



东方电气
DONGFANG ELECTRIC

DONGFANG ELECTRIC CORPORATION LIMITED

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



2022

INTERIM REPORT

Contents

I	DEFINITIONS	2
II	COMPANY PROFILE AND MAJOR FINANCIAL INDICATORS	3
III	MANAGEMENT DISCUSSION AND ANALYSIS	9
IV	CORPORATE GOVERNANCE	45
V	SIGNIFICANT EVENTS	62
VI	CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS	68
VII	FINANCIAL REPORT	84

DOCUMENTS AVAILABLE FOR INSPECTION

Copy of the 2022 Interim Report signed by the Chairman of the Company

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

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

I. DEFINITIONS

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

Definitions of Frequently Used Terms

Dongfang Electric, Company, the Company	Dongfang Electric Corporation Limited
Controlling Shareholder, DEC	Dongfang Electric Corporation
CSRC	China Securities Regulatory Commission
Reporting Period or the Period	From 1 January 2022 to 30 June 2022
SSE	Shanghai Stock Exchange
Hong Kong Stock Exchange, Stock Exchange	The Stock Exchange of Hong Kong Limited
RMB, RMB0'000, RMB100 million	Renminbi Yuan, Renminbi 0'000, Renminbi 100 million

II. COMPANY PROFILE AND MAJOR FINANCIAL INDICATORS

I. Company Information

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

II. Contact Persons and Methods

	Secretary to the Board of Directors	Representative of securities affairs
Name	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
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E-mail	dsb@dongfang.com	dsb@dongfang.com

II. COMPANY PROFILE AND MAJOR FINANCIAL INDICATORS (CONTINUED)

III. Change of Basic Information

Registered address of the Company	18 Xixin Road, High-Tech District (Western District), Chengdu City, Sichuan Province
Postal code of the Company for the registered address	611731
Company business address	18 Xixin Road, High-Tech District (Western District), Chengdu City, Sichuan Province
Postal code of the Company for business address	611731
Company website	http://www.dec-ltd.cn/
E-mail	dsb@dongfang.com

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

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

II. COMPANY PROFILE AND MAJOR FINANCIAL INDICATORS (CONTINUED)

V. Company's Share Information

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

VI. Major Accounting Data and Financial Indicators

(I) Major accounting data

Unit: Yuan Currency: RMB

Major accounting data	For the six months ended 30 June 2022 (Unaudited)	For the six months ended 30 June 2021 (Unaudited)	Increase/decrease for the Reporting Period compared to the corresponding period of the previous year (%)
Total operating income	27,909,010,359.66	22,737,085,561.92	22.75
Operating income	27,323,411,535.87	22,213,283,866.86	23.00
Net profit attributable to shareholders of the Company	1,774,136,141.38	1,348,252,556.66	31.59
Net profit after non-recurring profit and loss attributable to shareholders of the Company	1,438,113,129.86	1,227,690,947.47	17.14
Net cash flow from operating activities	2,399,289,834.48	(4,662,670,603.55)	N/A

II. COMPANY PROFILE AND MAJOR FINANCIAL INDICATORS (CONTINUED)

VI. Major Accounting Data and Financial Indicators (Continued)

(I) Major accounting data (Continued)

	As at 30 June 2022 (Unaudited)	As at 31 December 2021 (Audited)	Increase/decrease for the end of the Reporting Period compared to the end of the previous year (%)
Net assets attributable to shareholders of the Company	33,643,472,512.89	32,497,661,980.41	3.53
Total assets	109,895,364,380.16	103,104,573,304.33	6.59

(II) Major financial indicators

Unit: Yuan Currency: RMB

Major accounting indicators	For the six months ended 30 June 2022 (Unaudited)	For the six months ended 30 June 2021 (Unaudited)	Increase/decrease for the Reporting Period compared to the corresponding period of the previous year (%)
Basic earnings per share <i>(RMB/share)</i>	0.57	0.43	32.56
Diluted earnings per share <i>(RMB/share)</i>	0.57	0.43	32.56
Basic earnings per share after non- recurring profit and loss <i>(RMB/share)</i>	0.46	0.39	17.95
Weighted average return on net assets (%)	5.38	4.27	Increased by 1.11 percentage point
Weighted average return on net assets after non-recurring profit and loss (%)	4.36	3.89	Increased by 0.47 percentage point

II. COMPANY PROFILE AND MAJOR FINANCIAL INDICATORS (CONTINUED)

VI. Major Accounting Data and Financial Indicators (Continued)

(II) Major financial indicators (Continued)

Description of the major accounting data and financial indicators

- (1) Reasons for change in net profit attributable to shareholders of the Company: The net profit attributable to shareholders of the Company for the period increased by 31.59% as compared with the corresponding period of last year, which was mainly due to the increase in sales revenue and the corresponding increase of gross profit during the period.
- (2) Reasons for change in basic earnings per share and diluted earnings per share: The basic earnings per share and diluted earnings per share for the period increased by 32.56% as compared with the corresponding period of last year, which was mainly due to the relatively significant increase in net profit during the period.

II. COMPANY PROFILE AND MAJOR FINANCIAL INDICATORS (CONTINUED)

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

Unit: Yuan Currency: RMB

Items of Non-recurring Profit or Loss	Amount	Note (if applicable)
Gain or loss on disposal of non-current assets	41,332,778.94	
Government subsidies recognized in current period's profit or loss, except continuous government subsidies closely related to the Company's general business, in accordance with state policy, and with fixed amounts or fixed quantities	51,553,715.28	
Gains or losses of debt restructure	135,649,171.95	
Gain/(Loss) on changes in the fair value of financial assets held for trading, derivative financial assets, financial liabilities held for trading, derivative financial liabilities and investment income from disposal of financial assets held for trading, derivative financial assets, financial liabilities held for trading, derivative financial liabilities and other debts investments, other than the effective hedging business related to the Company's general business	(1,189,742.00)	
Reversal of provision on receivable and contract assets impairment individually conducted impairment test	209,016,014.42	
Other non-operating income and expenses other than the above mentioned items	(17,669,117.10)	
Impacted amount in income tax	(59,490,164.82)	
Impacted amount in non-controlling shareholders' equity (after tax)	(23,179,645.15)	
Total	<u>336,023,011.52</u>	

III. MANAGEMENT DISCUSSION AND ANALYSIS

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

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

The Company is mainly engaged in development, designing, manufacturing and sale of advanced sets of equipment for the generation of wind power, solar power, hydropower, nuclear power, gas power, thermal power and other high-efficient clean energy. The Company is also engaged in such related business as providing global energy operators with construction contracting and services. As one of the largest R&D and manufacturing bases of energy equipment and one of the mega enterprises for power-plant project contracting in the world, the Company's production volume of power generation equipment ranked among the best in the world for several consecutive years, energy equipment and service business covered nearly 80 countries and regions around the world, and has strong competitiveness and influence in the field of energy equipment.

III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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

The Company has a complete energy equipment research and manufacturing system, with a leading position in the industry in fields of thermal power generation units of 1 million KW and large circulating fluidized bed boilers etc. The overall level of hydropower products ranks among the top in China, and the hydropower technologies such as consistent and mixed flow have reached international-leading level. The research and development of pumped storage units has reached world-class level, and the 13 MW offshore wind power units have reached 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 100 kW 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. More than 200 hydrogen fuel buses equipped with Dongfang Electric fuel cell engine have been in operation for over 14 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.

III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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

In the first half of 2022, international situation was complex and severe, the world economy showed an obvious slowdown in terms of growth; in China, the sporadic and frequent outbreaks of the COVID-19 cases increased economic downward pressure. In the first half of 2022, the electricity consumption in the PRC increased by 2.9% year on year, narrowed in growth as compared to the corresponding period of previous year. The State has initiated a package of policies and measures to stabilize economy, including accelerating the building of and investments in infrastructure, and the national economy stabilized and rebounded. The power installation and power investment maintained a growth momentum. According to the statistics from the China Electricity Council, as of the end of June 2022, the installed power capacity in the PRC was 2,440,000 MW, representing an increase of 8.1% year on year; from January to June, the power generation projects of major power enterprises in China completed an investment of RMB215.8 billion, representing an increase of 14.0% year on year. In general, the market demand for the energy equipment industry still remained relatively stable.

III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

II. Analysis of Core Competitiveness during the Reporting Period

As one of the largest Research and Development (R&D) and manufacturing bases of energy equipment and one of the mega enterprises for power-plant project contracting in the world, the Company proactively linked up and served national strategies, based on the development, design, manufacture and sales of large-scale energy equipment, by continuously improving the industrial pattern of “Simultaneous Development of Six Types of Power” including wind power, solar power, hydropower, nuclear power, gas power and 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 advantages of strong technological innovation capability with completed industrial structure and advanced manufacturing and service capability, and sound marketing system and remarkable market expansion capability, a high-quality talent team and increasing brand influence. During the Reporting Period, there were no material changes in the Company’s core competitiveness.

III. Discussion and Analysis of Operations

During the Reporting Period, the Company has overcome the pandemic and other adverse impacts, and remained committed to securing production and supply as well as forging ahead against adversities. The goal of “Doubling over half” in main economic indicator was achieved on the basis of “good start” groundwork laid in the first quarter. During the period from January to June 2022, the Company recorded a total operating revenue of RMB27,909 million, representing an increase of 22.75% year on year; the net profit attributable to the shareholders of the Company reached RMB1.774 billion, representing an increase of 31.59% year on year; and new effective orders amounted to RMB36,656 million; and achieved earnings per share of RMB0.57, which consolidated and further enhanced the continuous good momentum of development.

III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

III. Discussion and Analysis of Operations (Continued)

(I) Steady progress alongside with industrial development

Aiming at the “seeking the future” and taking the “dual carbon” target as the guide, the Company has systematically planned the development direction of green and low carbon technologies and industries, and kept optimizing the industrial pattern. To strengthen strategic leadership, the Company has launched a series of special studies on solar power, wind power, hydropower, hydrogen energy, gas power, and others to further determine the direction, goal and path of development. Adhering to staying close to the market, the Company will promote the regional industrial development layout and accelerate the preparation and establishment of key regional branches. Following closely the market changes, the Company promoted business model innovation and launched the businesses of complete new energy project facilities and services. During the Reporting Period, clean and efficient power generation equipment, renewable energy equipment, modern manufacturing services, engineering and trading, and emerging industries accounted for 30.58%, 29.20%, 8.34%, 16.03% and 15.85% of the total revenue, respectively, featuring with more reasonable industrial structure.

III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

III. Discussion and Analysis of Operations (Continued)

(II) Further improvement of innovation capability

By focusing on serving and securing major national projects, the Company spared no effort to promote R&D of technologies. The installation of all the 8 units on the left bank of Baihetan hydropower station was completed as scheduled, and 6 units were put into operation successfully. The steam generator of the “Guohe No. 1” demonstration project was successfully developed and put into operation. The world’s first non-gas-fired compressed air energy storage power station pilot demonstration project for which the Company provided key core equipment was officially put into operation. The Company also gave priority to strengthening core competitiveness by further advancing product development. The largest single-unit capacity 13MW offshore wind turbine in Asia was officially put into operation, and the first self-developed Class F 50MW heavy-duty gas turbine with intellectual property rights in China successfully passed the 72-hour test, and BDO high-pressure chemical shield pump was successfully developed. Centering on building a more efficient scientific research system and mechanism and a higher level innovation platform, the Company has cooperated with many domestic top universities and several provincial and ministerial level innovation platforms to continuously improve the level of our scientific and technological innovation capability.

III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

III. Discussion and Analysis of Operations (Continued)

(III) Continuous intensification in reform endeavors

The Company completed the main task one month ahead of schedule on the basis of comprehensively promoting the three-year action plan for reform of state-owned enterprises, which effectively promoted the transformation of governance and improvement of governance effectiveness. The Company continuously improved the “two-pronged” governance system, and optimized and improved the work-related system for the Board and full-time Directors to further improve the standard operation. By promoting the differentiated management of subsidiaries in every fields, further clarifying the scope of power allocation and responsibility boundaries of major decision-making matters of the parent company and subsidiaries to form a differentiated management and control list. The Company continued to deepen the three-system reform. The Company formulated the Regulations on the Management of Total Labor Employment (《勞動用工總量管理規定》), established a total labor management and control mechanism focusing on the improvement of labor efficiency and further improved the mechanism for facilitating promotion and demotion, thus to steadily promote medium- and long-term incentive works.

III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

III. Discussion and Analysis of Operations (Continued)

(IV) Continuous improvement in management efficiency

The Company resolutely took special actions to improve quality and efficiency, by clarifying the objectives and priorities of quality and efficiency improvement, decomposing the indicators for quality and efficiency improvement and the “Two Funds (i.e. housing provident fund and enterprise annuity)” management and control plan, so as to effectively promote the relevant operating indicators to reach the budget targets. The level of integration of business and finance was further improved by the Company, and its ability to predict financial targets was also improved. The Company continuously tracked and effectively prevented and controlled the risk relating to achieving financial targets, for which, the financial management efficiency was significantly improved. The Company steadily advanced digital transformation by upholding a planning-oriented, standards-based and coordinated approach to promote the gradual transformation of the Group’s production and management methods to digitalization. The Company solidly carried out the endeavors in management system effectiveness improvement. The Company also established abnormal matters identification and assessment mechanism, abnormal matters classification and control mechanism and management effectiveness issues collection and feedback mechanism, to promote further improvement of operation efficiency.

III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

IV. Main Operation during the Reporting Period

During the Reporting Period, the Company recorded a total operating revenue of RMB27,909 million, representing an increase of 22.75% as compared with the same period of last year; net profit attributable to the shareholders of the Company of RMB1,774 million, representing an increase of 31.59% as compared with the corresponding period of last year; net profit attributable to the shareholders of the Company after non-recurring profit or loss of RMB1,438 million, representing an increase of 17.14% as compared with the corresponding period of last year; and achieved earnings per share of RMB0.57.

(I) Analysis of Principal Business

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

Unit: Yuan Currency: RMB

Item	For the six months ended 30 June 2022 (Unaudited)	For the six months ended 30 June 2021 (Unaudited)	Change (%)
Total operating revenue	27,909,010,359.66	22,737,085,561.92	22.75
Operating revenue	27,323,411,535.87	22,213,283,866.86	23.00
Cost of sales	22,835,597,803.11	18,209,818,438.64	25.40
Tax and surcharges	170,614,007.64	111,658,734.01	52.80
Selling expenses	707,505,965.71	649,498,860.65	8.93
Administrative expenses	1,341,880,622.33	1,221,241,346.31	9.88
Finance costs	(55,233,367.99)	1,514,006.39	N/A
R&D expenditure	945,283,705.10	1,034,076,117.49	-8.59
Other income	188,104,269.86	55,973,729.36	236.06

III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

IV. Main Operation during the Reporting Period (Continued)

(I) Analysis of Principal Business (Continued)

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

Item	For the six months ended 30 June 2022 (Unaudited)	For the six months ended 30 June 2021 (Unaudited)	Change (%)
Credit impairment losses	91,443,759.24	(60,718,145.40)	N/A
Impairment losses on assets	(272,368,380.50)	(213,043,003.18)	N/A
Gains on disposal of assets	43,041,729.82	227,469,625.08	-81.08
Non-operating income	17,321,985.17	12,308,505.03	40.73
Non-operating expenses	36,431,583.15	17,505,757.73	108.11
Net profit attributable to shareholders of the Company	1,774,136,141.38	1,348,252,556.66	31.59
Net cash flow from operating activities	2,399,289,834.48	(4,662,670,603.55)	N/A
Net cash flows from investing activities	(8,440,628,678.16)	4,014,006,063.67	N/A
Net cash flows from financing activities	82,597,531.87	(4,369,039.43)	N/A

III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

IV. Main Operation during the Reporting Period (Continued)

(I) Analysis of Principal Business (Continued)

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

- (1) Reasons for change in operating revenue: The operating revenue for the period increased by 23.00% from the previous year, mainly due to the growth of thermal power, engineering contracting, international trade, wind power and other segments.
- (2) Reasons for change in cost of sales: the cost of sales for the period increased by 25.40% from the previous year, mainly due to the corresponding increase as a result of the increase in sales volume.
- (3) Reasons for change in taxes and surcharges: the taxes and surcharges for the period increased by 52.80% from the previous year, mainly due to the increase in value-added tax paid for the period.
- (4) Reasons for change in selling expenses: the selling expenses for the period increased by 8.93% from the previous year, mainly due to the year-on-year increase in provisions made for quality warranty based on income proportion during the period.

III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

IV. Main Operation during the Reporting Period (Continued)

(I) Analysis of Principal Business (Continued)

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

- (5) Reasons for change in administrative expenses: the administrative expenses for the period increased by 9.88% from the previous year, mainly due to the year-on-year increase in employee remuneration, repair expenses and safety production expenses accrued in proportion to revenue for the period.
- (6) Reasons for change in finance costs: the finance costs for the period decreased by RMB57 million from the previous year, mainly due to the year-on-year increase in net exchange gains for the period (exchange gains for the period of RMB63 million, exchange losses for the same period of last year of RMB27 million).
- (7) Reasons for change in research and development expenditure: the R&D expenditure for the period decreased by 8.59% from the previous year, mainly due to the low settlement progress of R&D projects.

III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

IV. Main Operation during the Reporting Period (Continued)

(I) Analysis of Principal Business (Continued)

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

- (8) Reasons for change in other income: the other income for the period increased by 236.06% from the previous year, mainly due to the income from debt restructuring of RMB135 million for the period.
- (9) Reasons for change in credit impairment losses: the provision for credit impairment losses for the period decreased by RMB152 million from the previous year, mainly due to the reversal of credit impairment provisions resulting from the better collection of receivables during the period.
- (10) Reasons for change in impairment losses on assets: the impairment losses on assets for the period increased by RMB59 million from the previous year, mainly due to the increase in provision for impairment losses on contract assets for the period.

III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

IV. Main Operation during the Reporting Period (Continued)

(I) Analysis of Principal Business (Continued)

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

- (11) Reasons for change in gains on disposal of assets: the gains on disposal of assets for the period decreased by 81.08% from the previous year, mainly due to the gains on disposal of assets arising from the mixed ownership reform of the subsidiaries in the same period of last year. There was no such event in the period.
- (12) Reasons for change in non-operating income: the non-operating income for the period increased by 40.73% from the previous year, mainly due to the write-off of debts that cannot be paid.
- (13) Reasons for change in non-operating expenses: the non-operating expenses for the period increased by 108.11% from the previous year, mainly due to the changes in performance of contracts for the period.
- (14) Reasons for change in net profit attributable to shareholders of the listed company: the net profit attributable to shareholders of the listed company for the period increased by 31.59% from the previous year, mainly due to the increase in revenue for the period and the corresponding increase in gross profit.

III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

IV. Main Operation during the Reporting Period (Continued)

(I) Analysis of Principal Business (Continued)

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

- (15) Reasons for change in net cash flow from operating activities: the net cash flow from operating activities for the period increased by RMB7,062 million from the previous year, mainly due to (1) the better collection; (2) the increase in deposits from customers.
- (16) Reasons for change in net cash flow from investing activities: the net cash flow from investing activities for the period decreased by RMB12,455 million from the previous year, mainly due to the year-on-year increase in net investment outflow of the interbank deposit certificates and other businesses of DEC Finance of Company during the period.
- (17) Reasons for change in net cash flows from financing activities: the net cash flows from financing activities for the period increased by RMB87 million from the previous year, mainly due to the year-on-year increase in cash received by subsidiaries absorbing minority shareholders' investment during the period.

III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

IV. Main Operation during the Reporting Period (Continued)

(I) Analysis of Principle Business (Continued)

2. Analysis of operations by industry, product or region

1. Total operating revenue by industry and product

By product	Revenue	Cost	Gross profit margin	Year-on-year	Year-on-year	Year-on-year
				increase/decrease in revenue (%)	increase/decrease in cost (%)	increase/decrease in gross profit margin (%)
	<i>RMB</i>	<i>RMB</i>	(%)	(%)	(%)	(%)
By industry						
Renewable energy equipment	8,148,581,783.36	7,140,410,744.28	12.37	3.52	4.09	-0.48
High-efficient clean energy equipment	8,534,207,636.55	6,728,081,596.25	21.16	37.87	38.05	-0.10
Engineering and trade	4,474,351,406.28	3,994,886,869.51	10.72	73.71	88.00	-6.79
Modern manufacturing services business	2,328,945,346.08	1,211,010,200.05	48.00	-1.52	-12.00	6.20
Emerging growth business	4,422,924,187.39	3,812,906,009.55	13.79	18.42	25.72	-5.01

III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

IV. Main Operation during the Reporting Period (Continued)

(I) Analysis of Principle Business (Continued)

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

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

(1) The Company sought to restructure and upgrade proactively, optimized the allocation of resources and improved its quality control continuously. Realizing various varying level of income growth in other segments except for modern manufacturing services, which recorded a decrease in revenue during the Period. Total operating revenue increased year-on-year by 22.75% during the Period.

(2) The revenue from renewable energy equipment for the Period increased year-on-year by 3.52%, mainly due to the year-on-year increase of 7.71% in revenue from wind power products. The gross profit margin for the Period decreased year-on-year by 0.48 percentage point, mainly due to the decrease in the gross profit margin of hydropower products during the Period.

III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

IV. Main Operation during the Reporting Period (Continued)

(I) Analysis of Principle Business (Continued)

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

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

- (3) The operating revenue from high-efficiency clean energy equipment increased year-on-year by 37.87%, mainly due to an increase in the scale of sales of thermal power and gas turbine products during the Period. The gross profit margin remained basically steady as compared with the corresponding period of last year.
- (4) The operating revenue from engineering and trade for the Period increased year-on-year by 73.71%, mainly due to the year-on-year increase in revenue from trade. The gross profit margin decreased year-on-year by 6.79 percentage points during the Period, mainly due to the decrease in the gross profit margin of engineering contracting.
- (5) The operating revenue from modern manufacturing services business for the Period decreased year-on-year by 1.52%, mainly due to the year-on-year decrease in logistics services. The gross profit margin increased year-on-year by 6.20 percentage points, mainly due to the year-on-year increase in the gross profit margin of the items sold during the Period.

III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

IV. Main Operation during the Reporting Period (Continued)

(I) Analysis of Principle Business (Continued)

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

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

(6) The operating revenue from emerging growth business for the Period increased year-on-year by 18.42%, mainly due to the year-on-year growth in revenue from environmental friendly products and energy saving products. The gross profit margin for the Period decreased by 5.01 percentage points as compared with the corresponding period of last year, mainly due to the decrease in gross profit of environmental friendly products and energy saving products during the Period.

2. Total operating revenue by region

Unit: Yuan Currency: RMB

<u>Region</u>	<u>Total operating revenue</u>	<u>Year-on-year increase/decrease in operating revenue</u>
Domestic	25,313,547,295.26	21.33%
Overseas	<u>2,595,463,064.40</u>	<u>38.50%</u>
Total	<u>27,909,010,359.66</u>	<u>22.75%</u>

III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

IV. Main Operation during the Reporting Period (Continued)

(II) Analysis on Assets and Liabilities

1. Assets and liabilities

Unit: Yuan Currency: RMB

Item	30 June 2022	Percentage	31 December 2021	Percentage	Change in proportion of balance at the end of the current period compared with the end of the prior year (%)	Explanation (See note below)
		in total assets (%)		in total assets (%)		
Cash and cash equivalents	13,235,457,588.96	12.04	18,721,874,434.15	18.16	-29.30	(1)
Funds for lending	1,017,114,000.00	0.93	2,331,536,400.00	2.26	-56.38	(2)
Accounts receivable	11,400,828,869.24	10.37	7,986,787,322.58	7.75	42.75	(3)
Accounts receivable financing	881,508,063.80	0.80	1,342,379,048.57	1.30	-34.33	(4)
Inventories	17,424,490,828.71	15.86	19,062,432,842.88	18.49	-8.59	(5)
Contract assets	10,889,474,654.37	9.91	7,979,898,927.87	7.74	36.46	(6)
Non-current assets due within one year	28,702,433.64	0.03	57,404,867.28	0.06	-50.00	(7)
Loans and advances to customers	4,425,329,750.80	4.03	3,240,998,518.16	3.14	36.54	(8)
Debt investments	21,262,290,867.67	19.35	12,660,183,476.06	12.28	67.95	(9)
Long-term receivables	1,052,531,511.49	0.96	552,276,661.97	0.54	90.58	(10)
Other equity instrument investments	72,300,000.00	0.07	52,300,000.00	0.05	38.24	(11)

III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

IV. Main Operation during the Reporting Period (Continued)

(II) Analysis on Assets and Liabilities (Continued)

1. Assets and liabilities (Continued)

Item	30 June 2022	Percentage	31 December 2021	Percentage	Change in proportion of balance at the end of the current period compared with the end of the prior year (%)	Explanation (See note below)
		in total assets (%)		in total assets (%)		
Investment property	154,015,393.76	0.14	157,660,075.01	0.15	-2.31	(12)
Fixed assets	4,796,670,288.97	4.36	4,965,866,715.89	4.82	-3.41	(13)
Construction in progress	361,475,963.48	0.33	286,478,771.81	0.28	26.18	(14)
Right-of-use assets	326,654,367.95	0.30	231,326,102.07	0.22	41.21	(15)
Development expenditure	5,612,112.35	0.01	4,270,168.76	0.00	31.43	(16)
Short-term borrowings	50,000,000.00	0.05	41,830,000.00	0.04	19.53	(17)
Customer deposits and deposits from banks and other financial institutions	6,902,378,484.40	6.28	3,739,754,238.51	3.63	84.57	(18)
Contract liabilities	28,009,447,966.75	25.49	30,404,986,962.19	29.49	-7.88	(19)
Tax payable	603,450,974.43	0.55	440,915,873.31	0.43	36.86	(20)
Other payables	2,053,045,076.74	1.87	1,406,088,437.27	1.36	46.01	(21)
Current liabilities due within one year	50,774,628.30	0.05	102,152,874.33	0.10	-50.30	(22)
Other current liabilities	347,561,008.54	0.32	840,444,121.90	0.82	-58.65	(23)
Lease liabilities	292,222,569.22	0.27	126,932,623.70	0.12	130.22	(24)

III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

IV. Main Operation during the Reporting Period (Continued)

(II) Analysis on Assets and Liabilities (Continued)

1. Assets and liabilities (Continued)

- (1) Reasons for change in cash and cash equivalents: the cash and cash equivalents amounted to RMB13,235 million at the end of the period, representing a decrease of 29.30% as compared with the beginning of the period, mainly due to the increase of RMB8,568 million in the purchase of interbank deposit certificates by DEC Finance in the period as compared with the beginning of the period.
- (2) Reasons for change in funds for lending: the funds for lending amounted to RMB1,017 million at the end of the period, representing a decrease of 56.38% as compared with the beginning of the period, mainly due to the more maturities of funds for lending during the period.
- (3) Reasons for change in accounts receivable: the accounts receivable at the end of the period amounted to RMB11,401 million, representing an increase of 42.75% as compared with the beginning of the period, mainly due to the expansion of sales scale.
- (4) Reasons for change in accounts receivable financing: the accounts receivable financing amounted to RMB882 million at the end of the period, representing a decrease of 34.33% from the beginning of the period, mainly due to the decrease in the endorsement of notes during the period.

III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

IV. Main Operation during the Reporting Period (Continued)

(II) Analysis on Assets and Liabilities (Continued)

1. Assets and liabilities (Continued)

- (5) Reasons for change in inventories: the inventories amounted to RMB17,424 million at the end of the period, representing a decrease of 8.59% as compared with the beginning of the period, mainly due to the increase in sales during the period and the increase in inventory carried forward.
- (6) Reasons for change in contract assets: the contract assets amounted to RMB10,889 million at the end of the period, representing an increase of 36.46% from the beginning of the period, mainly due to the expansion of sales scale and the increase in contract retention receivables.
- (7) Reasons for change in non-current assets due within one year: the non-current assets due within one year amounted to RMB29 million at the end of the period, representing a decrease of 50% as compared with the beginning of the period, mainly due to the recovery of long-term receivables due within one year.
- (8) Reasons for change in loans and advances to customers: the loans and advances to customers amounted to RMB4,425 million at the end of the period, representing an increase of 36.54% as compared with the beginning of the period, mainly due to the increase in loans provided by the DEC Finance of the Company to improve the overall income of funds.

III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

IV. Main Operation during the Reporting Period (Continued)

(II) Analysis on Assets and Liabilities (Continued)

1. Assets and liabilities (Continued)

- (9) Reasons for change in debt investment: the debt investment amounted to RMB21,262 million at the end of the period, representing an increase of 67.95% as compared with the beginning of the period, mainly due to the increase in interbank certificates of deposit of DEC Finance of the Company.
- (10) Reasons for change in long-term receivables: the long-term receivables amounted to RMB1,053 million at the end of the period, representing an increase of 90.58% as compared with the beginning of the period, mainly due to the increase in instalment payments for sales of goods during the year.
- (11) Reasons for change in other equity instrument investments: the other equity instrument investments amounted to RMB72 million at the end of the period, representing an increase of 38.24% as compared with the beginning of the period, mainly due to the additional investment of RMB15 million in Zhejiang Yuhuan Huadian Wind Power Co., Ltd..
- (12) Reasons for change in investment properties: the investment properties amounted to RMB154 million at the end of the period, representing a decrease of 2.31% as compared with the beginning of the period, mainly due to the depreciation provided during the period.

III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

IV. Main Operation during the Reporting Period (Continued)

(II) Analysis on Assets and Liabilities (Continued)

1. Assets and liabilities (Continued)

- (13) Reasons for change in fixed assets: the fixed assets amounted to RMB4,797 million, representing a decrease of 3.41% at the end of the period as compared with the beginning of the period, mainly due to the depreciation provided during the period.
- (14) Reasons for change in construction in progress: construction in progress at the end of the period amounted to RMB361 million, representing an increase of 26.18% as compared with the beginning of the period, mainly due to the increase in investment in fixed assets during the period.
- (15) Reasons for change in right-of-use assets: the right-of-use assets amounted to RMB327 million at the end of the period, representing an increase of 41.21% from the beginning of the period, mainly due to the newly signed lease contracts during the period.
- (16) Reasons for change in development expenditure: the development expenditure amounted to RMB6 million at the end of the period, representing an increase of 31.43% as compared with the beginning of the period, mainly due to the fact that the new development expenditure has not been transferred into fixed assets during the period.

III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

IV. Main Operation during the Reporting Period (Continued)

(II) Analysis on Assets and Liabilities (Continued)

1. Assets and liabilities (Continued)

- (17) Reasons for change in short-term borrowings: the short-term borrowings amounted to RMB50 million at the end of the period, representing an increase of 19.53% as compared with the beginning of the period, mainly due to the new borrowings of subsidiaries for business needs.
- (18) 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 amounted to RMB6,902 million at the end of the period, representing an increase of 84.57% as compared with the beginning of the period, mainly due to the increase in deposits with DEC Finance as a result of the cash inflow for bonds issued by Dongfang Electric Corporation during the period.
- (19) Reasons for change in contract liabilities: the contract liabilities amounted to RMB28,009 million at the end of the period, representing a decrease of 7.88% from the beginning of the period, mainly due to the decrease in contract liabilities as a result of contract settlement during the period.

III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

IV. Main Operation during the Reporting Period (Continued)

(II) Analysis on Assets and Liabilities (Continued)

1. Assets and liabilities (Continued)

- (20) Reasons for change in taxes payable: the taxes payable amounted to RMB603 million at the end of the period, representing an increase of 36.86% from the beginning of the period, mainly due to the increase in VAT payable and income tax payable during the period.
- (21) Reasons for change in other payables: the other payables amounted to RMB2,053 million at the end of the period, representing an increase of 46.01% from the beginning of the period, mainly due to the increase in dividends payable during the period.
- (22) Reasons for change in current liabilities due within one year: the current liabilities due within one year amounted to RMB51 million at the end of the period, representing a decrease of 50.30% as compared with the beginning of the period, mainly due to the decrease in long-term borrowings due within one year and lease liabilities.
- (23) Reasons for change in other current liabilities: the other current liabilities amounted to RMB348 million at the end of the period, representing a decrease of 58.65% as compared with the beginning of the period, mainly due to the decrease in the endorsed but undue bills receivable that were not derecognized at the end of the period.

III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

IV. Main Operation during the Reporting Period (Continued)

(II) Analysis on Assets and Liabilities (Continued)

1. Assets and liabilities (Continued)

(24) Reasons for change in lease liabilities: the lease liabilities amounted to RMB292 million at the end of the period, representing an increase of 130.22% as compared with the beginning of the period, mainly due to the newly signed lease contracts during the period.

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

Item	Book value as at the end of the Period RMB	Reason for restriction
Cash and cash equivalents	2,798,718,045.91	Deposits in central bank, reserves and security deposits
Fixed assets	74,912,639.66	Mortgage borrowings
Intangible assets	520,109,149.59	Mortgage borrowings
Total	3,393,739,835.16	

III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

IV. Main Operation during the Reporting Period (Continued)

(II) Analysis on Assets and Liabilities (Continued)

3. Gearing ratio

Item	Amount at the end of the Period	Amount at the beginning of the year	Year-on-year increase <i>(percentage point)</i>
Gearing ratio (%)	66.65	65.68	0.97

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

The gearing ratio of the Group was 66.65% at the end of the Period, representing an increase of 0.97 percentage point as compared with the beginning of the year. The risk relating to the asset structure of the Company is in a controllable state.

(III) Analysis of Investment

1. Overall analysis on external equity investment

During the Reporting Period, the balance of the long-term equity investment amounted to RMB2,282 million. The main investment project in the first half of 2022 was to increase the capital contribution in DEC (Chengdu) Innovation Technology Development Co., Ltd.* (東方電氣(成都)創新科技發展有限公司) (“DEC Innovation Technology”), for the construction of the DEC innovation and oversea business centre project.

III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

IV. Main Operation during the Reporting Period (Continued)

(III) Analysis of Investment (Continued)

1. Overall analysis on external equity investment (Continued)

In order to integrate into the national regional development and the construction of Chengdu-Chongqing twin-city economic circle, Dongfang Electric invested in the Tianfu New Area to establish an innovation and overseas business centre project. The total investment of the project will be RMB1.2 billion, of which RMB600 million is its own capital, and the specific project will be promoted by DEC Innovation Technology. In January 2022, the Company decided to increase its capital contribution to DEC Innovation Technology by RMB450 million, and has completed capital increase of RMB150 million as of the date of this report. After the completion of the capital increase of RMB450 million, the registered capital of DEC Innovation Technology will reach RMB600 million, which will be 100% owned by the Company.

Financial assets at fair value

No.	Type	Stock code	Stock short name	Initial investment cost (RMB'000)	Balance at the beginning of the Period (RMB'000)	Balance at the end of the Period (RMB'000)	Profit or Loss in the Reporting Period (RMB'000)
1	Stock	601179	China XD	1,010.77	803.09	677.20	(125.89)
2	Stock	000883	Hubei Energy	189.79	149.55	145.84	(3.71)
Total				1,200.57	952.63	823.04	(129.60)

III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

IV. Main Operation during the Reporting Period (Continued)

(IV) Analysis of major controlling subsidiaries and investees

Subsidiary name	Closing balance (RMB 100 million)					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Dongfang Electric Finance Co., Ltd.	196.85	258.95	455.80	420.78	0.06	420.84
DEC Dongfang Steam Turbine Co., Ltd.	226.01	57.22	283.23	197.58	16.70	214.28
DEC Dongfang Boiler Group Co., Ltd.	192.45	40.82	233.27	125.78	33.16	158.94
DEC Dongfang Electric Machinery Co., Ltd.	177.92	31.35	209.27	130.79	15.47	146.26
Dongfang Electric Wind Power Co., Ltd.	103.67	34.57	138.24	99.81	19.54	119.35
DEC International Cooperation Limited	57.11	12.54	69.65	35.17	13.16	48.33
Dongfang Electric (Guangzhou) Heavy Machine Co., Ltd.	26.47	8.08	34.55	16.13	1.75	17.89
Dongfang Electric Automatic Control Engineering Co., Ltd.	26.45	4.73	31.18	20.30	0.45	20.75

III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

V. Other Disclosure

(I) Possible risks

1. *Risks relating to market competition amid transformation and upgrade*

The energy equipment industry has undergone profound changes due to the impact of China's "14th Five-Year" Plan. Failing to implement transformation and upgrading in accordance with the new energy security strategy and the strategic goals of "carbon peak" and "carbon neutrality", the Company will lose its competitive edge in the market. In response to this risk, the Company will focus on building a new energy system, strengthen the research and marketing of integrated energy solutions, strengthen resource acquisition, and drive the integrated development of the "six power and five industries" with the development and utilization of relevant resources.

III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

V. Other Disclosure (Continued)

(I) Possible risks (Continued)

2. *Risk relating to pandemic prevention and control and stability of energy supply*

The current national pandemic is characterized by sporadic, wide-spread and recurring traits, with tightened power supply to a certain extent. Under the circumstance of pandemic events and insufficient power supply, it will affect the normal production and operation of the Company and the stability of the supply chain. In response to this risk, the Company has adjusted the pandemic prevention and control requirements in a timely manner according to the situation of pandemic prevention and control by focusing on grasping the normal pandemic prevention and control and enhancing the emergency response capability, and keeping the continuity of the prevention and control system in effective operation. In response to the recent shortage of power supply in Sichuan, the Company has actively responded by adopting measures such as off-peak commute, work from home and adjustment of the production schedule.

III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

V. Other Disclosure (Continued)

(I) Possible risks (Continued)

3. *Risk relating to international operation*

The international political situation was turbulent, the pandemic continued, and the Russia-Ukraine conflict triggered global market volatility, which was unfavorable to the Company's overseas market development. In response to this risk, the Company will actively explore the international new energy market, strengthen the innovation of international market development models, and vigorously seize the opportunities of green and low-carbon development of overseas energy, in order to strive for quality projects.

4. *Risk relating to investment and M&A in the course of expanding and developing new industries*

There is a risk of failure to fully and accurately identify major risks and hidden dangers due to external uncertainties or internal project due diligence, resulting in lower-than-expected investment gains or even investment losses. In response to this risk, the Company will continue to strengthen due diligence by engaging professional intermediaries for key projects to carry out due diligence in an in-depth and comprehensive manner, comprehensively identifying and judging major risks, thus to ensure that relevant risks in the course of merger and acquisition investment expansion into new industries are overall controllable.

III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

V. Other Disclosure (Continued)

(II) Other disclosure

1. *Bank borrowings*

As of 30 June 2022, the Group had financial institution (bank) borrowings of RMB50 million due within one year and financial institution (bank) borrowings of RMB865 million due beyond one year. The Company's borrowings are mainly denominated in RMB. In particular, RMB550 million were fixed-rate financial institution (bank) borrowings. The Group has maintained a favorable credit rating with banks and a sound financing capacity.

2. *Cash and cash equivalents*

As at 30 June 2022, the cash and cash equivalents in RMB and US dollars held by the Group accounted for 82.05% and 11.54% of the Group's cash and cash equivalents respectively.

3. *Exchange risk management*

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

III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

V. Other Disclosure (Continued)

(II) Other disclosure (Continued)

4. *Pledge of assets*

As at 30 June 2022, the Group had pledged bank borrowings of approximately RMB364 million (31 December 2021: RMB356 million), which were related to borrowings from financial institutions secured by concession. As of 30 June 2022, net concession value amounted to RMB501 million (31 December 2021: RMB488 million). As at the end of the Period, this part of borrowings was not due and repayable.

5. *Prospect for the second half of 2022*

The Company will focus on the requirements of green and low-carbon development and new energy model innovation under the “dual-carbon” goal, continuously improve scientific and technological innovation capabilities, continue to promote the implementation and effectiveness of reforms, vigorously expand the market and seize orders, comprehensively promote the improvement of manufacturing capabilities, strengthen the construction of risk prevention and control capabilities, and ensure that the annual targets and tasks are completed with high quality.

IV. CORPORATE GOVERNANCE

I. Overview of General Meetings

Session of meeting	Date	Designated website for publication of resolutions	Publication date of resolutions
the 2021 annual general meeting, the 2022 first A Shares class meeting and the 2022 first H Shares class meeting	29 June 2022	http://www.sse.com.cn/ http://www.hkexnews.hk/	29 June 2022

At the 2021 annual general meeting, the 2022 first A Shares class meeting and the 2022 first H Shares class meeting convened on 29 June 2022, the Company considered and approved To Consider and Approve the Resolution on the 2021 Work Report of the Board of the Company, To Consider and Approve the Resolution on the 2021 Work Report of the Supervisory Committee of the Company, To Consider and Approve the Resolution on the 2021 Profit Distribution Plan of the Company, To Consider and Approve the Resolution on the 2021 Audited Financial Statements and the 2022 Financial Budget and Investment Plan of the Company, To Consider and Approve the Resolution on the Appointment of the Auditor of the Company for 2022, To Consider and Approve the Resolution on the Amendment to the Work Rules for Independent Directors, The Resolution on the Election of Hu Weidong as a Member of the Tenth Session of the Supervisory Committee of the Company, To Consider and Approve the Resolution on the Repurchase and Cancellation of Certain Restricted Shares, To Consider and Approve the Resolution on the Amendment to the Articles of Association of the Company, To Consider and Approve the Resolution on the Amendment to the Rules of Procedure of the Board, To Consider and Approve the Resolution on the Amendment to the Rules of Procedure of General Meeting, The Resolution on Election of Directors.

IV. CORPORATE GOVERNANCE (CONTINUED)

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

Name	Position	Change situation
Liu Zhiquan	Chief Accountant	Appointment
Liu Zhiquan	Director	Election
Zhang Jilie	Supervisor	Resignation
Zhang Jilie	Director	Election
Zhang Jilie	Senior Vice President	Appointment
Hu Weidong	Supervisor	Election

On 27 May 2022, the Supervisory Committee of the Company received a written resignation report from Mr. Zhang Jilie, the former chairman of the Supervisory Committee, who applied for resignation as a supervisor and the chairman of the Supervisory Committee of the Company due to work arrangements.

At the 2021 annual general meeting of the Company held on 29 June 2022, Mr. Liu Zhiquan and Mr. Zhang Jilie were elected as directors of the tenth session of the Board of the Company, and Mr. Hu Weidong was elected as a supervisor of the tenth session of the Supervisory Committee of the Company.

IV. CORPORATE GOVERNANCE (CONTINUED)

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

As at 30 June 2022, the particulars of grant of restricted shares to certain director of the Company in connection with the implementation of Restricted A Share Incentive Scheme of the Company were as follows:

Name	Position	Class of shares held	Capacity	Number of shares held	Percentage	Percentage
					of total share capital ¹ (%)	in the respective class of share capital ¹ (%)
Wang Weimin	Senior management	A Share	Beneficial owner	75,000(L)	0.0024	0.0027

(L) – long position.

Note:

- 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 (3,119,001,130 shares) and respective class of share capital (i.e. 2,779,001,130 A Shares) of the Company as at 30 June 2022.

Save as disclosed above, as at 30 June 2022, none of the Directors, supervisors or chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning under Part XV of the Securities and Futures Ordinance), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance (including interests or short positions which they were taken or deemed to have under such provisions of the Securities and Futures Ordinance), or which were required to be recorded in the register kept by the Company pursuant to section 352 of the Securities and Futures Ordinance, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code adopted by the Company.

