,001.26	4,896,493,678.68
Other receivable	662,005,306.14	299,711,189.38

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Item	Book balance	Impairment reserve
Debt investment	12,708,659,801.06	48,476,325.00
Long-term receivables (including payments due within one year)	664,829,002.54	55,147,473.29
Disbursement of loans and advances	3,431,167,799.46	190,169,281.30
Total	34,769,758,151.70	5,572,806,607.91

On December 31, 2021, the amount of financial guarantee provided by the Company was RMB 92.5 million. Please refer to Note XI for details of the financial guarantee contract. According to the assessment of the management of the Company, there is no significant expected impairment provision for related financial guarantees.

9.2 Liquidity risk

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

As the Company has good bank credit and higher credit rating, as at December 31, 2021, borrowings offered by the bank are sufficient to meet the financing demand.

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

Item	Balance as at December 31, 2021					Total
	Immediate repayment	Within 1 year	1-2 years	2-5 years	Over 5 years	
Financial assets						
Including: monetary funds		18,721,874,434.15				18,721,874,434.15
Financial assets held for trading		1,466,444,004.12				1,466,444,004.12
Notes receivable		2,994,627,532.41				2,994,627,532.41
Accounts receivable		7,986,787,322.58				7,986,787,322.58
Accounts receivable financing		1,342,379,048.57				1,342,379,048.57
Other receivables		607,440,479.81				607,440,479.81
Total amount of financial assets		33,119,552,821.64				33,119,552,821.64
Financial liabilities						
Including: short-term borrowings		41,830,000.00				41,830,000.00
Financial liabilities held for trading						

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Item	Balance as at December 31, 2021					
	Immediate repayment	Within 1 year	1-2 years	2-5 years	Over 5 years	Total
Notes payable		6,254,798,141.80				6,254,798,141.80
Accounts payable		13,959,367,074.05				13,959,367,074.05
Other payables		1,406,088,437.27				1,406,088,437.27
Employee compensation payable		785,747,202.80				785,747,202.80
Non-current liabilities maturing within one year		102,152,874.33				102,152,874.33
Long-term borrowings			860,000,000.00	348,800,000.00	356,291,967.96	1,565,091,967.96
Long-term employee compensation payable		126,932,623.70				126,932,623.70
Total amount of financial liabilities				262,719,955.85	715,975,614.18	978,695,570.03
Financial assets		22,676,916,353.95	860,000,000.00	611,519,955.85	1,072,267,582.14	25,220,703,891.94

9.3 Market risk

9.3.1 Exchange rate risk

Foreign exchange risks to be suffered by the Company are mainly relevant to USD, EUR, PKR and INR; except for the purchase and sales of the Company and its major subsidiaries in USD, EUR, PKR and INR, other business of the Company shall be settled in RMB. On December 31, 2021, except for the asset and liability in USD and other foreign currencies below the table, the balance of asset and liability of the Company shall be presented in RMB. Foreign exchange risk arising from the asset and liability of which balance is in the one of the following currencies may affect the business performance of the Company. For foreign currency monetary assets and liabilities held by the Company on December 31, 2021, please see Note 6.75.

9.3.2 Interest rate risk

The Company's interest rate risk arises from interest-bearing debts such as bank loans and bonds payable. The financial liabilities with floating interest rate made the Company exposed to the cash flow interest rate risks, and the financial liabilities with fixed interest rate made the Company exposed to the fair value interest rate risks. The Company determines the relative proportion of fixed-rate contracts and floating-rate contracts pursuant to the prevailing market conditions. On December 31, 2021, the Company's interest-bearing debts were mainly fixed interest rate contracts valued at RMB, amounting to RMB1,607,086,003.96.

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

9.3.3 Other price risks

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

9.4 Sensitivity analysis

The Company uses sensitivity analysis techniques to analyze the possible effects of reasonable and potential changes of risk variables on the current profit and loss and shareholders' equity. As any risk variate hardly changes in isolation, and the pertinence existing among the variates will have significant effect on the final affected amount of the change of any risk variate, the following content is conducted on the basis of the assumption that the change of every variate is independent.

9.4.1 Sensitivity analysis on foreign exchange risk

Assumption of sensitivity analysis on foreign exchange risk: all hedges of net investment in an overseas operation and cash flow hedges are highly effective.

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

Item	Fluctuation in foreign exchange rate	Year 2021		Year 2020	
		Impact on net profit	Effect on owners' equity	Impact on net profit	Effect on owners' equity
All foreign currencies	5% of appreciation in RMB	110,793,438.49	110,793,438.49	64,696,577.43	64,696,577.43
All foreign currencies	5% of depreciation in RMB	-110,793,438.49	-110,793,438.49	-64,696,577.43	-64,696,577.43

9.4.2 Sensitivity analysis on interest rate risk

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

The change in market interest rate affects the interest income or expenses of the financial instrument with variable rate; For the financial instrument with fixed interest rate measured at fair value, the change in market interest rate only affects the interest income or expenses; The fair value of derivative financial instruments calculated by the cash flow capitalization method at the market interest rate on the balance sheet date and the fair value of other financial asset and liability change.

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

Item	Fluctuation in interest rate	Year 2019		Year 2020	
		Impact on net profit	Impact on owners' equity	Impact on net profit	Impact on owners' equity
Borrowings with floating rate	Increase by 1%	-3,562,919.68	-3,562,919.68	-5,793,505.39	-5,793,505.39
Borrowings with floating rate	Decrease by 1%	3,562,919.68	3,562,919.68	5,793,505.39	5,793,505.39

10、 Disclosure of fair value

10.1 Financial instruments measured at fair value

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The book value of financial asset instruments measured at fair value on December 31, 2021 is listed in three levels of fair value. When the fair value is classified into three levels as a whole, it is based on the lowest of the three levels to which all important input values used in fair value measurement belong. The three levels are defined as follows:

- The first level inputs are unadjusted quotes for the same assets or liabilities that can be obtained on the measurement date in an active market.

- The second level input value is the input value that is directly or indirectly observable for the relevant assets or liabilities except for the first level input value.

The second level input values include: 1) quotation of similar assets or liabilities in active market; 2) Quotations of the same or similar assets or liabilities in inactive markets; 3) Other observable input values except quotation, including observable interest rate and yield curve, implied volatility and credit spread during normal quotation interval; 4) Input value of market verification, etc.

- The third level inputs are unobservable inputs to related assets or liabilities.

10.2 Fair value of assets and liabilities measured at fair value as at December 31, 2021

Continuous fair value measurement

Item	Book value as at December 31, 2021			
	Measured at the fair value of level 1	Measured at the fair value of level 2	Measured at the fair value of level 3	Total
1. Financial assets measured at fair value through current profit or loss	1,466,372,604.12		71,400.00	1,466,444,004.12
(1) Debt instrument investment	349,230,660.00			349,230,660.00
(2) Equity instrument investment	89,003,053.40		71,400.00	89,074,453.40
others	1,028,138,890.72			1,028,138,890.72
Other equity instrument investment			52,300,000.00	52,300,000.00
Accounts receivable financing			1,342,379,048.57	1,342,379,048.57
Total asset	1,466,372,604.12		1,394,750,448.57	2,861,123,052.69
Total liabilities				

10.3 Basis for recognition of the market price of items measured at fair value of Level 1 on a going and non-going concern

Where there is a financial instrument traded in the active market, the Company will determine the fair value according to quoted prices in active market.

10.4 Nature and quantitative information of valuation techniques and key parameters adopted for items measured at the fair value of Level 2 on a going and non-going concern

None.

10.5 Nature and quantitative information of valuation techniques and key parameters adopted for items measured at the fair value of Level 3 on a going and non-going concern

The Company's fair value measurements on a going and non-going concern were at cost method unless the cost measurement is unreliable.

10.6 The measurement project of fair value on a going concern, the conversion between the various levels during the period, the reason for conversion and the policy of determining the conversion time

None.

10.7 Changes in valuation technology and reasons for changes occurred in current period

None.

10.8 Fair value of financial assets and financial liabilities not measured at fair value

None.

11、 Related parties and related party transactions

11.1 Parent company of the Company

Name of parent company	Registration place	Nature of business	Registered Capital: (RMB '0,000)	Shareholding ratio in the Company (%)	Voting ratio in the Company (%)
Dongfang Electric Corporation	No. 333, Shuhan Road, Jinniu District, Chengdu City, Sichuan Province	Manufacturing of generator and generator set	504,696.03	55.40	55.40

Note: The above shareholding ratio is the ratio of the equity directly held by the parent company, and the equity ratio held by Dongfang Electric International Investment Co., Ltd., a subsidiary of the parent company, is 0.028%, calculated through non-consolidation.

Description of the parent company of the company

Dongfang Electric Group was established on November 6, 1984, and is an enterprise supervised by the State-owned Assets Supervision and Administration Commission of the State Council. As of December 31, 2021, the registered capital of Dongfang Electric Group is RMB 5.047 billion, and Dongfang Electric Group holds 55.40% shares of Dongfang Electric Co., Ltd..

11.2 Subsidiaries of the Company

See "Note 8.1 Equity in other entities" for subsidiaries of the Company.

11.3 Joint ventures and associates of the Company

See "Note 8.3 Equity in other entities" for details about major joint ventures and associates of the Company.