IV. CORPORATE GOVERNANCE (CONTINUED)

IV. Plan for Profit Distribution or Capitalization of Capital Reserve

(I) Profit distribution during the Reporting Period

Approved at the annual general meeting for 2021 on 29 June 2022, the Company paid the final dividend for 2021 to its shareholders on 28 July 2022, a dividend of RMB2.30 (inclusive of tax) per 10 shares, totaling the cash dividend of RMB717,325,793.31 (inclusive of tax).

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

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

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2022 (30 June 2021: Nil).

IV. CORPORATE GOVERNANCE (CONTINUED)

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

The first lock-up period for the First Grant under the Restricted A Share Incentive Scheme for 2019 of the Company expired on 6 January 2022, the corresponding conditions for unlocking have been satisfied, the number of participants the shares held by whom can be unlocked was 760 in total, the number of unlocked shares involved was 9,082,232 A Shares, and the unlocked shares commenced trading on 10 January 2022.

On 10 March 2022, the Company repurchased and cancelled a total of 150,000 restricted A Shares granted to five participants who were no longer qualified as participants but not yet unlocked.

At the eleventh meeting of the tenth session of the Board of the Company held on 29 April 2022, the Resolution on the Repurchase and Cancellation of Certain Restricted A Shares held by Certain Participants was considered and approved, pursuant to which the Company decided to repurchase and cancel a total of 193,333 restricted A Shares granted to four participants but not yet unlocked.

At the 2021 annual general meeting, the 2022 first A Shares class meeting and the 2022 first H Shares class meeting convened on 29 June 2022, the Resolution on the Repurchase and Cancellation of Certain Restricted Shares was considered and passed.

On 14 July 2022, the Company repurchased and cancelled a total of 193,333 restricted A Shares granted to four participants who were no longer qualified as participants but not yet unlocked.

IV. CORPORATE GOVERNANCE (CONTINUED)

VI. Others

1. Employees and remuneration policies

As at 30 June 2022, the total number of employees of the Company was 17,764. The total amount of remuneration paid to the employees during the Reporting Period was RMB1,171,050,000.

During the Reporting Period, the Company continued to intensify the reform of the salary determination mechanism, improving the rules linking the total salary to the economic efficiency and labor efficiency of the enterprise, and achieving a steady increase in the income level of employees in line with the efficiency of the enterprise. The Company insisted on the combination of power delegation and control, by promoting the implementation of the responsibilities and powers of performance appraisal and remuneration allocation of the managerial level to the Board of the Company, for which, the results of performance appraisal and remuneration allocation of the members of the managerial level will be determined by the Board, so as to achieve full coverage of the performance appraisal and remuneration management system for the members of the managerial level. The Company optimizes the management of special rewards by increasing the strength of rewards in key areas, guiding enterprises to continuously increase the precision of distribution, and favoring the distribution of remuneration to key core backbone talents.

IV. CORPORATE GOVERNANCE (CONTINUED)

VI. Others (Continued)

2. Employees Training Plan

During the Reporting Period, guided by the development strategy, the Company prepared and released annual training plans by closely focusing on reform and development, talent team building and staff growth needs, and established a mechanism for supervision and management of plan implementation. The Company has been strengthening the training of innovation, application-oriented and skillful talents, stimulating the innovation vitality of talents, with the focus on the implementation of “Six Talent Training Projects”, and orderly promoting nine talent training projects such as scientific and technological innovation talents, internationalization talents, financial management talents, legal and risk control talents, and so on. The Company has held Zhejiang University-Dongfang Electric training courses for young and middle-aged leaders, corporate management training courses, and excellent youth skills training class and other key training programs, so as to provide a guarantee for the high-quality development of the Company. Each enterprise under the Company constantly enriched training forms, strengthened training base construction, and created high-quality training projects by closely focusing on talent training needs, which promoted the overall improvement of the staff team’s ability and quality.

IV. CORPORATE GOVERNANCE (CONTINUED)

VI. Others (Continued)

3. Share Incentive Scheme

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

Details of the Restricted Incentive Scheme are as follows:

(I) *Source and Number*

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

(II) *Participants to be Covered*

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

IV. CORPORATE GOVERNANCE (CONTINUED)

VI. Others (Continued)

3. Share Incentive Scheme (Continued)

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

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

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

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

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:

IV. CORPORATE GOVERNANCE (CONTINUED)

VI. Others (Continued)

3. Share Incentive Scheme (Continued)

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

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

IV. CORPORATE GOVERNANCE (CONTINUED)

VI. Others (Continued)

3. Share Incentive Scheme (Continued)

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

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

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

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

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

IV. CORPORATE GOVERNANCE (CONTINUED)

VI. Others (Continued)

3. Share Incentive Scheme (Continued)

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

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

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.

IV. CORPORATE GOVERNANCE (CONTINUED)

VI. Others (Continued)

3. Share Incentive Scheme (Continued)

(IV) First Grant of Restricted Shares

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

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

IV. CORPORATE GOVERNANCE (CONTINUED)

VI. Others (Continued)

3. Share Incentive Scheme (Continued)

(V) Reserved Grant

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

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

IV. CORPORATE GOVERNANCE (CONTINUED)

VI. Others (Continued)

4. Purchase, Sales or Redemption of Listed Securities of the Company

During the Reporting Period, according to the Resolution on Repurchase and Cancellation of Certain Restricted Shares approved at the 2021 first extraordinary general meeting, the 2021 second A Shares class meeting and the 2021 second H Shares class meeting of the Company, five participants involved in the repurchase and cancellation could no longer participate in the incentive scheme of the Company totaling 150,000 restricted A Shares. For details, please refer to the announcement of the Company dated 7 March 2022.

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

5. Major Acquisition and Disposal of Subsidiaries and Associates

There were no other major acquisition and disposal of subsidiaries and associates of the Group during the six months ended 30 June 2022.

6. Corporate Governance Code

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

IV. CORPORATE GOVERNANCE (CONTINUED)

VI. Others (Continued)

7. Model Code for Securities Transactions by Directors

The Company has adopted a code of conduct regarding securities transactions by directors and supervisors of the Company on the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) contained in Appendix 10 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Having made specific enquiry to all directors and supervisors of the Company, the Company confirms that during the six months ended 30 June 2022, the directors and supervisors of the Company had complied with the provisions regarding the securities transactions by directors and supervisors as stipulated in the Model Code.

8. Audit and Review Committee

The Board has set up an audit and review committee comprising three independent non-executive directors, namely Mr. Liu Dengqing, Mr. Huang Feng and Mr. Ma Yongqiang. The audit and review committee has reviewed and approved the interim results and the interim report of the Group for the six months ended 30 June 2022, and agreed with the accounting treatment method adopted by the Company.

IV. CORPORATE GOVERNANCE (CONTINUED)

VI. Others (Continued)

9. Events Subsequent to the Reporting Period

On 29 June 2022, the Company held the 2021 annual general meeting, the 2022 first A Shares class meeting and the 2022 first H Shares class meeting, at which, the Resolution on Repurchase and Cancellation of Certain Restricted Shares was considered and approved. Pursuant to the relevant provisions of Administrative Measures on the Share Incentive Scheme of Listed Companies (the “Administrative Measures”) and the Restricted A Share Incentive Scheme for 2019 (Amended Draft) (the “Incentive Scheme (Amended Draft)”) of the Company, as three participants under the First Grant have resigned due to retirement and are no longer qualified as participants; one participant resigned due to personal reason and is no longer qualified as participant. The Board has considered and decided to repurchase and cancel all the restricted shares totalling 193,333 A Shares that have been granted to the aforesaid 4 participants yet still locked up, the cancellation was completed on 14 July 2022.

V. SIGNIFICANT EVENTS

I. Performance of Undertakings

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

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

V. SIGNIFICANT EVENTS (CONTINUED)

I. Performance of Undertakings (Continued)

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

Background of undertakings	Type of undertakings	Party making undertakings	Contents of undertakings	Time and term of undertakings	Any term of performance	manner or not performed in a timely	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		

V. SIGNIFICANT EVENTS (CONTINUED)

II. Bankruptcy Reorganization

On 28 September 2018, the Intermediate People's Court of Jiuquan City of Gansu Province ruled the bankruptcy and liquidation of Dongfang Electric (Jiuquan) New Energy Co., Ltd. as per the application by Dongfang Electric Automatic Control Engineering Co., Ltd.. On 26 August 2019, the Intermediate People's Court of Tongliao City of Inner Mongolia Autonomous Region ruled and declared the bankruptcy of Dongfang Electric (Tongliao) Wind Power Engineering Technology Co., Ltd.. On 27 September 2020, the People's Court of Xiaoshan District, Hangzhou City ruled and declared the bankruptcy of Dongfang Electric New Energy Equipment (Hangzhou) Co., Ltd.. The confirmation of claims, disposal of assets and other work of the above three bankruptcy cases are still in legal process.

III. Material Litigation or Arbitration Events

During the six months ended 30 June 2022 and up to the date of this report, the Company was not involved in any material litigation or arbitration, and as far as the Directors are aware, the Company does not have any material litigation or claims pending or threatening to the Company.

IV. Explanations on Other Significant Events

According to the Settlement Agreement entered into between the Company and the manager of Hangzhou New Energy and the Notice issued from the manager of Hangzhou New Energy, an income from debt restructuring of RMB135 million arose after the offsetting of accounts payable and accounts receivable between the Company and Hangzhou New Energy.

V. SIGNIFICANT EVENTS (CONTINUED)

V. Material Related Party Transactions

(I) Related party transactions in ordinary course of business

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

The 2022-2024 daily continuing related party transactions agreements entered with Dongfang Electric Corporation, including the 2022 Marketing and Production Service Framework Agreement (《2022銷售及生產服務框架協議》), the 2022 Integrated Supporting Service Framework Agreement (《2022綜合配套服務框架協議》), 2022 Financial Services Framework Agreement (《2022財務服務框架協議》), 2022 Property and Equipment Lessee Framework Agreement (《2022物業及設備承租人框架協議》) and Property and Equipment Lessor Framework Agreement (《物業及設備出租人框架協議》), were considered and approved at the meeting of Board held by the Company on 28 December 2021. During the Reporting Period, all daily continuing related party transactions were carried out within the scope of the framework agreements and the annual caps.

V. SIGNIFICANT EVENTS (CONTINUED)

VI. Material Contracts and Performance thereof

(I) Guarantee

Unit: Yuan Currency: RMB

Guarantor	Relationship between guarantor and listed company	Guaranteed amount	Date of guarantee (execution date of agreement)	Commencement date of guarantee	Expiry date of guarantee	Type of guarantee	Is the	Is the	Is the	Amount overdue	Any counter guarantee	Is the guarantee provided to related party	
							guarantee fully fulfilled	guarantee overdue	guarantee related party relationship				
External guarantees provided by the Company (excluding guarantees provided for subsidiaries)													
Dongfang Electric Corporation Limited	Headquarters of the Company	16,000,000	19 January 2016	19 January 2016	19 January 2026	General guarantee	No	No	No	0	No	Yes	Associate
Dongfang Electric Corporation Limited	Headquarters of the Company	16,000,000	29 June 2016	29 June 2016	29 June 2026	General guarantee	No	No	No	0	No	Yes	Associate
Dongfang Electric Corporation Limited	Headquarters of the Company	36,000,000	27 October 2016	27 October 2016	27 October 2026	General guarantee	No	No	No	0	No	Yes	Associate
DEC Dongfang Steam Turbine Co., Ltd.	Wholly-owned subsidiary	24,500,000	22 September 2016	22 September 2016	Termination date of long-term service agreement	General guarantee	No	No	No	0	Yes	Yes	Joint venture

V. SIGNIFICANT EVENTS (CONTINUED)

VI. Material Contracts and Performance thereof (Continued)

(I) Guarantee (Continued)

Total guarantee incurred during the Reporting Period (excluding those provided to subsidiaries)	0
Total balance of guarantee as at the end of the Reporting Period (A) (excluding those provided to subsidiaries)	92,500,000
Guarantee provided by the Company to its subsidiaries	
Total guarantee to subsidiaries incurred during the Reporting Period	0
Total balance of guarantee to subsidiaries as at the end of the Reporting Period (B)	0
Aggregate guarantee of the Company (including those to subsidiaries)	
Aggregate guarantee (A+B)	92,500,000
Percentage of aggregate guarantee to net assets of the Company (%)	0.08
Representing:	
Amount of guarantee provided for shareholders, de facto controller and their related parties (C)	0
Amount of debts guarantee directly or indirectly provided to guaranteed parties with gearing ratio over 70% (D)	0
Excess amount of aggregate guarantee over 50% of net assets (E)	0
Aggregate amount of the above three items (C+D+E)	0

Statement on the contingent joint and several liability in connection with unexpired guarantee	The Company provided financing guarantees for Inner Mongolia Energy Power Hongnijing Wind Power Co., Ltd., Inner Mongolia Mengneng Sanshengtai Wind Power Co., Ltd. and Inner Mongolia Mengneng Wulan New Energy Co., Ltd. with its 20% equity interests in each of above companies and their derivative interests. The guarantees shall be valid from the effective date of the Equity Pledge Agreement until all debts under the Financial Leasing Contract are being repaid. The guarantee provided by DEC Dongfang Steam Turbine Co., Ltd. to Mitsubishi Heavy Industries Dongfang Gas Turbine (Guangzhou) Co., Ltd. constituted a continuous guarantee of payment and performance of obligations. The guarantor's obligations under the guarantee should not exceed and should be limited to the scope of obligations and liabilities to be assumed by the vendor pursuant to the contract.
Statement on guarantee	For details of the above guarantees, please refer to the financing lease guarantee announcements published by the Company on the SSE website on 9 January 2016, 28 June 2016, 26 August 2016.

VI. CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS

I. Changes in Ordinary Shares

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

Share class	Number of shares at the beginning of the Reporting Period	Number of shares reduced	Number of shares at the end of the Reporting Period	Percentage <i>(share)</i>
I. A Share				
1. Dongfang Electric Corporation	1,727,919,826	–	1,727,919,826	55.40%
2. Others	1,051,231,304	(150,000)	1,051,081,304	33.70%
II. H Share				
Dongfang Electric International Investment Co., Limited	858,800	–	858,800	0.03%
Other H shareholders	339,141,200	–	339,141,200	10.87%
Total	3,119,151,130	(150,000)	3,119,001,130	100%

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

I. Changes in Ordinary Shares (Continued)

(II) Table of changes in shares

Unit: Share

	Prior to the current movements		Increase/(decrease) of current movements (+, -)					After current movements	
	Number of shares	Percentage (%)	New shares issued	Share donation	Conversion of reserves into share	Others	Sub-total	Number of shares	Percentage (%)
I. Shares subject to trading moratorium	782,863,762	25.08	0	0	0	-9,232,232	-9,232,232	773,018,530	24.78
1. State-owned shares	0	0.00	0	0	0	0	0	0	0
2. State-owned legal person shares	753,903,063	24.17	0	0	0	0	0	753,903,063	24.17
3. Other domestic shares	28,197,699	0.90	0	0	0	9,182,232	-9,182,232	19,015,467	0.61
Including: shares									
owned by domestic non-state-owned legal persons	0	0	0	0	0	0	0	0	0
Shares owned by domestic natural persons	28,197,699	0.90	0	0	0	9,182,232	-9,182,232	19,015,467	0.61
4. Foreign owned shares	150,000	0.005	0	0	0	-50,000	-50,000	100,000	0.003
Including: shares									
owned by overseas legal persons	0	0	0	0	0	0	0	0	0
Shares owned by overseas natural persons	150,000	0.005	0	0	0	-50,000	-50,000	100,000	0.003

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

I. Changes in Ordinary Shares (Continued)

(II) Table of changes in shares (Continued)

	Prior to the current movements		Increase/(decrease) of current movements (+, -)					After current movements	
	Number of shares	Percentage (%)	New shares issued	Share donation	Conversion of reserves into share	Others	Sub-total	Number of shares	Percentage (%)
II. Tradable shares not subject to trading moratorium	2,336,900,368	74.92	0	0	0	+9,082,232	+9,082,232	2,345,982,600	75.22
1. RMB-denominated ordinary shares	1,996,900,368	64.02	0	0	0	+9,082,232	+9,082,232	2,005,982,600	64.32
2. Domestic listed foreign shares	0	0	0	0	0	0	0	0	0
3. Overseas listed foreign shares	340,000,000	10.90	0	0	0	0	0	340,000,000	10.90
4. Others	0	0	0	0	0	0	0	0	0
III. Total number of shares	3,119,151,130	100	0	0	0	-150,000	-150,000	3,119,001,130	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 193,333 restricted shares which were granted but not yet unlocked, and had completed the cancellation on 14 July 2022. As of the date of disclosure of this report, the total number of ordinary shares of the Company was 3,118,807,797.

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

I. Changes in Ordinary Shares (Continued)

(II) Table of changes in shares (Continued)

Explanation on changes in shares

The conditions for unlocking the first tranche of the First Grant under the Restricted A Share Incentive Scheme for 2019 had been fulfilled and the Company had handled the unlocking arrangement of the relevant restricted shares for those participants who satisfied the unlocking conditions in accordance with procedures. The number of unlocked restricted shares involved was 9,082,232 shares, which had commenced trading on 10 January 2022. For details, please refer to the Announcement in relation to Unlocking and Commencement of Trading of the First Tranche of the First Grant under the Restricted A Share Incentive Scheme for 2019 of Dongfang Electric Corporation Limited (No.: 2022-002) published by the Company on the website of the Shanghai Stock Exchange (<http://www.sse.com.cn>) and the Overseas Regulatory Announcement – Announcement in relation to Unlocking and Commencement of Trading of the First Tranche of the First Grant under the Restricted A Share Incentive Scheme for 2019 dated 5 January 2022 and published on the website of The Stock Exchange of Hong Kong Limited (<http://www.hkexnews.hk>).

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

I. Changes in Ordinary Shares (Continued)

(II) Table of changes in shares (Continued)

Explanation on changes in shares (Continued)

Due to changes in the individual circumstances of the certain participants under the Restricted Share Scheme of the Company, the Company repurchased and cancelled a total of 150,000 restricted shares which had been granted to such participants and been granted with authorisation but not yet unlocked on 10 March 2022. For details, please refer to the ANNOUNCEMENT IN RELATION TO IMPLEMENTATION OF REPURCHASE AND CANCELLATION OF CERTAIN RESTRICTED SHARES OF DONGFANG ELECTRIC CORPORATION LIMITED (No.: 2022-005) published by the Company on the website of the Shanghai Stock Exchange (<http://www.sse.com.cn>) and the ANNOUNCEMENT IN RELATION TO IMPLEMENTATION OF REPURCHASE AND CANCELLATION OF CERTAIN RESTRICTED SHARES dated 7 March 2022 and published on the website of The Stock Exchange of Hong Kong Limited (<http://www.hkexnews.hk>).

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

During the Reporting Period, the Company cancelled a total of 150,000 ordinary shares, representing 0.005% of the total number of shares of the Company, due to the repurchase and cancellation of the restricted shares which had been granted to certain participants and been granted with authorisation but not yet unlocked, which basically had no impact on the main financial indicators of the Company.

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

I. Changes in Ordinary Shares (Continued)

(III) Changes in shares subject to trading moratorium

Unit: Share

Name of shareholder	Number of shares subject to selling restrictions at the beginning of the Period	Number of shares released from selling restrictions during the Reporting Period	Increased number of shares subject to selling restrictions during the Reporting Period	Number of shares subject to selling restrictions at the end of the Reporting Period	Reason for selling restrictions	Date of release from selling restrictions
Dongfang Electric Corporation Limited	753,903,063	0	0	753,903,063	Non-public issuance of shares	Note
Participants under the Restricted A Share Incentive Scheme	28,347,699	9,082,232	(150,000)	19,115,467	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	782,250,762	9,082,232	(150,000)	773,018,530	/	/

Note:

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

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

II. Particulars of Shareholders

(I) Total number of shareholders:

Total number of shareholders of ordinary shares as of the end of the Reporting Period (<i>shareholder</i>)	123,502
Total number of shareholders of preference shares with restoration of voting rights as at the end of Reporting Period (<i>shareholder</i>)	0

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

Unit: share

Name of shareholder (Full name)	Shareholdings of top 10 shareholders			Number of shares held subject to trading moratorium	Pledged or frozen Status of shares	Number of shares	Type of shareholder
	Increase/decrease during the Reporting Period	Number of shares held at the end of the Period	Percentage (%)				
Dongfang Electric Corporation	0	1,727,919,826	55.40	753,903,063	Nil	0	State-owned legal person
Hong Kong Securities Clearing Company Limited	0	305,572,217	9.80	0	Unknown	0	Overseas legal person
National Social Security Fund Portfolio 113 (全國社保基金一一三組合)	+29,945,202	29,945,202	0.96	0	Unknown	0	Other
Basic Pension Insurance Fund Portfolio 802 (基本養老保險基金八零二組合)	+22,490,914	22,490,914	0.72	0	Unknown	0	Other
Citigroup Inc.	0	16,996,266	0.54	0	Unknown	0	Overseas legal person
Brown Brothers Harriman & Co.	0	15,323,886	0.49	0	Unknown	0	Overseas legal person
Shanghai Gaoyi Asset Management Partnership (Limited Partnership) – Gaoyixiaofeng No. 2 Zhixin Fund (上海高毅資產管理合夥企業(有限合夥)–高毅曉峰2號致信基金)	+12,599,793	12,599,793	0.40	0	Unknown	0	Other

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

II. Particulars of Shareholders (Continued)

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

Name of shareholder (Full name)	Shareholdings of top 10 shareholders			Number of shares held subject to trading moratorium	Pledged or frozen Status of shares	Number of shares	Type of shareholder
	Increase/decrease during the Reporting Period	Number of shares held at the end of the Period	Percentage (%)				
China Foreign Economy and Trade Trust Co., Ltd. – Foreign Trade Trust – Gaoyixiaofenghongyuan Collective Fund Trust Plan (中國對外經濟貿易信託有限公司–外貿信託–高毅瑛峰鴻遠集合資金信託計劃)	+12,399,864	12,399,864	0.40	0	Unknown	0	Other
Industrial and Commercial Bank of China – Guangfa 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)	-10,403,800	10,836,789	0.35	0	Unknown	0	Other
Dacheng Fund – Agricultural Bank–Dacheng China Securities and Financial Assets Management Program (大成基金–農業銀行–大成中證金融資產管理計劃)	0	8,480,400	0.27	0	Unknown	0	Other
GF Fund – Agricultural Bank – GF China Securities and Financial Assets Management Program (廣發基金–農業銀行–廣發中證金融資產管理計劃)	0	8,480,400	0.27	0	Unknown	0	Other
China Southern Fund –Agricultural Bank– China Southern China Securities and Financial Assets Management Program (南方基金–農業銀行–南方中證金融資產管理計劃)	0	8,480,400	0.27	0	Unknown	0	Other

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

II. Particulars of Shareholders (Continued)

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

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

Name of shareholder	Number of tradable shares that were not subject to trading moratorium	Type and number of shares	
		Type of shares	Number of shares
Dongfang Electric Corporation	974,016,763	RMB ordinary shares	974,016,763
Hong Kong Securities Clearing Company Limited	305,564,017	Overseas-listed foreign shares	305,564,017
National Social Security Fund Portfolio 113 (全國社保基金一一三組合)	29,945,202	RMB ordinary shares	29,945,202
Basic Pension Insurance Fund Portfolio 802 (基本養老保險基金八零二組合)	22,490,914	RMB ordinary shares	22,490,914
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
Shanghai Gaoyi Asset Management Partnership (Limited Partnership) – Gaoyixiaofeng No. 2 Zhixin Fund (上海高毅資產管理合夥企業(有限合夥)–高毅曉峰2號致信基金)	12,599,793	RMB ordinary shares	12,599,793

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

II. Particulars of Shareholders (Continued)

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

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

Name of shareholder	Number of tradable shares that were not subject to trading moratorium	Type and number of shares	
		Type of shares	Number of shares
China Foreign Economy and Trade Trust Co., Ltd. – Foreign Trade Trust – Gaoyixiaofenghongyuan Collective Fund Trust Plan (中國對外經濟貿易信託有限公司—外貿信託—高毅曉峰鴻遠集合資金信託計劃)	12,399,864	RMB ordinary shares	12,399,864
Industrial and Commercial Bank of China – Guangfa 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)	10,836,789	RMB ordinary shares	10,836,789
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

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

II. Particulars of Shareholders (Continued)

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

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

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

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

II. Particulars of Shareholders (Continued)

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

Unit: share

No.	Name of holders of shares subject to trading moratorium	Number of shares held subject to trading moratorium	Listing status of shares which are subject to trading moratorium		Conditions of trading moratorium
			Eligible listing time	Number of new listed shares	
1	Dongfang Electric Corporation	753,903,063	See Explanation 1	0	See Explanation 1
2	Gong Dan	100,000	24 months, 36 months and 48 months from the completion date of registration of the Restricted Shares under the grant.	50,000	See Explanation 2
3	Gao Feng	100,000	24 months, 36 months and 48 months from the completion date of registration of the Restricted Shares under the grant.	50,000	See Explanation 2
4	Wang Weimin	50,000	24 months, 36 months and 48 months from the completion date of registration of the Restricted Shares under the grant.	25,000	See Explanation 2
5	Hu Xiukui	50,000	24 months, 36 months and 48 months from the completion date of registration of the Restricted Shares under the grant.	25,000	See Explanation 2
6	Wang Jun	50,000	24 months, 36 months and 48 months from the completion date of registration of the Restricted Shares under the grant.	25,000	See Explanation 2

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

II. Particulars of Shareholders (Continued)

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

No.	Name of holders of shares subject to trading moratorium	Number of shares held subject to trading moratorium	Listing status of shares which are subject to trading moratorium		Conditions of trading moratorium
			Eligible listing time	Number of new listed shares	
7	Liu Hui	50,000	24 months, 36 months and 48 months from the completion date of registration of the Restricted Shares under the grant.	25,000	See Explanation 2
8	He Jianhua	50,000	24 months, 36 months and 48 months from the completion date of registration of the Restricted Shares under the grant.	25,000	See Explanation 2
9	Wu Jiandong	50,000	24 months, 36 months and 48 months from the completion date of registration of the Restricted Shares under the grant.	25,000	See Explanation 2
10	Chen Qiang	50,000	24 months, 36 months and 48 months from the completion date of registration of the Restricted Shares under the grant.	25,000	See Explanation 2

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

- The shares of Dongfang Electric which were subscribed for with the target assets owned by Dongfang Electric Corporation shall not be transferred in any way within 36 months from their listing date, i.e. 12 June 2018. If the closing price of Dongfang Electric shares for 20 consecutive trading days is lower than the issue price of this transaction within 6 months from the listing of new shares in this transaction, or if the closing price as at the end of the six-month period after the completion of this transaction is lower than the issue price of this transaction, the lockup period of Dongfang Electric shares obtained by the Company in this transaction will be automatically extended for 6 months from the original lockup period.
- The above nine individual shareholders are the participants of the Restricted A Share Incentive Scheme of the Company. For the details of the conditions for unlocking of the restricted shares, please refer to the Restricted A Share Incentive Scheme for 2019 (Draft Amendment) of Dongfang Electric Corporation Limited published by the Company on the website of Shanghai Stock Exchange (<http://www.sse.com.cn>) on 28 September 2019.

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

III. Particulars of Directors, Supervisors and Senior Management

Equity incentives granted to the directors, supervisors and senior management during the Reporting Period

Unit: share

Name	Position	Number of restricted shares held as at the beginning of the Period	Number of restricted shares newly granted during the Reporting Period	Shares that are unlocked	Shares that are locked	Number of restricted shares held as at the end of the Period
Gong Dan	Senior management	150,000	0	50,000	100,000	100,000
Gao Feng	Senior management	150,000	0	50,000	100,000	100,000
Wang Weimin	Senior management	75,000	0	25,000	50,000	50,000
Hu Xiukui	Senior management	75,000	0	25,000	50,000	50,000
Total	/	450,000	0	150,000	300,000	300,000

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

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

To the best knowledge of the Directors, having made all reasonable enquiries, as at 30 June 2022, the following person was recorded in the register required to be kept pursuant to Section 336 of the Hong Kong Securities and Futures Ordinance as the substantial shareholder (as defined in the Hong Kong Securities and Futures Ordinance) of the Company, whose interests were as follows:

Name	Share class	Capacity	Number of shares held	Percentage	Percentage
				of total share capital ² (%)	in the respective class of share capital ² (%)
DEC	A Share	Beneficial owner	1,727,919,826(L)	55.40	62.18
	H Share	Interest held by controlled corporation	858,800(L) ¹	0.03	0.25

(L) – long position.

Note:

1. Dongfang Electric Corporation indirectly held the equity of 858,000 H Shares of the Company through its holding of 100% interests in Dongfang Electric International Investment Co., Limited (formerly known as DongFang Electric (Hong Kong) Limited).
2. The above percentage of total share capital and the percentage in the respective classes of share capital were calculated on the basis of total share capital (3,119,001,130 shares) and respective classes of share capital (including 2,779,001,130 A Shares and 340,000,000 H Shares) of the Company as at 30 June 2022.

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

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

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

Dongfang Electric Corporation Limited

Yu Peigen

Chairman

30 August 2022

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

Dongfang Electric Corporation Limited

Financial Statements and Notes

(From January 1, 2022 to June 30, 2022)

	Table of Content	Page
I.	<hr/> Financial Statements	
	Consolidated Balance Sheet and the Parent Company's Balance Sheet	1-6
	Consolidated Income Statement and the Parent Company's Income Statement	7-10
	Consolidated Statement of Cash Flows and the Parent Company's Statement of Cash Flows	11-14
	Consolidated Statement of Changes in Shareholders' Equity and the Parent Company's Statement of Changes in Shareholders' Equity	15-22
II.	Notes to the Financial Statements	23-209

Dongfang Electric Corporation Limited
Consolidated Balance Sheet
As at June 30, 2022

(Amounts are expressed in RMB unless otherwise stated)

Assets	Note 5	Balance as at June 30, 2022	Balance as at December 31, 2021
Current assets:			
Monetary funds	5.1	13,235,457,588.96	18,721,874,434.15
Balances with clearing companies			
Loans to banks and other financial institutions	5.2	1,017,114,000.00	2,331,536,400.00
Financial assets held for trading	5.3	1,186,436,367.43	1,466,444,004.12
Derivative financial assets	5.4	106,250.00	
Notes receivable	5.5	2,424,530,706.62	2,994,627,532.41
Accounts receivable	5.6	11,400,828,869.24	7,986,787,322.58
Receivables financing	5.7	881,508,063.80	1,342,379,048.57
Advances to suppliers	5.8	3,642,087,804.12	3,636,005,219.95
Premiums receivable			
Reinsurance accounts receivable			
Reinsurance contract reserves receivable			
Other receivables	5.9	596,448,551.85	607,440,479.81
Financial assets purchased under resale agreements	5.10	2,720,000,000.00	2,827,514,000.00
Inventories	5.11	17,424,490,828.71	19,062,432,842.88
Contract assets	5.12	10,889,474,654.37	7,979,898,927.87
Assets held for sale			
Non-current assets maturing within one year	5.13	28,702,433.64	57,404,867.28
Other current assets	5.14	686,148,943.29	840,264,379.42
Total current assets		66,133,335,062.03	69,854,609,459.04
Non-current assets:			
Disbursement of loans and advances	5.15	4,425,329,750.80	3,240,998,518.16
Creditor's right investments	5.16	21,262,290,867.67	12,660,183,476.06
Other creditor's right investments			
Long-term receivables	5.17	1,052,531,511.49	552,276,661.97
Long-term equity investments	5.18	2,281,886,476.62	2,289,593,722.69
Other equity instrument investments	5.19	72,300,000.00	52,300,000.00
Other non-current financial assets			
Investment properties	5.20	154,015,393.76	157,660,075.01
Fixed assets	5.21	4,796,670,288.97	4,965,866,715.89
Construction in progress	5.22	361,475,963.48	286,478,771.81
Productive biological assets			
Oil and gas assets			
Right-of-use assets	5.23	326,654,367.95	231,326,102.07
Intangible assets	5.24	1,645,419,121.17	1,648,133,848.18
Development expenditures	5.25	5,612,112.35	4,270,168.76
Goodwill			
Long-term deferred expenses	5.26	2,095,337.20	2,267,046.54
Deferred income tax assets	5.27	3,269,930,940.80	3,140,003,311.70
Other non-current assets	5.28	4,105,817,185.87	4,018,605,426.45
Total non-current assets		43,762,029,318.13	33,249,963,845.29

Assets	Note 5	Balance as at June 30, 2022	Balance as at December 31, 2021
Total assets		109,895,364,380.16	103,104,573,304.33

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

Person in charge of the enterprise: Yu Peigen Accounting Principal: Liu Zhiquan Person incharge of the Accounting
Department: Zheng Xingyi

Dongfang Electric Corporation Limited
Parent Company's Balance Sheet
As at June 30, 2022

(Amounts are expressed in RMB unless otherwise stated)

Assets	Note 15	Balance as at June 30, 2022	Balance as at December 31, 2021
Current assets:			
Monetary funds		5,504,080,467.44	6,239,742,130.22
Financial assets held for trading		8,230,354.00	9,526,346.00
Derivative financial assets			
Notes receivable			6,059,297.96
Accounts receivable	15.1	2,615,884,320.27	1,368,453,235.14
Receivables financing	15.2	179,482,807.21	289,811,116.98
Advances to suppliers		7,382,572,300.53	5,681,690,140.30
Other receivables	15.3	99,446,313.48	106,986,822.96
Inventories		169,945,390.52	194,807,165.29
Contract assets		3,661,137,372.91	3,347,974,523.31
Assets held for sale			
Non-current assets due maturing one year			
Other current assets		45,382,781.70	129,785,589.69
Total current assets		19,666,162,108.06	17,374,836,367.85
Non-current assets:			
Creditor's right investments			
Other creditor's right investments			
Long-term receivables			
Long-term equity investments	15.4	23,117,123,821.07	22,782,012,839.24
Other equity instrument investments			
Other non-current financial assets			
Investment properties		8,422,056.35	8,978,736.48
Fixed assets		33,890,524.55	36,917,672.61
Construction in progress		46,350,521.49	32,761,875.52
Productive biological assets			
Oil and gas assets			
Right-of-use assets		85,487,813.81	134,068,454.06
Intangible assets		107,593,070.51	118,756,767.52
Development expenditures		3,419,811.33	3,419,811.33
Goodwill			
Long-term deferred expenses			
Deferred income tax assets		209,773,758.08	209,773,449.17
Other non-current assets		544,881,063.88	605,543,858.34
Total non-current assets		24,156,942,441.07	23,932,233,464.27
Total assets		43,823,104,549.13	41,307,069,832.12

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

Person in charge of the enterprise: Yu Peigen Accounting Principal: Liu Zhiquan Person incharge of the Accounting Department: Zheng Xingyi

Dongfang Electric Corporation Limited
Consolidated Income Statement
January- June 2022

(Amounts are expressed in RMB unless otherwise stated)

Item	Note 5	For the six months ended June 30, 2022	For the six months ended June 30, 2021
I. Total operating revenue	5.56	27,909,010,359.66	22,737,085,561.92
Including: operating revenue	5.56	27,323,411,535.87	22,213,283,866.86
Interest income	5.56	584,434,000.71	522,217,202.09
Premiums earned			
Income from handling charges and commissions	5.56	1,164,823.08	1,584,492.97
II. Total operating cost		25,997,346,352.43	21,285,174,090.41
Including: operating costs	5.56	22,835,597,803.11	18,209,818,438.64
Interest expenses	5.56	50,997,730.48	56,581,143.01
Handling charges and commissions expenses	5.56	699,886.05	785,443.91
Surrender value			
Net amount of compensation payout			
Net amount withdrawn for insurance contract reserves			
Policy dividend expenses			
Reinsurance costs			
Taxes and surcharges	5.57	170,614,007.64	111,658,734.01
Selling and distribution expenses	5.58	707,505,965.71	649,498,860.65
General and administrative expenses	5.59	1,341,880,622.33	1,221,241,346.31
Research and development expenditures	5.60	945,283,705.10	1,034,076,117.49
Finance expenses	5.61	-55,233,367.99	1,514,006.39
Including: interest expenses	5.61	25,281,722.08	13,819,760.24
Interest income	5.61	17,610,455.06	24,422,770.46
Plus: other income	5.62	188,104,269.86	55,973,729.36
Investment income ("-" for losses)	5.63	134,846,276.83	184,365,546.04
Including: income from investment in associates and joint ventures	5.63	116,777,292.85	140,123,305.27
Income from derecognition of financial assets measured at amortized cost			
Foreign exchange gains ("-" for losses)	5.64	1,720,767.48	231,986.54
Income from net exposure hedging ("-" for losses)			
Income from changes in fair value ("-" for losses)	5.65	-9,897,217.58	-11,520,868.30
Losses from credit impairment ("-" for losses)	5.66	91,443,759.24	-60,718,145.40
Losses from asset impairment ("-" for losses)	5.67	-272,368,380.50	-213,043,003.18
Income from asset disposal ("-" for losses)	5.68	43,041,729.82	227,469,625.08
III. Operating profits ("-" for losses)		2,088,555,212.38	1,634,670,341.65
Plus: non-operating revenue	5.69	17,321,985.17	12,308,505.03
Less: non-operating expenses	5.70	36,431,583.15	17,505,757.73
IV. Total profits ("-" for total losses)		2,069,445,614.40	1,629,473,088.95
Less: income tax expenses	5.71	204,189,356.65	189,729,824.63
V. Net profit ("-" for net loss)		1,865,256,257.75	1,439,743,264.32
(I) Classified by operating sustainability			
1. Net profit from continuing operations ("-" for net loss)		1,865,256,257.75	1,439,743,264.32
2. Net profit from discontinued operation ("-" for net loss)			
(II) Classified by ownership			
1. Net profit attributable to shareholders of the parent Company ("-" for net loss)		1,774,136,141.38	1,348,252,556.66
2. Minority interest income ("-" for net loss)		91,120,116.37	91,490,707.66
VI. Other comprehensive income, net of tax	5.48	35,460,142.80	-8,552,373.02
Other comprehensive income, net of tax, attributable to owners of the parent company	5.48	34,695,519.65	-8,402,897.11
(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	5.48	34,695,519.65	-8,402,897.11
1. Other comprehensive income that can be transferred to profit or loss under the equity method	5.48	273,511.35	-145,751.22
2. Changes in fair value of other bond investments			
3. Amount of financial assets reclassified into other comprehensive income			

Item	Note 5	For the six months ended June 30, 2022	For the six months ended June 30, 2021
4. Provision for credit impairment of other creditor's rights investment	5.48	1,685,257.82	
5. Cash flow hedging reserves			
6. Differences arising from translation of foreign currency financial statements	5.48	32,736,750.48	-8,257,145.89
7. Others			
Other comprehensive income, net of tax, attributable to minority shareholders	5.48	764,623.15	-149,475.91
VII. Total comprehensive income		1,900,716,400.55	1,431,190,891.30
Total comprehensive income attributable to owners of the parent company		1,808,831,661.03	1,339,849,659.55
Total comprehensive income attributable to minority shareholders		91,884,739.52	91,341,231.75
VIII. Earnings per share:			
(I) Basic earnings per share (RMB/share)	5.72	0.57	0.43
(II) Diluted earnings per share (RMB/share)	5.72	0.57	0.43

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

Person in charge of the enterprise: Yu Peigen

Accounting Principal: Liu Zhiquan

Person incharge of the Accounting Department: Zheng Xingyi

Dongfang Electric Corporation Limited
Parent Company's Income Statement
January- June 2022

(Amounts are expressed in RMB unless otherwise stated)

Item	Note 15	For the six months ended June 30, 2022	For the six months ended June 30, 2021
I. Operating revenue	15.5	7,131,847,524.84	5,722,218,449.73
Less: Operating cost	15.5	6,995,115,382.72	5,653,518,717.61
Taxes and surcharges		11,551,753.92	143,641.75
Selling and distribution expenses		14,020,467.82	13,448,415.67
General and administrative expenses		125,552,478.63	101,722,990.90
Research and development expenditures		71,343,104.22	85,279,323.32
Finance expenses		-67,844,309.03	-15,907,471.52
Including: interest expenses			
Interest income		24,592,031.78	26,706,297.44
Plus: other income		135,934,858.92	360,186.72
Investment income ("-" for losses)	15.6	1,068,376,168.40	804,283,332.86
Including: income from investment in associates and joint ventures	15.6	92,523,783.24	94,060,128.38
Income from derecognition of financial assets measured at amortized cost			
Income from net exposure hedging ("-" for losses)			
Income from changes in fair value ("-" for losses)		-1,295,992.00	-21,082,270.02
Losses from credit impairment ("-" for losses)		21,591,990.87	-1,180,754.26
Losses from asset impairment ("-" for losses)		-33,500,433.91	9,515,135.81
Income from asset disposal ("-" for losses)			92,348.70
II. Operating profits ("-" for losses)		1,173,215,238.84	676,000,811.81
Plus: non-operating revenue		1,273,524.16	2,257,441.62
Less: non-operating expenses		237,524.97	7,359,356.97
III. Total profits ("-" for total losses)		1,174,251,238.03	670,898,896.46
Less: income tax expenses		16,198,662.83	-34,272,030.06
IV. Net profit ("-" for net loss)		1,158,052,575.20	705,170,926.52
(I) Net profit from continued operation ("-" for net loss)		1,158,052,575.20	705,170,926.52
(II) Net profit from discontinued operation ("-" for net loss)			
V. Other comprehensive income, net of tax			
(I) Other comprehensive income that cannot be reclassified into profit or loss			
1. Changes in re-measurement of the defined benefit plan			
2. Other comprehensive income that cannot be transferred to profit or loss under the equity method			
3. Changes in fair value of other equity instrument investments			
4. Changes in fair value of the Company's own credit risk			
(II) Other comprehensive income that will be reclassified into profit or loss			
1. Other comprehensive income that can be transferred to profit or loss under the equity method			
2. Changes in fair value of other bond investments			
3. Amount of financial assets reclassified into other comprehensive income			
4. Provision for credit impairment of other creditor's rights investment			
5. Cash flow hedging reserves			

Item	Note 15	For the six months ended June 30, 2022	For the six months ended June 30, 2021
6. Differences arising from translation of foreign-currency financial statements			
7. Others			
VI. Total comprehensive income		1,158,052,575.20	705,170,926.52
VII. Earnings per share:			
(I) Basic earnings per share (RMB/share)			
(II) Diluted earnings per share (RMB/share)			

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

Person in charge of the enterprise:
Yu Peigen

Accounting Principal: Liu Zhiquan

Person incharge of the Accounting Department:
Zheng Xingyi

Dongfang Electric Corporation Limited
Consolidated Statement of Cash Flows
January- June 2022

(Amounts are expressed in RMB unless otherwise stated)

Item	Note 5	For the six months ended June 30, 2022	For the six months ended June 30, 2021
I. Cash flows from operating activities			
Cash received from sales of goods and rendering of services		19,238,858,948.07	16,732,945,650.79
Net increase in deposits from customers and due from banks and other financial institutions		2,194,918,778.81	3,015,987.61
Net increase in borrowings from central bank			-16,043,235.82
Net increase in loans from other financial institutions		1,354,638,205.12	718,416.64
Cash received from receiving insurance premiums of original insurance contracts			
Net cash received from reinsurance business			
Net increase in deposits and investments from policyholders			
Cash received from interests, handling charges and commissions		290,465,994.55	395,435,657.57
Net increase in loans from banks and other financial institutions			
Net capital increase in repurchase business			
Net cash received from vicariously traded securities			
Refunds of taxes and surcharges		433,837,274.14	290,702,897.27
Cash received from other operating activities	5.73	888,347,552.14	888,020,181.03
Sub-total of cash inflows from operating activities		24,401,066,752.83	18,294,795,555.09
Cash paid for goods purchased and services received		16,343,997,934.91	18,900,279,463.54
Net increase in loans and advances to customers		742,944,486.59	528,855,601.25
Net increase in deposits with central bank and with banks and other financial institutions		119,500,970.56	-139,040,090.90
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		755,468.24	815,668.85
Cash paid for policy dividends			
Cash paid to and on behalf of employees		1,975,518,180.15	1,842,326,350.60
Cash paid for taxes and surcharges		1,107,137,955.37	711,877,168.15
Cash paid for other operating activities	5.73	1,711,921,922.53	1,112,351,997.15
Sub-total of cash outflows from operating activities		22,001,776,918.35	22,957,466,158.64
Net cash flows from operating activities		2,399,289,834.48	-4,662,670,603.55
II. Cash flows from investing activities			
Cash received from disposal of investments		9,745,192,591.43	7,080,069,083.27
Cash received from returns on investments		157,741,935.79	132,581,867.27
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		18,148,342.46	175,680,508.28
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		9,921,082,869.68	7,388,331,458.82
Cash paid to acquire and construct fixed assets, intangible assets and other long-term assets		265,654,750.72	185,299,893.85
Cash paid for investments		18,096,055,647.12	3,189,025,501.30
Net increase in pledge loans			
Net cash paid to acquire subsidiaries and other business units			
Cash paid for other investing activities	5.73	1,150.00	
Sub-total of cash outflows from investing activities		18,361,711,547.84	3,374,325,395.15
Net cash flows from investing activities		-8,440,628,678.16	4,014,006,063.67
III. Cash flows from financing activities			
Cash from absorption of investments		227,656,227.50	58,832,500.00
Including: cash received by subsidiaries from the absorption of minority shareholders' investments		227,656,227.50	58,832,500.00
Cash received from borrowings		50,000,000.00	48,050,000.00
Cash received from other financing activities			
Sub-total of cash inflows from financing activities		277,656,227.50	106,882,500.00
Cash paid for debt repayments		51,672,988.12	42,163,811.04
Cash paid for distribution of dividends and profits or payment of interest		78,311,259.67	61,524,569.07

Dongfang Electric Corporation Limited
Parent Company's Statement of Cash Flows
January- June 2022

(Amounts are expressed in RMB unless otherwise stated)

Item	For the six months ended June 30, 2022	For the six months ended June 30, 2021
I. Cash flows from operating activities		
Cash received from sales of goods and rendering of services	5,077,423,389.75	3,133,087,932.45
Refunds of taxes and surcharges	131,384,585.60	20,285,274.97
Cash received from other operating activities	175,181,329.82	96,192,997.81
Sub-total of cash inflows from operating activities	5,383,989,305.17	3,249,566,205.23
Cash paid for goods purchased and services received	6,522,406,389.93	4,056,878,625.02
Cash paid to and on behalf of employees	69,819,265.50	68,025,986.28
Cash paid for taxes and surcharges	12,716,130.99	574,984.66
Cash paid for other operating activities	82,298,033.13	145,211,382.81
Sub-total of cash outflows from operating activities	6,687,239,819.55	4,270,690,978.77
Net cash flows from operating activities	-1,303,250,514.38	-1,021,124,773.54
II. Cash flows from investing activities		
Cash received from disposal of investments	40,000,000.00	
Cash received from returns on investments	1,003,220,773.65	579,368,739.59
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	36,280.00	116,339.00
Net cash received from disposal of subsidiaries and other business units		
Cash received from other investing activities		
Sub-total of cash inflows from investing activities	1,043,257,053.65	579,485,078.59
Cash paid to acquire and construct fixed assets, intangible assets and other long-term assets	1,742,372.80	6,666,804.87
Cash paid for investments	458,266,780.09	150,000,000.00
Net cash paid to acquire subsidiaries and other business units		
Cash paid for other investing activities		
Sub-total of cash outflows from investing activities	460,009,152.89	156,666,804.87
Net cash flows from investing activities	583,247,900.76	422,818,273.72
III. Cash flows from financing activities		
Cash from absorption of investments		
Cash received from borrowings		
Cash received from other financing activities		
Sub-total of cash inflows from financing activities		
Cash paid for debt repayments		
Cash paid for distribution of dividends and profits or payment of interest		
Cash paid for other financing activities	37,321,723.80	
Sub-total of cash outflows from financing activities	37,321,723.80	
Net cash flows from financing activities	-37,321,723.80	
IV. Effect of fluctuation in exchange rate on cash and cash equivalents	21,662,674.64	-7,229,477.88

Item		For the six months ended June 30, 2022	For the six months ended June 30, 2021
V. Net increase in cash and cash equivalents		-735,661,662.78	-605,535,977.70
Plus: beginning balance of cash and cash equivalents		6,239,742,130.22	5,164,577,904.92
VI. Ending balance of cash and cash equivalents		5,504,080,467.44	4,559,041,927.22

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

Person in charge of the enterprise:
Yu Peigen

Accounting Principal: Liu
Zhiquan

Person incharge of the Accounting Department: Zheng
Xingyi

Dongfang Electric Corporation Limited
Consolidated Statement of Changes in Shareholders' Equity
For January - June 2022
(Amounts are expressed in RMB unless otherwise stated)

Item	For the six months ended June 30, 2022												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	Retained earnings	Others											
I. Balance as at December 31, 2021	3,119,151,130.00				11,443,491,813.08	168,649,028.00	-68,955,596.96	109,375,113.28	1,086,931,884.63		16,976,316,664.38	32,497,661,980.41	2,886,215,244.96	35,383,877,225.37
Plus: adjustments for changes in accounting policies														
Correction of accounting errors in prior periods														
Business combination under common control														
Others														
II. Balance as at January 1, 2022	3,119,151,130.00				11,443,491,813.08	168,649,028.00	-68,955,596.96	109,375,113.28	1,086,931,884.63		16,976,316,664.38	32,497,661,980.41	2,886,215,244.96	35,383,877,225.37
III. Increases/decreases in the period ("-" for decreases)	-150,000.00				-26,115,919.02	-54,833,441.70	34,695,519.65	25,781,608.67			1,056,765,881.48	1,145,810,532.48	117,587,174.59	1,263,397,707.07
(I) Total comprehensive income							34,695,519.65				1,774,136,141.38	1,808,831,661.03	91,884,739.52	1,900,716,400.55
(II) Capital contributed or reduced by owners	-150,000.00				-20,571,505.87	-54,833,441.70						34,111,935.83	83,708,296.72	117,820,232.55
1. Common stock contributed by owners	-150,000.00				12,682,837.04							12,532,837.04	83,708,296.72	96,241,133.76
2. Capital invested by the holders of other equity instruments														
3. Amounts of share based payments recognized in owners' equity														
4. Others					-33,254,342.91	-54,833,441.70						21,579,098.79		21,579,098.79
(III) Profit distribution											-717,370,259.90	-717,370,259.90	-62,301,605.35	-779,671,865.25
1. Withdrawal of surplus reserves														
2. Withdrawal of general risk reserves														
3. Profit distributed to owners (or shareholders)											-717,370,259.90	-717,370,259.90	-62,301,605.35	-779,671,865.25
4. Others														
(IV) Internal carryforward of owners' equity														
1. Conversion of capital reserves into paid-in capital (or share capital)														
2. Conversion of surplus reserves into paid-in capital (or share capital)														
3. Surplus reserves offsetting losses														
4. Carry-forward of changes in the defined benefit plan for retained earnings														
5. Carry-forward of other comprehensive														

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

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

Person in charge of the enterprise: Yu Peigen

Accounting Principal: Liu Zhiqian Person incharge of the Accounting Department: Zheng Xingyi

Dongfang Electric Corporation Limited
Consolidated Statement of Changes in Shareholders' Equity (Continued)
For January - June 2022

(Amounts are expressed in RMB unless otherwise stated)

Item	For the six months ended June 30, 2021													
	Equity attributable to owners of the parent company											Minority equity	Total shareholders' equity	
	Share capital	Other equity instruments			Capital reserves	Less: treasury stock	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit			Sub-total
	Preferr ed stock	Perpetual bond	Others											
I. Balance as at December 31, 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
Plus: adjustments for changes in accounting policies														
Correction of accounting errors in prior periods														
Business combination under common control														
Others														
II. Balance as at January 1, 2022	3,119,764,130.00				11,584,176,034.17	172,329,868.00	-67,918,065.04	88,508,618.58	972,805,441.29		15,382,662,236.78	30,907,668,527.78	2,733,931,509.29	33,641,600,037.07
III. Increases/decreases in the period ("-" for decreases)	-138,000.00				-708,630.00	-818,340.00	-8,402,897.11	21,799,482.09			786,577,227.15	799,945,522.13	109,907,374.51	909,852,896.64
(I) Total comprehensive income							-8,402,897.11				1,348,252,556.66	1,339,849,659.55	91,341,231.75	1,431,190,891.30
(II) Capital contributed or reduced by owners	-138,000.00				-708,630.00	-818,340.00						-28,290.00	58,285,226.36	58,256,936.36
1. Common stock contributed by owners	-138,000.00				-708,630.00							-846,630.00	58,285,226.36	57,438,596.36
2. Capital invested by the holders of other equity instruments														
3. Amounts of share-based payments recognized in owners' equity														
4. Others						-818,340.00						818,340.00		818,340.00
(III) Profit distribution											-561,675,329.51	-561,675,329.51	-43,148,989.32	-604,824,318.83
1. Withdrawal of surplus reserves														
2. Withdrawal of general risk reserves														
3. Profit distributed to owners (or shareholders)											-561,532,703.40	-561,532,703.40	-43,148,989.32	-604,681,692.72
4. Others											-142,626.11	-142,626.11		-142,626.11
(IV) Internal carry-forward of owners' equity														
1. Conversion of capital reserves into paid-in capital (or share capital)														
2. Conversion of surplus reserves into paid-in capital (or share capital)														

Item	For the six months ended June 30, 2021													
	Equity attributable to owners of the parent company											Minority equity	Total shareholder's equity	
	Share capital	Other equity instruments			Capital reserves	Less: treasury stock	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit			Sub-total
	Preferr ed stock	Perpetual bond	Others											
3. Surplus reserves offsetting losses														
4. Carry-forward of changes in the defined benefit plan for retained earnings														
5. Carry-forward of other comprehensive income for retained earnings														
6. Others														
(V) Special reserves								21,799,482.09				21,799,482.09	3,429,905.72	25,229,387.81
1. Amount withdrawn in the period								41,656,474.59				41,656,474.59	6,724,820.49	48,381,295.08
2. Amount used in the period								-19,856,992.50				-19,856,992.50	-3,294,914.77	-23,151,907.27
(VI) Others														
IV. Balance as at June 30, 2022	3,119,626,130.00				11,583,467,404.17	171,511,528.00	-76,320,962.15	110,308,100.67	972,805,441.29		16,169,239,463.93	31,707,614,049.91	2,843,838,883.80	34,551,452,933.71

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

Person in charge of the enterprise: Yu Peigen

Accounting Principal: Liu Zhiqian Person incharge of the Accounting Department: Zheng Xingyi

Dongfang Electric Corporation Limited
Parent Company's Statement of Changes in Shareholders' Equity
January – June 2022
(Amounts are expressed in RMB unless otherwise stated)

Item	For the six months ended June 30, 2022										
	Share capital	Other equity instruments			Capital reserves	Less: treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Total shareholders' equity
		Preferred stock	Perpetual bond	Others							
I. Balance as at December 31, 2021	3,119,151,130.00				13,025,233,777.25	168,649,028.00	475,169.83		1,375,309,263.67	7,583,846,248.84	24,935,366,561.59
Plus: adjustments for changes in accounting policies											
Correction of accounting errors in prior periods											
Others											
II. Balance as at January 1, 2022	3,119,151,130.00				13,025,233,777.25	168,649,028.00	475,169.83		1,375,309,263.67	7,583,846,248.84	24,935,366,561.59
III. Increases/decreases in the period ("–" for decreases)	-150,000.00				-681,750.00	-54,833,441.70				440,682,315.30	494,684,007.00
(I) Total comprehensive income										1,158,052,575.20	1,158,052,575.20
(II) Capital contributed or reduced by owners	-150,000.00				-681,750.00	-54,833,441.70					54,001,691.70
1. Common stock contributed by owners	-150,000.00				-681,750.00						-831,750.00
2. Capital invested by the holders of other equity instruments											
3. Amounts of share-based payments recognized in owners' equity											
4. Others						-54,833,441.70					54,833,441.70
(III) Profit distribution										-717,370,259.90	-717,370,259.90
1. Withdrawal of surplus reserves											
2. Profit distributed to owners (or shareholders)										-717,370,259.90	-717,370,259.90
3. Others											
(IV) Internal carry-forward of owners' equity											
1. Conversion of capital reserves into paid-in capital (or share capital)											
2. Conversion of surplus reserves into paid-in capital (or share capital)											
3. Surplus reserves offsetting losses											
4. Carry-forward of changes in the defined benefit plan for retained earnings											
5. Carry-forward of other comprehensive income for retained earnings											
6. Others											
(V) Special reserves											
1. Amount withdrawn in the period											
2. Amount used in the period											
(VI) Others											
IV. Balance as at June 30, 2022	3,119,001,130.00				13,024,552,027.25	113,815,586.30	475,169.83		1,375,309,263.67	8,024,528,564.14	25,430,050,568.59

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

Person in charge of the enterprise: Yu Peigen

Accounting Principal: Liu Zhiqian Person incharge of the Accounting Department: Zheng Xingyi

Dongfang Electric Corporation Limited
Parent Company's Statement of Changes in Shareholders' Equity (Continued)
January – June 2022

(Amounts are expressed in RMB unless otherwise stated)

Item	For the six months ended June 30, 2021										
	Share capital	Other equity instruments			Capital reserves	Less: treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Total shareholders' equity
		Preferred stock	Perpetual bond	Others							
I. Balance as at December 31, 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
Plus: adjustments for changes in accounting policies											
Correction of accounting errors in prior periods											
Others											
II. Balance as at January 1, 2021	3,119,764,130.00				13,198,774,983.32	172,329,868.00			1,261,168,557.72	7,118,112,598.66	24,525,490,401.70
III. Increases/decreases in the period ("–" for decreases)	-138,000.00				-708,630.00	-818,340.00				143,638,223.12	143,609,933.12
(I) Total comprehensive income										705,170,926.52	705,170,926.52
(II) Capital contributed or reduced by owners	-138,000.00				-708,630.00	-818,340.00					-28,290.00
1. Common stock contributed by owners	-138,000.00				-708,630.00						-846,630.00
2. Capital invested by the holders of other equity instruments											
3. Amounts of share-based payments recognized in owners' equity											
4. Others						-818,340.00					818,340.00
(III) Profit distribution										-561,532,703.40	-561,532,703.40
1. Withdrawal of surplus reserves											
2. Profit distributed to owners (or shareholders)										-561,532,703.40	-561,532,703.40
3. Others											
(IV) Internal carry-forward of owners' equity											
1. Conversion of capital reserves into paid-in capital (or share capital)											
2. Conversion of surplus reserves into paid-in capital (or share capital)											
3. Surplus reserves offsetting losses											
4. Carry-forward of changes in the defined benefit plan for retained earnings											
5. Carry-forward of other comprehensive income for retained earnings											
6. Others											
(V) Special reserves											
1. Amount withdrawn in the period											
2. Amount used in the period											
(VI) Others											
IV. Balance as at June 30, 2022	3,119,626,130.00				13,198,066,353.32	171,511,528.00			1,261,168,557.72	7,261,750,821.78	24,669,100,334.82

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

Person in charge of the enterprise: Yu Peigen

Accounting Principal: Liu Zhiqian Person incharge of the Accounting Department: Zheng Xingyi

Dongfang Electric Corporation Limited
Notes to the Financial Statements for the First Half of 2022
(Amounts are expressed in RMB unless otherwise stated)

1 Company profile

1.1 Company overview

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

After the distribution of bonus shares, allotment of new shares, capitalization and issuance of new shares over the years, as of June 30, 2022, the share capital of the Company was 3,119,001,130.00 shares, in which, 773,018,530 domestic shares (A share) with restricted conditions accounted for 24.78% of the share capital; 2,005,982,600 domestic shares (A share) without restricted conditions accounted for 64.32% of the same, and 340,000,000 overseas shares (H share) without restricted conditions accounted for 10.90% of the same.

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

**DONGFANG ELECTRIC CORPORATION LIMITED NOTES TO
THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022**

station design, packaged technology development of power station equipment, sales of and service for complete equipment; general contracting and sub-contracting of overseas power generation equipment, machine electricity, complete engineering and domestic international bidding engineering, export of equipment and materials needed by the aforesaid overseas engineering, and outward dispatch of contract workers needed by the same; import and export trade; commercial service; professional technique service; science and technology exchange and promotion (Items subject to approval according to law shall not be carried out before such approval is granted by the competent authorities). Major products of the Company are thermal power generation equipment, hydroelectric generation equipment, wind power generation equipment, nuclear power generation equipment and gas power generation equipment.

The financial statements have been approved by the Board of the Company on August 30, 2022.

1.2 Scope of the consolidated financial statement

As at June 30, 2022, secondary subsidiaries within the scope of the consolidated financial statements of the Company are as follows:

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

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

2 Basis of preparation for the financial statements

2.1 Basis of preparation

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

2.2 Going Concern

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

3 Significant accounting policies and accounting estimates

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

3.1 Statement on compliance with the Accounting Standards for Business Enterprises

The financial statements meet the requirements of the Accounting Standards for Business Enterprises issued by the Ministry of Finance, and truly and completely reflect the consolidated and the parent company’s financial position of the Company as at June 30, 2022, and the consolidated and the parent company’s operating results and cash flows in January to June 2022.

3.2 Accounting period

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

3.3 Operating cycle

The Company's operating cycle is 12 months.

3.4 Functional currency

The Company adopts RMB as its functional currency.

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

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

Business combination not under common control: The acquirer, on the acquisition date, measures the assets surrendered and liabilities incurred or assumed for a business combination at their fair values. The difference between the fair value and their book value are included in the current profit or loss. The Company recognizes the difference of the combination costs in excess of the fair value of the identifiable net assets acquired from the acquiree as goodwill. The Company includes the difference of the combination costs in short of the fair value of the identifiable net assets acquired from the acquiree in the current profit or loss.

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

3.6 Preparation method of consolidated financial statements

3.6.1 Scope of consolidation

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

3.6.2 Procedures for consolidation

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

All the subsidiaries within the scope of consolidation for the consolidated financial statements adopt the same accounting policies and accounting periods as those of the Company. If the accounting policies or accounting periods of a subsidiary are different from those of the Company, the consolidated financial statements of the subsidiary, upon preparation, will be adjusted according to the accounting policies and accounting periods of the Company. For the subsidiaries acquired through business combination not under common control, adjustments to their financial statements are made based on the fair values of

**DONGFANG ELECTRIC CORPORATION LIMITED NOTES TO THE
FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022**

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

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

(I) Increase of subsidiaries or business

During the reporting period, where the Company acquired subsidiaries or business from the business combination under common control, the beginning balance in the consolidated balance sheet is adjusted; the revenue, expenses and profits of the newly acquired subsidiaries or business from the beginning of the period for business combination to the end of the reporting period are included in the consolidated income statement; the cash flows of the same for the aforesaid period are included in the consolidated statement of cash flows. Relevant items in the comparative financial statements of the subsidiaries are adjusted accordingly, as if the reporting entity after the business combination exists as of the time when the ultimate controller has the control. Where control can be exercised on the investee under common control for additional investment or other reasons, adjustment is made as if all parties involved in the combination exist at the beginning of the control by the ultimate controller. Equity investments held before the control over the combined party is obtained, the related profits or losses, other comprehensive income as well as other changes in net assets recognized from the later between the date when the original equity is obtained and the date when the acquirer and the acquiree are under common control to the combination date will respectively write down the beginning retained earnings or the current profit or loss during the period for comparing financial statements.

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

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

(II) Disposal of subsidiaries or business

① General treatment methods

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

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

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

② Disposal of subsidiaries by stages

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

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

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

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

**DONGFANG ELECTRIC CORPORATION LIMITED NOTES TO THE
FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022**

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

- (III) Purchase of minority equity of subsidiaries
The share premium in the capital reserves under the consolidated balance sheet will be adjusted at the difference between the long-term equity investments acquired by the Company for the purchase of minority equity and the share of net assets calculated constantly from the acquisition date (or combination date) according to the newly increased shareholding ratio. Where the share premium is insufficient to offset, retained earnings will be adjusted.
- (IV) Partial disposal of long-term equity investments in subsidiaries without losing control
The equity premium of capital reserves in the consolidated balance sheet will be adjusted according to the difference between the disposal price obtained for partial disposal of long-term equity investments in subsidiaries in the case of not lose control and the share of net assets of subsidiaries calculated from the acquisition date or the combination date corresponding to the disposal of long-term equity investments; if the equity premium of capital reserves is insufficient, the retained earnings will be adjusted.

3.7 Classification and accounting treatment of joint venture arrangements

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

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

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

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

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

3.8 Recognition criteria of cash and cash equivalents

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

3.9 Foreign currency transactions and translation of foreign currency statements

3.9.1 Foreign currency transactions

**DONGFANG ELECTRIC CORPORATION LIMITED NOTES TO THE
FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022**

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

3.9.2 Translation of foreign currency statements

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

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

3.10 Financial instruments

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

3.10.1 Classification of financial instruments

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

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

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

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

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

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

3.10.2 Recognition basis and measurement method of financial instruments

(1) Financial assets measured at amortized cost

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

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

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

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

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

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

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

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

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

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

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

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

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

**DONGFANG ELECTRIC CORPORATION LIMITED NOTES TO THE
FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022**

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

(6) Financial liabilities measured at amortized cost

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

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

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

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

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

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

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

(1) The book value of the transferred financial asset;

(2) The sum of consideration received from the transfer and the accumulated changes amount of fair value originally recorded in owners' equity (where the financial assets involved in the transfer are financial assets (debt instruments) measured at fair value through the other comprehensive income). Where partial transfer of financial assets meets the derecognition criteria, the entire book value of the financial assets transferred will be allocated between the derecognized part and the recognized part based on the relative fair value, and the difference between the following two amounts will be included into current profit or loss:

(1) The book value of the derecognized part;

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

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

3.10.4 Derecognition criteria of financial liabilities

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

**DONGFANG ELECTRIC CORPORATION LIMITED NOTES TO THE
FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022**

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

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

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

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

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

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

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

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

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

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

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

**DONGFANG ELECTRIC CORPORATION LIMITED NOTES TO THE
FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022**

3.11 Provision for bad debts of receivables

3.11.1 Accounts receivable

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

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

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

- 1) For financial instruments with relatively low credit risk on the balance sheet date, the Company assumes that such credit risk does not significantly increase after the initial recognition, and measures the loss provision based on the expected credit loss within the future 12 months.
- 2) In addition to receivables with separate assessment on credit risk, the Company divides other receivables into the analysis portfolio based on the credit risk characteristics, and calculates the expected credit loss based on such portfolio:

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

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

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

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

**DONGFANG ELECTRIC CORPORATION LIMITED NOTES TO THE
FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022**

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

3.11.2 Other receivables

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

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

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

3.12 Loans and advances to customers

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

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

According to the Circular of the China Banking Regulatory Commission on Issuing the Guidelines for Loan Risk Classification (YJF (2007) No. 54), the Company has been making the provision for asset impairment based on the five-level classification since 2007.

The Company's loans are classified into five categories, which are pass, special mention, substandard, doubtful and loss. Loans in pass category refer to loans where the borrower is able to perform relevant contract and there is no good reason to suspect that the principal and interest cannot be fully repaid in time; loans in special-mention category refer to loans where though the borrow is able to repay the principal and interest of the loans at present, some factors having adverse effect on the repayment still exist; loans in substandard category refer to loans where the borrower's ability of loan repayment has obvious problem, by which the normal operating revenue of the borrower cannot fully repay the principal and interest of the loans, and losses may be caused even implementing relevant guarantee; loans in doubtful category refer to loans where the borrower cannot fully repay the principal and interest of the loans and the significant losses must be caused even implementing relevant guarantee; loans in loss category refer to loans where the principle and interest cannot be collected or only the very few parts thereof can be collected after taking all possible measures or going through all necessary legal procedures.

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

**DONGFANG ELECTRIC CORPORATION LIMITED NOTES TO THE
FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022**

Category	Proportion of provision (%)
Normal assets (including assets in pass and special- mention categories)	Pass 0.00 - 15.00 (excluding 15.00)
	Special mention 15.00 - 25.00 (excluding 25.00)
Substandard	25.00 - 50.00 (excluding 50.00)
Doubtful	50.00 - 70.00 (excluding 70.00)
Loss	70.0 - 100.00

3.13 Payments for purchase for resale and proceeds from sales for repurchase

The assets that will be resold on a specified date in the future according to the agreement at the time of purchase should not be recognized in the balance sheet, and the costs for purchasing those assets, including accrued interest, are stated as "payments for purchase for resale" in the balance sheet. The difference between the purchase price and resale price is recognized in the agreement period under the effective interest method, and is included in the item of interest income.

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

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

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

3.14 Inventories

3.14.1 Classification of inventories

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

3.14.2 Measurement method of dispatched inventories

The inventories are measured at weighted average method when dispatched.

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

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

At the end of the period, the provision for inventory depreciation reserve is made on an individual basis. For inventories with large quantity and low unit price, the provision for inventory depreciation is made on a category basis. For inventories related to the product portfolios manufactured and sold in the same area, and of which the final usage or purpose is identical or similar thereto, and which is difficult to separate from other items for measurement purposes, the provision for inventory depreciation shall be made on a portfolio basis.

**DONGFANG ELECTRIC CORPORATION LIMITED NOTES TO THE
FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022**

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

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

3.14.4 Inventory system

The perpetual inventory system is adopted.

3.14.5 Amortization method of low-cost consumables and packing materials

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

3.15 Contract assets

3.15.1 Recognition method and criteria for contract assets

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

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

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

3.16 Held for sale

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

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

3.17 Long-term equity investments

3.17.1 Judgment criteria for common control and significant influence

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

Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

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

3.17.2 Determination of initial investment cost

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

Business combination under common control: if the Company pays a consideration to the combinee in cash, by transferring non-cash assets or by assuming debts and issuing equity securities, the share of book value of its owners' equity in the combinee in the consolidated financial statements of the ultimate controller shall be recognized, on the combination date, as the initial cost of the long-term equity investments. If the Company can exercise control over the investee under common control as a result of additional investment or other reasons, the share of book value of its net asset of the combinee in the consolidated financial statements of the ultimate controller shall be recognized, on the combination date, as the initial cost of the long-term equity investments. The stock premium should be adjusted at the difference between the initial investment cost of long-term equity investments on the combination date and the sum of the book value of long-term equity investments before the combination and the book value of consideration newly paid for additional shares; if there is no sufficient stock premium to be written down, the retained earnings are adjusted.

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

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

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

**DONGFANG ELECTRIC CORPORATION LIMITED NOTES TO THE
FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022**

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

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

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

3.17.3 Subsequent measurement and recognition of profit or loss

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

Long-term equity investments of the Company in subsidiaries are calculated under the cost method. Except for the actual price paid for acquisition of investment or the cash dividends or profits contained in the consideration which have been declared but not yet distributed, the Company recognizes the investment income in the current period at the cash dividends or profits declared by the investee.

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

The Company's long-term equity investments in its associates and joint ventures are calculated under the equity method. If the cost of initial investment is in excess of the proportion of the fair value of the net identifiable assets in the investee when the investment is made, the difference will not be adjusted to the initial cost of long-term equity investments; if the cost of initial investment is in short of the proportion of the fair value of the net identifiable assets in the investee when the investment is made, the difference will be included in the current profit or loss.

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

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

The Company calculates its attributable profit or loss of internal transactions that are not realized arising among itself, associates and joint ventures based on its attributable percentage and offset it, and determines the investment income on that basis. Unrealized internal transaction loss incurred between the Company and the investee shall be recognized in full amount if such loss belongs to the asset impairment. For transactions on investments or sales of assets between the Company and associates or joint ventures, where such assets constitute business, they should be accounted for according to the relevant policies disclosed in "Note 3.5 Accounting treatment of business combinations under common control and not under common control" and "Note 3.6 Preparation of consolidated financial statements".

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

**DONGFANG ELECTRIC CORPORATION LIMITED NOTES TO THE
FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022**

(3) Disposal of long-term equity investments

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

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

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

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

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

3.18 Investment properties

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

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

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

Type	Depreciation life (year)	Net residual rate (%)	Annual depreciation rate (%)
Land use right	50	-	2.00
Houses and buildings			
Including: houses and buildings used for production	20	5.00	4.75

**DONGFANG ELECTRIC CORPORATION LIMITED NOTES TO THE
FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022**

Houses and buildings used for non-production	25	5.00	3.80
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The estimated useful lives, estimated net residual value and depreciation (amortization) method of the investment property are reviewed at the end of each year with proper adjustments made.

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

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

3.19 Fixed assets

3.19.1 Recognition criteria of fixed assets

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

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

DONGFANG ELECTRIC CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022

3.19.2 Depreciation method

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

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

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

3.20 Categories of construction in progress

The initial book values of the fixed assets are stated at necessary expenditures incurred before construction in progress reaching the serviceable condition for its intended use. For construction in progress that has reached working condition for intended use but for which the completion of settlement has not been handled, it shall be transferred into fixed assets at the estimated value according to the project budget, construction price or actual cost, etc. as of the date when it reaches the working condition for intended use, and the fixed assets shall be depreciated in accordance with the Company's policy for fixed assets depreciation; adjustment shall be made to the estimated value based on the actual cost after the completion of settlement is handled, but depreciation already provided for will not be adjusted.

3.21 Borrowing costs

3.21.1 Recognition criteria of capitalization of borrowing costs

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

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

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

DONGFANG ELECTRIC CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022

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

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

3.21.2 Capitalization period for borrowing costs

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

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

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

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

DONGFANG ELECTRIC CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022

3.21.3 Period of suspension for capitalization

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

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

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

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

3.22 Intangible assets

3.22.1 Measurement method of intangible assets

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

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

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

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

(2) Subsequent measurement

DONGFANG ELECTRIC CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022

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

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

3.22.2 Specific criteria for classifying research and development stages

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

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

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

3.22.3 Criteria for capitalization of qualifying expenditures during the development stage

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

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

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

DONGFANG ELECTRIC CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022

3.23 Impairment of long-term assets

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

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

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

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

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

3.24 Long-term deferred expenses

Long-term deferred expenses are various expenses already incurred, which shall be amortized over current and subsequent accounting periods with the

DONGFANG ELECTRIC CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022

amortization period more than one year. Long-term deferred expenses are amortized evenly over the beneficial period.

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

3.25 Contract liabilities

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

3.26 Employee compensation

3.26.1 Accounting treatment of short-term compensation

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

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

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

3.26.2 Accounting treatment of post-employment benefits

(1) Defined contribution plans

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

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

(2) Defined benefit plans

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

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

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

DONGFANG ELECTRIC CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022

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

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

3.26.3 Accounting treatment of dismissal benefits

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

3.27 Estimated liabilities

3.27.1 Recognition criteria of estimated liabilities

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

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

3.27.2 Measurement methods for various estimated liabilities

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

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

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

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

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

Where all or part of the expenditure required for the liquidation of the estimated liabilities of the company is expected to be compensated by a third party, the amount of compensation shall be separately recognized as an asset when it is basically confirmed that it can be received, and the

DONGFANG ELECTRIC CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022

confirmed amount of compensation shall not exceed the book value of the estimated liabilities.

3.28 Share-based payments

The Company's share-based payments are transactions in which the Company grants equity instruments or undertakes equity-instrument-based liabilities in return for services from employees [or other parties]. The Company's share-based payments include equity-settled share-based payments and cash-settled share-based payments.

3.28.1 Equity-settled share-based payment and equity instrument

The equity-settled share-based payment in return for services from employees shall be measured at the fair value of the equity instruments granted to the employees. Where the Company makes share-based payments in restricted stocks and the employee makes capital contributions to subscribe such shares, such shares should not be circulated or transferred before they reach unlocked conditions and before they are unlocked; if the unlocked conditions specified in the final equity incentive plan fail to be reached, then the Company should repurchase the shares at the price agreed in advance. When the Company received the payment of the employee for the subscription of restricted stocks, it should recognize share capital and capital reserves (share premiums) in accordance with the payment for subscription received. The Company should fully recognize a liability at the repurchase obligations and recognize treasury stock at the same time. On each balance sheet date within the waiting period, the Company will, based on the newly-acquired subsequent information such as the changes in the number of the vested employees and whether the specified performance is reached, make the best estimate on the number of the vesting equity instruments. On such basis, the services received in the current period should be included in the relevant cost or expenses according to fair value on the date of grant and capital reserves should be accordingly increased. After the vesting date, no adjustments will be made to the sum of the relevant recognized costs or expenses and total owners' equity. However, when the right can be exercised immediately after the grant, it should be included in the relevant costs or expenses at the fair value on the date of grant. The capital reserves should be increased accordingly.

Cost and expense shall not be recognized for the share-based payment failing to be excised finally, unless the vesting conditions are market conditions or the non-vesting conditions. At this time, whether the market conditions or non-vesting conditions are met or not, it is deemed to have the vesting right if non-market conditions in all vesting conditions are met.

If the terms of the equity-settled share-based payments are modified, the services received should be recognized at least in accordance with the unmodified terms. Moreover, the modification from any increase of fair value of equity instruments granted, or beneficial changes to the employee on the modification date should be recognized as increases in services obtained.

If the equity-settled share-based payments are cancelled, they should be handled as accelerated exercise of rights on the date of cancellation and

DONGFANG ELECTRIC CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022

the amount that is not yet recognized should be immediately recognized. Where employees or other parties may choose to meet non-vesting conditions but are not met in the vesting period, such payments shall be handled as cancelling equity-settled share-based payments. However, if new equity instruments are granted and such new equity instruments granted are recognized to be used to replace the cancelled equity instruments on the grant date of the new equity instruments, the alternative equity instruments granted should be handled in the same way as the modification to the terms and conditions on handling the original equity instruments.

3.28.2 Cash-settled share-based payments and equity instrument

A cash-settled share-based payment shall be measured in accordance with the fair value of liabilities calculated and confirmed based on shares or other equity instruments undertaken by the Company. The initial recognition is subject to the measurement at the fair value on the grant date and in consideration of the terms and conditions on granting equity instruments. Where cash-settled share-based payments are immediately exercised after the grant, they shall be included in the relevant cost or expenses based on the fair value on the grant date, and the liability shall be added accordingly; where the right can be exercised only when the services within the vesting period come to an end or until the prescribed performance conditions are met, the services received in the current period shall be included in the relevant cost or expenses based on the best estimate on vesting conditions during the vesting period at the fair value of the liability assumed, and the liability shall be added accordingly. The Company shall, on each balance sheet date and each settlement date prior to the settlement of the relevant liabilities, re-measure the fair values of the liabilities and include the changes in the current profit or loss.

3.29 Revenue

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

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

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

DONGFANG ELECTRIC CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022

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

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

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

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

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

3.30 Contract cost

Contract cost includes contract performance cost and contract acquisition cost.

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

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

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

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

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

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

DONGFANG ELECTRIC CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022

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

3.31 Government grants

3.31.1 Type

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

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

3.31.2 Timing of recognition

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

3.31.3 Accounting treatment

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

DONGFANG ELECTRIC CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022

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

3.32 Deferred income tax assets and deferred income tax liabilities

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

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

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

DONGFANG ELECTRIC CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022

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

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

3.33 Lease

Lease refers to a contract in which a lessor assigns the right to use an asset to a lessee within a certain period of time in order to obtain consideration.

On the contract commencement date, the Company evaluates whether the contract is a lease or includes a lease. If a party to a contract transfers the right to control the use of one or more identified assets within a certain period in exchange for consideration, the contract shall be a lease or include a lease.

If the contract contains multiple individual leases, the lessee and the lessor will split the contract and make accounting treatment over each individual lease. If the contract contains both leased and non-leased parts, the lessee and lessor will split the leased and non-leased parts.

3.33.1 The Company as a lessee

(1) Right-of-use assets

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

The initial measurement amount of lease liabilities;

In case of any lease incentives, relevant amount of the lease incentives enjoyed shall be deducted from the lease payment paid on or before the commencement date of the lease term;

The initial direct costs incurred of the Company;

DONGFANG ELECTRIC CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022

The costs incurred of the Company for demolishing and removing leased assets, restoring the site where the leased assets are located, or restoring the leased assets to the state agreed in the lease terms. The Company recognizes and measures the cost in accordance with the recognition standards and measurement methods described in Note 5.42 Estimated Liabilities. Such cost is included in inventory costs incurred for the production of inventory.

The Company adopts the straight-line-method to make the provision for the depreciation of the right-of-use assets. If there is a reasonable assurance that the ownership of leased assets can be acquired when the lease period expires, the depreciation of the right-of-use assets will be made within the remaining useful life of such lease assets. If there is no reasonable assurance that the ownership of the leased assets can be acquired when the lease period expires, the depreciation of such leased assets is made within the shorter one between the lease period and the remaining useful life of the leased assets.

(2) Lease liabilities

As at the beginning of the lease period, the Company recognizes the leases other than short-term leases and leases of low-value assets as lease liabilities. Lease liabilities are initially measured at the present value of the lease payments that have not been paid. Lease payments include:

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

Variable lease payments depending on the index or ratio;

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

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

The amount to be paid to exercise the lease termination option, provided that it is reflected that the Company will exercise the lease termination option during the lease period;

The Company adopts the implicit rate of lease as the discount rate, but if the implicit rate of lease cannot be reasonably determined, the incremental borrowing rate will be adopted as the discount rate.

The Company calculates the interest expenses of lease liabilities in each lease term based on a fixed periodic interest rate, and includes such expenses into the current profit or loss or the cost of related assets.

The variable lease payments not included in the measurement of lease liabilities shall be included in the current profit or loss or the costs of related assets when they actually occur.

DONGFANG ELECTRIC CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022

After the commencement date of the lease period, the Company will re-measure the lease liabilities based on the present value of the lease payments after changes:

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

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

Any change in the evaluation results of the purchase option, lease renewal option or lease termination option, or any inconsistency between the actual exercise of the lease renewal option or lease termination option and the original evaluation results.

When the lease liabilities are remeasured, the Company will adjust the book value of the right-of-use assets accordingly. If the book value of the right-of-use assets has been reduced to zero and further reduction of lease liabilities is still required, the Company will include the remaining amount in the current profit or loss.

(3) Short-term lease and lease of low-value assets

The Company chooses not to recognize right-of-use assets and lease liabilities for short-term leases and leases of low-value assets, and the relevant lease payments are included in the current profit or loss or the cost of related assets by straight-line method over each period within the lease term. Short-term leases refer to leases that do not exceed 12 months on the commencement date of the lease period and do not include any purchase option. Low-value asset lease refers to the lease of a single lease asset with lower value when it is brand new. For the lease asset subleased by the Company subleases or expected to be subleased, the original lease is not a lease of low-value assets.

(4) Lease changes

If the lease changes and the following conditions are met at the same time, the Company will carry out accounting treatment over the lease change as a separate lease:

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

Where the increase of the consideration is equivalent to the adjusted individual price of the expanded part of the lease scope according to the contract.

Where the lease change is not accounted for as a separate lease, on the effective date of the lease change, the Company will re-distribute the consideration of the contract after the change, re-determine the lease period, and re-measure lease liabilities according to the present value calculated by the changed lease payments and the revised discount rate.

3.33.2 The Company as the lessor

DONGFANG ELECTRIC CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022

Leases of the Company are classified as financing lease and operating lease on the lease commence date. Lease under which almost all the risks and rewards relevant to the ownership of leased assets are materially transferred is recognized as financing lease, regardless of whether the ownership is ultimately transferred. Operating lease refers to the leases other than financing lease. When the Company is a sub-lessor, it classifies the sub-leases based on the right-of-use assets generated by the original lease.

(1) Accounting treatment of operating leases

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

(2) Accounting treatment of finance lease

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

The Company calculates and recognizes the interest expenses in each lease term based on a fixed periodic interest rate. The derecognition and impairment of finance lease receivables shall be accounted for in accordance with "3.10 Financial instruments" herein.

The variable lease payable that is not included in the net lease investment for measurement shall be included in the current profit or loss at the time of actual occurrence.

3.33.3 Sale-and-leaseback deals

The Company evaluates and determines whether the transfer of assets in the sale-and-leaseback transaction is a sale in accordance with the principles described in "3.29 Revenue" herein.

(1) As the lessee

If the asset transfer in the sale-leaseback transaction belongs to sales, the Company as the lessee measures the right-of-use asset formed by the sale-leaseback according to the part related to the use-right obtained from the leaseback in the original book value of assets, and only recognizes the relevant gains and losses only for the rights transferred to the lessor; If the asset transfer in the sale-and-leaseback transaction does not belong to the sale, the Company, as the lessee, continues to confirm the transferred assets and recognizes

DONGFANG ELECTRIC CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022

a financial liability equivalent to the transfer income. Please refer to Note “3.10 financial instruments” for the accounting treatment for financial liabilities.

(2) As the lessor

If the asset transfer in the sale-and-leaseback transaction belongs to sales, the Company, as the lessor, conducts accounting treatment over asset purchases, and performs accounting treatment for asset lease in accordance with the aforementioned policy of “2. The Company acts as the lessor”; if the asset transfer in the sale-and-leaseback transaction does not belong to the sale, the Company, as the lessor, will not confirm the transferred assets but recognizes a financial asset equivalent to the transfer income. Please refer to Note “3.10 financial instruments” for the accounting treatment for financial assets.

3.33.4 Discontinued operations

Discontinued operations refer to the component that meets any of the following conditions, can be separately distinguished and has been disposed by the Company or classified as held for sale by the Company:

- (1) The component represents an independent major business or a sole major business area;
- (2) The component is a part of a related plan on intended disposal of an independent major business or a sole major business area;
- (3) The component is a subsidiary acquired only for re-sale.

3.34 Segment reporting

The Company determines operating segments based on internal organization structure, management requirements and internal reporting system, determines reporting segments based on operating segments, and disclose the information of the segments.

An operating segment is a constituent part meeting the following conditions within the Company:

- (1) The constituent part can generate income and expenses in routine activities;
- (2) The Company’s management is able to regularly evaluate the operating results of this constituent part so as to determine the resources allocation and assess its performance;
- (3) The Company is able to obtain the financial position, operating results, cash flows and other relevant accounting information of this constituent part. If two or more operating segments have similar economic characteristics, and have met a certain condition, they will be merged into one operating segment.

3.35 Other significant accounting policies and estimates

Based on annual actual operating revenue of machinery manufacturing enterprises in the Company in the last year, the work safety expenses shall be evenly withdrawn month by month through the excess regressive method and based on the following standards, and specially used for perfecting and improving the safety production conditions of the enterprises or projects.

DONGFANG ELECTRIC CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022

- (1) 2% of business revenue which is no more than RMB 10 million;
- (2) 1% of business revenue which exceeds RMB10 million and is no more than RMB100 million;
- (3) 0.2% of business revenue which exceeds RMB100 million and is no more than RMB1 billion;
- (4) 0.1% of business revenue which exceeds RMB1 billion and is no more than RMB5 billion;
- (5) 0.05% of business revenue which exceeds RMB5 billion.