Other joint ventures or associates having balances from related party transactions with the Company in 2021 or in the prior period:

Name of joint venture or associate	Relationship with the Company
MHPS Dongfang Boiler Co. Ltd.	Joint venture
Framatome Dongfang Reactor Coolant Pumps Company Limited	Joint venture
Dongfang Electric (Xichang) Hydrogen Energy	Joint venture
Sichuan Energy Investment Wind Power	Associate
Longkou Wind Power	Associate
Inner Mongolia Energy Generation Hongnijing Wind Power	Associate
China United rekindled	Associate
Inner Mongolia Mengneng Sanshengtai Wind Power Generation	Associate
Inner Mongolia Mengneng Ulan New Energy	Associate
DongfangMitsubishi	Associate
Dongshu New Materials	Associate
Dongle large	Associate
Liangshan Scenery New Energy Operation and Maintenance Co., Ltd.	Associate
Hunan Ping An Environmental Protection Co., Ltd.	Associate
Deyang Guangdong Automobile Co., Ltd.	Associate

11.4 Other related parties

Name of other related parties	Relationship with the Company
Dongfang Electric Corporation	Parent company and ultimate controller
Dongfang Electric Investment Management	Other enterprises controlled by the same parent company and ultimate controller
Dongfang Electric (Jiuquan) Solar Power	Other enterprises controlled by the same parent company and ultimate controller
Dongfang Electric (Jiuquan) Photovoltaic Power Generation Technology	Other enterprises controlled by the same parent company and ultimate controller
Shizuishan Tiande Photovoltaic Power Generation	Other enterprises 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 enterprises controlled by the same parent company and ultimate controller

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Name of other related parties	Relationship with the Company
Quzhou Huihe New Energy Technology Co., Ltd. (hereinafter referred to as Quzhou Huihe New Energy)	Other enterprises controlled by the same parent company and ultimate controller
Dongyao New Energy (Zhangbei County) Co., Ltd.	Other enterprises controlled by the same parent company and ultimate controller
Dongfang Electric (Zhenjiang) Solar Power Co., Ltd.	Other enterprises controlled by the same parent company and ultimate controller
Dongfang Electric (Jiuquan) Integrated Smart Energy Technology Co., Ltd. (hereinafter referred to as Jiuquan Integrated Smart Energy)	Other enterprises controlled by the same parent company and ultimate controller
Emei Semiconductor Materials Research Institute	Other enterprises controlled by the same parent company and ultimate controller
Dongshu new material	Other enterprises controlled by the same parent company and ultimate controller
Emeishan Eban High Purity Material	Other enterprises controlled by the same parent company and ultimate controller
Dongfang International Investment	Other enterprises controlled by the same parent company and ultimate controller
Dongfang Electric El Salvador Co., Ltd.	Other enterprises controlled by the same parent company and ultimate controller
Dongfang Electric Ecuador Co., Ltd.	Other enterprises 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 enterprises controlled by the same parent company and ultimate controller
Dongfang Electric Group (Chengdu) Shared Services Co., Ltd. (hereinafter referred to as Dongfang Sharing)	Other enterprises controlled by the same parent company and ultimate controller
Dongfang Electric New Energy Equipment (Hangzhou)	Subsidiaries under the state of bankruptcy and liquidation
Dongfang Electric (Hulunbeier) New Energy	Subsidiaries under the state of bankruptcy and liquidation
Dongfang Electric (Tongliao) Wind Power Engineering Technology	Subsidiaries under the state of bankruptcy and liquidation
Dongfang Electric (Jiuquan) New Energy	Subsidiaries under the state of bankruptcy and liquidation
Dongfang Electric (Yixing) MAGI Solar Power Technology	Subsidiaries under the state of bankruptcy and liquidation
Zhonghe Desalination Engineering Co., Ltd. (hereinafter referred to as Zhonghe Desalination)	Subsidiaries under the state of bankruptcy and liquidation

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Name of other related parties	Relationship with the Company
	liquidation
Chengdu Dongfang Electric Environmental Engineering Co., Ltd. (hereinafter referred to as Dongfang Environment)	Subsidiaries under the state of bankruptcy and liquidation
Eban Company	Subsidiaries under the state of bankruptcy and liquidation
Huaxi Energy Industry Co., Ltd. (hereinafter referred to as Huaxi Energy)	The investor having a significant impact
Wuhan Boiler Group Co., Ltd. (hereinafter referred to as Wuhan Boiler)	The investor having a significant impact
Guangdong Yudean Group	The investor having a significant impact
Directors, presidents and other senior officers of the Company	Relationship with other related parties

11.5 Related-party transactions

11.5.1 Related-party transactions on purchase of goods, and receipt of services

Related party	Content of related-party transactions	Year 2021	Year 2020
Parent company and ultimate controller		1,727,882.56	39,955,798.79
Dongfang Electric Corporation	Purchase of goods	1,159,400.00	
Dongfang Electric Corporation	Purchase of intangibles		33,099,913.00
Dongfang Electric Corporation	Acceptance of services	568,482.56	6,855,885.79
Joint ventures and associates		843,814,854.07	494,375,771.53
MHPS Dongfang Boiler	Purchase of goods	745,548,862.93	494,375,771.53
Mitsubishi Heavy Industries Dongfang Gas Turbine	Purchase of goods	98,265,991.14	
Other enterprises controlled by the same parent company and ultimate controller		639,807,468.99	529,826,858.68
Dongfang international investment	Purchase of goods	2,224,675.60	2,732,087.18
Dongfang jieneng	Purchase of goods	1,046,850.00	433,600.00
Dongfang jieneng	Acceptance of services	1,022,920.35	18,867.92
Dongshu new material	Purchase of goods	631,456,419.12	522,392,350.13
Dongfang Sharing	Acceptance of services	4,056,603.92	4,249,953.45
Subsidiaries in bankruptcy liquidation		792,462.23	9,557,522.09
Zhonghe Seawater Desalination Engineering	Purchase of goods		9,557,522.09
Jiuquan New Energy	Acceptance of services	792,462.23	
The investor having a significant impact		3,478,421.30	3,612,580.76
Guangdong Yudean Group	Purchase of goods	3,478,421.30	3,612,580.76
Total		1,489,621,089.15	1,077,328,531.85

11.5.2 Related-party transactions on sales of goods, and rendering of services

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Related party	Content of related-party transactions	Year 2021	Year 2020
Parent company and ultimate controller		6,789,524.52	6,509,428.40
Dongfang Electric Corporation	Sales of goods	4,642,920.17	4,537,168.14
Dongfang Electric Corporation	Provision of labor service and kinetic energy	2,146,604.35	1,972,260.26
Joint ventures and associates		20,664,782.67	80,696,628.19
Framatome Dongfang Reactor Coolant Pumps Company Limited	Sales of goods		27,683,079.00
MHPS Dongfang Boiler	Sales of goods	20,664,782.67	38,801,504.40
Hongnijing Wind Power	Sales of goods		1,483,756.33
Sanshengtai Wind Power Generation	Sales of goods		2,439,264.66
Ulan New Energy	Sales of goods		10,289,023.80
Other enterprises controlled by the same parent company and ultimate controller		743,664,945.83	421,166.74
Shizuishan Tiande Photovoltaic	Sales of goods		69,042.47
(Jiuquan) Photovoltaic Power	Sales of goods	17,699.12	164,153.17
(Jiuquan) Solar Power	Sales of goods	57,030.09	132,925.23
Dongfang Electric Jieneng	Sales of goods		55,045.87
Dongfang Electric Investment	Provision of labor service and kinetic energy	13,853.98	
Dongfang International Investment	Sales of goods	743,054,132.56	
Dongshu new material	Sales of goods	522,230.08	
The investor having a significant impact		83,034.86	
Guangdong Yudean Group	Sales of goods	83,034.86	
Total		771,202,287.88	87,627,223.33

11.5.3 Income and expenses of related interest
Table of interest income

Related party	Content of related-party transactions	Year 2021	Year 2020
Joint ventures and associates		4,408,480.08	3,891,560.42
MHPS Dongfang Boiler Co., Ltd.	interest income	4,408,480.08	3,891,560.42
Controlled by the same parent company and ultimate controller		21,853,353.42	17,034,255.47
Shizuishan Tiande Photovoltaic Power Generation	interest income	2,559,816.56	2,846,519.90
Dongfang Electric (Jiuquan) Solar Power	interest income	1,860,900.94	1,970,054.25
Emeishan Eban High Purity Material	interest income		40,016.22
Dongshu new material	interest income	16,062,858.81	11,052,283.02
(Jiuquan) Photovoltaic Power	interest income	832,295.98	1,125,382.08

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Quzhou Huijie New Energy	interest income	537,481.13	
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Table of interest expenses

Related party	Content of related-party transactions	Year 2021	Year 2020
Parent company and ultimate controller		83,480,878.51	75,789,960.19
Dongfang Electric Corporation	interest expenses	83,480,878.51	75,789,960.19
Controlled by the same parent company and ultimate controller		2,154,134.99	2,688,369.66
Dongfang Investment	interest expenses	760,033.14	1,372,472.12
DEC Sharing Service	interest expenses	205,293.91	141,225.27
(Jiuquan) Photovoltaic Power	interest expenses	14,928.14	27,536.75
(Jiuquan) Solar Power	interest expenses	86,436.40	53,064.02
Dongshu new material	interest expenses	695,948.09	641,748.61
Dongfang Jieneng	interest expenses	27,024.81	23,312.30
Emei Semiconductor Materials	interest expenses	237,000.65	357,852.71
Emeishan Eban High Purity Material	interest expenses	88,634.01	52,749.65
Shizuishan Tiande Photovoltaic Power	interest expenses	22,200.97	18,408.23
Quzhou Huihe New Energy	interest expenses	16,634.87	
Subsidiaries in bankruptcy liquidation			233,089.74
Dongfang environment	interest expenses		233,089.74

11.5.4 Related-party lease

The Company as the lessor

Name of lessee	Type of leased assets	Lease revenue recognized in 2021	Lease revenue recognized in 2020
Guangdong Yudean Group	Yard	83,034.86	83,034.86
Zhonghe Seawater Desalination Engineering Co., Ltd.	House		69,894.50
Dongshu new material	House	472,384.79	459,683.11

The Company as the lessee

Name of lessor	Type of leased assets	Rental fees recognized in current period	Rental fees recognized in prior period
Dongfang Electric Corporation	Houses and buildings	109,587,773.12	115,514,269.39
Dongfang Electric Corporation	Machinery equipment	410,256.64	410,256.41

Notes on related-party lease: Upon deliberation at the 9th meeting of the 9th board of directors, the Company and some subsidiaries signed four framework agreements such as the "2019-2021 Agreement on Continuous Related Transaction" with Dongfang Electric Corporation. According to the 2019-2021 Framework Agreement on Property and

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Equipment Lessee, since January 1, 2019, the Company continued to lease property facilities such as the office buildings of Dongfang Electric Corporation, with the lease period of 3 years and the rent standards determined according to market principles.