For the machinery manufacturing enterprises which are newly built and have been put into production for less than one year, the expenses of safety production shall be withdrawn on a monthly basis based on the actual operating revenue of the current year.

Safety production costs withdrawn are included in the current profit or loss and included in the item of "special reserves" at the same time, and separately listed in the item of "owner's equity". When withdrawn safe production costs are used within the prescribed range and belong to expenses, such costs shall be directly deducted from special reserves. Where fixed assets form, incurred expenses are accumulated under the item "construction in progress" and are recognized as fixed assets when the safe project is completed and reaches the working conditions for its intended; meanwhile, special reserves shall be offset according to the costs of fixed assets and the accumulated depreciation of the same amount shall be recognized. The balance of specific reserves withdrawn should be directly included in the current profit or loss.

3.36 Changes in significant accounting policies and accounting estimates

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

4. Taxation

4.1 Main tax types and tax rates

Tax Type	Tax basis	Tax rate	Remark
Value-added tax ("VAT")	Value-added tax payable shall be the difference obtained by the output taxes calculated on the basis of the revenue from the sale of goods and taxable services calculated by tax laws less the input taxes allowed to be deducted for the current period	3%, 5%, 6%, 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 VAT and consumption tax paid	5%, 7%	
Enterprise income tax	Levied based on the taxable income	2.5%, 10%, 15%, 22%, 25%, 34%	

DONGFANG ELECTRIC CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022

Property tax	70% of the original value (or rental income) as the basis for taxation	1.2%, 12%
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Notes to disclosure of enterprises with different enterprise income tax rates:

Taxpayer name	Income tax rate (%)
The Company	15.00
DFHM	15.00
DBC	15.00
Chengdu Dongfang Kwh Environmental Protection Catalysts Co., Ltd. (hereinafter referred to as "Dongfang Kwh")	15.00
DTC	15.00
DFEM	15.00
DEWP	15.00
Tianjin Dongqi Wind Turbine Blade Engineering Co., Ltd. (hereinafter referred to as "Tianjin Dongqi Blade")	15.00
DEA	15.00
Shenzhen Eastern Boiler Control Co., Ltd. (hereinafter referred to as "Eastern Boiler Control")	2.50, 10.00
Dongfang Electric Zhongneng Industrial Control Network Security Technology (Chengdu) Co., Ltd. (hereinafter referred to as "Dongfang Zhongneng")	15.00
Dongfang Hydrogen Energy	15.00
Dongfang Institute	15.00
Dongfang Electric Indonesia Co., Ltd. (hereinafter referred to as "Dongfang Indonesia Company")	22.00
Dongfang Electric Machinery Venezuela Co., Ltd. (hereinafter referred to as "DEC Venezuela")	34.00
Laos Nam Mang Power Company Limited (hereinafter referred to as "Nam Mang Power Company") (Remark 1)	0.00
Other companies within the scope of consolidation of the Company	25.00

Remark 1: According to the Franchise Agreement signed by Nam Mang Power Company and the Laos Government on January 9, 2013, the enterprise income tax rate applicable to Nam Mang Power Company is 0.00%.

(II) Tax preference

1. The Company

According to the Article 1 of the Announcement on Extension of Income Tax Policies for Western Development Enterprises (Announcement No. 23 of 2020 by the Ministry of Finance, the State Administration of Taxation and the National Development and Reform Commission), since January 1, 2021 to December 31, 2030, the enterprise income tax shall be levied at a reduced rate of 15% on the encouraged industrial enterprises located in the western region. The term "encouraged industrial enterprises" as mentioned in this article refers to enterprises whose main business is the industrial projects specified in the Catalogue of Encouraged Industries in the Western Region, and whose main business income accounts for more than 60% of the total enterprise income. The Company meets the said preference condition, and can enjoy such preferential tax rate of 15.00%.

DONGFANG ELECTRIC CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022

2. DFCM

On December 2, 2019, it acquired the high-tech enterprise certificate of No. GR201944003468, with a valid term of 3 years. According to the preferential tax policies for hi-tech enterprises as stated in Law of the People's Republic of China on Enterprise Income Tax, and the applicable corporate income tax rate for this year is 15.00%.

3. DBC

(1) DBC

On December 3, 2020, it was qualified as a hi-tech enterprise with a 3-year certificate of No. GR202051003380. According to the preferential tax policies for hi-tech enterprises as stated in Law of the People's Republic of China on Enterprise Income Tax, and the applicable corporate income tax rate for this year is 15.00%.

(2) Dongfang Kwh

On 2021, it was qualified as a hi-tech enterprise with a 3-year certificate of No. GR202151003790. According to the preferential tax policies for hi-tech enterprises as stated in Law of the People's Republic of China on Enterprise Income Tax, and the applicable corporate income tax rate for this year is 15.00%.

4. DTC

On October 9, 2021, it was qualified as a hi-tech enterprise with a 3-year certificate of No. GR202151000898. According to the preferential tax policies for hi-tech enterprises as stated in Law of the People's Republic of China on Enterprise Income Tax, and the applicable corporate income tax rate for this year is 15.00%.

DONGFANG ELECTRIC CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022

5. DPEM

On December 15, 2021, it was qualified as a hi-tech enterprise with a 3-year certificate of No. GR202151003466. According to the preferential tax policies for hi-tech enterprises as stated in Law of the People's Republic of China on Enterprise Income Tax, and the applicable corporate income tax rate for this year is 15.00%.

6. DEWP

(1) DEWP

According to the Article 1 of the Announcement on Extension of Income Tax Policies for Western Development Enterprises (Announcement No. 23 of 2020 by the Ministry of Finance, the State Administration of Taxation and the National Development and Reform Commission), since January 1, 2021 to December 31, 2030, the enterprise income tax shall be levied at a reduced rate of 15% on the encouraged industrial enterprises located in the western region. The term "encouraged industrial enterprises" as mentioned in this article refers to enterprises whose main business is the industrial projects specified in the Catalogue of Encouraged Industries in the Western Region, and whose main business income accounts for more than 60% of the total enterprise income. The Company meets the said preference condition, and can enjoy such preferential tax rate of 15.00%.

(2) Tianjin Dongqi Blade

DONGFANG ELECTRIC CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022

On December 2019, it was qualified as a hi-tech enterprise with a 3-year 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, and the applicable corporate income tax rate for this year is 15.00%.

7. DEA

(1) DEA

On September 11, 2020, it was qualified as a hi-tech enterprise with a 3-year certificate of No. GR202051000158. According to the preferential tax policies for hi-tech enterprises as stated in Law of the People's Republic of China on Enterprise Income Tax, and the applicable corporate income tax rate for this year is 15%. DEA and its subsidiaries have obtained the Computer Software Copyright Registration Certificate issued by the National Copyright Administration of the People's Republic of China. According to the relevant provisions of the Circular on Value-added Tax Policy on Software Products (CS [2011] No. 100) issued by the Ministry of Finance and the State Administration of Taxation, DEA and its subsidiaries can enjoy the preferential policy on VAT collection and refund for the part of actual tax burden on sales of self-developed and produced software products that exceeds 3%.

(2) Eastern Boiler Control

On December 23, 2021, it acquired the high-tech enterprise certificate of No. GR202144201111, with a valid term of 3 years. According the preferential tax policies for hi-tech enterprises as stated in Law of the People's Republic of China on Enterprise Income Tax, and the applicable corporate income tax rate for this year is 15.00%.

(3) Dongfang Hitachi

In December 15, 2021, it acquired the hi-tech enterprise certificate of No. GR202151003373, with a valid term of 3 years. According the preferential tax policies for hi-tech enterprises as stated in Law of the People's Republic of China on Enterprise Income Tax, and the applicable corporate income tax rate for this year is 15.00%.

(4) Dongfang Zhongneng

According to the Announcement of the Ministry of Finance and the State Administration of Taxation on Implementing Inclusive Tax Reduction and Exemption Policies for Small and Micro Enterprises (Cai Shui [2019] No. 13) and the Announcement of the Ministry of Finance and the State Administration of Taxation on Implementing Preferential Income Tax Policies for Small and Micro Enterprises and Individual Industrial and Commercial Households (According to the Announcement No. 12 [2021] of the Ministry of Finance and the State Administration of Taxation), Dongfang 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 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 Hydrogen Energy

In October 2019, it acquired the hi-tech enterprise certificate of No. GR201951000324, with a valid term of 3 years. According to the preferential tax policies for hi-tech enterprises as stated in Law of the People's Republic of China on Enterprise Income Tax, and the applicable corporate income tax rate for this year is 15.00%.

9. Dongfang Institute

In October 2021, it acquired the hi-tech enterprise certificate of No. GR202151000662, with a valid term of 3 years. According to the preferential tax policies for hi-tech enterprises as stated in Law of the People's Republic of China on Enterprise Income Tax, and the applicable corporate income tax rate for this year is 15.00%.

10. Dongfang Indonesia Company

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

5. Notes to the items of the consolidated financial statements

5.1 Monetary funds

Item	Balance as at June 30, 2022	Balance as at December 31, 2021
Cash on hand	951,293.20	1,321,721.01
Bank deposits	12,378,629,586.81	18,160,589,159.40
Other monetary funds	855,876,708.95	559,963,553.74
Total	13,235,457,588.96	18,721,874,434.15
Including: total amount of deposit abroad	178,708,996.15	185,098,996.30

Remark: The item of "Bank deposits" includes the deposits in central bank and the deposits in banks and other financial institutions.

Monetary funds restricted for use due to mortgage, pledge or freezing, or placed overseas with restrictions on fund repatriation are as follows:

Item	Balance as at June 30, 2022	Balance as at December 31, 2021
Bank deposit reserves	2,320,439,237.12	2,197,006,256.43

DONGFANG ELECTRIC CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022

L/G deposit	88,463,855.20	79,282,739.69
Performance bond	8,850,515.53	9,535,564.36
Bank acceptance deposit	380,964,438.06	111,972,276.23
Total	2,798,718,045.91	2,397,796,836.71

5.2 Loans to banks and other financial institutions

Item	Balance as at June 30, 2022	Balance as at December 31, 2021
Loans to other banks		
Loans to non-bank financial institutions	1,017,114,000.00	2,331,536,400.00
Including: loans to domestic non-bank financial institutions	1,017,114,000.00	2,331,536,400.00
Sub-total	1,017,114,000.00	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	1,017,114,000.00	2,331,536,400.00

5.3 Financial assets held for trading

Item	Balance as at June 30, 2022	Balance as at December 31, 2021
Sub-total of financial assets measured at fair value through the current profit or loss	1,186,436,367.43	1,466,444,004.12
Debt instrument investments	354,885,060.00	349,230,660.00
Equity instrument investments	94,106,628.38	89,074,453.40
Others	737,444,679.05	1,028,138,890.72
Total	1,186,436,367.43	1,466,444,004.12

Remarks:

- (1) As at Jun 30, 2022, the item of "Others" amounting to funds of RMB737,444,679.05.
- (2) As at December 31, 2021, the item of "Others" amounting of funds of RMB1,028,138,890.72.

Financial assets held for trading are analyzed as follows:

Items	Balance as at June 30, 2022	Balance as at December 31, 2021
Listed financial assets		
China (except Hong Kong)	94,035,228.38	89,003,053.40
Sub-total	94,035,228.38	89,003,053.40
Non-listed financial assets	1,092,401,139.05	1,377,440,950.72
Total	1,186,436,367.43	1,466,444,004.12

Remarks:

- (1) The Company holds 1,447,000.00 shares of domestic listing RMB ordinary shares (A share) without restricted circulation

DONGFANG ELECTRIC CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022

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 0.0043% 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 0.0229% of the share capital of the investee;

(4) The Company holds 301,994.00 shares of domestic listing RMB ordinary shares (A share) without restricted circulation in Chongqing Iron & Steel Co., Ltd., accounting for 0.0036% of the share capital of the investee;

(5) For the above-mentioned trading equity instrument investments, except the fair value of the RMB71,400.00 equity held by Great Wall West China Bank Co., Ltd. its determined based on the investment cost, the fair values of the rest investments on June 30, 2022 are calculated and determined based on the closing price of the securities market on June 30, 2022.

5.4 Derivative financial assets

Item	Balance as at June 30, 2022	Balance as at December 31, 2021
Derivative financial assets	106,250.00	
Total	106,250.00	

5.5 Notes receivable

5.5.1 Presentation of the notes receivable by category

Item	Balance as at June 30, 2022	Balance as at December 31, 2021
Bank acceptance bills	1,917,222,522.02	2,027,626,050.57
Commercial acceptance bills	507,308,184.60	967,001,481.84
Total	2,424,530,706.62	2,994,627,532.41

5.5.2 Classified listing of expected credit losses of notes receivable

Category	Closing balance				
	Book balance		Provision for bad debts		Book value
	Amount	Proportion (%)	Amount	Proportion (%)	
Bank acceptance bills	1,917,522,522.02	77.52	300,000.00	0.02	1,917,222,522.02
Commercial acceptance bills	556,135,219.61	22.48	48,827,035.01	8.78	507,308,184.60
Total	2,473,657,741.63	100	49,127,035.01	1.99	2,424,530,706.62

(CONT' D) :

Category	Opening balance				
	Book balance		Provision for bad debts		Book value
	Amount	Proportion (%)	Amount	Proportion (%)	
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	82,808,660.26	2.69	2,994,627,532.41

5.5.3 Notes receivable endorsed or discounted by the Company as at June 30, 2022 but not expired on the balance sheet date

Item	Amount derecognized as at June 30, 2022	Amount not derecognized as at June 30, 2022
Bank acceptance bills	1,174,470,586.23	158,318,424.81
Commercial acceptance bills	15,114,287.40	93,724,969.48
Total	1,189,584,873.63	252,043,394.29

5.5.4 Notes transferred to accounts receivable as at June 30, 2022 due to the drawer's failure of performing the contract

Item	Amount transferred to accounts receivable as at June 30, 2022
Commercial acceptance bills	8,900,000.00
Bank acceptance bills	6,360,000.00
Total	15,260,000.00

5.6 Accounts receivable

5.6.1 Disclosure of accounts receivable by aging

Aging	Balance as at June 30, 2022	Balance as at December 31, 2021
Within 1 year	8,502,755,979.87	5,482,435,246.56
1 - 2 years	2,547,730,501.52	1,843,505,123.39
2 - 3 years	900,314,280.63	1,189,263,023.78
3 - 4 years	721,584,161.92	624,912,548.77
4 - 5 years	524,173,165.60	571,247,657.81
Over 5 years	3,093,067,544.00	3,171,917,400.95
Sub-total	16,289,625,633.54	12,883,281,001.26
Less: provision for bad debts	4,888,796,764.30	4,896,493,678.68
Total	11,400,828,869.24	7,986,787,322.58

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

Category	Balance as at June 30, 2022				Book value
	Book balance		Provision for bad debts		
	Amount	Proportion (%)	Amount	Proportion (%)	
Individual provision for bad debts	1,956,741,854.96	12.01	1,787,313,477.51	91.34	169,428,377.45

DONGFANG ELECTRIC CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022

Provision for bad debts accrued on a portfolio basis	14,332,883,778.58	87.99	3,101,483,286.79	21.64	11,231,400,491.79
Including:					
Accounts receivable with provision for bad debts made by portfolios with credit risk characteristics	14,332,883,778.58	87.99	3,101,483,286.79	21.64	11,231,400,491.79
Total	16,289,625,633.54	100	4,888,796,764.30	30.01	11,400,828,869.24

Category	Balance as at December 31, 2021				
	Book balance		Provision for bad debts		Book value
	Amount	Proportion (%)	Amount	Proportion (%)	
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

Individual provision for bad debts:

Name	Balance as at June 30, 2022			
	Book balance	Provision for bad debts	Proportion of provision (%)	Reason for provision
Entity 1	306,562,559.25	306,562,559.25	100.00	During bankruptcy liquidation proceedings
Entity 2	207,107,394.98	207,107,394.98	100.00	During bankruptcy liquidation proceedings
Entity 3	146,330,069.45	26,504,502.83	18.11	Facing capital shortage
Entity 4	109,020,000.00	109,020,000.00	100.00	Facing capital shortage, expected to be difficult to recover
Entity 5	77,342,300.00	77,342,300.00	100.00	Facing capital shortage, expected to be difficult to recover
Entity 6	73,684,278.55	73,684,278.55	100.00	During bankruptcy liquidation proceedings
Entity 7	72,082,755.00	72,082,755.00	100.00	During bankruptcy liquidation proceedings
Entity 8	71,266,000.00	64,139,400.00	90.00	Facing capital shortage, expected to be less likely to recover
Entity 9	64,070,431.92	64,070,431.92	100.00	During the execution of bankruptcy liquidation proceedings
Entity 10	51,831,966.99	51,831,966.99	100.00	During bankruptcy liquidation proceedings
Entity 11	51,469,460.00	51,469,460.00	100.00	During bankruptcy liquidation proceedings
Entity 12	50,122,111.64	50,122,111.64	100.00	During bankruptcy liquidation proceedings
Entity 13	44,897,735.00	40,407,961.50	90.00	Facing capital shortage, expected to be less likely to recover
Entity 14	39,381,508.00	39,381,508.00	100.00	During bankruptcy liquidation proceedings
Entity 15	36,506,067.59	36,506,067.59	100.00	Facing capital shortage, expected to be difficult to recover

DONGFANG ELECTRIC CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022

Entity 16	35,620,200.00	35,620,200.00	100.00	Facing capital shortage, expected to be less likely to recover
Entity 17	35,474,551.30	31,927,096.17	90.00	Facing capital shortage, expected to be less likely to recover
Entity 18	33,015,138.13	29,713,624.32	90.00	Facing capital shortage, expected to be less likely to recover
Entity 19	32,406,640.50	32,406,640.50	100.00	Facing capital shortage, expected to be difficult to recover
Entity 20	29,195,000.00	29,195,000.00	100.00	Facing capital shortage, expected to be difficult to recover
Entity 21	27,632,480.00	24,869,232.00	90.00	Facing capital shortage, expected to be less likely to recover
Entity 22	24,776,000.00	24,776,000.00	100.00	Facing capital shortage, expected to be difficult to recover
Entity 23	24,213,605.13	21,792,244.62	90.00	Facing capital shortage, expected to be less likely to recover
Entity 24	23,559,878.00	21,203,890.20	90.00	Facing capital shortage, expected to be less likely to recover
Entity 25	22,967,580.00	20,670,822.00	90.00	Facing capital shortage, expected to be less likely to recover
Entity 26	21,818,776.83	19,636,899.15	90.00	Facing capital shortage, expected to be less likely to recover
Entity 27	21,420,000.00	21,420,000.00	100.00	Facing capital shortage, expected to be difficult to recover
Entity 28	18,250,000.00	18,250,000.00	100.00	During bankruptcy liquidation proceedings
Entity 29	17,319,029.55	17,319,029.55	100.00	During bankruptcy liquidation proceedings
Others	187,398,337.15	168,280,100.75	89.80	
Total	1,956,741,854.96	1,787,313,477.51	91.34	

Provision for bad debts accrued on a portfolio basis:

Name	Balance as at June 30, 2022		
	Accounts receivable	Provision for bad debts	Proportion of provision (%)
Within 1 year	8,312,810,874.77	415,640,543.99	5.00
1 - 2 years	2,429,167,566.21	242,916,756.79	10.00
2 - 3 years	848,416,376.47	169,683,275.26	20.00
3 - 4 years	546,528,609.78	218,611,444.30	40.00
4 - 5 years	282,658,170.00	141,329,085.10	50.00
Over 5 years	1,913,302,181.35	1,913,302,181.35	100.00
Total	14,332,883,778.58	3,101,483,286.79	21.64

5.6.3 Provision for bad debts recovered or reversed

In the current year, the Company accrued RMB103,504,394.50 as provision for bad debts, and recovered or reversed RMB104,054,653.06. Reversal or recovery of significant amount of provision for bad debts in the current period is listed as follows:

Entity name	Amount recovered or reversed	Basis and reasonability for recognizing the original provision for bad debts	Reason for reversal or recovery	Method for recovery
Entity 1	20,670,822.00	Facing capital shortage, expected not to recover on	Better financial condition	Recovery

DONGFANG ELECTRIC CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022

		time		
Entity 2	18,000,000.00	Facing capital shortage, expected not to recover on time	Better financial condition	Recovery
Entity 3	13,984,601.35	Bankruptcy	Bankruptcy distribution	Recovery
Entity 4	9,505,141.41	Facing capital shortage, expected not to recover on time	Better financial condition	Recovery
Entity 5	9,072,109.80	Facing capital shortage, expected not to recover on time	Better financial condition	Recovery
Entity 6	6,930,000.00	Facing capital shortage, expected not to recover on time	Better financial condition	Recovery
Entity 7	5,720,000.00	Facing capital shortage, expected not to recover on time	Better financial condition	Recovery
Entity 8	4,000,000.00	Facing capital shortage, expected not to recover on time	Better financial condition	Recovery
Entity 9	3,739,000.00	Facing capital shortage, expected not to recover on time	Better financial condition	Recovery
Entity 10	3,673,000.00	Facing capital shortage, expected not to recover on time	Better financial condition	Recovery
Entity 11	3,370,000.00	Facing capital shortage, expected not to recover on time	Better financial condition	Recovery
Total	98,664,674.56			

5.6.4 Accounts receivable actually charged off in the current period

Item	Amounts
Accounts receivable actually charged off	1,936,230.13

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

Entity Name	Nature	Amounts	Reasons	Procedures performed	Yes or No for connected transaction
HOPKINSONS	Completion payment, warranty money	698,889.05	Bankruptcy	General manager conference of Dongfang Boiler	No
Dongfang Electric Group Nanjing Company	Completion payment, warranty money	162,200.00	Bankruptcy	General manager conference of Dongfang Boiler	No
Hunan Tangxiang Power-Station Equipment Co., Ltd.	Completion payment, warranty money	798,169.40	Bankruptcy	General manager conference of Dongfang Boiler	No
Total		1,659,258.45			

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

Entity name	Balance as at June 30, 2022		
	Accounts receivable	Proportion in the total accounts receivable (%)	Provision for bad debts
Entity 1	506,099,929.20	3.11	83,332,322.61
Entity 2	306,562,559.25	1.88	306,562,559.25
Entity 3	269,314,800.56	1.65	24,914,933.24
Entity 4	267,508,499.98	1.64	13,375,425.00
Entity 5	259,122,037.39	1.59	42,291,372.16
Total	1,608,607,826.38	9.87	470,476,612.26

5.7 Receivables financing

5.7.1 Presentation of receivables financing by category

Item	Balance as at June 30, 2022	Balance as at December 31, 2021
Notes receivable	881,508,063.80	1,342,379,048.57
Including: bank acceptance bills	788,588,069.30	1,302,805,028.55
Commercial acceptance bills	92,919,994.50	39,574,020.02
Total	881,508,063.80	1,342,379,048.57

Remark: The Company classifies the notes receivable in the management business mode of receiving contract cash flow and sale or transfer as the financial assets measured at fair value through other comprehensive income.

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

None.

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

Item	Amount derecognized as at June 30, 2022	Amount not derecognized as at June 30, 2022
Notes receivable endorsed or discounted but not expired		
Including: bank acceptance bills	1,307,745,976.21	
Commercial acceptance bills		
Total	1,307,745,976.21	

5.8 Advances to suppliers

5.8.1 Presentation of advances to suppliers by aging

Aging	Balance as at June 30, 2022		Balance as at December 31, 2021	
	Book balance	Proportion (%)	Book balance	Proportion (%)
Within 1 year	2,961,593,433.17	81.31	2,949,222,009.57	81.11
1 - 2 years	352,178,774.57	9.67	308,611,691.97	8.49
2 - 3 years	197,591,486.43	5.43	207,225,711.15	5.7
Over 3 years	130,724,109.95	3.59	170,945,807.26	4.7
Total	3,642,087,804.12	100.00	3,636,005,219.95	100

5.8.2 Top five advances to suppliers in terms of the ending balance collected by the prepaid object as at June 30, 2021

Prepaid object	Balance as at June 30, 2022	Proportion (%) in the total ending balance of advances to suppliers as at June 30, 2022
Entity 1	222,517,890.65	6.11
Entity 2	183,223,071.52	5.03
Entity 3	158,088,017.01	4.34
Entity 4	128,622,454.93	3.53
Entity 5	110,734,728.76	3.04
Total	803,186,162.87	22.05

5.9 Other receivables

Item	Balance as at June 30, 2022	Balance as at December 31, 2021

DONGFANG ELECTRIC CORPORATION LIMITED
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE SIX MONTHS ENDED JUNE 30, 2022

Interest receivable	123,356,539.60	215,623,964.55
Dividends receivable	22,593,955.18	29,522,398.50
Other receivables	450,498,057.07	362,294,116.76
Total	596,448,551.85	607,440,479.81

5.9.1 Interest receivable

Item	Balance as at June 30, 2022	Balance as at December 31, 2021
Fixed deposit	60,741,246.87	168,010,352.43
Bond investment	11,700,056.63	18,596,565.57
Interest on purchase and resale of financial assets	44,806,926.02	28,980,356.14
Others	6,108,310.08	36,690.41
Sub-total	123,356,539.60	215,623,964.55
Less: provision for bad debts		
Total	123,356,539.60	215,623,964.55

5.9.2 Dividends receivable

(1) Details of dividends receivable

Item	Balance as at June 30, 2022	Balance as at December 31, 2021
Within 1 year		
Over 1 year	22,593,955.18	29,522,398.50
Sub-total	22,593,955.18	29,522,398.50
Less: provision for bad debts		
Total	22,593,955.18	29,522,398.50

DONGFANG ELECTRIC CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022

(2) Significant dividend receivable with aging over one year

Items	Balance as at June 30, 2022	Aging	Reasons for unsuccessful recovery	Yes or No for impairment and evidence
Huadian Longkou Wind Power Co., Ltd. (Longkou Wind Power)	8,287,607.31	2-3 years	Facing capital shortage, partial subsidies for electricity are not received	No, payment made upon the receipt of national subsidies
Inner Mongolia Energy Power Generation Hongnijing Wind Power Co., Ltd. (Hongnijing Wind Power)	7,017,408.83	2-3 years	Facing capital shortage, partial subsidies for electricity are not received	No, payment made upon the receipt of national subsidies
Inner Mongolia Mengneng New Energy Co., Ltd. (Mengneng Ulan New Energy)	3,828,807.76	2-3 years	Facing capital shortage, partial subsidies for electricity are not received	No, payment made upon the receipt of national subsidies
Inner Mongolia Mengneng Sanshengtai Wind Power Generation Co., Ltd. (Sanshengtai Wind Power)	3,460,131.28	2-3 years	Facing capital shortage, partial subsidies for electricity are not received	No, payment made upon the receipt of national subsidies
Total	22,593,955.18			

5.9.3 Other receivables

(1) Disclosure by aging

Aging	Balance as at June 30, 2022	Balance as at December 31, 2021
Within 1 year	434,775,944.45	335,106,633.72
1 - 2 years	35,495,094.83	39,415,318.04
2 - 3 years	24,444,539.44	25,599,500.29
3 - 4 years	18,362,751.95	9,231,760.54
4 - 5 years	8,584,889.41	11,297,006.85
Over 5 years	237,679,838.11	241,355,086.70
Sub-total	759,343,058.19	662,005,306.14
Less: provision for bad debts	308,845,001.12	299,711,189.38
Total	450,498,057.07	362,294,116.76

DONGFANG ELECTRIC CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022

(2) Classification according to the nature

Nature	Balance as at June 30, 2022	Balance as at December 31, 2021
Guarantee and quality guarantee fund	73,311,248.72	102,513,379.85
Reserve fund	172,720,089.57	91,231,341.55
Advance payment	50,972,646.80	38,804,015.78
Other operating business receivables	65,580,079.44	70,119,500.17
Others	87,913,992.54	59,625,879.43
Total	450,498,057.07	362,294,116.76

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

Category	Balance as at June 30, 2022				Book value
	Book balance		Provision for bad debts		
	Amount	Proportion (%)	Amount	Proportion of provision (%)	
Provision for bad debts accrued on an individual basis	212,264,900.70	27.95	188,318,445.34	88.72	23,946,455.36

DONGFANG ELECTRIC CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022

Provision for bad debts accrued on a portfolio basis:	547,078,157.49	72.05	120,526,555.78	22.03	426,551,601.71
Including:					
Other receivables with the provision for bad debts made on a portfolio with credit risk characteristics	547,078,157.49	72.05	120,526,555.78	22.03	426,551,601.71
Total	759,343,058.19	100.00	308,845,001.12	40.67	450,498,057.07

Continued:

	Balance as at December 31, 2021				
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Category	Book balance		Provision for bad debts		Book value
	Amount	Proportion (%)	Amount	Proportion of provision (%)	
Provision for bad debts accrued on an individual basis	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

DONGFANG ELECTRIC CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022

Total	662,005,306.14	100	299,711,189.38	45.27	362,294,116.76
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(4) Other receivables subject to provision for expected credit losses on individual basis:

Name	Balance as at June 30, 2022			
	Book balance	Provision for bad debts	Proportion of provision (%)	Reason for provision
Entity 1	146,064,314.06	146,064,314.06	100.00	During bankruptcy liquidation proceedings
Entity 2	21,755,000.00	21,755,000.00	100.00	During the process of litigation
Entity 3	12,327,367.50			Performance guarantee due to government
Entity 4	11,293,267.56	11,293,267.56	100.00	During bankruptcy liquidation proceedings
Entity 5	10,180,300.00			Recovery of the land by government with a payment
Entity 6	2,845,136.58	2,845,136.58	100.00	During the execution of bankruptcy liquidation procedures
Entity 7	2,070,357.08	2,070,357.08	100.00	Expected to be difficult to recover
Entity 8	1,563,179.69	1,563,179.69	100.00	Expected to be difficult to recover
Entity 9	1,397,950.00	1,397,950.00	100.00	Expected to be difficult to recover
Others	2,766,028.23	1,327,240.37	47.98	Expected to be difficult to recover
Total	212,264,900.70	188,318,445.34	88.72	

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

Name	Balance as at June 30, 2022		
	Book balance	Provision for bad debts	Proportion of provision (%)
Within 1 year	378,774,627.11	18,865,511.00	5
1 - 2 years	35,495,094.83	3,549,509.46	10

DONGFANG ELECTRIC CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022

2 - 3 years	24,240,066.86	4,848,013.36	20
3 - 4 years	18,357,860.15	7,343,144.06	40
4 - 5 years	8,580,261.34	4,290,130.70	50
Over 5 years	81,630,247.20	81,630,247.20	100
Total	547,078,157.49	120,526,555.78	22

(6) Bad debt provision of other receivables:

	Phase 1	Phase 2	Phase 3	Total
Provision for bad debts	Expected credit losses in the next 12 months	Expected credit losses for the entire duration (no credit impairment)	Expected credit losses for the entire duration (credit impairment)	
Balance as at December 31, 2021	112,090,215.74		187,620,973.64	299,711,189.38
In the current period, balance as at December 31, 2021				-
- Transfer to Phase 2				-
- Transfer to Phase 3				-
- Reversal from Phase 2				-
- Reversal from Phase 1				-
Provision in the current period	8,436,340.04		10,726,513.14	19,162,853.18
Reversal in the current period			10,029,041.44	10,029,041.44
Write-off in the current period				

DONGFANG ELECTRIC CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022

Charge-off in the current period				
Other changes				
Balance as at June 30, 2022	120,526,555.78		188,318,445.34	308,845,001.12

Changes in book balance of other receivables as follows:

Book balance	Phase 1	Phase 2	Phase 3	Total
	Expected credit losses in the next 12 months	Expected credit losses for the entire duration (no credit impairment)	Expected credit losses for the entire duration (credit impairment)	
Balance as at December 31, 2021	449,454,644.11		212,550,662.03	662,005,306.14
In the current period, balance as at December 31, 2021				
- Transfer to Phase 2				
- Transfer to Phase 3				
- Reversal from Phase 2				
- Reversal from Phase 1				
Increase in the current period	97,623,513.38		9,743,280.11	107,366,793.49
Direct write-off in the current period			10,029,041.44	10,029,041.44

DONGFANG ELECTRIC CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022

Derecognition in the current period				
Other changes				
Balance as at June 30, 2022	547,078,157.49		212,264,900.70	759,343,058.19

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

(8) Top 5 of other receivables as at June 30, 2022, 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	146,064,314.06	Over 5 years	19.24	146,064,314.06
Entity 2	Receivables from other business	36,432,595.41	1-3 years	4.80	2,932,539.41
Entity 3	Loans	21,755,000.00	Within 1 year	2.86	21,755,000.00
Entity 4	Others	19,500,000.00	Over 5 years	2.57	19,500,000.00
Entity 5	Receivables from other business	13,612,842.74	Over 5 years	1.79	13,612,842.74
Total		237,364,752.21		31.26	203,864,696.21

(9) Other receivables involving government grants
Nil.

5.10 Financial assets purchased under resale agreements

DONGFANG ELECTRIC CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022

Item	Balance as at June 30, 2022	Balance as at December 31, 2021
Bond	2,720,000,000.00	2,827,514,000.00
Less: provision for bad debts		
Book value of the financial assets purchased under resale agreements	2,720,000,000.00	2,827,514,000.00

5.11 Inventories

1. Classification of inventories

Item	Balance as at June 30, 2022			Balance as at December 31, 2021		
	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	3,498,074,309.43	369,094,102.21	3,128,980,207.22	3,069,003,779.32	387,897,201.70	2,681,106,577.62
Revolving materials (packaging materials, low-cost consumables, etc.)	40,872,802.23	1,423,860.71	39,448,941.52	41,400,712.79	1,423,860.71	39,976,852.08
Stock commodities (finished goods)	316,652,710.45	275,964.27	316,376,746.18	309,157,314.71	275,964.27	308,881,350.44
Contract performance cost	98,207,014.08		98,207,014.08	106,907,583.63	5,000,000.00	101,907,583.63
Self-manufactured semi-finished products and goods in process	14,898,389,513.82	1,056,911,594.11	13,841,477,919.71	17,033,145,400.53	1,102,584,921.42	15,930,560,479.11
Total	18,852,196,350.01	1,427,705,521.30	17,424,490,828.71	20,559,614,790.98	1,497,181,948.10	19,062,432,842.88

DONGFANG ELECTRIC CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022

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

Item	Balance as at December 31, 2021	Increase in January to June, 2022		Decrease in January to June, 2022		Balance as at June 30, 2022
		Provision	Others		Write-off	
Raw materials	387,897,201.70	2,748,591.05			21,551,690.54	369,094,102.21
Revolving materials (packaging materials, low-cost consumables, etc.)	1,423,860.71					1,423,860.71
Stock commodities (finished goods)	275,964.27					275,964.27
Contract performance cost	5,000,000.00	2,500,000.00			7,500,000.00	
Self-manufactured semi-finished products and goods in process	1,102,584,921.42	52,948,488.47			98,621,815.78	1,056,911,594.11
Total	1,497,181,948.10	58,197,079.52			127,673,506.32	1,427,705,521.30

5.12 Contract assets

1. Breakdown of Contract assets

Item	Balance as at June 30, 2022			Balance as at December 31, 2021		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Payments for completed but not settled project	6,184,705,093.13	195,805,621.52	5,988,899,471.61	4,836,297,691.35	167,026,024.01	4,669,271,667.34
Contract quality guarantee deposit	5,288,313,355.37	387,738,172.61	4,900,575,182.76	3,607,264,694.70	296,637,434.17	3,310,627,260.53
Total	11,473,018,448.50	583,543,794.13	10,889,474,654.37	8,443,562,386.05	463,663,458.18	7,979,898,927.87

DONGFANG ELECTRIC CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022

2. Provision for impairment of contract assets in January to June, 2022

Item	Balance as at December 31, 2021	Provision in January to June, 2022	Reversal in January to June, 2022	Write-off/Charge-off in January to June, 2022	Others	Balance as at June 30, 2022
Payments for completed but not settled project	167,026,024.01	28,779,597.51				195,805,621.52
Contract quality guarantee deposit	296,637,434.17	91,100,738.44				387,738,172.61
Total	463,663,458.18	119,880,335.95				583,543,794.13

5.13 Non-current assets due within one year

Item	Balance as at June 30, 2022	Balance as at December 31, 2021
Long-term receivable due within one year	28,702,433.64	57,404,867.28
Total	28,702,433.64	57,404,867.28

5.14 Other current assets

Item	Balance as at June 30, 2022	Balance as at December 31, 2021
Prepaid taxes and overpaid taxes	239,918,304.51	347,272,737.19
Entrusted loan	408,699,515.99	442,857,284.39
Disbursement of loans and advances (short-term)	34,357,315.78	46,837,900.06
Discount assets	3,173,807.01	3,296,457.78
Others	686,148,943.29	840,264,379.42
Total	239,918,304.51	347,272,737.19

5.15 Disbursement of loans and advances

5.15.1 Loans and advances, presented by individual and enterprise

Item	Balance as at June 30, 2022	Balance as at December 31, 2021
Loans and advances to enterprises	4,619,199,818.44	3,431,167,799.46
- Loans	4,619,199,818.44	3,431,167,799.46
Total loans and advances	4,619,199,818.44	3,431,167,799.46
Less: provision for losses on loans	193,870,067.64	190,169,281.30
Including: provision made on individual basis		
Provision made on portfolio basis	193,870,067.64	190,169,281.30
Book value of loans and advances	4,425,329,750.80	3,240,998,518.16

5.15.2 Disbursement of loans and advances, presented by industry

Industry	Balance as at June 30, 2022	Proportion (%)	Balance as at December 31, 2021	Proportion (%)
Power equipment industry	4,619,199,818.44	100	3,431,167,799.46	100
Total loans and advances	4,619,199,818.44	100	3,431,167,799.46	100
Less: provision for losses on loans	193,870,067.64		190,169,281.30	
Including: provision made on individual basis				

DONGFANG ELECTRIC CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022

Industry	Balance as at June 30, 2022	Proportion (%)	Balance as at December 31, 2021	Proportion (%)
Provision made on portfolio basis	193,870,067.64		190,169,281.30	
Book value of loans and advances	4,425,329,750.80		3,240,998,518.16	

5.15.3 Loans and advances, presented by region

Region	Balance as at June 30, 2022	Proportion (%)	Balance as at December 31, 2021	Proportion (%)
South China	1,478,571,117.58	32.01	1,362,360,208.67	39.71
Southwest China	1,868,657,455.75	40.45	1,641,159,969.71	47.83
Northwest China	69,000,000.00	1.49	86,500,000.00	2.52
Eastern China	634,130,621.08	13.73	341,147,621.08	9.94
Northern China	462,564,000.00	10.01		
Central China	106,276,624.03	2.30		
Total loans and advances	4,619,199,818.44	100.00	3,431,167,799.46	100
Less: provision for losses on loans	193,870,067.64		190,169,281.30	
Including: provision made on individual basis				
Provision made on portfolio basis	193,870,067.64		190,169,281.30	
Book value of loans and advances	4,425,329,750.80		3,240,998,518.16	

5.15.4 Loans and advances, presented by guaranty style

Item	Balance as at June 30, 2022		Balance as at December 31, 2021	
	Individual	Portfolio	Individual	Portfolio
Credit loans		4,503,479,818.44		3,297,947,799.46
Guaranteed loans		42,000,000.00		48,000,000.00
Collateral loans		73,720,000.00		85,220,000.00
Including: mortgage loans				7,000,000.00
Pledged loans		73,720,000.00		78,220,000.00
Total loans and advances		4,619,199,818.44		3,431,167,799.46
Less: provision for losses on loans		193,870,067.64		190,169,281.30
Including: provision made on individual basis				
Provision made on portfolio basis		193,870,067.64		190,169,281.30
Book value of loans and advances		4,425,329,750.80		3,240,998,518.16

5.15.5 Provision for losses on loans

Item	Balance as at June 30, 2022		Balance as at December 31, 2021	
	Individual	Portfolio	Individual	Portfolio
Balance as at January 1, 2022		190,169,281.30		189,531,730.47
Provision in January to June, 2022		3,700,786.34		637,550.83
Transfer-out in January to June, 2022				
Charge-off in January to June, 2022				
Reversal in January to June, 2022				
- Reversal due to recovery of loans and advances originally written off				
- Reversal due to increase in discounted value of loans and advances				
- Reversal due to other factors				
Balance as at June 30, 2022		193,870,067.64		190,169,281.30

5.16 Creditor's right investments

5.16.1 Breakdown of creditor's right investments

Item	Balance as at June 30, 2022			Balance as at December 31, 2021		
	Book balance	Provis ion for impai rment	Book value	Book balance	Provis ion for impai rment	Book value
Medium-term notes				100,000,000.00	7,500,000.00	92,500,000.00
Interbank deposit certificate	20,440,658,117.67		20,440,658,117.67	11,872,308,801.06		11,872,308,801.06
Asset backed notes	166,630,000.00	12,497,250.00	154,132,750.00	246,351,000.00	18,476,325.00	227,874,675.00
Public bonds	390,000,000.00	15,000,000.00	375,000,000.00	390,000,000.00	15,000,000.00	375,000,000.00
Non-public debt financing instruments	100,000,000.00	7,500,000.00	92,500,000.00	100,000,000.00	7,500,000.00	92,500,000.00
Financial bonds	200,000,000.00		200,000,000.00			
Sub-total	21,297,288,117.67	34,997,250.00	21,262,290,867.67	12,708,659,801.06	48,476,325.00	12,660,183,476.06
Less: creditor's right investments due within one year						
Total	21,297,288,117.67	34,997,250.00	21,262,290,867.67	12,708,659,801.06	48,476,325.00	12,660,183,476.06

5.16.2 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, 2021	48,476,325.00			48,476,325.00
In the current period, balance as at December 31, 2021				
- Transfer to Phase 2				
- Transfer to Phase 3				
- Reversal from Phase 2				

DONGFANG ELECTRIC CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022

- Reversal from Phase 1				
Provision in the current period	-13,479,075.00			-13,479,075.00
Reversal in the current period				
Write-off in the current period				
Charge-off in the current period				
Other changes				
Balance as at June 30, 2022	34,997,250.00			34,997,250.00

DONGFANG ELECTRIC CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022

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, 2021	12,708,659,801.06			12,708,659,801.06
In the current period, balance as at December 31, 2021				
- Transfer to Phase 2				
- Transfer to Phase 3				
- Reversal from Phase 2				
- Reversal from Phase 1				
Increase in the current period	8,588,628,316.61			8,588,628,316.61
Direct write-down in the current period				
Derecognition in the current period				
Other changes				
Balance as at June 30, 2022	21,297,288,117.67			21,297,288,117.67

5.17 Long-term receivables

5.17.1 Breakdown of long-term receivables

Item	Balance as at June 30, 2022			Balance as at December 31, 2021			Range of discount rate
	Book balance	Provision for bad debts	Book value	Book balance	Provision for bad debts	Book value	
Finance lease payment	145,610,151.38	40,091,894.55	105,518,256.83	145,610,151.38	30,452,252.79	115,157,898.59	Contractual interest rate
Including: unrealized financing income	28,263,896.51		28,263,896.51	36,023,047.64		36,023,047.64	
Installment proceeds from sales of goods	998,730,540.60	51,717,285.94	947,013,254.66	461,813,983.88	24,695,220.50	437,118,763.38	
Total	1,144,340,691.98	91,809,180.49	1,052,531,511.49	607,424,135.26	55,147,473.29	552,276,661.97	

5.17.2 Provision for bad debts of long-term receivables

Provision for bad debts	Phase 1	Phase 2	Phase 3	Total
	Expected credit losses in the next 12 months	Expected credit loss for the entire duration (no credit impairment)	Expected credit loss for the entire duration (credit impairment)	
Balance as at January 1, 2022	24,695,220.50	30,452,252.79		55,147,473.29
In the current period, book balance of long-term receivables as at January 1, 2022				
- Transfer to Phase 2				
- Transfer to Phase 3				
- Reversal from Phase 2				
- Reversal from Phase 1				
Provision in the current period				
Reversal in the current period				
Write-off in the current period	29,047,453.46	9,639,641.76		38,687,095.22
Charge-off in the current period	2,025,388.02			2,025,388.02
Other changes				
Balance as at June 30, 2022	51,717,285.94	40,091,894.55		91,809,180.49

5.18 Long-term equity investments

Investee	Balance as at December 31, 2021	Increases/decreases in the current period							Balance as at June 30, 2022	Provision for bad debts as at June 30, 2022	
		Additional investment	Decrease Investment	Profit or loss on investments recognized under the equity method	Adjustment to other comprehensive income	Other equity changes	Cash dividends or profit declared to be distributed	Provision for impairment made			Others
I. Joint ventures											
MHPS Dongfang Boiler Co. Ltd. (“Dongfang MHPS “)	202,366,572.06			6,007,685.53						208,374,257.59	
Framatome Dongfang Reactor Coolant Pumps Company Limited (“Dongfang Framatome”)	223,419,811.55			7,957,259.70			21,712,801.41			209,664,269.84	
Dongfang Electric (Xichang) Hydrogen Energy Co., Ltd. (“Dongfang (Xichang) Hydrogen Energy”)	6,130,622.32			-97,697.65						6,032,924.67	
Sub-total	431,917,005.93			13,867,247.58			21,712,801.41			424,071,452.10	
II. Associates											
Sichuan Energy Wind Power Development Co., Ltd. (Sichuan Energy Wind Power)	537,550,972.87			80,803,140.08						618,354,112.95	
Longkou Wind Power	75,395,022.08			6,533,332.72						81,928,354.80	
Hongnijing Wind Power	23,435,950.00			703,143.26						24,139,093.26	
China United Gas Turbine Technology., Ltd. (China United Gas)	131,398,795.38			1,344.59						131,400,139.97	
Sanshengtai Wind Power	14,902,607.53			-1,061,372.05						13,841,235.48	
Ulan New Energy	38,715,768.04			-2,413,065.06						36,302,702.98	

Investee	Balance as at December 31, 2021	Increases/decreases in the current period							Balance as at June 30, 2022	Provision for bad debts as at June 30, 2022	
		Additional investment	Decrease Investment	Profit or loss on investments recognized under the equity method	Adjustment to other comprehensive income	Other equity changes	Cash dividends or profit declared to be distributed	Provision for impairment made			Others
Mitsubishi Heavy Industries Dongfang Gas Turbine (Guangzhou) Co., Ltd. (“Dongfang Mitsubishi”)	503,834,471.10			34,679,876.65			131,146,215.00		855,531.51	408,223,664.26	
Sichuan Dongshu New Materials Co., Ltd. (“Dongshu New Materials”)	207,206,689.21			-325,752.26	289,767.29	4,766,571.00			-2,487,568.44	209,449,706.80	
Leshan Dongle Dajian Lifting Co., Ltd. (“Dongle Dajian”)	2,939,325.69			1,354,175.37						4,293,501.06	
Liangshan Fengguang New Energy Operation and Maintenance Co., Ltd.	2,062,250.31			10,180.36						2,072,430.67	
Hunan Ping An Environmental Protection Co., Ltd.	29,190,000.00			1,043,563.87						30,233,563.87	
Deyang Guangdong Automobile Co., Ltd. (“Deyang Guangda”)	291,044,864.55			-18,418,522.26					23,950,176.13	296,576,518.42	
Dongfang Zhongheng (Chengdu) New Energy Technology Co., Ltd.		1,000,000.00								1,000,000.00	
Subtotal	1,857,676,716.76	1,000,000.00		102,910,045.27	289,767.29	4,766,571.00	131,146,215.00		22,318,139.20	1,857,815,024.52	
Total	2,289,593,722.69	1,000,000.00		116,777,292.85	289,767.29	4,766,571.00	152,859,016.41		22,318,139.20	2,281,886,476.62	

5.19 Other equity instrument investments

5.19.1 Breakdown of other equity instrument investments

Item	Balance as at June 30, 2022	Balance as at December 31, 2021
Southern Sichuan Expressway Co., Ltd.	1,000,000.00	1,000,000.00
Zhejiang Yuhuan Huadian Wind Power Co., Ltd.	66,300,000.00	51,300,000.00
Harbin Nengchuang Digital Technology Co., Ltd.	5,000,000.00	
Total	72,300,000.00	52,300,000.00

5.19.2 Breakdown of non-tradable equity instrument investments

Nil.

5.20 Investment properties

5.20.1 Investment properties measured under cost model

Item	Buildings and constructions	Land use right	Total
1. Original book value			
(1) Balance as at December 31, 2021	250,188,128.75	18,811,826.12	268,999,954.87
(2) Increase in the current period	1,124,467.54		1,124,467.54
- Outsourcing			
- Transfer-in of inventories, fixed assets and construction in progress	1,124,467.54		1,124,467.54
- Increase from business combination			
- Other changes			
(3) Decrease in the current period			
- Disposal			
- Other changes			
(4) Balance as at June 30, 2022	251,312,596.29	18,811,826.12	270,124,422.41
2. Accumulated depreciation and amortization			
(1) Balance as at December 31, 2021	105,352,789.73	5,987,090.13	111,339,879.86
(2) Increase in the current period	4,547,504.54	221,644.25	4,769,148.79
- Provision or amortization	4,547,504.54	221,644.25	4,769,148.79
- Other changes			
(3) Decrease in the current period	263,540.78		263,540.78
- Disposal			
- Other changes	263,540.78		263,540.78
(4) Balance as at June 30, 2022	109,900,294.27	6,208,734.38	116,109,028.65
3. Provision for impairment			
(1) Balance as at December 31, 2021			

DONGFANG ELECTRIC CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022

(2) Increase in the current period
 - Provision
 - Other changes

(3) Decrease in the current period
 - Disposal
 - Other transfer-out

(4) Balance as at June 30, 2022

4. Book value

(1) Book value as at June 30, 2022	141,412,302.02	12,603,091.74	154,015,393.76
(2) Book value as at December 31, 2021	144,835,339.02	12,824,735.99	157,660,075.01

5.20.2 Investment properties with certificates of title uncompleted

Nil.

5.21 Fixed assets

5.21.1 Fixed assets and disposal of fixed assets

Item	Balance as at June 30, 2022	Balance as at December 31, 2021
Fixed assets	4,796,484,279.45	4,965,639,834.01
Disposal of fixed assets	186,009.52	226,881.88
Total	4,796,670,288.97	4,965,866,715.89

5.21.2 Breakdown of fixed assets

Item	Land assets	Buildings and constructions	Machinery equipment	Transportation facilities	Instrument and apparatus, electronic equipment and others	Total
1. Original book value						
(1) Balance as at December 31, 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) Increase in the current period	2,277,516.96	31,273,483.27	78,488,898.30	3,880,907.57	55,357,016.61	171,277,822.71
- Purchase		49,355.63	12,251,461.31	939,349.72	13,294,501.97	26,534,668.63
- Transfer-in of construction in progress		29,360,154.67	66,237,436.99	2,813,728.32	42,062,145.37	140,473,465.35
- Other increases	2,277,516.96	1,863,972.97		127,829.53	369.27	4,269,688.73
(3) Decrease in the current period		58,249,026.04	30,535,190.75	5,384,251.32	31,043,070.98	125,211,539.09
- Disposal or scrapping		58,249,026.04	30,535,190.75	5,384,251.32	31,043,070.98	125,211,539.09
- Other decreases						
(4) Balance as at June 30, 2022	20,193,513.02	6,888,843,345.56	8,385,147,371.29	311,370,568.28	1,581,239,773.47	17,186,794,571.62
2. Accumulated depreciation						
(1) 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
(2) Increase in the current period	1,865,350.94	152,034,420.11	99,953,975.68	5,540,062.68	56,413,290.72	315,807,100.13

DONGFANG ELECTRIC CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022

- Provision	1,865,350.94	152,034,420.11	99,953,975.68	5,540,062.68	56,413,290.72	315,807,100.13
- Other increases						
(3) Decrease in the current period		36,706,341.30	27,760,933.19	5,119,691.02	29,205,214.30	98,792,179.81
- Disposal or scrapping		36,706,341.30	27,760,933.19	5,119,691.02	29,205,214.30	98,792,179.81
- Other decreases						
(4) Balance as at June 30, 2022	1,865,350.94	3,776,316,205.88	7,011,234,159.92	251,494,651.93	1,198,393,163.67	12,239,303,532.34
3. Provision for impairment						
(1) 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
(2) Increase in the current period						
- Provision						
- Other increases						
(3) Decrease in the current period			1,375,063.05	15.63	418,003.46	1,793,082.14
- Disposal or scrapping			1,375,063.05	15.63	418,003.46	1,793,082.14
- Other decreases						
(4) Balance as at June 30, 2022		86,088,944.90	55,938,339.17	112,052.23	8,867,423.53	151,006,759.83
4. Book value						
(1) Book value as at June 30, 2022	18,328,162.08	3,026,438,194.78	1,317,974,872.20	59,763,864.12	373,979,186.27	4,796,484,279.45
(2) 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

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

5.21.3 Temporarily idle fixed assets

Item	Original book value	Accumulated depreciation	Provision for impairment	Book value	Remark
Buildings and constructions	18,377,959.16	10,585,714.55	801,041.94	6,991,202.67	
Machinery equipment	25,451,668.47	22,240,769.11	2,033,188.23	1,177,711.13	
Transportation equipment	4,977,852.17	4,728,959.51		248,892.66	
Instrument and apparatus	6,255,626.20	5,758,065.37	203,381.59	294,179.24	
Electronic equipment					
Others	33,644,406.19	31,433,294.09	1,300,643.12	910,468.98	
Land assets					
Total	88,707,512.19	74,746,802.63	4,338,254.88	9,622,454.68	

5.21.4 Fixed assets leased out through operating lease

Item	Book value as at June 30, 2022
Buildings and constructions	63,347,891.18
Machinery equipment	5,594,913.53
Transportation equipment	27,745.21
Instrument and apparatus, electronic equipment and others	363,980.85
Total	69,334,530.77

5.21.5 Fixed assets with certificates of title uncompleted

Item	Book value	Reason for failure to complete the formalities for the certificate of title
No. 2 building in Chengdu	83,655,409.21	It is going through the formalities.
350T high speed dynamic balance and nuclear power plan	45,297,684.81	It is going through the formalities.
Nuclear power plant	26,007,521.41	During the filing process
J-379 second staff canteen	15,204,362.54	It is going through the formalities.
J-376 newly-built crafting and technology building	11,168,256.80	It is going through the formalities.
J-378 staff canteen	10,403,875.37	It is going through the formalities.
Wind power workshop and auxiliary room	9,133,121.31	Construction data was missing due to 5.12 Earthquake
Production base phrase I in Hulun Buir (Plant)	7,864,139.61	It is going through the formalities.
Production base phrase I in Hulun Buir (office building)	7,864,139.61	It is going through the formalities.
J-375 hydraulic laboratory	6,350,867.06	It is going through the formalities.

DONGFANG ELECTRIC CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022

J-373 second overspeed laboratory	4,609,943.25	It is going through the formalities.
Others	21,088,230.43	It is going through the formalities.
Total	248,647,551.41	

5.21.6 Disposal of fixed assets

Item	Balance as at June 30, 2022	Balance as at December 31, 2021
Transportation facilities	-23,475.21	7,865.99
Electronic equipment	208,648.72	218,726.89
Others	836.01	289.00
Total	186,009.52	226,881.88

5.22 Construction in progress

5.22.1 Construction in progress and project materials

Item	Balance as at June 30, 2022	Balance as at December 31, 2021
Construction in progress	361,445,314.00	286,448,122.33
Project materials	30,649.48	30,649.48
Total	361,475,963.48	286,478,771.81

5.22.2 Breakdown of construction in progress

Item	Balance as at June 30, 2022			Balance as at December 31, 2021		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
CNC Gantry Milling Machine	31,383,778.86		31,383,778.86	31,383,778.86		31,383,778.86
DEC Hydrogen energy Industrial Park	28,159,668.14		28,159,668.14	11,674,629.28		11,674,629.28
High temperature blade trial production project	27,342,090.32		27,342,090.32	11,913,032.66		11,913,032.66
Improvement project of heavy gas turbine rotor production and manufacturing capacity	25,005,114.15					
Horizontal milling complex machining center	12,585,183.69		12,585,183.69	12,585,183.69		12,585,183.69
Financial sharing service system construction project (phase II)	9,291,999.98		9,291,999.98	9,291,999.98		9,291,999.98
Procurement of servers	6,371,660.20		6,371,660.20	6,371,660.20		6,371,660.20
Construction of independent gas source station and test platform for centrifugal compressor outlet high voltage electric heater	5,884,955.75		5,884,955.75	5,884,955.75		5,884,955.75
Stator punching intelligent manufacturing line and supporting	87,000.00		87,000.00	87,000.00		87,000.00

DONGFANG ELECTRIC CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022

equipment (national funds)						
Special power plant (technical innovation project of nuclear main pump base)				8,005,838.53		8,005,838.53
Motor test device (test station upgrade) project 1				6,141,592.84		6,141,592.84
Motor rotor coil milling hole automatic line (national funds)				9,980,000.00		9,980,000.00
Others	219,801,745.52	4,467,882.61	240,338,977.06	177,596,333.15	4,467,882.61	173,128,450.54
Total	365,913,196.61	4,467,882.61	361,445,314.00	290,916,004.94	4,467,882.61	286,448,122.33

**DONGFANG ELECTRIC CORPORATION LIMITED NOTES TO
THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022**

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

Project name	Budget (RMB 0,000)	Balance as at December 31, 2021	Increase in the current period	Amount transferred into fixed assets/intangible assets in the current period	Other decreases in the current period	Balance as at June 30, 2022	Proportion of accumulative project investments in budget (%)	Project progress (%)	Accumulated capitalization amount of interest	Including: capitalization in amount of interest in the current period	Capitaliza tion rate of interest in the current period (%)	Source of funds
CNC Gantry Milling Machine	2,744.00	31,383,778.86				31,383,778.86	114	95	437,051.41			Self- financ e
Horizontal milling complex machining center	1,057.00	12,585,183.69				12,585,183.69	119	90				Self- finance
High temperature blade trial production project	7,180.00	11,913,032.66	15,914,013.41	484,955.75		27,342,090.32	38	60				Self- finance
DEC Hydrogen energy Industrial Park	17,940.95	11,674,629.28	16,485,038.86			28,159,668.14	15.7	15.7				Self- finance
0708_J15802G Motor rotor coil milling hole automatic line (national funds)	1,050.00	9,980,000.00		9,980,000.00								National funds
Financial sharing service system construction project (phase II)	3,000.00	9,291,999.98				9,291,999.98	31	30				Self- finance
712_20_TD01 Special power plant (technical innovation project of nuclear main pump base)	2,300.00	8,005,838.53	6,475,321.10	14,481,159.63								Self- finance
Procurement of servers	750.00	6,371,660.20				6,371,660.20	85	90				Self- finance
704_21_DD12 Motor test device (test station upgrade)	995.00	6,141,592.84	2,265,486.75	8,407,079.59								Self- finance
26G50 Construction of independent gas source station and test platform for centrifugal compressor outlet high voltage electric heater	700.00	5,884,955.75				5,884,955.75	84	90				Self- finance
Others		177,683,333.15	188,685,873.62	107,120,270.38	14,355,076.72	244,893,859.67			213,617.12			Self-

**DONGFANG ELECTRIC CORPORATION LIMITED NOTES TO
THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022**
5.23 Right-of-use assets

Item	Buildings and constructions	Machinery equipment	Total
1. Original book value			
(1) Balance as at January 1, 2021	327,033,968.01	30,162,343.36	357,196,311.37
(2) Increase in the current period	168,716,905.86	1,814,528.12	170,531,433.98
- New leases	168,716,905.86	1,814,528.12	170,531,433.98
- Increase from business combination			
- Revaluation adjustment			
(3) Decrease in the current period			
- Transfer-out to fixed assets			
- Disposal			
(4) Balance as at June 30, 2021	495,750,873.87	31,976,871.48	527,727,745.35
2. Accumulated depreciation			
(1) Balance as at January 1, 2021	110,434,484.83	15,435,724.47	125,870,209.30
(2) Increase in the current period	72,252,459.03	2,950,709.07	75,203,168.10
- Provision	72,252,459.03	2,950,709.07	75,203,168.10
(3) Decrease in the current period			
- Transfer-out to fixed assets			
- Disposal			

**DONGFANG ELECTRIC CORPORATION LIMITED NOTES TO
THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022**

(4) Balance as at June 30, 2022	182,686,943.86	18,386,433.54	201,073,377.40
3. Provision for impairment			
(1) Balance as at January 1, 2022			
(2) Increase in the current period			
- Provision			
(3) Decrease in the current period			
- Transfer-out to fixed assets			
- Disposal			
(4) Balance as at June 30, 2022			
4. Book value			
(1) Book value as at June 30, 2022	313,063,930.01	13,590,437.94	326,654,367.95
(2) Book value as at January 1, 2022	216,599,483.18	14,726,618.89	231,326,102.07

**DONGFANG ELECTRIC CORPORATION LIMITED NOTES TO
THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022**

5.24 Intangible assets

5.24.1 Breakdown of intangible assets

Item	Land use right	Patent right	Non-patent technology	Software	Others	Total
I. Original book value						
(1) Balance as at December 31, 2020	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) Increase in the current period	31,595,905.03	5,498,907.29		13,206,709.71	25,595,237.84	75,896,759.87
- Purchase	31,595,905.03	1,344,834.37		9,034,795.46		41,975,534.86
- Transfer-in of construction in progress		4,154,072.92		4,171,914.25	402,144.32	8,728,131.49
- Change in exchange rate					25,193,093.52	25,193,093.52
(3) Decrease in the current period	33,046,830.51	262,000.00				33,308,830.51
- Disposal	33,046,830.51	262,000.00				33,308,830.51
- Other changes						
(4) Balance as at June 30, 2022	1,126,029,332.76	215,914,269.77	343,606,366.49	358,352,965.42	635,411,668.89	2,679,314,603.33
2. Accumulated amortization						
(1) Balance as at December 31, 2022	251,116,042.28	59,740,168.55	326,461,085.85	232,801,975.62	117,755,657.79	987,874,930.09
(2) Increase in the current period	12,251,981.43	8,756,216.69	3,372,601.44	16,965,600.90	12,441,934.72	53,788,335.18
- Provision	12,251,981.43	8,756,216.69	3,372,601.44	16,965,600.90	12,441,934.72	53,788,335.18
- Other changes						
(3) Decrease in the current period	8,223,678.81	262,000.00				8,485,678.81
- Disposal	8,223,678.81	262,000.00				8,485,678.81
- Other changes						
(4) Balance as at June 30, 2022	255,144,344.90	68,234,385.24	329,833,687.29	249,767,576.52	130,197,592.51	1,033,177,586.46

**DONGFANG ELECTRIC CORPORATION LIMITED NOTES TO
THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022**

Item	Land use right	Patent right	Non-patent technology	Software	Others	Total
3. Provision for impairment						
(1) Balance as at December 31, 2021	33,314.36		376,405.24	308,176.10		717,895.70
(2) Increase in the current period						
- Provision						
- Other changes						
(3) Decrease in the current period						
- Disposal						
- Other changes						
(4) Balance as at June 30, 2022	33,314.36		376,405.24	308,176.10		717,895.70
4. Book value						
(1) Book value as at June 30, 2022	870,851,673.50	147,679,884.53	13,396,273.96	108,277,212.80	505,214,076.38	1,645,419,121.17
(2) 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

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

**DONGFANG ELECTRIC CORPORATION LIMITED NOTES TO
THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022**

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

5.25 Development expenditures

Item	Balance as at December 31, 2021	Increase in the current period		Decrease in the current period		Balance as at June 30, 2022
		Internal research and development expenditures	Others	Recognized as intangible assets	Transferred to the current profit or loss	
Research project to deepen the application of ERP based on financial sharing (XJCKY20002)	3,419,811.33					3,419,811.33
PLM capitalized expenditure on system research and development	169,911.50					169,911.50
Self-developed automatic welding equipment and application	6,192.00					6,192.00
Industrial control network audit analysis platform user interface software	402,414.32	778,543.56				1,180,957.88
Others	271,839.61	563,400.03				835,239.64
Total	4,270,168.76	1,341,943.59				5,612,112.35

5.26 Long-term deferred expenses

Item	Balance as at December 31, 2021	Increase in the current period	Amount amortized in the current period	Balance as at June 30, 2022
Sporadic projects	2,267,046.54	82,568.81	254,278.15	2,095,337.20
Total	2,267,046.54	82,568.81	254,278.15	2,095,337.20

5.27 Deferred income tax assets and deferred income tax liabilities

5.27.1 Deferred income tax assets without offset

**DONGFANG ELECTRIC CORPORATION LIMITED NOTES TO
THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022**

Item	Balance as at June 30, 2022		Balance as at December 31, 2021	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Provision for impairment of assets	9,124,482,457.27	1,409,811,987.78	9,051,134,431.24	1,398,678,577.24
Deductible losses	803,848,816.48	120,577,322.46	904,297,221.38	135,644,583.21
Estimated liabilities	7,382,208,810.69	1,191,275,482.46	6,572,462,579.26	1,037,552,568.78
Employee compensation payable	1,653,645,063.20	252,587,350.69	1,526,342,290.32	233,474,699.47
Unrealized profits of internal transactions	251,233,320.33	37,590,984.95	135,457,768.18	20,224,652.13
Government grants	169,652,441.05	26,096,188.92	193,388,661.47	30,651,069.48
Accounts payable	1,260,267,825.19	191,027,261.16	1,671,521,498.06	250,753,156.05
Depreciation of fixed assets	24,933,304.00	3,739,995.60	18,521,057.73	2,778,158.66
Changes in fair value	32,249,902.49	7,684,945.53	22,246,434.93	5,313,677.84
Overseas enterprise income tax to be offset	124,928,045.27	18,739,206.79	124,928,045.27	18,739,206.79
Amortization of intangible assets	2,607,171.48	391,075.72	2,607,171.48	391,075.72
Others	69,394,258.27	10,409,138.74	38,679,242.17	5,801,886.33
Total	20,899,451,415.72	3,269,930,940.80	20,261,586,401.49	3,140,003,311.70

5.27.2 Deferred income tax liabilities before offset

Item	Balance as at June 30, 2022		Balance as at December 31, 2021	
	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	262,804,488.17	40,992,963.52	286,596,229.05	43,306,101.03
Others	17,695,309.37	2,654,296.41	17,695,309.37	2,654,296.40
Total	280,499,797.54	43,647,259.93	304,291,538.42	45,960,397.43

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

Item	Balance as at June 30, 2022	Balance as at December 31, 2021
Losses that can be carried forward to the subsequent year	1,097,828,116.99	1,000,107,727.91
Deductible temporary difference	170,366,279.78	163,300,948.43
Total	1,268,194,396.77	1,163,408,676.34

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

Year	Balance as at June 30, 2022	Balance as at December 31, 2021	Remark
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**DONGFANG ELECTRIC CORPORATION LIMITED NOTES TO
THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022**

2025		172,117,301.12
2026	328,573,374.76	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	1,097,828,116.99	1,000,107,727.91

5.28 Other non-current assets

	Balance as at June 30, 2022			Balance as at December 31, 2021		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Contract guarantee deposit	4,399,456,145.22	544,559,406.28	3,854,896,738.94	4,169,802,294.20	439,451,205.75	3,730,351,088.45
Completed project but not settled	450,852,247.48	199,931,800.55	250,920,446.93	499,003,374.05	210,749,036.05	288,254,338.00
Subsidiary in bankruptcy liquidation	499,363,000.00	499,363,000.00		499,363,000.00	499,363,000.00	
Total	5,349,671,392.70	1,243,854,206.83	4,105,817,185.87	5,168,168,668.25	1,149,563,241.80	4,018,605,426.45

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

**DONGFANG ELECTRIC CORPORATION LIMITED NOTES TO
THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022**

5.29 Short-term borrowings

5.29.1 Classification of short-term borrowings

Item	Balance as at June 30, 2022	Balance as at December 31, 2021
Guaranteed borrowings		
Credit borrowings	50,000,000.00	41,830,000.00
Total	50,000,000.00	41,830,000.00

5.29.2 Short-term borrowings that have been due but not paid
None.

5.30 Notes payable

Category	Balance as at June 30, 2022	Balance as at December 31, 2021
Bank acceptance bill	2,476,525,573.63	1,531,732,231.95
Commercial acceptance bill	5,220,647,271.90	4,723,065,909.85
Total	7,697,172,845.53	6,254,798,141.80

Remark: The Company had no due and unpaid notes payable as at June 30, 2022.

5.31 Accounts payable

5.31.1 Presentation of accounts payable

Item	Balance as at June 30, 2022	Balance as at December 31, 2021
Within 1 year (including 1 year)	14,120,030,177.17	11,232,232,094.80
1-2 years (including 2 years)	1,091,886,863.07	1,284,148,929.82
2-3 years (including 3 years)	506,819,186.34	344,635,046.35
Over 3 years	974,447,051.61	1,098,351,003.08
Total	16,693,183,278.19	13,959,367,074.05

**DONGFANG ELECTRIC CORPORATION LIMITED NOTES TO
THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022**

5.31.2 Significant accounts payable with aging over one year

Item	Balance as at June 30, 2022	Reason for failure in repayment or carry-forward
Entity 1	65,322,083.99	The term of payment has not been met.
Entity 2	64,361,871.31	During bankruptcy liquidation
Entity 3	50,692,193.55	The term of payment has not been met.
Entity 4	50,551,603.72	The term of payment has not been met.
Entity 5	49,502,677.46	The term of payment has not been met.
Entity 6	47,102,263.65	The term of payment has not been met.
Entity 7	46,853,046.31	The term of payment has not been met.
Entity 8	34,674,420.00	The term of payment has not been met.
Entity 9	34,189,095.13	The term of payment has not been met.
Entity 10	33,327,820.27	The term of payment has not been met.
Entity 11	30,659,714.94	The term of payment has not been met.
Total	507,236,790.33	

5.32 Contract liabilities

Item	Balance as at June 30, 2022	Balance as at December 31, 2019
Within 1 year	16,431,857,069.99	16,523,715,297.73
Over 1 year	11,577,590,896.76	13,881,271,664.46
Total	28,009,447,966.75	30,404,986,962.19

5.33 Absorption of deposits and interbank deposits

Item	Balance as at June 30, 2022	Balance as at December 31, 2021
Demand deposits	6,812,378,484.40	3,713,754,238.51
- Company	6,812,378,484.40	3,713,754,238.51
Time deposits (including the call deposits)	90,000,000.00	26,000,000.00
- Company	90,000,000.00	26,000,000.00
- Security deposits received		
- Other deposits (including outward remittance for individuals and remittances outstanding for enterprises)		
Total	6,902,378,484.40	3,739,754,238.51

5.34 Employee compensation payable

5.34.1 Presentation of employee compensation payable

Item	Balance as at December 31, 2021	Increase in the current period	Decrease in the current period	Balance as at December 31, 2022
Short-term compensation	255,580,495.19	1,574,855,359.74	1,551,507,731.13	278,928,123.80

**DONGFANG ELECTRIC CORPORATION LIMITED NOTES TO
THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022**

Post-employment benefits- defined contribution plans	204,424,416.67	217,217,763.43	213,962,491.79	207,679,688.31
Dismissal benefits	325,742,290.94	109,706,906.11	185,017,470.71	250,431,726.34
Other benefits maturing within one year				
Total	785,747,202.80	1,901,780,029.28	1,950,487,693.63	737,039,538.45

5.34.2 Presentation of short-term compensation

Item	Balance as at January 1, 2022	Increase in the current period	Decrease in the current period	Balance as at June 30, 2022
Salaries, bonuses, allowances and subsidies		1,161,012,290.96	1,121,318,053.75	39,694,237.21
Employee welfare fees	35,726,083.94	97,601,297.58	106,390,085.96	26,937,295.56
Social insurance premiums	57,223,068.69	106,509,436.25	108,548,433.14	55,184,071.80
Including: basic medical insurance premium	3,154.92	93,761,682.70	93,760,114.70	4,722.92
Supplementary medical insurance premium	62,151.00	10,247,000.42	10,246,968.42	62,183.00
Work-related injury insurance premium	121,115.79	1,151,823.68	1,151,823.69	121,115.78
Maternity insurance premium	57,036,646.98	1,101,572.44	3,144,809.32	54,993,410.10
Others		247357.01	244717.01	2640.00
Housing provident fund	7,587,453.00	150,669,931.00	152,079,012.00	6,178,372.00
Labor union expenditures and employee education funds	152,579,183.88	41,125,650.44	42,866,432.44	150,838,401.88
Labor protection expenses		15,473,179.91	15,473,179.91	
Short-term profit (bonus) sharing plan				-
(8) Others	2,464,705.68	2,463,573.60	4,832,533.93	95,745.35
Total	255,580,495.19	1,574,855,359.74	1,551,507,731.13	278,928,123.80

5.34.3 Presentation of defined contribution plans

Item	Balance as at December 31, 2021	Increase in the current period	Decrease in the current period	Balance as at June 30, 2022
Basic endowment insurance premium	9,626.72	194,008,040.41	194,008,040.41	9,626.72

**DONGFANG ELECTRIC CORPORATION LIMITED NOTES TO
THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022**

Unemployment insurance premium	9,949.49	7,084,422.10	7,094,080.38	291.21
Enterprise annuity payment	204,404,840.46	16,125,300.92	12,860,371.00	207,669,770.38
Total	204,424,416.67	217,217,763.43	213,962,491.79	207,679,688.31

5.35 Taxes and surcharges payable

Tax	Balance as at June 30, 2022	Balance as at December 31, 2021
Value-added tax	296,989,357.79	178,954,800.91
Enterprise income tax	237,837,421.32	187,375,327.00
Individual income tax	4,865,678.55	39,558,861.72
Urban maintenance and construction tax	19,538,955.11	10,971,219.42
House property tax	15,529,100.06	675,473.57
Educational surtax (including local educational surtax)	13,774,767.97	7,571,270.95
Land use tax	5,931,361.89	469,126.55
Other taxes	8,984,331.74	15,339,793.19
Total	603,450,974.43	440,915,873.31

5.36 Other payables

Item	Balance as at June 30, 2022	Balance as at December 31, 2021
Interest payable	6,806,212.23	6,950,944.06
Dividends payable	721,425,306.66	3,740,681.09
Other payables	1,324,813,557.85	1,395,396,812.12
Total	2,053,045,076.74	1,406,088,437.27

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

5.36.1 Interest payable

Item	Balance as at June 30, 2022	Balance as at December 31, 2021
Interest payable on short-term borrowings	6,177,716.25	244,174.46
Interest payable on absorption of deposits	628,495.98	6,706,769.60
Total	6,806,212.23	6,950,944.06

**DONGFANG ELECTRIC CORPORATION LIMITED NOTES TO
THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022**

5.36.2 Dividends payable

Item	Balance as at June 30, 2022	Balance as at December 31, 2021
Ordinary share dividends	721,425,306.66	3,740,681.09
Total	721,425,306.66	3,740,681.09

5.36.3 Other payables

(1) Presentation of other payables by nature

Nature	Balance as at June 30, 2022	Balance as at December 31, 2021
Equity purchase price payable	265,021,663.30	328,795,028.00
Agency fund	190,171,404.14	224,813,029.16
Margin and deposit	309,423,391.77	392,122,989.66
Lease, service and minor purchase payables	42,900,843.02	29,190,762.21
Advance money payable	104,049,171.95	64,572,927.66
Social insurance premium and housing provident fund undertaken by individuals	31,978,240.27	18,096,903.74
Others	381,268,843.40	337,805,171.69
Total	1,324,813,557.85	1,395,396,812.12

(2) Other significant payables with aging over one year

Item	Balance as at June 30, 2022	Reason for failure in repayment or carry-forward
Entity 1	167,224,112.31	The term of payment has not been met.
Entity 2	87,704,218.57	Pre-paid claims outstanding
Entity 3	33,002,947.82	Pre-paid claims outstanding
Entity 4	27,580,255.90	The term of payment has not been met.
Entity 5	20,616,839.96	The term of payment has not been met.
Entity 6	14,334,407.51	Bankruptcy liquidation
Entity 7	10,000,000.00	The settlement time has not been reached
Total	360,462,782.07	

5.37 Non-current liabilities maturing within one year

Item	Balance as at June 30, 2022	Balance as at December 31, 2021
Long-term borrowings maturing within one year	164,036.00	164,036.00
Lease liabilities maturing within one year	50,610,592.30	101,988,838.33
Total	50,774,628.30	102,152,874.33

**DONGFANG ELECTRIC CORPORATION LIMITED NOTES TO
THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022**

5.38 Other current liabilities

Item	Balance as at June 30, 2022	Balance as at December 31, 2021
Provisional estimate cost	68,720,581.75	89,581,391.17
Liabilities from vicarious business	11,743,873.04	8,233,559.05
Recognized, endorsed and undue receivables financing at the end of period	252,043,394.29	727,343,368.31
Others	15,053,159.46	15,285,803.37
Total	347,561,008.54	840,444,121.90

5.39 Long-term borrowings

Item	Balance as at June 30, 2022	Balance as at December 31, 2021
Mortgage borrowings	364,909,556.24	356,291,967.96
Credit borrowings	1,208,800,000.00	1,208,800,000.00
Total	1,573,709,556.24	1,565,091,967.96

5.40 Lease liabilities

Item	Balance as at June 30, 2022	Balance as at December 31, 2021
Lease payment	470,118,549.23	241,981,708.73
Less: unrecognized financing expense	127,285,387.71	13,060,246.70
Part reclassified to the non-current liabilities maturing within one year	50,610,592.30	101,988,838.33
Total	292,222,569.22	126,932,623.70

Remark: The Company reclassified the part within one year to the non-current liabilities maturing within one year based on liquidity. For details, see Note 5.37.

**DONGFANG ELECTRIC CORPORATION LIMITED NOTES TO
THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022**

5.41 Long-term payables

Item	Balance as at June 30, 2022	Balance as at December 31, 2021
Special payables	240,000.00	240,000.00
Total	240,000.00	240,000.00

Including: special payables

Item	Balance as at December 31, 2021	Increase in the current period	Decrease in the current period	Balance as at June 30, 2022	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
Total	240,000.00			240,000.00	

5.42 Long-term employee compensation payable

Item	Balance as at June 30, 2022	Balance as at December 31, 2021
I. Post-employment benefits - net liabilities of defined benefit plans		
II. Dismissal benefits	873,291,112.07	715,975,614.18
III. Other long-term benefits	262,719,955.85	262,719,955.85
Total	1,136,011,067.92	978,695,570.03

**DONGFANG ELECTRIC CORPORATION LIMITED NOTES TO
THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022**

5.43 Estimated liabilities

Item	Balance as at June 30, 2022	Balance as at December 31, 2022	Forming reason
Pending litigation	106,915,855.90	240,974,420.77	Estimated tax, overdue fine, amercement outlay and other estimated expenditure on lawsuit from the disputes between the Company and the local tax authority on account of the collection of property tax regarding projects.
Product quality guarantee deposit	3,285,655,537.75	2,920,975,972.05	Estimated expenditure on product quality guarantee deposit
Onerous contract	3,044,765,764.28	3,054,815,955.35	Onerous contract to be implemented and the expected future loss in the course of implementation
Expected fines for late delivery	278,842,193.82	451,519,671.95	Expected fines for late delivery
Total	6,716,179,351.75	6,668,286,020.12	

5.44 Deferred income

Item	Balance as at December 31, 2022	Increase in the current period	Decrease in the current period	Balance as at June 30, 2022	Forming reason
Government grants relating to assets	312,689,540.78		28,452,330.51	284,237,210.27	Particulars are set out in Table 1
Government grants relating to income	46,715,032.78	30,349,559.18	19,275,960.90	57,788,631.06	Particulars are set out in Table 1
Total	359,404,573.56	30,349,559.18	47,728,291.41	342,025,841.33	

5.44.1 Items involving government grants:

**DONGFANG ELECTRIC CORPORATION LIMITED NOTES TO
THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022**

Liability item	Balance as at December 31, 2021	New grants in 2022	Amount included in non- operating income in 2022	Amount included in other income in 2022	The amount of cost reduction in 2022	Add: other changes	Balance as at June 30, 2022	Related to assets/income
VAT refund for three- line enterprises	172,200,692.81			8,589,081.73			163,611,611.08	Related to assets
Subsidy for project infrastructure construction	98,654,352.96			6,372,384.11		2,220,000.00	90,061,968.85	Related to assets
Appropriation for scientific research	7,850,829.66			548,061.12			7,302,768.54	Related to assets
Appropriation for technical reform	10,008,781.45						10,008,781.45	Related to assets
Government subsidies	1,246,666.67						1,246,666.67	Related to assets
Other appropriations	22,728,217.23			1,145,663.38		9,577,140.17	12,005,413.68	Related to assets
Appropriation for scientific research	41,004,332.73	23,643,587.29		10,938,162.74		6,330,500.00	47,379,257.28	Related to income
Appropriation for technical reform	75,000.00						75,000.00	Related to income
Government subsidies	2,074,525.00	4,899,678.00		102,999.44			6,871,203.56	Related to income
Other appropriations	3,561,175.05	1,806,293.89		1,749,598.46		154,700.26	3,463,170.22	Related to income
Total	359,404,573.56	30,349,559.18		29,445,950.98		18,282,340.43	342,025,841.33	

Remark: 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.

**DONGFANG ELECTRIC CORPORATION LIMITED NOTES TO
THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022**

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

5.45 Share capital

Name of investee	Balance as at December 31, 2021		Increase in the current period	Decrease in the current period	Balance as at June 30, 2022	
	Investment amount	Proportion (%)			Investment amount	Proportion (%)
Dongfang Electric Corporation	1,727,919,826.00	55.40			1,727,919,826.00	55.40
Holders of A Shares	1,051,231,304.00	33.70		150,000.00	1,051,081,304.00	33.70
Holders of H Shares	340,000,000.00	10.90			340,000,000.00	10.90
Total	3,119,151,130.00	100.00		150,000.00	3,119,001,130.00	100.00

Remark: On December 8, 2021, the Company convened the seventh meeting of the tenth session of the Board and the fourth meeting of the tenth session of the Supervisory Committee and passed the Resolution on Repurchase and Cancellation of Certain Restricted Stocks and other resolutions. The Board considered and decided to repurchase and cancel a total of 150,000 restricted shares granted to 5 incentive participants but not yet unlocked.

5.46 Capital reserves

Item	Balance as at December 31, 2021	Increase in 2022	Decrease in 2022	Balance as at June 30, 2022
Capital (share capital) premium	11,252,241,058.43	48,381,962.80	68,953,468.67	11,231,669,552.56

**DONGFANG ELECTRIC CORPORATION LIMITED NOTES TO
THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022**

Other capital reserves	191,250,754.65		5,544,413.15	185,706,341.50
Total	11,443,491,813.08	48,381,962.80	74,497,881.82	11,417,375,894.06

Remarks:

1. The external minority shareholders of Dongfang Hydrogen Energy, a subsidiary of the Company, increased capital. It was confirmed that the capital reserve was increased - the capital premium was RMB48,381,962.80.
2. The Company acquired the equity held by the minority shareholders of the subsidiary, DENE, and confirmed that the capital reserve was decreased - the capital premium was RMB35,017,375.76.
3. On December 8, 2021, the Company convened the seventh meeting of the tenth session of the Board and the fourth meeting of the tenth session of the Supervisory Committee, and considered and approved the Resolution on Adjusting the Repurchase Price of the Restricted Shares under the 2019 Restricted A Share Incentive Scheme, the Resolution on Repurchase and Cancellation of Certain Restricted Stocks, the Resolution on the Fulfilment of Conditions for Unlocking the First Phase of the First Grant under the 2019 Restricted A Share Incentive Scheme and other resolutions. The Board considered and decided to repurchase and cancel a total of 150,000 restricted shares granted to 5 incentive participants but not yet unlocked, and the capital reserve-capital premium decreased by RMB681,750.00 due to the repurchase.
4. The Company's subsidiary DEA purchased equity from the minority shareholders controlled by the subsidiary DBC, and the Company confirmed that the capital reserve was decreased - the capital premium was RMB1,702,800.00.
5. The Company confirmed that the capital reserve was decreased - the capital premium was RMB31,551,542.91 due to changes in the shareholders' equity of DFEM, a subsidiary of the Company.
6. The Company's subsidiary DBC decreased the capital reserve - other capital reserve by RMB5,544,413.15 according to the equity method due to changes in the capital reserve of joint ventures.

5.47 Treasury share

Item	Balance as at December 31, 2021	Increase in 2022	Decrease in 2022	Balance as at June 30, 2022
Restricted stock incentive scheme	168,649,028.00		54,833,441.70	113,815,586.30
Total	168,649,028.00		54,833,441.70	113,815,586.30

**DONGFANG ELECTRIC CORPORATION LIMITED NOTES TO
THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022**

Remark:

1. On December 8, 2021, the Company convened the seventh meeting of the tenth session of the Board and the fourth meeting of the tenth session of the Supervisory Committee, at which the Resolution on Repurchase and Cancellation of Certain Restricted Stocks was considered and approved. The Board considered and decided to repurchase and cancel a total of 150,000 restricted shares granted to 5 incentive participants but not yet unlocked, resulting in a decrease of RMB916,500 in treasury shares as a result of the repurchase.

2. On December 8, 2021, the Company convened the seventh meeting of the tenth session of the Board and the fourth meeting of the tenth session of the Supervisory Committee, and considered and approved the Resolution on the Fulfilment of Conditions for Unlocking the First Phase of the First Grant under the 2019 Restricted A Share Incentive Scheme. After consideration, the conditions for unlocking the first tranche of the first grant under the 2019 Restricted A Share Incentive Scheme of the Company have been fulfilled, and the Company agreed to handle the matters in relation to the unlocking of the relevant restricted shares for 759 eligible participants. The number of restricted shares released was 9,082,232 shares, and the treasury shares decreased by RMB53,916,941.70 due to the unlocking.