11.5.5 Related party guarantee

The Company as the guarantor

The guaranteed	Guarantee amount (RMB '0,000)	Commencement date of guarantee	Expiration date of guarantee	Whether or not the guarantee performance has been completed
Mitsubishi Heavy Industries Dongfang	2,450.00	2016/9/22	Long term service agreement termination date	No
Hongnijing Wind Power	1,600.00	2016/1/19	2026/1/19	No
Mengneng Sanshengtai Wind Power	1,600.00	2016/6/29	2026/6/29	No
Mengneng Ulan New Energy	3,600.00	2016/10/27	2026/10/27	No
Total	9,250.00			

11.5.6 Loans from and to related parties

Loans from related parties

Related party	Lending amount	Commencement date	Expiration date	Note
Dongfang Electric Corporation	153,800,000.00	2021/9/29	2024/9/29	
Dongfang Electric Corporation	30,000,000.00	2021/10/22	2024/10/22	
Dongfang Electric Corporation	35,000,000.00	2021/10/26	2024/10/26	
Dongfang Electric Corporation	5,000,000.00	2021/12/1	2024/12/1	
Dongfang Electric Corporation	260,000,000.00	2021/12/3	2023/12/3	
Dongfang Electric Corporation	20,000,000.00	2021/12/17	2024/12/17	
Dongfang Electric Corporation	65,000,000.00	2021/12/17	2024/12/17	
Dongfang Electric Corporation	190,000,000.00	2021/12/24	2024/12/24	
Total	758,800,000.00			

Loans to related parties

Related party	Lending amount	Commencement date	Expiration date	Note
Quzhou Huihe New Energy	46,720,000.00	2021-06-30	2036-06-30	
(Jiuquan) Photovoltaic Power	15,000,000.00	2021-09-03	2022-09-03	
(Jiuquan) Solar Power	25,000,000.00	2021-09-03	2022-09-03	
Shizuishan Photovoltaic Power	20,000,000.00	2021-09-22	2022-09-22	
Dongshu new material	50,000,000.00	2021-01-27	2022-01-27	
Dongshu new material	45,000,000.00	2021-02-08	2022-02-08	
Dongshu new material	45,000,000.00	2021-02-26	2022-02-26	
Dongshu new material	25,000,000.00	2021-03-23	2022-03-23	

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Related party	Lending amount	Commencement date	Expiration date	Note
Dongshu new material	30,000,000.00	2021-05-28	2022-05-28	
Dongshu new material	15,000,000.00	2021-06-18	2022-06-18	
Dongshu new material	25,000,000.00	2021-08-24	2022-08-24	
Dongshu new material	3,000,000.00	2021-6-23	2022-6-30	
Dongshu new material	5,000,000.00	2021-7-12	2022-7-11	
Dongshu new material	3,000,000.00	2021-8-19	2022-8-18	
MHPS Dongfang Boiler Co. Ltd.	20,000,000.00	2021-01-13	2022-01-13	
MHPS Dongfang Boiler Co. Ltd.	20,000,000.00	2021-03-12	2022-03-12	
MHPS Dongfang Boiler Co. Ltd.	20,000,000.00	2021-03-23	2022-03-23	
Total	412,720,000.00			

11.5.7 Remuneration of key management personnel

Item	Year 2021	Year 2020
Remuneration of key management personnel	1,922,878.00	1,690,884.00

(1) Remuneration of directors and supervisors in 2021

Item	Emoluments of director or supervisor	Salaries and subsidies	Performance salary	Contributions of retirement welfare plan	Total
Directors					
Including: Gu Dake	69,996.00				69,996.00
Xu Haihe	69,996.00				69,996.00
Liu Dengqing	127,998.00				127,998.00
Huangfeng	58,002.00				58,002.00
Mayongqiang	52,002.00				52,002.00
Supervisors					
Including: Wang Zhiwen		216,720.00	513,413.90	42,158.10	772,292.00
Feng Yong		216,720.00	513,198.06	42,673.94	772,592.00
Total	377,994.00	433,440.00	1,026,611.96	84,832.04	1,922,878.00

Note: Directors and supervisors who receive remuneration in the Company shall be determined by the remuneration committee of the Company considering their personal performance and market trends.

(2) The top five employees with the highest remuneration

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In 2021, the five top employees with the highest remuneration did not include directors (the same for the previous year), and the remuneration for the rest five members (five for the previous year) with the highest remuneration is as follows:

Item	Year 2021	Year 2020
Salaries and subsidies	7,573,740.00	7,824,493.98
Contributions of retirement welfare plan	178,848.00	131,609.20
Total	7,752,588.00	7,956,103.18

Among the Company's key officers (including directors), there were persons whose remuneration exceeded HKD 1 million in 2021 and 2020.

The number of the employees with the highest remuneration is classified as below according to the type of remuneration group (by the number of people):

Item	Year 2021	Year 2020
HKD 1 million to 1.5 million	2	3
Above HKD 1.5 million	3	2
Total	5	5

11.5.8 Receivables from and payables to related parties

(1) Absorbing monetary funds of related parties

related parties	currency	Amount as at December 31, 2021(original currency)	Amount as at December 31, 2020(original currency)	Amount as at December 31, 2021(Equivalent to RMB)	Amount as at December 31, 2020(Equivalent to RMB)
Parent company and ultimate controller			3,361,243,678.17		5,392,694,933.60
Dongfang Electric Corporation	RMB	3,208,723,727.10	3,208,723,727.10	5,267,436,604.87	5,267,436,604.87
Dongfang Electric Corporation	USD	23,922,071.46	152,519,951.01	19,196,972.93	125,258,328.67
Dongfang Electric Corporation	JPY	1.00	0.06	1.00	0.06
Joint ventures and associates			327,027.74		97,860.86
MHPS Dongfang Boiler	RMB	327,027.74	327,027.74	97,860.86	97,860.86
Other enterprises controlled by the same parent company and ultimate controller			272,499,480.21		273,653,036.22
Dongfang investment	RMB	41,773,410.74	41,773,410.74	143,193,224.31	143,193,224.31
Emei Semiconductor Materials	RMB	23,032,191.73	23,032,191.73	8,069,931.09	8,069,929.35
Eban High Purity Material	RMB	8,989,652.23	8,989,652.23	45,116,222.37	45,116,222.37
Dongfang sharing	RMB	23,250,378.10	23,250,378.10		
Shizuishan Tiande Photovoltaic Power	RMB	16,463,761.07	16,463,761.07	934,185.10	934,185.10
Dongfang Jieneng	RMB	9,878,886.77	9,878,886.77		

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related parties	currency	Amount as at December 31, 2021(original currency)	Amount as at December 31, 2020(original currency)	Amount as at December 31, 2021(Equivalent to RMB)	Amount as at December 31, 2020(Equivalent to RMB)
Dongshu new material	RMB	58,210,127.96	58,210,127.96	72,185,614.35	72,185,614.35
(Jiuquan) Solar Power	RMB	11,207,932.95	11,207,932.95	3,213,134.88	3,213,134.88
(Jiuquan)Photovoltaic Power Generation	RMB	4,391,313.79	4,391,313.79	940,725.86	940,725.86
Quzhou Huihe New Energy	RMB	25,301,824.87	25,301,824.87		
Jiuquan Integrated Smart Energy	RMB	50,000,000.00	50,000,000.00		
Subsidiaries in bankruptcy liquidation			869,491.81		15,703,795.87
Dongfang environment	RMB			15,703,628.47	15,703,628.47
Zhonghe Seawater Desalination Engineering	RMB	869,407.56	869,407.56	79.79	79.79
Tongliao wind power	RMB	10.55	10.55	10.51	10.51
Emei Semiconductor Materials	RMB	1.74	1.74	1.74	1.74
Dongfang maiji	RMB	1.13	1.13		
Hangzhou new energy	RMB	15.24	15.24	15.22	15.18
Hangzhou new energy	EUR	7.7	55.59	7.7	60.18

(2) Receivables

Item name	Related party	Balance as at December 31, 2021		Balance as at December 31, 2020	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
Accounts receivable		888,104,421.91	741,435,058.23	954,788,312.69	908,888,667.08
	Parent company and ultimate controller			103,539.82	5,176.99
	Dongfang Electric Corporation			103,539.82	5,176.99
	Joint ventures and associates	138,510,857.79	9,603,195.98	37,658,310.02	4,960,569.29
	MHPS Dongfang Boiler	45,555,980.27	3,909,332.13	32,304,430.02	2,505,590.29
	Framatome Dongfang Reactor Coolant Pumps Company	597,367.03	119,899.85	94,770.00	94,770.00
	Hongnijing Wind Power	2,693,460.00	1,077,384.00	2,693,460.00	1,077,384.00
	Mengneng Sanshengtai Wind Power Generation	26,084.00	13,042.00	2,565,650.00	1,282,825.00
	Longkou Wind Power	26,313.29	1,315.66		
	China United rekindled	4,836,000.00	241,800.00		
	Deyang Guangdong Automobile Co., Ltd.	83,840,168.27	4,192,008.41		
	Dongfang Mitsubishi	935,484.93	48,413.93		

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Item name	Related party	Balance as at December 31, 2021		Balance as at December 31, 2020	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
	Other enterprises controlled by the same parent company and ultimate controller				
		23,597,455.56	7,057,192.73	5,490,829.40	5,166,940.92
	Dongshu New Materials	17,274,527.67	863,726.38	185,901.51	9,295.08
	Dongfang investment	367,950.00	367,950.00	367,950.00	367,950.00
	Shizuishan Photovoltaic	998,000.00	998,000.00		
	Dongfang sharing	4,936,977.89	4,826,516.35	4,936,977.89	4,789,695.84
	Jiuquan Photovoltaic Technology	20,000.00	1,000.00		
	Subsidiaries in bankruptcy liquidation				
		720,387,269.65	719,933,363.99	906,259,946.45	894,424,129.35
	Jiuquan new energy	306,562,559.25	306,562,559.25	316,562,559.25	306,562,559.25
	Tongliao wind power	207,107,394.98	207,107,394.98	207,107,394.98	207,107,394.98
	Emei Semiconductor			127,658,510.29	127,658,510.29
	Hulun Buir new energy	50,122,111.64	50,122,111.64	94,347,063.36	92,995,530.38
	Hangzhou new energy	79,971,533.27	79,971,533.27	83,889,219.56	83,889,219.56
	Zhonghe Seawater Desalination Engineering	74,628,552.39	74,174,646.73	74,700,080.89	74,215,796.77
	Dongfang maiji	1,995,118.12	1,995,118.12	1,995,118.12	1,995,118.12
	The investor having a significant impact				
		5,608,838.91	4,841,305.53	5,275,687.00	4,331,850.53
	China Western Power Industrial	5,608,838.91	4,841,305.53	5,275,687.00	4,331,850.53
Notes receivable		22,819,917.89	840,000.00	24,500,000.00	
	Joint ventures and associates				
		16,800,000.00	840,000.00	23,500,000.00	
	MHPS Dongfang Boiler	16,800,000.00	840,000.00	23,500,000.00	
	Other enterprises controlled by the same parent company and ultimate controller				
		6,019,917.89		1,000,000.00	
	Dongshu New Materials	6,019,917.89			
	Shizuishan Tiande Photovoltaic Power			1,000,000.00	
Advance to suppliers				147,735.85	
	Parent company and ultimate controller				
				120,000.00	
	Dongfang Electric Corporation			120,000.00	

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Item name	Related party	Balance as at December 31, 2021		Balance as at December 31, 2020	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
	Joint ventures and associates			27,735.85	
	MHPS Dongfang Boiler			27,735.85	
Other receivables		13,942,604.76	12,979,259.54	886,927,075.35	885,918,853.64
	Subsidiaries in bankruptcy liquidation	13,942,604.76	12,979,259.54	886,927,075.35	885,918,853.64
	Hangzhou new energy	12,874,178.02	12,874,178.02	14,067,238.37	14,067,238.37
	Zhonghe Seawater Desalination Engineering	1,068,426.74	105,081.52	1,061,286.02	53,064.31
	Emei Semiconductor Materials			871,798,550.96	871,798,550.96
Interest receivables		1,579.16		810.94	
	Subsidiaries in bankruptcy liquidation	1,579.16		810.94	
	Zhonghe Seawater Desalination Engineering	1,579.16		810.94	
Contract assets		12,130,573.34	2,824,083.40	33,251,474.46	3,711,119.50
	Parent company and ultimate controller	90,000.00	4,500.00	16,625,737.23	1,855,559.75
	Dongfang Electric Corporation	90,000.00	4,500.00		
	Joint ventures and associates	9,583,238.04	482,502.51	10,991,696.96	549,584.85
	MHPS Dongfang Boiler	9,583,238.04	482,502.51	10,991,696.96	549,584.85
	Subsidiaries in bankruptcy liquidation	1,702,115.32	1,702,115.32	4,545,668.38	356,168.38
	Zhonghe Seawater Desalination Engineering	1,702,115.32	1,702,115.32	4,545,668.38	356,168.38
	The investor having a significant impact	755,219.98	634,965.57	1,088,371.89	949,806.52
	Huaxi energy	755,219.98	634,965.57	1,088,371.89	949,806.52
Entrusted loan		490,258,834.37	490,258,834.37	490,258,834.37	490,258,834.37
	Subsidiaries in bankruptcy liquidation	490,258,834.37	490,258,834.37	490,258,834.37	490,258,834.37
	Hangzhou new energy	490,258,834.37	490,258,834.37	490,258,834.37	490,258,834.37
Disbursement of loans and advances		133,220,000.00	7,200,000.00	644,911,791.67	18,385,000.00
	Joint ventures and associates			100,000,000.00	
	MHPS Dongfang Boiler			100,000,000.00	

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Item name	Related party	Balance as at December 31, 2021		Balance as at December 31, 2020	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
	Other enterprises controlled by the same parent company and ultimate controller				
	(Jiuquan) Solar Power	31,500,000.00		40,500,000.00	6,075,000.00
	(Jiuquan) Photovoltaic Power Generation	7,000,000.00		19,000,000.00	2,850,000.00
	Dongshu New Materials			425,571,791.67	
	Shizuishan Tiande Photovoltaic Power	48,000,000.00	7,200,000.00	55,000,000.00	8,250,000.00
	Quzhou Huihe New Energy	46,720,000.00			
	Subsidiaries in bankruptcy liquidation			4,840,000.00	1,210,000.00
	Zhonghe Seawater Desalination Engineering			4,840,000.00	1,210,000.00
Other current assets		447,067,284.40	4,210,000.00		
	Joint ventures and associates	115,000,000.00			
	MHPS Dongfang Boiler	115,000,000.00			
	Other enterprises controlled by the same parent company and ultimate controller	327,227,284.40	3,000,000.00		
	(Jiuquan) Solar Power	25,000,000.00			
	(Jiuquan) Photovoltaic Power Generation	15,000,000.00			
	Shizuishan Tiande Photovoltaic Power	20,000,000.00	3,000,000.00		
	Dongshu New Materials	267,227,284.40			
	Subsidiaries in bankruptcy liquidation	4,840,000.00	1,210,000.00		
	Zhonghe Seawater Desalination Engineering	4,840,000.00	1,210,000.00		
Discounted assets		46,837,900.06		20,510,568.35	
	Joint ventures and associates	10,808,862.00		9,800,000.00	
	MHPS Dongfang Boiler	10,808,862.00		9,800,000.00	
	Other enterprises controlled by the same parent company and ultimate controller	36,029,038.06		10,710,568.35	
	Eban High Purity Material			4,893,153.70	
	Dongshu New Materials	36,029,038.06		5,817,414.65	

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Item name	Related party	Balance as at December 31, 2021		Balance as at December 31, 2020	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
Other non-current assets				2,640,918.44	2,640,918.44
	Other enterprises controlled by the same parent company and ultimate controller			998,000.00	998,000.00
	Shizuishan Tiande Photovoltaic Power			998,000.00	998,000.00
	Subsidiaries in bankruptcy liquidation			1,642,918.44	1,642,918.44
	Zhonghe Seawater Desalination Engineering			1,642,918.44	1,642,918.44

(3) Payables

Item name	Related party	Book balance as at December 31, 2021	Book balance as at December 31, 2020
Accounts payable		710,997,806.52	553,621,367.92
	Parent company and ultimate controller	34,923,403.00	37,555,813.00
	Dongfang Electric Corporation	34,923,403.00	37,555,813.00
	Joint ventures and associates	362,204,947.75	308,557,053.08
	MHPS Dongfang Boiler	354,899,560.07	271,116,104.41
	Leshan Dongle Dajian Lifting	570,605.00	
	Mitsubishi Heavy Industries Dongfang Gas Turbine (Guangzhou)	6,734,782.68	37,440,948.67
	Other enterprises controlled by the same parent company and ultimate controller	17,559,474.38	99,682,892.44
	Dongshu New Materials	17,186,124.38	99,682,892.44
	Dongfang Jieneng	373,350.00	
	Subsidiaries in bankruptcy liquidation	296,233,058.31	107,427,199.14
	Hulun Buir new energy	2,574,624.60	2,574,624.60
	Jiuquan new energy	4,102.50	4,102.50
	Hangzhou new energy	292,393,580.23	103,587,721.06
	Zhonghe Seawater Desalination Engineering	1,225,000.00	1,225,000.00
	Dongfang maiji	35,750.98	35,750.98
	The investor having a significant impact	76,923.08	398,410.26
	Huaxi energy	76,923.08	398,410.26

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Item name	Related party	Book balance as at December 31, 2021	Book balance as at December 31, 2020
Contract liabilities		284,582,079.03	235,549,508.44
	Parent company and ultimate controller	266,727.97	17,620,000.00
	Dongfang Electric Corporation	266,727.97	17,620,000.00
	Joint ventures and associates	282,668,307.86	216,064,648.64
	Mitsubishi Heavy Industries Dongfang Gas Turbine (Guangzhou) Co., Ltd.	168,077,231.16	142,592,966.76
	Framatome Dongfang Reactor Coolant Pumps Company Limited	96,625,273.84	63,396,560.76
	MHPS Dongfang Boiler	7,437,863.96	2,168,768.40
	Hongnijing Wind Power	1,859,361.73	1,859,361.73
	Sanshengtai Wind Power Generation	6,046,990.99	6,046,990.99
	Ulan New Energy	2,621,586.18	
	Other enterprises controlled by the same parent company and ultimate controller	1,647,043.20	1,716,859.80
	(Jiuquan) Solar Power		23,346.00
	(Jiuquan) Photovoltaic Power Generation		23,065.20
	Dongfang Sharing	1,647,043.20	1,647,043.20
	Shizuishan Tiande Photovoltaic Power		23,405.40
	Subsidiaries in bankruptcy liquidation		148,000.00
	Zhonghe Seawater Desalination Engineering		148,000.00
Other payables		239,497,747.31	279,668,905.13
	Parent company and ultimate controller	218,927,489.48	253,455,724.64
	Dongfang Electric Corporation	218,927,489.48	253,455,724.64
	Other enterprises controlled by the same parent company and ultimate controller	200,000.00	200,000.00
	Dongfang Sharing	200,000.00	200,000.00
	Subsidiaries in bankruptcy liquidation	14,461,647.51	26,013,180.49
	Jiuquan new energy		10,000,000.00
	Hulun Buir new energy		1,351,532.98
	Hangzhou new energy	14,461,647.51	14,461,647.51
	The investor having a significant impact	5,908,610.32	
	Wuhan boiler group co., ltd	5,908,610.32	
Interest payable		6,706,769.60	6,635,036.16
	Parent company and ultimate controller	6,336,747.06	6,408,879.95
	Dongfang Electric Corporation	6,336,747.06	6,408,879.95
	Other enterprises controlled by the same parent company and ultimate controller	370,022.54	226,156.21

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Item name	Related party	Book balance as at December 31, 2021	Book balance as at December 31, 2020
	Dongfang investment	155,512.50	80,231.25
	Emei Semiconductor Materials	83,343.35	59,799.96
	Dongfang sharing	131,166.69	86,125.00
Dividends payable			6,812,063.88
	Other enterprises controlled by the same parent company and ultimate controller		6,812,063.88
	Dongfang investment		6,812,063.88
Non-current liabilities maturing within one year		784,149.83	
	Parent company and ultimate controller	784,149.83	
	Dongfang Electric Corporation	784,149.83	
Long-term borrowings		708,800,000.00	140,000,000.00
	Parent company and ultimate controller	708,800,000.00	140,000,000.00
	Dongfang Electric Corporation	708,800,000.00	140,000,000.00

11.5.9 Commitment of related parties

None.

12、Share-based payment

12.1 General information of share-based payment

Total amount of all equity instruments granted by the Company in 2021	none
Total amount of all equity instruments exercised by the Company in current period	none
Total amount of all invalid equity instruments of the Company in current period	3,680,840.00
Range of exercise price of restricted stock by the Company as at December 31, 2021 and the remaining contractual period	RMB5.93-6.54 per share, and exercise period of 72months
Range of exercise price of other equity instruments of the Company as at December 31, 2021 and the remaining contractual period	none

12.2 Equity-settled share-based payment

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.