5.48 Other comprehensive income

Item	Balance as at December 31, 2021	Pre-tax amount incurred in 2022	First half of Year 2022						Less: amount transferred to the other comprehensive income and currently transferred to retained earnings	Balance as at June 30, 2022
			Less: amount previously included in the other comprehensive income and currently transferred to the profit or loss	Less: amount previously included in the other comprehensive income and currently transferred to the financial assets measured at the amortized cost	Less: Hedging reserves transferred to the relevant asset or liability	Less: income tax expenses	Amount after tax attributable to the parent company	Amount after tax attributable to minority shareholders		
I. Other comprehensive income that cannot be reclassified into profit or loss	-694,527.67									-694,527.67
Changes in re-measurement of the defined benefit plan										

**DONGFANG ELECTRIC CORPORATION LIMITED NOTES TO
THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022**

Other comprehensive income that cannot be transferred to profit or loss under the equity method										
Changes in fair value of other equity instrument investments	-694,527.67									-694,527.67
Changes in the fair value of the Company's own credit risk										
Other changes										
II. Other comprehensive income that will be reclassified into profit or loss	-68,261,069.29	35,420,970.67	-39,172.13			34,695,519.65	764,623.15			-33,565,549.64
Other comprehensive income that can be transferred to profit or loss under the equity method	613,977.10	289,767.29				273,511.35	16,255.94			887,488.45

**DONGFANG ELECTRIC CORPORATION LIMITED NOTES TO
THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022**

Changes in fair value of other creditor's right investment										
Amount of financial assets reclassified into other Comprehensive income										
Provision for Credit impairment of other creditor's right investment	2,756,647.63	1,664,042.09	-39172.13			1,685,257.82	17,956.40			4,441,905.45
Cash flow hedging reserve										
Translation differences of foreign currency statements	-71,678,132.02	33,467,161.29				32,736,750.48	730,410.81			-38,941,381.54
Other changes	46,438.00									46,438.00

**DONGFANG ELECTRIC CORPORATION LIMITED NOTES TO
THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022**

Total of other comprehensive income	-68,955,596.96	35,420,970.67	-39,172.13				34,695,519.65	764,623.15			-34,260,077.31
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**DONGFANG ELECTRIC CORPORATION LIMITED NOTES TO
THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022**

5.49 Special reserves

Item	Balance as at December 31, 2021	Increase in First half of 2022	Decrease in First half of 2022	Balance as at June 30, 2022
Work safety expenses	109,375,113.28	56,440,164.66	30,658,555.99	135,156,721.95
Total	109,375,113.28	56,440,164.66	30,658,555.99	135,156,721.95

5.50 Surplus reserves

Item	Balance as at December 31, 2021	Increase in first half of 2022	Decrease in First half of 2022	Balance as at June 30, 2022
Statutory surplus reserves	1,086,931,884.63			1,086,931,884.63
Discretionary surplus reserves				
Total	1,086,931,884.63			1,086,931,884.63

5.51 Undistributed profits

Item	First half of Year 2022	First half of Year 2021
Undistributed profits at the end of the previous year before adjustment	16,976,316,664.38	15,382,662,236.78
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	16,976,316,664.38	15,382,662,236.78
Plus: net profit attributable to owners of the parent company in the current period	1,774,136,141.38	2,289,036,817.45
Less: withdrawal of statutory surplus reserves		114,140,705.95
Withdrawal of discretionary surplus reserves		
Withdrawal of general risk reserves		
Common stock dividends payable	717,370,259.90	561,532,703.40
Common stock dividends transferred to share capital		
Plus: Carry-forward of other comprehensive income for retained earnings		-19,580,617.00
Others		-128,363.50
Undistributed profits at the end of the period	18,033,082,545.86	16,976,316,664.38

**DONGFANG ELECTRIC CORPORATION LIMITED NOTES TO
THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022**

5.52 Minority equity

Subsidiary	Proportion of minority interest (%)	Amount for the current period	Balance as at December 31, 2021
DFIM	38.91	648,226,234.35	643,913,659.09
DFEM	8.14	513,885,316.53	499,262,004.37
DTC	5.61	381,669,682.76	369,461,028.43
DBC	3.21	233,306,661.63	230,022,942.46
Dongfang Finance	5.00	178,047,504.18	175,280,431.63
Dongfang Kwh	39.2	110,832,836.21	111,066,514.69
Eastern Boiler Control	20.00	47,121,018.38	43,563,876.07
Dongfang Hitachi	49.00	79,680,945.92	76,000,809.87
Laos Namang River Power Co., Ltd.	25.00	72,213,897.50	72,612,767.27
Dongfang WuhanNuclear	0.00		79,282,624.24
Dongfang Tianjin Blade	15.00	58,053,308.05	57,146,443.08
DEA	3.49	33,129,382.74	31,321,570.26
Deyang Dongfang Aberle System Corporation Limited (hereinafter referred to as the Dongfang Aberle)	16.24	9,364,081.87	7,983,978.85
Dongfang Electric Venezuela	1.00	0.01	0.01
Dongfang Electric Wind Power (Shandong) Co., Ltd. (hereinafter referred to as the "Dongfang Shandong Wind Power")	45.00	79,387,053.77	81,304,211.77
Dongfang Wind Power	15.72	230,703,647.60	231,529,961.76
Dongfang Indonesia Company	49.00	18,607,916.80	16,366,062.96

**DONGFANG ELECTRIC CORPORATION LIMITED NOTES TO
THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022**

Henan Dongfang Boiler City Environmental Protection Equipment Co., Ltd.	20.00	6,076,895.30	6,930,215.39
Dongfang Hydrogen	53.35	228,725,058.37	95,473,815.11
Dongfang Electric (Deyang) Motor Technology Co., Ltd. (hereinafter referred to as Dongfang Motor)	10.00	19,678,439.79	9,191,857.20
Dongfang Electric Hydrogen Energy (Ya'an) Co., Ltd. (hereinafter referred to as Dongguo Ya'an Hydrogen Energy)	34.00	344,957.09	342,636.19
Dongfang Electric Hydrogen Energy (Chengdu) Co., Ltd. (hereinafter referred to as Dongguo Chengdu Hydrogen Energy)	37.13	32,757,713.66	32,529,931.24
Dongfang Electric Guoxin Hydrogen Energy (Deyang) Co., Ltd. (hereinafter referred to as Dongguo Deyang Hydrogen Energy)	49.00	505,889.21	491,891.81
Dongfang Electric (Neijiang) Hydrogen Energy Co., Ltd. (hereinafter referred to as Dongguo Neijiang Hydrogen Energy)	49.00	493,056.39	490,067.48
Dongfang Zhongneng	34.00	7,207,756.49	7,145,152.48
Dongfang Electric Hydrogen Energy (Guiyang) Co., Ltd. (hereinafter referred to as Dongguo Guiyang Hydrogen Energy)	49.00	153.44	
Dongfang Electric Hydrogen Energy (Anhui) Co., Ltd. (hereinafter referred to as Dongguo Anhui Hydrogen Energy)	10.00	3,001,492.71	100,038.61

**DONGFANG ELECTRIC CORPORATION LIMITED NOTES TO
THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022**

Oriental Three Gorges (Jiangsu) Smart Energy Co., Ltd. (hereinafter referred to as Oriental Jiangsu Energy)	54.00	5,234,193.63	5,407,695.65
Jiangsu Dongchuang Hydrogen Energy Technology Co., Ltd. (hereinafter referred to as Dongfang Jiangsu Hydrogen)	40.00	2,056,711.24	1,993,056.99
Dongfang Electric (Yangyuan) New Energy Equipment Co., Ltd.	35.00	3,490,613.93	
Total	—	3,003,802,419.55	2,886,215,244.96

5.53 Net current assets

Item	Amount as at June 30, 2022	Amount as at December 31, 2021
Current assets	66,133,335,062.03	69,854,609,459.04
Less: current liabilities	63,144,053,801.33	57,976,084,926.16
Net current assets	2,989,281,260.70	11,878,524,532.88

5.54 Total assets less current liabilities

Item	Amount as at June 30, 2022	Amount as at December 31, 2021
Total assets	109,895,364,380.16	103,104,573,304.33
Less: current liabilities	63,144,053,801.33	57,976,084,926.16
Total assets less current liabilities	46,751,310,578.83	45,128,488,378.17

5.55 Debit and credit

5.55.1 Information of debit and credit of the Company

Item	Amount as at June 30, 2022	Amount as at December 31, 2021
Short-term borrowings	50,000,000.00	41,830,000.00
Non-current liabilities maturing within one year (Partial borrowings)	164,036.00	164,036.00
Long-term borrowings	1,573,709,556.24	1,565,091,967.96
Total	1,623,873,592.24	1,607,086,003.96

5.55.2 Analysis on debit and credit

Item	Amount as at June 30, 2022	Amount as at December 31, 2021
Bank borrowings	914,909,556.24	898,121,967.96
Including: borrowings required to be repaid within five years	550,000,000.00	541,830,000.00
Sub-total	914,909,556.24	898,121,967.96
Other borrowings and payables	708,964,036.00	708,964,036.00
Total	1,623,873,592.24	1,607,086,003.96

**DONGFANG ELECTRIC CORPORATION LIMITED NOTES TO
THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022**

5.55.3 Analysis on the debit and credit on the due date

Item	Amount as at June 30, 2022	Amount as at December 31, 2021
Repay as required or within 1 year	50,164,036.00	41,994,036.00
1-2 years	860,000,000.00	640,000,000.00
2-5 years	348,800,000.00	568,800,000.00
Over 5 years	364,909,556.24	356,291,967.96
Total	1,623,873,592.24	1,607,086,003.96

5.56 Operating revenue and operating costs

5.56.1 Information on operating revenue and operating costs

Item	First half of Year 2022		First Half of Year 2021	
	Revenue	Expenses from costs/interest/expenses from handling charges and commissions	Revenue	Expenses from costs/interest/expenses from handling charges and commissions
Primary business	27,087,854,394.87	22,753,171,458.08	21,933,804,310.86	18,096,962,917.96
Other business	235,557,141.00	82,426,345.03	279,479,556.00	112,855,520.68
Interest income	584,434,000.71	50,997,730.48	522,217,202.09	56,581,143.01
Revenue from handling charges and commissions	1,164,823.08	699,886.05	1,584,492.97	785,443.91
Total	27,909,010,359.66	22,887,295,419.64	22,737,085,561.92	18,267,185,025.56

5.56.2 Revenue of modules and products

Name of module and product	Operating revenue		Operating cost	
	First half of Year 2022	First half of Year 2021	First half of Year 2022	First half of Year 2021
Renewable energy equipment	8,148,581,783.36	7,871,218,877.06	7,140,410,744.28	6,859,524,015.65
Including: wind power	6,889,221,596.17	6,395,981,149.82	6,074,345,807.29	5,656,700,021.43
Hydroelectric power	1,253,904,700.01	1,440,686,308.44	1,060,580,728.87	1,174,336,441.98
Efficient and clean energy equipment	8,534,207,636.55	6,190,243,009.80	6,728,081,596.25	4,873,809,215.00
Including: nuclear power	1,090,610,780.96	1,050,393,354.81	728,865,229.31	965,680,761.60
Gas turbine	1,244,524,372.32	893,318,668.91	1,244,349,350.14	806,985,468.94
Thermal power	6,199,072,483.27	4,246,530,986.08	4,754,867,016.80	3,101,142,984.46
Engineering and trade	4,474,351,406.28	2,575,811,954.05	3,994,886,869.51	2,124,922,587.05
Including: EPC	1,180,487,468.94	539,730,900.83	927,673,555.10	278,239,404.75
Trade	3,289,204,787.56	2,018,228,719.14	3,064,363,614.64	1,832,599,012.94
Modern manufacturing service industry	2,328,945,346.08	2,364,855,456.57	1,211,010,200.05	1,376,188,812.50
Including: power station service	1,456,053,426.28	1,452,165,281.27	887,664,843.64	991,634,786.01
Financial service	592,131,849.33	534,060,568.56	52,508,544.54	58,206,322.03
Emerging growth industry	4,422,924,187.39	3,734,956,264.44	3,812,906,009.55	3,032,740,395.36

**DONGFANG ELECTRIC CORPORATION LIMITED NOTES TO
THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022**

Total	27,909,010,359.66	22,737,085,561.92	22,887,295,419.64	18,267,185,025.56
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5.57 Taxes and surcharges

Item	First half of Year 2022	First half of Year 2021
Urban maintenance and construction tax	49,822,102.74	16,085,648.73
House property tax	38,891,484.86	42,813,432.33
Educational surtax	21,378,062.48	7,014,789.99
Stamp duty	31,878,572.10	18,277,358.31
Land use tax	21,514,258.80	20,105,485.40
Local educational surtax	14,356,136.07	4,501,096.44
Other taxes	-7,226,609.41	2,860,922.81
Total	170,614,007.64	111,658,734.01

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

5.58 Selling and distribution expenses

Item	First half of Year 2022	First half of Year 2021
Sales and service fees	492,403,087.22	435,203,453.89
Employee compensation	136,173,164.96	112,047,526.84
Travel expenses	23,356,974.29	26,167,399.52
Others	55,572,739.24	76,080,480.40
Total	707,505,965.71	649,498,860.65

5.59 General and administrative expenses

Item	First half of Year 2022	First half of Year 2021
Employee compensation	768,875,554.69	715,566,803.56
Repair charges	199,619,827.59	152,048,162.15
Depreciation costs	126,591,709.03	134,180,160.68
Work safety expenses	64,117,266.48	48,998,807.13
Rental fees	8,354,440.15	8,397,530.38
Travel expenses	19,596,639.95	23,014,406.54
Others	154,725,184.44	139,035,475.87
Total	1,341,880,622.33	1,221,241,346.31

5.60 Research and development expenditure

Item	First half of Year 2022	First half of Year 2021
Employee compensation	522,715,153.14	430,610,433.91
Materials expenses	72,427,850.57	174,990,643.27
Testing and quality assurance expenses	85,772,782.12	66,751,830.24
External commission fees	19,157,191.16	156,609,500.52
Depreciation expenses	54,584,782.75	53,371,037.96
Others	190,625,945.36	151,742,671.59
Total	945,283,705.10	1,034,076,117.49

**DONGFANG ELECTRIC CORPORATION LIMITED NOTES TO
THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022**

5.61 Finance expenses

Item	First half of Year 2022	First half of Year 2021
Interest expenses	25,281,722.08	13,819,760.24
Including: lease liability interest expenses	4,566,016.67	676,863.94
Less: interest revenue	17,610,455.06	24,422,770.46
Profit or loss on exchange	-63,250,087.39	26,952,236.13
Handling charges of financial institutions	17,697,600.82	24,072,586.98
Cash discount	-21,717,537.49	-44,029,642.06
Others	4,365,389.05	5,121,835.56
Total	-55,233,367.99	1,514,006.39

5.62 Other income

Source of other income	First half of Year 2022	First half of Year 2021
Government grants	51,285,245.28	54,698,561.05
Handling charges for withholding, collecting and taxation on behalf of tax authorities	1,050,853.19	419,205.40
Gain on debt restructuring	135,649,171.95	672,375.21
Others	118,999.44	183,587.70
Total	188,104,269.86	55,973,729.36

Government grants included in other income:

Subsidy	First half of Year 2022	First half of Year 2021	Related to assets/income
VAT refund for three-line enterprises	8,589,081.73	8,841,240.78	Related to assets
Appropriation for scientific research	3,421,258.14	547,682.22	Related to assets
Appropriation for scientific research	11,648,162.74	17,417,243.85	Related to income
Tax returns	3,975,411.25	1,483,762.05	Related to income
Other appropriations	4,059,021.99	2,863,668.52	Related to assets
Other appropriations	19,592,309.43	23,544,963.63	Related to income
Total	51,285,245.28	54,698,561.05	

5.63 Investment income

Item	First half of Year 2022	First half of Year 2021
Long-term equity investment income calculated by the equity method	116,777,292.85	140,123,305.27
Investment income from financial assets held for trading during the holding period	6,117,923.67	312,396.14

**DONGFANG ELECTRIC CORPORATION LIMITED NOTES TO
THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022**

Investment income from disposal of financial assets held for trading	-10,301,597.94	24,101,072.09
Investment income from creditor's right investment during the holding period	22,252,658.25	19,913,002.54
Investment income from the disposal of creditor's right investment		-84,230.00
Total	134,846,276.83	184,365,546.04

5.64 Foreign exchange gains

Item	First half of Year 2022	First half of Year 2021
Revenue from foreign exchange	1,720,767.48	231,986.54
Expenditure on foreign exchange		
Total	1,720,767.48	231,986.54

5.65 Income from changes in fair value

Sources of income from changes in fair value	First half of Year 2022	First half of Year 2021
Financial assets held for trading	-9,897,217.58	-11,520,868.30
Financial liabilities held for trading		
Total	-9,897,217.58	-11,520,868.30

5.66 Losses from credit impairment

Item	First half of Year 2022	First half of Year 2021
Losses from bad debts of accounts receivable	550,258.56	-90,627,109.73
Losses from bad debts of note receivables	33,681,625.25	
Losses from bad debts of accounts receivable financing	-1,703,214.22	
Losses from bad debts of other receivables	-9,133,811.73	999,943.38
Losses from impairment of creditor's right investment	13,479,075.00	15,671,140.96
Losses from bad debts of long-term receivables	-36,661,707.20	11,272,314.08
Losses from impairment of credit assets	-3,700,786.34	1,965,565.91
Bad debt losses on entrusted loans	94,932,319.92	
Total	91,443,759.24	-60,718,145.40

Remark: Losses are presented with "-".

5.67 Losses from asset impairment

Item	First half of Year 2022	First half of Year 2021
Loss from inventory depreciation and losses from impairment of contract performance cost	-58,197,079.52	-53,295,264.23
Loss from impairment of fixed assets		

**DONGFANG ELECTRIC CORPORATION LIMITED NOTES TO
THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022**

Losses from impairment of right-of-use assets		
Losses from impairment of intangible assets		
Losses from impairment of construction in progress		
Losses from impairment of contract assets	-214,171,300.98	-159,747,738.95
Total	-272,368,380.50	-213,043,003.18

Remark: Losses are presented with "-".

5.68 Income from asset disposal

Item	First half of Year 2022	First half of Year 2021
Income from disposal of non-current assets	43,041,729.82	227,469,625.08
Total	43,041,729.82	227,469,625.08

5.69 Non-operating revenue

Item	First half of Year 2022	First half of Year 2021	Amount included in non-recurring profit or loss in the current period
Government grants	268,470.00	539,487.35	268,470.00
Gains from disposal of non-current assets	32,106.19	414,529.60	32,106.19
Including: gains from scrapping of fixed assets	32,106.19	414,529.60	32,106.19
Gains from debt restructuring			
Donations received			
Revenue from liquidated damages	5,067,849.82	7,967,808.84	5,067,849.82
Others	11,953,559.16	3,386,679.24	11,953,559.16
Total	17,321,985.17	12,308,505.03	17,321,985.17

Government grants included in the non-operating revenue

Subsidy	First half of Year 2022	First half of Year 2021	Related to asset/income
Government award		36,000.00	Related to income
Others	268,470.00	503,487.35	Related to income
Total	268,470.00	539,487.35	

5.70 Non-operating expenses

Item	First half of Year 2022	First half of Year 2021	Amount included in non-recurring profit or loss in the current period
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**DONGFANG ELECTRIC CORPORATION LIMITED NOTES TO
THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022**

Losses from disposal of non-current assets	1,741,057.07	973,797.01	1,741,057.07
Including: losses from scrapping of fixed assets	1,741,057.07	973,797.01	1,741,057.07
Donation outlay	10,062,217.72	12,297,934.00	10,062,217.72
Losses from pending litigation			
Expenditure on indemnity, liquidated damages and amercement outlay	19,289,448.93	2,789,150.70	19,289,448.93
Others	5,338,859.43	1,444,876.02	5,338,859.43
Total	36,431,583.15	17,505,757.73	36,431,583.15

5.71 Income tax expenses

5.71.1 Table of income tax expenses

Item	First half of Year 2022	First half of Year 2021
Current income tax expenses	332,680,097.28	252,313,652.11
Including: China	329,382,565.30	250,380,350.50
India	1,495,918.35	1,796,905.37
Other regions	1,801,613.63	136,396.24
Deferred income tax expenses	-128,490,740.63	-62,583,827.48
Total	204,189,356.65	189,729,824.63

5.71.2 Adjustment process of accounting profit and income tax expenses

Item	First half of Year 2022
Total profits	2,069,445,614.40
Income tax expenses calculated at statutory/applicable tax rate	310,416,842.16
Effect of the application of different tax rates by subsidiaries	-94,899,384.34
Effect of adjustments to the income tax for the prior periods	-9,185,548.55
Effect of non-taxable income	-161,854,994.57
Effect of non-deductible costs, expenses and losses	64,468,100.87
Effect of using the deductible losses related to deferred income tax assets unrecognized in previous periods	-64,017,414.01
Effect of deductible temporary differences or losses from deferred income tax assets unrecognized in the current period	232,247,624.68
Tax preference	-72,985,869.59
Including: additional deduction of research and development expenditure	-72,985,869.59
Income tax expenses	204,189,356.65

5.72 Earnings per share

5.72.1 Basic earnings per share

**DONGFANG ELECTRIC CORPORATION LIMITED NOTES TO
THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022**

The basic earnings per share is calculated by dividing the consolidated net profit attributable to the common stockholder of the parent company by the weighted average of the Company's outstanding common stock:

Item	First half of Year 2022	First half of Year 2021
Consolidated net profit attributable to the common stockholder of the parent company	1,774,136,141.38	1,348,252,556.66
Weighted average of the Company's outstanding common stock	3,119,076,130.00	3,119,672,130.00
Basic earnings per share	0.57	0.43
Including: basic earnings per share from going concern	0.57	0.43
Basic earnings per share from discontinued operation		

Weighted average of the Company's outstanding common stock

= Beginning share capital + change in shares during the current period * months counted from the next month of change in shares to the end of the reporting period/months of the reporting period =3,119,076,130.00

Basic earnings per share

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

=1,774,136,141.38/3,119,076,130.00

=0.57

5.72.1 Diluted earnings per share

The diluted earnings per share is calculated by dividing the consolidated net profit attributable to the common stockholder of the parent company (diluted) by the weighted average of the Company's outstanding common stock (diluted):

Item	First half of Year 2022	First half of Year 2021
Consolidated net profit attributable to the common stockholder of the parent company (diluted)	1,774,136,141.38	1,348,252,556.66
Weighted average of the Company's outstanding common stock (diluted)	3,119,076,130.00	3,119,672,130.00
Diluted earnings per share	0.57	0.43
Including: diluted earnings per share from going concern	0.57	0.43
Diluted earnings per share from discontinued operation		

5.73 Items in the statement of cash flows

5.73.1 Cash received from other operating activities

Item	First half of Year 2021	First half of Year 2020
Security deposit	511,372,132.71	422,097,966.00
Interest income	43,649,447.71	51,468,557.30
Government grants	35,232,274.00	34,560,356.78
Compensation	18,668,191.09	27,832,673.12

**DONGFANG ELECTRIC CORPORATION LIMITED NOTES TO
THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022**

Premiums subsidies	23,292,680.08	27,560,000.00
Advance payment for collection	8,833,919.73	31,927,800.77
Cash received from the lease of fixed assets and investment properties	4,355,127.32	5,919,288.08
Fund allocation for bankruptcy	796,160.83	223,038.78
Purchase under resale agreements	122,817,755.22	
Revolving funds for purchasing house and deposit in security		518,140.24
Others	119,329,863.45	285,912,359.96
Total	888,347,552.14	888,020,181.03

5.73.2 Cash paid for other operating activities

Item	First half of Year 2022	First half of Year 2021
Purchase under resale agreements		103,668,953.04
Operating expenses	752,426,691.02	531,975,067.05
Security deposit payment	798,938,462.79	345,442,400.91
Imprest payment	23,047,073.72	23,169,055.87
Others	137,509,695.00	108,096,520.28
Total	1,711,921,922.53	1,112,351,997.15

5.73.3 Cash received from other investing activities

Nil.

5.73.4 Cash paid for other investing activities

Item	First half of Year 2022	First half of Year 2021
Handling charges of investment grant	1,150.00	
Total	1,150.00	

5.73.5 Cash received from other financing activities

Nil

5.73.6 Cash paid for other financing activities

Item	First half of Year 2022	First half of Year 2021
Long-term lease rentals and handling charges	64,774,447.84	7,563,159.32
Deposit bank acceptance margin	300,000.00	
Total	65,074,447.84	7,563,159.32

5.74 Supplementary information to the statement of cash flows

5.74.1 Supplementary information to the statement of cash flows

Item	First half of Year 2022	First half of Year 2021
1. Net profit adjusted to cash flows from operating activities		
Net profit	1,865,256,257.75	1,439,743,264.32

**DONGFANG ELECTRIC CORPORATION LIMITED NOTES TO
THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022**

Plus: losses from credit impairment	-91,443,759.24	60,718,145.40
Provision for asset impairment	272,368,380.50	213,043,003.18
Depreciation of fixed assets and investment properties	320,576,248.92	339,263,361.09
Depreciation of right-of-use assets	75,203,168.10	66,812,391.55
Amortization of intangible assets	53,788,335.18	46,907,860.05
Amortization of long-term deferred expenses	254,278.15	83,159.33
Losses on disposal of fixed assets, intangible assets and other long-term assets ("-" for income)	-43,041,729.82	-227,469,625.08
Losses from scrapping of fixed assets ("-" for income)	1,708,950.88	559,267.41
Losses from changes in fair value ("-" for income)	9,897,217.58	11,520,868.30
Finance expenses ("-" for income)	-45,552,486.56	26,952,236.13
Investment losses ("-" for income)	-134,846,276.83	-184,365,546.04
Decreases in deferred income tax assets ("-" for increases)	-129,927,629.10	-63,784,514.00
Increases in deferred income tax liabilities ("-" for decreases)	-2,313,137.50	
Decreases in contract assets		
Decreases in inventories ("-" for increases)	1,637,942,014.17	-1,784,794,863.91
Decreases in operating receivables ("-" for increases)	-4,560,784,327.75	-4,579,966,291.53
Increases in operating payables ("-" for decreases)	3,170,204,330.05	-27,893,319.75
Others		
Net cash flows from operating activities	2,399,289,834.48	-4,662,670,603.55
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	10,436,739,543.05	23,572,189,737.09
Less: beginning balance of cash	16,324,077,597.44	24,277,749,507.44
Plus: ending balance of cash equivalents		
Less: beginning balance of cash equivalents		
Net increase in cash and cash equivalents	-5,887,338,054.39	-705,559,770.35

5.74.2 Net cash received from disposal of subsidiaries in 2022

**DONGFANG ELECTRIC CORPORATION LIMITED NOTES TO
THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022**

Nil

5.74.3 Breakdown of cash and cash equivalents

Item	Balance as at June 30, 2022	Balance as at December 31, 2021
I. Cash	10,436,739,543.05	16,324,077,597.44
Including: cash on hand	951,293.20	1,321,721.01
Unrestricted bank deposit	2,461,294,177.12	1,816,058,159.40
Other unrestricted cash and cash equivalents	77,597,900.16	359,172,973.46
Unrestricted deposits in central bank	38,834,570.70	160,117,906.97
Deposits in banks and other financial institutions	7,858,061,601.87	13,987,406,836.60
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	10,436,739,543.05	16,324,077,597.44
Including: cash and cash equivalents restricted for use by the parent company or subsidiaries in the Group		

5.75 Assets with restrictions on the ownership or use right

Item	Book value as at June 30, 2022	Reason for restriction
Monetary funds	2,798,718,045.91	Deposits in central bank, reserves and security deposits
fixed assets	74,912,639.66	Mortgage borrowings
Intangible assets	520,109,149.59	Mortgage borrowings
Total	3,393,739,835.16	

5.76 Foreign currency monetary items

Item	Balance in foreign currency as at June 30, 2022	Exchange rate for conversion	Balance of RMB converted as at June 30, 2022
Monetary funds			1,873,226,911.80
Including: USD	179,432,706.09	6.7114	1,204,244,663.67
HKD	61.28	0.8552	52.41
JPY	7,144,049,013.65	0.0491	350,772,806.57
EUR	33,540,413.58	7.0084	235,064,634.56

**DONGFANG ELECTRIC CORPORATION LIMITED NOTES TO
THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022**

GBP	1.17	8.1365	9.52
CHF	534,130.40	0.6555	350,122.48
CAD	9.01	5.2058	46.9
INR	724,153,356.65	0.0849	61,480,619.98
PKR	446,276.23	0.0324	14,459.35
VND	3,894,838,066.67	0.0003	1,168,451.42
ETB	104,501,197.59	0.1284	13,417,953.77
CNYLKR	89,554.30	0.0186	1,665.71
LKR	33,311,390.43	0.0721	2,401,751.25
Rupiah	8,417,243,780.00	0.0005	4,208,621.89
Others	1,802,130,771.79		101,052.32

Item	Balance in foreign currency as at June 30, 2022	Exchange rate for conversion	Balance of RMB converted as at June 30, 2022
Accounts receivable			438,161,024.43
Including: USD	59,742,988.11	6.7114	400,959,090.38
EUR	352,288.40	7.0084	2,468,978.01
INR	5,100,379.86	0.0849	433,022.25
ETB	24,347,684.27	0.1284	3,126,242.66
Rupiah	59,716,409,660.00	0.0005	29,858,204.83
Others	911,566,297.58		1,315,486.30
Other accounts receivable			67,408,380.44
Including: USD	9,606,390.31	6.7114	64,472,327.92
SEK	3,360.11	0.6555	2,202.55
INR	31,076,572.56	0.0849	2,638,401.01
VND	125,016,666.67	0.0003	37,505.00
Rupiah	464,151,780.00	0.0005	232,075.89
Others	36,729,493.64		25,868.07
Accounts payable			179,358,962.93
Including: USD	12,668,221.50	6.7114	85,021,501.79
HKD	114,184.23	0.8552	97,650.35
JPY	57,556,533.20	0.0491	2,826,025.78
EUR	7,910,362.09	7.0084	55,438,981.65
GBP	35,328.50	8.1365	287,450.34
CHF	2,137,439.53	0.6555	1,401,091.61
CAD	1,172,161.26	5.2058	6,102,037.08
BAM	6,989.69	3.5726	24,971.36
Others	15,580,937.78		28,159,252.97
Other payables			37,439,208.58
Including: USD	5,240,724.68	6.7114	35,172,599.63
HKD	17,117.17	0.8552	14,638.60
EUR	22,935.24	7.0084	160,739.32
INR	10,459,913.43	0.0849	888,046.65
PKR	18,293,948.77	0.0324	592,723.94
Rupiah	194,225,160.00	0.0005	97,112.58

**DONGFANG ELECTRIC CORPORATION LIMITED NOTES TO
THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022**

Others	3,222,259.54		513,347.86
Absorption of deposits			93,561,561.88
Including: EUR	7.70	7.0084	53.96
USD	13,940,684.19	6.7114	93,561,507.87
JPY	1.02	0.0491	0.05
Long-term borrowings			364,909,556.24
Including: USD	54,371,600.00	6.7114	364,909,556.24

**DONGFANG ELECTRIC CORPORATION LIMITED NOTES TO
THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022**

5.77 Government grants

5.77.1. Basic information on government grants

Type	Amount for the period	Amount included in the current profit or loss or used to offset the losses of related costs	Note
Government grants included in deferred income	30,349,559.18	29,445,950.98	
Government grants included in other income	51,285,245.28	51,285,245.28	
Government grants included in non-operating revenue	268,470.00	268,470.00	
Government grants to offset the book value of related assets			
Government grants to offset costs and expenses	4,880,000.00	4,880,000.00	First set of major technical equipment insurance premium
Total	86,783,274.46	85,879,666.26	

6. Changes in the scope of consolidation

6.1 Disposal of subsidiaries

Nil.

6.2 Changes in scope of consolidation due to other reasons

6.2.1. Newly-built subsidiaries

**DONGFANG ELECTRIC CORPORATION LIMITED NOTES TO
THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022**

S.N.	Name	Way of forming the right of control	Net assets at the end of the current period	Net profit for the current period
1	Fuyang Dongfang Electronic Hydrogen Energy Co., Ltd.	Established by investment	5,105,320.82	5,320.82
2	Dongfang Electronic Shihua Hydrogen Energy (Liangshan) Co., Ltd.	Established by investment		
3	Dongfang Electric (Yangyuan) New Energy Equipment Co., Ltd.	Established by investment	9,973,182.66	-26,817.34
4	Dongfang Wind Power (Liangshan) New Energy Co., Ltd.	Established by investment		
5	Xinjiang Dongfang Wind Power New Energy Co., Ltd.	Established by investment		
6	Dongfang Electric Azerbaijan Co., Ltd.	Established by investment	1,332,006.79	
7	Dongfang Electric (Fujian) Hydrogen Energy Technology Co., Ltd.	Established by investment	1,999,640.00	-360.00

6.2.2. Subsidiaries subject to cancellation or liquidation

Nil.

7. Equity in other entities

7.1 Equity in subsidiaries

7.1.1. Structure of the enterprise group

Subsidiary	Main business place	Registration place	Business nature	Shareholding ratio (%)		Method of acquisition
				Direct	Indirect	
DTC	Deyang, Sichuan	Deyang, Sichuan	Production	94.39		Established by investment
DBC	Zigong, Sichuan	Zigong, Sichuan	Production	96.79		Established by investment
Dongfang Kwh	Chengdu, Sichuan	Chengdu, Sichuan	Production of dedicated pharmaceutic al and medicinal materials		60.95	Established by investment

**DONGFANG ELECTRIC CORPORATION LIMITED NOTES TO
THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022**

Subsidiary	Main business place	Registration place	Business nature	Shareholding ratio (%)		Method of acquisition
				Direct	Indirect	
Dongfang Boiler City	Jiaozuo, Henan	Jiaozuo, Henan	Manufacturing of dedicated equipment for environmental protection		80.00	Established by investment
Eastern Boiler Control	Shenzhen, Guangdong	Shenzhen, Guangdong	General equipment manufacturing		51.00	Established by investment
Dongfang Yaan Hydrogen Energy	Yaan, Sichuan	Yaan, Sichuan	Service		66.00	Established by investment
Dongfang Chengdu Hydrogen Energy	Chengdu, Sichuan	Chengdu, Sichuan	Service		62.87	Established by investment
Dongfang Deyang Hydrogen Energy	Deyang, Sichuan	Deyang, Sichuan	Service		51.00	Established by investment
Dongfang Neijiang Hydrogen Energy	Neijiang, Sichuan	Neijiang, Sichuan	Service		51.00	Established by investment
DFEM	Deyang, Sichuan	Deyang, Sichuan	Production	91.86		Established by investment
DEC Venezuela	Venezuela	Venezuela	Project service		99.00	Established by investment
DFHM	Guangzhou, Guangdong	Guangzhou, Guangdong	Production	48.17	12.91	Established by investment
DENE	Wuhan, Hubei	Wuhan, Hubei	Production	100.00		Established by investment
Dongfang Electric India	Calcutta, India	Calcutta, India	Service	100.00		Established by investment
Dongfang Indonesia Company	Jakarta, Indonesia	Jakarta, Indonesia	Service		51.00	Established by investment
Dongfang Electric Motor	Deyang, Sichuan	Deyang, Sichuan	Electrical machinery and equipment manufacturing		90.00	Established by investment
Dongfang Guangdong Energy	Yangjiang, Guangdong	Yangjiang, Guangdong	Service		100.00	Established by investment
DEWP	Deyang, Sichuan	Deyang, Sichuan	Production	45.12	39.16	Established by investment

**DONGFANG ELECTRIC CORPORATION LIMITED NOTES TO
THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022**

Subsidiary	Main business place	Registration place	Business nature	Shareholding ratio (%)		Method of acquisition
				Direct	Indirect	
Dongfang Electrical (Tianjin) Wind Power Technology Co., Ltd.	Tianjin	Tianjin	Production		100.00	Established by investment
Tianjin Dongqi Blade	Tianjin	Tianjin	Production		85.00	Established by investment
Dongfang Electric Wind Power (Liangshan) Co., Ltd.	Liangshan, Sichuan	Liangshan, Sichuan	Production		100.00	Established by investment
Dongfang Electric Wind Power (Fujian) Co., Ltd.	Fujian	Fujian	Power equipment manufacturing		100.00	Established by investment
Dongfang Shandong Wind Electric	Shandong	Shandong	Power equipment manufacturing		62.01	Established by investment
Dongfang Electric Wind Power (Hinggan League) Co., Ltd.	Hinggan League	Hinggan League	Power equipment manufacturing		100.00	Established by investment
Dongfang Electric Wind Blade (Hinggan League) Co., Ltd.	Hinggan League	Hinggan League	Power equipment manufacturing		100.00	Established by investment
Dongfang Electric New Energy Science & Technology (Chengdu) Co., Ltd.*	Chengdu, Sichuan	Chengdu, Sichuan	Wind turbine maintenance		100.00	Established by investment
Dongfang Jinagsu Energy	Nantong, Jiangsu	Nantong, Jiangsu	Power equipment manufacturing		75.41	Established by investment
Dongfang Zhongneng	Chengdu, Sichuan	Chengdu, Sichuan	Service		66.00	Established by investment
Dongfang Innovation Technology	Chengdu, Sichuan	Chengdu, Sichuan	Service	100		Established by investment
Fuyang Dongfang Electronic Hydrogen Energy Co., Ltd.	Fuyang, Anhui	Fuyang, Anhui	Service		51.00	Established by investment
Dongfang Electronic Shihua Hydrogen Energy (Liangshan) Co., Ltd.	Liangshan, Sichuan	Liangshan, Sichuan	Service		50.00	Established by investment
Dongfang Electric (Yangyuan) New Energy Equipment Co., Ltd.	Liangshan, Sichuan	Liangshan, Sichuan	Power equipment manufacturing		65.00	Established by investment
Dongfang Wind Power (Liangshan) New Energy Co., Ltd.	Liangshan, Sichuan	Liangshan, Sichuan	Power equipment manufacturing		100.00	Established by investment
Xinjiang Dongfang Wind Power New Energy Co., Ltd.	Changji, Xinjiang	Changji, Xinjiang	Power equipment manufacturing		100.00	Established by investment

**DONGFANG ELECTRIC CORPORATION LIMITED NOTES TO
THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022**

Dongfang Electric Azerbaijan Co., Ltd.	Azerbaijan	Azerbaijan	Service		100.00	Established by investment
Dongfang Electric (Fujian) Hydrogen Energy Technology Co., Ltd.	Fuzhou, Fujian	Fuzhou, Fujian	Service		100.00	Established by investment
Dongchuang Hydrogen Energy	Suzhou, Jiangsu	Suzhou, Jiangsu	Service		60.00	Established by investment
Dongfang Finance	Chengdu, Sichuan	Chengdu, Sichuan	Finance	95.00		Business combination under common control
DEIC	Chengdu, Sichuan	Chengdu, Sichuan	International trade	100.00		Business combination under common control
Nam Mang Power Company	Vientiane, Laos	Vientiane, Laos	Electricity supply		75.00	Business combination under common control
Dongfang Electric (Chengdu) Engineering & Consulting Co., Ltd.	Chengdu, Sichuan	Chengdu, Sichuan	Consulting service		100.00	Business combination under common control
Dongfang Aberle	Mianzhu, Sichuan	Mianzhu, Sichuan	Machine manufacturing		83.76	Business combination under common control
DEA	Deyang, Sichuan	Deyang, Sichuan	Power unit manufacturing	46.62	49.89	Business combination under common control
Dongfang Hitachi	Chengdu, Sichuan	Chengdu, Sichuan	Production		51.00	Business combination under common control
Dongfang Materials	Chengdu, Sichuan	Chengdu, Sichuan	Commodity circulation	100.00		Business combination under common control
DEC Cargo Logistics	Chengdu, Sichuan	Chengdu, Sichuan	Transportation		100.00	Business combination under common control
Dongfang Institute	Chengdu, Sichuan	Chengdu, Sichuan	Technology service	100.00		Business combination under common control

**DONGFANG ELECTRIC CORPORATION LIMITED NOTES TO
THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022**

Dongfang Hydrogen Energy	Chengdu, Sichuan	Chengdu, Sichuan	Technology service	42.30	4.50	Business combination under common control
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7.1.2. Major non-wholly-owned subsidiaries

Subsidiary	Shareholding ratio of minority shareholders	Profit or loss attributable to minority shareholders in the current period	Dividends declared to be distributed to minority shareholders in the current period	Ending balance of minority equity
DTC	5.61%	27,001,866.11	15,069,420.04	381,669,682.76
DBC	3.21%	13,623,450.91	10,363,773.29	233,306,661.63
DFEM	8.14%	31,404,772.72	17,106,242.85	513,885,316.53
DEWP	15.72%	2,458,964.08	4,820,250.00	230,703,647.60
Dongfang Finance	5.00%	8,596,780.97	6,560,119.23	178,047,504.18
DEA	3.49%	1,729,702.92	44,335.33	33,129,382.74
DFHM	38.91%	7,085,738.10	3,365,264.61	648,226,234.35

**DONGFANG ELECTRIC CORPORATION LIMITED NOTES TO
THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022**

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

Subsidiary	Balance as at June 30, 2022							
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities		
DTC	22,600,884,326.18	5,722,045,929.85	28,322,930,256.03	19,758,278,602.77	1,670,104,124.18	21,428,382,726.95		
DBC	19,245,339,970.07	4,082,114,866.30	23,327,454,836.37	12,578,469,607.46	3,316,469,710.25	15,894,939,317.71		
DFEM	17,791,610,636.21	3,135,377,650.87	20,926,988,287.08	13,079,149,917.83	1,546,624,045.44	14,625,773,963.27		
DEWP	10,366,639,886.89	3,457,044,320.87	13,823,684,207.76	9,980,694,336.40	1,953,975,149.60	11,934,669,486.00		
Dongfang Finance	19,684,971,363.57	25,895,350,431.98	45,580,321,795.55	42,078,147,702.82	6,223,310.33	42,084,371,013.15		
DEA	2,645,190,306.27	473,411,819.70	3,118,602,125.97	2,030,415,275.49	44,916,447.63	2,075,331,723.12		
DFHM	2,646,583,912.48	807,991,915.42	3,454,575,827.90	1,613,209,024.86	175,499,052.88	1,788,708,077.74		
Subsidiary	Balance as at December 31, 2021							
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities		
DTC	19,789,306,774.39	5,730,616,966.77	25,519,923,741.16	17,420,605,912.06	1,418,229,061.88	18,838,834,973.94		
DBC	17,574,329,328.41	3,955,076,485.45	21,529,405,813.86	10,828,064,741.72	3,373,501,697.32	14,201,566,439.04		
DFEM	16,508,974,924.28	2,952,455,280.38	19,461,430,204.66	11,754,237,520.05	1,564,560,970.02	13,318,798,490.07		
DEWP	13,050,467,910.60	3,006,910,041.40	16,057,377,952.00	12,666,067,908.01	1,498,701,211.34	14,164,769,119.35		
Dongfang Finance	26,854,926,504.10	16,127,420,782.45	42,982,347,286.55	39,534,370,470.33	7,367,484.69	39,541,737,955.02		
DEA	2,162,236,154.50	443,344,661.32	2,605,580,815.82	1,549,466,648.94	40,578,243.85	1,590,044,892.79		
DFHM	2,590,910,297.17	839,603,788.17	3,430,514,085.34	1,613,988,846.07	161,645,621.98	1,775,634,468.05		
Subsidiary	Amount for the period				Amount for the same period of the previous year			
	Operating revenue	Net profit	Total comprehensive income	Cash flows from operating activities	Operating revenue	Net profit	Total comprehensive income	Cash flows from operating activities
DTC	5,550,942,345.62	482,696,222.73	482,985,990.02	1,384,220,569.56	4,504,559,209.62	339,480,731.07	339,326,317.23	-427,596,154.33

**DONGFANG ELECTRIC CORPORATION LIMITED NOTES TO
THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022**

DBC	6,015,172,992.38	426,829,427.98	426,829,427.98	1,071,931,299.25	5,006,051,046.99	270,321,638.69	270,321,638.69	-133,854,228.96
DFEM	5,256,023,121.62	386,241,832.82	386,241,832.82	804,326,704.86	4,205,578,426.31	292,434,290.21	292,434,290.20	-734,300,574.51
DEWP	6,757,731,698.06	19,006,906.79	19,006,906.79	-1,782,717,832.71	5,968,851,291.02	51,754,014.33	51,754,014.33	-936,289,606.83
Dongfang Finance	605,052,358.43	171,935,619.30	186,543,835.53	1,872,199,472.44	534,512,531.97	136,286,941.87	133,470,676.10	-4,999,974,935.41
DEA	1,161,541,969.86	57,258,313.80	58,102,697.00	31,172,215.55	1,085,891,645.74	37,907,020.45	37,907,020.45	-186,003,615.64
DFHM	786,350,877.03	18,210,583.66	18,210,583.66	5,277,895.64	707,179,570.38	12,289,510.82	12,289,510.82	-355,789,852.91

**DONGFANG ELECTRIC CORPORATION LIMITED NOTES TO
THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022**

7.2 Transactions leading to changes in the share of owners' equity in subsidiaries and still controlling the subsidiaries

7.2.1. Notes to the changes in the share of owner's equity in subsidiaries

(1) According to the relevant resolution documents of the Company and the approval of Dongfang Electric Group, Dongfang Hydrogen Energy, a subsidiary of the Company, publicly listed through Shanghai Stock Exchange to solicit prospective investors, increase capital and expand shares, and enhance its strength. In 2022, the project of the increase in capital and shareholding in Dongfang Hydrogen successfully introduced a total of 6 new strategic investors, namely Sichuan Investment Group, DBC, Nanjing Iron & Steel, Xingxing Fund, Hydrogen City Growth Fund and Jiuchou Fund, with a total capital increase of RMB249,000,000. As of June 30, 2022, the above capital has been fully received. Upon completion of this round of capital increase, the Company directly holds 42.3% of Dongfang Hydrogen, and DBC, a subsidiary of the Company, holds 4.50% of Dongfang Hydrogen. According to the Articles of Association, the Company still has control over Dongfang Hydrogen.