(4) 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	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	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	1/3

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

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) Company-level performance appraisal requirements

The restricted stocks granted for the first time by this incentive plan will be subject to annual performance assessment and the restriction on sale will be lifted in the 3 fiscal years from 2020 to 2022. The assessment will be conducted once in each fiscal year to achieve the company's performance assessment target as the incentive object to be lifted.

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 4.5% as well as the peer industry's performance average; (3) The Δ EVA in 2020 is positive.

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

Note: ① The above-mentioned "net profit" indicators refer to the net profit attributable to shareholders of listed companies; "Return on net assets" refers to weighted average return on net assets.

② During the validity period of the equity incentive plan, if the company has additional issuance, share allotment and other matters that lead to changes in net assets, the amount of changes in net assets caused by the matters and the corresponding income amount generated will be excluded during the assessment (if the corresponding income amount cannot be accurately calculated, it can be calculated and determined by multiplying the actual financing amount after deducting the financing cost by the interest rate of the national debt in the same period).

The incentive cost generated by this incentive plan will be charged in the administrative expenses. If the company's performance appraisal target for a certain period of lifting the restricted sale of restricted stocks has not been achieved, all restricted stocks of the incentive object in the current period cannot be lifted, and the company will repurchase and cancel it according to this incentive plan at the lower of the grant price and the stock market price at the time of repurchase (the average trading price of the company's underlying stocks one trading day before the announcement of the resolution of the board of directors considering repurchase).

3) 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.

12.2 Cash-settled share-based payment

None.

12.3 Adjustment to and termination of share-based payment

None.

13、 Commitments and contingencies

13.1 Significant commitments

13.1.1 Significant commitments existed on the balance sheet date

(1) The Company's commitment on capital expenditure as at December 31, 2021

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

Item	Amount as at December 31, 2021	Amount as at December 31, 2020
Construction	188,443,604.72	160,494,600.00
Equipment	259,211,176.65	168,108,100.00
Outbound Investment Commitment	5,000,000.00	
Total	452,654,781.37	328,602,700.00

As at December 31, 2021, the total agreed significant foreign investment expenditures of the Company with contract on which has not been paid amounted to RMB452,654,781.37. 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	Construction	399,719,352.93	211,275,748.21	188,443,604.72	2022-2023 年
The Company and its subsidiaries	Equipment	569,186,433.89	309,975,257.24	259,211,176.65	2022-2023 年
The Company and its subsidiaries	Outbound Investment Commitment	5,000,000.00		5,000,000.00	
Total		968,905,786.82	521,251,005.45	452,654,781.37	

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

As at December 31, 2021, the total payment for future minimum rents payable required for irrevocable operating leases of the Company as a lessee are listed in the following periods:

13.2 Important Contingent Events on the Balance Sheet Date

Period	Amount in 2021
Within one year	10,482,032.87
1-2 years	
Total	10,482,032.87

13.2.1 Contingent liabilities arising from pending litigation or arbitration

Final tax of Indonesia Longwan and Pacitan project (FINAL TAX)

In July 2008, the Indonesian government adjusted the corporate income tax policy. For the permanent establishment of a foreign company, the construction service contract in Indonesia is subject to a final tax on the revenue recognized in the current year, that is, regardless of the profit or loss of the executed project, the final tax will be levied according to the fixed ratio of contract revenue (2%-6%); relevant contracts signed before January 1, 2008, will be implemented after January 1, 2009; contracts signed after January 1, 2008 will be executed at the time of signing.

In August 2007, DEIC, a subsidiary of the Company, signed a contract with the Indonesian State Power Corporation PLN for the construction contract (EPC) of the Longwan and Pacitan coal-fired power stations in Indonesia. The total contract amount was USD 880,235,465.00 and IDR 3,119,882,434 thousand. In accordance with the adjusted final tax policy of the Indonesian government, DEIC, as an enterprise that has not obtained the LPJK certificate, shall pay the final tax at a rate of 4%. The final tax shall be calculated according to the revenue of DEIC recognized after 2009 (The FOB part is equivalent to RMB 3.679 billion) and the tax rate of 4%. DEIC shall pay the final tax approximately RMB 147 million.

In November 2016 and December 2016, the Indonesian Tax Court ruled on two other Chinese-funded enterprises in the same type of tax dispute, and determined that all income from the EPC contract was subject to final tax at a rate of 3% in Indonesia. According to the relevant judgments made by the above-mentioned Indonesian tax court, Orient International calculates the final tax payable according to the income and 3% of the Indonesian Longwan and Bazidan projects after January 1, 2009, and calculates the corresponding tax in accordance with Indonesian regulations. As for late payment fees and fines, the final tax, late payment fines and fines that Orient International is expected to pay are equivalent to approximately RMB 323 million (among which the estimated liabilities accrued for tax disputes in 2009 are RMB 212 million).

In October 2018, the Indonesian Tax Court made a ruling on the final tax of the Indonesian EPC project in 2009, and determined that the Indonesian EPC project of Orient International should pay the final Indonesian income tax at a rate of 3% of the EPC contract income in 2009. In January 2019, Orient International paid a tax of IDR 210,912,506,434 and submitted an application for a deferment of fines. An application for judicial review was subsequently filed with the Supreme Court of Indonesia.

On March 12, 2021, Orient International received the 2009 Judicial Review Ruling on Tax Disputes issued by the Supreme Court of Indonesia. The Supreme Court accepted

Orient International's application for judicial review and overturned the ruling made by the Indonesian Tax Court. On April 30, 2021, Orient International recovered IDR 210,912,506,434 in taxes paid in January 2019. Nevertheless, Indonesian law stipulates that the Indonesian tax department has the right to continue to submit another judicial review to the Supreme Court, and due to the impact of the epidemic, the statutory appeal period of the tax department may be extended by grace. In addition, given that different judges of the Indonesian Supreme Court made different rulings on the same tax disputes in 2009 and 2010, the Indonesian tax authorities are likely to file a second judicial review application with conflicting rulings. Therefore, there is still great uncertainty in the tax disputes this year, and tax risks have not been released.

13.2.2 Provision of guarantees for other entities

As at December 31, 2021, the Company provides guarantee for other entities:

Name	Type of guarantee	amount	term	note
Mitsubishi Heavy Industries Dongfang Gas Turbine (Guangzhou) Co., Ltd.	Performance guarantee	24,500,000.00	Termination date of long-term service agreement	
Inner Mongolia Energy Generation Hongnijing Wind Power Co., Ltd.	Pledge	16,000,000.00	2026/1/19	
Inner Mongolia Mengneng Sanshengtai Wind Power Generation Co., Ltd.	Pledge	16,000,000.00	2026/6/29	
Inner Mongolia Mengneng Ulan New Energy Co., Ltd.	Pledge	36,000,000.00	2026/10/27	
Total		92,500,000.00		

Note: Mitsubishi Heavy Industries Dongfang Gas Turbine (Guangzhou) Co., Ltd. (hereinafter referred to as "Dongfang Mitsubishi Gas Turbine Company") intends to sign the Agreement on Long-term Management of M701F Gas Turbine Component, Repair of Component and Technical Consulting Service (hereinafter referred to as the Agreement on Long-term Service of Gas Turbine) with CNOOC Zhuhai Gas Power Generation Co., Ltd., Zhongshan Jiaming Electric Power Co., Ltd., CNOOC Fujian Gas Power Co., Ltd. and Guangdong Huizhou LNG Power Co., Ltd. (hereinafter collectively referred to as the "client"). The Agreement on Long-term Service of Gas Turbine involves 12 units, and the client requests the parent company of the Dongfang Mitsubishi Gas Turbine Company (Mitsubishi Hitachi Power Systems, Ltd. and the Company) to sign the Guarantee Agreement of Parent Company for providing the guarantee for the performance of Dongfang Mitsubishi Gas Turbine Company. The total guarantee amount of the long-term service agreement is RMB 50 million. The Company provides a guarantee amount of RMB 24.5 million in accordance with the shareholding ratio of the Dongfang Mitsubishi Gas Turbine Company, and Dongfang Mitsubishi Gas Turbine Company provides the same amount of counter guarantee to the Company. Guarantee period: after the expiration or termination of the Agreement on Long-term Service of Gas Turbine, the guarantee liability shall have full

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effect within the scope of the obligation or responsibility of the seller hereunder until the seller's obligations and responsibilities (including but not limited to the warranty obligation) hereunder or related hereto have been performed without defect.

13.2.3 Issuing letter of guarantee and letter of credit

(1) Unsettled letter of guarantee

As at December 31, 2021, the information on the letter of guarantee opened by the Company is as follows:

Entity name	Business type	Currency	Balance as at December 31, 2021
The company	Letter of guarantee	RMB	1,396,519,250.45
The company	Letter of guarantee	USD	192,660.00
Dongfang boiler	Letter of guarantee	RMB	877,897,612.46
Dongfang kaiterui	Letter of guarantee	RMB	5,778,013.66
Dongfang electric machinery	Letter of guarantee	USD	521,091,077.00
Dongfang electric machinery	Letter of guarantee	RMB	3,174,107,333.90
Dongfang electric machinery	Letter of guarantee	Bolivia Bissau	7.00
Dongfang Wind Power	Letter of guarantee	RMB	1,869,800,750.27
Dongfang international	Letter of guarantee	RMB	2,433,652,300.00
Dongfang heavy machinery	Letter of guarantee	RMB	159,293,793.90
Dongfang heavy machinery	Letter of guarantee	EUR	243,332.77
Dongfang automatic control	Letter of guarantee	RMB	122,868,173.11
Dongfang automatic control	Letter of guarantee	USD	1,570,989.73
Dongfang Research Institute	Letter of guarantee	RMB	1,058,470.00
Dongfang steam turbine	Letter of guarantee	RMB	847,911,671.30
Dongfang steam turbine	Letter of guarantee	USD	604,427.66
Dongfang steam turbine	Letter of guarantee	EUR	6,146,693.75

(2) Unsettled letter of credit: As at December 31, 2021, the information of the irrevocable L/C opened by the Company is as follows:

Entity name	Business type	Currency	Balance as at December 31, 2021
The company	Letter of credit	USD	204,550.00
The company	Letter of credit	JPY	17,520,000.00
The company	Letter of credit	EUR	22,696,433.76

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Entity name	Business type	Currency	Balance as at December 31, 2021
Dongfang electric machinery	Letter of credit	USD	10,105,006.32
Dongfang electric machinery	Letter of credit	EUR	12,545,643.81
Dongfang electric machinery	Letter of credit	JPY	20,731,623.73
Dongfang electric machinery	Letter of credit	Franc	4,461,148.10
Dongfang boiler	Letter of credit	USD	336,022,092.10
Dongfang boiler	Letter of credit	EUR	79,622,995.51
Dongfang boiler	Letter of credit	JPY	1,406,376.40
Dongfang steam turbine	Letter of credit	USD	27,080,964.81
Dongfang steam turbine	Letter of credit	EUR	144,656,404.95
Dongfang steam turbine	Letter of credit	JPY	463,085,759.87
Dongfang steam turbine	Letter of credit	Franc	9,030,300.00
Dongfang international	Letter of credit	RMB	680,678,900.00

13.2.4 loan commitment

None.

13.2.5 Contingent assets

Apart from the above items, the Company has no other significant contingencies required to be disclosed as at the date of financial statements.

14、 Post balance sheet events

14.1 Significant non-adjusting events

None.

14.2 Profit distribution

Profits or dividends to be distributed	717,370,259.90 元
Profit or dividend declared to be distributed upon deliberation and approval	717,370,259.90 元

Note: The Company held the tenth meeting of the tenth Board of Directors on March 30, 2022, and approved the profit distribution plan for 2021. Based on the Company's total share capital of 3,119,009,130 shares at the time of the board meeting on March 30, 2022, RMB 717,370,259.90 of cash dividends were distributed, RMB 2.30 for every 10 shares (before tax).

14.3 Notes to other post-balance sheet events

None.

15、 Other significant events

15.1 Early accounting errors

None.

15.2 Debt restructuring

None.

15.3 Asset replacement

None.

15.4 Annuity plan

According to the Official Reply to the Trial Implementation of Enterprise Annuity System by Dongfang Electric Corporation (GZFP [2007] No. 1201), the annuity expenses are disbursed from balance of gross wage and costs for the current year according to the method of mutual payment by enterprise and employee. The annuity accrued every year will be paid to the special account of the social security office of Dongfang Electric Corporation, and then entrusted by Dongfang Electric Corporation to China Life Pension Company Limited for operation and management.

15.5 Discontinued operations

None.

15.6 Other important transactions and matters that have an impact on the decision-making of investors

None.

15.7 Segment information

15.7.1 Determination basis and accounting policies for reportable segments

The Company determines operating segments based on its internal organizational structure, management requirements and internal reporting system. The operating segment of the Company refers to the component that simultaneously meets the following conditions:

- (1) The component can generate income and incur expenses in daily activities;
- (2) The management can regularly evaluate the operating results of the component in order to decide to allocate resources to it and evaluate its performance;
- (3) The relevant accounting information such as the financial status, operating results and cash flow of the component can be obtained. The Company determines the reportable segment based on the operating segment, and the operating segment that meets one of the following conditions is determined as the reportable segment:
- (4) The segment revenue of the operating segment accounts for 10% or more of the total segment revenue;
- (5) The absolute amount of the segment profit (loss) of the segment shall account for 10% or more of the greater of the total amount of profits of all profitable segments or the absolute amount of the total amount of losses of all loss-making segments.

When the total external transaction revenue of the operating segments of the reportable segment determined in accordance with the above accounting policies does not account for 75% of the consolidated total revenue, the number of reportable segments is increased, and other non-reportable segments are included in accordance with the following provisions. Operating segments are included in the scope of reportable segments until this weighting reaches 75%:

- (1) Determining the operating segment for which the management believes that disclosure of the operating segment information is useful to users of accounting information as the reporting segment;
- (2) Consolidate the operating segment with one or more other operating segments with similar economic characteristics that meet the conditions for combining operating segments, as one reportable segment.

The inter-segment transfer price is determined with reference to the market price, and the assets and related expenses used in common with each segment are allocated among different segments according to the proportion of income.

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15.7.2 Financial information of reportable segments
Reportable segment in 2021

Item	Renewable energy equipment	Clean and efficient energy equipment	Engineering and trade	Modern manufacturing services industry	Emerging growth industry	Summary	Offset	Total
Operating revenue	18,717,207,313.08	23,107,114,285.36	8,764,600,495.09	4,651,829,303.25	11,304,489,203.53	66,545,240,600.31	18,726,073,659.84	47,819,166,940.47
Including: revenue from foreign transactions	15,138,463,805.74	12,786,983,905.17	7,758,030,958.59	3,963,328,641.64	8,172,359,629.33	47,819,166,940.47		47,819,166,940.47
Revenue from inter-segment transactions	3,578,743,507.34	10,320,130,380.19	1,006,569,536.50	688,500,661.61	3,132,129,574.20	18,726,073,659.84	18,726,073,659.84	
Operating cost	16,547,697,837.58	20,799,431,377.15	7,771,645,626.91	3,405,031,654.93	9,328,627,000.08	57,852,433,496.65	19,070,246,221.66	38,782,187,274.99
Offset of cost	3,577,233,803.88	10,790,479,510.33	857,892,104.11	1,284,171,165.13	2,560,469,638.21	19,070,246,221.66	19,070,246,221.66	
Period expenses						5,828,470,022.99	-568,487,117.47	6,396,957,140.46
Operating profits (losses)	2,167,999,772.04	2,778,032,038.35	844,277,435.79	1,842,468,151.84	1,404,202,267.46	9,036,979,665.48	6,378,736,795.46	2,658,242,870.02
Total assets						182,606,985,457.55	79,502,412,153.22	103,104,573,304.33
Including: the amount of a single asset with significant impairment loss								
Total liabilities						126,303,158,392.54	58,582,462,313.58	67,720,696,078.96
Supplementary information								
Capital expenditure								
Impairment losses recognized in the current period						-824,141,145.24	-76,139,863.77	-748,001,281.47
Including: allocation of goodwill impairments								
Depreciation and amortization costs						897,422,988.23		897,422,988.23
Other non-cash expenses excluding impairment loss, depreciation and amortization								

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Reportable segment in 2020

Item	Renewable energy equipment	Clean and efficient energy equipment	Engineering and trade	Modern manufacturing services industry	Emerging growth industry	Summary	Offset	Total
Operating revenue	12,860,816,343.11	20,620,579,004.88	5,671,400,462.18	5,754,973,385.58	7,508,886,207.58	52,416,655,403.33	15,133,784,115.95	37,282,871,287.38
Including: revenue from foreign transactions	10,085,174,688.16	11,152,332,807.94	4,838,854,024.63	4,910,246,778.17	6,296,262,988.48	37,282,871,287.38		37,282,871,287.38
Revenue from inter-segment transactions	2,775,641,654.95	9,468,246,196.94	832,546,437.55	844,726,607.41	1,212,623,219.10	15,133,784,115.95	15,133,784,115.95	
Operating cost	11,375,662,989.01	18,270,014,654.69	4,418,978,849.27	4,144,995,125.80	6,692,257,799.76	44,901,909,418.53	15,938,870,116.83	28,963,039,301.70
Offset of cost	2,728,871,824.14	9,745,754,684.82	882,412,809.03	1,430,727,608.52	1,151,103,190.32	15,938,870,116.83	15,938,870,116.83	
Period expenses						5,310,820,744.87	-656,841,725.48	5,967,662,470.35
Operating profits (losses)	1,438,383,523.29	2,628,072,838.07	1,302,287,984.39	2,195,979,260.89	755,108,379.04	2,601,968,403.48	441,677,748.63	2,160,290,654.85
Total assets						173,890,023,177.13	76,094,885,407.97	97,795,137,769.16
Including: the amount of a single asset with significant impairment loss								
Total liabilities						119,641,921,684.65	55,488,383,952.56	64,153,537,732.09
Supplementary information								
Capital expenditure								
Impairment losses recognized in the current period						-404,120,517.68	-42,390,012.52	-361,730,505.16
Including: allocation of goodwill impairments								
Depreciation and amortization costs						1,017,607,159.55		1,017,607,159.55
Other non-cash expenses excluding impairment								

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Item	Renewable energy equipment	Clean and efficient energy equipment	Engineering and trade	Modern manufacturing services industry	Emerging growth industry	Summary	Offset	Total
loss, depreciation and amortization								

The accounting policies of each business segment of the Company are the same as those described in "Significant Accounting Policies and Accounting Estimates".

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The total revenue from foreign transactions at home and in other countries and regions are listed as follows:

Revenue from foreign transactions	Year 2021	Year 2020
Within the territory of China (except for Hong Kong)	33,006,237,995.42	28,519,300,050.31
Other overseas areas	4,276,633,291.96	4,321,021,029.91
Total	37,282,871,287.38	32,840,321,080.22

16. Notes to the main items of the parent company's financial statements

16.1 Accounts receivable

16.1.1 Disclosure of accounts receivable by aging

Aging	Closing balance	Opening balance
Within one year	635,876,384.34	865,498,214.79
1-2 years	346,356,310.74	411,708,659.16
2-3 years	454,870,447.79	127,553,964.66
3-4 years	96,569,376.06	78,013,634.51
4-5 years	61,624,013.00	246,640,421.20
Over 5 years	289,788,609.18	163,628,460.18
Sub-total	1,885,085,141.11	1,893,043,354.50
Less: provision for bad debts	516,631,905.97	443,806,526.01
Total	1,368,453,235.14	1,449,236,828.49

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

Category	Closing balance				Book value
	Book balance		Provision for bad debts		
	Amount	Proportion (%)	Amount	Proportion of provision (%)	
Provision for bad debts accrued on an individual basis					
Provision for bad debts accrued on a portfolio basis	1,885,085,141.11	100.00	516,631,905.97	27.41	1,368,453,235.14
Including:					
Accounts receivable with the provision for bad debts made on a portfolio with credit risk characteristics	1,885,085,141.11	100.00	516,631,905.97	27.41	1,368,453,235.14
Total	1,885,085,141.11		516,631,905.97		1,368,453,235.14

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(CONT'D) :

Category	Opening balance				Book value
	Book balance		Provision for bad debts		
	Amount	Proportion (%)	Amount	Proportion of provision (%)	
Provision for bad debts accrued on an individual basis	34,040,696.71	1.80	30,778,246.72	90.00	3,262,449.99
Provision for bad debts accrued on a portfolio basis	1,859,002,657.79	98.20	413,028,279.29	22.00	1,445,974,378.50
Including:					
Accounts receivable with the provision for bad debts made on a portfolio with credit risk characteristics	1,859,002,657.79	98.20	413,028,279.29	22.00	1,445,974,378.50
Total	1,893,043,354.50		443,806,526.01		1,449,236,828.49