(2) According to the relevant resolution documents of the Company and the approval of Dongfang Electric Group, the Company acquired 33.00% equity interests in DENE held by Wuhan Boiler Group Co., Ltd. in cash. As of June 30, 2022, the transaction has been completed, and DENE has become a wholly-owned subsidiary of the Company.

7.3 Equity in joint venture arrangements or associates

7.3.1. Major joint ventures or associates

Name of joint venture or associate	Main business place	Registration place	Business nature	Shareholding ratio (%)		Accounting treatment method
				Direct	Indirect	
MHPS Dongfang	Jiaxing, Zhejiang	Jiaxing, Zhejiang	Production		50.00	Equity method
Framatome Dongfang	Deyang, Sichuan	Deyang, Sichuan	Production	50.00		Equity method
Dongfang Mitsubishi	Nansha, Guangzhou	Nansha, Guangzhou	Production		49.00	Equity method
Sichuan Energy Wind Power	Leshan, Sichuan	Leshan, Sichuan	Cargo transportation	20.00		Equity method
Dongshu New Materials	Deyang, Sichuan	Deyang, Sichuan	Manufacturing		47.54	Equity method

7.3.2. Principle financial information of major joint ventures

Item	Balance as at June 30, 2022/amount for the current period		Balance as at December 31, 2021/amount for the same period of the previous year	
	MHPS Dongfang	Framatome Dongfang	MHPS Dongfang	Framatome Dongfang
Current assets	1,278,930,323.16	1,287,205,175.94	1,186,819,506.80	1,207,599,760.96
Including: cash and cash equivalents	183,243,980.21	562,971,236.25	118,477,861.43	453,440,106.81
Non-current assets	222,624,950.82	78,154,399.40	230,132,256.74	77,374,143.57
Total assets	1,501,555,273.98	1,365,359,575.34	1,416,951,763.54	1,284,973,904.53

**DONGFANG ELECTRIC CORPORATION LIMITED NOTES TO
THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022**

Current liabilities	1,015,276,352.46	940,642,799.01	939,122,799.01	794,763,164.17
Non-current liabilities	68,809,048.69	71,575,820.41	73,095,820.41	43,371,117.26
Total liabilities	1,084,085,401.15	1,012,218,619.42	1,012,218,619.42	838,134,281.43

**DONGFANG ELECTRIC CORPORATION LIMITED NOTES TO
THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022**

Item	Balance as at June 30, 2022/amount for the current period		Balance as at December 31, 2021/amount for the same period of the previous year	
	MHPS Dongfang	Framatome Dongfang	MHPS Dongfang	Framatome Dongfang
Minority equity				
Equity attributable to shareholders of the parent company	417,469,872.83	419,328,539.67	404,733,144.12	446,839,623.10
Net asset share calculated by shareholding ratio	208,734,936.42	209,664,269.84	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	208,374,257.59	209,664,269.84	202,366,572.06	223,419,811.55
Fair value of the equity investment in joint ventures with public offer				
Operating revenue	554,472,282.41	119,422,597.60	516,802,777.21	60,624,956.20
Finance expenses	4,751,815.13	640,362.33	4,673,609.29	-2,160,165.45
Income tax expenses	392,466.40	2,502,285.16	109,768.05	1,060,101.75
Net profit	12,015,371.05	14,251,691.82	6,333,748.39	6,007,243.22
Net profit from discontinued operation				
Other comprehensive income				
Total comprehensive income	12,015,371.05	14,251,691.82	6,333,748.39	6,007,243.22
Dividends received from joint ventures in current period		21,712,801.41		22,375,391.31

**DONGFANG ELECTRIC CORPORATION LIMITED NOTES TO
THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022**

7.3.3. Principle financial information of major associates

Item	Balance as at June 30, 2022/amount for the current period			Balance as at December 31, 2021/amount for the same period of the previous year		
	Dongfang Mitsubishi	Sichuan Energy Wind Power	Dongshu New Materials	Dongfang Mitsubishi	Sichuan Energy Wind Power	Dongshu New Materials
Current assets	1,204,735,652.77	2,374,109,066.80	1,130,488,247.39	1,443,777,235.24	2,374,109,066.80	1,107,971,781.36
Non-current assets	304,991,941.91	6,112,544,548.22	149,674,758.07	313,863,427.94	6,112,544,548.22	99,572,814.66
Total assets	1,509,727,594.68	8,486,653,615.02	1,280,163,005.46	1,757,640,663.18	8,486,653,615.02	1,207,544,596.02
Current liabilities	667,591,970.87	1,596,090,056.11	852,159,837.21	719,603,468.68	1,596,090,056.11	829,543,536.35
Non-current liabilities	9,026,105.84	3,782,143,633.60	3,510,605.94	9,282,339.80	3,782,143,633.60	5,102,388.31
Total liabilities	676,618,076.71	5,378,233,689.71	855,670,443.15	728,885,808.48	5,378,233,689.71	834,645,924.66
Minority equity			39,026,852.16		420,665,060.94	
Equity attributable to shareholders of the parent company	833,109,517.97	2,687,754,864.37	385,465,710.15	1,028,754,854.70	2,687,754,864.37	372,898,671.36
Net asset share calculated by shareholding ratio	408,223,663.80	537,550,972.87	183,250,398.61	504,089,878.80	537,550,972.87	177,276,028.36
Adjustments						
- Goodwill						
- Unrealized profits of Internal transactions				504,975.09		

**DONGFANG ELECTRIC CORPORATION LIMITED NOTES TO
THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022**

Item	Balance as at June 30, 2022/Amount for the current period			Balance as at December 31, 2021/Amount for the same period of the previous year		
	Dongfang Mitsubishi	Sichuan Energy Wind Power	Dongshu New Materials	Dongfang Mitsubishi	Sichuan Energy Wind Power	Dongshu New Materials
- Others						
Book value of the equity investment in associates	408,223,664.26	537,550,972.87	183,250,398.61	503,584,903.71	537,550,972.87	177,276,028.36
Fair value of the equity investment in associates with public offer						
Operating revenue	247,501,220.61	1,132,527,505.27	820,527,421.61	227,548,613.36	688,675,944.47	1,045,694,792.63
Net profit	72,000,000.00	492,892,080.05	-1,241,007.89	52,065,517.21	400,924,047.06	29,886,700.61
Net profit of discontinued operation						
Other comprehensive income						
Total comprehensive income	72,000,000.00	492,892,080.05	-1,241,007.89	52,065,517.21	400,924,047.06	29,886,700.61
Dividends received from associates in the current period	131,146,215.00			108,864,132.00		

**DONGFANG ELECTRIC CORPORATION LIMITED NOTES TO
THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022**

7.3.4. Summary of financial information on other joint ventures and associates

Item	Balance as at June 30, 2022/Amount for the current period	Balance as at December 31, 2021/Amount for the same period of the previous year	
		Direct	Indirect
Total book value of investment of joint ventures	8,105,355.34		4,615,969.94
Total amounts of the following items calculated at shareholding ratio			
Net profit	-87,517.29		-130,753.72
Other comprehensive income			
Total comprehensive income	-87,517.29		-130,753.72
Total book value of investment of associates	619,715,109.84		609,084,583.58
Total amounts of the following items calculated at shareholding ratio			
Net profit	15,626,189.03		22,629,332.15
Other comprehensive income			
Total comprehensive income	15,626,189.03		22,629,332.15

7.3.5. Enterprises whose shareholding ratio exceeds 50% not included in the scope of consolidation

Name of joint operation	Main place of business	Registration place	Business nature	Shareholding proportion/share (%)	
				Direct	Indirect
Dongfang Xichang Hydrogen Energy	Xichang, Sichuan	Xichang, Sichuan	New energy technology development		66.00

Remark: DBC and Dongfang Hydrogen Energy, subsidiaries of the Company, jointly invested in establishment of Dongfang Xichang Hydrogen Energy with Xichang State-owned Assets Management Co., Ltd. on February 28, 2019. After the capital contribution was completed, they held 50% and 16% respectively. The board of directors of Dongfang Xichang Hydrogen Energy has four directors; two of them are dispatched by the Company. The relevant provisions of articles of association of Dongfang Xichang Hydrogen Energy provide that, "Article 15. The company's business policy and investment plan decisions, review and approval of the board report, review and approval of the annual financial budget plan and final account plan, review and approval of the company's profit distribution plan and loss recovery plan can be adopted only when they are approved by more than two-thirds (exclusive) of the shareholders with voting rights". "Article 16 Amendment to the company's articles of association, investment and external guarantees, mergers and divisions, profit distribution, dissolution, liquidation or change of company form may be adopted only when they are approved by all shareholders". According to the articles of association, the Company has no control over Dongfang Xichang Hydrogen Energy, so Dongfang Xichang Hydrogen Energy is not included in the scope of consolidation.

7.3.6. Equities of the structuring subjects not included in the scope of consolidated financial statements

Nil.

8. Risks related to financial instruments

The Company's major financial instruments include monetary funds, equity investments, creditor's right investments, borrowings, receivables, payables and financial assets held for trading and financial liabilities held for trading. The Company has exposure to risks associated with various financial instruments in its daily activities, including credit risk, liquidity risk and market risk. Risks associated with these financial instruments, as well as the risk management policies taken by the Company to mitigate these risks are as set out below:

8.1 Credit risk

Credit risk refers to the risk that the counterparty fails to fulfill its contractual obligations, resulting in financial losses of the Company. The management has formulated appropriate credit policies and constantly monitored the exposure of credit risk.

The Company has adopted a policy of only dealing with counterparties with good credit. In addition, the company evaluates the customer's credit qualification and sets the corresponding credit period based on the customer's financial status, the possibility of obtaining guarantee from a third party, credit history and other factors such as current market conditions. The Company continuously monitors the balance of bills receivable, accounts receivable and their recovery. For customers with poor credit records, the Company will adopt written dunning, shorten the credit period or cancel the credit period to ensure that the Company will not face major credit losses. In addition, the Company reviews the recovery of financial assets on each balance sheet date to ensure that the relevant financial assets have sufficient provision for expected credit losses.

**DONGFANG ELECTRIC CORPORATION LIMITED NOTES TO
THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022**

Other financial assets of the Company include monetary funds, other receivables and transactional financial assets, etc. The credit risk of these financial assets originates from the counterparty's default, and the maximum credit risk exposure is the book amount of each financial asset in the balance sheet.

The monetary funds held by the Company are mainly deposited in financial institutions such as state-controlled banks and other large and medium-sized commercial banks. The management believes that these commercial banks have high reputation and asset status, and there is no significant credit risk, and no major losses will occur due to the default of the other unit. The Company's policy is to control the amount of deposits deposited according to the market reputation, business scale and financial background of well-known financial institutions, so as to limit the amount of credit risk to any single financial institution.

As part of the credit risk asset management of the Company, the Company uses aging to assess the impairment losses of accounts receivable and other receivables. The accounts receivable and other receivables of the Company involve a large number of customers, and the aging information can reflect the solvency and bad debt risk of these customers. According to historical data, the Company calculated the historical actual bad debt rate in different aging periods, and adjusted the forecast of current and future economic conditions, such as national GDP growth rate, total infrastructure investment, national monetary policy and other forward-looking information to obtain the expected loss rate. For long-term receivables, the Company comprehensively considers the settlement period, the payment period agreed in the contract, the debtor's financial situation and the economic situation of the debtor's industry, and takes into account the above forward-looking information to make a reasonable assessment of the expected credit loss after adjustment.

As of June 30, 2022, the book balance and expected credit impairment losses of related assets are as follows:

Aging	Book balance	Impairment reserve
Notes receivable	2,473,657,741.63	49,127,035.01
Receivable financing	881,508,063.80	
Accounts receivable	16,289,625,633.54	4,888,796,764.30
Other receivable	759,343,058.19	308,845,001.12
Debt investment	21,297,288,117.67	34,997,250.00
Long-term receivables (including payments due within one year)	1,144,340,691.98	91,809,180.49
Disbursement of loans and advances	4,619,199,818.44	193,870,067.64
Total	47,464,963,125.25	5,567,445,298.56

On June 30, 2022, the amount of financial guarantee provided by the Company was RMB 92.5 million. Please refer to Note XII for details of the financial guarantee contract. According to the assessment of the management of the Company, there is no significant expected impairment provision for related financial guarantees.

8.2 Liquidity risk

The liquidity risk refers to the risk in which the Company cannot perform its financial obligations on the due date. The method used by the Company for the management over the liquidity risk is to guarantee that there is sufficient fund liquidity to repay the due debts so as to avoid any unacceptable loss or any damage to the enterprise reputation. The Company analyzes the liability structure and term on a regular basis to 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

**DONGFANG ELECTRIC CORPORATION LIMITED NOTES TO
THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022**

agreement; meanwhile, it actively communicates with financial institutions to have enough line of credit and reduce the liquidity risk.

As the Company has good bank credit and higher credit rating, as at June 30, 2022, borrowings offered by the bank are sufficient to meet the financing demand.

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

Item	Balance as at June 30, 2022					
	Immediate repayment	Within 1 year	1-2 years	2-5 years	Over 5 years	Total
Financial assets						
Including: monetary funds		13,235,457,588.96				13,235,457,588.96
Financial assets held for trading		1,186,436,367.43				1,186,436,367.43
Notes receivable		2,424,530,706.62				2,424,530,706.62

**DONGFANG ELECTRIC CORPORATION LIMITED NOTES TO
THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022**

Item	Balance as at June 30, 2022					
	Immediate repayment	Within 1 year	1-2 years	2-5 years	Over 5 years	Total
Accounts receivable		11,400,828,869.24				11,400,828,869.24
Accounts receivable financing		881,508,063.80				881,508,063.80
Other receivables		596,448,551.85				596,448,551.85
Total amount of financial assets		29,725,210,147.90				29,725,210,147.90
Financial liabilities						
Including: short-term borrowings		50,000,000.00				50,000,000.00
Financial liabilities held for trading		-				-
Notes payable		7,697,172,845.53				7,697,172,845.53
Accounts payable		16,693,183,278.19				16,693,183,278.19
Other payables		2,053,045,076.74				2,053,045,076.74
Employee compensation payable		737,039,538.45				737,039,538.45
Non-current liabilities maturing within one year		-				-
Long-term borrowings			860,000,000.00	348,800,000.00	364,909,556.24	1,573,709,556.24
Lease liabilities			-			-
Long-term employee compensation payable		1,136,011,067.92				1,136,011,067.92
Total amount of financial liabilities		28,366,451,806.83	860,000,000.00	348,800,000.00	364,909,556.24	29,940,161,363.07

8.3 Market risk

**DONGFANG ELECTRIC CORPORATION LIMITED NOTES TO
THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022**

8.3.1 Exchange rate risk

Foreign exchange risks to be suffered by the Company are mainly relevant to USD, EUR, PKR and INR; except for the purchase and sales of the Company and its major subsidiaries in USD, EUR, PKR and INR, other business of the Company shall be settled in RMB. On June 30, 2022, except for the asset and liability in USD and other foreign currencies below the table, the balance of asset and liability of the Company shall be presented in RMB. Foreign exchange risk arising from the asset and liability of which balance is in the one of the following currencies may affect the business performance of the Company. For foreign currency monetary assets and liabilities held by the Company on June 30, 2022, please see Note5.76.

8.3.2 Interest rate risk

The Company's interest rate risk arises from interest-bearing debts such as bank loans and bonds payable. The financial liabilities with floating interest rate made the Company exposed to the cash flow interest rate risks, and the financial liabilities with fixed interest rate made the Company exposed to the fair value interest rate risks. The Company determines the relative proportion of fixed-rate contracts and floating-rate contracts pursuant to the prevailing market conditions. On June 30, 2022, the Company's interest-bearing debts were mainly fixed interest rate contracts valued at RMB, amounting to RMB1,623,873,592.24.

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

8.3.3 Other price risks

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

8.4 Sensitivity analysis

The Company uses sensitivity analysis techniques to analyze the possible effects of reasonable and potential changes of risk variables on the current profit and loss and shareholders' equity. As any risk variate hardly changes in isolation, and the pertinence existing among the variates will have significant effect on the final affected amount of the change of any risk variate, the following content is conducted on the basis of the assumption that the change of every variate is independent.

**DONGFANG ELECTRIC CORPORATION LIMITED NOTES TO
THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022**

8.4.1 Sensitivity analysis on foreign exchange risk

Assumption of sensitivity analysis on foreign exchange risk: all hedges of net investment in an overseas operation and cash flow hedges are highly effective.

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

Item	Fluctuation in foreign exchange rate	Amount for the period		Amount for the same period of the previous year	
		Impact on net profit	Effect on owners' equity	Impact on net profit	Effect on owners' equity
All foreign currencies	5% of appreciation in RMB	85,176,351.35	85,176,351.35	69,961,022.59	69,961,022.59
All foreign currencies	5% of depreciation in RMB	-85,176,351.35	-85,176,351.35	-69,961,022.59	-69,961,022.59

8.4.2 Sensitivity analysis on interest rate risk

Sensitivity analysis on interest rate risk is made based on the following assumptions:

The change in market interest rate affects the interest income or expenses of the financial instrument with variable rate; for the financial instrument with fixed interest rate measured at fair value, the change in market interest rate only affects the interest income or expenses; the fair value of derivative financial instruments calculated by the cash flow capitalization method at the market interest rate on the balance sheet date and the fair value of other financial asset and liability change.

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

**DONGFANG ELECTRIC CORPORATION LIMITED NOTES TO
THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022**

Item	Fluctuation in interest rate	Amount for the period		Amount for the same period of the previous year	
		Impact on net profit	Impact on owners' equity	Impact on net profit	Impact on owners' equity
Borrowings with floating rate	Increase by rate 1%	-3,649,095.56	-3,649,095.56	-5,999,053.32	-5,999,053.32
Borrowings with floating rate	Decrease by 1%	3,649,095.56	3,649,095.56	5,999,053.32	5,999,053.32

9. Disclosure of fair value

9.1 Financial instruments measured at fair value

The book value of financial asset instruments measured at fair value on June 30, 2022 is listed in three levels of fair value. When the fair value is classified into three levels as a whole, it is based on the lowest of the three levels to which all important input values used in fair value measurement belong. The three levels are defined as follows:

The first level inputs are unadjusted quotes for the same assets or liabilities that can be obtained on the measurement date in an active market.

The second level input value is the input value that is directly or indirectly observable for the relevant assets or liabilities except for the first level input value.

The second level input values include: 1) quotation of similar assets or liabilities in active market; 2) quotations of the same or similar assets or liabilities in inactive markets; 3) other observable input values except quotation, including observable interest rate and yield curve, implied volatility and credit spread during normal quotation interval; 4) input value of market verification, etc.

The third level inputs are unobservable inputs to related assets or liabilities.

9.2 Fair value measurement as at June 30, 2022

9.2.1 Continuous fair value measurement

**DONGFANG ELECTRIC CORPORATION LIMITED NOTES TO
THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022**

Item	Fair value as at June 30, 2022			
	Level 1	Level 2	Level 3	Total
Subtotal of financial assets measured at fair value through current profit or loss	1,186,364,967.43		71,400.00	1,186,436,367.43
Debt instrument investment	354,885,060.00			354,885,060.00
Equity instrument investment	94,035,228.38		71,400.00	94,106,628.38
Others	737,444,679.05			737,444,679.05
Other equity instrument investment			72,300,000.00	72,300,000.00
Receivable financing			881,508,063.80	881,508,063.80
Total assets	1,186,364,967.43		953,879,463.80	2,140,244,431.23
Total liabilities				

9.3 Basis for recognition of the market price of items measured at fair value of Level 1 on a going and non-going concern

Where there is a financial instrument traded in the active market, the Company will determine the fair value according to quoted prices in active market.

9.4 Nature and quantitative information of valuation techniques and key parameters adopted for items measured at the fair value of Level 2 on a going and non-going concern

Nil.

9.5 Nature and quantitative information of valuation techniques and key parameters adopted for items measured at the fair value of Level 3 on a going and non-going concern

The Company's fair value measurements on a going and non-going concern were at cost method unless the cost measurement is unreliable.

9.6 The measurement project of fair value on a going concern, the conversion between the various levels during the period, the reason for conversion and the policy of determining the conversion time

Nil.

9.7 Changes in valuation technology and reasons for changes occurred in current period

Nil.

9.8 Fair value of financial assets and financial liabilities not measured at fair value

Nil.

10. Related parties and related party transactions

10.1 Parent company of the Company

Monetary Unit: RMB '0,000

Name of parent company	Registration place	Nature of business	Registered Capital	Shareholding ratio in the Company (%)	Voting ratio in the Company (%)
Dongfang Electric Corporation	No. 333, Shuhan Road, Jinniu District, Chengdu City, Sichuan Province	Manufacturing of generator and	504,696.03	55.40	55.40

**DONGFANG ELECTRIC CORPORATION LIMITED NOTES TO
THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022**

Note: The above shareholding ratio is the ratio of the equity directly held by the parent company, and the equity ratio held by Dongfang Electric International Investment Co., Ltd., a subsidiary of the parent company, is 0.028%, calculated through non-consolidation.

10.2 Subsidiaries of the Company

See "Note 7 Equity in other entities" for details of the Company's subsidiaries.

10.3 Joint ventures and associates of the Company

See "Note 7 Equity in other entities" for details about major joint ventures and associates of the Company.

Other joint ventures or associates having balances from related party transactions with the Company in the current period or in the prior period:

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

10.4 Other related parties

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

**DONGFANG ELECTRIC CORPORATION LIMITED NOTES TO
THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022**

Quzhou Huihe New Energy Technology Co., Ltd. (hereinafter referred to as Quzhou Huihe New Energy)	Other enterprise controlled by the same parent company and ultimate controller
Dongyao New Energy (Zhangbei County) Co., Ltd.	Other enterprise controlled by the same parent company and ultimate controller
Dongfang Electric (Zhenjiang) Solar Power Co., Ltd.	Other enterprise controlled by the same parent company and ultimate controller
Dongfang Electric (Jiuquan) Integrated Smart Energy Technology Co., Ltd. (hereinafter referred to as Jiuquan Integrated Smart Energy)	Other enterprise controlled by the same parent company and ultimate controller
Emei Semiconductor Materials Research Institute	Other enterprise controlled by the same parent company and ultimate controller
Dongshu New Material	Other enterprise controlled by the same parent company and ultimate controller
Emeishan Eban High Purity Material Co. Ltd. (hereinafter referred to as Emeishan Eban High Purity Material)	Other enterprise controlled by the same parent company and ultimate controller
Dongfang Electric International Investment Co., Limited (hereinafter referred to as Dongfang International Investment)	Other enterprise controlled by the same parent company and ultimate controller
Dongfang Electric El Salvador Co., Ltd.	Other enterprise controlled by the same parent company and ultimate controller
Dongfang Electric Ecuador Co., Ltd.	Other enterprise controlled by the same parent company and ultimate controller
Dongfang Electric Clean Energy Technology Chengdu Co., Ltd. (hereinafter referred to as Dongfang Clean Energy)	Other enterprise controlled by the same parent company and ultimate controller
Dongfang Electric Group (Chengdu) Shared Services Co., Ltd. (hereinafter referred to as Dongfang Sharing)	Other enterprise controlled by the same parent company and ultimate controller
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 Co. Ltd. (Tongliao Wind Power)	Subsidiaries under the state of bankruptcy and liquidation
Dongfang Electric (Jiuquan) New Energy	Subsidiaries under the state of bankruptcy and liquidation
Dongfang Electric (Yixing) Maiji Solar Power Technology Co. Ltd. (hereinafter referred to as Dongfang Maiji) (Note)	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
DEC Emei Semiconductor Material Co., Ltd. (hereinafter referred to as Emei Semiconductor)	Subsidiaries under the state of bankruptcy and liquidation
Eban Company	Subsidiaries under the state of bankruptcy and liquidation
Directors, presidents and other senior officers of the Company	Relationship with other related parties

Note: Dongfang Maiji and Emei Semiconductor have terminated their bankruptcy while remaining registered.

10.5 Related-party transactions

**DONGFANG ELECTRIC CORPORATION LIMITED NOTES TO
THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022**

10.5.1 Related-party transactions on purchase or sales of goods, and rendering or receipt of services

Table of purchase of goods/receipt of services

Related party	Content of related-party transactions	Amount for the period	Amount for the same period of the previous year
Parent company and ultimate controller		3,274,336.28	1,755,605.61
Including: Dongfang Electric Corporation	Purchase of goods	3,274,336.28	668,718.32
Dongfang Electric Corporation	Acceptance of services		1,086,887.29
Joint ventures and associates		480,549,015.85	429,419,600.70
Including: MHPS Dongfang Boiler	Purchase of goods	328,996,272.48	345,223,883.90
Mitsubishi Heavy Industries Dongfang Gas Turbine	Purchase of goods	151,552,743.37	84,195,716.80
Other enterprises controlled by the same parent company and ultimate controller		152,954,491.39	367,658,258.14
Including: Dongfang Jieneng	Purchase of goods	2,088,495.57	366,000.00
Dongshu New Material	Purchase of goods	150,865,995.82	367,292,258.14

Table of sales of goods/rendering of services

Related party	Content of related-party transactions	Amount for the period	Amount for the same period of the previous year
Parent company and ultimate		798,704.68	38,723.23
Including: Dongfang Electric Corporation	Sales of goods	798,704.68	38,723.23
Joint ventures and associates		106,355,875.37	78,788,382.51
Including: Framatome Dongfang Reactor Coolant Pumps Company Limited	Sales of goods	34,823,043.58	5,925,846.78
MHPS Dongfang Boiler	Sales of goods	41,504,386.05	10,183,245.37
Mitsubishi Heavy Industries Dongfang Gas Turbine	Sales of goods	14,042,777.93	13,441,489.79
Deyang Guangdong Automobile	Provision of labor service	15,985,667.81	7,953,606.63
Deyang Guangdong Automobile	Sales of goods		38,284,193.58

**DONGFANG ELECTRIC CORPORATION LIMITED NOTES TO
THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022**

Other enterprises controlled by the same parent company and ultimate controller		104,406,097.34	1,371,652.14
Including: Jiuquan Photovoltaic Technology	Sales of goods	32,832.75	
			13,853.98
Dongfang International Investment	Sales of goods		
		39,289.38	
Shizuishan Photovoltaic	Sales of goods		
		31,328,284.96	1,357,798.16
Dongshu New Material	Sales of goods		
		73,005,690.25	
Jiuquan Integrated Smart Energy	Sales of goods		

10.5.2 Income and expenses of related interest

Table of interest income

**DONGFANG ELECTRIC CORPORATION LIMITED NOTES TO
THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022**

Related party	Content of related-party transactions	Amount for the period	Amount for the same period of the previous year
Joint ventures and associates		2,441,745.28	
Mitsubishi Heavy Industries Dongfang Gas Turbine	Interest income	2,441,745.28	
Other enterprises controlled by the same parent company and ultimate controller		8,154,693.14	2,454,987.16
Including: Shizuishan Photovoltaic	Interest income	1,440,165.10	1,225,441.56
Jiuquan Solar Power Generation	Interest income	1,115,845.52	835,721.70
Jiuquan Photovoltaic Technology	Interest income	426,346.96	393,823.90
Dongshu New Material	Interest income	4,236,466.38	
Jiuquan Integrated Smart Energy	Interest income	935,869.18	

Table of interest expenses

Related party	Content of related-party transactions	Amount for the period	Amount for the same period of the previous year
Parent company and ultimate controller		24,732,077.01	45,524,692.79
Including: Dongfang Electric Corporation	Interest expenses	24,732,077.01	45,524,692.79
Other enterprises controlled by the same parent company and ultimate controller		851,691.71	1,061,629.65
Including: Dongfang Investment	Interest expenses	154,720.81	394,858.12
DEC Sharing	Interest expenses	163,948.66	89,597.63
Jiuquan Photovoltaic Technology	Interest expenses	7,963.00	2,551.86
Jiuquan Solar Power Generation	Interest expenses	48,986.35	16,047.62
Dongfang Jieneng	Interest expenses	16,298.38	14,397.43
Emei Institute	Interest expenses	61,368.39	94,362.20

**DONGFANG ELECTRIC CORPORATION LIMITED NOTES TO
THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022**

Related party	Content of related-party transactions	Amount for the period	Amount for the same period of the previous year
Eban High Purity	Interest expenses	26,240.47	62,660.85
Shizuishan Photovoltaic	Interest expenses	28,357.49	2,120.95
Dongshu New Materials	Interest expenses	215,383.97	384,800.75
Jiuquan Integrated Smart Energy	Interest expenses	88,494.91	
Quzhou Huihe New Energy	Interest expenses	39,929.28	232.24

10.5.3 Related-party lease

The Company as the lessor

Nil.

The Company as the lessee

Name of lessor	Type of leased assets	Simplified treatment of rental fees		Rental fees paid		Interest expense on lease liabilities		Increased right-of-use assets	
		Amount for the period	Amount for previous period	Amount for the period	Amount for previous period	Amount for the period	Amount for previous period	Amount for the period	Amount for previous period
Dongfang Electric Corporation	Buildings	2,866,221.86	2,258,445.43	49,220,677.88	12,758,135.12	63,405.71		2,866,221.86	

**DONGFANG ELECTRIC CORPORATION LIMITED NOTES TO
THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022**

Notes on related-party lease: Upon consideration and approval at the 2021 first extraordinary general meeting, the Company and some subsidiaries signed six framework agreements such as the "2022-2024 Agreement on Continuous Related Transaction" with Dongfang Electric Corporation. According to the 2022-2024 Framework Agreement on Property and Equipment Lessee, since January 1, 2022, the Company continued to lease property facilities such as the office buildings of Dongfang Electric Corporation, with the lease period of 3 years and the rent standards determined according to market principles.

10.5.4 Related party guarantee

The Company as the guarantor:

Monetary unit: RMB '0,000

The guaranteed party	Guarantee amount	Commencement date of guarantee	Expiration date of guarantee	Whether or not the guarantee performance has been completed
Mitsubishi Heavy Industries Dongfang	2,450.00	2016/9/22	Termination date of long term service agreement	No
Hongnijing Wind Power	1,600.00	2016/1/19	2026/1/19	No
Mengneng Sanshengtai Wind Power	1,600.00	2016/6/29	2026/6/29	No
Mengneng Ulan New Energy	3,600.00	2016/10/27	2026/10/27	No

10.5.5 Loans from and to related parties

Related party	Lending amount	Commencement date	Expiration date
Loan to			
Jiuquan Integrated Smart Energy	46,720,000.00	2021/6/30	2036/6/30
Jiuquan Photovoltaic	15,000,000.00	2021/9/3	2022/9/3
Jiuquan Solar Power	25,000,000.00	2021/9/3	2022/9/3
Shizuishan Photovoltaic	20,000,000.00	2021/9/22	2022/9/22
Dongshu New Materials	25,000,000.00	2021/8/24	2022/8/24
Dongshu New Materials	30,000,000.00	2022/2/16	2023/2/16
Dongshu New Materials	50,000,000.00	2022/2/18	2023/2/18
Dongshu New Materials	25,000,000.00	2022/2/24	2023/2/24
Dongshu New Materials	50,000,000.00	2022/3/22	2023/3/22
Dongshu New Materials	15,000,000.00	2022/3/25	2023/3/25
Dongshu New Materials	15,000,000.00	2022/4/26	2023/4/26
Mitsubishi Heavy Industries Dongfang Gas Turbine	30,000,000.00	2021/12/13	2022/12/13
Mitsubishi Heavy Industries Dongfang Gas Turbine	20,000,000.00	2022/1/5	2023/1/5
Mitsubishi Heavy Industries Dongfang Gas Turbine	20,000,000.00	2022/1/19	2023/1/19
Mitsubishi Heavy Industries Dongfang Gas Turbine	20,000,000.00	2022/3/18	2023/3/18

**DONGFANG ELECTRIC CORPORATION LIMITED NOTES TO
THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022**

Loan from				
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	

10.6 Receivables from and payables to related parties

10.6.1 Receivables

Item name	Related party	Balance as at June 30, 2022		Balance as at December 31, 2021	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
Accounts receivable		809,084,520.84	666,693,451.79	832,373,471.36	686,471,641.06
	Parent company and ultimate controller	2,557,180.00	128,999.00		
	Dongfang Electric Corporation	2,557,180.00	128,999.00		
	Joint ventures and associates	116,919,138.26	9,084,749.46	138,510,857.79	9,603,195.98

**DONGFANG ELECTRIC CORPORATION LIMITED NOTES TO
THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022**

Item name	Related party	Balance as at June 30, 2022		Balance as at December 31, 2021	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
	MHPS Dongfang Boiler	42,014,048.31	4,026,805.47	45,555,980.27	3,909,332.13
	Dongfang Framatome	94,770.00	94,770.00	597,367.03	119,899.85
	Mongnijing Wind Power	153,894.00	61,557.60	2,693,460.00	1,077,384.00
	Sanshengtai Wind Power Generation	2,565,650.00	1,282,825.00	26,084.00	13,042.00
	Longkou Wind Power	26,313.29	1,315.66	26,313.29	1,315.66
	China United Gas	1,307,264.77	65,363.24	4,836,000.00	241,800.00
	Deyang Guangdong Automobile	67,291,179.61	3,364,558.98	83,840,168.27	4,192,008.41
	Dongfang Mitsubishi	3,466,018.28	187,553.51	935,484.93	48,413.93
	Other enterprises controlled by the same parent company and ultimate controller	35,185,422.90	3,056,923.65	23,597,455.56	7,057,192.73
	Dongshu New Materials	33,819,472.90	1,690,973.65	17,274,527.67	863,726.38
	Dongfang investment	367,950.00	367,950.00	367,950.00	367,950.00
	Shizuishan Photovoltaic	998,000.00	998,000.00	998,000.00	998,000.00
	Dongfang sharing			4,936,977.89	4,826,516.35
	Jiuquan Photovoltaic Technology			20,000.00	1,000.00
	Subsidiaries in bankruptcy liquidation	654,422,779.68	654,422,779.68	670,265,158.01	669,811,252.35
	Jiuquan new energy	306,562,559.25	306,562,559.25	306,562,559.25	306,562,559.25
	Tongliao wind power	207,107,394.98	207,107,394.98	207,107,394.98	207,107,394.98
	Emei Semiconductor	3,826.34	3,826.34		
	Hangzhou new energy	64,070,431.92	64,070,431.92	79,971,533.27	79,971,533.27
	Zhonghe Seawater Desalination Engineering	74,683,449.07	74,683,449.07	74,628,552.39	74,174,646.73
	Dongfang maiji	1,995,118.12	1,995,118.12	1,995,118.12	1,995,118.12
Notes receivable		18,300,000.00	850,000.00	22,819,917.89	840,000.00
	Joint ventures and Associate	18,300,000.00	850,000.00	16,800,000.00	840,000.00
	Mitsubishi Heavy Industries Dongfang Gas Turbine	18,300,000.00	850,000.00	16,800,000.00	840,000.00
	Other enterprises controlled by the same parent company and ultimate controller			6,019,917.89	
	Dongshu New Materials			6,019,917.89	
Other receivables		4,093,453.68	2,959,212.62	14,004,623.36	12,982,360.47
	Joint ventures and Associate	179,890.36	8,994.52	62,018.60	3,100.93
	China United Gas	28,579.32	1,428.97		
	Dongfang Framatome	38,178.60	1,908.93		
	Dongfang Mitsubishi	37,337.82	1,866.89		
	Deyang Guangdong Automobile	75,794.62	3,789.73	62,018.60	3,100.93
	Subsidiaries in bankruptcy liquidation	3,913,563.32	2,950,218.10	13,942,604.76	12,979,259.54

**DONGFANG ELECTRIC CORPORATION LIMITED NOTES TO
THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022**

Item name	Related party	Balance as at June 30, 2022		Balance as at December 31, 2021	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
	Hangzhou new energy	2,845,136.58	2,845,136.58	12,874,178.02	12,874,178.02
	Zhonghe Seawater Desalination Engineering	1,068,426.74	105,081.52	1,068,426.74	105,081.52
Interest receivables		1,579.16		1,579.16	
	Subsidiaries in bankruptcy liquidation	1,579.16		1,579.16	
	Zhonghe Seawater Desalination Engineering	1,579.16		1,579.16	
Contract assets		11,825,966.13	1,443,838.50	12,130,573.34	2,824,083.40
	Parent company and ultimate controller	2,608,000.00	130,400.00	90,000.00	4,500.00
	Dongfang Electric Corporation	2,608,000.00	130,400.00	90,000.00	4,500.00
	Joint ventures and Associate	9,039,966.13	1,153,238.50	9,583,238.04	482,502.51
	Mitsubishi Heavy Industries Dongfang Gas Turbine	9,039,966.13	1,153,238.50	9,583,238.04	482,502.51
	Subsidiaries in bankruptcy liquidation			1,702,115.32	1,702,115.32
	Zhonghe Seawater Desalination Engineering			1,702,115.32	1,702,115.32
Entrusted loan		395,326,514.45	395,326,514.45	490,258,834.37	490,258,834.37
	Subsidiaries in bankruptcy liquidation	395,326,514.45	395,326,514.45	490,258,834.37	490,258,834.37
	Hangzhou new energy	395,326,514.45	395,326,514.45	490,258,834.37	490,258,834.37
Disbursement of loans and advances		115,720,000.00	6,300,000.00	133,220,000.00	7,200,000.00
	Other enterprises controlled by the same parent company and ultimate controller	115,720,000.00	6,300,000.00	133,220,000.00	7,200,000.00
	Jiuquan Solar Power	27,000,000.00		31,500,000.00	
	Jiuquan Photovoltaic Technology			7,000,000.00	
	Shizuishan Photovoltaic	42,000,000.00	6,300,000.00	48,000,000.00	7,200,000.00
	Quzhou Huihe New Energy	46,720,000.00		46,720,000.00	
Discounted assets		33,668,631.63		46,837,900.06	
	Joint ventures and Associate	10,120,000.00		10,808,862.00	
	Mitsubishi Heavy Industries Dongfang Gas Turbine	10,120,000.00		10,808,862.00	
	Other enterprises controlled by the same parent company and ultimate controller	23,548,631.63		36,029,038.06	
	Dongshu New Materials	23,548,631.63		36,029,038.06	
Other current assets		401,118,517.00	4,210,000.00	447,067,284.40	4,210,000.00
	Joint ventures and Associate	125,000,000.00		115,000,000.00	
	Mitsubishi Heavy Industries Dongfang Gas Turbine	125,000,000.00		115,000,000.00	

**DONGFANG ELECTRIC CORPORATION LIMITED NOTES TO
THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022**

Other enterprises controlled by the same parent company and ultimate controller	271,278,517.00	3,000,000.00	327,227,284.40	3,000,000.00
Jiuquan Solar Power	25,000,000.00		25,000,000.00	

**DONGFANG ELECTRIC CORPORATION LIMITED NOTES TO
THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022**

Item name	Related party	Balance as at June 30, 2022		Balance as at December 31, 2021	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
	Jiuquan Photovoltaic Technology	15,000,000.00		15,000,000.00	
	Shizuishan Photovoltaic	20,000,000.00	3,000,000.00	20,000,000.00	3,000,000.00
	Dongshu New Materials	211,278,517.00		267,227,284.40	
	Subsidiaries in bankruptcy liquidation	4,840,000.00	1,210,000.00	4,840,000.00	1,210,000.00
	Zhonghe Seawater Desalination Engineering	4,840,000.00	1,210,000.00	4,840,000.00	1,210,000.00
Other non-current assets		11,861,078.3	10,456,891.7	10,790,048.37	10,790,048.37
	Joint ventures and Associate	1,906,137.09	501,950.51	178,000.00	178,000.00
	Mitsubishi Heavy Industries Dongfang Gas Turbine	1,906,137.09	501,950.51	178,000.00	178,000.00
	Subsidiaries in bankruptcy liquidation	9,954,941.21	9,954,941.21	10,612,048.37	10,612,048.37
	Hangzhou new energy	5,087,441.21	5,087,441.21	5,744,548.37	5,744,548.37
	Jiuquan new energy	4,867,500.00	4,867,500.00	4,867,500.00	4,867,500.00

10.6.2 Payables

Item name	Related party	Book balance as at June 30, 2022	Book balance as at December 31, 2021
Accounts payable		597,461,507.43	708,346,258.84
	Parent company and ultimate controller	24,903,580.30	34,923,403.00
	Dongfang Electric Corporation	24,903,580.30	34,923,403.00
	Joint ventures and Associate	478,469,974.18	362,204,947.75
	Mitsubishi Heavy Industries Dongfang Gas Turbine	328,105,622.30	354,899,560.07
	Leshan Dongle Dajian Lifting	225,412.00	570,605.00
	Dongfang Mitsubishi	48,739,902.36	6,734,782.68
	Deyang Guangdong Automobile	101,399,037.52	
	Other enterprises controlled by the same parent company and ultimate controller	24,555,582.47	17,559,474.38
	Dongshu New Materials	20,054,043.68	17,186,124.38
	Dongfang Jieneng	1,671,350.00	373,350.00
	Dongfang sharing	2,830,188.79	
	Subsidiaries in bankruptcy liquidation	69,532,370.48	293,658,433.71
	Jiuquan new energy	4,102.50	4,102.50
	Hangzhou new energy	68,267,517.00	292,393,580.23
	Zhonghe Seawater Desalination Engineering	1,225,000.00	1,225,000.00
	Dongfang maiji	35,750.98	35,750.98
Contract liabilities		296,467,905.73	284,582,079.03
	Parent company and ultimate controller		266,727.97
	Dongfang Electric Corporation		266,727.97
	Joint ventures and Associate	296,384,712.73	282,668,307.86
	Dongfang Mitsubishi	196,847,035.39	168,077,231.16