16.1.3 Provision for bad debts accrued on a portfolio basis

Aging	Closing balance		
	Accounts receivable	Provision for bad debts	Proportion of provision (%)
Within one year	635,876,384.34	31,793,819.23	5.00
1-2 years	346,356,310.74	34,635,631.08	10.00
2-3 years	454,870,447.79	90,974,089.55	20.00
3-4 years	96,569,376.06	38,627,750.43	40.00
4-5 years	61,624,013.00	30,812,006.50	50.00
Over 5 years	289,788,609.18	289,788,609.18	100.00
Total	1,885,085,141.11	516,631,905.97	—

16.1.4 Provision, reversal or recovery of provision for bad debts

Debtor name	Amount transferred back or recovered	Amount of bad debt provision accumulated before reversal or recovery	The reason and method of turning back or taking back
Entity 1	30,778,246.72	30,778,246.72	This issue has been recovered
Total	30,778,246.72	30,778,246.72	

16.1.5 Top 5 of accounts receivable as at December 31, 2021, presented by debtor

Debtor	Book balance	Proportion in the total accounts receivables (%)	Provision for bad debts
Entity 1	108,458,000.00	6.00	10,845,800.00
Entity 2	103,000,000.00	5.00	5,150,000.00
Entity 3	122,582,655.58	7.00	12,874,443.62
Entity 4	92,356,441.37	5.00	66,185,741.60
Entity 5	91,456,116.62	5.00	18,291,223.32

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Debtor	Book balance	Proportion in the total accounts receivables (%)	Provision for bad debts
Total	517,853,213.57		113,347,208.54

16.2 Other receivables

Item	Closing balance	Opening balance
Interest receivable	175,312.50	1,277,718.75
Dividends receivable	28,228,570.56	183,290,406.60
Other receivables	78,582,939.90	104,375,471.95
Total	106,986,822.96	288,943,597.30

Note: Other receivables in the above table refer to other receivables after deducting interest receivable and dividend receivable.

16.2.1 Interest receivable

Classification of interest receivable

Item	Closing balance	Opening balance
Time deposits	175,312.50	1,277,718.75
Entrusted loan		
Bond investments		
Sub-total	175,312.50	1,277,718.75
Less: provision for bad debts		
Total	175,312.50	1,277,718.75

16.2.2 Dividends receivable

(1) Details of dividends receivable

Ages	Closing balance	Opening balance
Within one year		183,290,406.60
Over one year	28,228,570.56	
Sub-total	28,228,570.56	183,290,406.60
Less: provision for bad debts		
Total	28,228,570.56	183,290,406.60

(2) Significant dividends receivable with aging over one year

Item (or investee)	Balance as at December 31, 2021	Aging	Reason for non-recovery	Whether impairment or not and the judgment basis
Longkou Wind Power	13,922,222.69	Over 1 year	Invested companies are short of funds	No, paid upon receipt of state subsidy
Hongnijing Wind Power	7,017,408.83	Over 1 year	Invested companies are short of funds	No, paid upon receipt of state subsidy

DONGFANG ELECTRIC CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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Item (or investee)	Balance as at December 31, 2021	Aging	Reason for non-recovery	Whether impairment or not and the judgment basis
Ulan New Energy	3,828,807.76	Over 1 year	Invested companies are short of funds	No, paid upon receipt of state subsidy
Sanshengtai Wind Power	3,460,131.28	Over 1 year	Invested companies are short of funds	No, paid upon receipt of state subsidy
Total	28,228,570.56			

16.2.3 Other receivables
(1) Disclosure by aging

Ages	Closing balance	Opening balance
Within one year	20,047,323.71	44,317,270.63
1-2 years	12,672,771.60	15,831,268.85
2-3 years	2,688,354.94	2,334,101.85
3-4 years	2,288,641.81	4,544,141.97
4-5 years	4,103,161.44	1,910,488.89
Over 5 years	55,282,068.40	87,073,665.70
Sub-total	97,082,321.90	156,010,937.89
Less: provision for bad debts	18,499,382.00	51,635,465.94
Total	78,582,939.90	104,375,471.95

(2) Disclosure by classification

Category	Closing balance				
	Book balance		Provision for bad debts		Book value
	Amount	Proportion (%)	Amount	Proportion of provision (%)	
Provision for bad debts accrued on an individual basis	54,767,606.75	56.41	10,029,041.44	18.32	44,738,565.31
Provision for bad debts accrued on a portfolio basis	42,314,715.15	43.59	8,470,340.56	20.02	33,844,374.59
Including:					
Other accounts receivable with the provision for bad debts made on a portfolio with credit risk characteristics	42,314,715.15	43.59	8,470,340.56	20.02	33,844,374.59
Total	97,082,321.90	100.00	18,499,382.00	19.06	78,582,939.90

(CONT'D) :

Category	Opening balance				
	Book balance		Provision for bad debts		Book value
	Amount	Proportion (%)	Amount	Proportion of provision (%)	
Provision for bad debts accrued on an individual basis	76,012,418.66	48.73	11,222,101.79	14.76	64,790,316.87
Provision for bad debts accrued on a portfolio basis	79,998,519.23	51.27	40,413,364.15	50.52	39,585,155.06
Including:					

DONGFANG ELECTRIC CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

Category	Opening balance				Book value
	Book balance		Provision for bad debts		
	Amount	Proportion (%)	Amount	Proportion of provision (%)	
Other accounts receivable with the provision for bad debts made on a portfolio with credit risk characteristics	79,998,519.23	51.27	40,413,364.15	50.52	39,585,155.06
Total	156,010,937.89		51,635,465.96		104,375,471.95

(3) Provision for bad debts accrued on an individual basis

Entity name	Closing balance			Reason for provision
	Book balance	Provision for bad debts	Proportion of provision (%)	
Entity 1	44,300,000.00			subsidiary is expected to have a lower recovery risk
Entity 2	10,029,041.44	10,029,041.44	100.00	Bankruptcy liquidation
Entity 3	438,565.31			There is no bad debt risk for prepaid field expenses
Total	54,767,606.75	10,029,041.44		

(4) Provision for bad debts accrued on a portfolio basis

Ages	Closing balance		
	Book balance	Provision for bad debts	Proportion of provision (%)
Within one year	19,608,758.40	980,437.92	5.00
1-2 years	12,672,771.60	1,267,277.15	10.00
2-3 years	2,688,354.94	537,671.00	20.00
3-4 years	2,013,143.94	805,257.59	40.00
4-5 years	903,978.78	451,989.41	50.00
Over 5 years	4,427,707.49	4,427,707.49	100.00
Total	42,314,715.15	8,470,340.56	—

(5) Provision for bad debts

Provision for bad debts	Phase 1	Phase 2	Phase 3	Total
	Expected credit losses in the next 12 months	Expected credit losses for the entire duration (no credit impairment)	Expected credit losses for the entire duration (credit impairment)	
Balance as at December 31, 2020	40,413,364.15		11,222,101.79	51,635,465.94
In 2021, balance as at December 31, 2020				
- Transfer to Phase 2				
- Transfer to Phase 3				

DONGFANG ELECTRIC CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

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)	
- Reversal from Phase 2				
- Reversal from Phase 1				
Provision in 2021	-31,943,023.59		-1,193,060.35	-33,136,083.94
Reversal in 2021				
Write-off in 2021				
Charge-off in 2021				
Other changes				
Balance as at December 31, 2021	8,470,340.56		10,029,041.44	18,499,382.00

(6) Top 5 of other receivables as at December 31, 2021, presented by debtor

Debtor	Nature of payment	Book balance	Aging	Proportion in total other receivables (%)	Provision for bad debts
Entity 1	Investment fund	44,300,000.00	Over 5 years	45.63	
Entity 2	Advances	10,029,041.44	4-5year	10.33	10,029,041.44
Entity 3	Others	5,199,746.91	Within 1 year	5.36	259,987.35
Entity 4	Reserve fund	3,797,000.00	2-5year	3.91	1,813,420.00
Entity 5	Others	2,761,257.79	Within 1 year	2.84	391,371.79
Total		66,087,046.14		68.37	12,493,820.58

16.3 Long-term equity investments

Item	Closing balance			Opening balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Investments in subsidiaries	21,737,193,911.79		21,737,193,911.79	21,587,193,911.79		21,587,193,911.79
Investments in associates	821,399,115.90		821,399,115.90	726,601,178.75		726,601,178.75
Investments in joint ventures	223,419,811.55		223,419,811.55	196,943,910.43		196,943,910.43
Total	22,782,012,839.24		22,782,012,839.24	22,510,739,000.97		22,510,739,000.97

16.3.1 Investments in subsidiaries

DONGFANG ELECTRIC CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

Investee	Initial investment cost	Balance as at December 31, 2020	Increase in 2021	Decrease in 2021	Balance as at December 31, 2021	Provision for impairment in 2021	Balance of provision for impairment as at December 31, 2021
Dongfang International	1,409,966,967.29	1,409,966,967.29			1,409,966,967.29		
Dongfang Finance	2,867,031,546.59	2,867,031,546.59			2,867,031,546.59		
Dongfang Heavy Machinery	155,787,400.00	589,459,392.37			589,459,392.37		
Dongfang Turbine	2,542,003,999.71	6,010,766,999.71			6,010,766,999.71		
Dongfang Machinery	2,000,000,000.00	3,164,000,000.00			3,164,000,000.00		
DongFang Boiler	1,591,511,223.83	5,192,395,417.83			5,192,395,417.83		
DongFang (India)	7,999,200.00	129,504,712.22			129,504,712.22		
Dongfang (Wuhan) Nuclear Equipmen	131,560,000.00	232,060,000.00			232,060,000.00		
Dongfang Materials	110,805,368.69	409,061,568.69			409,061,568.69		
Dongfang Auto Control	46,036,083.55	394,083,121.44			394,083,121.44		
Dongfang Wind Power	370,000,000.00	1,007,437,000.00			1,007,437,000.00		
Dongfang Hydrogen Fuel Cell Technology	8,445,843.46	110,307,373.46			110,307,373.46		
Science and Technology Institute of Dongfang	11,119,812.19	71,119,812.19			71,119,812.19		
Dongfang Innovation and Technology			150,000,000.00		150,000,000.00		