**DONGFANG ELECTRIC CORPORATION LIMITED NOTES TO
THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022**

Dongfang Framatome	79,847,647.00	96,625,273.84
Mitsubishi Heavy Industries Dongfang Gas Turbine	5,266,539.72	7,437,863.96
Hongnijing Wind Power	1,859,361.73	1,859,361.73

**DONGFANG ELECTRIC CORPORATION LIMITED NOTES TO
THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022**

Item name	Related party	Book balance as at June 30, 2022	Book balance as at December 31, 2021
	Sanshengtai Wind Power Generation	6,046,990.99	6,046,990.99
	Ulan New Energy	2,621,586.18	2,621,586.18
	Hunan Ping An Environmental Protection Co., Ltd.	3,895,551.72	
	Other enterprises controlled by the same parent company and ultimate controller		1,647,043.20
	Dongfang sharing		1,647,043.20
Other payables		233,158,397.62	233,589,136.99
	Parent company and ultimate controller	218,690,865.43	218,927,489.48
	Dongfang Electric Corporation	218,690,865.43	218,927,489.48
	Joint ventures and Associate	5,884.68	
	Dongfang Framatome	5,884.68	
	Other enterprises controlled by the same parent company and ultimate controller		200,000.00
	Dongfang sharing		200,000.00
	Subsidiaries in bankruptcy liquidation	14,461,647.51	14,461,647.51
	Hangzhou new energy	14,461,647.51	14,461,647.51
Interest payable		6,806,212.18	6,706,769.60
	Parent company and ultimate controller	6,460,328.85	6,336,747.06
	Dongfang Electric Corporation	6,460,328.85	6,336,747.06
	Other enterprises controlled by the same parent company and ultimate controller	345,883.33	370,022.54
	Dongfang investment	193,050.00	155,512.50
	Emei Institute		83,343.35
	Dongfang sharing	130,833.33	131,166.69
	Dongshu New Materials	22,000.00	
Dividends payable		397,421,559.98	
	Parent company and ultimate controller	397,421,559.98	
	Dongfang Electric Corporation	397,421,559.98	
Non-current liabilities maturing within one year		37,901,385.53	784,149.83
	Parent company and ultimate controller	37,901,385.53	784,149.83
	Dongfang Electric Corporation	37,901,385.53	784,149.83
Long-term borrowings		708,800,000.00	708,800,000.00
	Parent company and ultimate controller	708,800,000.00	708,800,000.00
	Dongfang Electric Corporation	708,800,000.00	708,800,000.00

10.6.3 Monetary funds absorbed from related parties

Name of related party	Currency type	Amount as at June 30, 2022 (original currency)	Amount as at December 31, 2022 (original currency)	Amount as at June 30, 2022 (Converted into RMB)	Amount as at December 31, 2021 (Converted into RMB)
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**DONGFANG ELECTRIC CORPORATION LIMITED NOTES TO
THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022**

Parent company and ultimate controller					
Dongfang Electric Corporation	RMB	6,614,043,526.85	6,614,043,526.85	3,208,723,727.10	3,208,723,727.10
Dongfang Electric Corporation	USD	13,923,148.92	93,443,821.66	23,922,071.46	152,519,951.01
Dongfang Electric Corporation	YEN	1	0.05	1	0.06
Joint ventures and Associate					327,027.74
Mitsubishi Heavy Industries Dongfang Gas Turbine	RMB	675,590.36	675,590.36	327,027.74	327,027.74
Other enterprises controlled by the same parent company and ultimate controller					
Dongfang investment	RMB	12,929,374.77	12,929,374.77	41,773,410.74	41,773,410.74
Emei Institute	RMB	8,397,258.49	8,397,258.49	23,032,191.73	23,032,191.73
Eban High Purity Material	RMB	27,857,198.53	27,857,198.53	8,989,652.23	8,989,652.23
Dongfang sharing	RMB	23,787,070.84	23,787,070.84	23,250,378.10	23,250,378.10
Shizuishan Photovoltaic	RMB	7,505,237.56	7,505,237.56	16,463,761.07	16,463,761.07
Dongfang Jieneng	RMB	6,628,272.83	6,628,272.83	9,878,886.77	9,878,886.77
Dongshu New Materials	RMB	44,764,508.22	44,764,508.22	58,210,127.96	58,210,127.96
Jiuquan Solar Power	RMB	2,718,008.54	2,718,008.54	11,207,932.95	11,207,932.95
Jiuquan Photovoltaic Technology	RMB	843,849.85	843,849.85	4,391,313.79	4,391,313.79
Quzhou Huihe New Energy	RMB	3,078,731.22	3,078,731.22	25,301,824.87	25,301,824.87
Jiuquan Integrated Smart Energy	RMB	44,085,742.37	44,085,742.37	50,000,000.00	50,000,000.00
Emei Institute	USD	17,535.27	117,686.21		
Subsidiaries in bankruptcy liquidation					
Zhonghe Seawater Desalination Engineering	RMB	386.20	386.20	869,407.56	869,407.56
Tongliao wind power	RMB	10.57	10.57	10.55	10.55
Emei Semiconductor	RMB	1.74	1.74	1.74	1.74
Dongfang maiji	RMB	1.13	1.13	1.13	1.13
Hangzhou new energy	RMB	15.24	15.24	15.24	15.24
Hangzhou new energy	EUR	7.7	53.96	7.7	55.59

11. Share-based payment

11.1 General information of share-based payment

Total amount of all equity instruments granted by the Company in 2021	none
Total amount of all equity instruments exercised by the Company in current period	none
Total amount of all invalid equity instruments of the Company in current period	150,000
Range of exercise price of restricted stock by the Company as at December 31, 2022 and the remaining contractual period	RMB5.93-6.54 per share, and exercise period of 48 months

**DONGFANG ELECTRIC CORPORATION LIMITED NOTES TO
THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022**

Range of exercise price of other equity instruments of the Company as at December 31, 2022 and the remaining contractual period	none
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11.2 Equity-settled share-based payment

11.2.1. Validity period, period of restricted sales and arrangements for lifting restricted sales:

- (1) The valid period of this incentive plan is from the day when the registration of the restricted stocks granted for the first time is completed to the date when the sales restrictions, purchase or cancellation on all the restricted stocks granted to incentive objects are lifted, with a maximum of 72 months.
- (2) The periods of restricted sales granted in this incentive plan are respectively 24 months, 36 months or 48 months from the date when the registration of the restricted stocks corresponding to the granted part is completed. The restricted stocks granted by incentive objects under this incentive plan shall not be transferred, used to guarantee or repay for debts before the sales restrictions are lifted. After the period of restricted sales expires, the Company handles the lifting of restricted sales for the incentive objects eligible for lifting the restricted sales. Restricted stocks held by the incentive objects not eligible for lifting the restricted sales will be repurchased and cancelled by the Company.
- (1) The time of lifting restricted sales of the restricted stocks granted for the first time and reserved for grant under the incentive plan and the time of lifting restricted sales in various periods are shown in the table below:

Unlocking period	Time of unlocking	Proportion of unlocking
The first unlocking period for the first time and reserved	From the first trading day after 24 months from the completion of registration of restricted stocks of the corresponding part to the last trading day within 36 months from the completion of registration of restricted stocks of the corresponding part	1/3
The second unlocking period for the first time and reserved	From the first trading day after 36 months from the completion of registration of restricted stocks of the corresponding part to the last trading day within 48 months from the completion of registration of restricted stocks of the corresponding part	1/3
The third unlocking period for the first time and reserved	From the first trading day after 48 months from the completion of registration of restricted stocks of the corresponding part to the last trading day within 60 months from the completion of registration of restricted stocks of the corresponding part	1/3

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.

- (3) The incentive objects entitled to unlock restricted stocks, when trying to unlock and sell the restricted stocks granted to them, shall not only meet the relevant requirements consistent with the granting conditions, but also meet the following conditions:
- 1) The Company's performance assessment requirements
- Restricted shares firstly granted under the incentive plan shall be assessed and unlock by year in the three fiscal years from 2021

**DONGFANG ELECTRIC CORPORATION LIMITED NOTES TO
THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022**

to 2022 to achieve the Company's performance assessment objectives, so as to satisfy the unlocking condition for the incentive objects.

Unlocking period	Performance assessment objectives
The first unlocking period	(1) The compound growth rate of net profit in 2020, calculated based on the net profit in 2018, is not less than 10% as well as the peer industry's performance average; (2) The ROE in 2020 is not less than 4% as well as the peer industry's performance average; (3) The EVA in 2020 is positive.
The second unlocking period	(1) The compound growth rate of net profit in 2022, calculated based on the net profit in 2018, is not less than 10% as well as the peer industry's performance average; (2) The ROE in 2022 is not less than 4.5% as well as the peer industry's performance average; (3) The EVA in 2022 is positive.
The third unlocking period	(1) The compound growth rate of net profit in 2022, calculated based on the net profit in 2018, is not less than 10% as well as the peer industry's performance average; (2) The ROE in 2022 is not less than 5% as well as the peer industry's performance average; (3) The EVA in 2022 is positive.

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

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

Notes: ① The above-mentioned "net profit" indicators refer to the net profit attributable to shareholders of listed companies; "Return on net assets" refers to weighted average return on net assets.

② During the validity period of the equity incentive plan, if the company has additional issuance, share allotment and other matters that lead to changes in net assets, the amount of changes in net assets caused by the matters and the corresponding income amount generated will be excluded during the assessment (if the corresponding income amount cannot be accurately calculated, it can be calculated and determined by multiplying the actual financing amount after deducting the financing cost by the interest rate of the national debt in the same period).

The incentive cost generated by this incentive plan will be charged in the administrative expenses. If the company's performance appraisal target for a certain period of lifting the restricted sale of restricted stocks has not been achieved, all restricted stocks of the incentive object in the current period cannot be lifted, and the company will repurchase and cancel it according to this incentive plan at the lower of the grant price and the stock market price at the time of repurchase (the average trading price of the company's underlying stocks one trading day before the announcement of the resolution of the Board considering repurchase).

- 2) Personal performance appraisal requires that during the validity period of this incentive plan, the personal performance appraisal of all incentive objects shall be based on the current performance of the Company.

11.2.2. Unlocking of restricted shares for the current period

**DONGFANG ELECTRIC CORPORATION LIMITED NOTES TO
THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022**

On December 8, 2021, the Company held the tenth session meeting of the seventh Board and the tenth session meeting of the fourth supervisory board, and considered and passed the Resolution on the Achievement of the Conditions for the Unlocking of the First Period of the First Grant of the 2019 A-share Restricted Stock Incentive Plan. After consideration, the conditions of unlocking the first period of the first grant of 2019 A-share restricted stock incentive plan of the Company have been accomplished, and the Company agreed to handle the relevant matters of unlocking the restricted stock for 759 incentive targets who meet the unlocking conditions. The number of restricted shares released is 9,082,232 shares, and the date for circulation of restricted shares is January 10, 2022.

11.3 Cash-settled share-based payment

None.

11.4 Adjustment to and termination of share-based payment

None.

12. Commitments and contingencies

12.1 Significant commitments

12.1.1 Significant commitments existed on the balance sheet date

- (1) The Company's commitment on capital expenditure as at June 30, 2022 A commitment on capital expenditure which has been signed and yet confirmed in the financial statements

Item	Amount as at June 30, 2022	Amount as at December 31, 2021
Capital construction	189,988,528.21	188,443,604.72
Equipment	354,648,562.12	259,211,176.65
Outbound Investment Commitment		5,000,000.00
Total	544,637,090.33	452,654,781.37

As at June 30, 2022, the total agreed significant foreign investment expenditures of the Company with contract on which has not been paid amounted to RM544,637,090.33. The details are as follows:

Commitment unit	Name of investment project	Contracted investment amount	Investment amount paid	Investment amount unpaid	Expected investment period
The Company and its subsidiaries	Capital construction	317,037,213.31	127,048,685.10	189,988,528.21	2022-2023
The Company and its subsidiaries	Equipment	710,304,092.04	355,655,529.92	354,648,562.12	2022-2024
Total		1,027,341,305.35	482,704,215.02	544,637,090.33	

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

**DONGFANG ELECTRIC CORPORATION LIMITED NOTES TO
THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022**

As at June 30, 2022, the total payment for future minimum rents payable required for irrevocable operating leases of the Company as a lessee are listed in the following periods:

Period	Amount in 2022
Within one year	3,496,307.53
1-2 years	
Total	3,496,307.53

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

12.2 Contingencies

12.2.1 Significant contingencies existing on balance sheet date

See Note 7 Equity in other entities for details of relevant contingent liabilities of joint ventures or associates.

(1) Unsettled letter of guarantee

As at June 30, 2022, the information on the letter of guarantee opened by the Company is as follows

Entity name	Business type	Currency	Balance as at June 30, 2022
The Company	Letter of guarantee	RMB	8,306,299,611.48
The Company	Letter of guarantee	USD	296,008,621.16
The Company	Letter of guarantee	EUR	45,526,367.36
Dongfang Electric Machinery	Letter of guarantee	RMB	2,724,410,678.05
Dongfang Electric Machinery	Letter of guarantee	USD	506,271,521.96

**DONGFANG ELECTRIC CORPORATION LIMITED NOTES TO
THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022**

Entity name	Business type	Currency	Balance as at June 30, 2022
Dongfang Electric Machinery	Letter of guarantee	Bolivia Bissau	244,633,964.57
DEC Steam Turbine	Letter of guarantee	RMB	1,358,009,355.85
DEC Steam Turbine	Letter of guarantee	USD	350,099.90
Dongfang Boiler	Letter of guarantee	RMB	950,731,111.03
DEC Wind Power	Letter of guarantee	RMB	1,909,840,766.71
Dongfang automatic control	Letter of guarantee	RMB	208,883,069.69
Dongfang automatic control	Letter of guarantee	USD	243,183.50
Dongfang heavy machinery	Letter of guarantee	RMB	193,367,926.90
Dongfang heavy machinery	Letter of guarantee	EUR	243,332.77
Dongfang international	Letter of guarantee	RMB	1,954,996,600.00
Dongfang Research Institute	Letter of guarantee	RMB	5,861,049.00

(2) Unsettled letter of credit:

As at June 30, 2022, the information of the irrevocable Letter of credit opened by the Company is as follows:

Entity name	Business type	Currency	Balance as at June 30, 2022
The Company	Letter of credit	RMB	135,171,099.26
Dongfang Electric Machinery	Letter of credit	USD	19,981,582.76
Dongfang Electric Machinery	Letter of credit	EUR	2,233,174.80
Dongfang Electric Machinery	Letter of credit	YEN	3,968,898.99
Dongfang Electric Machinery	Letter of credit	Franc	5,941,321.39
DEC Steam Turbine	Letter of credit	USD	23,676,431.00
DEC Steam Turbine	Letter of credit	EUR	85,564,192.00
DEC Steam Turbine	Letter of credit	YEN	486,551,284.00
DEC Steam Turbine	Letter of credit	Franc	1,282,500.00
Dongfang Boiler	Letter of credit	USD	239,535,441.18
Dongfang Boiler	Letter of credit	EUR	74,687,422.50
Dongfang international	Letter of credit	RMB	1,423,303,900.00

**DONGFANG ELECTRIC CORPORATION LIMITED NOTES TO
THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022**

(3) Provision of guarantees for other entities

As at June 30, 2022, the Company provides guarantee for other entities as follows

Name of guarantee entity	Type of guarantee	Amount	Expiry date	Remark
Dongfang Mitsubishi	Performance guarantee	24,500,000.00	Termination date of long-term service agreement	
Hongnijing Wind Power	Credit guarantee	16,000,000.00	2026/1/19	
Sanshengtai Wind Power	Credit guarantee	16,000,000.00	2026/6/29	
Ulan New Energy	Credit guarantee	36,000,000.00	2026/10/27	
Total		92,500,000.00		

**DONGFANG ELECTRIC CORPORATION LIMITED NOTES TO
THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022**

Remarks: Dongfang Mitsubishi intends to sign the Agreement on Long-term Management of M701F

Gas Turbine Component, Repair of Component and Technical Consulting Service (hereinafter referred to as the Agreement on Long-term Service of Gas Turbine) with CNOOC Zhuhai Gas Power Generation Co., Ltd., Zhongshan Jiaming Electric Power Co., Ltd., CNOOC Fujian Gas Power Co., Ltd. and Guangdong Huizhou LNG Power Co., Ltd. (hereinafter collectively referred to as the "client"). The Agreement on Long-term Service of Gas Turbine involves 12 units, and the client requests the parent company of the Dongfang Mitsubishi (Mitsubishi Hitachi Power Systems, Ltd. and the Company) to sign the Guarantee Agreement of Parent Company for providing the guarantee for the performance of Dongfang Mitsubishi. The total guarantee amount of the long-term service agreement is RMB 50 million. The Company provides a guarantee amount of RMB 24.5 million in accordance with the shareholding ratio of the Dongfang Mitsubishi, and Dongfang Mitsubishi provides the same amount of counter guarantee to the Company. Guarantee period: after the expiration or termination of the Agreement on Long-term Service of Gas Turbine, the guarantee liability shall have full effect within the scope of the obligation or responsibility of the seller hereunder until the seller's obligations and responsibilities (including but not limited to the warranty obligation) hereunder or related hereto have been performed without defect.

(4) Contingent liabilities arising from pending litigation or arbitration

Final tax of Indonesia Longwan and Pacitan project (FINAL TAX)

In July 2008, the Indonesian government adjusted the corporate income tax policy. For the permanent establishment of a foreign company, the construction service contract in Indonesia is subject to a final tax on the revenue recognized in the current year, that is, regardless of the profit or loss of the executed project, the final tax will be levied according to the fixed ratio of contract revenue (2%-6%); relevant contracts signed before January 1, 2008, will be implemented after January 1, 2009; contracts signed after January 1, 2008 will be executed at the time of signing.

In August 2007, DEIC, a subsidiary of the Company, signed a contract with the Indonesian State Power Corporation PLN for the construction contract (EPC) of the Indonesia Longwan and Pacitan coal-fired power stations in Indonesia. The total contract amount was USD 880,235,465.00 and IDR 3,119,882,434 thousand. In accordance with the adjusted final tax policy of the Indonesian government, DEIC, as an enterprise that has not obtained the LPJK certificate, shall pay the final tax at a rate of 4%. The final tax shall be calculated according to the revenue of DEIC recognized after 2009 (The FOB part is equivalent to RMB 3.679 billion) and the tax rate of 4%. DEIC shall pay the final tax approximately RMB 147 million.

**DONGFANG ELECTRIC CORPORATION LIMITED NOTES TO
THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022**

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.

12.2.2 Others

Apart from the above items, the Company has no other significant contingencies required to be disclosed as at the date of financial statements.

13 Post balance sheet events

13.1 Significant non-adjusting events

None.

**DONGFANG ELECTRIC CORPORATION LIMITED NOTES TO
THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022**

13.2 Profit distribution

None.

13.3 Assets and disposal group classified as held-for-sale

None.

13.4 Notes to other post-balance sheet events

None.

14 Other significant events

14.1 Debt restructuring

According to the Settlement Agreement signed between the Company and the manager of Hangzhou New Energy and the Notice from the manager of Hangzhou New Energy, a debt restructuring gain of RMB135 million resulted from the offsetting of the accounts payable and accounts receivable between the Company and Hangzhou New Energy.

14.2 Asset replacement

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

14.3 Annuity plan

According to the Official Reply to the Trial Implementation of Enterprise Annuity System by Dongfang Electric Corporation (GZFP [2007] No. 1201), the annuity expenses are disbursed from balance of gross wage and costs for the current year according to the method of mutual payment by enterprise and employee. The annuity accrued every year will be paid to the special account of the social security office of Dongfang Electric Corporation, and then entrusted by Dongfang Electric Corporation to China Life Pension Company Limited for operation and management.

14.4 Discontinued operations

None.

14.5 Segment information

14.5.1 Determination basis and accounting policies for reportable segments

According to the Company's internal organization structure, management requirement and internal reporting system, the Company's operating business are divided into five reportable segments, which are determined on the basis of the internal organization structure, management requirement and internal reporting system. The Company's management regularly evaluates the operating results of these reportable segments to determine to allocate resources and assess its performance. Main products and services provided by each reportable segment of the Company are clean and efficient energy equipment, renewable energy sources equipment, engineering and trade, modern manufacturing services and emerging growth industries.

Information on segment reporting are disclosed according to the accounting policies and measurement standards adopted by each segment to report to the management, which are consistent with the accounting and measurement basis adopted when the financial statements are prepared.

**DONGFANG ELECTRIC CORPORATION LIMITED NOTES TO
THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022**

14.5.2 Financial information of reportable segments

Reportable segment from January to June 2022

Item	Renewable energy equipment	Clean and efficient energy equipment	Engineering and trade	Modern manufacturing services industry	Emerging growth industry	Summary	Offset	Total
Operating revenue	9,579,800,238.13	15,105,288,599.59	5,098,404,109.00	2,732,654,189.67	6,002,145,672.66	38,518,292,809.05	10,609,282,449.39	27,909,010,359.66
Including: revenue from foreign transactions	8,148,581,783.36	8,534,207,636.55	4,474,351,406.28	2,328,945,346.08	4,422,924,187.39	27,909,010,359.66		27,909,010,359.66
Revenue from inter-segment transactions	1,431,218,454.77	6,571,080,963.04	624,052,702.72	403,708,843.59	1,579,221,485.27	10,609,282,449.39	10,609,282,449.39	
Operating cost	8,576,828,189.34	13,584,749,762.90	4,549,027,525.39	1,930,859,565.35	5,149,334,264.95	33,790,799,307.93	10,903,503,888.29	22,887,295,419.64
Offset of cost	1,436,417,445.06	6,856,668,166.65	554,140,655.88	719,849,365.30	1,336,428,255.40	10,903,503,888.29	10,903,503,888.29	
Period expenses						2,646,967,043.50	-292,469,881.65	2,939,436,925.15
Operating profits (losses)	1,002,972,048.79	1,520,538,836.69	549,376,583.61	801,794,624.32	852,811,407.71	4,727,493,501.12	2,638,938,288.74	2,088,555,212.38
Total assets						193,254,878,511.22	83,359,514,131.06	109,895,364,380.16
Including: the amount of a single asset with significant impairment loss								
Total liabilities						135,319,753,104.33	62,071,663,656.61	73,248,089,447.72
Supplementary information								
Capital expenditure								
Impairment losses recognized in the current period						-159,059,229.90	21,865,391.36	-180,924,621.26
Including: allocation of goodwill impairments								

**DONGFANG ELECTRIC CORPORATION LIMITED NOTES TO
THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022**

Depreciation and amortization costs						449,822,030.35		449,822,030.35
Other non-cash expenses excluding impairment loss, depreciation and amortization								

**DONGFANG ELECTRIC CORPORATION LIMITED NOTES TO
THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022**

Reportable segment in from January to June 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	9,389,128,264.49	10,801,421,379.00	3,171,963,245.28	2,693,663,954.46	5,457,736,134.32	31,513,912,977.55	8,776,827,415.63	22,737,085,561.92
Including: revenue from foreign transactions	7,871,218,877.06	6,190,243,009.80	2,575,811,954.05	2,364,855,456.57	3,734,956,264.44	22,737,085,561.92		22,737,085,561.92
Revenue from inter-segment transactions	1,517,909,387.43	4,611,178,369.20	596,151,291.23	328,808,497.89	1,722,779,869.88	8,776,827,415.63	8,776,827,415.63	
Operating cost	8,398,172,054.20	9,710,262,479.78	2,789,488,479.50	2,004,468,342.49	4,467,350,597.76	27,369,741,953.73	9,102,556,928.17	18,267,185,025.56
Offset of cost	1,538,648,038.55	4,836,453,264.78	664,565,892.45	628,279,529.99	1,434,610,202.40	9,102,556,928.17	9,102,556,928.17	
Period expenses						2,616,184,619.14	-290,145,711.70	2,906,330,330.84
Operating profits (losses)	990,956,210.29	1,091,158,899.22	382,474,765.78	689,195,611.97	990,385,536.56	1,527,986,404.68	-106,683,936.97	1,634,670,341.65
Total assets						172,367,058,430.68	72,859,009,331.02	99,508,049,099.66
Including: the amount of a single asset with significant impairment loss								
Total liabilities						117,149,017,830.85	52,192,421,664.90	64,956,596,165.95
Supplementary information								
Capital expenditure								
Impairment losses recognized in the current period						-368,308,897.25	-94,547,748.67	-273,761,148.58

**DONGFANG ELECTRIC CORPORATION LIMITED NOTES TO
THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022**

Including: allocation of goodwill impairments								
Depreciation and amortization costs						453,066,772.02		453,066,772.02
Other non-cash expenses excluding impairment loss, depreciation and amortization								

15 Notes to the main items of the parent company's financial statements

15.1 Accounts receivable

15.1.1 Disclosure of accounts receivable by aging

Aging	Balance as at June 30, 2022	Balance as at December 31, 2021
Within one year	1,953,569,548.87	635,876,384.34
1-2 years	471,282,771.89	346,356,310.74
2-3 years	186,577,000.24	454,870,447.79
3-4 years	252,719,287.62	96,569,376.06
4-5 years	69,891,163.62	61,624,013.00
Over 5 years	186,827,468.73	289,788,609.18
Sub-total	3,120,867,240.97	1,885,085,141.11
Less: provision for bad debts	504,982,920.70	516,631,905.97
Total	2,615,884,320.27	1,368,453,235.14

**DONGFANG ELECTRIC CORPORATION LIMITED NOTES TO
THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022**

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

Category	Balance as at June 30, 2022				
	Book balance		Provision for bad debts		Book value
	Amount	Proportion (%)	Amount	Proportion of provision (%)	
Provision for bad debts accrued on an individual basis					
Provision for bad debts accrued on a portfolio basis	3,120,867,240.97	100	504,982,920.70	16.18	2,615,884,320.27
Including:					
Accounts receivable with the provision for bad debts made on a portfolio with credit risk characteristics	3,120,867,240.97	100	504,982,920.70	16.18	2,615,884,320.27
Total	3,120,867,240.97	100	504,982,920.70	16.18	2,615,884,320.27
Category	Balance as at December 31, 2021				
	Book balance		Provision for bad debts		Book value
	Amount	Proportion (%)	Amount	Proportion of provision (%)	

**DONGFANG ELECTRIC CORPORATION LIMITED NOTES TO
THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022**

Provision for bad debts accrued on an individual basis					
Provision for bad debts accrued on a portfolio basis	1,885,085,141.11	100	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	516,631,905.97	27.41	1,368,453,235.14
Total	1,885,085,141.11	100	516,631,905.97	27.41	1,368,453,235.14

**DONGFANG ELECTRIC CORPORATION LIMITED NOTES TO
THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022**

Provision for bad debts accrued on a portfolio basis:

Name	Balance as at June 30, 2022		
	Accounts receivable	Provision for bad debts	Proportion of provision (%)
Within one year	1,953,569,548.87	97,678,477.46	5
1-2 years	471,282,771.89	47,128,277.20	10
2-3 years	186,577,000.24	37,315,400.04	20
3-4 years	252,719,287.62	101,087,715.45	40
4-5 years	69,891,163.62	34,945,581.82	50
Over 5 years	186,827,468.73	186,827,468.73	100
Total	3,120,867,240.97	504,982,920.70	

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

Category	Balance as at December 31, 2021	Amount of change in 2022			Balance as at June 30, 2022
		Provision	Recovery or reversal	Write-off or charge-off	
Accounts receivable with significant single amount and individual provision for bad debts					
Accounts receivable with individually insignificant amount and individual provision for bad debt					
Accounts receivable with the provision for bad debts made on a portfolio with credit risk characteristics	516,631,905.97	-11,648,985.27			504,982,920.70
Total	516,631,905.97	-11,648,985.27			504,982,920.70

15.1.4 Top 5 of accounts receivable as at June 30, 2022, presented by debtor

Debtor	Book balance	Proportion in the total accounts receivables (%)	Provision for bad debts
Entity 1	420,049,827.58	13.46	29,359,974.16
Entity 2	174,332,000.00	5.59	9,868,000.00

**DONGFANG ELECTRIC CORPORATION LIMITED NOTES TO
THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022**

Entity 3	173,784,000.00	5.57	8,689,200.00
Entity 4	146,092,000.00	4.68	7,304,600.00
Entity 5	127,782,000.00	4.09	6,389,100.00
Total	1,042,039,827.58	33.39	61,610,874.16

15.2 Receivables financing

15.2.1 Presentation of receivables financing by category

Item	Balance as at June 30, 2022	Balance as at December 31, 2021
Notes receivable	179,482,807.21	289,811,116.98
Including: bank acceptance bill	176,882,807.21	289,811,116.98
Commercial acceptance bill	2,600,000.00	
Total	179,482,807.21	289,811,116.98

Remark: The Company classifies the notes receivable subject to the management business model of collecting contractual cash flows and sales and transfer as a financial asset measured at fair value through the other comprehensive income.

15.2.2 Receivables financing pledged by the Company as at June 30, 2022

None.

15.2.3 Receivables financing endorsed or discounted by the Company as at June 30, 2022 but not expired on the balance sheet date

Item	Amount derecognized as at June 30, 2022	Amount not derecognized as at June 30, 2022
Notes receivable endorsed or discounted but not expired	955,807,255.56	
Including: bank acceptance bill	952,807,255.56	
Commercial acceptance bill	3,000,000.00	
Total	955,807,255.56	

15.3 Other receivables

Item	Balance as at June 30, 2022	Balance as at December 31, 2021
Interest receivable	196,875.00	175,312.50
Dividends receivable	22,593,955.18	28,228,570.56
Other receivables	76,655,483.30	78,582,939.90
Total	99,446,313.48	106,986,822.96

15.3.1 Interest receivable Classification of interest

Item	Balance as at June 30, 2022	Balance as at December 31, 2021
Time deposits	196,875.00	175,312.50
Entrusted loan		
Bond investments		
Sub-total	196,875.00	175,312.50
Less: provision for bad debts		

**DONGFANG ELECTRIC CORPORATION LIMITED NOTES TO
THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022**

Total	196,875.00	175,312.50
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15.3.2 Dividends receivable

(1) Details of dividends receivable

Item (or Investee)	Balance as at June 30, 2022	Balance as at December 31, 2021
Within one year		
Over one year	22,593,955.18	28,228,570.56
Sub-total	22,593,955.18	28,228,570.56
Less: provision for bad debts		
Total	22,593,955.18	28,228,570.56

(2) Significant dividends receivable with aging over one year

Item (or investee)	Balance as at June 30, 2022	Aging	Reason for non-recovery	Whether impairment or not and the judgment basis
Longkou Wind Power	8,287,607.31	Over 1 year	The company's funds are tight, and it has not yet entered the list of electricity subsidies	No, paid upon receipt of state subsidy
Hongnijing Wind Power	7,017,408.83	Over 1 year	The company's funds are tight, and it has not yet entered the list of electricity subsidies	No, paid upon receipt of state subsidy
Wulan New Energy	3,828,807.76	Over 1 year	The company's funds are tight, and it has not yet entered the list of electricity subsidies	No, paid upon receipt of state subsidy
Sanshengtai Wind Power)	3,460,131.28	Over 1 year	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	22,593,955.18			

15.3.3 Other receivables

(1) Disclosure by aging:

Aging	Balance as at June 30, 2022	Balance as at December 31, 2021
Within one year	14,261,021.28	20,047,323.71
1-2 years	17,172,905.67	12,672,771.60
2-3 years	2,620,639.07	2,688,354.94
3-4 years	1,516,643.43	2,288,641.81
4-5 years	690,801.39	4,103,161.44
Over 5 years	48,949,848.86	55,282,068.40

**DONGFANG ELECTRIC CORPORATION LIMITED NOTES TO
THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022**

Sub-total	85,211,859.70	97,082,321.90
Less: provision for bad debts	8,556,376.40	18,499,382.00
Total	76,655,483.30	78,582,939.90

(2) Disclosure by classification

Category	Balance as at June 30, 2022				
	Book balance		Provision for bad debts		Book value
	Amount	Proportion (%)	Amount	Proportion of provision (%)	
Provision for bad debts accrued on an individual basis	44,300,000.00	51.99			44,300,000.00
Provision for bad debts accrued on a portfolio basis	40,911,859.70	48.01	8,556,376.40	20.91	32,355,483.30
Including:					
Other accounts receivable with the provision for bad debts made on a portfolio with credit risk characteristics	40,911,859.70	48.01	8,556,376.40	20.91	32,355,483.30
Total	85,211,859.70	100.00	8,556,376.40		76,655,483.30

(CONT'D)

Category	Balance as at December 31, 2021				
	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	11,222,101.79	14.76	44,738,565.31

**DONGFANG ELECTRIC CORPORATION LIMITED NOTES TO
THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022**

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		78,582,939.90

Provision for bad debts accrued on an individual basis:

Name	Amount as at June 30, 2022			
	Book balance	Provision for bad debts	Proportion of provision (%)	Reason for provision
DEC Wuhan Nuclear	44,300,000.00			To be converted into equity capital increase
Total	44,300,000.00			

Provision for bad debts accrued on a portfolio basis:

Name	Amount as at June 30, 2022			Amount as at December 31, 2021		
	Book balance	Provision for bad debts	Proportion of provision (%)	Book balance	Provision for bad debts	Proportion of provision (%)
Within one year	14,261,021.28	713,051.10	5	19,608,758.40	980,437.92	5
1-2 years	17,172,905.67	1,717,290.55	10	12,672,771.60	1,267,277.15	10
2-3 years	2,620,639.07	524,127.81	20	2,688,354.94	537,671.00	20
3-4 years	1,516,643.43	606,657.37	40	2,013,143.94	805,257.59	40
4-5 years	690,801.39	345,400.71	50	903,978.78	451,989.41	50

**DONGFANG ELECTRIC CORPORATION LIMITED NOTES TO
THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022**

Over 5 years	4,649,848.86	4,649,848.86	100	4,427,707.49	4,427,707.49	100
Total	40,911,859.70	8,556,376.40		42,314,715.15	8,470,340.56	

(3) Provision for bad debts

Provision for bad debts	Phase 1	Phase 2	Phase 3	Total
	Expected credit losses in the next 12 months	Expected credit losses for the entire duration (no credit impairment)	Expected credit losses for the entire duration (credit impairment)	
Balance as at December 31, 2021	8,470,340.56		10,029,041.44	18,499,382.00
In the current period, balance as at December 31, 2021				
- Transfer to Phase 2				
- Transfer to Phase 3				
- Reversal from Phase 2				
- Reversal from Phase 1				
Provision for the current period	86,035.84			86,035.84
Reversal for the current period			10,029,041.44	10,029,041.44
Write-off for the current period				
Charge-off for the current period				
Other changes				
Balance as at June 30, 2022	8,556,376.40			8,556,376.40

**DONGFANG ELECTRIC CORPORATION LIMITED NOTES TO
THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022**

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

Category	Balance as at December 31, 2021	Amount of change in the current period			Balance as at June 30, 2022
		Provision	Recovery or reversal	Write-off or charge-off	
Other receivables with significant single amount and individual provision for bad debts					
Other receivables with the provision for bad debts made on a portfolio with credit risk characteristics	8,470,340.56	86,035.84			8,556,376.40
Other receivables with individually insignificant amount and individual provision for bad debts	10,029,041.44		10,029,041.44		
Total	18,499,382.00	86,035.84	10,029,041.44		8,556,376.40

**DONGFANG ELECTRIC CORPORATION LIMITED NOTES TO
THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022**

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

None.

(6) Top 5 of other receivables as at June 30, 2022, presented by debtor:

Debtor	Nature of payment	Book balance	Aging	Proportion in total other receivables (%)	Provision for bad debts
Entity 1	Investment fund and advance payment	44,325,452.40	Within 1 year and over 5 years	52.02	1,272.62
Entity 2	Advance payment	8,483,702.96	1-2 years	9.96	594,171.63
Entity 3	Advance payment	5,404,846.04	1-3 years	6.34	546,506.27
Entity 4	Guarantee	5,199,746.91	1-2 years	6.10	519,974.69
Entity 5	Advance payment	3,424,885.19	1-5 years and over 5 years	4.02	2,350,910.76
Total		66,838,633.50		78.44	4,012,835.97

**DONGFANG ELECTRIC CORPORATION LIMITED NOTES TO
THE FINANCIAL STATEMENTS**

FOR THE SIX MONTHS ENDED JUNE 30, 2022

15.4 Long-term equity investments

Item	Balance as at June 30, 2022			Balance as at January 1, 2022		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Investments in subsidiaries	22,001,493,911.79		22,001,493,911.79	21,737,193,911.79		21,737,193,911.79
Investments in associates	905,965,639.44		905,965,639.44	821,399,115.90		821,399,115.90
Investments in joint ventures	209,664,269.84		209,664,269.84	223,419,811.55		223,419,811.55
Total	23,117,123,821.07		23,117,123,821.07	22,782,012,839.24		22,782,012,839.24

**DONGFANG ELECTRIC CORPORATION LIMITED NOTES TO
THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022**

15.4.1 Investments in subsidiaries

Investee	Initial investment cost	Balance as at January 1, 2021	Increase in the current period	Decrease in the current period	Balance as at June 30, 2021	Provisi on for impairm ent in the current period	Balance of provision for impairmen t as at June 30, 2021
DEIC	1,409,966,967.29	1,409,966,967.29			1,409,966,967.29		
Dongfang Finance	2,867,031,546.59	2,867,031,546.59			2,867,031,546.59		
Dongfang Heavy Machinery	155,787,400.00	589,459,392.37			589,459,392.37		
Dongfang Steam Turbine	2,542,003,999.71	6,010,766,999.71			6,010,766,999.71		
Dongfang Electric Machinery	2,000,000,000.00	3,164,000,000.00			3,164,000,000.00		
Dongfang Boiler	1,591,511,223.83	5,192,395,417.83			5,192,395,417.83		
Dongfang India	7,999,200.00	129,504,712.22			129,504,712.22		
Dongfang Wuhan Nuclear	131,560,000.00	232,060,000.00	114,300,000.00		346,360,000.00		
Dongfang Materials	110,805,368.69	409,061,568.69			409,061,568.69		
Dongfang Auto Control	46,036,083.55	394,083,121.44			394,083,121.44		
Dongfang Wind Power	370,000,000.00	1,007,437,000.00			1,007,437,000.00		
Dongfang Hydrogen	8,445,843.46	110,307,373.46			110,307,373.46		
Dongfang Institute	11,119,812.19	71,119,812.19			71,119,812.19		
Dongfang Innovation	150,000,000.00	150,000,000.00	150,000,000.00		300,000,000.00		
Total	11,402,267,445.31	21,737,193,911.79	264,300,000.00		22,001,493,911.79		

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

15.4.2 Investments in associates and joint ventures

Investee	Balance as at December 31, 2021	Increase/decrease in the current period								Balance as at June 30, 2022	Balance of provision for impairment as at June 30, 2022
		Additional investment	Decrease in investment	Profit or loss on investments recognized by the equity method	Adjustment to other comprehensive income	Other change s in equitie s	Cash dividends or profits declared to be distributed	Provision for impairment	Others		
1. Joint ventures											
Dongfang	223,419,81			7,957,259.		21,712,801				209,664,26	
Framatome	1.55			70		.41				9.84	
Sub-total	223,419,81 1.55			7,957,259. 70		21,712,801 .41				209,664,26 9.84	
2. Associates											
Sichuan Energy Wind Power	537,550,97 2.87			80,803,140 .08						618,354,11 2.95	
Longkou Wind Power	75,395,022 .08			6,533,332. 72						81,928,354 .80	
China United Heavy Gas	131,398,7 95.38			1,344.59						131,400,1 39.97	

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

Hongnijing Wind Power	23,435,950.00			703,143.26					24,139,093.26
Sanshengtai Wind Power	14,902,607.53			-1,061,372.05					13,841,235.48
Ulan New Energy	38,715,768.04			-2,413,065.06					36,302,702.98
Sub-total	821,399,115.90			84,566,523.54					905,965,639.44
Total	1,044,818,927.45			92,523,783.24		21,712,801.41			1,115,629,909.28

**DONGFANG ELECTRIC CORPORATION LIMITED NOTES TO
THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022**

15.5 Operating revenue and operating costs

Item	Amount for the current period		Amount for the same period of the previous year	
	Revenue	Cost	Revenue	Cost
Primary business	7,131,429,246.29	6,994,558,702.59	5,697,277,728.11	5,649,744,976.44
Other business	418,278.55	556,680.13	24,940,721.62	3,773,741.17
Total	7,131,847,524.84	6,995,115,382.72	5,722,218,449.73	5,653,518,717.61

15.6 Investment income

Source of investment income	Amount for the current period	Amount for the same period of the previous year
Income from long-term equity investments calculated under cost method	975,029,052.86	709,364,228.44
Income from long-term equity investments calculated under equity method	92,523,783.24	94,060,128.38
Investment income from disposal of long-term equity investments		
Investment income from financial assets held for trading during the holding period	46,304.00	43,410.00
Others	777,028.30	815,566.04
Total	1,068,376,168.40	804,283,332.86

16 Supplementary information

16.1 Breakdown of non-recurring profit or loss in the current period

Item	Amount	Remarks
Profit or loss from disposal of non-current assets	41,332,778.94	
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)	51,553,715.28	
Expenses for using funds charged from non-financial enterprises and included in the current profit or loss		
Gains from the difference between the investment costs of acquisition of subsidiaries, associates and joint ventures and share in the net fair value of the identifiable assets of the investee when investing		

**DONGFANG ELECTRIC CORPORATION LIMITED NOTES TO
THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022**

Gains or losses from non-monetary asset exchange		
Gains or losses from entrusting the investments or management of asset		
Provision for impairment of various assets for force majeure such as natural calamities		
Gains or losses from debt restructuring	135,649,171.95	
Restructure expenses, such as the compensation for employee relocation and integration costs		
Profit or loss on transactions made at unfair transaction price in excess of their fair value		
Current net gains and losses of the subsidiaries from enterprise merger under the same control from the beginning of the period to the merger date		
Profit or loss on contingent matter irrelevant to normal business operation of the Company		
Except for effective hedging business related to the normal business of the company, profits or losses from fair value changes in financial assets held for trading, derivative financial assets, financial liabilities held for trading and derivative financial liabilities, and investment income from disposal of financial assets held for trading, derivative financial assets, financial liabilities held for trading, derivative financial liabilities and other creditor's right investments	-1,189,742.00	
Reversal of provision for impairment of receivables and contract assets subject to separate impairment test	209,016,014.42	
Profits or losses from entrusted loans		
Profits or losses on changes in fair value of investment property subsequently measured by adopting the fair value mode		
Impact on the current profit or loss due to one-off adjustment thereon according to requirements of laws and regulations on taxation or accounting		
Custodian income from entrusted management		
Other non-operating revenue and expenses except for the above-mentioned items	-17,669,117.10	
Other items of gains and losses subject to the definition of non-recurring gains and losses		
Sub-total	418,692,821.49	
Affected amount of income tax	-59,490,164.82	
Affected amount of minority equity (after tax)	-23,179,645.15	
Total	336,023,011.52	

**DONGFANG ELECTRIC CORPORATION LIMITED NOTES TO
THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022**

16.2 Rate of return on net assets and earnings per share

Profit during the reporting period	Weighted average return on net assets (%)	Earnings per share (RMB)	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to ordinary shareholders of the Company	5.38	0.57	0.57
Net profit attributable to ordinary shareholders of the Company after deducting the non-recurring gains and losses	4.36	0.46	0.46

Dongfang Electric Corporation Limited

August 30, 2022