DONGFANG ELECTRIC CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

Investee	Initial investment cost	Balance as at December 31, 2020	Increase in 2021	Decrease in 2021	Balance as at December 31, 2021	Provision for impairment in 2021	Balance of provision for impairment as at December 31, 2021
Total	11,252,267,445.31	21,587,193,911.79	150,000,000.00		21,737,193,911.79		

16.3.2 Investments in associates and joint ventures

Investee	Balance as at December 31, 2020	Increase/decrease in 2021			
		Additional investment	Decrease in investment	Profit or loss on investments recognized by the equity method	Adjustment to other comprehensive income
1. Joint ventures					
Dongfang Framatome	196,943,910.43			26,475,901.12	
Sub-total	196,943,910.43			26,475,901.12	
2. Associates					
Sichuan Energy Wind Power	459,291,163.21			78,259,809.66	
Huadian Longkou Wind Power	56,849,571.33			18,545,450.75	
China United Heavy Gas Turbine Technology	131,724,838.53			-326,043.15	
Hongnijing Wind Power	18,545,550.24			4,890,399.76	
Sanshengtai Wind Power	17,522,034.07			-2,619,426.54	
Ulan New Energy	42,668,021.37			-3,952,253.33	
Sub-total	726,601,178.75			94,797,937.15	
Total	923,545,089.18			121,273,838.27	

(CONT'D) :

Investee	Increase/decrease in 2021				Balance as at December 31, 2021	Balance of provision for impairment as at December 31, 2021
	Other changes in equities	Cash dividends or profits declared to be distributed	Provision for impairment	Others		
1. Joint ventures						
Dongfang Framatome					223,419,811.55	
Sub-total					223,419,811.55	
2. Associates						
Sichuan Energy Wind Power					537,550,972.87	
Huadian Longkou Wind Power					75,395,022.08	

DONGFANG ELECTRIC CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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Investee	Increase/decrease in 2021				Balance as at December 31, 2021	Balance of provision for impairment as at December 31, 2021
	Other changes in equities	Cash dividends or profits declared to be distributed	Provision for impairment	Others		
China United Heavy Gas Turbine Technology					131,398,795.38	
Hongnijing Wind Power					23,435,950.00	
Sanshengtai Wind Power					14,902,607.53	
Ulan New Energy					38,715,768.04	
Sub-total					821,399,115.90	
Total					1,044,818,927.45	

16.4 Operating revenue and operating costs

Item	Year 2021		Year 2020	
	Revenue	Cost	Revenue	Cost
Primary business	11,932,909,852.75	11,379,217,923.30	10,336,226,766.70	9,893,126,234.83
Other business	30,281,021.31	7,305,495.59	14,733,438.68	7,782,155.47
Total	11,963,190,874.06	11,386,523,418.89	10,350,960,205.38	9,900,908,390.30

16.5 Investment income

Source of investment income	Year 2021	Year 2020
Income from long-term equity investments calculated under cost method	121,273,838.27	105,689,717.09
Income from long-term equity investments calculated under equity method	709,364,228.44	536,342,862.07
Investment income from disposal of long-term equity investments		
Investment income from financial assets held for trading during the holding period	14,322,493.86	10,971,966.90
Investment income from disposal of held for trading	28,448,814.88	4,929,828.20
Others	1,635,613.21	1,640,094.34
Total	875,044,988.66	659,574,468.60

16.6 Cash flows

16.6 .1 Net profit adjusted to cash flows from operating activities

Supplementary information	Year 2021	Year 2020
1. Net profit adjusted to cash flows from operating activities		
Net profit	1,141,407,059.53	656,304,668.36
Plus: losses from credit impairment	-11,313,970.21	-88,826,099.03
Provision for asset impairment	39,689,296.03	35,994,918.99
Depreciation of investment properties and fixed assets	8,756,755.48	9,490,132.56

DONGFANG ELECTRIC CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

Supplementary information	Year 2021	Year 2020
Amortization of intangible assets	90,381,160.42	24,871,675.65
Depreciation of right-of-use assets	23,455,433.85	90,381,160.43
Amortization of long-term deferred expenses		
Losses on disposal of fixed assets, intangible assets and other long-term assets ("- for income)	131,753.40	-39,704,946.67
Losses from scrapping of fixed assets ("- for income)	1,548.41	69,514.39
Losses from changes in fair value ("- for income)	-177,942,777.03	88,906,106.70
Financial expenses ("- for income)	-34,869,195.64	-54,136,380.24
Investment losses ("- for income)	-875,044,988.66	-659,574,468.60
Decreases in deferred income tax assets ("- for increases)	38,376,705.84	12,943,765.39
Increases in deferred income tax liabilities ("- for decreases)		
Decreases in inventories ("- for increases)	-49,015,433.58	262,807,806.26
Decreases in Contract assets ("- for increases)	-409,794,449.82	100,894,317.46
Decreases in operating receivables ("- for increases)	880,942,681.77	-92,068,079.33
Increases in operating payables ("- for decreases)	-188,700,086.75	-132,217,196.90
Others		
Net cash flows from operating activities	476,461,493.04	216,447,101.36
2. Significant investing and financing activities not involving cash receipts and payments		
Conversion of debt into capital		
Convertible corporate bonds maturing within one year		
Fixed assets acquired under financing lease		
3. Net changes in cash and cash equivalents		
Ending balance of cash	6,239,742,130.22	5,164,577,904.92
Less: beginning balance of cash	5,164,577,904.92	5,490,732,223.57
Plus: ending balance of cash equivalents		
Less: beginning balance of cash equivalents		
Net increase in cash and cash equivalents	1,075,164,225.30	-326,154,318.65

16.6 .2 Breakdown of cash and cash equivalents

Item	Year 2021	Year 2020
I. Cash	6,239,742,130.22	5,164,577,904.92
Including: cash on hand	505,384.06	1,152,766.55
Unrestricted bank deposit	6,238,419,719.25	5,088,429,264.64
Other unrestricted cash and cash equivalents	817,026.91	74,995,873.73
Unrestricted deposits in central bank		
Deposits in banks and other financial institutions		
Loans to banks and other financial institutions		
II. Cash equivalents		
Including: bond investments maturing within three months		

DONGFANG ELECTRIC CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

Item	Year 2021	Year 2020
III. Ending balance of cash and cash equivalents	6,239,742,130.22	5,164,577,904.92
Including: cash and cash equivalents restricted for use by the parent company or subsidiaries in the Group		

17、 Supplementary information

17.1 Breakdown of non-recurring profit or loss in 2021

Item	Amount	Note
Profit or loss from disposal of non-current assets	269,961,912.16	
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)	140,101,724.20	
Expenses for using funds charged from non-financial enterprises and included in the current profit or loss		
Gains or losses from non-monetary asset exchange		
Impairment provision for force majeure such as natural calamities		
Gains or losses from debt restructuring	-74,096.67	
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		
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	206,575,808.25	
Reversal of provision for impairment of receivables and contract assets subject to separate impairment test	243,647,475.20	
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		
Custodian income from entrusted management		
Other non-operating revenue and expenses except for the above-mentioned items	3,309,529.56	
Other items of gains and losses subject to the definition of non-recurring gains and losses	-171,730,451.97	
Affected amount of income tax	131,056,842.88	
Affected amount of minority equity (after tax)	34,672,707.13	
Total	526,062,350.72	

17.2 Rate of return on net assets and earnings per share

Profit during the reporting period	Weighted average return on net assets (%)	Earnings per share (RMB)	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to ordinary shareholders of the Company	7.20	0.73	0.73
Net profit attributable to ordinary	5.55	0.57	0.57

DONGFANG ELECTRIC CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

Profit during the reporting period	Weighted average return on net assets (%)	Earnings per share (RMB)	
		Basic earnings per share	Diluted earnings per share
shareholders of the Company after deducting the non-recurring gains and losses			

Dongfang Electric Corporation Limited

March 30, 2022



营业执照

(副本) (7-1)

统一社会信用代码
91110108590676050Q



名称 大华会计师事务所(特殊普通合伙)

类型 特殊普通合伙

经营范围 审计、验资、资产评估、税务咨询、代理记账、企业管理咨询、法律事务、其他经营活动。

成立日期 2012年02月09日
合伙期限 2012年02月09日至 长期
主要经营场所 北京市海淀区西四环中路16号院7号楼1101

本所(特殊普通合伙) 出具审计报告、验资报告、清算审计报告、资产评估报告、税务咨询、企业管理咨询、法律事务、其他经营活动。本所(特殊普通合伙) 依法经营，遵守法律法规，不得从事国家和本市产业政策禁止和限制类项目的经营活动。

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登记机关

2021年12月01日

国家市场监督管理总局监制

国家企业信用信息公示系统报送公示年度报告。

http://www.gsxt.gov.cn

国家企业信用信息公示系统网址:

证书序号: 0000093

说明

- 1、《会计师事务所执业证书》是证明持有人经财政部门依法审批, 准予执行注册会计师法定业务的凭证。
- 2、《会计师事务所执业证书》记载事项发生变动的, 应当向财政部门申请换发。
- 3、《会计师事务所执业证书》不得伪造、涂改、出租、出借、转让。
- 4、会计师事务所终止或执业许可注销的, 应当向财政部门交回《会计师事务所执业证书》。

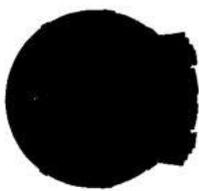


发证机关:

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二〇一七年十一月七日

中华人民共和国财政部制



会计师事务所 执业证书



名称: 大华会计师事务所(特殊普通合伙)

首席合伙人: 梁春

主任会计师:

经营场所: 北京市海淀区西四环中路16号院7号楼12层

组织形式: 特殊普通合伙

执业证书编号: 11010148

批准执业文号: 京财会许可[2011]0101号

批准执业日期: 2011年11月03日

CHINA INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
中国注册会计师协会



姓名: 王 磊
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工作单位: 国普信平会计师事务所有限公司北京
身份证号: 02200119780311291X

注册编号: 110000230070
北京注册会计师协会
有效期至: 2016-03-21

CHINA INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
中国注册会计师协会




2015-04-01 2016-03-21

有效期至: 2016-03-21

年度检验登记
Annual Renewal Registration

本证书经检验合格, 继续有效一年。
This certificate is valid for another year after this renewal.




注册编号: 110000230070
有效期至: 2016-05-11

注册会计师工作单位变更事项登记
Registration of the Change of Working Unit by a CPA

同意转出
Agree to be transferred

同意转入
Agree to be received

